

# EXPORT MARKET DEVELOPMENT GRANTS

## PERFORMANCE MEASURE FACT SHEET

The following information outlines the requirements of the Performance Measure that applicants that have received two or more grants will need to meet. Please consider your choice of Performance Measure option carefully. You cannot revert to Option A once you have elected Option B, and vice-versa.

(Note: This Performance Measure test does not apply to Approved Bodies).

### 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 options: *Option A* or *Option B*
- Notify Austrade of the option you have selected in the EMDG online application.

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

- Each year, from your year three claim onwards, you must choose which option to be assessed against. 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, if you choose Option A and subsequently have your claimed export earnings reduced, or assessed as ineligible under the [\*EMDG \(Export Performance Requirements\) Determination 2008\*](#), you **cannot** revert or default to Option B.

**You cannot claim export earnings from the Democratic People's Republic of Korea (North Korea) or New Zealand.**

Australian dollars are used throughout this publication.



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## OPTION A: THE EXPORT PERFORMANCE TEST

Under this test applicants will receive the lesser of:

- (50 per cent of total eligible expenses) less \$5,000\*; or
- The relevant percentage of export earnings depending on how many grants you have received \*.

These percentages are as follows:

Grant Year	% of Export Earnings
3	40
4	20
5	10
6	7.5
7 and 8	5

\* Subject to the maximum legislated grant amount of \$150,000 and subject to the total grant budget.

### Example 1

*An applicant has received six grants and for this example it will be its seventh grant. Its eligible expenses are \$200,000 meaning that its provisional grant based on expenses alone would be  $(\$200,000 - \$5,000) / 2 = \$97,500$ . Its claimed exports are \$400,000. As this will be its seventh grant, if all these exports were assessed as eligible, its grant would be  $(\$400,000 * 5\%) = \$20,000$ .*

*However, if this applicant was to have any or all of its claimed export earnings disallowed by Austrade (for example, 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 per cent multiplied by (total eligible expenses less \$5,000). A maximum grant of \$150,000 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:

- a. was or would be reasonably commensurate with the quantum of those expenses; and
- b. was 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.

## Option B – required information and documentation

Where the applicant has elected to claim under the Option B Performance Measure, **all** the mandatory documents detailed in the [Export Market Development Grants \(Information and Document Requirements\) Determination 2008](#) must be lodged with the application or Austrade **cannot** consider an EMDG application.

The documents that Option B applicants **must** provide with their application are:

- (a) the applicant's business plan, including the applicant's international marketing strategy
- (b) the applicant's **audited** statements of income for the grant year, including:
  - (i) the income received by the applicant from all sources including international sources; and
  - (ii) the income receivable by the applicant from all sources including international sources

*Note: Applicants without export earnings that do not provide an audited statement and applicants only completing the EMDG application package export earnings schedule will not be accepted as having complied with the particular rule.*

- (c) an opinion of the applicant's export potential, based on:
  - (i) the applicant's sales and revenue budgets for the year following the grant year; and
  - (ii) an examination of any correspondence that supports the projected export income; and
  - (iii) a comparison of the applicant's previous sales and revenue projections with actual results in those periods.
- (c) the applicant's **audited** profit and loss statement for the grant year and the year preceding the grant year
- (d) the applicant's **audited** balance sheet for the grant year and the year preceding the grant year
- (e) an economic benefits statement addressing at least two of the four criteria listed in the [Export Market Development Grants \(Australian Net Benefit Requirements\) Determination 2008](#).

For the purposes of this section, a reference to audited statements of income; profit and loss statements and balance sheets are references to documents that have been audited by a person who is a registered company auditor for the *Corporations Act 2001*. A reference to an opinion of the applicant's export potential is a reference to a document that has been prepared by a registered company auditor for the *Corporations Act 2001*. A reference to an opinion of the applicant's export potential is a reference to a document that has been prepared by a person who is a registered company auditor for the *Corporations Act 2001*.

Most importantly, these documents must be in respect of the applicant company. Generic business plans or consolidated financial statements for a group of companies will not be accepted as satisfying the [Export Market Development Grants \(Information and Document Requirements\) Determination 2008](#) rules.

Applicants using a financial year other than one ending on 30 June must provide audited statements for the grant year and the preceding year based on the standard Australian July–June financial year. The financial statements must be audited by a registered company auditor.

#### 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.

#### Important note

Unless all of the documentation requested in (a), (b), (c), (d), and (e) above is provided by midnight Australian Eastern Daylight Time (AEDT) on 30 November (or midnight AEDT on 28 February if you are lodging with an EMDG approved consultant),

Austrade will not consider the application.

#### Example 2

*An applicant with the same grants history and same claimed details as in Example 1 (above) has received six grants and applies for its seventh grant. Its eligible expenses are \$200,000 meaning that its provisional grant based on expenses alone would be \$97,500.*

*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 to speak to an EMDG assessor
- Email us at [emdg.help@austrade.gov.au](mailto:emdg.help@austrade.gov.au)
- Website: [www.austrade.gov.au/exportgrants](http://www.austrade.gov.au/exportgrants)