

Introduction to the Export Market Development Grants (EMDG) scheme

Presentation for the 2018–19 grant year

Please note these slides provide a general overview of the EMDG scheme and application process. For more information or if you have questions please visit our website or contact us. Contact details are located on the last slide.



Australian Government
Australian Trade and Investment Commission



WHAT WE'LL BE TALKING ABOUT

- What is EMDG?
- What can you claim?
- Things to consider
- Application steps

WHAT IS EMDG?



WHAT IS EMDG?

THE EXPORT MARKET DEVELOPMENT GRANTS SCHEME

EMDG is:

- 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.

KEY FACTS

Financial year statistics:

- 3,706 grants totaling \$131.6m were paid to small- and medium-sized businesses in 2017–18.

Grant year statistics (GY 2016–17, paid in 2017–18):

- 75.8% of recipients were small businesses with annual income of \$5 million or less
- Average grant paid was \$34,086
- Applicants reported \$3.8 billion in exports

WHAT IS EMDG?

WHAT DO YOU GET?

- Maximum of 8 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 (\$40,000 for grant year 2018–19) to ensure all eligible applicants receive a grant (See www.austrade.gov.au/emdgpagementamounts for details)
- Grants up to 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 (subject to available funds)

WHAT IS EMDG?

THE EXPORT MARKET DEVELOPMENT GRANTS SCHEME

Grant amount example 1:

- Eligible export marketing and promotional expenses: \$55,000
- Provisional grant amount = $(\$55,000 - \$5,000) \times 50\%$
= \$25,000
- This is less than the initial payment ceiling amount so \$25,000 will be paid at the time of assessment

• Grant amount example 2:

- Eligible export marketing and promotional expenses: \$405,000
- Provisional grant amount = Maximum $[(\$405,000 - \$5,000) \times 50\%]$
= \$200,000 [however maximum grant is \$150,000]
= \$150,000
- This is more than the initial payment ceiling amount so \$150,000 will be paid at the time of the assessment
- The remaining \$255,000 is subject to the payout factor depending on funds available. Assuming it is 30%, \$76,500 will be paid in late June.

WHAT IS EMDG?

WHO CAN APPLY?

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

- annual income not more than \$50 million
- exported or promoted an eligible product:
 - Goods made in Australia
 - Goods made outside Australia where Australia could derive a significant net benefit
 - An Australian tourism service
 - A non-tourism service (exceptions for those listed in the EMDG regulations: legal service related to Australian law, services related to Australian Assets such as real estate, immigration, films with certain classifications and content)
 - Intellectual property generated from work done in Australia
 - A trademark owned, assigned or first used in Australia
 - Know-how from work mainly done in Australia
- spent at least \$15,000 on eligible export promotion activities over the past financial year (or the past two financial years for the first-time grant)
- no disqualifying convictions
- can satisfy the Grants Entry Requirements (first-time applicants only).

WHAT IS EMDG?

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 (such as export market research, export market planning and/or export product development)
- not be carrying out unlawful or impracticable export activities.

There are some documents you need to provide in your application for Grants Entry assessment, including:

- your financial statements (profit and loss statement and balance sheet) for the past 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).

WHAT IS EMDG?

EMDG PERFORMANCE MEASURE

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

WHAT IS EMDG?

APPLICATION PROCESS

- Applications open 1 July each year and close on 30 November.
- Applications prepared by EMDG consultants participating in the Consultants Quality Incentive Program open 1 July each year and close on 28 February the following year.
- Before beginning an online application you will need to obtain an AUSkey (a secure login that identifies you when you use participating government online services on behalf of a business) from www.auskey.abr.gov.au
- Complete and submit an online EMDG application form and schedules, along with supporting documents. We encourage people to apply early!
- Payments reimburse expenses incurred in the previous year (July–June).
- Payments are made in the year following the year in which expenses are incurred.
- Your regional EMDG Manager oversees the processing of applications, including the assessment stage.

WHAT CAN YOU CLAIM?



WHAT CAN YOU CLAIM?

ELIGIBLE EXPENSE CATEGORIES

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

WHAT CAN YOU CLAIM?

OVERSEAS REPRESENTATION

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

- 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

You should note that Austrade may contact overseas representatives and may conduct verification checks

WHAT CAN YOU CLAIM?

