



Australian Government

Australian Trade and Investment Commission

# Export Market Development Grants Operational Review

February 2023

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# Executive summary

The Export Market Development Grants (EMDG) program helps Australian businesses grow their exports in international markets. These grants encourage small to medium enterprises market and promote their goods and services globally.

Since 1974, as the Government's flagship export grants scheme, EMDG has assisted more than 50,000 Australian small and medium-sized enterprises (SMEs) to promote and market their products and services to over 180 countries world-wide.

The most recent legislative review of EMDG published in 2020 found exporting is aligned with higher company performance and that government support for SME exporters is effective. Specifically the review found:

- Providing financial assistance to SME exporters has a strongly positive impact on their performance.
- The principles of the EMDG scheme remain relevant.
- Each SME's export journey is unique, and assistance needs to reflect this.
- The administration process needs to be simplified and streamlined.

The reformed Export Market Development Grants (EMDG 2.0) program commenced in the 2021-2022 financial year. The eligibility-based non-competitive program was a shift from the old reimbursement scheme (EMDG 1.0), which required exporters to spend their own funds, with Austrade then paying reimbursements after auditing receipts from the previous year's eligible spending.

EMDG 2.0 is designed as an upfront multi-year grant program, with a simplified, streamlined application process designed to reduce the significant administrative burden of EMDG 1.0. EMDG 2.0 provides upfront certainty of grant amounts and encourages more SMEs to export. The last year of the EMDG 1.0 scheme coincided with the first year of EMDG 2.0 with both programs running concurrently in 2021-2022.

Exporters responded positively to the new program but there was also some criticism of EMDG 2.0. This was a result of two programs, both EMDG 1.0 and EMDG 2.0, operating at the same time, confusion over EMDG 2.0 concepts, and unmet expectations for higher grant amounts for Round 1 resulting from the high volume of applicants.

The Government acted swiftly to investigate these concerns. On 3 August 2022, the Minister for Trade and Tourism, Senator the Hon Don Farrell, announced an Operational Review of EMDG. The Operational Review considers policy settings, client experience, systems, processes and communications to help improve delivery of the program.

Round 1 of EMDG 2.0 (that opened for applications in August 2021 and closed in November 2021) attracted an unprecedented 5,384 applications. The program reached its small exporter target market with 89 per cent of businesses having an annual turnover of less than \$5 million. By late December 2021, Austrade had notified all Round 1 applicants of the expected grant amounts and by February 2022, their grant outcomes. For the first time in the program's history, recipients knew their grant amounts upfront and exporters could spend funds marketing their export products and services with certainty about the level of government support they would receive.

Under EMDG 2.0, the grant amounts did not meet stakeholders' expectations. The multi-year grants, which open for applications on an annual basis, increases the volume of applicants in the eligibility pool. This means that the budget available may not sufficiently match the level of interest in the program or deliver amounts in line with stakeholder expectations or requested amounts. It is predicted that application numbers will increase and therefore grant amounts will continue to drop. This needs to be managed for future rounds.

The EMDG 2.0 design, including multi-year grant agreements, is stretching the program to the point it is in danger of running at a deficit in 2025-2026. The current program design needs to be refined to ensure the program can continue to operate annually and achieve its objectives within its appropriation.

During early 2022, Austrade sought feedback from stakeholders about Round 1 of the EMDG 2.0 program in order to make improvements for Round 2. In August and September 2022, under the scope of this review, Austrade facilitated 53 external interviews (through independent facilitator, John Angley), internal (within Austrade) interviews and a survey of EMDG 2.0 Round 1 stakeholders with 452 responses. In summary, we heard the following:

## Program design

While export businesses are positive about a simplified program that facilitates SME eligibility, some issues were identified.

- Grant amounts were considered too low and likely to decrease for applicants in future rounds. The change to a forward-looking grant program, which provides multi-year grant agreements, created an imbalance between the level of interest and program appropriation. As more exporters enter the funding pool over multiple years, the grant amounts drop. This situation needs to be managed in future to ensure meaningful grant amounts are available to meet exporter needs.
- Concepts new to EMDG 2.0 (for example plan to market document requirements, grant agreements, milestone reporting, tier system) caused confusion but will bed down with more familiarity. Austrade will continue to improve application and reporting templates in line with feedback.
- Tier 3 (existing exporters expanding markets through a strategic shift) eligibility was considered unclear especially in relation to the meaning of “strategic shift”, an important element of the Government’s trade policy agenda. It requires a tighter definition.

## Client experience

Implementing the last year of EMDG 1.0 and the first year of EMDG 2.0 concurrently presented significant challenges and impacted Austrade’s capacity to service clients at its usual high standard. The net effect was a lower-standard client experience.

- Normally under EMDG 2.0, applications would open, be assessed and grant agreements issued prior to the commencement of the grant year. However, to ensure accelerated implementation, this was not possible.

Applications for Round 1 opened in the same financial year as the year in which those grants applied. The application window was 3.5 months from August to November 2021 to allow time for applicants to understand the new program and for Austrade to establish processes and build the assessment component of the IT system. The required timeframes meant applicants received advice on likely grant amounts almost halfway through their first grant year, with final grant paperwork received in the third quarter of the grant year, which was not ideal. Businesses would like certainty and consistency over EMDG 2.0’s annual cadence of applications and reporting.

- Almost 2,000 more applications for EMDG 2.0 were received than had been anticipated. The available budget for EMDG administration is insufficient for this volume of clients and has required Austrade to divert other resources to it.
- Building the IT system in a limited timeframe within available resources resulted in the need to deliver a minimum viable product.
- The additional staff required to manually assess significant applications and issue grant agreements for EMDG 2.0, while also assessing reimbursements for EMDG 1.0 concurrently, resulted in some delays in delivering grant agreements and payments which generated stakeholder and client dissatisfaction.
- Training staff and applicants on EMDG 2.0 while still administering and supporting EMDG 1.0 impacted program delivery.
- The speed with which the new EMDG application portal was created, and linked with MyGovID, resulted in a poor client experience that was at times difficult to navigate. The EMDG helpline was unable to assist with queries about other Government agencies’ IT systems, which complicated Austrade’s response to clients’ technical difficulties.

## Communication

Overall, stakeholders commented positively on Austrade's responsiveness, website, newsletters and assistance from the EMDG helpline but expected more.

- Stakeholders requested additional communication, including training, targeted to their export group, whether new to export, established or diversifying.
- Stakeholders would welcome increased communications on program changes and updates.

The report identifies opportunities for improvement over two phases – short-term and medium-term – that respond to and build on stakeholder feedback to address EMDG 2.0's program design, client experience and communications.

## Opportunities for improvement – Phase 1: Short-term

### Implement immediate improvements to EMDG program design, client experience and communication

In addition to improvements already undertaken by Austrade, this EMDG Operational Review provides short-term opportunities for improvement in three main categories (program design, client experience and communication) to ensure:

- Processes are client-friendly and information is accessible for stakeholders.
- Communication to stakeholders through various channels is timely, targeted and accurate.
- Round 3, applications for which are planned to open in early 2023, operates with the benefits of these changes where possible.

## Opportunities for improvement – Phase 2: Medium-term

### Balancing demand on the program with meaningful grant amounts to ensure quality outcomes

There is a growing number of EMDG applications in the system (8,107 – after two rounds and likely to increase further in future), which means that grant amounts are decreasing for later applicants. Given the fixed budget appropriations, adjustments to policy settings are required to balance the level of interest in the program and provide sufficient funding for quality outcomes for applicants. The sooner policy settings can be planned, consulted on and implemented, the sooner EMDG grant amounts could increase. While the Terms of Reference for this Review noted significant policy changes could be identified for consideration in the next legislative review, it is clear that the requirement for change is needed much sooner. There is a window of opportunity between now and EMDG Round 4 in 2024-2025 to progress this work.

To reduce complexity experienced by both stakeholders and Austrade in previously administering two programs with different rules at the same time, any changes to program rules should attempt to avoid any overlap with previous grant agreements. This can be achieved by issuing EMDG 2.0 Round 2 grant agreements for a maximum of two years and EMDG 2.0 Round 3 agreements for one year. This will allow the full appropriation for EMDG in Round 4 in 2024 (2025-2026 payment year) to be allocated to new program settings and avoid confusion and the cost associated with the concurrent application of different rules.

To improve the client experience and to reduce administrative costs, EMDG's IT system should continue to be updated. Improved IT will build greater automation, reduce manual staffing costs, allow for collection of data to measure return on investment and increase opportunities for risk-assessed grant extensions, where warranted.

A consolidated list of opportunities for improvement are in Table 1 on page 7.

**Table 1: EMDG Operational Review opportunities for improvement**

<b>PHASE 1</b>	
<b>Short-term opportunities for improvement</b>	
<b>Program design</b>	
1.	Update the definition of “strategic shift” in the EMDG Guidelines for Round 3 to align with Government’s trade policy objectives on product and market diversification and improve clarity.
2.	Limit grant agreements to a maximum of two years for all Tiers for Round 2 (a decision for the Austrade delegate within Round 2 Guidelines) and one year for Round 3 (a decision for the Minister when approving the Round 3 Guidelines).
3.	Set a regular program cadence, with application dates, milestone reporting and processes occurring at same time each year. Grant recipients should ideally know their grant allocation before the commencement of the financial year to which it applies.
4.	Where feasible, ensure administrative processes (i.e. application and milestone reporting) are scheduled to avoid applying additional pressure to SMEs during End of Financial Year and where feasible (noting requirement for Ministerial decision) communicated early.
5.	Ensure that data collected in the EMDG 2.0 application and milestone reporting process allows for effective, continuous evaluation of the program against objectives.
6.	Collaborate with the Australian Taxation Office (ATO) to ensure the risks associated with EMDG applicants who are not compliant with their taxation obligations are considered appropriately prior to potentially issuing grant agreements. Austrade needs to ensure businesses are solvent and able to apply their grant funds to EMDG and not potentially to meet tax debts.
<b>Client experience</b>	
7.	Seek the support of other agencies (e.g. ATO and Services Australia) to provide helpful guidance for EMDG clients in relation to processes related to EMDG such as linking MyGovID.
8.	Streamline the Plan to Market and Milestone Report templates for ease of applicants’ use while ensuring these meet program requirements and objectives, especially in relation to data for evaluation.
<b>Communications</b>	
9.	Refine and provide information materials regularly throughout the EMDG cycle. These activities, such as webinars, could be tailored to meet the needs of those who are new to EMDG, and those who are experienced with the previous EMDG program.
10.	Continue to provide all applicants and industry stakeholders with clear and regular communications on EMDG and the opportunity to provide regular feedback on the program.
11.	Communicate key program information, including opening and closing dates, early where feasible (noting requirement for Ministerial decision) and more frequently.
<b>PHASE 2</b>	
<b>Medium-term opportunities for improvement</b>	
12.	Ahead of Round 4, change the EMDG Rules to better balance the level of interest in the EMDG with the budget appropriation, which should result in an increase in grant amounts. Stakeholder engagement is recommended to consider design changes for EMDG. Implementation of program design recommendation 2 would clear legacy grant agreements in the EMDG pool.
13.	Upgrade the EMDG IT systems to improve automation and deliver quicker and higher quality application processing. Investment in the IT infrastructure would reduce manual processing, thereby reducing Austrade’s administration costs, which are currently above the allocated 5 per cent appropriation due to resourcing required to administer the program.

# 1. Scope of EMDG Operational Review

On 3 August 2022, the Minister for Trade and Tourism, Senator the Hon Don Farrell, announced an Operational Review of the Export Market Development Grants (EMDG 2.0) program.

The Review's Terms of Reference, at **Attachment A**, state the objective was to:

- Identify and understand known and new challenges that emerged during implementation of the EMDG 2.0 program
- Consider adjustments to address issues identified
- Recommend further improvements to meet the Government's objectives.

