

**The Voice for  
Australia's exporters**



**Submission by the Export Council of  
Australia**

**2015 Review of the Export Market  
Development Grant Scheme**

**10 March 2015**

## Contents

About the ECA/AIEx.....	3
Introduction .....	4
Background.....	4
Addressing the Terms of Reference.....	6
ECA Recommendations .....	14
Conclusion .....	19
Appendix 1 .....	20
Appendix 2.....	28

## About the ECA/AIEx

### Export Council of Australia

The Export Council of Australia (ECA) is the peak export body in Australia with a particular focus on the SME sector. The ECA is the next step in the evolution of the Australian Institute of Export (AIEx) which, for over 50 years, has provided practical education & training, and has advocated on behalf the Australian export community.

Owned by its members and steered by a Board and National Council representing Australia's key business sectors, the ECA is a not-for-profit organisation that has the development of Australia's resources via the promotion of Australian business in international markets as its primary goal. The ECA represents all exporters; large, medium and small.

The Export Council of Australia aims to:

- Equip Australian business with the skills and capabilities required to effectively and efficiently conduct profitable international trade.
- Make representations to and on behalf of exporters to key decision makers.
- Undertake research to identify and quantify the issues affecting the development of profitable international trade activity by Australian companies.
- Interface with and provide support to sector specific associations and councils representing business engaged in international trade.
- Deliver activities which provide a forum for the exchange of ideas and knowledge, and rewards excellence in export.
- Under the respected name of the Australian Institute of Export, the ECA will continue to provide first class skills development programs for exporters, importers, service providers and especially those new to international trade who need the process demystified.

### Australian Institute of Export

Established in 1957, the Australian Institute of Export (AIEx) has become the leading Australian industry body for International Trade. Through our various initiatives we have assisted tens of thousands of companies, of all sizes and across all industry sectors, to develop and grow their business in the international marketplace. We collaborate with the export and import community to ensure that Australian companies receive the support they need to successfully compete on the international stage:

- Export Procedures & Documentation
- Import Procedures & Documentation
- Understanding Documentary Credits
- Online import and export courses
- International Trade Law & IP
- Accredited trade courses
- Australian Export & Import Handbook & International Trade Procedures Guidelines

Through these activities, we reach over twelve thousand exporters and importers across Australia with regular communication.

## Introduction

The Export Council of Australia (ECA) welcomes the 2015 Review of the Export Market Development Grants (EMDG) scheme and is pleased to have the opportunity to put forward a submission to the reviewer, Mr Michael Lee.

The ECA is a not-for-profit, membership based organisation and the peak export body in Australia with a particular focus on SME exporters and importers. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industry sectors. The ECA's core activities include: skills development, events, research and trade policy advocacy.

The ECA understands that the purpose of this Review is to make recommendations about the future scope of the EMDG scheme. The ECA strongly supports the EMDG scheme, which since its introduction in 1974, has proven itself to be one of the most effective industry stimulus initiatives ever introduced by the Federal Government. The ECA (previously AIEEx) is a long-time supporter of the scheme and has on numerous occasions provided submissions and evidence to government to support the scheme, especially given the positive impact EMDG has on Australian exporters. The ECA, through the AIEEx, was a major contributor to the last formal review of the scheme in 2008. The ECA, therefore, rejects the recommendation of the 2014 Commission of Audit to discontinue the scheme and refers to the ECA's 2013 and 2014 Trade Policy Recommendations where its support and recommendations for the scheme are clearly articulated.

The bipartisan support for the scheme is underpinned by the principle that the scheme is open access and performance based. Recent data from Australia's International Business Survey 2015 (AIBS 2015), a study into export behaviour undertaken by the ECA in conjunction with Efic, Austrade and the University of Sydney, reveals that 45 per cent of the 1,237 respondents have accessed the scheme and of that, 63 per cent state that it was very important to their international marketing efforts, while a further 31 per cent state it was moderately important.

While the ECA acknowledges the success of the scheme over many years, it believes that there is room for improvement. In this submission, the ECA will provide background information relevant to the submission, address the Terms of Reference for the Review, and provide a summary of its recommendations. The ECA believes that, if implemented, these recommendations will help improve the scheme's efficiency for the government and increase the benefit exporters receive from accessing the scheme.

## Background

The Australian Trade Commission, Austrade, administers the EMDG scheme, which is the country's principal financial assistance program for aspiring and developing exporters. The purpose of the scheme, as described in the Export Market Development Grants Act 1997 (EMDG Act), is to "provide for the grant of financial assistance to Australian SMEs to provide incentives for them to develop export markets." It aims to spur grant recipients' export promotional efforts, leading to increased exports of Australian-produced goods and services such that exporting becomes a regular part of their business<sup>1</sup>. It achieves this by reimbursing up to 50 per cent of eligible export promotion expenses above a \$5,000 threshold (provided total expenses are at least \$15,000) up to a maximum of \$150,000 for up to eight years per applicant.

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<sup>1</sup> Mortimer, D 2008, *Winning in World Markets, Review of the Export Market development Scheme*, ISBN 9781921244841, page 9.

There is a strong rationale and support for the EMDG scheme, which helps explain its existence—largely in the same form—for over 40-years despite significant changes to the political and economic landscape over that period. The EMDG scheme helps businesses, especially SMEs, overcome market failures associated with expansion into international markets. Asymmetric information, including knowledge about market opportunities and production, distribution and marketing methods, can be enough to deter businesses from seeking to engage in international trade. Given the benefits—both to the business directly and the community more broadly—that can accrue as a result of businesses exporting, such as knowledge transfers and spillover effects, governments around the world are inclined to step in and provide assistance to those undertaking export .

Australian businesses exporting abroad are competing with companies from around the world that are receiving varying levels of government support, financial or otherwise. As the ECA highlights in its report, *Advancing Trade Development*, to be released in April 2015, since the late 1980s, national trade promotion organisations (TPOs) have tripled in number. Indeed, the review of the EMDG scheme conducted by David Mortimer AO (Mortimer Review) in 2008 highlights that, at the time the report was written:

- All but two of the 19 economies examined in the report provided some financial support for their exporters.
- Australia was in the minority with only a single financial assistance program for exporters.
- The availability of financial support programs appeared to be increasing.

The ECA, therefore, believes that maintaining the EMDG scheme is critical, especially given the increasingly competitive global environment and the need for Australia to foster broad-based economic growth. A report by McKinsey Australia entitled, *Compete to Prosper: Improving Australia's Global Competitiveness*, published in July 2014, highlights the importance of trade to unlocking Australia's growth potential. The report makes a compelling case for an increased focus on growing Australia's exports, highlighting that:

- The Australian economy remains less traded and more domestically focussed than many of its peers; Australia is the 12th largest economy in the world but the 21st largest trader.
- Increasing trade in goods and services will be key to unlocking economic growth.
- Research shows that firms with international exposure have more than double the rate of productivity growth.
- Increased trade creates wealth by allocating work to its most productive use and creates jobs in sectors where Australian businesses are most productive.
- Businesses that are productive and innovative, and make the most of global markets and global supply chains will prosper<sup>2</sup>.

The EMDG scheme has proven itself time and time again to be an effective catalyst for encouraging businesses to export to new markets. The Mortimer Review notes:

*The EMDG scheme has been helpful in introducing smaller Australian businesses and new exporters to the global market and can be considered both effective and efficient in supporting the development of Australia's exports.*

Additionally, the 2005 survey of EMDG recipients conducted by the Centre for International Economics found that the scheme:

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<sup>2</sup> Lydon, J et al, 2014, McKinsey Australia, *Compete to Prosper: Improving Australia's Global Competitiveness*.

- Induced export promotion
- Boosted exports
- Helped SMEs export on a regular (sustained) basis
- Had a positive impact on export culture<sup>3</sup>.

While acknowledging the evident success of the scheme, the ECA believes there remains room for improvement. In the following section of the submission, the ECA will respond of the Review's Terms of Reference and outline its recommendations for the scheme's improvement.

## Addressing the Terms of Reference

### 1. Whether the EMDG scheme, as currently structured, is effective in:

- increasing the number of businesses that develop into new exporters
- increasing the number of businesses that achieve sustainability in exporter markets and generate additional exports
- further developing an export culture in Australia

Taking into account:

The scheme's provisions including the eligibility of:

- individuals, businesses and organisations
- products and services that applicants may seek to export
- the export promotion expenses that applicants may incur and the adequacy of coverage of export promotional costs
- other scheme parameters

The need for:

- simplicity in scheme rules
- limitations on compliance costs for applicants and administrative efficiency
- scheme accountability, and the proper management of public money, and
- consistency with overall government policy

### 2. Having regard to these issues whether the EMDG scheme should be extended and if so:

- the period of extension
- options for improved performance of the scheme
- options for funding scheme administration costs

The ECA's research suggests that the EMDG scheme is effective in increasing the number of businesses that achieve sustainability in export markets and generate additional exports, as well as being effective in developing an export culture in Australia. It believes the scheme is less successful in terms of directly influencing a business' decision to start exporting but does not consider that to be the primary purpose of the scheme.

A survey on EMDG conducted by the ECA and the Australian Chamber of Commerce and Industry (ACCI) in February 2015 (ECA/ACCI EMDG survey) reveals that only 3.7 per cent

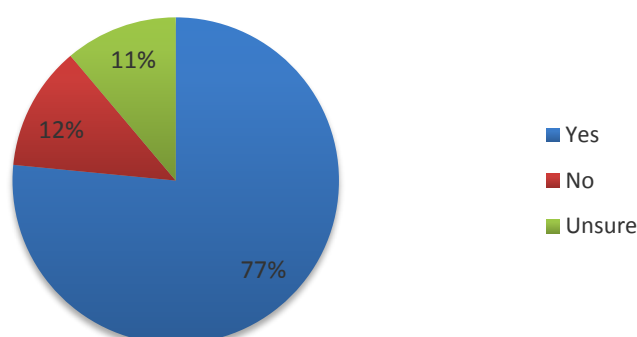
<sup>3</sup> Mortimer, D 2008, *Winning in World Markets, Review of the Export Market development Scheme*, ISBN 9781921244841, page 14.



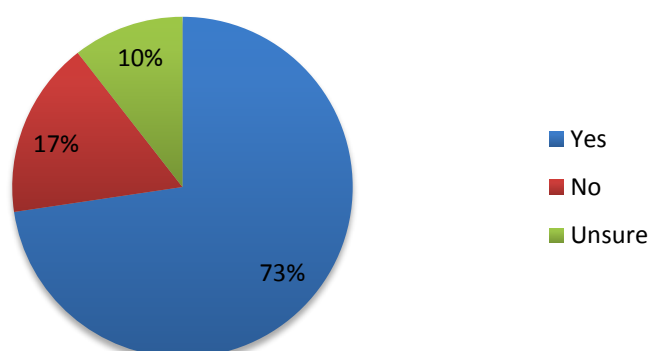
of respondents would not have started exporting if the EMDG scheme was not available. 47.6 per cent state they would have started exporting if the scheme was not available, and 48.6 per cent also responded yes, but that their export growth would not have been as fast if the scheme was not available (complete ECA/ACCI EMDG survey results can be found in Appendix 1). A survey conducted in 2010 by the AIEA, as the ECA was then known, found that number to be greater with 23 per cent of survey respondents indicating that they would not have started exporting if the scheme had not been available.

