

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020–21 (Pulford)

Melbourne—Thursday, 3 December 2020

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Ms Jaala Pulford, MLC, Minister for Innovation, Medical Research and the Digital Economy,

Mr Simon Phemister, Secretary,

Mr David Latina, Deputy Secretary, Jobs, Innovation and Business Engagement, and

Ms Linda Cristine, Director, Medical Research, Department of Jobs, Precincts and Regions.

The CHAIR: Thank you, Minister, for joining us again, this time in your capacity as Minister for Innovation, Medical Research and the Digital Economy. We invite you to make a 5-minute presentation. This will be followed again by questions from the committee.

Visual presentation.

Ms PULFORD: Lovely. Thanks, Lizzie. Thanks, committee members. The innovation, medical research and digital economy portfolio, which is a very recent configuration, plays a central role in the government's jobs plan. They are all uniquely placed to harness the tremendous skill and ingenuity of Victorians and to springboard into economic recovery. Innovation drives both productivity and economic growth. Victorian businesses have a strong track record of innovation. Many of our most successful businesses have embraced digital technologies, disrupted traditional sectors and gone on to thrive and grow. Victoria is home to 12 unicorns—unicorn companies—being those with a market capitalisation of over \$1 billion. These and other businesses, like REA Group, SEEK, Carsales, Envato and others, are engines of investment and innovation and are now very significant employers.

This budget is backing our innovation and startup sector in a number of ways, including some very innovative new models. LaunchVic Accelerate continues funding to LaunchVic so that they continue to support startups and scale-ups progressively over the next four years. The \$60.5 million Victorian Startup Capital Fund will operate as the only Australian fund of funds, and we believe that it will leverage up to \$180 million of additional private investment from institutional investors, angel investors and high-net-worth individuals to turn startups into scale-ups. It has a focus on seed and series A investments. The fund will partner with Victorian-based venture capital firms and increase the flow of early-stage capital into Victorian startups, which will help the sector scale up, create jobs and drive economic recovery.

I mentioned briefly before the Women's Founders Angel Sidecar Fund, which is a \$10 million initiative to provide an investment model, really, to provide support to female entrepreneurs. The sidecar model allows for co-investment with private investors in innovative Victorian companies that are founded by women, and it will be a great complement to our fund of funds. And the Victorian Innovation and Jobs Fund will accelerate the adoption of new and innovative technologies developed by Victorian-based businesses. The combination of these initiatives really does cement our place as the innovation capital of Australia.

The medical research sector has been in all of our thoughts all year—and some very significant news from the UK overnight, which I am sure you have all noticed. The medical research sector is home to some of our most talented and highly skilled people, developing and exporting new products and treatments for global health markets and building the knowledge base of our state. The sector directly employs more than 30 000 people and indirectly many tens of thousands more. It is a powerful base for jobs growth and recovery in this pandemic—and hopefully soon post-pandemic—era.

Some key initiatives in medical research. I had the pleasure of announcing with the Premier a couple of weeks ago \$155 million in this budget to make Victoria and Melbourne home for a new Australian Institute for Infectious Diseases in our biomedical precinct in Parkville. There is also funding in this budget to accelerate COVID research; to support the development of a business case for a national centre for inflammation, responding to all sorts of diseases and conditions that affect so many people in the community; \$35 million to continue some extraordinary work that is underway in genomics research; improving improve cancer outcomes; and for the Victorian melanoma centre and clinical trials hub. This builds on some significant investments made in previous budgets by our government. We also provide to our independent medical research institutes over \$34 million a year to assist them with the indirect cost of research.

And on the digital economy, digital technology and innovation drive economic growth, productivity and competitiveness. We are deeply committed to positioning Victoria as the number one destination for digital technology companies and startups in our region.

Finally, this initiative includes a significant investment in a mobile connectivity program for black spots, high-speed, business-grade broadband across the state, the skills and jobs program that I referred to earlier and to take the vision of the Cremorne tech hub to a whole new level.

The CHAIR: Thank you, Minister, and I will pass the call to Ms Pauline Richards, MP.

Ms RICHARDS: Thank you, Minister, and to your officials for appearing this afternoon. It would be important for me to give a shout-out to the most passionate medical research parliamentary secretary in the member for Broadmeadows as well.

Ms PULFORD: Definitely.

Ms RICHARDS: I am sure he is watching along at home. I refer you to budget paper 3, page 92 specifically, and I am interested in understanding the elements that make up Victoria's Digital Future Now initiative.

Ms PULFORD: Thank you, yes, and also a shout-out to Parliamentary Secretary for Medical Research Frank McGuire. He has been at it a bit longer than me and has deep relationships in the sector and a deep knowledge and a powerful passion for it.