In August 2021, Round 1 of the new EMDG 2.0 program opened for applications. This Operational Review examines the policy

settings, client experience, systems, processes and communications from Round 1, to provide measures to improve Austrade's delivery of the program. These measures are informed by stakeholder feedback and suggestions, including a survey in August 2022 and face-to-face consultations conducted in August and September 2022 to understand the client experience of EMDG 2.0 Round 1. Review findings were also informed by Austrade's evidence-base of the EMDG 2.0 program's operation since commencement in July 2021.

Note this Operational Review is not a comprehensive independent review of EMDG as required by the legislation. An independent legislative review is required to be completed by 17 June 2026, five years after the legislation passed in 2021.

## 2. EMDG history: From 1.0 to 2.0

Since 1974, EMDG has assisted more than 50,000 Australian small and medium-sized enterprises (SMEs) to promote and market their products and services to over 180 countries world-wide.

EMDG has been reviewed 16 times, the most recent being the *Review of Financial Assistance to Small and Medium Exporters* ('the Fisher Report') conducted by Anna Fisher. This review was released publicly on 10 September 2020.

The Fisher Report found EMDG was supporting businesses and helping to generate strong economic outcomes. It identified a series of opportunities for improvements relating to the program's design, aimed at simplifying and streamlining the program's administration, as well as:

- Targeting assistance to small and medium sized businesses.
- Providing exporters with upfront certainty in respect of their grant amounts.
- Committing funding within the appropriation over multi-year funding agreements (two or three years).

- Introducing a new feature of a category / 'Tier' approach for eligibility (notionally reflecting the export journey).

The Fisher Report was released at the height of the COVID-19 pandemic, which was characterised by closed domestic and international borders and challenges with supply chains. In this context, the then-Government decided to widen eligibility criteria of EMDG to assist SMEs to export to weather the effects of COVID-19. Table 2 shows the basic features of EMDG 1.0 (EMDG reimbursement scheme running from 1974 to final reimbursement payment in 2021), and what was developed to establish the EMDG 2.0 program (from its launch on 1 July 2021). Table 3 compares recipients of EMDG 1.0 and EMDG 2.0.

**Table 2: Comparison of EMDG 1.0 and EMDG 2.0 features**

Features of EMDG 1.0	Features of EMDG 2.0
<i>Export Market Development Grants Act 1997</i> (length 122 pages)	<i>Export Market Development Grants Act 1997</i> (length 44 pages)
Numerous guidelines and determinations	Export Market Development Grants Rules 2021
Grant Guidelines (length 189 pages)	Grant Guidelines: Round 1 (length 43 pages) and Round 2 (length 44 pages)
EMDG 1.0 closed on 30 June 2022	Amended Legislation governing EMDG 2.0 entered into force on 17 June 2021
<p>The object of this Act is to bring benefits to Australia by encouraging the creation, development and expansion of foreign markets for Australian goods, services, intellectual property and know-how. It does so by providing an assistance scheme under which small and medium Australian exporters committed to and capable of seeking out and developing export business are repaid part of their expenses incurred in promoting those products.</p>	<p>The object of this Act is to bring benefits to Australia by encouraging the creation, development and expansion of foreign markets for Australian products. This is done by providing targeted financial assistance, for promotional activities and development of marketing skills, to Australian small and medium enterprises and their representative organisations.<sup>1</sup></p> <p>EMDG 2.0 is consistent with other grants programs administered in accordance with the Commonwealth Grants Rules and Guidelines 2017 (CGRG).</p>
<p><b>Who could apply?</b></p> <ul style="list-style-type: none"> <li>Income of less than \$50 million for the year</li> <li>Spent at least \$15,000 on eligible export promotional activities</li> </ul>	<p><b>Who can apply?</b></p> <ul style="list-style-type: none"> <li>Turnover for the financial year is less than \$20 million</li> <li>Eligible in one of the three business Tier categories and a Representative Bodies category</li> <li>No minimum spend required on eligible export promotional activities</li> </ul>
<p><b>Key features of EMDG 1.0</b></p> <ul style="list-style-type: none"> <li>Backwards looking – apply for reimbursement after the completion of the year of expenditure.</li> <li>Up to 50 per cent reimbursement of eligible expenses, less the first \$5,000.</li> <li>Each applicant may receive a grant of up to \$150,000 per application (subject to available funds), to a maximum of eight annual grants.</li> <li>Eligible expenses included: overseas representation expenses; trade fairs, seminars, in-store promotions; promotional literature and advertising expenses.</li> <li>Export performance test applied for applicants after two years of reimbursements to ensure grant recipients are achieving export sales.</li> <li>Regulation of consultants occurred under the <i>Export Market Development Grants Act 1997</i>.</li> <li>Focus on maximising reimbursements.</li> </ul>	<p><b>Key features of EMDG 2.0</b></p> <ul style="list-style-type: none"> <li>Forwards looking – apply in (and eventually in advance of) the grant year to receive certainty of funding prior to expenditure through multi-year grant agreements.</li> <li>Three tiers of EMDG support for individuals and businesses – for new to exporters (Tier 1), expanding exporters (Tier 2) and diversifying exporters (Tier 3) with adjusted legislated maximum grant caps. Top tier and Representative Bodies have same \$150,000 maximum cap same as EMDG 1.0.</li> <li>Representative Bodies – can apply for a grant to undertake promotional activities on behalf of members; or deliver training to assist members become export ready (called Approved Bodies under EMDG 1.0). Representative Bodies (and formerly Approved Bodies) are not subject to the eight-year cap.</li> <li>Eligible activities: the same as EMDG 1.0 and expanded to include training for relevant member organisations to help members become export ready.</li> </ul>

1. *Export Market Development Grants Legislation Amendment Bill 2020; Export Market Development Grants Act 1997*

**Table 2: Comparison of EMDG 1.0 and EMDG 2.0 features**

	<p><b>Key features of EMDG 2.0</b></p> <ul style="list-style-type: none"> <li>• Eligible products: the same as EMDG 1.0, including substantially of Australian origin as a condition.</li> <li>• Eligible expenses: the same as EMDG 1.0, must be for promotional activities to market eligible products overseas.</li> <li>• Grant amounts are to be at least matched by the exporter (without requirement for first \$5,000 to be set aside).</li> <li>• No export performance test requirement.</li> <li>• Focus on supporting exporters to plan eligible marketing activity up front through plan to market activity.</li> </ul>
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**Table 3: Comparison using averages – EMDG 1.0 and EMDG 2.0 recipients**

Average recipient of EMDG 1.0 final year	Average recipient of EMDG 2.0 Round 1 (average across all tiers unless specified)	Average applicant of EMDG 2.0 Round 2 (average across all tiers unless specified)
Average turnover of \$3.6 million	Average turnover of \$1.9 million	Average turnover of \$1.8 million
Average of 12.7 employees	Average of 10.2 employees	Average of 10.7 employees
3,473 claims submitted 78 per cent of claims lodged by agents 22 per cent lodged by self-preparers	5,384 applications submitted 75 per cent lodged by agents 25 per cent lodged by self-preparers	2,723 applications submitted 63 per cent lodged by agents 37 per cent lodged by self-preparers
Average value of claim: \$54,800	*Average planned marketing expenditure by tier: Tier 1: \$152,710 Tier 2: \$202,751 Tier 3: \$604,757 Representative Bodies: \$408,006	Average planned marketing expenditure by tier: Tier 1: \$59,863 Tier 2: \$99,325 Tier 3: \$201,403 Representative Bodies: \$155,744
Average reimbursement: \$35,454	Average grant amount offered in grant agreements per Tier per financial year: Tier 1: \$14,879 Tier 2: \$23,616 Tier 3: \$36,396 Representative Bodies: \$69,906	Maximum grant amount to be offered in grant agreements per Tier per financial year for up to 2 years: Tier 1: up to \$10,000 Tier 2: up to \$18,000 Tier 3: up to \$28,000 Representative Bodies: up to \$50,000

*\*95 per cent of applicants in Round 1 applied for the maximum grant in their tier category, with 43 per cent applying for the highest grant category (Tier 3 had a maximum grant cap of \$150,000).*

## EMDG 2.0 Round 1

EMDG 2.0 Round 1 applications were open from 16 August 2021 and closed on 30 November 2021. By 4 February 2022, Austrade had assessed 99.9 per cent of total applications received, updated the financial modelling and advised eligible applicants of the grant amount. A snapshot of Round 1 is provided at **Attachment B**.

EMDG 2.0 Round 1 received 5,384 applications – a record for the program, with over 2,500 new applicant businesses to EMDG. The majority, 57 per cent, of applications were submitted in the last week, and 24 per cent of applications were received on the last day alone.

Under both EMDG 1.0 and EMDG 2.0, all eligible applicants receive a grant. However, under EMDG 2.0 while grants need to be matched by the exporter (as occurred in EMDG 1.0), matched funding is not required at the point of grant application. For EMDG 2.0 Round 1, this meant there was ‘nothing to lose’ for applicants to apply for large grant amounts. Ninety-five per cent of applicants applied for the maximum grant in their tier category, with 43 per cent applying for the highest grant category, Tier 3, with a grant cap of up to \$150,000.

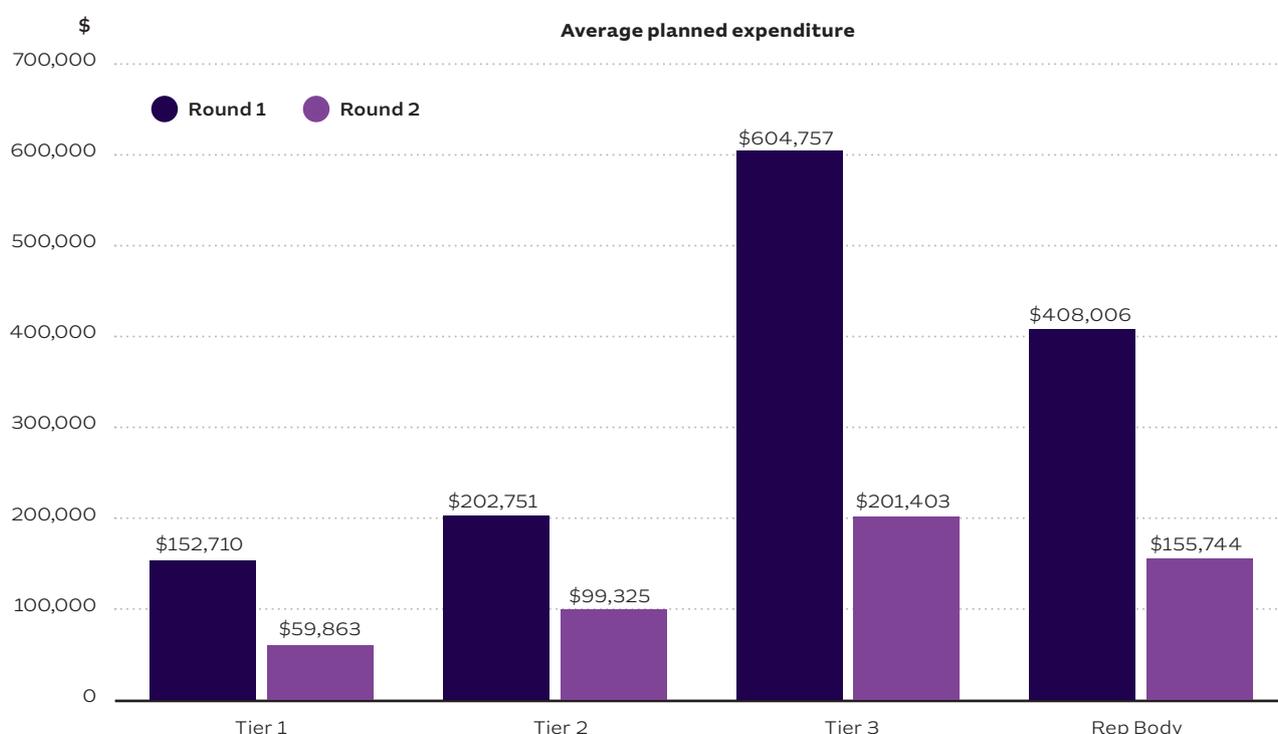
Based on EMDG 2.0 applications, 50 per cent of Round 1 applicants anticipated a 100 per cent or more increase in export marketing expenditure compared to EMDG 1.0 applicants in 2020. It is possible that some of this ‘planned expenditure’ was inflated in order to support applications to secure the highest possible grant amount from the ‘up-to’ cap of the Tier. In a number of cases planned expenditure was well beyond the planned business revenue.