However, businesses that do access the scheme find it to be of great use and importance. Figures 1 and 2 below show that 72.7 per cent of the ECA/ACCI EMDG survey respondents say that receiving an EMDG has helped their business generate additional exports into new markets, while 77 per cent say that the scheme directly helped them develop a sustainable export business.

**Figure 1:** *If you have received an EMDG in the past, has it directly helped you develop a sustainable export business?*



**Figure 2:** *If you have received an EMDG in the past, has it helped your business generate additional exports into new markets?*



An AIEA survey conducted in May 2008, found that 64 per cent of respondents described the EMDG scheme a significant help when they first started out in export, while 21 per cent considered it a moderate help and only 15 per cent no help at all.

A survey of EMDG recipients conducted for the Mortimer Review in 2008 found that 89 per cent of respondents increased their level of export promotion as a result of the grant. The EMDG recipients surveyed also estimated that they had increased their annual exports, on average, by roughly 135 per cent between 2005/06 and 2006/07, while those in the control group (that did not receive an EMDG) recorded almost no growth over the same period. Based on the evidence from this survey conducted for the Mortimer Review, the eventual impact of one EMDG dollar may be between \$13.50 and \$27 of additional exports<sup>4</sup>. Moreover, analysis of all EMDG recipients in their seventh grant year in 2008 found that the average growth rate of export sales over the previous five years was 220 per cent (an average annual growth rate of 33.7%)<sup>5</sup>.

The ECA believes that financial support for businesses, through the EMDG scheme, is crucial to effectively assisting SME exporters develop sustainable export businesses. Numerous businesses have responded to surveys and interviews conducted by the ECA stating that receiving the EMDG was fundamental to their business' export success. A small sample of these comments is listed below, while the full list of comments from AIBS 2015 and 2014 can be found in Appendix 2.

**Commentary on the EMDG scheme, including from AIBS 2015:**

- "EMDG has been vital to our export success. [We are] now selling 100% of our wines to China."
- "EMDG has been a critical part of our overseas business development and we'd like to thank the governments for their continuous support through the EMDG program."
- "EMDG was critical in justifying our push into the US market."
- "EMDG has been CRITICAL in allowing our business to grow."
- "[We] could not have established new markets without EMDG support."
- "[It is of] critical importance for small business."
- "[It was] critical to getting us into all our export markets."
- "[EMDG was] critical. We would not have gone into the US market if the grant was not available."
- "EMDG is extremely important to our company's efforts to grow."
- "EMDG was absolutely fundamental to funding our export activities - without it we would not be achieving the exports we do internationally [now]."
- "The EMDG scheme is fantastic. It was instrumental in enabling us to sustain our business during tough times and allowed us to establish a permanent presence in Berlin."

<sup>4</sup> Mortimer, D 2008, *Winning in World Markets, Review of the Export Market development Scheme*, ISBN 9781921244841, page 14.

<sup>5</sup> Mortimer, D 2008, *Winning in World Markets, Review of the Export Market development Scheme*, ISBN 9781921244841, page 15.



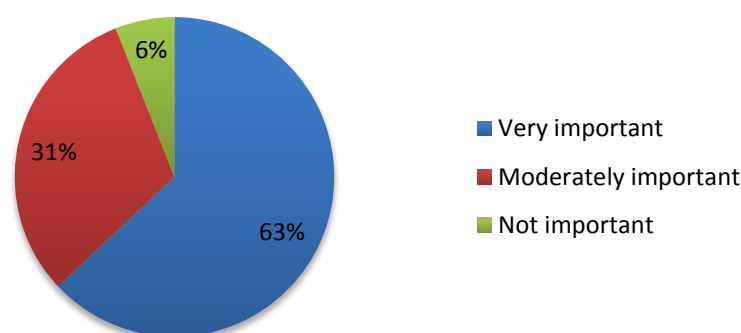
Furthermore, as can be seen in Table 1 and Figure 3 below, data gathered from AIBS 2015 indicates that from a pool of 1,237 exporters, 45 per cent had received an EMDG in the past. Of those, 63 per cent state that it was very important to their international marketing efforts, while a further 31 per cent state it was moderately important.

**Table 1.** *Has your company received an EMDG in the past?*

Response	Frequency	Share
Yes	552	45%
No, applied but not successful	22	2%
No, eligible but did not apply	240	19%
No, not eligible so did not apply	217	18%
Have not heard of the scheme	206	17%
Total	1237	100%

Source: AIBS 2015

**Figure 3.** *If you received the grant, how important was it to your international marketing efforts?*



Source: AIBS 2015

Sectors that have a higher than average rate in receiving EMDG are: manufacturing (55 per cent), agricultural, forestry and fishing (48 per cent), information media and telecommunications (54 per cent), arts and recreation services (54 per cent), health care and social assistance (53 per cent), accommodation and food services (67 per cent), and rental, hiring and real estate services (67 per cent). Transport postal and warehousing (0 per cent) and mining (19 per cent) are the sectors with the lowest rate in receiving EMDG.

The following industry sectors have a lower than average rate in receiving EMDG (below 45 per cent), but a higher than average rating of importance associated with the grant (above 63 per cent):

- Professional, scientific and technical services (34 per cent; 65 per cent)
- Wholesale Trade (38 per cent; 78 per cent)
- Mining (19 per cent; 78 per cent)
- Retail Trade (35 per cent; 78 per cent)

The data reveals that there is a significant number of companies that could be accessing and benefiting from the scheme but currently are not. 17 per cent of AIBS 2015 survey respondents said they have not heard of the scheme, while 19 per cent indicate that, despite identifying themselves as eligible, they have not applied for a grant.

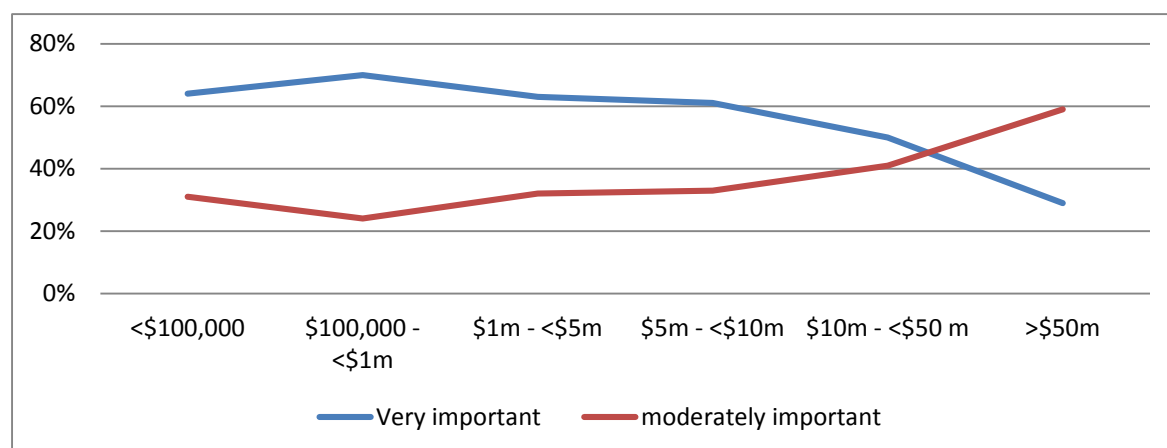
Professional, scientific and technical services (21 per cent), education and training (22 per cent), mining (35 per cent), arts and recreation services (21 per cent), financial and insurance services (43 per cent), and electricity, gas, water and waste services (26 per

cent), are the sectors with a higher than average rate of respondents indicating that they were not aware the scheme exists.

Construction (28 per cent) and electricity, gas, water and waste services (26 per cent), are the two sectors with the highest percentage of companies that despite identifying themselves as being eligible, have not applied for a grant. This is higher than the average rate of 19 per cent across all industry sectors.

As can be seen in Figure 4, receiving an EMDG grant becomes marginally less important to companies as the level international revenue increases. The 'very important' and 'somewhat important' lines intersect toward the \$50 million of international revenue range. This result is unsurprising given that, as companies earn more revenue, they tend to become more self-sufficient and place less importance on receiving external funds to operate or grow their business. The level of importance placed on the scheme peaks at the \$100,000 to \$1 million in international revenue range where 70 per cent identify the scheme as very important to their intentional marketing efforts.

**Figure 4.** Importance placed on receiving an EMDG by company's international revenue earned per annum.



Source: AIBS 2015

The results from AIBS 2015 displayed in Table 2 reveal that respondents earning between \$1 and \$5 million in international revenue have been the highest utilisers of the EMDG scheme, with 63 per cent indicating they have received an EMDG in the past. The percentage of respondents unaware of the scheme ranges between 13 and 17 per cent across businesses earning between \$100,000 and \$50 million in international revenue.

**Table 2.** Has your company received an EMDG (export market development grant) in the past? Response broken down by respondents' international revenue.

Response	<\$100,000	\$100,000 - <\$1m	\$1m - <\$5m	\$5m - <\$10m	\$10m - <\$50 m	>\$50m
Yes	25%	52%	63%	56%	50%	23%
No, applied but not successful	4%	2%	1%	0%	0%	0%
No, eligible but did not apply	26%	21%	14%	11%	16%	14%
No, not eligible so did not apply	24%	11%	10%	16%	20%	42%
Have not heard of the scheme	22%	14%	13%	17%	14%	21%

Source: AIBS 2015

Companies or other eligible entities earning international revenue of under \$100,000 or over \$50 million have accessed EMDG the least and also have the highest levels of unawareness (22 per cent and 21 per cent respectively). Businesses earning international revenue below \$100,000 and from \$100,000 to \$1 million were the groups with the highest number of respondents stating they had not received a grant despite being eligible (26 per cent and 21 per cent respectively). The comments listed in Appendix 1 regarding small businesses and

the eligible criteria shed some light on the low level of utilisation by very small exporters, however, further insights can also be drawn from the ECA/ACCI EMDG survey.

Businesses responding to the ECA/ACCI EMDG survey listed the reasons why, despite being eligible, they have not applied for a grant (see Table 3). Over 80 per cent of respondents to the ECA/ACCI EMDG survey earn \$5 million or less in export revenue and arguably face greater resource constraints than their larger peers, which helps explain the fact that almost 20 per cent selected 'perceive it to not be worth the time/effort' as their reason for not having applied.

