

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2021–22 Budget Estimates

Melbourne—Tuesday, 29 June 2021

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O’Brien

Ms Pauline Richards

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Ms Nina Taylor

WITNESSES

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

Mr Simon Phemister, Secretary,

Ms Connie Crisafi, Executive Director, Innovation and Medical Research,

Ms Linda Cristine, Director of Medical Research, and

Mr Chris Dowling, Executive Director, Telecommunications and Digital Economy, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee, and welcome back, Minister Pulford—this time in your capacity as Minister for Innovation, Medical Research and the Digital Economy.

I invite you to make a 5-minute presentation, and this will be followed by questions from the committee.

Visual presentation.

Ms PULFORD: Okay. Thank you, Chair. So the pandemic has had a very significant effect on an already rapidly changing global economy. In the middle of last year the innovation, digital economy and medical research areas were brought together in a new portfolio. It was a very deliberate decision to put Victoria on the front foot in this rapidly changing economy and to successfully ride that wave. Medical research of course is at the forefront of all of our thinking all of the time at the moment. The social distancing imperative has accelerated an already rapid rate of adoption of technology in how we live, how we work, how we play, how we do just about anything you can think of. And the startup sector has very, very exciting potential for growth and has been evolving and maturing magnificently in recent years.

If I could take you to innovation first. The 2020-21 Budget included \$110 million to support the startup ecosystem, and the slide shows you a number of activities that LaunchVic have had underway. In addition, they have been preparing for the launch of the Victorian Startup Capital Fund, so that is the only fund of funds run by the state government in Australia. It will, for a \$60 million investment, leverage over \$180 million of additional private investment. There is the \$10 million Women's Angel Sidecar Fund, which we have named the Alice Anderson fund; a Victorian innovation and jobs fund; as well as \$40 million in funding for LaunchVic to continue the amazing job they do in supporting our startup community.

The digital economy—as you can see there, a very, very significant investment. But a few highlights from this will include more than a thousand new mobile base stations across the state to deal with blackspots; re-engaging with the NBN on the gigabit state program; consulting with communities to help inform priority locations for mobile network and business-grade broadband upgrades—we launched that just yesterday; having secured an additional \$37 million from partners Telstra, NBN and the commonwealth, and I look forward to the opportunity to do lots more of that—the digital skills and jobs program, which will assist 5000 mid-career people into digital careers, dealing with a really chronic workforce shortage. This program is barely launched, and it is already—well, in fact it is not just launched, but in the pre-engagement with industry and early stage registration I think it is going to go gangbusters. I am feeling very confident that we have hit the mark in terms of what industry needs there. And a market engagement strategy is underway for the digital hub in Cremorne.

If we could jump to medical research. As you will have all perhaps noticed, we have been making very significant investments in health and medical research. These on the slide are the initiatives funded in the budget. That is on top of \$268 million in the last budget. So a big boost for the Australian Institute for Infectious Disease project being led by Melbourne University; \$30 million in COVID research across both budgets, which includes lots and lots of different interesting things. The Doherty has got a new biobank for samples from people who have been vaccinated and the Murdoch Children's Research Institute is doing some really important work on the impact of COVID-19 on organs—all manner of really important research underway there. And GenV and the Living Evidence—a couple of really sensational programs; and an Aboriginal research accord, which we are embarking on as well.

I would just like to finish with a bit of an update for you on mRNA. I am really excited and proud to be leading our charge on this. Our vision, as you can see, is very much about sovereign capability for Victoria and indeed for Australia. Melbourne is the natural national lead for this. We are the most significant medical research community in the country by some measure. Our objectives here will be to develop, test and manufacture mRNA vaccines here to create the jobs that come with it, ultimately to develop commercial stage at-scale mRNA manufacturing capability. But the other thing that gets lost a bit in some of the media coverage about mRNA vaccines at the moment is that the underlying RNA and mRNA technology has extraordinary potential not just for vaccines for this pandemic but for future pandemics, other diseases and conditions, including rare and less rare cancers for bespoke patient-based therapeutics.

The CHAIR: Thank you, Minister. Ms Richards.

Ms RICHARDS: Thanks, Minister, thank you, officials, and thanks, Chair. I do have to start by acknowledging that while some of us were late to the party, the Member for Broadmeadows—

Ms PULFORD: Was not.

Ms RICHARDS: straight out always recognised this as not a niche area but something that was really transformative—sorry, with your indulgence. I would like to refer you to budget paper 3, pages 70 and 77. I am interested in perhaps having a deeper understanding of what the Generation Victoria project is and why it is important. I know you touched on that in your presentation, but if you could go a little bit deeper.