EMDG 2.0 Round 2 opened on 6 July, closed on 17 August 2022 and received 2,723 applicants. Of these, 62.5 per cent were lodged by agents, with 72 per cent of applicants new to EMDG.

For Round 2, applicants’ planned expenditure had reduced by at least 50 per cent across every Tier, to potentially more accurately reflect the actual needs of businesses and in response to Austrade’s steps to clarify misconceptions about grant allocation. Percentage decreases in the amount of planned expenditure by Tier comparing Rounds 1 and 2 are reflected below in Figure 1 and Table 4.

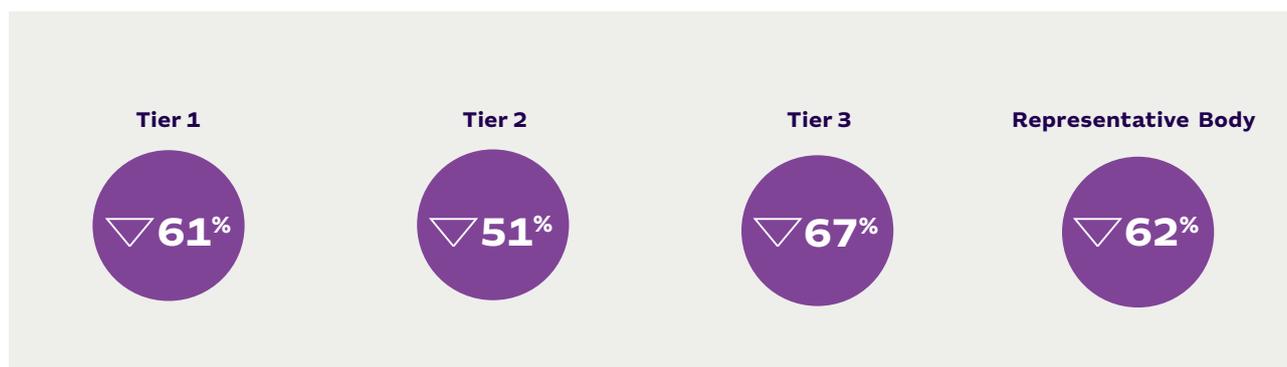
**Attachment B** also compares applicant data from Round 1 and Round 2.

**Figure 1: Average Planned Expenditure for Rounds 1 and 2**



- Note that these processing timelines were delivered while Austrade was concurrently processing the application caseload under the old EMDG 1.0 scheme
- Note that following Round 1 Austrade took steps to expand and improve communications ahead of Round 2 to ensure applicants were clear on grant program eligibility and lessen misplaced expectations of grant amounts

**Table 4: Change in average planned export promotional expenditure from Round 1 to Round 2\***



\* Round 2 average planned expenditure by applicant assessed as at 24 October 2022

In Round 1, the large pool of eligible applicants led to grant amounts lower than applicants had requested and expected. Some applicants and grant agents had expected the maximum grant amounts specified in the EMDG Rules. Communication by Austrade that the total EMDG allocation would be divided amongst all eligible EMDG grant applicants was not well understood.

Table 5 shows the difference between the legislated financial caps, or maximum grant amounts allowable, compared to the actual grant amounts offered, and what was reported in the milestone reports.

**Table 5: EMDG 2.0 Round 1 grant amounts offered compared to maximum Tier caps**

Eligibility category	EMDG rules financial caps (maximum possible)	Number of applications	Average planned expenditure	Average grant applied for	Actual grant amount offered	Average grant agreement issued (\$)	Average amount sought in milestone report (as at 24 Oct)*
Tiers		Application			Grant agreements and reporting		
<b>Tier 1</b>	Up to \$40,000	945	\$114,000	\$33,000	Up to \$15,000	\$14,879	\$12,097
<b>Tier 2</b>	Up to \$80,000	2061	\$155,000	\$56,000	Up to \$24,600	\$23,616	\$17,901
<b>Tier 3</b>	Up to \$150,000	2291	\$422,000	\$123,000	Up to \$36,600	\$36,396	\$31,505
<b>Rep Bodies</b>	Up to \$150,000	87	\$371,000	\$90,000	Up to \$90,000	\$69,906	\$51,038

\*Round 1 milestone reports are still being assessed, so these numbers will likely change

On examining historical data, the grant amounts in Round 1 are not significantly different from past EMDG rounds. From 2011-2012 to 2020-2021, 56 per cent of reimbursement amounts were under \$40,000 (70 per cent under \$60,000 and 84 per cent under \$100,000). Table 6 shows the distribution of reimbursement amounts awarded under EMDG 1.0 between the 2011-2012 to 2020-2021 financial year. Table 7 shows the average amounts for each financial year.

Table 6: EMDG 1.0 distribution of grants 2011-12 to 2020-21, by average value

Grant amount	Number of claims	Percentage
Up to \$20k	12,801	29 per cent
\$20k-\$40k	11,925	27 per cent
\$40k-\$60k	6,387	15 per cent
\$60k-\$80k	3,680	8 per cent
\$80k-\$100k	2,433	6 per cent
Over \$100k	6,862	16 per cent

\*Components may not add to totals due to rounding

Table 7: EMDG 10-year grant history, by average grant amount

Financial year	Appropriation	Grants paid	Avg grant amount (application year)
2011-2012	\$150,400,000	2,994	\$42,711
2012-2013*	\$125,400,000	2,749	\$43,567
2013-2014	\$137,900,000	2,530	\$46,312
2014-2015	\$137,900,000	3,032	\$44,553
2015-2016	\$137,900,000	3,132	\$43,134
2016-2017	\$137,900,000	3,331	\$41,958
2017-2018	\$137,900,000	3,567	\$34,433
2018-2019	\$137,900,000	3,797	\$33,134
2019-2020^	\$207,700,000	4,037	\$47,710
2020-2021**	\$218,853,196	4,721	\$45,437
2021-2022^^	\$129,800,000	3,291	\$35,454

\* Appropriation reduced by \$25 million to \$125 million (Budget is \$132.2 million because of unspent carried-over funds from previous year).

^ Budget increased by \$49.8 million as COVID-19 support measure.

\*\* Budget increased by \$60 million as COVID-19 support measure.

^^\$26 million diverted to EMDG 2.0 grant commitments, approved on 12 May 2021.

## The role of EMDG consultants and grant agents

EMDG consultants played a key role in the EMDG 1.0 reimbursement scheme under arrangements that were not carried over into the new EMDG 2.0 program.

As identified in the Fisher Report, EMDG 1.0 was complex and difficult to navigate. This resulted in many exporting businesses depending on EMDG consultants to navigate the scheme to ensure they were able to maximise the amount they were entitled to claim. EMDG consultants representing multiple clients could seek accreditation under the Quality Incentive Program (QIP – now

discontinued). The QIP scheme was designed to encourage accurate EDMG claims by providing consultants who lodged high-quality claims with an extended lodgement period and a listing on the Austrade website.

EMDG 2.0 is designed to be as simple as possible to support exporters focussing their time and funds on exporting with a simplified application and grant process. Under the EMDG 2.0 program, EMDG consultants, grant writers and grant agents (for the purposes of the EMDG Operational Review collectively called grant agents) have no status under the *Export Market Development Grants Act 1997*. This is consistent with other Commonwealth grants programs.

Under EMDG 2.0, applicants may use businesses to assist them throughout the grant process. To maintain consistency, probity and integrity in the EMDG program, Austrade provides the same level of communication, education, support and assistance to all applicants and grant agents. There are many consulting and grant writing businesses that support organisations to lodge a variety of government and charitable grant applications. Some of these businesses promoted EMDG 2.0 and engaged with it for the first time.

An Austrade survey undertaken of grant agents post-Round 1 reveals significant differences in views between QIP and non-QIP agents. Many new applicants to EMDG 2.0 were introduced to the program by agents. Austrade has undertaken a review of grant agents' websites and provided information to seek correction where information about EMDG was inconsistent with the program rules and guidelines.

Table 8 shows a breakdown of EMDG applications by grant agents.

**Table 8: Applications submitted by grant agents**

EMDG 2.0 Round 1	EMDG 2.0 Round 2
247 agents submitted applications; 36 agents were new to EMDG:	189 agents submitted applications; 23 agents were new to EMDG:
50 agents submitted 1 application (20 per cent)	50 agents submitted 1 application (26 per cent)
103 agents submitted 2 to 9 applications (42 per cent)	92 agents submitted 2 to 9 applications (49 per cent)
43 agents submitted 10 to 19 applications (17 per cent)	26 agents submitted 10 to 19 applications (14 per cent)
29 agents submitted 20 to 49 applications (12 per cent)	15 agents submitted 20 to 49 applications (8 per cent)
15 agents submitted 50 to 99 applications (6 per cent)	6 agents submitted 50 or more applications (3 per cent)
7 agents submitted 100 or more applications (3 per cent)	

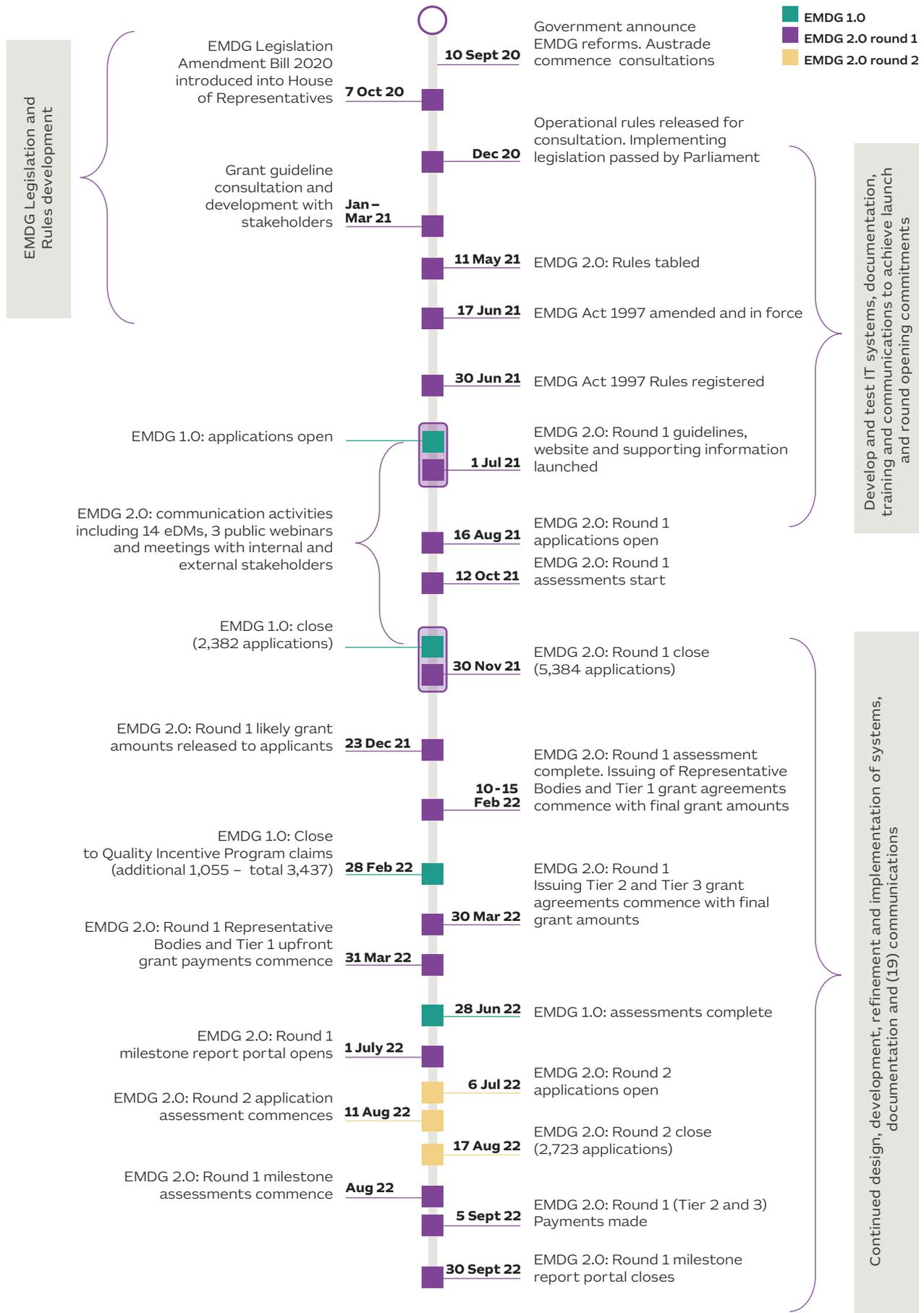
*\*Components may not add to totals due to rounding*

### 3. EMDG 2.0 program rollout

Austrade was directed to launch the reformed EMDG 2.0 program on 1 July 2021. This resulted in Austrade delivering EMDG 1.0 and designing and delivering EMDG 2.0 concurrently in financial year 2021-2022. There was no funding increase for EMDG in 2021-2022 to account for delivering the two schemes with \$26 million set aside specifically from the appropriation to dedicate to EMDG 2.0 Round 1 payments for Tier 1 and Representative Body applicants. In that year, as a temporary measure, Austrade was granted approval to spend 7 per cent of the appropriation funding on program rollout and administration costs to cover both EMDG 1.0 and EMDG 2.0 programs. The normal administrative allocation is 5 per cent.