**Table 3:** *If your company is eligible to receive a grant through the EMDG scheme but you have not previously applied, what is the main reason for this?*

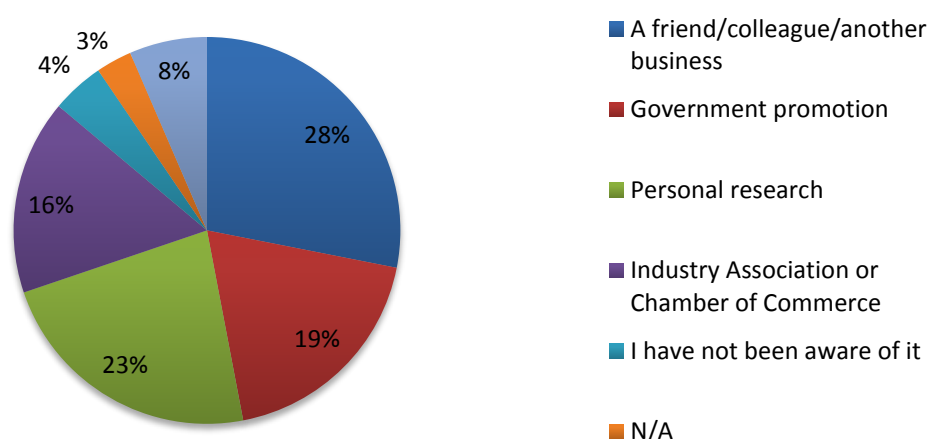
Response	Share
Insufficient internal resources	10.3%
Perceive it to not be worth the time/effort	19%
Too complicated, don't know where to start	9.8%
I plan to but waiting for a more opportune time	19%
Other	42%

Source: ECA/ACCI EMDG Survey 2015

The application process and the reporting requirements might be a contributing factor to smaller exporters not accessing the scheme to the extent that they could. Indeed, the ECA/ACCI EMDG survey reveals that while many respondents use a consultant to lodge their applications, 32.5 per cent of applicants using the online platform find the process easy, 45.2 per cent find it somewhat challenging, and 22.2 per cent find it very challenging. When current users of the scheme were asked if they would benefit from the provision of online tools to help them understand the application and audit processes, and their business' compliance requirements, 68.5 per cent responded that they would, 21.2 per cent were unsure and 10.3 per cent said they would not.

The data clearly reveals that there is the scope for the scheme to expand its reach and impact through more effective promotion, especially to sectors where awareness of the grant is low, and improvements to the online application process. Indeed, when asked how they became aware of the EMDG scheme only 19 per cent of respondents to the ECA/ACCI EMDG survey cited government promotion, while 28 per cent said they found out about the scheme through a friend, colleague, or another business and 23 per cent through personal research (see Figure 5).

**Figure 5.** *How did you become aware of the EMDG scheme?*



While the majority of feedback received by the ECA on the EMDG scheme has been very positive, some respondents have expressed concern and frustration. These comments help identify areas where improvements can be made to the scheme that can benefit all current and future applicants. A sample of these comments is provided below.

**AIBS 2015 commentary on the EMDG scheme:**

- “Not enough value for effort required.”
- “I found applying for grants to be onerous for a small company.”
- “For a small business like ours, EMDG is too time consuming a process to yield gains, as much as overseas marketing is crucial for our continued growth.”
- “Funding was uncertain and couldn’t be counted on.”
- “Received one grant but decided the paperwork was not worth the effort – effort better spent on sales.”
- “The application/approval process is a disgrace. More effort than benefit...needs urgent update.”
- “Too difficult and uncertain.”

Given the fiscally constrained environment in which the government is currently operating, the ECA believes that ensuring that the scheme is fully funded and providing greater certainty to new and existing applicants should be the top priority. Improving how the scheme operates and better promoting it to the business community is also of vital importance.

The ECA believes that, generally speaking, eight years should be a sufficient amount of time for companies to be able to stand on their own two feet. Nevertheless, the ECA acknowledges that many businesses would benefit from having access to the scheme beyond the current eight years. In some cases companies accessed the grants decades ago and now are under new management, have developed new innovations and/or are targeting new markets, yet they are no longer eligible to receive EMDG.

The ECA supports the inclusion of a reactivation clause that would allow companies that have not received a grant for over 10 years to receive an additional three grants. This should

be conditional on the business proving that it has experienced sufficient change in terms of the products or services it is exporting, or the markets it is targeting.

**Exporter's comments:**

*"I am a small exporter, and a good exporter, but I cannot access the EMDG scheme. The reason being my father used up his 8 grants over 40 years ago in 1975/ 1976. I operate the export business today and I am always searching for new markets but I am up against new exporters with little experience who can get help through the EMDG and compete against me.*

*I feel that at best older claims...should be struck off, enabling fresh new claims. The export world is a far different place than 25 years ago, let alone 40 years ago."*

*Brett McDonald, Homebush Export Meat Co. Pty. Ltd.*

*"What I consider is missing is the possibility for existing applicants who have exhausted the time frame for applications...to be able to use the scheme for new innovations that were not included in any previous applications.*

*Time has marched on and the products and R&D required to meet new world environment standards has spawned new technologies in new Leather (in our case) and new markets that we were not previously involved with.*

*Because of our previous claims - we are now precluded from applications.*

*The EMDG remains a valuable tool for exporters."*

*Graham Packer, Packer Leather Pty. Ltd.*

*We purchased manufacturing equipment from a company that had had 7 EMDG claims and although we are a different company with different shareholders we were told by Austrade that we could not make a claim for any export assistance.*

The ECA believes that it is important that the EMDG scheme does not discriminate between markets now or in the future. According to Austrade's 2013/14 Annual Report, the top six countries targeted by EMDG recipients in the 2012/13 grant year were the United States, United Kingdom, China, Singapore, Germany and Canada. AIBS 2014 data reveals that the United States and United Kingdom are ranked number one and number four respectively as the top current markets for exporters, while the United States, United Kingdom and Germany are all listed in the top ten target markets for exporters. These markets are often the first port of call for new exporters due to cultural and historical ties, yet they are highly competitive and can be difficult to break into. Moreover, the United States is listed in AIBS 2014 as being the third most challenging market to do business with, following China and India. This evidence suggests that support for exporters expanding into traditional export markets remains important.

## ECA Recommendations

### Key 8 Recommendations

Recommendation	Rationale																				
<p><b>1. Aiming to increase the number of businesses that receive and benefit from the EMDG scheme to 3,800.</b></p>	<ul style="list-style-type: none"> <li>As the graph below indicates, the number of EMDG grant recipients has been in gradual decline over the past 5-years.</li> </ul> <div data-bbox="1050 427 1854 831"> <p>The graph shows the number of EMDG grant recipients from 2005/06 to 2013/14. The y-axis represents the number of recipients, ranging from 0 to 5,000 in increments of 1,000. The x-axis shows the financial years. The data points are approximately: 2005/06: 3,500; 2006/07: 3,600; 2007/08: 3,800; 2008/09: 4,500; 2009/10: 4,200; 2010/11: 3,000; 2011/12: 2,800; 2012/13: 2,500; 2013/14: 2,600.</p> <table border="1"> <caption>Total Grant Recipients</caption> <thead> <tr> <th>Year</th> <th>Recipients</th> </tr> </thead> <tbody> <tr><td>2005/06</td><td>3,500</td></tr> <tr><td>2006/07</td><td>3,600</td></tr> <tr><td>2007/08</td><td>3,800</td></tr> <tr><td>2008/09</td><td>4,500</td></tr> <tr><td>2009/10</td><td>4,200</td></tr> <tr><td>2010/11</td><td>3,000</td></tr> <tr><td>2011/12</td><td>2,800</td></tr> <tr><td>2012/13</td><td>2,500</td></tr> <tr><td>2013/14</td><td>2,600</td></tr> </tbody> </table> <p>Source: Austrade Annual Reports</p> </div> <ul style="list-style-type: none"> <li>Given the benefit of the program to Australian businesses, the government should be encouraging more business to access EMDG—73 per cent of the ECA/ACCI EMDG survey respondents say that receiving an EMDG has helped their business generate additional exports into new markets and 77 per cent say that the scheme directly helped them develop a sustainable export business.</li> <li>Analysis for the Mortimer Review conducted in 2008 found that the eventual impact of one dollar of EMDG may be between \$13.50 and \$27 of additional exports.</li> <li>3,800 is a reasonable figure to aim for because it is slightly higher than the 9-year average of 3,327 and will be achievable with effective promotion of the scheme.</li> </ul>	Year	Recipients	2005/06	3,500	2006/07	3,600	2007/08	3,800	2008/09	4,500	2009/10	4,200	2010/11	3,000	2011/12	2,800	2012/13	2,500	2013/14	2,600
Year	Recipients																				
2005/06	3,500																				
2006/07	3,600																				
2007/08	3,800																				
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2010/11	3,000																				
2011/12	2,800																				
2012/13	2,500																				
2013/14	2,600																				
<p><b>2. Increasing promotion of the EMDG scheme to SME exporters, especially those in non-traditional export sectors and sectors that are currently underutilising the scheme.</b></p>	<ul style="list-style-type: none"> <li>17% of the 1,237 exporters that completed the AIBS 2015 survey had not heard of the EMDG scheme.</li> <li>Only 19% of respondents to the ECA/ACCI EMDG survey had heard about the EMDG scheme through government promotion. Most businesses had found out</li> </ul>																				



	<p>about EMDG through word of mouth (28%) or their own personal research (23%).</p> <ul style="list-style-type: none"> <li>• Promotion of the scheme should include more face-to-face outreach.</li> <li>• The scheme and its requirements should be communicated in simple terms, reiterating that it is reimbursement and not a grant, and that there needs to be careful planning in advance.</li> <li>• The Government could work with Industry Associations and Chambers of Commerce to target potential applicants effectively.</li> <li>• The following industry sectors have a lower than average rate in receiving EMDG (below 45 per cent), but a higher than average rating of importance associated with the grant (above 63 per cent): <ul style="list-style-type: none"> <li>○ Professional, scientific and technical services (34 per cent; 65 per cent)</li> <li>○ Wholesale Trade (38 per cent; 78 per cent)</li> <li>○ Mining (19 per cent; 78 per cent)</li> <li>○ Retail Trade (35 per cent; 78 per cent)</li> </ul> </li> </ul>
<p><b>3. Increasing the number of businesses accessing the EMDG scheme, including through increased promotion, means that the funding for the scheme should increase to \$175 million. The Government should commit to this level of funding for 5 years and the funding cap should be indexed annually to preserve its real value.</b></p>	<ul style="list-style-type: none"> <li>• Considering the average grant received in 2012/13 was roughly \$45,000 and assuming the Government wants to increase the number of recipient businesses to 3,800, a funding cap of \$175 million is justified.</li> <li>• Committing to this level of funding (indexed) for five years will allow applicants to spend money growing their export business with greater certainty and confidence, which is crucial to the success of the scheme.</li> <li>• In 2008, the scheme's funding cap was increased by \$50 million to \$200 million. In 2010 the funding cap was brought back to just over \$150 million. In 2012, the funding cap was reduced to \$125.4 million, and in 2013 the Government committed to increasing the funding by \$50 million over four years. The funding cap now sits at \$137.9 million.</li> <li>• The scheme has gone through over 15 major changes since its inception with the most recent amendment to the legislation occurring in 2014. This creates uncertainty for exporters and affects their export promotion spending.</li> <li>• 44% of respondents to a survey conducted for the Mortimer Review said uncertainty in the amount their business might get [through the EMDG] affected the amount spent on export promotion.</li> <li>• The ECA predicts the demand for grants to increase because the scheme has been undersubscribed over the past few years and therefore applicants have been</li> </ul>

