

# Profile of EMDG recipients as of September 2023

## Background

The Export Market Development Grants (EMDG) Program is designed to bring benefits to Australia by encouraging the creation, development, expansion, and diversification of foreign markets for Australian products. It provides grants on a 50:50 matched funding basis to Australian SMEs and their representative organisations for export promotional activities and the development of export-related marketing skills.

The program was reformed from a reimbursement scheme to a forward-facing grants program in 2021. Since then, Austrade delivered 3 grant rounds receiving over 10,000 applications, that converted to over 9,600 grant agreements.

We regularly undertake analysis of data received in applications and milestone reports to better understand the profile of businesses who apply for and receive EMDG. This analysis helps us to evaluate and make improvements to the program.

In this summary we share some insights of the profile of EMDG recipients including their size by turnover and employment, industry sectors and export markets.

## EMDG recipients profile snapshot\*

|  |
| --- |
| * Two-thirds of grantees declare a turnover of under $1 million. * Approximately 60% of grantees have 2 to 9 employees. * The majority of grantees target between 2 to 10 export markets. * Approximately 50% of grantees target the USA and over 35% target the UK. Canada is the third most popular market for grantees to target at 19%. * Services and Technology is the main industry, and this has been a consistent trend across the 3 rounds. * Over the past 10 years using both EMDG Reimbursement Scheme and EMDG Program data, on average, exporters participated in the program for 3.4 years\*\*. * In the past 10 years, the average years in business of EMDG grantees has remained stable at 8 years\*\* |

\*Statistics are based on 9,662 grantees across the 3 rounds of the EMDG program.  
\*\*These averages are based on 10 years’ worth of EMDG data/ grant history.

## EMDG applications and success rate

There are currently over 9,600 grantees with multi-year grant agreements across the 3 rounds in the program. 93% of applicants across the 3 rounds were successful in receiving a grant agreement (Table 1).

### Table 1: Grants committed by round

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Round | Application period (duration) | Submitted applications | Executed grant agreements | Success rate |
| Round 1  Up to 3 years  2021–22 - 2023–24 | 16 Aug – 30 Nov 2021 (15 weeks) | 5,386 | 5,034 | 93% |
| Round 2  Up to 2 years  2022–23 - 2023–24 | 6 Jul – 17 Aug 2022 (6 weeks) | 2,760 | 2,544 | 92% |
| Round 3\*  Up to 2 years  2023–24 - 2024–25 | 15 Mar – 14 Apr 2023 (4 weeks) | 2,184 | 2,044 | 93% |
| Total |  | **10,330** | **9,622** | **93%** |

\*Figures for R3 executed grant agreements are not final (44 grant agreements are issued and are awaiting successful applicants to accept).

## EMDG milestone reports and payments

* Grantees are required to submit a milestone report after each expenditure year (grant activity period) to request a grant payment.
* In the 2023-24 financial year to date:
  + 3,157 (43%) Round 1 and Round 2 grantees submitted a milestone report for expenditure incurred in 2022-23.
  + 2,284 (72%) reports received have been assessed, of which 1,943 have been paid. The deadline for 2022-23 milestone reports is 31 October 2023.
* On average, the underspend rate is approximately 14% across assessed milestone reports. This means that grantees spent less than required to request the maximum grant per financial year as outlined in their grant agreement.

## EMDG grantees by business turnover and employee numbers

* The average turnover for current EMDG grantees is $1.9m. When compared with EMDG recipients over the past 10 years, turnover has been declining, from $5.0m in 2012-13 to $1.9m in 2022-23.
* There is a clear shift in the distribution of grantees across turnover groups. In 2012-13 (under EMDG Reimbursement Scheme) 57% of grantees had a turnover of $1m or higher. In the first 2 rounds of the EMDG program the number of grantees in that bracket decreased to 35%.
* In the current cohort of 9,622 grantees, nearly 39% have a turnover of less than $250,000 (Table 2).
* 60% of grantee businesses have an employee headcount between 2 and 9 (*Table**3*).
* Approximately 49% of grant underspends occurs within the cohort of grantees with turnover of less than $250,000 (*Table 4*).

