

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2024–25 Budget Estimates

Melbourne – Friday 17 May 2024

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak

WITNESSES

Ben Carroll MP, Minister for Medical Research; and

Danni Jarrett, Deputy Secretary, Industry, Trade and Investment, and

Connie Crisafi, Executive Director, Innovation and Technology, Department of Jobs, Skills, Industry and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, any comments repeated outside this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the live stream today and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Deputy Premier and Minister for Medical Research and officials from the Department of Jobs, Skills, Industry and Regions. Deputy Premier, I am going to ask you make a 5-minute presentation. This will be followed by questions from the committee. Your time starts now.

Ben CARROLL: Thanks, Chair, and committee members. Can I begin by acknowledging the traditional owners before I commence and pay my respects to elders past and present and extend that to any Aboriginal elders that may be with us here today.

Visual presentation.

Ben CARROLL: Chair and committee members, Victoria is home to a globally recognised medical research sector. We are home to 18 medical research institutes employing over 6000 people, world-class precincts at Parkville and Monash and leading hospitals across our state. We have two universities in the top 40 world university rankings for medicine. We are Australia's leader in medical research, with around 30 per cent of Australian clinical trials having sites here in Victoria. Victorian organisations consistently attract more than 40 per cent of competitive grant funding through the Commonwealth's Medical Research Future Fund and the National Health and Medical Research Council.

The Victorian government invests over \$40 million per annum in the medical research sector, including through the Operational Infrastructure Support Fund. The annual Victorian Medical Research Acceleration Fund has supported 113 early-stage research projects since 2017, with \$20.4 million of funding. This medical research is a critical foundation that seeds the pipeline of local development of new therapies, medicines and devices that result in high-quality health and economic outcomes for Victorians. To help achieve this, our state is home to 81 ASX-listed health technology companies in Victoria, with a combined market capitalisation of approximately \$164 billion as at 3 April this year.

Our achievements: the Victorian government has made significant investments in medical research over the past few years. The Victorian Medical Research Acceleration Fund program has fast-tracked promising research to real-world impact. By tackling these difficult health challenges we provide hope to the people suffering debilitating health conditions, supporting for example the development of novel technologies supporting the transplantation of corneal tissue, which is a treatment for a common cause of blindness; an advanced prototype and early-stage trials of a device to assist the placement of catheters in newborn babies, supporting life-saving therapies; an advanced prototype and early-stage trial of a device to assist the clinical

study test of genomic diagnostic tests based on measuring RNA in the blood for patients with immunodeficiency. In 2022–23 we provided an additional \$2 million through this program towards projects focused on addressing health inequities. This foundational support to the sector has been built on recent years through landmark investments in medical research in our state.

Our ongoing support of the operational infrastructure support program provides over \$36 million per annum to 12 Victorian independent medical research institutes. This funding provides critical support for the indirect costs of research, which are often not met through competitive grants. This investment enables our medical research institutes to deliver life-saving treatments, diagnostics and therapies to Victorians in need.

Through the 2023–24 Victorian state budget we committed \$35 million over five years to the Victorian Paediatric Cancer Consortium to support improvements in paediatric cancer research and clinical care. This investment is complemented by a \$10 million co-contribution from the Children’s Cancer Foundation. The VPCC project brings eight leading children’s hospitals, medical research and universities together. The Victorian government has committed up to \$400 million to support the establishment of the Australian Institute for Infectious Disease. This project is also supported by a \$250 million contribution from the foundation partners: the University of Melbourne, the Doherty Institute and the Burnet Institute. We have also committed \$75 million over 10 years to establish the Cumming Global Centre for Pandemic Therapeutics. This will globally connect us. I should thank Canadian therapist Geoffrey Cumming for that. The largest ever philanthropic donation to medical research, \$250 million, to establish the centre is really incredible.

Just recently I joined the Premier and the Minister for Health at the Paula Fox Melanoma and Cancer Centre. Supported by \$50 million from the Victorian government, this centre will bring together specialists, researchers and dedicated disciplinary teams to drive world-leading cancer research with patient care. The purpose-built facility combines research, clinical care and treatment facilities for patients with skin cancer care and the services they need.

We are very proud to have worked closely with our Victorian Aboriginal Community Controlled Health Organisation on wellbeing, following our commitment of \$750,000 in the 2021 Victorian budget. Thank you, Chair.

The CHAIR: Thank you, Deputy Premier. I am going to throw over to Mr O’Brien for the first round of questions.