	<p>receiving their full grant amount. Other macro-economic factors such as the lower Australian dollar might also prompt more companies to apply.</p> <ul style="list-style-type: none"> <li>Any excess funds should be added to the pool available the following year.</li> </ul>
<p><b>4. Including trade training as an eligible expense under EMDG. Trade training should include education and raising awareness of FTAs so business can investigate and select countries with which Australia has an FTA as a priority. It will also include education on market regulation and compliance issues.</b></p>	<ul style="list-style-type: none"> <li>68% of respondents to the ECA/ACCI EMDG survey who have received a grant in the past or are looking to apply think including education on FTAs &amp; market regulations and compliance as an eligible expense would be useful to applicants.</li> <li>The following quotation is representative of the consensus view in recent consultations.</li> </ul> <p><i>...I believe the EMDG has itself to be a very successful program, the issue [for me] is, how can we make it more successful? And my only suggestion is that export training courses, through either universities or the Export Council of Australia, should be a claimable expense under the EMDG scheme. I do remember when I started in export that export training was an eligible expense</i></p> <p>.....</p> <p><i>As such, I think we would have more successful exporters—even though the success rate currently is very encouraging—if we include export training courses, in particular educating exporters about the benefits of accessing the now many Free Trade Agreements.</i></p> <p><i>Christopher Buck, Australian Export &amp; Industrialisation Advisory Corporation Pty Ltd</i></p>
<p><b>5. Further improving and simplifying the online application process and piloting it with exporters prior to publically launching.</b></p>	<ul style="list-style-type: none"> <li>The ECA has received many comments that the online application platform is less than ideal and needs significant improvement.</li> <li>The ECA/ACCI EMDG survey found that 67.5% of respondents who are current applicants find the online application process challenging; with 45.2% saying it is somewhat challenging and 22.2% saying it is very challenging.</li> </ul>
<p><b>6. Set 8 years as the minimum number of years the EMDG scheme is available to an eligible business. There should be no differentiation in the number of grant years available depending on target export markets. Any extension of the scheme could be linked to the Government's FTA agenda.</b></p>	<ul style="list-style-type: none"> <li>The ECA believes that 8 years should be sufficient to help a business stand on its own two feet; this view is shared by many the ECA consulted with, including exporters.</li> <li>Breaking into new export markets is an expensive and time consuming process, which is why at least 8-years of funding is suitable.</li> <li>The 8-year maximum was introduced in 1990 and there have been minimal adjustments since that time.</li> </ul>

<p><b>7. Introducing a ‘reactivation clause’, allowing businesses that have not received a grant in 10 years or more to apply for an additional 3 years of EMDG if they can prove there have been significant changes to the business and its export plan.</b></p>	<ul style="list-style-type: none"> <li>• Many companies comment that they have exhausted their EMDG but would greatly benefit from an extension to the program.</li> <li>• Numerous businesses exhausted their limit many years ago and feel that their business offering and/or export plans have changed substantially, warranting additional access to the EMDG scheme.</li> <li>• The comments in Appendix 2 point to a considerable number of businesses that feel they would benefit from being able to access additional grants in the future.</li> </ul>
<p><b>8. Implementing the ‘New to Export Grant’ proposed by the Mortimer Review in 2008.</b></p>	<ul style="list-style-type: none"> <li>• This would target those businesses that somewhat ‘fall between the cracks’ in the existing scheme, including the very small exporters and those looking to break into their first export market.</li> <li>• As described in the Mortimer review, these new and inexperienced exporters could have access to a smaller, separate marketing grant, which aims to help them break into their first export market. It would still require matched spending but would have an inexpensive application process and limited delays in receiving the reimbursement.</li> <li>• The comments on page 12 of this submission are indicative of the fact that small companies can struggle with the requirements of the EMDG scheme and could potentially benefit from the introduction of a separate, simplified scheme.</li> </ul>

## General Recommendations

Recommendation	Rationale
<p><b>Maintaining the current maximum grant limit of \$150,000, the 50% grant rate and the minimum expense threshold of \$15,000 to promote certainty and confidence in the scheme.</b></p>	<ul style="list-style-type: none"> <li>• The ECA believes that providing exporters with confidence and limiting uncertainty in the scheme is of great importance.</li> <li>• The ECA finds no reason to amend these existing measures.</li> <li>• The average grant payment since 2008 has been between \$40,000 and \$45,000 (aside from 2009/10 when it was \$31,000), which suggests that the \$150,000 maximum grant amount is suitable.</li> <li>• Reducing the minimum threshold has made the scheme more accessible to smaller exporters which the ECA views as a positive step.</li> </ul>

	<ul style="list-style-type: none"> <li>The grant rate has not changed since 1997 and the ECA believes 50% is fair.</li> </ul>
<b>Supporting Recommendation 5 by further developing online educational tools. These tools should focus on helping self-lodgers and other applicants disseminate important information about the EMDG scheme.</b>	<ul style="list-style-type: none"> <li>68.5% of respondents to the ECA/ACCI EMDG survey said that they would benefit from the provision of online tools to help them understand the application and audit processes and their business' compliance requirements, while 21.2% were unsure.</li> <li>These tools will help businesses better understand how the scheme works, as well as the eligibility criteria and the application and audit processes.</li> </ul>
<b>Including industry representation in the administration process by establishing an advisory board (similar to the R&amp;D Board).</b>	<ul style="list-style-type: none"> <li>This will help provide more balance between commercial intuition and administrative integrity.</li> </ul>
<b>Conducting a review of the financial assistance programs offered by Australia's key competitors.</b>	<ul style="list-style-type: none"> <li>An investigation into the financial support provided to business by some of Australia's major export competitors was conducted for the Mortimer Review in 2008. It would be valuable to undertake this research on a regular basis and have the finding made public. An independent body should conduct this research. The Advancing Trade Development report, conducted by the ECA, which is an investigation into the trade support programs offered in 11 countries, is an example of this.</li> </ul>
<b>Improving consistency in the administration of the scheme, by making the administration funding a fixed amount, not a percentage of the total pool of funds, and ensuring it is indexed.</b>	<ul style="list-style-type: none"> <li>Currently the scheme's administration funding is a percentage of the size of the total pool of funds allocated to the scheme. This creates uncertainty from an administrative perspective and means that the less money there is in the scheme, the less money there is to allocate towards assisting exporters during the application process, as well as the marketing and promotion of the scheme.</li> <li>Consider introducing an office for "EMDG assistance" independent of the administrator to assist applicants without the need to resort to consultants for lower level inquiries.</li> </ul>

## Conclusion

In conclusion, the ECA believes that implementation of the key recommendations outlined in this report will enhance Australia's export performance over the long term. It recommends to the Reviewer that the EMDG scheme be maintained and extended as it is effective in achieving its purpose of incentivising Australian business to develop export markets. Both anecdotal and quantitative evidence suggests the scheme is effective in increasing the number of businesses that achieve sustainability in export markets and the number of businesses that generate additional exports. The scheme does not prioritise directly influencing a business' decision to start exporting and the ECA does not perceive that to be the primary purpose of the scheme.

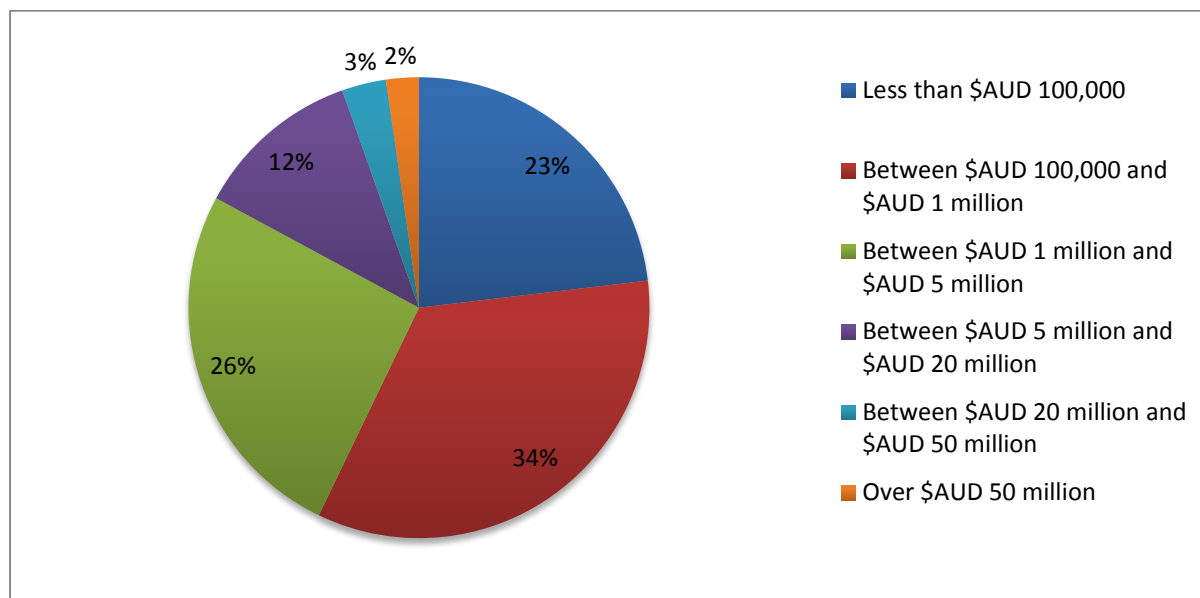
The most important aspect for government to consider in terms of EMDG, and something that will play a significant role in the ongoing success of the program, is the provision of certainty and consistency for exporters accessing the scheme. The ECA believes that increasing the level of participation in the program to previous levels of close to 4,000 should also be a priority and will create significant value for the community. In order to increase the number of EMDG applicants and provide them with a sense of certainty, the ECA strongly recommends that the funding for the scheme increase to \$175 million (indexed), for a period of five years (as per our recommendations). Promotion and education are two areas where improvements can and should be made to the EMDG scheme, and the ECA urges the government to consider implementing the recommendations put forward by the ECA in this regard.