Ms PULFORD: Yes, sure. I would love to. Can I recommend to all of you the GenV social media channels at the moment, because they are at the recruiting cute babies stage—and it is just the best. This is a project that has been in the works for quite a number of years, and it is a whole-of-generation cohort study into the health and wellbeing of a group of kids. This is a project that will keep returning dividends to the Victorian community when these people are 80, 90 and 100 years old.

Earlier investment—in June 2017 the government provided \$2 million in seed funding, the May 2019 budget provided \$14 million to get the project ready for implementation and then this funding supports the recruiting of 150 000 babies and their parents. There is just a lot of excitement. The staff have been recruited; the babies and parents are being recruited. The lovely thing about this program and this research is it does not actually require anything much. Well, it certainly does not require anything more of the baby. The heel prick test that many of you will be familiar with, the cord tests—these things are sort of done independently, the information that is collected at maternal and child health visits—those things that already happen are going to be consolidated into this one system of information. It will give us an extraordinary picture and help guide researchers and governments tackling not exclusively but including things like childhood obesity—and indeed through adulthood—allergies, infections, social exclusion, poor mental health, learning and chronic health conditions like diabetes and autism spectrum disorder. So yes, GenV is very exciting. It is really nice to be at this stage now where the samples are being collected and they are all going into the massive biobank that is at the Murdoch in Parkville

Ms RICHARDS: I will go and do some recruiting in Cranbourne, I think.

Ms PULFORD: You should definitely.

Ms RICHARDS: Can you perhaps enlighten us a little bit more on what sort of information the project will collect?

Ms PULFORD: Yes. The project to date has included that information management system—the big biobank, a data repository—working with 65 hospitals across Victoria where babies are born to connect them to the program and then partnerships with universities, research institutes, fetal and obstetric networks and the like. There have been some early trials as well at Joan Kirner Women's and Children's in Sunshine. That is where the recruiting of babies stage of the project started just after the Christmas just gone. The type of data that will be created will enable the whole-of-life study that will support discoveries and treatment developments for child and adolescent health and ultimately as those people become adults and go through life. Its real value is in its scale. And really, it will not be every baby born over a two-year period, but it will be most of them. The expectation is that around 80 per cent of people will pretty happily consent to being part of the program.

The data and samples that already exist, that are already taken, will be more accessible for scientists. The infant hearing screening program will be connected. The data system that sits behind the biological samples will become that scaffold for discovery and intervention research. And yes, I think the benefits will be very significant. The GenV people talk about this being the healthiest generation of babies—the healthiest generation—which is lovely.

Ms RICHARDS: This is very exciting.

Ms PULFORD: It is exciting, yes.

Ms RICHARDS: I am just interested in finding out how many families will participate and how you are going to do the recruitment, or how they would.

Ms PULFORD: Yes. So there are people employed with the funding to go and have those conversations with people, and then there is information disseminated to doctors and obstetricians and midwives and everybody involved in the care journey through a pregnancy as well. But then once the baby is born people are approached and asked sensitively and appropriately if they would be happy for their baby to be part of this study. I think the minimum number of babies that we are expecting is 100 000, but their goal is much more like 150 000. It is a very light touch impact for the family, and I think most new parents would be pretty pleased to jump at the opportunity to support something that gives their baby the best chance at a really healthy and long life and also to have information available to them to support that.

Ms RICHARDS: Yes. Great. I would like to take a bit of a track change, Minister, just in the time we have got and refer you to budget paper 3, pages 70 and 77, and perhaps get an understanding of what the Living Evidence initiative is.

Ms PULFORD: Yes, sure. Living Evidence is another project that could be characterised as that really special intersection between data and systems and medical research. The Living Evidence consortium came together to develop high-priority, evidence-based clinical guidelines for a number of conditions that had the greatest disease burden for people in the Victorian community and indeed the Australian community. So they were stroke, kidney disease, heart disease, diabetes and musculoskeletal diseases. Now, like so many in our research community, this project was underway and then COVID arrived and efforts were redirected. Now, the Living Evidence project team are in parallel running a COVID response as well as returning their focus to a greater proportion to the original task. But with some additional funding that was part of our initial COVID response last year, the consortium was able to release living guidelines for COVID-19, which are the Australian guidelines for the clinical care of people with COVID-19. That was in April 2020. Now, this is—updated in real-time—information about how to care for people with COVID.