### Table 2: Grantees by size (turnover)

|  | **Round 1** | | **Round 2** | | **Round 3** | | **Total** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Turnover** | **#** | **%** | **#** | **%** | **#** | **%** | **#** | **%** |
| Less than $250k | 1,720 | 34.2 | 1,023 | 40.2 | 998 | 48.8 | 3,740 | 38.9 |
| $250k-$1m | 1,316 | 26.1 | 614 | 24.1 | 450 | 22.0 | 2,380 | 24.7 |
| $1m-$4m | 1,282 | 25.5 | 554 | 21.8 | 386 | 18.9 | 2,223 | 23.1 |
| More than $4m | 716 | 14.2 | 353 | 13.9 | 210 | 10.3 | 1,279 | 13.3 |
| **Total** | **5,034** | **100.0** | **2,544** | **100.0** | **2,044** | **100.0** | **9,622** | **100.0** |

 \*Data includes grantees with executed grant agreements.

### Table 3: Grantees by size (employee headcount)

|  | **Round 1** | | **Round 2** | | **Round 3** | |
| --- | --- | --- | --- | --- | --- | --- |
| **Employee headcount** | **#** | **%** | **#** | **%** | **#** | **%** |
| 1 | 683 | 14 | 515 | 20 | 338 | 17 |
| 2-9 | 2,899 | 58 | 1,357 | 53 | 1,226 | 60 |
| 10-19 | 829 | 16 | 349 | 14 | 249 | 12 |
| Over 19 | 623 | 12 | 323 | 13 | 231 | 11 |
| **Total** | **5,034** | **100** | **2,544** | **100** | **2,044** | **100** |

\*Data includes grantees with executed grant agreements.

### Table 4: Proportion of grantees that did not spend as planned by turnover group and type of payment

|  | **Milestone payments** | | **Same year payments** | | **Total** | |
| --- | --- | --- | --- | --- | --- | --- |
| **Turnover group** | **#** | **%** | **#** | **%** | **#** | **%** |
| Less than $250k | 584 | 45.0% | 191 | 69.0% | 775 | 49.2% |
| $250k-$1m | 368 | 28.4% | 42 | 15.2% | 410 | 26.0% |
| $1m-$4m | 247 | 19.0% | 36 | 13.0% | 283 | 18.0% |
| More than $4m | 98 | 7.6% | 8 | 2.9% | 106 | 6.7% |
| **Total** | **1,297** | **100.0%** | **277** | **100.0%** | **1,574** | **100.0%** |

\*Data includes grantees across EMDG 2.0 with executed grant agreements and assessed milestone reports. Underspend is defined as assessed amount being lower than the commitment.

## Export markets targeted by EMDG grantees

* Over recent years the USA has consistently been the main target market for grantees followed by the United Kingdom. Canada, Singapore, China, Germany, France, Japan, India, and Hong Kong make up the remaining top 10 markets targeted by EMDG grantees (*Table 5*).
* The majority of grantees target between 2 to 10 export markets (*Table 6*)

### Table 5: Grantees by top 10 export markets targeted

|  |  |  |  |
| --- | --- | --- | --- |
| **Rank** | **Export market** | **Number of grantees** | **Percentage of grantees** |
| 1 | United States of America | 4,786 | 50.5% |
| 2 | United Kingdom | 3,330 | 35.2% |
| 3 | Canada | 1,861 | 19.6% |
| 4 | Singapore | 1,429 | 15.1% |
| 5 | China | 1,251 | 13.2% |
| 6 | Germany | 1,199 | 12.7% |
| 7 | France | 1,055 | 11.1% |
| 8 | Japan | 938 | 9.9% |
| 9 | India | 755 | 8.0% |
| 10 | Hong Kong | 688 | 7.3% |

\*Data includes grantees with executed grant agreements. EMDG grantees may export to more than one country (export market), therefore the totals in this table do not add to 100%.

### Table 6: Grantees by number of export markets targeted

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of export markets | Round 1 | | Round 2 | | Round 3 | |
| # | % | # | % | # | % |
| Single market | 1,418 | 28 | 592 | 23 | 196 | 10 |
| 2-10 | 2,474 | 49 | 1,105 | 43 | 1,649 | 81 |
| 11–20 | 155 | 3 | 73 | 3 | 146 | 7 |
| More than 20 | 45 | 1 | 16 | 1 | 31 | 2 |

\*Data includes grantees with executed grant agreements. EMDG recipients may export to multiple countries and regions. The totals do not add up to the total number of grant agreements as we do not have the data from all grantees. Representative bodies do not export.