The EMDG scheme has assisted thousands of companies achieve export success since its inception and the ECA firmly believes that without the scheme Australian exporters would be severely disadvantaged, especially considering that many of their international counterparts are receiving government support. There is a clear role for government to play in helping SMEs overcome the market failures associated with international expansion. In this increasingly competitive global environment, now is not the time to pull back on support for exporters who tend to be Australia's most productive and innovative companies.

## Appendix 1

### ECA/ACCI EMDG Survey Results

**Question1:** If you export, how much is your international revenue (the revenue generated from your exports) per year?



Answer Options	Response Percent	Response Count
Less than \$AUD 100,000	23.1%	81
Between \$AUD 100,000 and \$AUD 1 million	34.0%	119
Between \$AUD 1 million and \$AUD 5 million	25.7%	90
Between \$AUD 5 million and \$AUD 20 million	11.7%	41
Between \$AUD 20 million and \$AUD 50 million	3.1%	11
Over \$AUD 50 million	2.3%	8
<i>answered question</i>		<b>350</b>
<i>skipped question</i>		<b>9</b>

**Question 2:** If you are a small exporter (earning less than \$1 million in international revenue), what eligibility criteria, if any, prohibits you from accessing the EMDG scheme?

None.
The amount of paperwork and record keeping involved.
Revenue of business is > \$50m.
The start-up expenditure.
Understanding what the current assistance package includes.
Our total revenue is in excess of \$350M.
Sales revenue fluctuates and cannot claim certain expenses. Our physical location means that our freight costs are high as well as travel expenses. Some years our income has meant that we cannot apply.
Just the minimum spend to qualify. Some years it is not worth putting in an application.
Expenditure is small. Planning to access EMDG when more expenses are involved
The need to submit on-line using Auskey. Despite dozens of attempts, we cannot implement Auskey in an Apple environment. We can't get past go and can't get technical support other than a standard page of instructions that do not help.

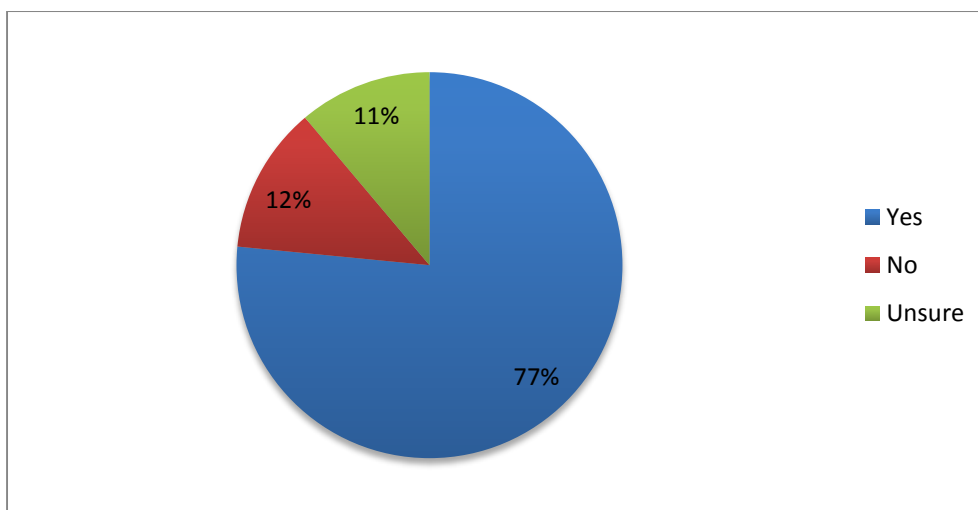


You cannot be a director of two separate independent businesses and apply for two different grants as they pool them together. This is a disadvantage for developing export business.
None.
Due to being a consolidated company only one entity is entitled to claim and this is not the company which has the most expenses to claim.
The \$15,000 minimum spend and exclusion of necessary legal fees.
Previous owner had used most of EMDG.
Nothing.
Not aware of any.
Performance test.
None.
None.
1. The reducing percentage allowed for each year or claim made. 2. The amount of paperwork to submit and then it may be rejected.
Never looked into it.
I did not know it existed.
Not a problems for us.
We have already used our 3 years.
None.
We have used up the first 8 applications and are therefore not entitled to put in another claim.
Cashflow.
Our low expenditure on export development.
Only just received grant approval in November 2014.
The requirement that I have spent \$20,000 in one year on export marketing. I was a bit below this cut-off, but had spent a relatively very high proportion of my international revenue on it over 2 years.
None I am aware of.
Insufficient sales.
Our overall company income levels.
None.
Associated company already had EMDG grants so we are excluded.
We bought the IP from a previous company who had received EMDG. We are told we cannot receive EMDG even though we are trying to export new services/IP separate from the IP that we bought from that company. We believe this is unfair.
In past years, we only been operating for 7 years, we have not spent enough on export market development to qualify.
Have not looked at it for a number of years.
None.
Exclusion of NZ.
None.
None.
Lack of publicity, knowledge and insight into the program.
We don't know how the scheme operates and how complicated it is to present the expenses.
We have used up our years of participation.
The changeable minimum spend.
None.
Having to spend \$20,000 to qualify for support. Participation in trade fairs should be immediately subsidised on 50/50 basis up to defined amount. Many SMEs are extremely reluctant to take the time effort and cost to develop export markets.
We have received one in the past.
None.
Very Importantly we accessed EMDG for one of our other companies with different offering (environment), however we were ruled ineligible for EMDG in our current export company in the Water market. This has stifled our progress overseas.
Time and criteria.

Ability of assess or to understand export procedures & ways necessary to export to some countries.
Time to understand the scheme, how to maximise the opportunity and apply.
Insufficient expenses to support a claim for grant.
None.
Being able to access the funding at a reasonable cost .
Nil.
None.
None.
None really.
The number of years you can make a claim.
None.
None that we know off.
It is not so much the eligibility but the complexity of the paperwork and how the scheme has changed since its early functionality in the 1980's. It is also the long lag time to get any funds back and the total lack of use in getting started.
Previously exhausted limit.
Domestic sales value.
Have used the EMDG and are no longer eligible.
Products manufactured and packaged in China.
If applicable, would be lack of funds to administer the program (from past experiences).
For the very small business asking any question of Government is a waste of time.
I make one trip per year. I have clients in Hong Kong , New Caledonia, New Zealand ,Thailand, Taiwan and hoping to develop into China. With client development, I don't spend the \$10,000 to be eligible for support in developing at a greater pace, now that the Australian currency is becoming competitive with other origins.
Criteria for grant.
None.
Claimed grant for 7 years.
The EMDG scheme is difficult to participate in when you are already a small business and are strapped for cash.
Lack of knowledge.
Unsure.
None.
None.
Don't know.
Whether a JV of collaborating small businesses is accepted.
Complicated procedure.
The sources of product and skill.
Unknown.
None that I know of, just the fact that we are dealing with a government organisation.
None.
Minimum expense threshold.
Opportunities to spend money to increase export sales .
Don't have details / don't know how to apply. We are a small business with only 3 employees!
Minimum expenditure.
We purchased manufacturing equipment from a company that had had 7 EMDG claims and although we are a different company with different shareholders we were told by Austrade that we could not make a claim for any export assistance.
Not sure.
Haven't looked - hate bureaucratic paperwork - we simply seek national and international sales based on our product capabilities.
The excessive paperwork and restrictions on what is eligible expenditure to get a small grant made us give up.
I get EMDG.

Not prohibitive but we are not ready to access the scheme yet.
We have reached our maximum years of accessing scheme.
None.
Exceed the time limit on making any further applications; company has been operating for almost 60 years.
None.
Knowledge & assistance. Having to negotiate the forms and follow up.
Since I'm limited by the number of times I can apply for EMDG, I will reapply once I have a substantial recognizable expenditure.
None.
None.
I have already used the full quota of years.
I have not tried.
Lots of forms and I sometimes don't have time to get the figures. We have accessed it several times and now it's almost not worth the paperwork.
Due to licencing requirements in my export country, I needed to set up a company there. It is difficult to show the relationship to my Australian company on the financial side of the bookkeeping.
Too many years in the scheme.
Excludes branding work and training for international customers. Excludes Australian employees directly under our control but includes overseas employees who may not perform and are more difficult to monitor.
I am unsure. I am not aware of this grant.
Nothing prohibits us, but limits are sometimes well less than our actual expenditure (eg living expenses overseas are limited).
We used up our EMDG several years ago.
None.
We have exhausted our EMDG eligibility for most countries several years ago.
Minimum spend thresholds.
None.
None.
We don't export directly - our customers export our product in theirs.
None.
Having spent money directly linked to marketing activities.
Overheads.
Nil.
None.
Nil - aside from time restraints.
Minimum expenditure.
What we need is continued access to assist in sustainability of our business.
None.
Our exports have suffered in recent years because of the high dollar and our export sales haven't come back yet. We have been deferring our last 3 years of EMDG until there are sufficient export sales to justify the submission.
Have applied and received EMDG in the past and am now ineligible.
Not sure.

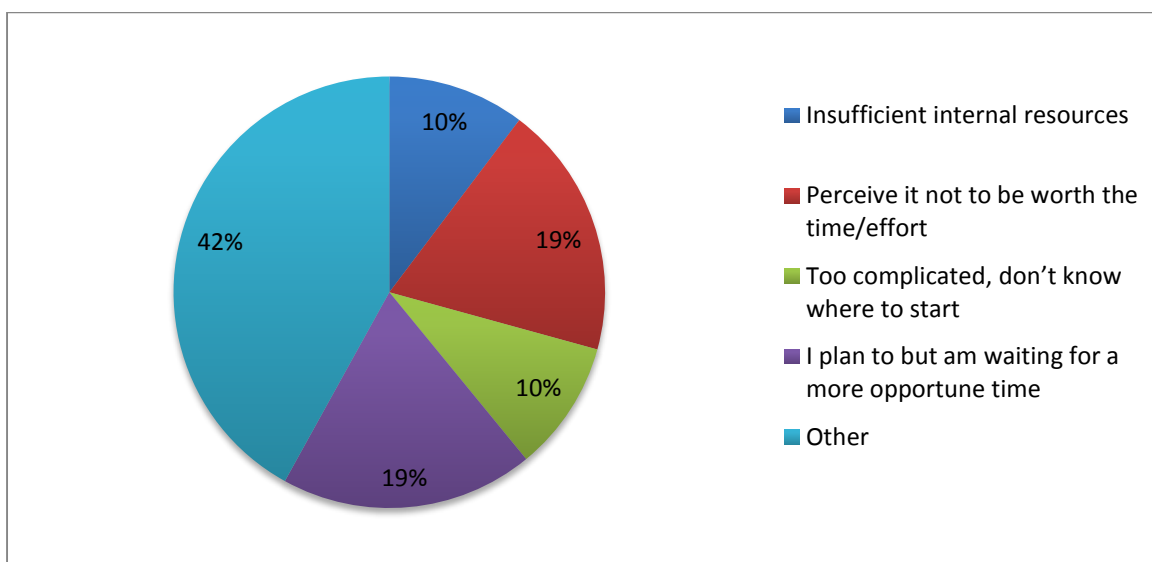
**Question 3:** If you have received an EMDG in the past, has it directly helped you develop a sustainable export business?



