



A guide for applicants seeking to export goods not manufactured in Australia

Export Market Development Grants (EMDG) – 2009-10 grant year

Are you seeking to export goods? (By 'goods' we mean things you can hold and touch, like cheese, car wheels and hand tools – not services or intellectual property).

For the goods you are seeking to export to be eligible for EMDG purposes:

- they need to be 'made in Australia'
- or, if they are not made in Australia, you must show Austrade that Australia would derive a significant net benefit from the sale of the goods outside Australia.

If your goods are not made in Australia and you want to apply for an EMDG grant, you need to check their EMDG eligibility.

- First, check the eligibility of the goods under the 'made in Australia' definitions as set out in Section 1 below. If the goods fall under the listed criteria, no further information about the goods is required.
- If the goods do not fall under the criteria for 'made in Australia', then check to make sure that they are likely to be eligible for EMDG purposes under the listed criteria in Section 2. If you believe they do fit within these criteria, you must provide a submission addressing the criteria in Section 4 and attach it to your application.

Section 1. What goods are 'made in Australia' for EMDG purposes?

We suggest that you contact your local EMDG office for advice before completing your submission.

- results in the manufacture of a new product; or
- substantially transforms the nature of the materials or components; or
- represents an important stage of manufacture in an ultimate product produced from the exported product.

Provided that the process or operation is:

- not designed to circumvent the correct origin of the product; or
- not simply grading, packing or sorting of imported components.

If your goods are 'made in Australia' under the above criteria, you do not need to provide further information about them in your EMDG application.

Section 2. What if my goods are 'not made in Australia'?

- If the goods you are promoting do not meet the requirements for being made in Australia they are only eligible for EMDG purposes if Austrade determines that Australia would derive a significant net benefit from the sale of those goods outside Australia after taking into account whether:
 - the business assets which are used in making the goods ready for sale (other than assets used in manufacture) are primarily or substantially based in Australia; and
 - the activities (other than manufacture) which result in the goods being made ready for sale are primarily or substantially carried on in Australia; and
 - a significant proportion of the value of the goods is added within Australia; and



- any sale of the goods generates, or is reasonably likely in the foreseeable future to generate, economic benefits for Australia, including in the area of employment, that are substantial relative to the amount of the grant claimed by the applicant.

If your goods are not made in Australia, you need to prepare a detailed submission addressing the above criteria and providing factual information about your goods and your business. You need to attach this to your EMDG application.

You should use the headings under Section 4 of this document for this purpose. However, before preparing your submission, please consider the information below.

Section 3. If my goods are not 'made in Australia', are they eligible for EMDG?

Austrade assesses all submissions concerning goods not made in Australia on the individual circumstances, having regard to the information submitted and the relevant guidelines.

Successful submissions are likely to come from applicants that can show some substance to their business operation and that are promoting goods that are developed in Australia.

These submissions:

- provide a list of the relevant business assets used in making the goods, including intellectual property, and are able to confirm the value of these assets
- explain where the relevant business activities – such as design, research and product development, sourcing components, design and manufacture of machinery to make goods, moulds, tools etc., marketing, administration, sales and logistics administration, legal and accounting, management etc. - take place, and can confirm this by supplying financial statements
- detail the staffing profile of the applicant's business, including number of staff and types of roles undertaken
- cost the Australian value-added component of any sales of the particular goods, and are able to provide financial statements that allow the value-added to be identified
- can show how sales lead or would lead to economic benefits for Australia. These benefits could be creation of new and higher value jobs, income creation, introduction of new technologies and value-added operations, profits or increased productivity and improved firm competitiveness or increased Australian brand value.

Your submission is more likely to be unsuccessful if it displays an overall lack of substance, relates to goods developed outside Australia, relies largely on planned activities rather than things achieved to date, provides few or no dollar values, and/or suggests that the benefits to Australia claimed would be modest at best.

The applicants making unsuccessful submissions often:

- have few business assets based in Australia, their brand has no significant commercial value, and/or they are unable to confirm the value of these assets
- do not show that significant activities – such as product development - are or have been primarily or substantially carried on in Australia, and/or cannot place a realistic dollar figure on the Australia-based activities
- are not adding significant value (e.g. margin) on any sales achieved, and/or cannot show through financial statements how much value they are adding
- cannot provide evidence of economic benefits for Australia, such as payments made to Australian employees or contractors.



Section 4. Information required in submissions – goods not made in Australia

If your goods are not 'made in Australia', but you think they are likely to be eligible under Section 2, provide a comprehensive and factual submission – including dollar values where relevant – to allow us to determine your application properly. Your submission should address the criteria below.

Request for consideration of eligibility of goods not made in Australia

1. Name of applicant and applicant's ABN (as per questions 2 and 4 of EMDG application form).

2. Description of the goods not made in Australia

3. Explanation of the production process.

Please explain where different parts of the good are made, the origin of the inputs, where the good was designed and where the production process is carried out.

4. Australian base of business assets.

Where are the business assets based (other than assets used in physical manufacture) which are used in making the goods ready for sale? Are these business assets primarily or substantially based in Australia, and what is their estimated dollar value? Who owns any intellectual property, patents, copyright relating to the goods? List which assets are used and how the assets are used to make the goods ready for sale. Please provide specific details.

5. Australian base of business activities.

Where are the activities based (other than physical manufacture) which result in making the goods ready for sale? Are these activities- including research and development, logistics etc. - primarily or substantially based in Australia? Please provide specific details including a staffing profile.

6. Value added.

What proportion of the value of the goods is added within Australia i.e. how much of the final sales price of the goods is attributable to Australian inputs such as components, research and development and intellectual property? Please provide specific details and a costing report for each product made overseas.

7. Employment impact.

Does or would the sale of the goods generate employment in Australia? Please provide specific details.

8. Other economic benefits.

Does or would the sale of the goods generate other economic benefits for Australia? Please provide specific details.

9. Other points.

Please provide any further information or comments that you think Austrade should take into account in determining whether Australia would derive a significant net benefit from the sale of your goods outside Australia. You may also attach any documents – including financial statements - that you think would assist. Please note though that Austrade will base its determination primarily on the information you provide under headings 4 to 8 above.

We suggest that you contact your local EMDG office for advice before completing your submission. The recently updated Ministerial Determination on the Significant Net Benefit Guidelines also provides further details. This is available at www.austrade.gov.au/exportgrants/publications - 'Technical Information'.