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IGEA

IGEA Webinar - 1/10/2024

EMDG Webinar

Gameplan to secure the Round 4 EMDG Grant Agreement

Overview

What is this webinar about?

- Today's session is designed to help Australian game studios navigate the Round 4 EMDG application process. We'll cover the key changes in this round's administration, so you'll leave knowing exactly how to approach it.

What is the EMDG Program?

- The Export Market Development Grants (EMDG) program is a government initiative providing financial support to small and medium-sized enterprises (SMEs). It helps businesses market and promote their products internationally. Game studios can benefit from matched funding to offset export and travel costs, boosting their growth in global markets.

Why is EMDG Important for Game Developers?

- The gaming industry is globally competitive. Whether you're preparing to export, expanding in current markets, or entering new regions, the EMDG program provides essential funding for promotional and marketing activities abroad. From attending expos to international advertising campaigns, **this grant reduces financial barriers**, making global growth more accessible.

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Tiers & Benefits

Details	Tier 1 – Ready to Export	Tier 2 – Expanding in Existing Markets	Tier 3 – Exporting to New Key Markets
Eligibility Overview	- Business has not exported before. - Ready to promote products/services to foreign markets. - Annual turnover between $100,000 and $20 million. - Completion of Austrade-recognised export training or Export Readiness Test required.	- Already exporting and looking to expand marketing in existing foreign markets. - Annual turnover between $500,000 and $20 million. - Must provide evidence of past export sales. - A high-quality, specific plan to market is required.	- Already exporting and seeking to diversify into new key markets. - Annual turnover between $1 million and $20 million. - Must provide evidence of past export sales. - A high-quality, specific plan to market focusing on **new key** markets is required.
Grant Amount	$20,000 to $30,000 per financial year	$20,000 to $50,000 per financial year	$20,000 to $80,000 per financial year
Grant Duration	Up to 2 financial years	Up to 2 financial years (can receive Tier 2 up to 4 years)	Up to 2 financial years (can receive Tier 3 up to 4 years)

Notes

Valid ABN: Must have operated under the same ABN for at least 2 years.

Capacity to Spend: Must be able to spend $20,000 per year on eligible export marketing activities, using own funds. **This means your total export spend per year has to be $40,000.**

Maximum Claim Duration: Up to 8 years of EMDG funding, which can be non-consecutive (including years with no payments).

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There Is a Problem!! 😓😡😑

So by now, you've got the basics covered:

- You have a valid ABN and have been operating for at least 2 years.
- You're confident in spending at least $20k of your own funds. This means your total export spend (your contribution + grant) will be at least $40k per financial year.
- You know exactly which tier you fall into, and you've claimed EMDG no more than 8 times.

BUT THERE IS A PROBLEM...

Limited Grants will be offered in Round 4 for your (FY26 and FY27!!!) only:

- 500 grants for Tier 1
- 620 grants for Tier 2
- 650 grants for Tier 3

First Come, First Served: Grants are allocated on a first-come, first-served basis, so once funds run out the window closes - even if you qualify.

With limited spots and high demand (across ALL industries), you must be ready to apply immediately or risk missing out on funding. Austrade did this to ensure max available amount to you and to eliminate administrative rankings of applications.

Tiers 1, 2, and 3: Applications open 10am AEDT (Melb/Syd time) 12 November 2024

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But there Is a Solution!! 😌😮😈

Prepare everything in advance

You can get everything ready for your EMDG application before the window opens at 10am on November 12th. This way, you're all set to go with your answers and documents.

Block out your calendar for 10am AEDT

Set aside time at 9:45am to get ready for the 10am window. Keep it blocked until 11am - this is your focused time to submit without distractions.

(Optional) Put on your favourite (toxic) competitive gamer hat on

Channel your inner competitive gamer. You've prepped your answers, but now you've got to enter the information in the EMDG online form. Applications are assessed in timestamp order.

Think of it like an exam where you only pass if you finish it correctly before everyone else...

Or think of it like getting Taylor Swift tickets...

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Step by step on how to prepare and submit the Round 4 EMDG Application

Step 1

Preparation

A. **Understand your eligibility:** Confirm you know your tier and meet all eligibility criteria for it (eg. FY24 Turnover), including a valid ABN, operating for 2+ years, and capacity to spend at least $20,000 per year on export activities.

B. **Confirm access:** you can access the EMDG Online Portal: https://emdg.austrade.gov.au/ You might need to set up and link your myGovID to your business.

C. **Know your ANZSIC code.** This is the 4-digit code that best describes your main business activity. Can just copy the one on your R&D Application if you claim.

D. **Prior EMDG Claims:** Check and count if your business has claimed EMDG in the past, as there is a limit of 8 grant years.

E. **(TIER 1 ONLY)**: Do the **Export Readiness Test**, which is available in this above EMDG portal. There are 10 modules followed by a short test and it takes around 30 minutes. Try and do it well before application window opening. You can also do other approved training which is on the Austrade website.