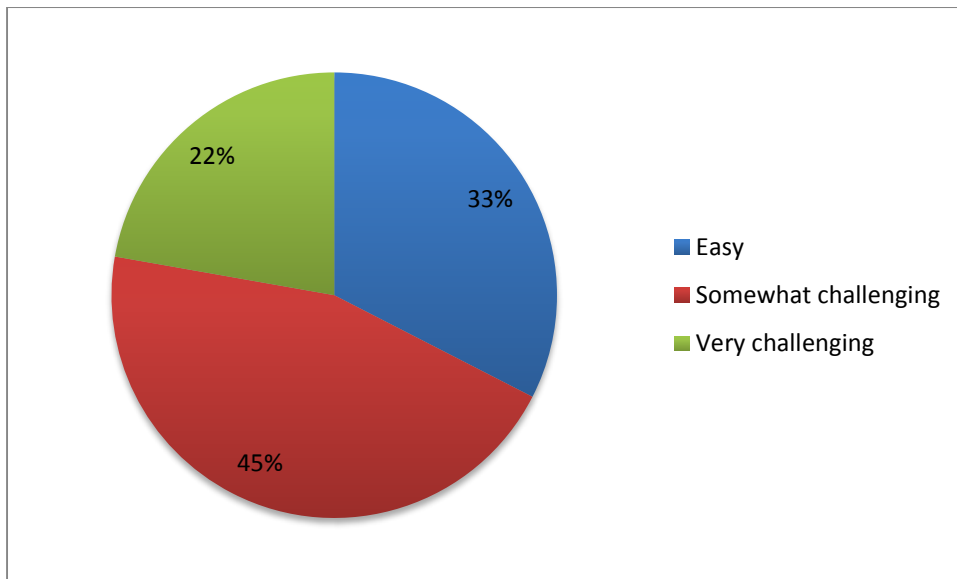
**Question 4:** If you have received an EMDG in the past, has it helped your business generate additional exports into new markets?

Answer Options	Response %	Response Count	Response % (excluding NA responses)
Yes	53.6%	186	72.7%
No	12.4%	43	16.8%
Unsure	7.8%	27	10.5%
N/A	26.2%	91	
<i>answered question</i>		<b>347</b>	<b>256</b>
<i>skipped question</i>		<b>12</b>	

**Question 5:** If your company is eligible to receive a grant through the EMDG scheme but you have not previously applied, what is the main reason for this?



**Question 6:** If you are currently accessing the scheme, how do you find the online application process in terms of its ease of use?



#### Comments:

We use a consultant to manage the submission process on our behalf.
Easy to somewhat challenging.
We could be looking at an application now and we could need some assistance to understand the assistance package.
We use an export grant consultant.
The program is easy but has lots of bugs which makes it very frustrating.
If Auskey won't work, there is no alternative (met others with the same complaint).
In the past, I filled the form in as I went, but now I have to wait until the online form becomes available. Also, entering more than one country is tricky. The proof needs attaching changes - each click is inconvenient.
I have engaged someone to assist me. It makes a huge difference.
Haven't attempted to make the application as we believe the submission for 2014 grant is finished and the new grant starts from July 2015.
Waste of time
Accessed the program early 2000's.
I had difficulty editing the schedules.
We go through a broker.
We have been using external consultant to lodge the claim on our behalf.
We use a consultant.
We outsource to [company name deleted] to do it for us.
We use the services of a consultant.
With no Auskey currently we are unable to use the online service and therefore have to go through an agent.
The process now is extremely hard to use. Put us off applying last year as too complicated & time consuming.
Never used the online application.
Requirement to provide detailed expense records can be challenging.
Use an approved consultant.
Not complicated, just time consuming photocopying invoices as evidence.
We use the CSVs to work up the individual Schedules. We are then ready for the E-Lodge and it takes only an hour or so.
We use external assistance for our submission.
Any grant scheme that requires third party assistance to complete is a total failure.
We don't have enough information about it. It is the first time we've heard about the scheme online.
Used a consultant.
Our revenue is over \$50m so not eligible.

Use a consultant.
Was somewhat challenging to start off with.
We are using a consultant.
A consultant does ours.
Using a consultant to handle the application process as too difficult for our internal team.
I use a broker.
We are not eligible because of our size.
Have used a consultant to assist with putting an application together.
We are using an agent.
We use a consultant.
It takes a lot of time for the accountant to compile relevant documents and prepare the application.
There should be a 'pre-export guidelines' document that is a road map to compliance for potential exporters such as us. We are unable to access a good deal of eligible EMDG money to help us as the necessary paperwork to comply was not in place prior to acting on the export marketing research in USA market. Had there been a road map explaining requirements we would have been able to access our rightful EMDG returns instead of losing that money.
We have given up on EMDG.
As this was the first year, it was a little challenging to ensure completed correctly.
We use an agent.
Have not reviewed this, have always used a consultant in past.
We use registered consultant.
The need to keep detailed diaries of Business Development people's activities is a pain!
It is very good really. It doesn't really add to the financial recording process required for the business.
We are using a consultant to assist with the application.
Wasn't aware it was now possible to do online.
We use a consultant to file our application.
We employ a consultant to do this so we have had no first-hand experience with it.
I find the process difficult to understand and the electronic system difficult as well.
It does seem a little archaic to supply copies of every small receipt from each credit card expense.
The online application is much better than the previous method.
We use an agency to submit our application.
I utilise a consultant to formulate the application for me.

**Question 7:** If you are currently accessing the EMDG scheme, would you benefit from the provision of online tools to help you understand the application and audit processes and your business' compliance requirements?

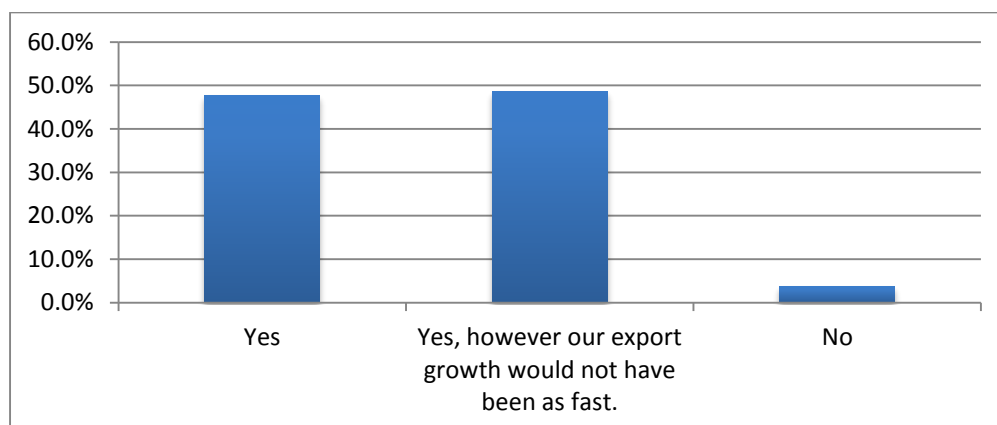
Answer Options	Response %	Response Count	Response % (excluding NA responses)
Yes	40.4%	126	68.5%
No	6.1%	19	10.3%
Unsure	12.5%	39	21.2%
N/A	41.0%	128	
<b><i>answered question</i></b>		<b>312</b>	<b>184</b>
<b><i>skipped question</i></b>		<b>47</b>	

**Question 8:** In your opinion, if you have received a grant in the past or are looking to apply, do you think having trade training, including education on FTAs & market regulations and compliance, as an eligible expense under the EMDG scheme would be useful to applicants?



Answer Options	Response %	Response Count	Response % (excluding NA responses)
Yes	61.4%	204	70.1%
No	8.7%	29	10.0%
Unsure	17.5%	58	19.9%
N/A	12.3%	41	
<i>answered question</i>		<b>332</b>	<b>291</b>
<i>skipped question</i>		<b>27</b>	

**Question 9:** If the EMDG scheme was not available, would your business have started exporting?



**Question 10:** How did you become aware of the EMDG scheme?

Answer Options	Response Percent	Response Count
A friend/colleague/another business	28.1%	95
Government promotion	18.9%	64
Personal research	22.8%	77
Industry Association or Chamber of Commerce	16.3%	55
I have not been aware of it	4.4%	15
N/A	3.0%	10
Other (please specify)	6.5%	22
<i>answered question</i>		<b>338</b>
<i>skipped question</i>		<b>21</b>

## Appendix 2

### Commentary from AIBS 2015

#### **Q10.7 Has your company received an EMDG (export market development grant) in the past?**

\*Please provide any comments if you wish:

- 
1. 25 years ago.
  2. 90% of our expenditure is not eligible. Austrade rules are counterproductive.
  3. A great government initiative.
  4. A long time ago - over 10 years ago.
  5. A long time ago (about 8 years) and it's starting to pay off , NOW.
  6. A very long time ago.
  7. Actually this is just an assumption on my behalf as I am new but would have assumed so.
  8. Advised that our operations wouldn't be appropriate.
  9. Advised we had insufficient income -another company we were marketing for had received a grant.
  10. Again, opportunity costs prohibit this.
  11. All Government grants are false advertising. You have to match 100% with their grant. If I have the money in the bank why do I need Government funds? Plus, Governments do not care about my industry, being the ENVIRONMENT. The current state and federal grants schemes is a disaster; they are ways for unrealistic businesses to get cash for no reason. I pay my way.
  12. All the government grants are so tightly worded that I expect very few are given.
  13. Allows us to do our international marketing successfully.
  14. AMAZING - exactly the funding needed to visit customers and trade events and gain sales. Allowed us to attend events we otherwise would not have. Wise investment from government - has clearly paid itself back many times over, but mutually beneficial for both parties.
  15. Applied for this year for the first time.
  16. Applied in 2007-2008 but received no support; assumed that the low return in our trading activities didn't stimulate enough interest and support to the EMD program.
  17. Applied waiting for response.
  18. Applying this year for the first time.
  19. As far as we know we are not entitled to further assistance.
  20. As part of an International Group...EMDG use is nominal.
  21. Attending seminar in a week.
  22. Austrade were brilliant.
  23. Awaiting first application approval.
  24. Below turnover ceiling (especially on a low cost item).

