

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2010-11
31 May 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Commercialisation Australia - Allhomes Grant

REFERENCE: Written Question - Senator Barnett

QUESTION No.: BI-75

1. What are the milestones that All Homes is required to meet for staged funding to be made?
2. In the project description published as part of the Minister Carr's press release, it states that "All Homes has developed a novel data processing system that brings together rich data sets and allows advanced data cross matching to occur independent of size and complexities." If this was central to the success of the Federal Government grant, was consideration given that this rich content is already available to the consumer from other websites such as Domain's Radar and Australian Property Monitors information?
3. All Homes has confirmed to The Age newspaper that it takes information from other websites – commonly referred to as scraping. Was the Federal Government aware that All Homes was going to employ this means of populating its website's content and does it support this practice?
4. All Homes is offering free uploads to its website in Tasmania. Was the Federal Government aware that it wasn't intending to charge for its services? At what stage does the Federal Government require All Homes to operate on a commercial footing and charge for its content?
5. All Homes is a successful and profitable business in the ACT. The "need for funding" eligibility criteria states that grants will be made if:
 - it does 'not have the resources to fully fund the commercialisation activity' itself;
 - it has insufficient resources to fund the entire project;
 - it cannot obtain financing from alternative means; and
 - there is a market need to complete the project in a timeframe that would not be possible without a grant support.
 - a) What evidence did All Homes produce to support its position that it could not finance their expansion of their existing business from alternative means? What assessment was made by the Government as to All Homes' ability to fund its growth strategy from its own corporate profit or commercial lending facilities?
 - b) Is the Government aware that All Homes has spent some significant sums of money on print, radio, web and television advertising to promote its business in Tasmania? What criteria does the Government take into account when determining that a candidate for public funding "*does not have the resources to fully or partially fund a project?*"

- c) Given the existence of other commercial products in the market which are able to perform similar functions to the ones described in the media release about All Homes' funding grant - what evidence did the Government take into account when determining that there was a "market need to complete the project in a timeframe that would not be possible without a grant support"?
6. A number of allegations have been made about All Homes' business conduct in the Tasmanian market. In particular, it has been alleged that All Homes is taking content from other websites without consent to populate its own site and engaging in misleading and deceptive conduct – by publishing inaccurate information on its site and making representations to the public about its associations with real estate agents and home vendors. In light of these allegations, what business standards does the Government set for beneficiaries of public money? What action will the Government take in relation to the funding grant should legal action be taken against All Homes and/or the allegations are found to be substantiated?

ANSWER

1. The milestones as outlined in the funding agreement contain sensitive business information which AusIndustry has undertaken to keep confidential.
2. Yes. When assessing eligible applications the Commercialisation Australia Board considers the claims made against the five merit criteria, including the commercial plan and potential and market opportunity. The assessment takes into consideration similar and competing technologies.
3. The department was aware that All Homes was proposing to employ this means of populating its website's content. The question as to whether or not the practice of scraping has government support should more appropriately be raised with the Department of Broadband, Communications and the Digital Economy or the Attorney-General's Department.
4. The funding agreement requires All Homes to commercialise its product. The funding agreement does not prescribe pricing policies or models. Early Stage Commercialisation grants are repayable. The terms of the repayment are:
 - once the participant has achieved \$100,000 or more in accumulated sales since the Early Stage Commercialisation project commencement date, it must apply 5 per cent of sales towards repayment of the grant; and
 - the maximum repayment amount is the amount of grant monies provided. The repayment provisions apply until the 10th anniversary of the project end date or until full repayment, whichever is the earlier.
5. The Commercialisation Australia Board assesses applications first against the need for funding merit criterion and only applications that demonstrate a high level of merit against this criterion will be assessed against the remaining merit criteria and receive a merit ranking.
 - a) It is an eligibility requirement for Early Stage Commercialisation repayable grants that the applicant provides: financial statements for the last three years; a letter from an accountant that confirms the need for funding, capacity to fund its share of project costs and cash flow

projections for the duration of the project. In addition, a statement addressing the need for funding merit criterion is mandatory.

b) See the response to 5(a). In addition, marketing expenses such as advertising are not able to be claimed as part of a Commercialisation Australia grant. Such costs must be met by the grantee.

c) The evidence provided to support individual grant applications is sensitive business information which AusIndustry has undertaken to keep confidential.

6. No allegations have been made to the department. The Commercialisation Australia funding agreement provides the Commonwealth with the capacity to redress circumstances where a grantee is undertaking unlawful activities.