

# Exporters face yawning shortfall

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Exporters face being short-changed by more than \$28 million this year after it was revealed that the controversial export market development scheme looks set to be oversubscribed by even more than last year.

The scheme is designed to help small and medium-sized businesses export by reimbursing a portion of their promotional costs.

A Senate estimates inquiry has revealed that, with almost 50 per cent of 2007-08 claims lodged with Austrade, the number of exporters applying to be reimbursed this year has jumped by 11 per cent compared with last year. The total amount being claimed is also up, by 5.5 per cent.

The \$150 million scheme has been plagued by problems since the previous government changed the eligibility criteria, which led to the program being oversubscribed. About 1500 companies were left \$28.8 million out of pocket last year.

The grants are paid in two tranches and the government was forced in July to reduce the initial payment to exporters to \$40,000 each — down from about \$70,000 the previous year. Exporters claiming more than this amount must wait for a yet-to-be-determined second payment next year.

Although final exporter applications are not due to be lodged until the end this month, Department of Foreign Affairs and Trade deputy secretary Doug Chester told Senate estimates last month: “I do

not think there is any doubt that the demand on scheme dollars will be higher than it was last year.”

Asked if exporters were likely to receive much lower grants this year than they did last year, Mr Chester said: “Quite probably.”

Liberal senator Ian Macdonald speculated that this year’s shortfall could be “at least” \$34 million, although the government refused to comment on the figure. Some exporters have calculated that the gap could be as high as \$47 million.

Labor modified the scheme in the last budget, pledging an extra \$50 million, but this does not come into effect until 2009-10. The government has blamed the coalition for the problem.

Institute of Export director Peter Campbell called on Trade Minister Simon Crean to ensure that exporters received their full entitlement.

“For companies to be facing increased marketing expenses at the same time as promised government support is emasculated is disastrous for exporters,” he said.

In a government-commissioned review of trade policy, Australia Post chairman David Mortimer urged Mr Crean to address the funding shortfall immediately, proposing that either extra money be allocated to the scheme to reflect demand, or that eligibility be adjusted.

Under the scheme, businesses can claim 50 per cent of their promotional costs between \$10,000 and \$200,000.