The Digital Future Now program represents a massive increase in Victorian government activity in the digitisation of our economy and support for communities and businesses to respond to a rapidly accelerating evolution in digital technology. As we have all found over the course of this year, there was something of a digital revolution, which for many of us I think did not really change a whole lot in the way that we worked and lived. Then when we were required to completely change the way we worked and lived, it was all there ready for us. The way that people have interacted, been able to continue their work and support each other, and access services like school and doctors has been quite extraordinary.

The program has a number of components: the gigabit state is about business-grade broadband to areas where that will create significant economic uplift; new mobile base stations, and we think in the order of 1000 with that \$300 million commitment; and the skills and jobs program, so working across portfolios with people who have found themselves out of work as a result of the pandemic and are in a position to move into a whole new career. I did ask, 'What if you're not a techie?', and what our digital businesses tell me is that about half the jobs in their organisations are for all sorts of other skills that do not require computer engineering degrees and the like and that much of the skill and knowledge that is needed to be really successful and a really important part of a digital business is learned on the job or with some foundational training and then substantially on the job. So we have listened really carefully to industry as we have designed this.

And \$12 million for the Cremorne digital hub. Cremorne is a really special part of Melbourne, just near Richmond, home to some very, very significant digital and tech companies but has a really strong creative history as well. And for some time the local community as well as our digital and innovation community have been attracted to the idea of that agglomeration effect bringing together some really special dynamics in that area. So there is \$12 million in the budget to take some of those plans to the next level. I am really looking forward to over the next few weeks having some sort of further meetings and discussions and hopefully a visit to really learn a little more about what the potential is there. So we are really excited about that outcome in the budget as well.

Ms RICHARDS: That is extraordinary. You did talk about the \$250 million Gigabit—thanks for the pronunciation check; I did not know how to pronounce that—State program. Can you provide some more information about this new investment?

Ms PULFORD: Yes. I think that this whole program, Digital Future Now, has to be seen in the context of the \$4.3 billion expansion of the national broadband network that NBN Co's board advised the federal government and then the public recently about and the extraordinary opportunities that exist to partner with their ambitions around expansion, but also other telecommunication players as well. My department is

engaging with all our telcos and NBN Co to that end because there will be I think a really significant opportunity for us to leverage what is already a \$625 million investment by the Victorian government into a whole lot more. So we will work closely with them to see where their interests and ambitions and our interests and ambitions in this regard align. And of course, as has always been the case, I know some of our members from regional and rural constituencies in particular will have an interest in the ongoing input of our emergency services expertise in locations for towers for black spot eradication as well.

The Gigabit State program is about that high-speed broadband capability in places where it can create a significant uplift in the Victorian economy and opportunities for local businesses. I have got a couple of slightly old stories now, in my electorate, in Ararat and in Horsham. A couple of stories of how I conceive of this program: Horsham Colour, an extraordinary export-oriented and national business in photographic printing, and the historic challenges that they had—they had to endure quite significant expense themselves to overcome them—because they just did not have the bandwidth available for those really, really high resolution school photos for school kids all around the country, and indeed other parts of the world. Similarly AME Systems, probably the second largest private sector employer in Ararat—a very significant business—do all the wiring for the Kenworth trucks. They are a wonderful organisation as well—they both are. Again, a real constraint to growth at a particular point in their history was not being able to get the bandwidth that they needed for work. So we are now undertaking some very deep analysis of where an uplift in capability will have the greatest impact in terms of business success and job creation in our suburbs and towns across Victoria. So it is very exciting.

Ms RICHARDS: It is very exciting. Who would have thought? The other portion of the government's investment in digital infrastructure is \$300 million for mobile connectivity. I am interested in understanding and perhaps getting some more detail on that program as well.

Ms PULFORD: Yes. So there is a program that the commonwealth government have been running now for a number of years. We are now up to round 5A of that program, which I think means more than five rounds, if my memory serves me correctly. This will enable us to participate in future rounds of that federal government program, but I think it will also enable us to set our horizons much higher again because of the scale of the investment. And so on this we are very keen to talk to industry partners and to explore what partnerships with them may look like. But, yes, \$300 million for black spots overwhelmingly in regional Victoria and in our rural communities will make a phenomenal change.