F. **Block Your Calendar:** Set aside time on 12 November 2024, 9:45am – 11am AEDT, to submit your application as soon as the window opens.

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Step 2

Plan to Market Template (**Download on EMDG Website for your tier)**

Common Questions Across All Tiers:

A. **What are your planned Export Promotional Activities** (for 2025-26 and 2026-27)? Describe the specific export marketing and promotional activities you plan to undertake during the grant period.

B. **Your Business Goals and Measures of Success?** What you want achieve through these promotional activities and how you plan to measure success (e.g. increased export sales, new contracts, partnerships etc). Try and quantify if possible.

C. **Planned Eligible Expenditure:** All tiers ask for a detailed breakdown of anticipated costs associated with promotional activities. The min spend is $40k ($20k of your own funds + plus the matched grant)

Key Differences Between the Tiers:

D. **Target Market Stage:**
   a. Tier 1 (New to Export): Focuses on businesses new to export, assessing export readiness through Austrade tests. **Reuse module info from this test in your plan.**
   b. Tier 2 (Existing Markets): For businesses **expanding** in current markets, focusing on **enhancing market presence**. Eg. Adding layers of depth to your existing plan.
   c. Tier 3 (New Key Markets): Targets businesses entering new markets, **requiring a strategic shift** in marketing - **Reorient your existing activites to penetrate new key markets.**

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Step 2 Cont...

Plan to Market Template (Continued...)

E. **Export History:** Tier 1 does not require details on past export activities. **Tier 2 and Tier 3:** Both require information on past export activities, focusing on how the business has previously promoted internationally and how the grant will build on these efforts.

Some tips for your Plan to Market...

- Aim for max grant amount per financial year (T1: $30k, T2: $50k, T3: $80k). Align the financial plan to match this grant amount. Eg. To go for $80k means your spend if $160k / FY.
- For Tier 1, focus on **your export readiness**, and how **you will execute** your first export marketing activities.
- For Tier 2, highlight how you will deepen and enhance your market presence in existing markets. **Focus on strategies for growth, such as increasing market share, brand visibility, or customer/client engagement in markets you are already in.**
- For Tier 3, emphasise **WHY** your strategically shifting into new key markets. Austrade wants to see a well-thought-out plan that explains why these new markets are essential for your business growth and how you will adapt your marketing strategy for success in these regions.
- Regardless of the tier, avoid generic answers or templates from previous applications.

Step 3

Application Form (Template online) & Attachments

A. **Download** and fill out the application form from the Austrade website. This is a different template to the *Plan to Market* template we just talked about.

B. Find and save your **Profit and Loss Statements** for the last two financial years (FY23 FY24).

C. Find and save your **Balance Sheets** for the last two financial years (30 June 23/24).

D. **Tax Compliance Evidence**: Proof of compliance with the ATO (e.g. Notice of Assessment FY22/FY23) for the last two financial years. Your FY24 tax return is not due yet.

E. **Bank Statement:** Demonstrating you have at least $20k of your own funds.

F. **Trust Deed** (if applicable) if your business operates as a trust.

G. **Evidence** that Your Product or Service is of Substantially Australian Origin eg. manufacturing records, invoices showing Australian inputs, evidence of work done in Australia (e.g. research papers, development logs), legal documentation (for IP/software).

H. **Tier-Specific Attachments:**
   a. Tier 1 (New to Export): Proof of completion of export readiness training or test.
   b. Tier 2 (Existing Markets): At least two export sale invoices from the last two years, one within the last 18 months.
   c. Tier 3 (New Key Markets): At least two export sale invoices from the last two years, one within the last 18 months.

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Step 4

Lodgement Day

- Log in to the EMDG Online Portal before 10am AEDT on 12 November 2024.
- Prepare and submit your application - you will need to select / type out the answers you prepared in your Plan to Market and Application Template and you will need to attach the documents. **Can't pre-populate the form.**
- Lodge and relax!

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FAQ
Part 1

Frequently Asked Questions - Part 1

- **Turnover Requirements:** Your turnover is based on FY24 results (including export and domestic income). It must be specific to the ABN. You cannot consolidate turnover from international subsidiaries or associated companies.
- **Tax Returns Requirement:** You must provide proof of tax compliance for the last two years (FY22 and FY23) to qualify for EMDG. Your FY24 tax return is not due yet.
- **Group Companies:** Grant history is tied to the ABN. However, Austrade may group related entities (those sharing control or business nature) together when assessing eligibility.
- **Multiple ABNs:** A business can submit multiple EMDG applications if it operates under multiple ABNs with separate tax returns. Austrade will investigate whether the ABNs represent separate businesses or just one business using multiple ABNs. They will also check if the products or services differ across ABNs.
- **Procedural Fairness and Reviewable Decisions:** Austrade follows procedural fairness in line with the Commonwealth Grants Rules and Principles (CGRPs), allowing applicants to comment before final decisions. Reverse decisions are reviewable if they fall under Section 97 of the EMDG Act.
- **Concept of Export:** To be eligible for Tier 2, you must have export sales in the market you're expanding into. Simply having a presence or representative in the market does not qualify it as an "existing market" without sales.
- **New Markets Definition:** A new market is defined by **no prior export sales** in that market. Even if you haven't promoted, any previous sales count as export activity, making the market ineligible as a "new" market for Tier 3.