As the global medical communities' understanding of different interventions at different points in time has evolved, so too has the need to urgently share this information. So if you can imagine, and again a long way from my professional life experience, somebody undertaking deep research for many, many years having that research then published and then peer reviewed and then applied—this is years, years and years and years in the making—this is real-time observation of what treatment works best. So when the only available treatment for a condition is oxygen, what becomes very important is how much oxygen, when, what point, for which people, at which stages of acuity, at different ages and stages of disease and so on. And so it is a really, really amazing tool that was not designed for a COVID response but turned out to be very adaptable to a COVID response. You kind of imagine that concept in stroke, kidney disease, heart disease, diabetes and musculoskeletal diseases like arthritis and suddenly you have got this amazing picture. The thing about those Australian guidelines for care in real time is—I am looking at my piece of paper for the number of places in the world that are applying these guidelines, but I think it is north of 140 now.

Ms RICHARDS: Yes. Great. Okay. I think I might leave it there. Thank you so much, Minister. And thank you, Chair.

The CHAIR: Thank you, Ms Richards. Mr Newbury.

Mr NEWBURY: Thank you. Minister, has the department been involved in any investigatory work in relation to speeding up COVID testing?

The CHAIR: Mr Newbury, I would ask that you keep your questions to the estimates.

Mr NEWBURY: Well, that falls completely within budget paper 3, page 256.

The CHAIR: Thank you.

Mr NEWBURY: So as in is there any work either through the government or in partnership in that space?

Ms PULFORD: Yes. So our department—not other than assessing research grant applications and then executing funding agreements, but out of the \$30 million of COVID research there is certainly work underway in that program undertaken by organisations like the Doherty and the Burnet around rapid testing.

Mr NEWBURY: Is there anything, you know, in terms of updates—I am sure there is stuff that you cannot share, but is there anything that you can share in relation to that work?

Ms PULFORD: I think those organisations would be better placed to share with you their latest discovery, but if we are in a position to provide some further advice to the committee, we can.

Mr NEWBURY: On notice. That would be terrific.

Ms PULFORD: I mean, the organisations that are undertaking this research are providing updates, publishing their work, as they are going along.

Mr NEWBURY: I just ask because of the enormous community interest and with the benefits—

Ms PULFORD: Oh, yes, I know. It is phenomenal.

Mr NEWBURY: So if there was an opportunity to update, I think that would be to the benefit.

Ms PULFORD: Sure, yes.

Mr NEWBURY: Can I take you then to the same budget paper reference but to the LaunchVic line item. I saw on the slides mention of 91 start-up companies supported over the last six months, from memory.

Ms PULFORD: Yes.

Mr NEWBURY: Does the department measure mid- or long-term success of companies supported?

Ms PULFORD: So LaunchVic certainly do, and what we have had over recent years since LaunchVic was established is a greater depth emerging in our start-up community, and so the proportion of companies at a certain size has continued to grow. So the number of start-ups is greater and the number of scale-ups is greater as well. So yes, LaunchVic, they track all of that. So I think your question probably was going to—

Mr NEWBURY: I guess all I am saying is—

Ms PULFORD: I am sure your question was going to sort of whole-of-government reporting on these things, and there are obviously very, very detailed records kept of business growth grants, but in terms of the LaunchVic program, yes, absolutely.

Mr NEWBURY: And you might want to take it on notice—I guess all I am saying genuinely is, you know, the slideshow had 91—if there was some background in terms of over a period of time, whether it be a few years, there being some understanding on how that funding is in the long term, and if there is anything you want to add to it now—

Ms PULFORD: Yes. That would certainly be accounted for in the LaunchVic annual report. And so 91 companies supported—the other numbers that I sort of flashed up there in that super-fast presentation: more than 1500 entrepreneurs supported. One of the things that has happened through the course of the last, you know, 15 or so months is there has been a quite significant increase in the number of people wanting to start a new business, and in the next hearing we will get to talk about the ones that, you know, have struggled and are facing particular challenges. But there have been a lot of the people connect to the start-up community, perhaps because their normal work has been disrupted, perhaps because their income and earning have been disrupted

or perhaps because, I think, you know, so many people in the community have had cause to reflect on all manner of things. And so LaunchVic but also Startup Vic, which is the industry organisation, not a government organisation, have had huge numbers of people wanting to participate in some of those early information sessions and forums, connect to finance and connect to mentoring and support programs as well.

Mr NEWBURY: Thank you. Similar reference, the Digital Future Now program. I note that there was \$96.3 million allocated to be expended by 30 June this year. Perhaps it is a departmental question: how much of that has been expended? Have any of the funds been carried over? What has been spent?

Ms PULFORD: Sorry, the question was around this financial year, that is ending this week.

Mr NEWBURY: I was going to ask the second question in a second. Basically what I am saying is: what will have happened by 30 June and then what is happening in the future?

Ms PULFORD: Yes. We will finish at the end of this financial year—tomorrow—very much on the mark.