Just reflecting on some of the extraordinary things that we have all been involved in, but indeed that our public servants have enabled as well, one of the most memorable moments for me, I think, during this pandemic was hearing our Deputy Premier talk about how to get connection to school at home to kids in rural communities and the things that were being done—using school buses to deliver books and USBs and computers and gear so that kids could participate, no matter where they live, no matter their connection and no matter their circumstances. That, I think, for me brought into sharp relief the importance of digital inclusion. Without going off on a whole other area—I would love to, but I will not—one of the really important guiding principles for us in the delivery of Digital Future Now also will be about full economic participation and inclusion. Because I think we know a lot about the digital divide—metro to regional—and we are very keen to understand at an even deeper level than we do what that looks like in Melbourne.

Ms RICHARDS: Thank you, Minister.

The CHAIR: Thank you. I will pass the call to Ms Bridget Vallence, MP.

Ms VALLENCE: Thank you, Chair. Thank you, Minister and team. Minister, budget paper 2, page 57, in terms of medical research: I would just be keen to know the status of the national proton beam therapy centre. Has this been abandoned by the government, this project? Yes or no? Is the project still—

Ms PULFORD: No, the project has not been abandoned.

Ms VALLENCE: So, if no, in the last PAEC budget estimates this committee received evidence that the \$45 million had been removed from the pages of the 2019–20 state budget and held in a contingency funding. Is that \$45 million still held in contingency?

Ms PULFORD: I might take that on notice and come back to the committee on that, if that is okay.

Ms VALLENCE: Thank you. And if it is in a contingency, on notice, or if it is not, if you could describe where it features in the budget.

Ms PULFORD: Sure.

Ms VALLENCE: Thank you. In terms of the Australian Institute for Infectious Diseases, which is in the budget papers and also in your presentation, it certainly sounds like something exciting and very necessary, but your presentation did not really tell the full story, did it? Is this project announcement fully funded?

Ms PULFORD: The project proponents for the Australian Institute for Infectious Diseases are Melbourne University, and so our budget commitment is to support the project that they are proposing. They have been engaging with the federal government about what a federal government contribution to this project would look like, and the Premier has written to the Prime Minister to that end, and—

Ms VALLENCE: The presentation that you gave to us, which will feature as evidence in this hearing, made it look like you were announcing it and that this infectious disease institute will go ahead. But I think from your media release on 13 November it is looking like requiring at least \$245 million from the commonwealth. On what date did the Premier write to the Prime Minister seeking funding for this project, and if commonwealth funding is not forthcoming, what happens to the project?

Ms PULFORD: The project proponents have, as part of their planning, intentions to raise a further \$150 million from philanthropic and other sources, and they have been in dialogue with the federal government and will seek federal government support. The Premier has written to the Prime Minister, and I believe that they may have discussed the proposal. Our media release makes that absolutely clear, but I had a limited number of slide pages and a limited number of minutes to go through all of that detail—but that is all described in our media release.

Ms VALLENCE: From an average Joe Citizen Victorian perspective, that media release, that announcement that you made in your presentation deck today, is making out that the Andrews Labor government is actually going to be building an infectious diseases institute. But it is nowhere near funded, so I would say that that is a project at risk, that that is a project that does not have funding across the line. So what is the contingency plan if you cannot get that funding? You have made that announcement. You have made Victorians feel that that is going to happen. It is far from happening.

Ms PULFORD: Well, you may have misunderstood the announcement, but it was abundantly clear—you know, I am not quite sure how you misunderstood that announcement, to be honest—that Melbourne University and project partners will be seeking to raise a further \$150 million and will be seeking a contribution from the federal government as well. Our announcement is our commitment to that project. Melbourne's biomedical precinct is world renowned. It is extraordinary—a bringing together of the project partners and in particular locating together the Burnet and the Doherty, but also the proximity to CSL, the Walter and Eliza Hall institute and the Murdoch children's institute, along with Melbourne University as the project team.

Ms VALLENCE: But specifically in terms of this infectious diseases institute, you just mentioned earlier that donors will be sought. We know that the heart hospital was also to be partially funded from donors, and that never came through. So what is the likelihood of this infectious diseases institute actually happening?

Ms PULFORD: I am very confident that this will happen. This will be an extraordinary addition to our biomedical precinct, and it will be an extraordinary legacy.

Ms VALLENCE: Has the commonwealth provided any undertaking to fund it?

Ms PULFORD: The project partners describe what they have learned through the course of this year in terms of how we can take our pandemic and other infectious diseases preparation, knowledge, expertise, treatments, medicines and devices to support to the next level by bringing together this capability, and we are so proud to support it, because we believe 100 per cent that they can get this done.

Ms VALLENCE: Lest there be any doubt, this would be a very important investment. Infectious diseases, as we have seen with the pandemic, is so important. But I guess that it is a level of trust. You have come out and your excuse for making it known is that you only had a few pages in your presentation deck. How can

Victorians trust that this project will actually go ahead if such a small proportion of the funding is actually there? There is a much vaster proportion of the funding that is needed to actually deliver this, and it is not certain. There is no certainty.