The timeline for Austrade to design and deliver the program was compressed, as illustrated in Figure 2.

**Figure 2: Timeline for EMDG 2.0 rollout**



## Administering EMDG 2.0 Round 1 and EMDG 1.0 concurrently

While implementing EMDG 2.0 Round 1, Austrade was also finalising the final round of reimbursements for EMDG 1.0. This required sustaining the staffing, systems and processes required for that scheme in parallel with the development and rollout of EMDG 2.0. Austrade then assessed 3,437 EMDG 1.0 claims, alongside 5,384 new EMDG 2.0 Round 1 applications. This was challenging, particularly with the unexpected increased application numbers in EMDG 2.0 Round 1 and the processing timeframes Austrade had publicly committed to achieve.

With finite resources, prioritisation and compromises were required, including:

- Dedicating all systems resources to the front-end development of the EMDG 2.0 system to enable a viable product available for applications. The compressed timeframes, tight IT labor market and whole-of-government IT platform limitations necessitated a less than ideal minimum viable product being launched.
  - Doing some processes manually. The new platform was not completed in time but was designed to be integrated into existing Austrade and external systems like MyGov and SAP. The time and financial constraints meant that systems were sub-optimal and internally disconnected. This necessitated information and payments needing to be made manually.
  - Limited ability to communicate in detail about decisions that were not yet known – for instance the grant amounts which could not be communicated until all applications were assessed and demand was clearly known. Austrade attempted to provide an appropriate level of concurrent communications about EMDG 1.0 and 2.0 but feedback indicates more was needed.
  - With most EMDG 1.0 applicants participating in both the EMDG 1.0 and 2.0, Austrade engaged a dedicated communication manager, to focus on clear, differentiated messaging on each program. However, considerable frustration was felt by those wanting more detail than was available.
- Training for staff was limited largely to the EMDG delivery team. Austrade's other client facing teams (offshore networks and TradeStart advisors) received communications but noted they would have benefited from more training to assist their clients. This would likely have increased applications and demand.
  - Austrade communicated the EMDG 2.0 program settings well ahead of the opening of Round 1 across a number of channels. However, concepts which were new to EMDG 2.0 caused some confusion in areas such as maximum tier amounts within an eligibility-based, fixed budget program.

Some stakeholders were critical of EMDG 2.0. This was a result of two programs, both EMDG 1.0 and EMDG 2.0 being available at the same time, confusion over EMDG 2.0 concepts, and low grant amounts for Round 1 driven by the high volume of applicants. However, EMDG 2.0 delivered the policy intent to provide an easier mechanism for smaller businesses to simply apply for upfront grants.

## Financial issues

### Administering two and three-year grant agreements – financial impacts

Even in the early stages of EMDG 2.0, it became apparent that administering three-year grant agreements was difficult.

- While some increase was expected, the surge of applications in Round 1 was unforeseen.
- This large volume of 5,384 applicants will remain in the eligibility pool for future years under multiple-year grant arrangements, for two or three years and could lead to further reapplications in future years.
- The compounding effect of this, coupled with new applicants entering the eligibility pool each year (under multiple-year agreements), leads to larger pools of applicants and progressively lower grant amounts given the fixed appropriation funding.

There is a need to contain the multi-year grant agreements to ensure applicant numbers remain at manageable levels against budget appropriation.

### **Limited funding for IT system-build and rollout**

During 2021-2022, the former Government increased the administrative component for EMDG appropriation to 7 per cent to support the development and implementation of EMDG 2.0 while simultaneously managing processing of the EMDG 1.0 scheme.

The platform evaluation recommended building a new grants management platform (EMDG 2.0) that was fit-for-purpose for the new EMDG program. The platform needed to be integrated with Austrade's enterprise client engagement system (ACE) and with the whole-of-government's Digital Identity and MyGovID systems. It also needed to meet business commitment dates and co-exist with the EMDG 1.0 system. The EMDG 1.0 IT system was built on old technology and could not be moved to cloud-based technology as per Austrade's ICT strategy.

Market conditions, which pushed the actual IT build cost beyond the budget allocation, resulted in Austrade needing to put its own, non-EMDG, funding into the program (beyond the 7 per cent administration appropriation) to deliver a minimum viable IT system, with limited automation and functionality. Once live, the EMDG 2.0 system delivered as per the agreed minimum viable product for each stage of the grant program lifecycle (i.e., online application, assessment and approval of applications, grant agreement processing, and milestone report payments).

There were unforeseen business requirements and processes that were not taken into account during the build because EMDG 2.0 was rolled out at the same time as the IT systems were being built. The limited functionality of the system impacts on the speed and quality of service delivery (with some processing delays causing criticism).

The design of the EMDG 2.0 IT system allows for future enhancements and automation. It is possible to upgrade systems to address the changes required between rounds, introduce more automation, integrate EMDG App (CRM)-SAP payment systems and make systems improvements based on learnings and feedback from the previous round. Austrade has commenced work to enhance the EMDG IT infrastructure. Further upgrades to EMDG's IT infrastructure is recommended.

## 4. Review consultations – Feedback from external stakeholders

Austrade had committed to assess and improve its implementation of the scheme following Round 1. In early 2022 Austrade surveyed and consulted with applicants and grant agents to improve the processes and client experiences for Round 2. This data is useful for this Operational Review and had previously been publicly released on Austrade’s website.<sup>4</sup>

Further, as part of this EMDG Operational Review, during August-September 2022 Austrade conducted:

- 53 in-person and virtual consultations led by independent facilitator, John Angley, with stakeholders including exporters, peak bodies, industry associations, EMDG agents and consultants, in Canberra, Sydney, Melbourne and Adelaide.
- An online survey completed by 452 people (and available to all EMDG recipients and key stakeholders from 3 August for three weeks).

### Key themes

The key themes that emerged across external consultations, both survey and interviews, included the following:

- Overall, both the consultations and the survey results left no doubt that businesses are positive about the EMDG 2.0 program. It is valued (“*a brilliant program*”), working well, and is reaching its target cohort of SMEs – evidenced by a record number of 5,384 eligible applicants. The EMDG 2.0 simplified application and grant amount certainty was also well received.

Stakeholders noted that in some instances they expected more from the program, including:

- The **program design** was consistently raised, notably in terms of significant dissatisfaction with lower-than-expected grant amounts. Other issues causing confusion and providing opportunities for improvement included the tier system (including the recommendation

to tighten the definition of diversification and clarify “strategic shift”), plan to market requirement, milestone reporting and timelines. Applicants also wanted more clarity on timelines and when applicants could expect certain activities to occur, including clear notice on when Austrade expected to open application rounds, and required milestone reports. Further, it was suggested grant agreements be provided as early in the financial year as possible to allow businesses to spend their matched grant amounts.

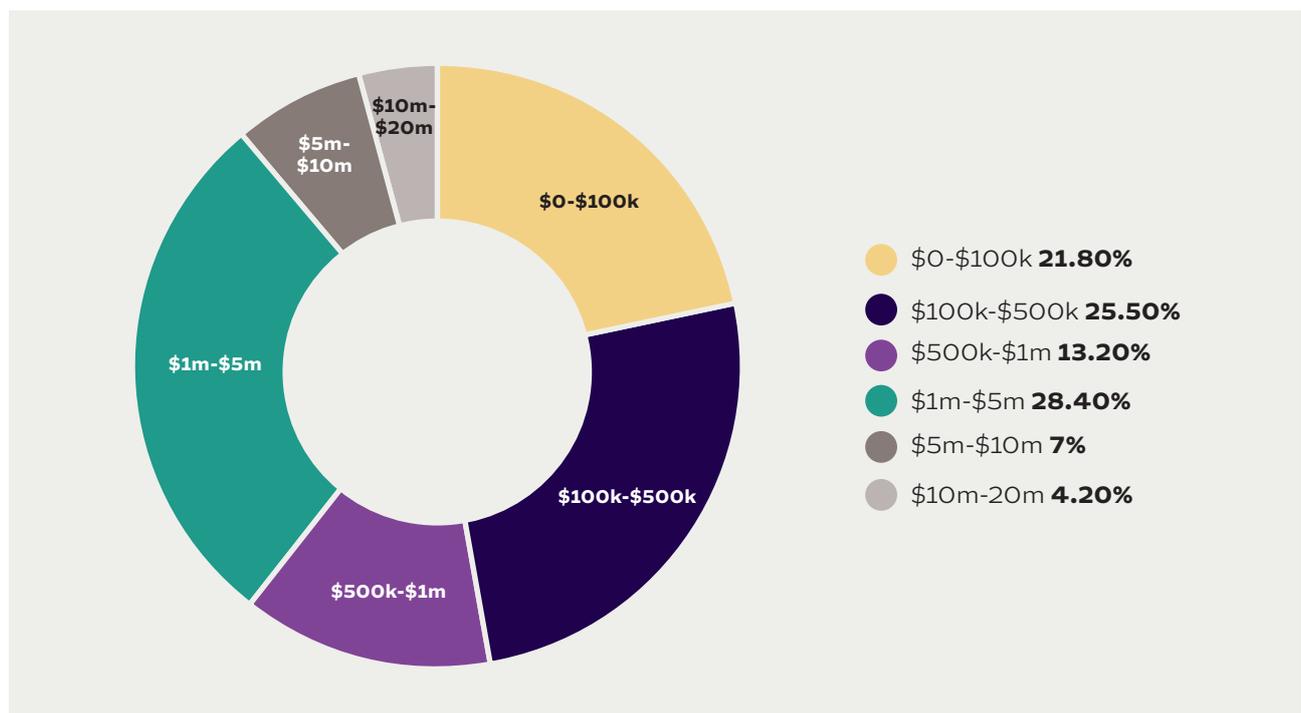
- The **client experience** was also flagged as an area for improvement, including MyGov (Services Australia) and Relationship Authorization Manager (RAM) (ATO), processing timeframes and updates/status, technical assistance, and timelines for EMDG rounds.
- Stakeholders said that Austrade’s **communication** could be clearer, more regular and delivered through multiple channels. Stakeholders from all groups requested greater consideration of updating websites and providing consistent advice. This included:
  - More communication associated with processing timeframes – including updates within their application portal, or indications on the website of general processing timelines for different tiers of applicant. Many applicants found long processing timeframes, delays and silence from Austrade unacceptable.
  - In terms of general communications, the survey results from most stakeholders found Austrade’s communication channels helpful, including the website and the emailed newsletter. This suggests the timing and frequency of communications is a key issue, rather than the format or channel of the communications.

