

- › the unadjusted value of these claims was \$165.2 million, an increase of 22 per cent
- › Austrade has announced a second-tranche payment in 2014–15 of 65.3 cents in the dollar
- › the Minister for Trade and Investment has set an initial payment ceiling amount at \$40,000 for the 2014–15 grant year, which will be paid in 2015–16
- › as a result of claims assessments, the value of grants paid is normally reduced by between \$18 million and \$45 million from the initial grant claimed values. The average total reduction in grant values paid per year resulting from claim assessment has been \$31 million over the past five years.

Recommendations

Effectiveness of the EMDG scheme

1. That the EMDG scheme be better integrated into Austrade’s planning, and better promoted through Australian and international networks, industry groups, banks, accountancy firms and business advisers assisting firms as they contemplate new export opportunities.
2. That Austrade’s EMDG division provide regular updates on the scheme and its achievements—for example, via webinars—to overseas posts, particularly in the emerging markets of Asia, and industry advisers in sectors where Australia’s exporters can be expected to focus attention.
3. Within six months of the tabling of this report, that Austrade advise the Minister for Trade and Investment on the outcome of its investigation of the Review’s proposal for a new stream for high-growth firms seeking to quickly develop new sustainable export markets.
4. That Austrade encourage grant recipients to consider the strategic importance of each of their eight grant opportunities in order to gain maximum impact from their marketing activities.

Building a better scheme

5. That the EMDG scheme be continued, and continue to be administered by Austrade.
 - › 5.1 That the ‘sunset’ provisions in the *Export Market Development Grants Act 1997* be removed.
6. That the budget allocation (in anticipating a 5 per cent annual increase in the number of grant recipients) be progressively increased by \$12.4 million per year over the next three years (2016–17 to 2018–19) to \$175 million.
 - › 6.1 That the government augment Austrade’s budget with a new amount equivalent to the 5 per cent of the EMDG administered funds, thus freeing up the entirety of the EMDG funding, currently \$137.9 million, for export promotion grants.
 - › 6.2 That separate provision, in addition to the EMDG administration budget and grant amounts, be made for replacement of, or upgrades to, Austrade’s IT system.
7. That the EMDG scheme be reviewed every five years, following similar processes as previous independent reviews—in particular, updating the econometric studies of the scheme’s impact on the economy—to determine the ongoing effectiveness and efficiency of the scheme, including its administration.
 - › 7.1 That the EMDG Act be amended to include a requirement for independent external reviews of the effectiveness and efficiency of the scheme.

- › 7.2 That these independent reviews be presented to the responsible Minister and tabled in the parliament within 15 sitting days of being received by the Minister; and that the government's response be tabled within three months of the report being tabled.
- › 7.3 That, within four years, the future appropriations for the EMDG scheme be reviewed and updated in line with demand.
- › 7.4 That Austrade expand its client surveys or add new questions to grant applications to provide data for reporting annually to the Minister and industry on the scheme's operation, effectiveness and efficiency.
- › 7.5 That Austrade assess the long-term value of the EMDG scheme in promoting viable exporters beyond the eligibility period for grants, and report its annual findings to the Minister and industry.
- › 7.6 That Austrade continue to monitor the quality of claims lodged by grant recipients and advise the Minister of any significant new information and benefits of the scheme that would warrant the introduction of new incentives, and/or penalty provisions, for applicants.
 - 7.6.1 That Austrade include in eligibility criteria the costs of attending training and information sessions on market development opportunities in relation to free trade agreements.
 - 7.6.2 That Austrade continue to update other eligibility criteria to reflect businesses' experience in overseas markets—for example, the number of days that are eligible for overseas promotional travel (currently 21); the daily expense rate (currently \$300); cross-cultural and other training; design and artwork for export

labelling; and attendance at domestic trade fairs and other Australia-based promotional activities.

8. That promotion of the scheme focus on lifting the number of applicants to the 10-year average of close to 4,000 per year in the near term, and on further growing the number of new exporting firms participating in the scheme over the medium term.

- › 8.1 That Austrade, with business, create a mentoring group or forum of current and retired senior business managers/leaders or similar, to assist and advise new and aspiring exporters.
- › 8.2 That Austrade's EMDG guidelines and other information be amended to separate references to trade or intended trade with New Zealand from references to Iran and North Korea.

9. That the Trade and Investment Ministers Meeting develop a map or framework of Commonwealth, state and territory export promotion support within 12 months, and that Ministers consider the range and scale of available programmes with a view to sharing information on best practices and on the most effective state and territory programmes.

Client and stakeholder engagement

10. That the key EMDG stakeholders—applicants, export consultants and Austrade—continue to work, together with industry groups, to improve the scheme's administrative arrangements, with the aim of creating more certainty for applicants and reducing the tensions created by the differing priorities of the key stakeholders.