

# EMDG program strategic refocus – consultation summary

The EMDG program strategic refocus consultation period ran for 6 weeks from 5 July 2023 to   
11 August 2023. The survey was open for the last three weeks of this period.

The purpose of the consultation process was to seek views on changes to the EMDG program that would deliver better alignment with the Government’s trade policy priorities and achieve quality outcomes within the available annual budget.

Feedback was received via workshops, a survey, submissions, and meetings with key peaks and government stakeholders.

Diagram showing:
Workshops - 6 were held with 52 attendees in total:
Businesses/exporters: 23
Grant agents: 17
Industry bodies: 12
Survey - this was open for 3 weeks from Mon 24 July to Tue 15 Aug. A total of 437 survey responses were received. 82% of respondents were businesses.
Submissions - 49 were received during the consultation period:
Businesses/exporters: 14
Industry bodies: 13
Other: 13
Grant agents: 9

## Workshops

A total of 52 participants attended the workshops, including:

* 23 attendees at the businesses and exporters workshops (3 held)
* 12 attendees at the industry and rep bodies workshops (2 held)
* 17 attendees at the EMDG grant agents workshops (2 held)

Attendees came from a variety of industries and represented both goods and services exporters.

Top 3 themes:

1. EMDG is unique and valued. Stakeholders accepted that EMDG needs to deliver a return on investment for Government.
2. Stakeholders were most in favour of minimum spend, minimum years in business and export readiness eligibility criteria however had differing views on optimum thresholds for these.
3. In-person marketing and promotion opportunities (such as trade shows and in-person meetings) are EMDG funded activities that are highly valuable to exporters.

## Submissions

Stakeholders were invited to submit feedback to the EMDG Policy mailbox throughout the 6-week consultation period.

There were 49 submissions received in total, including:

* 14 submissions from businesses
* 13 submissions from industry bodies and peak bodies
* 13 submissions from Austrade staff/other government
* 9 submissions from grant agents

Top 3 themes:

1. Most submissions wanted EMDG to continue in some form, however there was not consensus on what this form should be.
2. Many submissions agreed that uplifting businesses’ export readiness would be positive; and that a business should have export earnings in order to continue in Tiers 2 or 3.
3. Views differed depending on the appropriate business size for EMDG eligibility. Some micro-businesses wanted to remain in the program. Some medium-sized businesses wanted tightened eligibility in order to deliver larger grant amounts.

Some submissions included ideas that were outside the scope of this consultation process. This included raising the $20 million turnover upper threshold for eligibility; removing the maximum of 8 years access to the program, returning to the reimbursement scheme; and amending the EMDG Act.

## Meetings with key peaks and government stakeholders

During the consultation process, Austrade also met with peak bodies, including the Australian Chamber of Commerce and Industry, Export Council of Australia, Ai Group, Australian Tourism Export Council, Export Consultants Association Inc and Supply Nation.

These groups were generally supportive of some changes to the eligibility requirements for applicants to better reflect characteristics that are typical of successful exporting businesses.

## Methodology – Online survey hosted on Forsta platform by Roy Morgan, but recruited and promoted by Austrade among stakeholders. Target Audience – Stakeholders to the EMDG program, including businesses, agents and industry association representatives. Sample Size & Source – n=437 complete responses with n=1,841 incomplete attempts. Recruited and promoted by Austrade through contact lists. Questionnaire Length – 35 questions with 26 optional open-ended text responses. 22.6 minutes (average survey length). Timing – Monday 24th July to Tuesday 15th August 2023. Online survey

### Overview of respondents

* Of the 437 respondents, **81.9%** represented businesses.
  + Around **80%** of these businesses reported a turnover of less than $5 million annually and employed fewer than 20 people.
* Around **90%** of respondents had applied for the EMDG program, with Round 1 (FY2021/22) the most common and Tier 2 (expanding exporting) the most common tier for their last application.
* Over half of respondents were based in New South Wales and Victoria.
* **1.6%** of respondents identified as First Nations businesses.
* **31%** of both Tier 1 and Tier 3 respondents, and **51%** of Tier 2, reported they had participated in training courses to increase their capability and skills.

### Priority markets and regions

Respondents were asked ‘to which regions/markets does your business currently export?’ and the top five results were:

1. North America (United States of America; Canada) – **55%**
2. United Kingdom – **43%**
3. Europe (European Union countries) – **42%**
4. Southeast Asia (includes Brunei, Burma, Malaysia, Philippines, Singapore, Vietnam, Thailand, Laos, Cambodia, Indonesia, Timor-Lesté) – **37%**
5. North Asia (includes Japan, South Korea) – **24%**

Respondents were also asked whether their business could target export markets that align with the Government’s trade priorities. This includes countries in the Southeast Asia Economic Strategy to 2040 and those with new or recently upgraded Free Trade Agreements with Australia.

