



EXPORT MARKET DEVELOPMENT GRANTS

EMDG Performance Measure Fact Sheet

As part of the 2008 legislative changes to the EMDG scheme, a new performance measure was introduced which applies to all applications lodged from 1 July 2009. This following information outlines the requirements of this performance measure applicants will need to meet. (*Note: This Performance Measure test does not apply to applicants who have received one or two grants or Approved Bodies or Approved Trading Houses.*)

ABOUT THE PERFORMANCE MEASURE

If you have received two or more grants, you **must** satisfy the requirements of the performance measure in order to receive subsequent grants. In order to do this, you must:

- Choose from two different options: Option A or Option B
- State which Option to be assessed by in the 2009-10 grant year application form.

Important information for applicants deciding whether to choose Option A or Option B

- Each year you must choose which Option to be assessed against, but you **cannot** change your choice after your application has been received by Austrade.
- If you choose Option B and Austrade determines that the Australian Net Benefit Requirements are not met then **no grant** is payable and you **cannot** revert or default to Option A.
- Similarly, applicants that choose Option A but have their claimed export earnings reduced, or assessed as ineligible under the EMDG (Export Performance Requirements) Determination 2008 **cannot** revert or default to Option B

OPTION A: The Export Performance Test

Under this test applicants will receive the lesser of:

- 50% of (total eligible expenses less A\$10,000)*; and
 - The relevant % of export earnings depending on how many grants you have received *.
- * Subject to the maximum legislated grant amount of \$200,000.*

These percentages are as follows:

| GRANT YEAR | % OF EXPORT EARNINGS |
|------------|----------------------|
| 3 | 40 |
| 4 | 20 |
| 5 | 10 |
| 6 | 7.5 |
| 7 | 5 |
| 8 | 5 |

Example 1

An applicant has received seven grants and applies for its eighth grant for the 2009-10 grant year. Its eligible expenses are \$200,000 meaning that its provisional grant based on expenses alone would be \$95,000.

Its claimed 2009-10 grant year exports are \$400,000 meaning that if it chose Option A (export performance requirements) and if its claimed exports were assessed as eligible, its grant would be \$20,000.

*However, if this applicant was to have any or all of its claimed export earnings disallowed by Austrade, e.g. if it was assessed not to be the principal in transactions, its grant would be reduced, possibly to a zero amount. This applicant **could not** then revert to Option B.*



OPTION B: The Australian Net Benefit Requirements

Applicants that meet these requirements will be entitled to receive a grant calculated as 50% x (total eligible expenses less A\$10,000). A minimum grant of A\$5,000 and maximum of A\$200,000 applies. Applicants that **do not** meet the requirements of Option B **will not** be entitled to receive a grant and **will not** be able to revert to Option A.

Austrade will determine if an applicant satisfies the Australian Net Benefit Requirements by taking into account whether:

(a) a commercial return:

- (i) was received in the grant year;
- (ii) is receivable in respect of the grant year; or
- (iii) can reasonably be expected to be received in the foreseeable future

by the applicant as a result of the activities to which the claimed expenses relate and that, having regard to the length of the periods over which those activities have been undertaken and the amounts expended on them, that commercial return:

- (iv) was or would be reasonably commensurate with the quantum of those expenses; and
- (v) of sufficient magnitude as to warrant further expenditure of public moneys by way of a further grant; and

(b) the financial position of the applicant's business, including its reasonable prospects of gaining access to adequate levels of finance, is such that the applicant has reasonable prospects in the foreseeable future of achieving sustainable international business success; and

(c) the applicant's international business activities do now, or are reasonably likely in the foreseeable future to, generate economic benefits to Australia in two or more of the following areas:

- (i) employment in Australia;
- (ii) new capital investment in Australia;
- (iii) introduction of new technologies into Australia
- (iv) new value-added operations in Australia,

being benefits that are reasonably commensurate with the sum of any eligible expenses previously claimed by the applicant and the amount of the eligible expenses now claimed by the applicant.

If you choose Option B, you must provide the following types of information and documents to show that you meet the Australian Net Benefit Requirements:

- (1) (a) the applicant's business plan, including the applicant's international marketing strategy
- (b) the applicant's audited statements of income, being:
 - (i) the income received by the applicant from international sources for 2009-10 and
 - (ii) the income receivable by the applicant from international sources for 2010-11
- (c) the applicant's **audited** profit and loss statement for 2009-10 and 2008-09
- (d) the applicant's **audited** balance sheet for 2009-10 and 2008-09



(e) a statement that details the economic benefits generated, or that will be generated, from the applicant's international business activities in two or more of the following areas:

- (i) employment in Australia
- (ii) new capital investment in Australia
- (iii) introduction of new technologies in Australia
- (iv) new value-added operations in Australia.

(2) For subsection (1), a reference to:

- (a) an audited statement of forecast income ([review sample](#)), or
- (b) an audited profit and loss statement, or
- (c) an audited balance sheet,

is a reference to a document that has been audited by a person who is a registered company auditor for the *Corporations Act 2001*.

DISCLAIMER

Austrade is unable to give advice on Option B, other than to detail the documentary requirements, as an informed decision cannot be made without the provision of all the required statutory information.

Note:

- (1) Unless all the documentation requested in 1(a), (b), (c), (d), and (e) above is provided by 30 November 2010, Austrade will be unable to consider the application.**
- (2) If you choose Option B, and do not meet the net benefit requirements, you will not be entitled to receive a grant. You cannot revert to Option A once you have elected to choose Option B and vice-versa.**

Example 2

An applicant with the same grants history and same claimed details as in Example 1 above has received seven grants and applies for its eighth grant in the 2009-10 grant year. Its eligible expenses are \$200,000 meaning that its provisional grant based on expenses alone would be \$95,000.

Its eligible 2009-10 grant year exports are \$400,000 meaning that the provisional grant it receives under Option A is \$20,000. If this applicant was to choose Option B and then satisfy the Australian Net Benefit Requirements, it would receive a grant of \$95,000.

*However, if this applicant chose Option B and failed to satisfy the Australian Net Benefit Requirements, it would receive a nil grant. This applicant **could not** then revert or default to Option A and receive a grant of \$20,000.*

CONTACT US

- Call Austrade on **13 28 78** and ask for your local EMDG office
- Email us at emdg.help@austrade.gov.au
- Website: www.austrade.gov.au/exportgrants