25. Brilliant scheme that has allowed us to grow into new markets.
26. Brilliant scheme and very important.
27. We have reached the limit.
28. Completed 4 years ago.
29. Complicated!
30. Continue to accrue marketing costs to reach the hurdle limit before making an EMDG application.
31. Cost of complying negates the benefit of the grant.
32. Dollar amount required by a company too large for a smaller operative to receive grant, eg \$25K upfront is 5 trips to many for startups without assist.
33. EMDG does not recognize marketing agents.
34. EMDG finished for us many years ago. Now when we really need the assistance & support, it is no longer available. The EMDG should be available for small to medium sized Australian companies indefinitely.
35. EMDG has been a critical part of our overseas business development and we'd like to thank the governments for their continuous support through the EMDG program.
36. EMDG has been very useful to our company to support of exporting activities.
37. EMDG helps to boost our export market.
38. EMDG is a great scheme. We do not spend enough but I know it helps a lot of exporters - goods and services. It all helps to promote the Australia Brand.
39. EMDG is underfunded and totally discretionary in our experience. We've never had a dollar of EMDG money to fund our international operations.
40. EMDG is vital to our overseas representation.
41. EMDG just feeds money to very BIG organisations. The ones that could use it are starved of funds because administration is perceived to outweigh potential benefit by Government.
42. EMDG must realise that not all overseas market entries will be successful; they must be prepared to support failures to guarantee future success.
43. Excellent assistance but ran out of term.
44. Excessive effort required for application preparation.
45. Exhausted these grants many years ago .
46. Export market growing and will apply for first time 2015/16.
47. Fabulously beneficial.
48. First year applying.
49. For a small documentary film business like ours, EMDG is too time-consuming a process to yield gains. As much as overseas marketing is crucial for our continued growth, we don't have enough staff to address the EMDG application, even with help from [company name deleted]. We have a hurdle to greater growth. The first 10% of the cost of an overseas marketing trip (or similar endeavors) doesn't count, for example. The effort to complete the form to get less than 50% back of our marketing costs means that we end up doing ALL the marketing ourselves, and not hiring out. We would grow more if we could outsource this, but can't get the cumulative mass of volume up as a small company. So our efforts remain over-extended in the creative product and pitch, the business, the filming and post production, AND the marketing side of things.

50. From my point of view, I found applying for grants to be too onerous for a small company to understand.
51. Full of bureaucratic mumbo jumbo and difficult to compile the data required.
52. Funding was uncertain and it couldn't be counted on. Despite this, the 7 year limit (now extended to 8) was applied. Given the extended period of high AUD the government needs to support small – medium sized business with further EMDG extensions to re-capture export opportunities in markets lost during that time (minimum 3 years).
53. Going back 10 years.
54. Good program.
55. Good scheme could be improved.
56. Good scheme.
57. Great to make initial contact but difficult to sustain. Form of ongoing subsidy for SMEs would be beneficial.
58. Have accessed a consultant. Just need to find the time to make this happen.
59. Have applied for the 2013/14 financial year.
60. Have applied this year.
61. Have exhausted all 7 grants approx. 6 years ago.
62. Have heard but do not know if my business is eligible.
63. Have not received EMDG and have not investigated if we are eligible so have not applied.
64. Have not used these facilities for many decades. Ineligible due to length of operation offshore.
65. Have recently applied and been approved - hence in the process.
66. Have submitted but still awaiting the outcome; not successful as of yet.
67. Have used an EMDG in previous business.
68. Have yet to make our first application. It is more difficult to claim as a service solutions provider. The scheme seems geared toward manufactured products.
69. Headache, red tape, waste of time.
70. Heard of the scheme but Austrade refused us any meaningful help or advice.
71. Helpful financial assistance that is relatively easy to apply for.
72. I am not aware of relevance or opportunity for this for our business.
73. I am too small to reach turnover to be able to apply for grants.
74. I am unsure if I would be eligible.
75. I found it very useful to fund our early marketing activities.
76. I have not been eligible but am now eligible and will be relying on this to get the business off the ground and bring revenue into Australia.
77. I presume I am not eligible - I looked at it years ago and it was clearly not targeted at people offering services overseas.
78. I should get this started, but need some guidance.
79. I think we will apply this year.

80. I understand that a company must show earnings of a certain amount prior to applying for the loan, so I haven't bothered as I'm still in the process of early marketing and promotion.
81. I'm pretty sure we're eligible but need to investigate further.
82. In progress with the application.
83. In the arts business we apply for a lot of funding, and EMDG was one of the most transparent and efficient processes I've experienced.
84. In the early stages 20 years ago.
85. In the good old days when it was not capped.
86. Intend to apply.
87. Intend to apply.
88. Intend to apply next year.
89. It happened too early in the development of the business, so when the five years ran out I had just got the international market going, but without the help from the fund I cannot continue with advertising, as it is too expensive for a small company like ours.
90. It has been an essential support for a new business achieving 50% YOY growth with the high in market development costs of a new product and a new segment.
91. It takes so long with so much red tape we can't be bothered.
92. It was 15 years ago.
93. It was all too difficult.
94. It was for a different marketing push (USA) over ten years ago.
95. It's hard to get a leg up when you have to sell a kidney to get going.
96. Just a case of not being organised/time restrictions to go the extra step to receive EMDG.
97. Just applied for the past 2 years.
98. Last grant application was approximately in the year 2000.
99. A long time ago.
100. Making first application this year.
101. Many years ago (over 20 perhaps) so not currently able to access due to our turnover
102. Many Years ago.
103. Many years ago when establishing our early overseas markets.
104. May apply in the future.
105. More difficult to obtain than previous.
106. More information required.
107. Most funding is after you have already spent the money.
108. Needs to be made more public.
109. No longer eligible.
110. Not a well-managed scheme.
111. Not enough export sales and too time consuming to apply, needs to be simplified for small business.
112. Not enough value (grant) for effort required.
113. We're not meeting minimums.

114. Not worth the effort.
115. Not worth the effort in our case.
116. Only recently heard of this scheme and will be applying this year.
117. Our company established in 2006 was an amalgamation of 2 companies that had both extinguished their respective EMDG opportunities.
118. Our first application is still progress and we do expect to receive it.
119. Our main development market at present is Iran which is excluded from the EMDG which is illogical at best. If trade is legal there, EMDG should also be available.
120. Our student accommodation properties are tenanted up to 75% with international students that we source from multiple overseas countries. This is a strong source of export earnings for Australia that is currently not eligible for EMDG grant when all elated education areas are?
121. Plan to apply in the future after two years of activity.
122. Plan to apply in next 12 month period.
123. Pleased to hear it has been extended a year.
124. PM Rudd made changes to the scheme. EMDG does not provide support to exporting companies after 4 years as you need to be generating large export revenue to allow you to claim. We spent a lot of effort on export markets, particularly US, then GFC hit, and we went back to zero due to stalled US economy. We lost all of the four years' work. We then had to change export strategy and now none of this is really covered by EMDG, as we need to generate 10x revenue to make any claim. Therefore to claim 100K, we need to sell one million. More support is needed for Australian manufacturers who develop software IT for healthcare.
125. Probably eligible but the cost-of-consultants of dealing with Australian government meant we didn't even try.
126. Received one grant but decided paperwork not worth the effort; it's better spent on sales.
127. Really need it again post GFC.
128. Received EMDG grants for three years. Small amounts, not worth the effort.
129. Received in the 90's, no more support since.
130. Received payment in 2002.
131. Received yesterday 8 October 2014.
132. Scheme should be extended to assist companies beyond current time restrictions. EMDG should apply to new markets especially.
133. Seems too hard and not worth the effort.
134. Self-reliant approach.
135. Several years ago.
136. Austrade thinks this is an amazing tool; they need so much more.
137. Submitted application, still waiting on a reply.
138. Successful application but did not win the tender.
139. The application/approval system is a disgrace. More effort than benefit. All they do is fight to not pay. A huge disincentive. Needs urgent update.
140. The company has changed names. Previous company may have received a grant.
141. The EMDG program requires you to have earnings (after year 3) - we are already spending 50% of the funds - but it takes longer than 3 years to get export earnings, so



now we have to drop out of it, which is disappointing, as it leaves us having to sell out to US Joint Ventures if we want accelerated growth and to stay ahead of the market.

142. The GFC wiped out all the gains and contacts from EMDG. Now we have had to start again without the assistance of the EMDG. The people setting the priorities have no idea about doing business.
143. The grants require a lot more overseas spending than we can afford to do before they pay. Only good for large businesses.
144. The help comes 12 months in arrears. It is useful for developing a market but does not finance. First need to have 100% of the funds to start, then EMDG helps the marketing but effort can be lost when there is no finance to deliver. Need to complement it with subsidised finance.
145. The issue with the EMDG is that it runs for a number of years. We used it to penetrate Singapore. Now that we have accomplished this there are no funds left for future ventures. The EMDG is open to exploitation by companies that either have a large number of dedicated employees or those that use a shotgun approach. It is not suited to those companies that systematically target individual countries.
146. The rules make us ineligible today despite our ever changing export market conditions.
147. The thresholds are too high and the copyright ownership provisions prohibitive.
148. Their bureaucracy and audit rules are so onerous that we don't bother any more. We get better grants from some other countries so we have moved much of our R&D there.
149. These grants are a major benefit to growing international awareness of our company's products and services.
150. This has really helped us get off the ground, especially with the US market. We could have done the other markets (UK, Malaysia etc) without it but it was critical to the US.
151. This is a lengthy and complicated procedure and requires boarding passes - boarding passes are becoming a thing of the past as more airlines offer mobile boarding passes.
152. This made a huge difference to us. We spend a huge amount of money just to get to a meeting with clients (USA, Africa, Middle East).
153. This scheme is only government help that provides motivation to export oriented company to go forward.
154. This scheme is vital to the small business sector of Australia and should be re-instated to its previous level. The small business sector is the most important industrial sector in the country as it provides the most jobs, it provides import replacements and exports from this sector help to balance the dependency on the top-heavy commodity exports upon which the country has relied for too long. Strengthen the EMDG and give the small business sector a boost!
155. This was critical in justifying our push into the US market.
156. This will be our first year of EMDG.
157. Threshold is now too high. As a result we have reduced our export marketing expenditure because it is too costly for the business.
158. Time factors was primarily reason for not applying
159. Too bureaucratic.
160. Too much Interference from Australian Government Departments.
161. Told we were eligible but Grant rules were changed during application and we were then seen as too small a business.
162. Too complex and I am time poor.