Mr NEWBURY: Okay. Is there any background you can give to how those funds have been spent?

Ms PULFORD: Yes. Look, we are in confidential commercial negotiations with third-party telecommunications organisations, so there is probably a limit to what I can say today, but I think we will be in a position for those things to be public in the next couple of months.

Mr NEWBURY: Is there anything that you can add in terms of next year?

Ms PULFORD: Yes. So the other thing that has happened in addition to the expenditure of that initial investment for this financial year that is just coming to a conclusion is a huge gearing up for the acquittal of that expenditure. As is the case in the employment portfolio, what has been my experience as a consequence of being in these portfolios at this particular unique period of time is we have some programs that are scaling up dramatically. So, as was the case with our employment programs, depending on how you look at it, it is not unreasonable to say that this digital infrastructure program is experiencing a sixfold increase. So there has been a program, a commonwealth government program, that Victoria has participated in over quite a number of years where we co-invest and with telcos leverage our investment, so we will continue to do that and we are very keen to continue to do that. It is up to the commonwealth. I see they have a new minister for digital regional telecommunications just this week, but we hope that they will continue that. We are planning on continuing to be involved in that. But yes, we will be scaling up on a whole new level and we are ready to do that, so I am confident that we will be able to acquit that next year as well as this year.

The CHAIR: Thank you. Mr Limbrick

Mr LIMBRICK: Thank you, Chair. And thank you, Minister and team, again. I would like to ask a couple of questions about the Alice Anderson Fund that you mentioned earlier. My understanding is that 85 per cent of the government's investment will be taken as equity and that the investments will be chosen by a selected investment committee. My understanding of how the committee does the selection is that they are only choosing which investor, they are not actually assessing the commercial viability of the project. Who takes responsibility if these investments turn out to be duds and the taxpayer does not get any return on investment?

Ms PULFORD: Yes. So this represents quite a shift in approach for the Victorian government and again is perhaps a circumstance of the times, but governments—the Victorian bureaucracy and successive Victorian governments—have taken a very conservative approach to supporting business development, and so for four years in the regional development portfolio I ran a program that was entirely about grants to businesses. Now, when you are paying grants to businesses there is no return on investment other than the benefit that you are providing the grant to have delivered, but in terms of continued return to the fund, it does not and did not work like that, and that is typically how we have done things.

What has happened with these last couple of budgets is that we are in a position and we have an opportunity to do things differently and to try new things. These all have very rigorous processes around them, but rather than ministers signing off on grants recommended through a complex matrix of departmental assessment, what the Alice Anderson Fund and also the startup capital fund are about are deepening the investment environment that our startups operate in. So we will have significant funding leveraged. The Alice Anderson Fund will leverage

an additional \$30 million for private capital using a sidecar investment model, so we will take \$10 million and we will turn it into \$40 million. Will all of those startups be phenomenal global successes? Almost certainly not, but we are very conscious of that in setting it up. Should one of them or two of them be, then that would be a marvellous thing, but the objective, much more than picking winners, is about enriching the ecosystem.

Mr LIMBRICK: Okay. Thank you. But it still does not really answer the question as to who is ultimately taking responsibility for whether the investment is successful or not. Because it is using, I think you said, \$10 million of taxpayers money initially, taxpayers, if they are getting, potentially, equity in these companies, want to know that they are getting some sort of return on investment. It seems that the committee is not making that assessment on the commercial viability, so who ultimately takes responsibility if these investments turn out to be bad?

Ms PULFORD: So the final arrangements for the operation of the fund will be settled shortly, in the next month or so. Sorry, bear with us a sec.

Ms CRISAFI: So the investment strategy that underpins the Alice Anderson Fund will articulate the key criteria that will need to be satisfied and try to minimise, obviously, the risk to public funds that will be invested. One of the key issues to be considered is the fact that there will be an experienced investment committee, and it will be a minority share that we take in any of the companies that Alice Anderson invests in.

Mr LIMBRICK: Thank you. And, conversely, what happens if the fund, if the equity, turns out to be worthwhile? Will that money be recycled or will it be returned to taxpayers?

Ms CRISAFI: The expectation is the money comes back to government.

Mr LIMBRICK: Right. Okay. Thank you.

Ms PULFORD: Yes. I thank Ms Crisafi for doing a better job of describing that than I could. But, yes, it is a funding vehicle as distinct from a grant. Thanks.

Mr LIMBRICK: Okay.

The CHAIR: Thank you, Minister. And that concludes the time we have set aside for the consideration of this portfolio with you today. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

The committee will now take a short break before resuming consideration with you of the small business portfolio.

Witnesses withdrew.