4. [www.austrade.gov.au/australian/export/export-market-development-grants/research-and-reporting](http://www.austrade.gov.au/australian/export/export-market-development-grants/research-and-reporting)

Views in stakeholder consultation sessions and survey results differed markedly according to whether the stakeholder was brand new to EMDG or had experience under the old EMDG 1.0 scheme. Stakeholders with no previous experience of EMDG generally found EMDG 2.0 concepts, such as plan to market and milestone reporting, easy to navigate; and felt supported by upfront grant amount certainty and were generally less

focused on grant amounts. Stakeholders who were experienced with EMDG 1.0 were more likely to raise criticisms of EMDG 2.0, notably they expected higher grant amounts, found adapting to the settings of EMDG 2.0 (plan to market, milestone reporting) difficult, and suggested a return to the familiar policy settings of the old EMDG 1.0 scheme. Therefore, it is instructive to understand a breakdown of feedback by cohort.

**Figure 3: EMDG applicants – Business annual turnover**



## What we heard

### Tier 1 applicants (new to export)

#### Survey (71 responses)

Tier 1 specific survey results:

- 66 per cent of total survey respondents and 79 per cent of Tier 1 respondents agreed that the relaxed eligibility criteria, particularly the ‘no minimum spend threshold’ facilitated their entry to the program.
- Two-thirds of respondents agreed or strongly agreed that the agreements helped them with their export planning, with Tier 1 particularly supportive at over 72 per cent.
- To improve their plan to market, 64 per cent of survey respondents agreed that resources or training on how to put together a plan to market would be helpful. Tier 1 (and Tier 2) respondents were particularly interested (68 per cent for both).
- 66 per cent of respondents were in favour of multi-year agreements which set a maximum amount for a financial year. Tier 1, and Representative Bodies, were particularly supportive (72 per cent and 84 per cent respectively).
- Tier 1 respondents were more positive about receiving ‘any’ funds to begin exporting (and 25 per cent of Representative Bodies also said any grant amount was worthwhile).

### Consultations (5 meetings)

The themes emerging from the consultations from Tier 1 were consistent with the survey results. This included that:

- The EMDG application process was easier than other Commonwealth Government grant processes.
- EMDG 2.0 is more attractive to businesses than EMDG 1.0; upfront certainty is important for business decisions.
- Upfront certainty on grant amounts is much better as small businesses do not have the capital upfront – the previous reimbursement scheme only worked for long-established businesses with good cash reserves.
- Even the smaller than expected grant amounts under EMDG 2.0 have been instrumental.
- The required plan to market was straightforward and concise.
- Of the Tier system, one applicant remarked: *“Current tiered system does not fit all exporters and there are new exporters planning to spend \$180,000 on export activities, but \$15,000 for Tier 1 makes the grant not worth the effort to apply”.*
- Another commented on the “up to” Tier cap: *“The changes might benefit some industries, however in my field - music performance – where there are significant barriers to export already, the reduction of funding to tier one businesses will simply mean that artists will choose not to export at all”.*

### Tier 2 applicants (existing exporters)

#### Survey (165 responses)

- 23 per cent of Tier 2 survey respondents said navigating the MyGov process was difficult. Austrade’s EMDG Helpline was not able to provide detailed assistance to navigate MyGov as it was not an Austrade hosted website or system.
- 64 per cent of Tier 2 survey respondents said reducing the complexity of the EMDG 1.0 program was the most important priority in the EMDG reforms. This was the overall most important priority for all surveyed groups except Tier 3s.

### Consultations (4 meetings)

The themes emerging from the consultations from Tier 2 applicants were consistent with the survey results from this cohort. This included that:

- Some said they were evaluating the effort required to apply against the grant amount awarded.
- Small amounts did not incentivise their export market development. Applicant comment: *“Small grant amounts have not been worth the reporting and auditing so disadvantages small businesses in the early stage of growth who might only be eligible for a small grant but have to wear the same time-costs as larger companies getting larger grant amounts”* (Note: auditing is not a feature of EMDG 2.0).
- It was expected Austrade should have provided assistance to EMDG 1.0 businesses on how to transition or adapt to EMDG 2.0 beyond the communication and webinars.

### Tier 3 applicants (existing exporters diversifying products or markets)

#### Survey (91 Responses)

- Nearly two-thirds of Tier 3 exporters in the survey disagreed that funding should be shared among all eligible applicants, resulting in a lesser share of funding per grant.
- Some commented that small amounts do not incentivise export market development. One Tier 3 survey respondent said, *“the reduction in \$ made us rethink our presence in the USA which is our key market”*. Another Tier 3 respondent noted they had to *“rein in our marketing activities”*.

#### Consultations (5 meetings)

The themes emerging from the consultations from Tier 3 applicants were consistent with the survey results from Tier 3 recipients. These included that:

- Some who had experience with EMDG 1.0 found the transition to EMDG 2.0 tiers confusing, therefore, some used a grant agent. International diversification is important however some were confused over terminology such as strategic shift.
- Many applicants commented that the three-year plan to market was difficult to construct accurately, especially for year three.

- A Tier 3 applicant commented that EMDG 2.0 *“opens the scheme up to unproven businesses with higher fail rate. The new scheme allows access to anyone – so of course smaller business with little to no export experience will be applying. I believe business should have a track record of success for this grant”*.

## Grant agents

### Survey (55 respondents)

- A key feature of EMDG 2.0 was the shift to upfront clarity on grant amounts in multi-year grant agreements. Some stakeholders, including grant agents, noted this feature provided certainty for business decisions and allowed small businesses with limited upfront capital to access the EMDG 2.0 program, such as new exporters in Tier 1. Some grant agents noted that the three-year outlook was helpful in getting companies *“to think ahead in that frame of mind”*.
- 71 per cent of grant agent survey respondents said that the change from an audited reimbursement scheme to an upfront grant program was useful to reduce workload for applicants and Austrade (86 per cent of all survey respondents more broadly agreed).
- However, EMDG agents were the least supportive cohort of the new program – while overall nearly half of all respondents thought the reforms improved EMDG, 60 per cent of agents disagreed.
- The timing of rounds and reporting was felt inappropriate for the business cycle within a financial year, commonly raised by grant agents (and applicants). This was raised for both Round 1 and Round 2: *“Having Round 2 during July-August is probably the worst timing as this coincides with R&D applications and other end of financial year reporting requirements. The ideal time in my opinion would be January-March before the relevant income year”*.

### Consultations (28 meetings)

Most in this group had long experience in EMDG 1.0 and expressed a preference to return to its former policy settings and eligibility criteria.

5. Austrade note on risk of fraud: The EMDG grant process is designed to be simple for self-lodgement. Austrade trains grants officers to effectively assess applications. Fraud risk management is in accordance with best practice under the Commonwealth Grants Rules and Guidelines.

- All grant agents who participated in consultations raised that Round 1 grant amounts did not meet expectations and were lower than requested.
- Many raised that a longer milestone reporting period would be helpful, some suggested it could be on a “rolling” basis to allow lodgment throughout the year as a longer milestone reporting period would be helpful; and suggested the milestone report is not logical and too simple.
- Some stakeholders said that there were instances of incorrect advice given to clients, and lack of clarity provided to applicants.
- Grant agents suggested that the plan to market and forecasting leads to guesswork and ambiguity. They noted it is difficult to accurately advise clients.
- Many of the suggestions from grant agents were a re-statement of the more complex settings of the old EMDG 1.0 scheme. Suggestions included reinstating: the export earnings test, the \$15,000 minimum spend threshold, an intellectual property (IP) definition, the ‘exclusive’ IP license; expense caps (for example \$50,000 on IP), grant payments to third parties, and the information required under EMDG 1.0 due to their perceived “higher risk of fraud”.
  - One agent commented: *“EMDG 2.0 has become too loose, so just anyone can apply, dilutes its value”*.

Note that following Round 1, in light of feedback received, Austrade took steps to expand and improve communications ahead of Round 2.

## Representative Bodies

### Consultations (3 meetings)

The key theme emerging from the consultations from Representative Bodies was that they were positive about the new EMDG 2.0 program and that upfront knowledge of the grant amount was beneficial to their business type.

- Some said it takes time to develop relationships and suggested that for their clients/members, the 8-year grant cap could be longer.
- They noted the change from EMDG 1.0 to EMDG 2.0 was managed well by Austrade.

## Peak and industry bodies

Overall peak and industry peak bodies were supportive of EMDG 2.0 and provided statements of support.

*The Export Market Development Grants scheme (EMDG) plays an important role in encouraging small and medium-sized businesses to export new products and services, and to reduce the risks associated with accessing new markets. In the current environment of uncertainty in international markets, exporters count on the EMDG scheme to support their efforts to promote Australian products around the world. Many household names exist today because of the confidence they derived from knowing that the Australian Government was backing their international ambitions.*

**Louise McGrath, Head of Industry Development and Policy, The Australian Industry Group**

*Exporters value the EMDG scheme and want it to be robust and fit-for-purpose to meet the challenges and opportunities in the current and future business environments. For decades, exporters have relied on the EMDG scheme. Never has this been more important as Australian business seeks to diversify its export markets.*

**Chris Barnes, Head of Trade and International Affairs, Australian Chamber of Commerce and Industry**

## Other feedback

Further feedback from the consultations included:

- Upfront grant amounts provided certainty. Tiers made sense and represented the export journey. There was a view that it was not easy for businesses to move between tiers given the multi-year grant agreement format although businesses can cancel their agreement and apply in a new tier in the next round.
- Some considered the timing of the round and its processes were not appropriate for business needs within the financial year. Managing deadlines on a financial year basis was now more confusing. Milestone reporting was felt to be onerous (even though it is simpler process than the EMDG 1.0 claims process), and agents were unclear about its purpose; the old scheme was felt simpler.
- There were delays with no explanation from Austrade and difficulty getting processing status updates.

A detailed breakdown of the Operational Review Survey is at **Attachment C. Attachment D** contains a list of previous consultation on EMDG 2.0 Round 1.

## REFLECTIONS FROM JOHN ANGLE, EXTERNAL FACILITATOR

There were a lot of positive comments, as well as plenty of frank views on the EMDG 2.0 program. What was common among all participants was support for the continuation of EMDG, and a determination to offer constructive advice on how to make it 'work better' for a sustainable future.

The issue of change resonated strongly through the consultations. Exporters and consultants highlighted challenges around changes to the policy settings for the new program; changes to procedures with new requirements introduced; and changes to reporting and timelines. These changes affected how Austrade adapted and managed new processes, with consultations often flagging areas for improvement. I learned that it was not an easy shift, from a long-embedded reimbursement scheme to the new upfront grants program.

While there were many issues discussed during the meetings, I heard three key themes constantly emerging throughout the consultations:

- 1) Austrade's communications, direct and online, must improve. Timing, frequency and the use of clear language are all areas for improvement raised in our discussions. I also heard that communication should be tailored for those who are new to EMDG, and those with years of experience. This work has already started, so thanks to those who recognised the efforts Austrade has taken to improve.
- 2) Process improvements – including limitations of the portal, opportunities to streamline and improve the application, plan to market and milestone reporting documents. Again, while some improvements have been made already, stakeholders' insights and suggestions will be incorporated into the report.
- 3) Finally, the issue of annual grant amounts was consistently raised. While all were happy with the support the program provided to assist them exporting, many were concerned about the amount of grants they were receiving.

## EMDG case studies

**Allinfun** is an Australian company. It develops and creates the intellectual property for high tech children's toys. Founded in 2015, the company distributes its products worldwide. The company continues to push into new markets with a focus on Latin America, Central Europe and Japan.



Managing Director Andrew Bedford has successfully received EMDG 1.0 grants and noted that EMDG 2.0, “from an administration and application point, the program is now easier to navigate than it was previously. The support available was really good and there was a quick turnaround time which was a noticeable change for me”.

“As a small to medium enterprise business, being able to save on any fees, including consultant fees, allows you to reinvest that money into new expenses that we want to use to help grow our business. The main thing is getting into the discipline of filing and storing all documents you have used in an EMDG application or subsequent grant milestone report to help you manage the next application.”