Danny O’BRIEN: Thank you, Chair. Good morning, Minister. Last week Professor Grant McArthur, the CEO of the Victorian Comprehensive Cancer Centre Alliance, said:

Medical research is a major jewel in Victoria’s crown and the reduction in funding from previous levels is concerning, as is the limited amount of funds in this budget for the cancer sector.

The VCCC Alliance funding is reduced from \$9.5 million each year from 2021 onwards to just \$7.5 million over the next four years. Why has the government cut millions of dollars in funding for vital cancer research when, according to Professor McArthur, new cancer diagnoses in Victoria are set to rise by more than 40 per cent?

Ben CARROLL: Thank you, Mr O’Brien. This is a question for the Minister for Health and the Department of Health, which is responsible for the Victorian Comprehensive Cancer Centre. Having said that, I can talk to you about cancer research in the medical research portfolio that we do through the Department of Jobs, Skills, Industry and Regions. We are a leader – we are home to 30 per cent of Australia’s clinical trials in this state. More than 40 per cent of competitive grant funding comes through the medical research fund. We are investing in that.

Danny O’BRIEN: I appreciate that.

Ben CARROLL: But if I just –

Danny O’BRIEN: I understand.

Ben CARROLL: On cancer, we opened the Paula Fox Melanoma and Cancer Centre last month. In this budget, \$35 million is being delivered, which I am overseeing through the Victorian Paediatric Cancer Consortium.

Danny O'BRIEN: I understand all the things you doing, Minister. It is the things you are not doing that I am wanting to ask about. I appreciate this is actually the other portfolio. But nonetheless you are spruiking, and you are spruiking now, the government's commitment on cancer research. Why has it been cut in that portfolio, and did you have any influence over that decision?

Ben CARROLL: Mr O'Brien, our Victorian Medical Research Acceleration Fund, established in 2017, has supported a number of cancer projects right across our state. There is the Peter MacCallum Cancer Centre for treatment options, there is the Walter and Eliza institute for medical research, there is the Western Health investment for prostate cancer, there is Monash University artificial intelligence in skin cancer, there is the work La Trobe University are doing on therapy controls for metastatic breast cancer by preventing the damage of DNA. So we are investing through my portfolio in medical research –

Danny O'BRIEN: I get all that, and again, I understand the things you want to talk about.

Ben CARROLL: Please, if you ask on my portfolio, whether it is brain cancer, whether it is the Victorian paediatric cancer, whether it is the Doherty Institute, the Murdoch – any of those 12 institutes – I would be happy to answer.

Danny O'BRIEN: Well, can I ask then: were you consulted on the cut to VCCC?

Ben CARROLL: Well, we work across portfolios, and I very work very collaboratively with the Minister for Health in the medical research portfolio –

Danny O'BRIEN: Did you raise your concerns, then, about this cut to the VCCC?

Ben CARROLL: I work very closely with the Minister for Health, who is doing an outstanding job in cancer prevention and support.

Danny O'BRIEN: Despite this cut, which respected professionals like Professor McArthur –

Ben CARROLL: I know Mr McArthur; I have spoken with him. We are getting on with the job of making sure – do you know where the big game changer is, too, in cancer research? It is what we are doing with the Victorian paediatric cancer centre. We have not changed the dial in 30 years when it comes to young children with cancer and brain cancer. That is why I am so proud of that investment we are making to tackle that and get on with the job.

Danny O'BRIEN: Okay. The former Premier's media release from October 2022 about the Arden medical precinct said that it would:

... support any future expansion of the precinct, including growth of the Walter and Eliza Hall Institute of Medical Research ...
Given that the Arden precinct is now being dumped, is this growth no longer possible?

Ben CARROLL: I might ask the Deputy Secretary to supplement my answer. But look, Arden was also under the carriage of the Minister for Health. The Walter and Eliza Hall Institute is a world-leading biomedical research organisation. We have provided significant funding: \$16 million, and over \$1 million in grants since 2020. They are a really important institute; I meet with them regularly. We are getting on with the job of supporting them in their location. I will ask –

Danny O'BRIEN: Are they still going to be able to expand? I am very happy to take a response from the public servant, Minister, but this was a political commitment before the election.

Ben CARROLL: Yes.

Danny O'BRIEN: It was saying how this was going to be a wonderful thing for the Walter and Eliza Hall Institute, and now here we are two years later and that has just been dumped. Does the Walter and Eliza Hall Institute expansion no longer go ahead?

Ben CARROLL: No, they are currently in Parkville, and work is underway, but I will ask the Deputy Secretary to supplement my answer.