## Industries of EMDG grantees

* *Services and Technology* is the main industry serviced by current EMDG grantees at 41%. Consumer – Advisory, Food and Agriculture, Advanced manufacturing and Education make the top 5 Industries (*Table 7*).

### Table 7: Industry group breakdown of grantees

|  | Round 1 | | Round 2 | | Round 3 | | Overall | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Industry | # | % | # | % | # | % | # | % |
| Advanced Manufacturing | 597 | 11.86 | 286 | 11.24 | 208 | 10.18 | 1,091 | 11.34 |
| Consumer - Advisory | 983 | 19.53 | 396 | 15.57 | 297 | 14.53 | 1,676 | 17.42 |
| Education | 371 | 7.37 | 150 | 5.90 | 132 | 6.46 | 653 | 6.79 |
| Food and Ag | 657 | 13.05 | 386 | 15.17 | 293 | 14.33 | 1,336 | 13.88 |
| Infrastructure | 85 | 1.69 | 45 | 1.77 | 41 | 2.01 | 171 | 1.78 |
| International Health | 234 | 4.65 | 117 | 4.60 | 83 | 4.06 | 486 | 4.51 |
| Resource and Energy | 17 | 0.34 | 9 | 0.35 | 14 | 0.68 | 40 | 0.42 |
| Services and Technology\* | 1,954 | 38.82 | 1,038 | 40.80 | 896 | 43.84 | 3,888 | 40.41 |
| Tourism | 126 | 2.50 | 115 | 4.52 | 78 | 3.82 | 319 | 3.32 |
| No Data | 10 | 0.20 | 2 | 0.08 | 2 | 0.10 | 14 | 0.15 |
| Total | **5,034** | **100.00** | **2,544** | **100.00** | **2,044** | **100.00** | **10,330** | **100.00** |

\*Data includes grantees with executed grant agreements. The Arts and Fintech industries are contained within the Austrade industry “Services and Technology”.

## EMDG support for First Nations businesses

* There are 66 First Nations grantees across the 3 rounds (Table 8).

### Table 8: First Nations grantees

|  |  |  |  |
| --- | --- | --- | --- |
| **Rounds** | **Total grantees** | **First Nations grantees** | **% of total population** |
| Round 1 | 5,034 | 33 | 0.66% |
| Round 2 | 2,544 | 19 | 0.75% |
| Round 3 | 2,044 | 16 | 0.78% |
| **Total** | **9,622** | **66** | **0.69%** |

\*Data includes grantees with executed grant agreements.

## Grant applications by agent vs self-lodged

* Across the three rounds, nearly 70% of grantees lodged their application using an agent, while around 30% completed the lodgement themselves (*Table 9*).

### Table 9: Grantees by lodger

|  | Round 1 | | Round 2 | | Round 3 | | Overall | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Lodger | # | % | # | % | # | % | # | % |
| Agent-lodged | 3785 | 75 | 1613 | 63 | 1287 | 63 | 6685 | 69 |
| Self-lodged | 1249 | 25 | 931 | 37 | 757 | 37 | 2937 | 31 |
| Total | **5,034** | **100** | **2,544** | **100** | **2,044** | **100** | **9,622** | **100** |

\*Data includes grantees with executed grant agreements.

## Milestone report outcomes

* Analysis of the assessed Milestone Reports (2,284 reports) for the 2022–23 expenditure year shows positive outcomes. Overall:
  + The median increase of the number of employees between application and milestone reporting stage was 3 employees.
  + 22% of grantees with turnover below $250k increased the number of employees by double or more. It is worth noting that grantees in this turnover cohort are micro businesses including sole traders and partnerships.
  + Across the board (*Table 10*):
    - 56% saw an increase in export earnings.
    - 64% saw an increase in turnover.
    - 41% increased their employees.

### Table 10: Grantee outcomes at milestone reporting stage, percentage of grantees that increased:

|  |  |  |  |
| --- | --- | --- | --- |
| Tier | Export earnings | Turnover | Employees |
| Tier 1 | 43% | 64% | 37% |
| Tier 2 | 58% | 63% | 39% |
| Tier 3 | 60% | 65% | 44% |
| Total | **56%** | **64%** | **41%** |

\*Data includes grantees with assessed Milestone Reports only (2,505 or 74% of submitted milestone reports). Representative bodies have been excluded.

* The top 5 industries that increased their export earnings were Tourism (83%), Education (64%), Consumer - Advisory (57%), Services and Technology (55%) and Advanced Manufacturing (55%) (*Table 11*).