Allinfun benefited from the multi-year plan to market, “the process was really helpful as was communicating broad goals which gives a clear sense for direction and structure at a more in-depth level. The need to submit a yearly review for your application gives you the opportunity to explain the changes and reality of what’s happening within your business so you can adjust your yearly plan for the future if required”.

When asked what advice he would give to anyone thinking about applying with EMDG, “Do your research, use the tools that are already available. If they have any questions, reach out to the support team directly. List your concerns and questions to the support, our recent experience has been that the response time is quite quick and feedback extremely useful”.

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EMDG 2.0 supports Tier 1 exporters like **Gali Swimwear**. Gali Swimwear collaborates with First Nations artists and communities to create premium men's swimwear. The designs celebrate Australia's rich First Nations culture.



EMDG has helped Gali Swimwear to launch and sell directly into overseas markets. The funding has helped:

- build and launch the brand's e-commerce store
- create marketing materials and content for international promotion
- launch an influencer marketing campaign targeting specific customer personas
- execute Facebook and Instagram paid advertising campaigns in target markets
- engage with a US-based fashion PR firm to drive brand awareness in the US.

Founder David Leslie found the EMDG application process to be “clear and straightforward”.

“The team has been extremely helpful, resourceful and responsive when it comes to answering questions,” he said.

Mr Leslie encourages businesses looking to expand into overseas markets, especially other First Nations businesses, to apply for EMDG.

“Being able to use the grant for photography, hiring PR agencies, and developing marketing strategies using influential overseas content creators has been incredibly valuable for Gali Swimwear,” he said.

**endota** is Australia's largest network of day spas with over 100 spas nationally and the producer of professional and retail skincare products. endota's exporting journey has seen the company recently acquire nine spas in New Zealand and export their treatment protocols and skincare products internationally.

Now on their fifth grant with the EMDG program, the grant has helped the business to focus their export activity in select export markets and undertake direct-to-consumer (DTC) e-commerce research.



“EMDG funding has given us the opportunity to invest in research as a critical step in our international growth,” endota Export Manager, Yufang Mao, said.

“Knowing that a portion of the costs will be covered gives us confidence to use the funds in further export promotional activity.”

2022 has been endota's first experience self-lodging their application under the new EMDG application process. “The new process has helped better align our export strategy to our export spend,” Yufang said.

“Being able to identify and plan our export marketing spend in targeted activities and knowing EMDG will assist with a portion of the cost has been a welcome addition to the program.”

endota is an experiential brand and is evaluating alternative strategies for market entry that focus on the offer of an endota experience.

“As a business with aspirations of growing internationally to be the world's most loved wellness brand, we are appreciative of Austrade's ongoing support in both the export market development grant, and from the team of Austrade representatives in overseas markets,” Yufang said.

## 5. Review assessment – Opportunities for improvement

The EMDG Operational Review has found that the EMDG 2.0 program has reached its objective of providing simplified and streamlined financial assistance, for promotional activities and development of marketing skills to SMEs. Internal and external stakeholders consulted during the EMDG Operational Review were positive about the program and overwhelmingly wanted the assistance provided by Government for EMDG to continue into the future.

The context of the COVID-19 situation was also important. At the time of introduction of the EMDG program on 1 July 2021, the policy settings for eligibility were deliberately made easier for SME businesses to facilitate their access to EMDG support. Austrade assessed the impacts of COVID-19 may reduce the number of exporters engaging with the program as had occurred during other periods of economic downturn. However, the opposite occurred, with far more applications than expected.

The increased number of eligible applications for the program resulted in lower grant amounts being allocated from the fixed budget for the program. Even in the early stages of program implementation, it was apparent that the compounding effect of multi-year grant agreements, would progressively lessen grant amounts. Austrade will explore possibilities to address the imbalance between the size of the applicant pool and the fixed budget in order to improve outcomes. This situation needs to be managed in future to ensure meaningful grant amounts are available to meet exporter needs.

Austrade also needs to ensure businesses are solvent and able to apply their grant funds to EMDG and not potentially to meet tax debts. To manage risks, increase probity, enhance efficiency and ensure the EMDG funding is used for its purpose, Austrade will collaborate with the ATO to ensure the risks associated with EMDG applicants who are not compliant with their taxation obligations are considered appropriately prior to potentially issuing grant agreements. The ATO is supporting Austrade regarding how compliance information may be used to inform eligibility. Through this work Austrade learned that for 2020-2021, approximately 16 per cent of

EMDG recipients were not up-to date with income tax lodgements as at July 2022. These clients received approximately \$30m in EMDG grants in 2020-2021. Further, approximately 8 per cent of EMDG recipients had significant ATO debts with no payment arrangements in place as at July 2022. These recipients received approximately \$17m in EMDG grants in 2020-2021.

Throughout the EMDG Operational Review, external EMDG stakeholders have provided constructive feedback on both Austrade's design and administration of EMDG 2.0. Stakeholders commented positively about Austrade's engagement, website, newsletters and helpfulness, including the EMDG helpline. Stakeholders also raised opportunities for improvement to address concerns, dissatisfaction and confusion about EMDG 2.0. Opportunities for improvements centre around three key themes: program design, client experience and communications and recognise the importance of continually improving program delivery.

Austrade has already made improvements to EMDG 2.0 including:

- Publishing application statistics for each EMDG Round on the Austrade website.
- Links to government information to assist applicants fulfil application requirements (e.g. MyGov ID).
- Increased and targeted communication to provide updates and notify all EMDG applicants of systems and program updates and changes including:
  - Expected timelines and expected processing times.
  - Defining and providing examples of “currently exporting” in the EMDG Guidelines (Section 6.3) and adding definitions of “exporting businesses” and “strategic shift” on the website.
  - Changing the way possible grant amounts by tier are promoted and communicated.
  - Systems improvements to expedite application, approval and process procedures for applicants under the EMDG program.

Building on key areas flagged by stakeholders, opportunities for EMDG 2.0 improvement over two phases are identified below.

## Opportunities for improvement – Phase 1: Short-term

### Implement immediate improvements to EMDG program design, client experience and communication

In addition to improvements already undertaken by Austrade, this EMDG Operational Review provides short-term opportunities for improvement in three main categories (program design, client experience and communication) to ensure:

- Processes are client-friendly, and information is accessible for stakeholders.
- Communication to stakeholders through various channels is timely, targeted and accurate.
- Round 3 applications which open in early 2023, operates with the benefits of these changes.

## Opportunities for improvement – Phase 2: Medium-term

### Balancing demand on the program with meaningful grant amounts to ensure quality outcomes

The growing number of applications (8,107 – after 2 Rounds), and the resulting decreasing grant amounts means adjustments to policy settings are required to balance the level of interest in the program against the budget appropriation for the program. The sooner policy settings can be planned, consulted on and implemented, the sooner EMDG grant amounts could increase. While the Terms of Reference for this Review noted significant policy changes could be identified for consideration in the next legislative review, it is clear that the requirement for change is needed much sooner. There is a window of opportunity between now and EMDG Round 4 in 2024-2025 to progress this work.

To reduce complexity faced by both stakeholders and Austrade in previously administering two programs at once, changes to the program rules to better align the level of interest in the program against funding appropriation should not overlap with previous grant agreements. This can be achieved by only issuing EMDG 2.0 Round 2 grant agreements for a maximum of two years and EMDG 2.0 Round 3 agreements for one year. This will allow the full appropriation for EMDG in 2025-2026 to be allocated to new program settings and avoid confusion and the cost associated with the concurrent application of different rules.

To improve the client experience and to reduce administrative costs, Austrade will need to consider improving the EMDG IT system. IT improvements would build greater automation, reduce manual handling and therefore staffing costs, improve collection of data to measure return on investment and increase opportunities for risk-assessed grant extensions where warranted.

A consolidated list of opportunities for improvement can be found in Table 9.

**Table 9: Opportunities for improvement**

<b>PHASE 1</b>	
<b>Short-term opportunities for improvement</b>	
<b>Program design</b>	
1.	Update the definition of “strategic shift” in the EMDG Guidelines for Round 3 to align with Government’s trade policy objectives on market diversification and improve clarity.
2.	Limit grant agreements to a maximum of two years for all Tiers for Round 2 (a decision for the Austrade delegate within Round 2 Guidelines) and one year for Round 3 (a decision for the Minister when approving the Round 3 Guidelines).
3.	Set a regular program cadence, with application dates, milestone reporting timing and processes occurring at the same time annually. Grant recipients should ideally know their grant allocation before the commencement of the financial year to which it applies.
4.	Where feasible, ensure administrative processes (i.e. application and milestone reporting) are scheduled to avoid applying additional pressure to SMEs during End of Financial Year and where feasible (noting requirement for Ministerial decision) communicated early.
5.	Ensure that data collected in the EMDG 2.0 application and milestone reporting process allows for effective, continuous evaluation of the program against objectives.
6.	Collaborate with the ATO to ensure the risks associated with EMDG applicants who are not compliant with their taxation obligations are considered appropriately prior to potentially issuing grant agreements. Austrade needs to ensure businesses are solvent and able to apply their grant funds to EMDG and not potentially to meet tax debts.
<b>Client experience</b>	
7.	Seek the support of other agencies (e.g. ATO and Services Australia) to provide helpful guidance for EMDG clients in relation to processes related to EMDG such as linking MyGovID.
8.	Streamline the Plan to Market and Milestone Report templates for ease of applicants’ use while ensuring these meet program requirements and objectives, especially in relation to data for evaluation.
<b>Communications</b>	
9.	Refine and provide information materials regularly throughout the EMDG cycle. These activities, such as webinars, could be tailored to meet the needs of those who are new to EMDG, and those who are experienced with the previous EMDG program.
10.	Continue to provide all applicants and industry stakeholders with clear and regular communications on EMDG and the opportunity to provide regular feedback on the program.
11.	Communicate key program information, including opening and closing dates, early where feasible (noting requirement for Ministerial decision) and more frequently.
<b>PHASE 2</b>	
<b>Medium-term opportunities for improvement</b>	
12.	Ahead of Round 4, change the EMDG rules to better balance the level of interest in EMDG with the budget appropriation, which should result in an increase in grant amounts. Stakeholder engagement is recommended to consider design changes for EMDG. Implementation of program design recommendation 2 would clear legacy grant agreements in the EMDG pool.
13.	Upgrade the EMDG IT systems to improve automation and deliver quicker and higher quality application processing. Investment in the IT infrastructure would reduce manual processing, thereby reducing Austrade’s administration costs, which are currently above the allocated 5 per cent appropriation due to resourcing required to administer the program.

Table 10 provides early identification of some options available to address the imbalance between the level of interest in the program and the available budget appropriation. Further work will be required to determine if or how changed program parameters could skew behaviour or result in other unintended consequences. This review recommends that such options be further evaluated, noting also that the EMDG Act specifies ‘small and medium enterprises’ as the target of EMDG financial assistance (s3).

**Table 10: Options that could be considered to improve grant outcomes**

**Introduce a minimum business turnover threshold, which could limit applicant pool size**

This was suggested in consultations by some grant agents.

**Re-introduce a ‘minimum marketing spend’ threshold that applicants would need to meet before becoming eligible to claim EMDG funding**

This was suggested in consultations by some grant agents, was a feature of EMDG 1.0 and was recommended in the Fisher Report to be at a similar or slightly higher level to EMDG 1.0.

**Re-introduce an Export Readiness Test requiring evidence that the applicant is export ready before becoming eligible to claim EMDG funding**

This was suggested in consultations by some grant agents and was a feature of EMDG 1.0 and mentioned in the Fisher Report.

**Adjust the matching contribution model** (where exporter spend matches EMDG grant) from 50:50 ratio to, for example, 70:30 (with 70 the exporter-spend and 30 the EMDG grant).

