

Export Market Development Grants (EMDG)

Introductory Presentation



Australian Government
Australian Trade Commission



What is EMDG?

- A key Australian Government financial assistance program for aspiring and current exporters.
- Designed to encourage small and medium sized Australian businesses to develop export markets.
- For applicants that have incurred \$20,000 eligible export promotion expenses, EMDG reimburses 50% of those expenses above a \$10,000 threshold
- Provides up to seven grants to each eligible applicant

EMDG - Key facts

Financial Year Statistics:

- 4,306 grants totalling \$143.1m were paid to small and medium sized businesses in 2010-11

Grant Year Statistics:

- 76.0% of recipients were small businesses, with annual income of \$5m or less
- Average grant paid was \$31,531
- \$5.5 billion in exports was generated by EDMG recipients

Who can apply?

Australian-based businesses, individuals, partnerships, companies, statutory corporations, co-op's and trusts that have:

- carried on an export business in Australia during the grant year
- annual income not more than \$50m
- exported or promoted for export eligible goods, most services, intellectual property or know how; or promoted events held in Australia
- spent at least \$20,000 on eligible export promotion activities over the last financial year (or the last two financial years for first grant)
- no disqualifying convictions
- can satisfy the Grants Entry Requirements (First-time applicants only)

Grants Entry requirements

In order to satisfy Grants Entry requirements applicants must:

- Have sufficient financial resources to carry out their intended activities
- Have taken reasonable steps to prepare for export (e.g. export market research, export market planning or export product development)
- Not be carrying out unlawful or impracticable export activities

You will need to include the following documents in your application for Grants Entry assessment:

- Your financial statements (Profit and Loss statement and Balance Sheet) for last two financial years
- Some information explaining your business and your product or service, such as product or company brochures, website printouts, or your current business plan or export plan if you have one.

EMDG performance measure

- If a business has already received two grants it must satisfy the requirements of an EDMG performance measure in order to receive further grants.
- More details – read the EDMG performance measure fact sheet at www.austrade.gov.au/exportgrants/publications

What can you claim?

ELIGIBLE EXPENSE CATEGORIES:

- Overseas representation
- Marketing consultants
- Marketing visits
- Communication
- Free samples
- Trade fairs, seminars and in-store promotions
- Promotional literature and advertising
- Overseas buyers
- Registration and/or insurance of eligible intellectual property

What you can't claim?

INELIGIBLE EXPENSES:

- Expenses arising from production, from product development, distribution or certification, from after-sales activities or from seeking investment
- Expenses that were incurred by a related business entity
- Expenses that relate to business with Democratic People's Republic of Korea (North Korea), Iran and New Zealand
- Expenses that were incurred by you when you were not a resident of Australia
- Expenses that have or will be subject to reimbursement by a third party (other than EMDG)
- Expenses that are a commission or discount
- Expenses that pre-pay for goods or services that will be received after 30 June 2012. (Some exceptions apply – *Contact Austrade for details*).
- Expenses incurred in payment of an Australian tax, levy or charge (except Australian departure tax)
- Expenses that relate to an illegal or unlawful activity
- Expenses that relate to any form of pornographic material
- Cash payments exceeding A\$10,000 per application

Overseas representation

Maintaining an overseas representative on a long-term basis in a foreign country.

Examples:

- Salary, fees, rent, motor vehicle costs of overseas representative
- Business solicitation costs

Key points:

- Long term regarded as >12 months
- \$200,000 cap per application
- Expect a full check including a possible visit

Marketing consultants

Engagement of a consultant (either in or outside Australia) to undertake market research or marketing activities for the applicant

- All reasonable expenses incurred by the applicant to engage the consultant to undertake work are claimable

Key points:

- Consultancy assignment should be project or market specific
- Consultant must be 'undertaking work' on behalf of applicant
- \$50,000 cap per application

Marketing visits

Any marketing visit made in or outside Australia by the applicant or applicant's agent for the purposes of export promotion.

Examples:

- Air and ground fares
- Daily allowance of \$300 per day (max 21 days) for overseas visits

Key points:

- Travel **MUST** be for export promotion purposes
- Allowance based on “number of days worked”

Communications

Any communication by the applicant or its agent with a potential buyer or a distributor, representative or consultant.