163. Too much pain for very little gain, we prefer to go it alone rather than get caught up in the red tape.
164. Too much red tape to apply.
165. Too small to quality for a grant.
166. Unable to apply as cannot get Auskey working and no alternative. This is an EXTREMELY FRUSTRATING OBSTACLE.
167. Unsure if eligible.
168. Used a consultant.
169. Used up early in our business life.
170. Very hard to achieve for a small business.
171. Very helpful.
172. Very helpful and is absolutely necessary to assist small to medium enterprise begin to open markets overseas.
173. Very useful.
174. Very useful to initiate new channels.
175. Very valuable scheme. We utilised all 7 years so no longer eligible.
176. Waiting for the first visit to assess application.
177. Was helpful, but now run out.
178. Way back in the 80s we received some export assistance grants. I guess this question is more recent.
179. We applied for 2006-2007 we were only eligible as we were allowed to combine two years as first time claimants, we had to spent \$50 +K and after all the effort commissions (paid to [company name removed] for putting the claim in) we received less than \$2000 - add time and effort and also tax on the amount paid, it was a joke!
180. We are applying again this year for a similar grant.
181. We are coming up to our final EMDG application. It is unfair that we are limited to 8 when the Government closed the market for 4 years 2010 - 2013 by reducing offshore VET visa approvals by 75% from the peak of 2009. We were one of the few providers that continued to market for offshore students whilst government was closing its doors.
182. We are completing a return now.
183. We are extremely grateful for the EMDG - it has been critical in helping our business grow.
184. We are no long eligible.
185. We are now ineligible because of the 6 year limit, otherwise great grant.
186. We are submitting to cover past two years.
187. We are waiting for confirmation of the amount granted.
188. We assumed we are too small, and our business too uncertain, so we did not pursue this.
189. We do not know what the likelihood of success would be, have not been encouraged to apply, and so believe it will be a waste of our time trying to justify. Only companies that can afford to hire people to actively seek out grants can benefit.
190. We expect larger export sales during 2014 - 2015 and will apply accordingly.
191. We found the values small and the bureaucracy high.

192. We have another non-linked company that received EMDG but we were adjudged to be too linked.
193. We have just applied for our second year.
194. we have used up our 7 years
195. We received 5 years of grants but not for the past 12 years or so.
196. We received an EMDG a long time ago and cannot reapply. We should have kept it until we were further down the track
197. We tried some years ago but the bureaucratic hoops were too big and the guidelines too stringent to operate. Have not heard of this one.
198. We used it for the maximum number of years allowable when we were making a big overseas push.
199. We used our 6 (?) year limit many years ago.
200. We will apply during the next 12 months.
201. We will apply for the 2013/2014 year.
202. We will apply in the future.
203. We will be applying for this in the future as it has been very beneficial for other companies I have contracted with.
204. We will.
205. We would be very interested to learn more about EMDG.
206. We would like to apply for a trade expo grant in 2015.
207. We would like to apply for grants yet spend our time elsewhere on the business.
208. We would not be here without it.
209. We're sometimes too busy with other local more immediate matters to collate all the necessary documentation required by the agent that assists us with our applications.
210. What a joke!! If you already have an export market they don't want to know you!! They only want to have new companies to show in their figures.
211. When the time is right we'll apply for EMDG.
212. Will apply for EMDG next year as currently investigating overseas expansion.
213. Will apply in this current year.
214. Will apply this year.
215. Will be applying in the next two months.
216. Will be applying this year.
217. Wish we could get more.
218. Without this we would have run out of capital before we got our first contract.
219. Would like to know more.
220. Would like to reconfirm our eligibility.
221. Would like to understand more about this.
222. Would love to know more about schemes like this - we have had great support from EFIC but haven't had time to research what else we could be eligible for because we are too busy!
223. Would love to know more.

224. Wouldn't market nearly as much if not available.

225. Yes, over 10 years ago before I purchased the business.....the grants were very small but they exclude me out from using EDMG, which I find completely unfair as I would definitely be able to ramp up my business if I had access to EDMG funds.

**Q10.8 If you received the grant, how important was it to your international marketing efforts?**

\*Please provide any comments if you wish:

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1. Accounting paperwork and other such costs along with various exceptions made the exercise of little value.
2. Although we have been eligible for some years we applied for the first time in the 2011-2013 period. We have applied again this year and intend to continue as it is extremely beneficial to our exports. We currently export to 1200 customers across 75 countries.
3. Answered in previous question; it is not geared for small companies ,a waste of time and money for the amount received.
4. As a small developing company we found very little support from within the domestic banking industry.
5. As previously mentioned. It takes time and effort to penetrate a market, which often means the grant is exhausted when you're ready to target another country.
6. As stated previously, the EDMG has been CRITICAL in allowing our business to grow.
7. Assists us market Australian business events destinations internationally.
8. Austrade had a good operator in UK, but she departed with no effective replacement.
9. Before my time but I was told it helped.
10. It needs to continue. We have new markets, new products but can no longer access the grant.
11. Could not have done research without it, however did not proceed into the market at that time as a result.
12. Could not have established new markets without EDMG support.
13. Critical importance for small business.
14. Critical to getting us into all our export markets.
15. Critical. We would not have gone into the US market if the grant was not available.
16. Due to the high costs of travelling to build relationships with potential clients via face to face visits this grant makes a large difference to our costs of doing overseas business.
17. EDMG allowed some cash recovery on marketing & travel expenses overseas which can be quite costly without immediate recovery.
18. EDMG assistance with overseas trade shows helped [company removed] to get all of its overseas clients. We need more assistance with marketing expenses.
19. EDMG is extremely important to our company's efforts to grow internationally.
20. EDMG softened the initial forays into international markets and needs more funding.
21. EDMG was absolutely fundamental to funding our export activities - without it we would not be achieving the exports we do.

22. EMDG, Commercial Ready and CA all good schemes. But too many changes and inconsistent rules.
23. Enabled overseas sales office operation & funded extensive travel for business development and sales.
24. Enabled us to proceed.
25. Encouraged us to invest in a local agent.
26. Essential for travel and face to faces.
27. Essential.
28. Great to receive but uncertainty about quantum meant that it was not a driver for investment, but a bonus at the end of the year.
29. Greater government support would be beneficial; currently it's pathetic what SMO Australian's businesses receive in the way of assistance.
30. Helped alleviate significant travel costs.
31. Helped us establish strong USA foothold.
32. Helps us justify further expenditure.
33. Huge.
34. I can't praise Austrade enough.
35. I did not receive any Grants for the previously mentioned reasons, that said if I could now receive EMDG grants I would use them to grow my business.
36. I haven't spent enough to claim it.
37. I wish we could reapply again, to help establish new markets for us.
38. Initially it was very important, however now we don't have access to it as we have not achieved sufficient export sales to warrant claiming.
39. International Trade Fairs a major cost to our business. Help would be welcomed.
40. It covered only a small amount of the costs.
41. It enabled us to do more marketing - exhibitions (more exhibitions at a greater frequency) and more advertising (greater spend).
42. It encourages us to find a new market.
43. It funded our UK representative in London.
44. It helped pay our tax bills when first entering export markets.
45. It helps me to invest more in global business activities to increase the value proposition of my company as an Australian company that we need more and more in coming time.
46. It helps us spend money knowing that we can claim some percentage back at the end of the year for travel to promote our product and brand.
47. It is fantastic to have the export support. Much needed.
48. It is welcome, but it is only a small amount. EMDG is not aimed at companies such as ourselves.
49. It kept us afloat originally and it increased our export efforts more recently.
50. It largely can be credited with our success in Japan and the USA.
51. It really helped.
52. It was an expensive experiment and the grant was very helpful.
53. It was more about just defraying costs.

54. It was use of the EMDG that enabled us to develop the international network that is today the backbone of our inbound tourism business.
55. It will be extremely important to funding our overseas market visits.
56. It's very poor compared to our competitors, but it's the only one we have. Australian assistance for SMEs is pitiful.
57. Kept me on the road, knowing we would receive some return on our expenses, whilst waiting for the customer revenue to come.
58. Lately we've haven't applied because we haven't been profitable and we won't spend the money on overseas travel, marketing etc. Lower our dollar and see business boom. Otherwise it's going bust at the rate of knots.
59. EMDG made it possible to get started with proper advertising, but not any longer without the funding and my yarn business depends on it.
60. Main support for exporting and affording to market in these countries.
61. May re-apply in the future.
62. Most important grant we have had.
63. Need it more now but ineligible.
64. Not enough and too much work to figure it out. Money goes to all the big companies not small companies where it should go to help.
65. Only applied for the grant because it was available to us.
66. Our return is not complete as yet.
67. Provide money to allow us to relocate to larger premises in order to expand.
68. Receiving it WOULD HAVE BEEN VERY IMPORTANT, but failing to receive it was equally important, because it gave [company name removed] something more to report on... and the end result was... as I've said, "administration, lost jobs, lost investment".
69. Relatively slow approval process compared to stated objective.
70. Repaid a 25% of direct costs.
71. Run out of years long ago.
72. Scheme has been wound back over the years.
73. See previous comment, we wouldn't have had the money to invest into the marketing required to capture part of the US market without it. I had tried for several years.
74. Should be available per market, not over a time span!
75. Small amounts, too much effort.
76. It supported our research into Korea.
77. I had a terrible experience with EMDG and would not use it again.
78. The Austrade bureaucracy was such that we don't bother with it nowadays. And the percentage they pay is uncertain and they can often pay over a year after the money is spent.
79. The claims I have made in the past resulted in not a great amount of money.
80. The EMDG has been a vital component in the success of our export business!
81. The EMDG program helps us to launch our business onto the international platform. It was an excellent program.
82. The EMDG system is too restrictive to ongoing export efforts really only suits new and very small exporters.

83. The grant allows you to learn, make a few mistakes along the way but basically get some reward- recognition for your efforts.
84. The grant helped us in the USA market.
85. The more we grow and the more countries we export to, the more it has been helpful. But now we are over 50% and 8 years we will not get it any more.
86. This is essential for us to grow our export market.
87. This was instrumental in getting the company started in export.
88. Too difficult and uncertain.
89. Too expensive.
90. Too little, too late and it took too much effort to obtain.
91. Under both past liberals and labour funding support was often short or even withdrawn.
92. Very important in the foundation years while building our export markets.
93. Very worthwhile government initiative and we are most grateful.
94. Vital.
95. Was very valuable in our establishment years.
96. We achieved 3 x major Australian Export Awards whilst receiving the benefit of EMDG grants but our export sales are now 25% of their peak.
97. We have exhausted any EMDG eligibility.
98. We have exhausted grants on our old business model so cannot now use this source of funding for our new strategy.
99. We intend to use it again when we restructure for international growth.
100. We no longer qualify so have not been able to use any more.
101. We spend close to 8% of or revenue on marketing activities. We chose to recruit students offshore directly rather than wait for the students to arrive in Australia and poach them from Universities and other providers.
102. We used the money to intensify our efforts into Europe with Piscine (pool) exhibitions.
103. We would not be continuing with our exporting interests if the EMDG was not available. This is a HUGE help in developing these markets.
104. We would not have conducted our marketing activities without the EMDG.
105. We would probably not attend so many trade shows without it.
106. When we received this money we were still publishing books. We do not do this now. We may try for an EMDG grant in the future.
107. In hindsight, the EMDG scheme caused us to spend a lot of money on things that we didn't need to do and didn't get benefit from, and we would have been better off simply managing our business and our marketing without it.
108. Without it, Australian companies cannot compete in global markets (against JICA, USAiD etc).
109. Would be much more useful now.
110. Would not have joined the US market without it. Other countries do much more to assist their exporters.