Danni JARRETT: Thanks, Deputy Premier. As part of the decision last week relating to Arden not progressing as initially announced, there is a review of the Royal Melbourne Hospital precinct, and I understand that part of that review will incorporate how to incorporate or integrate what was initially contemplated for Arden into the existing Parkville precinct.

Danny O'BRIEN: Okay. So that work has not been done as yet – it is underway?

Danni JARRETT: No, that is right. It was just announced last week.

Danny O'BRIEN: What is the timeframe for working out where they will be accommodated?

Danni JARRETT: Again, that sits within the health portfolio, but we understand that that work will be undertaken in the next six months.

Danny O'BRIEN: Okay, thank you. Minister – but again perhaps maybe a question for the Deputy Secretary – has the government changed its policy regarding the issue of long-term leases for research institutes from a peppercorn to a commercial rate?

Ben CARROLL: We have the IOS, which is our infrastructure operational program, that we work on right across our 12 institutes which had funding. You would appreciate, Mr O'Brien, that our institutes carry a range of funding resources. They get funding from us, they get funding from the Commonwealth. How they choose to support their research, their infrastructure and their grants is a matter for them. They are located, many of them, on university land.

Danny O'BRIEN: No, the question is specifically about long-term leases for research institutions from the government. I understand they are now on a peppercorn arrangement. Is that changing?

Ben CARROLL: It depends on which institute you are talking about.

Danny O'BRIEN: I am asking for all of them, the government involvement.

Ben CARROLL: I might ask Ms Crisafi if she wants to supplement my answer.

Connie CRISAFI: Thank you, Deputy Premier. I understand for a number of medical research institutes that their peppercorn lease was in question as a result of the redevelopment, for example, of the Arden precinct. As Deputy Secretary Danni Jarrett said, that is all now under review, and we are expecting an answer about what that reimagined scope might look like at the end of the year. But in terms of whole-of-government decision on peppercorn leases, I understand there has been no change.

Danny O'BRIEN: Okay. Can I ask the Minister then, because it will be a policy decision: will the government rule out changing from the peppercorn leases to commercial?

Ben CARROLL: We will make decisions, and we will make decisions in consultation with my cabinet colleagues. What I can say is we are very proud to continue to support our medical research institutes –

Danny O'BRIEN: I understand that.

Ben CARROLL: I sit down with them regularly, and their funding and the allocation of funding from both a Commonwealth and state level is something that they choose how they spend. We also have to work very closely –

Danny O'BRIEN: Are you aware that there is a change being considered by the government on leases?

Ben CARROLL: We are getting on with the job of supporting our medical research institutes, Mr O'Brien.

The CHAIR: Apologies, Mr O'Brien. We are out of time. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Thank you, Deputy Premier and officials. Deputy Premier, to start with I would like to talk about marra ngarrgoo, marra goorri – the Victorian Aboriginal Health, Medical and Wellbeing Research Accord. Could you please tell us a bit about that?

Ben CARROLL: Thank you, Mr Galea. This is one of those events that I will probably remember for the rest of my life, where I stood there with the health minister and Dr Jill Gallagher AO from the Victorian Aboriginal Community Controlled Health Organisation, recognising and embedding culturally safe practices in respect of our First Nations people into medical research. Marra ngarrgoo, marra goorri recognises what we need to do – a \$4.5 million investment to enable the Victorian Aboriginal Community Controlled Health Organisation to administer and implement the accord and support the government's participation in the accord. I mentioned the great work of Jill Gallagher, but I want to say I received many letters of support for the accord across the medical research sector, showing a real willingness to participate with VACCHO in the implementation of the accord. It is a wonderful initiative putting First Nations people right at the heart of co-design and implementation on medical research, leading to enormous benefits down the track.

Michael GALEA: Thank you, Deputy Premier. Can you tell us a bit more about what the accord is and what it will seek to achieve?

Ben CARROLL: Essentially the accord aims to improve ethical standards for Aboriginal and Torres Strait Islander health, medical and wellbeing research in Victoria, so they align with the Aboriginal and Torres Strait Islander principles of self-determination. The accord seeks several objectives: implementing principles of self-determination by increasing the rates of Aboriginal and Torres Strait Islander led research and participation in research; creating equitable and trusting relationships between Aboriginal and Torres Strait Islander peoples and the health and medical wellbeing research sector; enhancing health benefits for Aboriginal and Torres Strait Islander peoples by identifying Aboriginal and Torres Strait Islander health, medical and wellbeing research priorities; improving the way Aboriginal and Torres Strait Islander research is conducted in Victoria for it to become more consistent and also cognisant of past trauma, be respectful of Aboriginal and Torres Strait Islander lore and customs and be culturally appropriate; empowering our First Nations peoples' ways of knowing, being and doing; and protecting Aboriginal and Torres Strait Islander health, medical and wellbeing data. The accord aims to embed self-determination in Aboriginal and Torres Strait Islander research. Importantly, as a signatory to the accord, Mr Galea, the Victorian government is committed to adhering to the guiding principles of the accord, undertaking actions to contribute to the outcomes of the accord and ensuring adequate resourcing is available to enact and implement the accord. We do know Aboriginal and Torres Strait Islander people are more likely to experience poor health outcomes and higher rates of psychological distress and chronic disease, and the burden of disease is 2.3 times than that of non-Indigenous Australians. That is why the accord matters, and it is why there is funding for the accord in the 2024–25 budget.