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

WHAT CAN YOU CLAIM?

MARKETING VISITS

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

- air fares and other air ticket costs (such as baggage costs and departure tax)
- daily allowance of \$350 per day (max 21 days) for overseas visits
- Domestic airfares within Australia are eligible when attending a trade event in Australia where overseas buyers are present, or for domestic connecting flights within Australia as part of an international marketing visit

Key points:

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

WHAT CAN YOU CLAIM?

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
- Expenses are capped at A\$15,000 per application

Key points:

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

WHAT CAN YOU CLAIM?

TRADE FAIRS, SEMINARS AND IN-STORE PROMOTIONS

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

- 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

WHAT CAN YOU CLAIM?

PROMOTIONAL LITERATURE AND ADVERTISING

For example:

- 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

WHAT CAN YOU CLAIM?

OVERSEAS BUYERS

All reasonable expenses to bring an overseas buyer or potential overseas buyer to Australia to view your products. For example:

- Air and ground fares
- Accommodation and meals

Key points:

- \$45,000 total for ALL buyers, with a maximum of \$7,500 per buyer
- Entertainment costs are not eligible

WHAT CAN YOU CLAIM?

REGISTRATION AND/OR INSURANCE OF ELIGIBLE INTELLECTUAL PROPERTY

For example:

- Payments made to third parties (for countries other than Australia, North Korea and New Zealand) for:
 - › Registration of intellectual property
 - › Extension of registration period of intellectual property.
- Expenses of insurance premiums paid for protection of eligible intellectual property.

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 CAN YOU 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 and export earnings relating to the Democratic People's Republic of Korea (North Korea) and New Zealand markets are not eligible, and those relating to the Iran market are not eligible up to and including 17 January 2016
- 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 (the end of the financial year). 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 \$10,000 per application

WHAT CAN YOU CLAIM?

WHAT EXPENSES CAN'T BE CLAIMED?

- Expenses that do not fall into one of the eligible expense categories
- Those unsubstantiated or fraudulent – Austrade treats fraud prevention and detection within the EMDG scheme seriously, in line with the Commonwealth Fraud Control Framework.
 - › A Special Investigation Unit (SIU) operates within EMDG, and is dedicated to the prevention, detection and investigation of suspected fraud.
 - › The SIU can be contacted on 1800 006 352 or by email to EMDG.fraudhotline@austrade.gov.au

THINGS TO CONSIDER

THINGS 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 PROMOTE GOODS

They must be:

- goods made in Australia, or
- goods made outside Australia where Australia will derive a significant net benefit from their sale overseas.

WHEN CLAIMING EXPENSES

Only claim 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 (whole) dollar values in your application.

Ensure everything you wish to claim is in your original application.

HOW TO APPLY FOR EMDG

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HOW TO APPLY FOR EMDG

STEP ONE

- Learn more about EMDG. The coaching videos on our website are a great place to start.
- 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 by visiting

www.austrade.gov.au/exportgrants/howtoapply

STEP THREE

- Complete an online EMDG grant application and supporting schedules
- The EMDG grant application process now uses an online system which is available at www.austrade.gov.au/Export/Export-Grants/Apply

Before commencing your online application:

- Obtain an AUSkey from www.auskey.abr.gov.au to enable your business to easily and securely access the new online system.
- Make sure you are able to upload documents in support of your application. You will need a scanner to convert any paper documents to PDF format.

HOW TO APPLY FOR EMDG

STEP FOUR

Review your application

- Have you attached all the required documents to substantiate the expenditure you have claimed? (required documents listed on the application form).
- Have you attached documents for Grants Entry? (First year only).

STEP FIVE

Submit your application

- Apply through the online application form from 1 July to 30 November
- Apply through approved EMDG consultants participating in the Consultants Quality Incentive Program from 1 July to 28 February the following year

When you submit your application, you will get an electronic notification of lodgement. This will be followed by a letter of acknowledgement from Austrade, after which your application will be passed to the EMDG assessment team.

An Austrade EMDG officer will contact you in due course to audit your application.

FOR MORE INFORMATION

SOURCES OF ASSISTANCE

- 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 Austrade’s website for details