**Prioritise tiers to receive EMDG funding**

**Prioritise businesses within certain industries or sectors, or which produce certain services or products, to be eligible for EMDG funding**

**Prioritise businesses that are exporting to markets or regions identified as priorities for Government’s trade policy agenda, and/or who can achieve employment outcomes, for EMDG funding**

**Reduce the number of financial years applicants can be eligible to apply for EMDG**

**Close EMDG round once a specified number of applications are received, to manage grant outcome size**

# Attachments

<b>Attachment A</b>	EMDG Operational Review Terms of Reference
<b>Attachment B</b>	Snapshot EMDG 2.0 Round 1 and Round 2
<b>Attachment C</b>	Survey results
<b>Attachment D</b>	Previous EMDG 2.0 Round 1 consultation
<b>Attachment E</b>	Complementary support available to SME exporters
<b>Attachment F</b>	International programs providing export support

# Attachment A – EMDG Operational Review Terms of Reference

## 1. Context

Austrade administers the Export Market Development Grants (EMDG) program, which is funded at \$157.9 million per year (until 2025-2026). It is a grants program to help Australian small to medium enterprise (SMEs) exporters grow and diversify in international markets through funding for promotion and marketing.

*“An internal and prompt review of Australia’s Export Market Development Grants Program”* was part of the Government’s Trade Diversification Plan, Export Market and Product Diversification Strategy.

These terms of reference set out the scope of Austrade’s operational review of EMDG, which will fulfill this commitment.

## 2. Objective

The objective of the operational review is to:

- identify and understand known and new challenges that emerged during implementation of the EMDG 2.0 program.
- consider adjustments to address issues identified.
- recommend further improvements to meet the Government’s objectives.

This could include policy refinements and implementation enhancements which can be incorporated into EMDG Round 3, scheduled for the first quarter of calendar year 2023. Any longer-term policy issues that require significant change will be documented for the next legislative review.

## 3. Scope

The operational review will examine a range of factors relating to the management, delivery, and outcomes of the EMDG 2.0 program. This will include process improvements, communication with stakeholders, and policy settings of the reformed EMDG program, to assess whether they

delivered what was intended. The operational review will help improve the Government’s effectiveness and efficiency in supporting SMEs to generate additional export sales which deliver strong economic outcomes for Australia.

### **The Operational Review will suggest process improvements, including by:**

- Drawing on feedback, correspondence, surveys, and stakeholder consultation conducted in 2022 following Round 1, and specific additional stakeholder engagement.
- Mapping issues that generated confusion.
- Seeking to understand program demand and factors driving increased exporter applications to Round 1 of the program.
- Assessing eligibility factors, such as the tier structure, concessional thresholds, and their impacts on exporter behaviour.
- Understanding what drives exporter behaviour regarding export promotion opportunities and spending.
- Hearing the views of industry, peak and representative bodies which are engaging on behalf of their members.

### **The Operational Review will consider and provide recommendations on communication and awareness raising including:**

- Finding opportunities to improve exporters’ knowledge and understanding of the program.
- Explaining benefits of the shift to an upfront grants payment as opposed to the complexity of the reimbursement process.<sup>6</sup>
- The operational review will provide a clear and evidence-based picture of EMDG. The recommendations and key deliverables will feasibly inform design elements of EMDG Round 3, planned to open in the first quarter of 2023, to allow Austrade to assess applications and plan to offer grant agreements ahead of 1 July 2023.

6. Refers to upfront payments to Tier 1 and Representative Bodies in EMDG Round 1 and upfront funding clarity in multi-year grant agreements.

#### **4. Stakeholder consultation**

In early 2022, following the close of Round 1 of EMDG, a range of mechanisms were used to understand the client experience of EMDG 2.0. These mechanisms included an all-applicant survey, a consultant/grant agent survey, applicant interviews as well as material from enquiries, complaints, and Ministerial correspondence. The operational review will draw on this research.

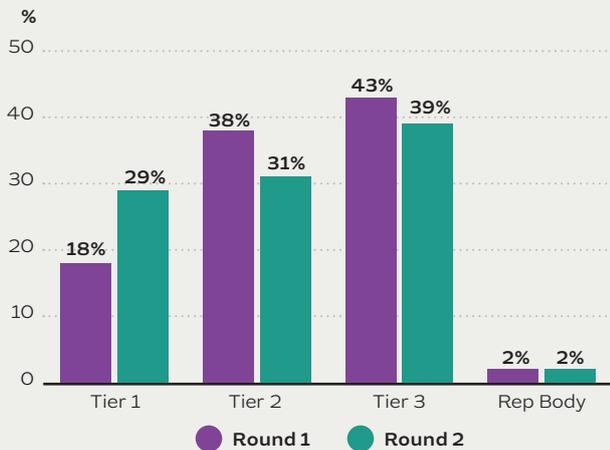
In addition, a new survey will be conducted, as well as a round of consultations with key stakeholders led by an independent facilitator to inform the operational review.

#### **5. Timeframe**

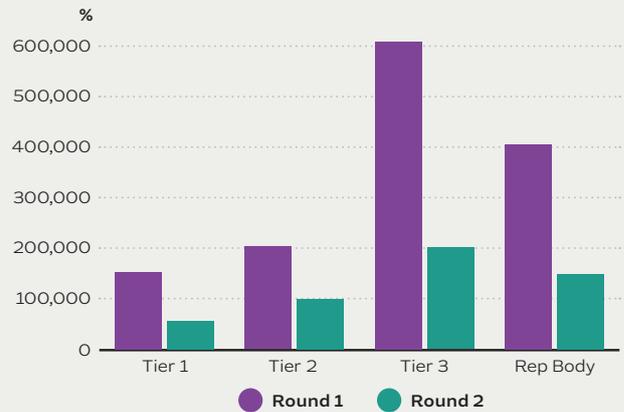
Austrade has been asked to report to the Minister within three months.

# Attachment B – Snapshot EMDG 2.0 Round 1 and Round 2

**Applications by Tier**



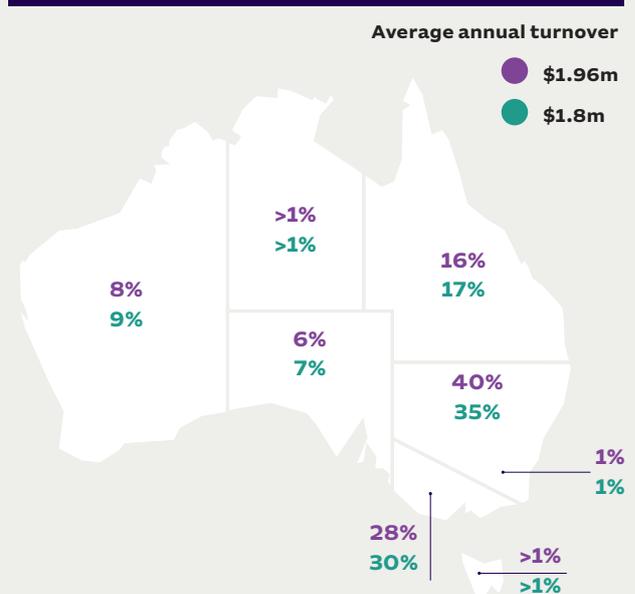
**Planned Expenditure by Tier**



**Applications by product category**

Product Category	Round 1 (%)	Round 2 (%)
Goods	47%	44%
IP	9%	8%
Tourism	2%	5%
Events	>1%	>1%
More than 1 category	13%	13%
Other services	19%	19%
Software	9%	11%

**Applications by State / Territory**



## Round 1

- Round 1 of Export Markets Development Grants opened on 16 August 2021 and closed on 30 November 2021.
- **5,384 applications submitted**
- 75% of applications were lodged by agents
- 49% of applications were from new (to EMDG) applications.

## Round 2

- Round 2 of Export Markets Development Grants opened on 6 July 2021 and closed on 17 August 2022.
- **2,723 applications submitted**
- 62.5% of applications were lodged by agents
- 72% of applications were from new (to EMDG) applications.

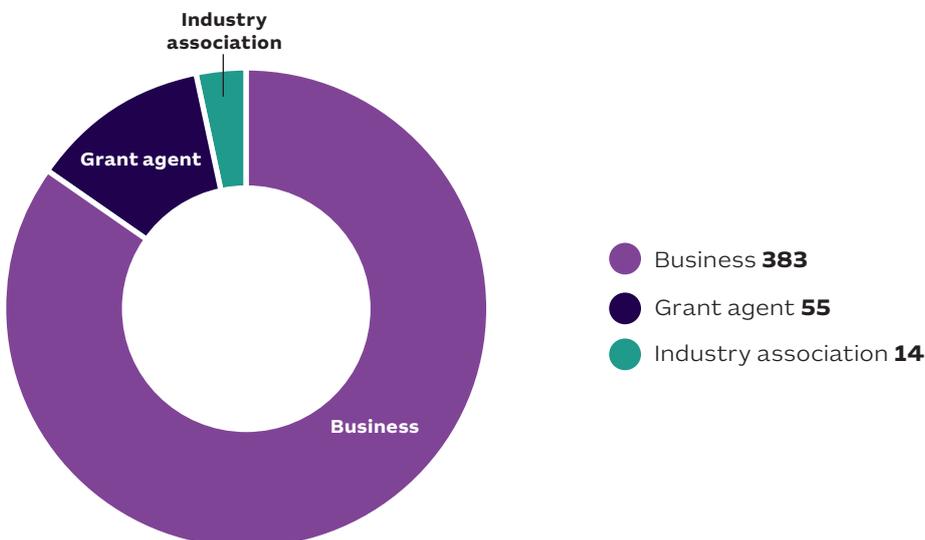
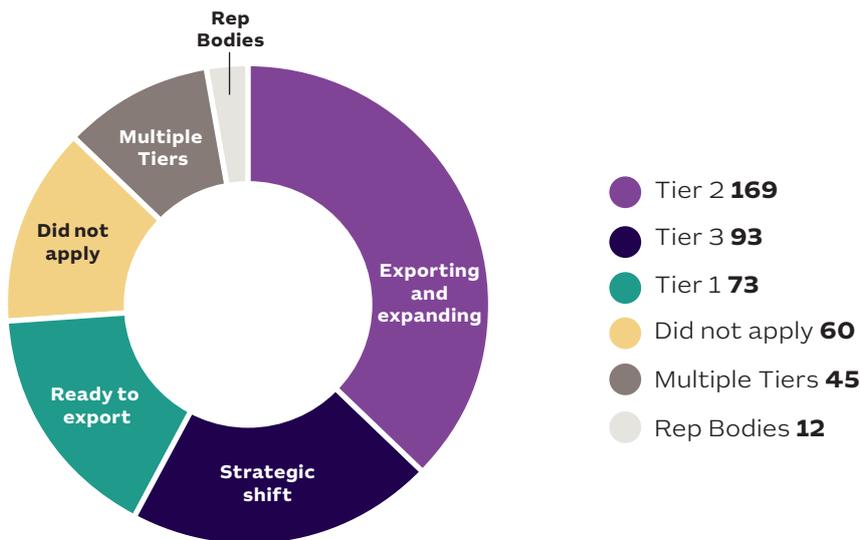
\*Components may not add to totals due to rounding

# Attachment C – Survey results

In August 2022, all EMDG stakeholders such as applicants, grant agents and other interested parties were invited to participate in the EMDG Operational Review survey. The survey was directly sent to over 11,000 email subscribers and was available on the Austrade website. 452 responses were received. Please note some questions enabled multiple answers so totals will not necessarily add to 100 per cent.

## Survey responses

- 84 per cent of respondents identified as export businesses
- 16 per cent applied in Tier 1 (New to export)
- 37 per cent applied in Tier 2 (Expanding exporter)
- 21 per cent applied in Tier 3 (Diversifying exporter)
- 3 per cent applied in the Representative Bodies Tier
- 10 per cent applied in multiple Tiers (which suggests they may have been lodged by grant agents)
- 12 per cent of respondents were grant agents
- 3 per cent were from industry associations representing businesses.



## Awareness of driver for EMDG changes and objectives

- 70 per cent of respondents were aware of the 2019 review that led to Government reforming the EMDG program.
- 53 per cent of export businesses were aware of the review.