### Table 11: Proportion of grantees who increased export earnings by Industry

|  |  |
| --- | --- |
| Industry | % of grantees who increased export earnings |
| Tourism | 83% |
| Education | 64% |
| Consumer - Advisory | 57% |
| Services and Technology | 55% |
| Advanced Manufacturing | 55% |
| Food and Ag | 52% |
| International Health | 46% |
| Infrastructure | 40% |
| Resource and Energy | 29% |
| Not provided\*\* | 80% |
| Total | **56%** |

\*Data includes grantees with assessed milestone reports only (2,505 or 74% of submitted milestone reports). Representative bodies have been excluded. \*\*80% of grantees who did not provide an industry (at time of application) increased their export earnings

## Types of expenditure

* The top three most used eligible expenditure expense categories (*Table 12*) were:
  + *Promotional literature and advertising material* at 78%
  + *Maintaining a representative in a foreign country* at 38%
  + *Consultants* at 35%

### Table 12: Expenses claimed in milestone reports

| **Eligible expense category** | **Grantees (%)** |
| --- | --- |
| Promotional literature and advertising material | 78% |
| Maintaining representative in a foreign country | 38% |
| Consultants | 35% |
| Short trips to a foreign country | 25% |
| Soliciting for business in foreign country | 22% |
| Intellectual property rights | 18% |
| Training | 17% |
| Free samples | 6% |
| Short trips within Australia | 4% |
| Foreign buyer visits | 2% |
| No expenditure | 1% |
| **Total** | **100%** |

Data includes all executed grant agreements with assessed milestones for EMDG 2.0. Data as at 10 October 2023.

## Unspent grant funds

Applicants were ambitious in planning their promotional expenditure in applications, especially in Round 1. Austrade offered maximum grants per financial year per tier in grant agreements based on the available program funding.

We found that some grantees did not spend as planned thus did not request the maximum grant amount leading to unspent / unclaimed grant funds. Table 13 shows total planned expenditure in applications, total commitments in grant agreements, total expenditure reported in milestone reports, and total eligible expenditure assessed and paid by Round and by Tier.

### Table 13: Commitments and payments

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Total Planned Expenditure in applications** | **Total committed in grant agreements** | **Total reported expenditure in milestone reports** | **Total eligible expenditure assessed and paid** | **Unspent / Unclaimed Grant (%)** |
| **2021–22** | **$1,326.4m** | **$140.1m** | **$586.9m** | **$117.5m** | **16.1%** |
| *Round 1* | *$1,326.4m* | *$140.1m* | *$586.9m* | *$117.5m* | *16.1%* |
| Tier 1 | $91.4m | $12.2m | $30.1m | $10.0m | 18.1% |
| Tier 2 | $295.8m | $44.7m | $136.3m | $35.0m | 21.6% |
| Tier 3 | $908.1m | $78.0m | $400.6m | $68.5m | 12.2% |
| Rep Body | $31.1m | $5.3m | $20.0m | $4.1m | 23.3% |
| **2022–23** | **$1,081.7m** | **$87.3m** | **$370.1m** | **$74.1m** | **15.1%** |
| *Round 1* | *$1,018.1m* | *$77.5m* | *$335.8m* | *$65.9m* | *14.9%* |
| Tier 1 | $65.3m | $4.9m | $14.9m | $4.1m | 14.9% |
| Tier 2 | $197.6m | $26.2m | $69.8m | $20.9m | 20.0% |
| Tier 3 | $751.0m | $45.4m | $248.1m | $40.0m | 11.9% |
| Rep Body | $4.2m | $1.0m | $3.0m | $.8m | 20.7% |
| *Round 2* | *$63.5m* | *$9.8m* | *$34.3m* | *$8.2m* | *16.9%* |
| Tier 1 | $15.1m | $2.2m | $6.8m | $1.9m | 14.3% |
| Tier 2 | $10.1m | $1.8m | $6.7m | $1.5m | 15.4% |
| Tier 3 | $36.4m | $5.3m | $20.0m | $4.4m | 16.7% |
| Rep Body | $2.0m | $.5m | $.8m | $.3m | 34.4% |

Data includes only executed grant agreements with assessed milestone reports. Data accurate as of 17 October 2023.

**Unspent/Unclaimed Grant** refers to the % difference between total grant commitment ($) and total assessed expenditure and payments ($).