Michael GALEA: Thank you. I will turn your attention now to the 'Department Performance Statement', page 85, 'Operational infrastructure supports'. Can you please tell me a bit more about what this budget measure covers?

Ben CARROLL: Yes, certainly. Thanks, Mr Galea. Victoria's health and medical research sector is one of the state's most significant and productive industries. We are up there with Boston and Oxford and London, so our investments have supported around 28,000 employees directly and 46,000 indirectly in related industries, including health services, universities, research institutes, commercial entities. Importantly, Mr Galea – and this is a great statistic – every dollar invested in the medical research sector generates \$3.90 of activity in the economy. This just demonstrates the return on investment Victoria gets for our ongoing support for the sector. The Victorian operational infrastructure support program provides \$36 million in annual funding to support our 12 Victorian medical research institutes, assisting the indirect costs of research, which are often not met with competitive grants. We are really proud of it. We are getting on with it. Twelve medical research institutes: Baker Heart and Diabetes, Bionics Institute, Burnett, the Centre for Eye Research, the Florey Institute – there is just so much going on – the Olivia Newton-John medical research and cancer institute, Walter and Eliza Hall that we have spoken about, Murdoch, Hudson. It is quite remarkable what we have here in Victoria when it comes to medical research and the collaboration and the work that they are doing with our universities, and it really does also go a long way to our being the Education State.

Michael GALEA: Thank you. You also spoke in your presentation about the Cumming Global Centre for Pandemic Therapeutics. I note that is also in the measures listed in that document. Can you talk to me a little bit more about that centre and what that is going to achieve?

Ben CARROLL: Yes. Thanks, Mr Galea. It is a wonderful story, really, to think of the Canadian businessman that chooses Melbourne, Victoria, to make such a large philanthropic investment of hundreds of millions of dollars in medical research because he has identified the way Victoria does things here in medical research is second to none and he identifies in Canada that what is going on in Melbourne is world's best. So we have committed \$75 million over 10 years to establish the Cumming Global Centre for Pandemic Therapeutics. Our funding is supported by the generous \$250 million donation by philanthropist Geoffrey Cumming. It will be co-located with the Australian Institute for Infectious Disease. The government is providing up to \$400 million to establish the AIID in Parkville. This will be the largest centre of infectious diseases expertise in the Southern Hemisphere. It will focus on developing a platform of technologies, rapid design testing and scaling up new therapies. It is really important. The collaboration with the University of Melbourne, the Doherty Institute, the Burnet Institute – they are foundation partners that have been around for many years and literally are the world's expertise coming together. It will also support Victoria's wide alliance of infectious disease experts that are out there with a real shared direction and identity for new research opportunities. We are really proud of it and cannot wait to see the work getting underway very shortly.

Michael GALEA: Very good to see. The total output cost measure in the same 'Department Performance Statement', page 83 – what does that consist of?

Ben CARROLL: Certainly, Mr Galea. There is a 10-year strategy, the Health and Medical Research Strategy 2022–32. It is a 10-year vision to support our sector. Essentially there is recurrent funding of \$5 million to deliver the strategy. The total output cost also includes \$36 million for the operational infrastructure support program. As I previously mentioned, the operational infrastructure support program is a really important component of the medical research portfolio. It goes hand in hand with that 10-year vision. Initiatives underway include the Victorian Medical Research Acceleration Fund; the Premier's Awards for Health and Medical Research, which I had the opportunity with my two colleagues here of presenting just recently; and the clinical trials work we are doing. We also know research takes time. The Allan Labor government has provided over \$68 million across a few budgets to support our genomic capabilities in the genomics health alliance. We have got statewide genomics sequencing and capability. Our funding is really going a long way, led by also – I should not be remiss, I did not talk about the work that the Murdoch Children's Research Institute are doing through the GenV, one of the world's largest birth and parent cohort studies for discovery and intervention research initiatives. So we are doing some of the largest scale world-class medical research right here in Victoria.