* **63%** of Tier 2 and **58%** of Tier 3 respondents said they would be able to target these markets.

Title: Over half of respondents are intending to export to SE Asia in the next 5 years and almost half to north Asia (Japan, South Korea)
Countries/regions planning to export to in the next 1 – 5 years:
North America – 72.3% 
South America – 19.9%
United Kingdom – 66.8%
European Union countries – 64.1%
Africa – 14.9%
Middle East – 28.4%
South Asia – 30.7%
China – 31.6%
North Asia – 42.3%
Southeast Asia – 54% 

**Future focus:** Priority markets with the highest potential growth rates from current export levels include South Asia (India, Pakistan) and the Middle East.

| **Market** | **Currently exporting** | **Planning to export** | **Potential growth** | **Potential growth (as a percentage of current export levels)** |
| --- | --- | --- | --- | --- |
| South Asia | 14.9% | 30.7% | 15.8% | 106% |
| South America | 11.2% | 19.9% | 8.7% | 77.7% |
| Middle East | 16.2% | 28.4% | 12.2% | 75.3% |
| North Asia | 24.7% | 42.3% | 17.6% | 71.3% |
| China | 19.9% | 31.6% | 11.7% | 58.8% |
| United Kingdom | 43% | 66.8% | 23.8% | 55.3% |
| European Union countries | 43.7% | 64.1% | 20.4% | 46.7% |
| Southeast Asia | 37.5% | 54% | 16.5% | 44% |
| Africa | 11.4% | 14.9% | 3.5% | 30.7% |
| North America | 55.6% | 72.3% | 16.7% | 30% |

Source: Q12 and Q14 of the survey. Potential growth was calculated comparing the results of Q12 (To which regions/markets does your business currently export?) and the results of Q14 (To which regions/markets will your business export to in the next 1-5 years).

### Core eligibility requirements based on proven characteristics

* **66%** of respondents (2 in 3) support a refocused EMDG program that has additional eligibility criteria in order to increase the grant amounts available to applicants.
* **83%** of grant agents agreed with this statement in the survey.

**New eligibility critera considered ‘useful’**

* Respondents who reported being Tier 3 grant recipients (Diversifying and expanding exporting) were most supportive of additional eligibility criteria in general. For example, **50%** of Tier 3 respondents were in favour of introducing a minimum marketing spend threshold (compared to **27%** of Tier 1 respondents).
* **80.5%** of survey respondents supported a minimum spend of $15,000 or higher, if a minimum spend requirement was to be introduced.
* **40%** of survey respondents supported an enhanced export readiness test.
* Respondents overall supported an average of 4 changes from the list supplied.
* Around **10%** did not support any of the changes, and a further **10%** only supported one change.
* Respondents were asked whether they support specific Tiers being prioritised to receive EMDG funding within any particular round. This would mean that not all Tiers may receive funding in a particular Round. Overall, **29%** of respondents agreed with this approach.
* **36%** of respondents supported 5 or more of the proposed changes to support a sustainable EMDG program.
* Among the people who supported 5 or more changes, the most popular changes were:
  + Establishing a regular program timetable (**77%** support)
  + Introducing a minimum marketing spend threshold (**67%** support)
  + Introducing an enhanced ‘export readiness test’ (**65%** support)
  + Introducing a ‘minimum years in business’ requirement (**52%** support)

### Improved program management

There is not clear consensus on the preferred length of grant agreement and frequency of rounds:

* **46%** of survey respondents were in favour of two-year grant agreements (open every two years). **50%** of businesses were in favour, while only **14%** of grant agents were in favour of this option.
* **49%** were in favour of one year grant agreements (open annually). **42%** of businesses were in favour, while **29%** of grant agents were in favour of this option.
* **29%** of respondents were in favour of closing an EMDG round once a specified number of applications have been reached.

**Grant amounts** have been consistently raised as a concern for EMDG recipients, in both the EMDG Operational Review and the Refocus consultations.

Many of the suggested settings to refocus EMDG have been proposed to address this issue and increase grant amounts for eligible applicants.

The graph below shows survey respondents’ views on what grant amount they would consider ‘too low’ to apply for.

* These results varied depending on which tier the business identified as.
* For Tier 1 respondents and grant agents, the median amount deemed ‘too low’ was **$10,000**.
* For Tier 3 respondents, the median amount was **$20,000**.

**Which grant amount is considered ‘too low’ to apply:**