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FAQ
Part 2

Frequently Asked Questions - Part 2

- **Grant Duration by Tier:** Tier 1: Up to 2 years, Tier 2: Up to 4 years, Tier 3: Up to 4 year
- **Single-Year Applications:** You can apply for just one year if you wish, e.g. if you are on your 7th EMDG claim.
- **Selecting a Tier:** You can only apply for one tier per round. Choose the tier that aligns with your business strategy (e.g. Tier 3 for entering new markets or Tier 2 for deepening activities in existing markets). You can switch from Tier 3 to Tier 2 in future rounds (e.g. after entering a new market, you may return to Tier 2 to deepen activities).
- **Markets in Tier 3:** If you select multiple new key markets but end up only entering one, that is acceptable as long as you meet the spend requirements in at least one market.
- **Difference Between Marketing and Promotional Activities:** Austrade uses these terms interchangeably in relation to export-related activities.
- **New Market Expenses:** Tier 2 is for expanding marketing activities in existing markets where you already have export sales. Tier 3 is for new markets, so you cannot claim new market expenses under Tier 2. For new markets, apply under Tier 3.
- **Eligible Expenses in Tier 3 – Strategic Shift:** A strategic shift in Tier 3 involves changing business strategy to enter new export markets. This can include operational readiness, supply chain adjustments, and new marketing/promotional activities aimed at a new market.
- **GST and EMDG:** GST does not apply to EMDG grants.
- **Bank Statements:** You need to provide a current bank statement at the time of application.

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FAQ
Part 3

Frequently Asked Questions - Part 3

Example of your previous export sales

Country	Export Sales	Expenses	Which EMDG Tier?
Japan	$100,000	$0	Tier 2
US	$0	$50,000	Tier 3
Germany	$50,000	$100,000	Tier 2

Tier 2 is for expanding marketing activities in existing markets where you already have export sales. So you cannot claim new market expenses under Tier 2. For new markets, apply under Tier 3.

Tier 3 is for new **key** markets. **Key =** Bangladesh, Brunei Darussalam, Cambodia, Canada, China, Fiji, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Laos, Malaysia, Netherlands, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan, Thailand, Timor-Leste, United Arab Emirates, United Kingdom, United States, Vietnam.

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FAQ
Part 4

Frequently Asked Questions - Part 4

- **Business Class Flights:** Business class flights are not claimable under the EMDG program. If you choose to fly business class, you must provide documentation of the equivalent economy airfare, which is the claimable amount.
- **21 day trips & $350 per day diem:** The $350 per day allowance applies per person for each trip, covering their accommodation, meals, ground transport, and incidentals. So, if multiple people from your business are travelling, each person can claim up to $350 per day, provided the travel is for eligible promotional activities under the EMDG guidelines. You can take multiple 21-day trips in a single financial year, and claim up to $350 per day per person. Each trip will be subject to the 21-day cap, but there is no limit on the number of trips you can claim within the financial year, as long as they meet the program's requirements.
- **Application Timing and Order:** Applications are time-stamped and assessed in the order received. Grants are allocated on a first-come, first-served basis, so the window closes once funds run out, even if you qualify.
- **Next Round Coverage:** The next round will take place in two years and will cover expenses from 1 July 2027.
- **Expected Turnover:** Annual turnover is calculated based on the preceding financial year (FY24), even if you expect growth in the coming year.
- **Grant Agreements and Payments:** You'll be notified of grant agreements around early 2025. Payments are made in installments, with the possibility of receiving some upfront. The final installment is paid after you submit your milestone report.

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FAQ
Part 5

Frequently Asked Questions - Part 5

- **Grant Payment Audits:** Once you apply in November, Austrade will assess applications, and decisions will be made by late January. You have 21 days to accept the offer, and then payments will begin from July 2025.
- **Spending Requirements:** Your business must be ready to spend $40,000 ($20,000 of your own funds and $20,000 from the EMDG grant) on eligible activities.
- **Industry Averages:** Austrade looks at industry averages related to export sales amounts when assessing Tier 2 and Tier 3 applications.
- **Application Forms:** The application form templates include all the questions that will appear in the online form, although the order may vary. You cannot pre-populate the online form.
- **RAM/MyGov Linking Issues:** For RAM/MyGov linking issues, contact the ATO.

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Help

Need help?

- **Contact Austrade early.** Prepare your questions as soon as possible, as Austrade is often overwhelmed closer to the lodgement window.

Email: emdg.help@austrade.gov.au
Phone: 13 28 78

- **Registered EMDG consultants**. I will be providing full preparation and review services. Note that I cannot offer lodgement day services to ensure the best results for each studio.

Email: serge@playwrightconsulting.com
Phone: 0406582209
You can also reach me via the IGEA Discord Server!

Question time...

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