Michael GALEA: Thank you again, Deputy Premier. The VMRAF, the Victorian Medical Research Acceleration Fund, which you mentioned – I think you also mentioned the Premier's award too. Could you talk to me a little bit more about those two?

Ben CARROLL: Yes, it is a really wonderful collaboration, Mr Galea. The Victorian Medical Research Acceleration Fund has invested more than \$20.4 million to advance our medical research sector. That has supported over 110 research projects. Some of the projects include Navi technologies, who have partnered with the Royal Women's Hospital to develop an advanced prototype of enabled devices to assist the placement of central and peripheral catheters in newborn babies. The Latrobe project has also been successful in procuring and securing Commonwealth funding. The University of Melbourne have received funding for treatment to restore vision to patients suffering from corneal disease. So they are game changers for people's health, real investments and really ensuring that the work we do – you identified the Premier's Awards for Health and Medical Research. They are a great way to recognise the excellence we have in this state, but more than that too, to also support them. The prize money is \$5000 for each winner over the five different categories and for the Premier's specific award, \$15,000. As I mentioned, I had the opportunity to present these awards. Can I put on record that, meeting the finalists and their families and the winners, it was really incredible for me to hear their contributions to health and medical research, to see how they have come through the Education State and to see how STEM learning has benefited them. And to think we have got a Nobel Prize winner at the moment who has got a background in STEM and medical research; that has been a game changer, particularly for young girls wanting to study STEM and go on to have a career in medical research. And what better place to do it than here either at Parkville or maybe it is out at La Trobe University in the northern suburbs with BioNTech or

maybe it is out at Monash with Moderna. When you think of Moderna, you think of BioNTech, they are basically Apple and Google for the biotechnology sector and – I think the Treasurer went to this – we have got two of them here right in Melbourne, world-class. Nowhere else in the world is doing what we are doing in this sector.

Michael GALEA: Thank you, Deputy Premier. Thank you, Chair.

The CHAIR: Thank you. We will now go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good morning. In your government announcing that you are not going to pursue the second injecting room in the Melbourne CBD your government announced a hydromorphone trial – 30 patients a year, not starting until 2026. For context, Sydney just completed a feasibility trial that involved 22 people – it is important to stress that was a feasibility trial, because we know that hydromorphone is an effective clinical treatment for a particular cohort of people who inject heroin. It is a treatment; it is not a trial. It was recommended by a parliamentary committee in 2018, again in John Ryan's review in 2023, so why haven't we seen the funding in this budget to roll out this life-saving clinical intervention?

Ben CARROLL: Thank you, Mr Puglielli. Essentially that is a question for the health minister. I am happy to –

Aiv PUGLIELLI: Not medical research?

Ben CARROLL: It will be a question for the health minister or the mental health minister, but I think it is the health minister.

Aiv PUGLIELLI: In noting that, is that an admission that it is not a trial, it is a treatment?

Ben CARROLL: No. Treatment and trials go together. That was a really important announcement by the mental health minister, and I congratulate her. I think of some of the great work that we are doing, particularly at the Burnet Institute, on some of those taboo-type topics, whether it is supporting women that are in prostitution with medical research and innovation or whether it is supporting some of our most vulnerable people addicted to drugs. That was a really important announcement, but maybe when those ministers are at the Public Accounts and Estimates Committee hearing it is probably better directed towards them.

Aiv PUGLIELLI: Thank you. It really should not be taboo, taking care of people, but moving on –

Ben CARROLL: They are the words that –

The CHAIR: Excuse me, Minister. Mr Puglielli, you will have plenty of time with the Minister for Health.

Aiv PUGLIELLI: Yes, thank you. With the time that I have left I would like to ask about the Australian Centre for Disease Control. My understanding is that the location for this has not yet been announced. Is your state government actively pursuing it to be located in Victoria?

Ben CARROLL: I might ask Connie, please.

Connie CRISAFI: Thank you. Yes, we have been working with a number of stakeholders in the medical research sector to put forward a proposition to help attract an infectious disease node for the CDC in Victoria. We work closely with our colleagues in the Department of Health that are represented on a working group that is progressing the work helping to inform the scope of the CDC as well as the operationalisation of the CDC. The former Minister for Medical Research has also made representations with the federal minister on this issue.

The CHAIR: Minister, department officials, thank you very much for taking the time to come and speak with the committee today.

The committee is going to follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee is going to take a very short break before beginning its consideration of the portfolio for the Assistant Treasurer.

I declare this hearing adjourned.

Witnesses withdrew.