Ms PULFORD: These are very significant institutions. Melbourne University has a fine record of project delivery. These—

Ms VALLENCE: Are you stepping back from the announcement?

Ms PULFORD: No, not at all. Absolutely not.

The CHAIR: Sorry, Ms Vallenge, your time has expired. I will give the call to Mr David Limbrick, MLC.

Mr LIMBRICK: Thank you, Chair, and thank you, Minister and team, again. On budget paper 2, page 58, it has talked about some of the different types of medical research projects, and one of the categories is ‘COVID-19 research to support the development of treatments’ et cetera. What sort of COVID-19 treatments are being researched or are planned to be researched under this fund—or is that still being considered?

Ms PULFORD: Are you talking about the research that is already underway from the earlier round, or the new program?

Mr LIMBRICK: Well, I expect some of it is continuing earlier research as well, I guess. So, yes, anything that is happening now or planned to happen, I suppose—if you could give us some examples of those treatments that you are looking at.

Ms PULFORD: Yes, certainly. The intention and the funding is to accelerate the research that is already underway. There are a very significant number of COVID-19 research projects already underway in Victoria, and our science and research community are working, typically in international partnerships and indeed in local partnerships, on the many different aspects of the impact of the pandemic. So there are diagnostic and therapeutic responses—I am worried about the clock because there are a lot.

Mr LIMBRICK: Yes, okay.

Ms PULFORD: There is research into longer term effects. There is research into the impact on younger people in the community.

Mr LIMBRICK: The reason I ask is because there has been a lot of talk about the vaccine, and it looks like there might be some candidates for that, but I am also wondering about therapeutic treatments like drugs that might be possible to treat people who have this. I know that there has been some research overseas, and I was wondering if we were doing much of that.

Ms PULFORD: Yes, absolutely. As more patients around the world have required more treatment there has been extraordinary knowledge sharing by treating physicians and by researchers. Indeed our scientists at Monash University have designed and executed a real-time information-sharing platform that is being accessed by scientists in many places in the world and informing treatment options. So yes, treatment is absolutely part of their work. There are clinical trials at the Peter Doherty; a long-term impact study on children and families at the Murdoch Children’s Research Institute; the Melbourne Academic Centre for Health with Monash Partners and Western Alliance with a focus on recovery; the Australian Living Evidence Consortium at Monash Uni and Cochrane—which I was referring to; that is its proper name—to establish the National COVID-19 Clinical Evidence Taskforce, which is an extraordinary bringing together of that medical research capability but also digital technologies to provide really up-to-the-minute advice about what is the most effective treatment and support; and the Walter and Eliza Hall Institute of Medical Research-led consortia undertaking biomedical research to understand immunity. So there is a lot going on—a lot of different projects in a lot of different places—and we will embark on a process of seeking applications soon for the new funding and then they will be independently evaluated by appropriate experts.

Mr LIMBRICK: Okay, thank you. One quick question, the Victorian Startup Capital Fund. We hear a lot about government investment, but this is actual investment where you would expect to be turning a profit. How will this be managed so that it is actually invested so that taxpayers can get a return, I suppose, rather than just investing in pet projects that might not make any money?

Ms PULFORD: Yes. We certainly do not intend for a cent of this to go on pet projects that will not make any money. This fund of funds model is the first of its kind in Australia, as I said. It is a model, though, that has been tried and tested in a number of other places in the world. There was a deep analysis undertaken prior to my time in the portfolio, but that has informed this initiative about where our vulnerability is in that ecosystem for startups, and it is really at that early-stage point of investment. So the fund of funds is a response to that analysis of where we can have the greatest impact for our startup community.

LaunchVic will manage this, and the department is working very closely with them. We are consulting with our VC expertise that is available to us in Melbourne, but we have also taken soundings from a Harvard professor by the name of Josh Lerner, who is considered to be one of the world's foremost experts on startup ecosystems, that have also helped guide the design. But it is about providing a very significant capital injection into early stage startups, and we think it is the missing link between the already very significant success and growth. In three years that startup community has tripled, but we think that we are on the cusp of great acceleration and this is about filling the gap that we think will be most effective.

The CHAIR: Sorry to interrupt you, Minister, when you are so passionate about it. We have concluded, though, the time that we have for consideration of this portfolio.

Thank you and your officers for appearing before the committee today. The committee will follow up on questions taken on notice in writing, and responses are required within 10 working days of the committee's request.

The committee will now take a short break before moving to consideration of the portfolio of community sport. We thank you for your time today.

Witnesses withdrew.