Respondents identified the following objectives as important:

- Reducing the complexity of the program (65 per cent) – most important priority
- Upfront knowledge of grant amounts
- Clarity on grant amounts in multi-year agreements.

## Feedback on changes to EMDG

- 86 per cent agreed the change from an audited reimbursement scheme to an upfront grant program was **useful to reduce workload for applicants and Austrade**.
  - “Any administration reduction and simplification minimises the burden on small businesses” (Tier 3 applicant).
  - “Previously we required external resources to complete the submission. This new process simplifies the process considerably” (Tier 2 applicant).
  - “It is important to set expectations all upfront and build better processes to reduce workload on all parties” (Tier 3 applicant).
- 66 per cent agreed it was **beneficial to remove the requirement for exporters to spend at least \$15,000** on eligible marketing expenses with 79 per cent of Tier 1 respondents in favour of this change.
  - “Normally we would spend significantly more than \$15k, however COVID has significantly restricted these activities, so removal of the barrier allows us to claim as normal” (Tier 2 applicant).
  - “Small to medium innovative and entrepreneur businesses may not have the initial \$15k” (Tier 2 applicant).
  - “If a company is serious about exporting, there needs to be an expenditure threshold” (Tier 3 applicant).
- 49 per cent **agreed the reforms improved the EMDG 2.0 program** with 23 per cent unsure whether the reforms improved the program.

- “The new process seems far more business friendly” (Tier 2 applicant).
  - “Unable to say at this stage how the changes are better or worse. Our funding, however, was significantly reduced with the new scheme” (Tier 3 applicant).
  - “I was a bit confused initially when trying to work out how to new scheme works compared to the previous one, but once I understood it, it all seemed really easy and simple” (Tier 1 applicant).
- 26 per cent of respondents said **they would not have started or expanded exporting without their EMDG grant**.
  - Just under 30 per cent of respondents with grants in Tier 3 said they would not have diversified their exporting without the EMDG Grant.
    - “Without EMDG, we would not be able to expand our exports. It is absolutely vital for us” (Tier 3 applicant).

## Round 1 application process

- Of the 392 respondents who applied in Round 1, **64.5 per cent said they completed it themselves or with help**.
- 35.5 per cent said someone else completed the application on their behalf.
- Of the respondents who completed the application themselves 44 per cent said the application took them about as much time as expected, just below 10 per cent said the application took less time than expected.

**Just under one-third of respondents said that none of the required application processes were difficult** (Tier 1 – 28 per cent; Tier 2 – 33 per cent; Tier 3 – 31 per cent; Representative Bodies – 20 per cent). For those who had challenges, the most difficult processes were:

- Providing all the information requested (37 per cent).
- Linking your Digital Identity to your business in Relationship Authorisation Manager (RAM) (31 per cent).
- Setting up your Digital Identity, such as myGovID (26 per cent).
  - “I think the application process is clear and the overall support from EMDG is good” (Grant Agent).

- “I feel like a lot of the questions on the application form are too similar. I really felt like I kept repeating the same or very similar answers to the questions” (Tier 3 applicant)

Respondents were asked what EMDG materials they had read or used with the following results:

- The grant guidelines (just under 50 per cent)
- Sample application form (32 per cent)
- Plan to market template (38 per cent) – noting 74 per cent of respondents already had an export marketing plan for their business
- Agent templates (30 per cent)
- EMDG Rules (32 per cent)
- EMDG Act (21 per cent)
- Nothing (10 per cent)
- To improve their plan to market, **64 per cent of respondents agreed that resources or training on how to put together a plan to market would be helpful**
- 20 per cent of applicants did not realise they could amend their plan to market or advise changes via the milestone reporting process.

## Eligibility criteria

- **49 per cent of respondents who completed their application themselves said they found it easy or very easy** to understand the eligibility criteria and 38 per cent were neutral.
- Of the respondents who applied for EMDG 2.0, 13 per cent found the criteria difficult or very difficult to understand.
  - “The requirements for which tier or the claimable amount you fall in are vague” (Tier 3 applicant).
  - “There are sections on the form that do not provide clarity on what can be claimed” (Grant Agent).

## Communication

- 46 per cent of respondents had engaged with EMDG in the last month.
- **Over one third (36 per cent) said processes and communication seemed “good to them”.**
- 87 per cent use one or more Austrade communication channels to help their knowledge of EMDG.

- **The website was the most popular communication channel** (60 per cent), followed by EMDG emailed newsletter (34 per cent) and EMDG Helpdesk email service (28 per cent).
- 24 per cent requested a faster turnaround of enquiries received by the EMDG help desk.
  - “More communication after lodgement” (Tier 3 applicant).
- 22 per cent requested more detail on the website.
  - “More detail on the website that is understandable to small business owners” (Tier 2 applicant).

## Challenges impacting exporters and resources

When asked if any of the following factors are impacting your exporting activity respondents indicated:

- 57 per cent COVID-19
  - “Border closures and flight uncertainty” (Tier 1 applicant)
- 51 per cent inflation/increasing costs
  - “Factory costs” (Tier 3 applicant)
  - “Consumers spending less” (Tier 3 applicant)
- 40 per cent supply chain issues
  - “World-wide shortage of electronic components specifically” (Tier 2 applicant)
- 37 per cent freight issues
- 32 per cent workforce issues
  - “Fewer staff at suppliers means slower responses” (Tier 3 applicant)

How do exporters educate themselves and build capability:

- desktop research (39 per cent)
- state or territory government services or grants (26 per cent)
- industry newsletters (25 per cent).
  - “As a Tier 1 recipient, I would have loved to see mentoring support offered to assist with connections to individuals and businesses” (Tier 1 applicant).

# Attachment D – Previous EMDG 2.0 Round 1 consultation

## Consultation between close of EMDG 2.0 Round 1 and the EMDG Operational Review

Please note this list focuses on specific EMDG consultations and does not include other processes which have captured feedback on EMDG (such as Austrade’s regular Client Experience survey), and ongoing feedback received through the EMDG Help Desk, webinars and consultations that occur as part of Austrade’s EMDG administration.

- **January 2022 – EMDG applicant survey** – survey was sent to all 5,384 Round 1 applicants for feedback on EMDG sentiment, business outlook and EMDG website and new processes. 980 people responded. Further information on this survey is available on the [Austrade website](#).
- **February–March 2022 – EMDG stakeholder consultations** – Following Round 1 application process, and ahead of opening of Round 2, one-on-one consultations were undertaken with select range of stakeholders to complement surveys.
- **March 2022 – EMDG consultant survey** – survey was sent to 247 EMDG grant agents who submitted applications in Round 1 on their experiences with Round 1 and business characteristics of EMDG grant agents. 110 responses were received. Further information on this survey is available on the [Austrade website](#).
- **March–April 2022 – EMDG Paper Giant interviews** – 20 in-depth interviews were conducted with EMDG applicants. This included seven Tier 1 applicants; three Tier 2 applicants; four Tier 3 applicants; and six Representative Bodies.
- **June 2022 – Useability testing** – four exporters and 10 grant agents participated in useability testing, providing feedback on EMDG 2.0 systems and user experience.
- **August 2022 – Operational Review survey** – survey was sent to over 11,000 people subscribed to the EMDG mailing list and open to the general public via the Austrade website. 452 responses were received. Survey results can be found in **Attachment C**.
- **August–September 2022 – Operational Review stakeholder consultations** – an external facilitator (John Angley) was engaged to meet with stakeholders. John had 53 sessions with EMDG applicants, grant agents, peak bodies and other interested parties. See **Chapter 4** for John Angley’s reflections and for consultation overview.

# Attachment E – Complementary support available to SME exporters

Beyond EMDG, there are other support services available to Australian exporters, including small and medium businesses and those looking to begin their exporting journey. The list below is not exhaustive but provides a snapshot of the support Australian exporters may choose to pursue.

There are a range of state and territory services available on both an ongoing and ad-hoc basis. The type of support on offer differs, but may include:

- **New South Wales: Going Global Export Program** offers a range of export-related support measures for eligible SMEs in certain industry sectors (including health and medtech, technology, food and beverage industry sectors).
- **Victoria: Global Victoria Intellect Program** provides eligible export businesses with market research intelligence from teams at Victorian universities.
- **South Australia: SA Export Accelerator Program** (applications closed) provides funding for consortiums of small to medium-sized export businesses to undertake collaborative export activities.
- **Northern Territory: Global Trade Scheme** provides funding for NT businesses to set up or expand their exporting capabilities.

In addition to support specific to each state and territory, there are Australia-wide, Commonwealth funded services available to support SME exporters. These include:

The **Austrade Export Services website** has a range of resources and services for Australian businesses looking to export, or during their export journey. Resources include tools for businesses to identify markets for their products and services, information on laws, regulations and finance, and success stories of Australian exporters to learn from.

The **TradeStart network** is an extension to Austrade's own offices and is delivered in partnership with State, Territory and local governments, industry associations and chambers of commerce. The 30 offices in the TradeStart network are in capital cities and regional centres across Australia. The objective of the TradeStart network is to assist small and medium sized exporters to achieve long term success in international markets. It offers exporters the combined resources of Austrade and each partner organisation, providing local assistance and a direct link to Austrade's services and overseas network.

The Australian Government's **Grants and Programs Finder** tool helps businesses to search for grants, funding and support programs they may be eligible for.

# Attachment F – International programs providing export support

Other countries provide support for their exporters through programs and initiatives. While none of the below programs are the same as EMDG, each has similar elements and a shared intention of supporting exporters.

## Europe (EU) – Multiple supports

- The **Overview of EU instruments** contributing to the internationalisation of European business lists supports for EU members.
- The EU **website** has a range of support programs for SMEs and exporters, often based around a geographical area (for example, the EU Japan Centre). Many of these grants seem to be smaller, competitive processes. For example, the EU Japan Centre has a ‘Keys to Japan’ competition. The European Commission-funded initiative provides two EU Member-State companies who are considering marketing a product or service in Japan, a detailed and personalised market entry business plan.

## Canada – CanExport SMES

- The **CanExport SMEs program** launched in 2016 to help small business owners and entrepreneurs break into new international markets.
- Small and medium sized companies may access up to \$50,000 in funding to assist with international market development activities. Up to 50 per cent of costs are funded for export marketing of products and services in international markets where the SME has little or no sales.
- The program works more on a ‘project’ basis – each company can only have one active project at any given time.
- A key point of difference is that applicants must have \$100,000+ revenue over the last 12-month period (which also requires businesses to be at least 12 months old).

## Hong Kong – SME Export Marketing Fund (EMF)

- The **SME Export Marketing Fund (EMF)** aims to encourage SMEs to expand their markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities.
- More targeted to trade shows and exhibitions than other forms of marketing.

## Singapore – Market readiness assistance

- This grant provides SMEs with financial assistance when expanding their products and services to overseas markets.
- Up to 70 per cent funding on eligible costs.
- From 1 April 2020, the grant cap will be increased to S\$100,000 per new market over three years till 31 March 2023.

## United States – State Trade Expansion Program (STEP)

- The **STEP grant program** has helped thousands of small businesses obtain grants and find customers in the international marketplace since 2011. Through awards to U.S. states and territories, STEP helps small businesses overcome obstacles to exporting by providing grants to cover costs associated with entering and expanding into international markets.
- For example, New York state has a **similar grants program** (noting that most of the programs are more aligned to trade shows than other forms of marketing).

## Germany – Mittelstand Global

- **Mittelstand Global** is the over-arching initiative and includes broader support for exporters. As part of this initiative, the market entry program supports events and projects organised for SMEs and aims to provide support for companies entering or positioning themselves in new foreign markets.

## United Kingdom – Tradeshow Access Program (ended in July 2021)

- The UK's former Tradeshow Access Program supported new exporters to exhibit at international tradeshows. The program was cancelled in July 2021.

## England – Internationalisation Fund

- Grants are between £1,000 and £9,000 and need to be for costs partially funded by the applicant. The contribution from applicants varies according to where the business is based but is either 40 or 50 per cent of the total cost.
- Eligible activities include market research, IP advice, international social media, market visits and trade fairs.



Australian Government

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Australian Trade and Investment Commission

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