Examples:

- Telephone, email, postage and fax charges
- Interpreter's and translator's fees

Applicants can choose NOT to claim communications expenses and receive an additional 3% of the grant as calculated from all other eligible expenses

Free samples

Free samples of product provided outside Australia or a tourism service provided in Australia.

- All reasonable expenses attributable to the actual cost of providing the sample may be claimed

Key points:

- The sample must be provided free of charge to a non-Australian resident
- Samples of intellectual property/knowhow are not eligible

Trade fairs, seminars and in-store promotions

Participation by the applicant or its agent in a trade fair, seminar or in-store promotion.

Examples:

- Setting up a private exhibition or in-store promotion
- Trade fair/seminar entrance/participation charges

Key points:

- Payments to closely related persons are not eligible
- Expenses incurred by applicant's overseas representative to be included under "overseas representative" category
- Certain trade fair type expenses paid by overseas representatives are not eligible

Promotional Literature and Advertising

Examples:

- Media advertising, including internet
- Small value gifts containing applicant's logo

Key Points:

- Certain literature and advertising expenses paid by overseas representative are not eligible
- Payments to closely related persons are not eligible

Overseas Buyers

Visits by existing or potential overseas buyers to Australia to view your products

- All reasonable expenses to bring an overseas buyer or potential overseas buyer to Australia

Examples:

- Air and ground fares
- Accommodation and meals

Key Points:

- \$45,000 total for ALL buyers / \$7,500 max per buyer
- Entertainment costs not eligible

Registration and/or insurance of eligible intellectual property

- Payments made to third parties that are attributable to the grant, registration or extension of the period of the registration of intellectual property for countries other than Australia or New Zealand.
- Expenses of insurance premiums paid for protection of eligible intellectual property can also be claimed.
- Key points:
 - \$50,000 cap per application
 - The grant, registration or extension of intellectual property and cost of insurance must have been for the purpose of increasing export sales of your product.

What expenses can't be claimed?

- Expenses that do not fall into one of the nine eligible expense categories above
- Those specifically excluded (e.g. of a capital nature)
- Those not incurred by the applicant or incurred outside the grant year
- Those reimbursed by third parties (except Events Promoters)
- Those unsubstantiated or fraudulent

Note: The eligibility of cash payments is limited to \$10,000 per application

What do you get?

- Maximum of 7 grants
- Minimum grant of \$5,000 generally applies
- Maximum grant of \$150,000 (subject to available funds)
- Split-payment system operates for grants over a certain amount to ensure all eligible applicants receive a grant
(See www.austrade.gov.au/emdgpaymentamounts for details)
- Grants under this amount are paid in full on assessment
- Grants over this amount are paid in two instalments:
 - an initial payment on assessment
 - a 'second tranche' payment paid at the end of June

Issues to consider

- You must be the principal:
 - The entity claiming must have incurred the expense and it, or in some cases, its related entity, must own the products it intends to export.
- If you are promoting goods, they must be:
 - goods made in Australia, or
 - goods made outside Australia where Australia will derive a significant net benefit from its sale overseas.

Issues to consider

- Only claim those expenses that:
 - can be substantiated
 - have been acquitted by you, the applicant, during the grant year
 - relate to eligible products
 - relate to eligible promotional activities (not to sales)
- Use Australian dollar values in your application
- Ensure everything you wish to claim is in your original application

How to apply for EMDG?

Step One

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

Step Two - Check your eligibility to apply for EMDG and join mailing list:

www.austrade.gov.au/exportgrants/howtoapply

Step Three - Complete an application form and supporting schedules - available shortly

www.austrade.gov.au/exportgrants

How to apply

Step Four - Review your application

- Do you have documents to substantiate the expenditure you have claimed?
- Have you attached documents for Grants Entry? (First year only).

Step Five - Submit your application

- to your local EMDG office between 1 July and close of business 30 November.

Information on EMDG

- Austrade website: www.austrade.gov.au/exportgrants
- Call 13 28 78 and ask for the EMDG office in your state.
- Email EMDG at emdg.help@austrade.gov.au
- Consider using an independent grants consultant – see website for details



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