

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Tuesday, 17 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

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

Mr Simon Phemister, Secretary, and

Mr David Latina, Deputy Secretary, Jobs, Innovation and Business Engagement, Department of Jobs, Precincts 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.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 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, comments repeated outside this hearing may not be protected by this privilege.

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.

We again welcome Minister Pulford, this time for the innovation, medical research and digital economy portfolio, and officers of your department. I invite you to make a brief presentation, to be followed by questions. Thank you.

Visual presentation.

Ms PULFORD: Cheers. Thank you very much. This portfolio is really important for Victoria's economic recovery but also for protecting the health and wellbeing of people not just here but around the world. I want to start by focusing on one part of three parts that make up this portfolio, medical research. Our medical research community could not be held in higher standing around the world. It is undeniably in the top three by any measure or analysis. Our scientists and the scientific capability that they have is world renowned, and I think all Victorians can be unbelievably proud of what they do, what they are doing and what they will do next.

Victorian scientists are developing locally made COVID vaccines, including an mRNA vaccine—the first made outside of Europe or North America—made at IDT in Boronia. That is now in phase 1 clinical trials. It is an extraordinary achievement, a testament to all of those who have been involved in its development. Throughout the pandemic we have supported our research community to bring some hope and some certainty to a world that has needed both. We have provided \$35 million in COVID research fund grants and supported all sorts of different projects, including, significantly, the COVID-19 vaccination biobank.

Victoria will soon be one of the few places in the world that is home to a Moderna mRNA research and manufacturing centre. The Australian Institute for Infectious Disease in Parkville will ensure that we have the research and resources to respond to new and emerging infectious diseases and also help us to be better equipped to respond to those that have eluded cure or effective treatment for a very long time. This has the wonderful benefit of ensuring a healthier and safer community but also creating very-high quality jobs and successful companies that have products to offer not just to a local market but to the world.

Turning to the other parts of the portfolio, the pandemic has I think shown us all now that digital connectivity is absolutely critical. It has also shown us that access to connectivity is not equal across the community—and perhaps our regional members have known this for a very long time—and what we have seen is that the way that digital exclusion occurs is also a whole lot more than a geographical lack of access to infrastructure. There are a whole lot of other elements to that: rural and regional Victorians, of course; newer suburbs, where digital

connectivity can be pretty ordinary; and disadvantaged communities with poor or no connectivity. And what that means these days is that is a barrier to work, a barrier to health care, a barrier to education and a barrier to a whole lot of services.

Of course we would like to be in a world where the federal government had rolled out an NBN that was fit for Australia's needs. Maybe we will get there one day yet, but while we wait for that our government has stepped in and invested \$550 million to fast-track better mobile coverage and broadband, \$250 million of which is for high-speed broadband upgrades, and \$300 million is to improve the consistency of mobile coverage and remove blackspots. We have a huge community engagement program to go with this investment to make sure that this resource is being deployed where it is needed.

We have a delightful digital jobs program that has been embraced by mid-career workers—14 000 applications for the first 2000 places by all sorts of organisations taking on mid-career digital industry new entrants, and it has been lovely to see and hear some of the stories of those who have participated. A former musician, a former Paralympian and a truck driver now have exciting careers in our fast-growing digital economy.

LaunchVic has announced the appointment of V-Ignite as the independent Victorian Startup Capital Fund manager, and the Alice Anderson Fund, which I told you all about last year, has now invested in close to 10 female-led startups, invested over \$1 million and attracted \$2.3 million from the private sector. There are all sorts of other things going on, but I think I am out of time.

The CHAIR: Thank you, Minister. Mrs McArthur.

Mrs McARTHUR: Thank you, Minister. Minister, budget paper 3, page 315, refers to companies being supported by the Breakthrough Victoria Fund and notes that Breakthrough Victoria has now been fully established. So, Minister, is Mr Brumby, the chair of the Breakthrough Victoria Fund, receiving any remuneration?

Ms PULFORD: I am uncertain of that. Breakthrough Victoria sits within the Premier's portfolio responsibilities, though obviously the areas in which they are investing are sectors with which I work closely. I cannot recall the arrangements for remuneration for the chair and board of Breakthrough Victoria, but we are blessed to have incredible depth of skill and knowledge supporting the investments there. But I suggest questions on Breakthrough Victoria you might want to point in the Premier's direction.

Mrs McARTHUR: Well, you issued a media release, Minister, on 23 November, about Breakthrough Victoria providing funding for biotech startups in your portfolio. So are you not able to answer questions about it?

Ms PULFORD: I could answer questions about that project, but I would have to take on notice questions around remuneration for the board.

Mrs McARTHUR: Well, does the Secretary know, given that Breakthrough Victoria is 100 per cent owned by the Victorian government? Do you know if Mr Brumby is being paid?

Mr PHEMISTER: Mrs McArthur, we do not make the appointments to the board. We access the Breakthrough Victoria Fund and we put submissions to the board through their executive, but we do not appoint the board or have that governance relationship with them.

Mrs McARTHUR: Okay. Well, how was the selection process undertaken?

Mr PHEMISTER: Again, Mrs McArthur, it was not run by myself and my department, so I am sorry, I could not tell you. I can defer it to Secretary Moule, who would be able to.

Mrs McARTHUR: Can you provide a full breakdown—on notice, that is fine—of organisations and grant amounts paid out so far from the Breakthrough Victoria Fund?

The CHAIR: Mrs McArthur, I think it has been made very clear that that does not fall within the portfolio that we are here to discuss right now. Questions should have been directed perhaps to the Premier and his department when he was here previously.

Mrs McARTHUR: Yes. Oh well, sorry. We just assumed with Ms Pulford making releases that she might be interested—

The CHAIR: I think it has been made clear that this department has applied for grants but the service is actually administered by DPC.

Ms PULFORD: Yes. There are a number of sectors that Breakthrough Victoria has a particular interest in, and of the half a dozen or so of those, a number of those are in really strong alignment with my portfolio responsibilities. But in terms of those decisions of the board and the minister with responsibility, it is not us. We certainly have a bit to do with them in terms of making sure that they are connected up with our industry folks, and when we see a delightful idea we think might be of interest to them we certainly point them in that direction. Perhaps that helps you understand the role we have relative to the role that the Premier has as the responsible minister for Breakthrough.

Mrs McARTHUR: All right. Well, let us go to page 72 of budget paper 3, which refers to ‘Lumos Diagnostics-Planet Innovation—rapid diagnostics manufacturing facility’. But for the entire forward estimates the budget paper does not list a single cent of funding against this line item—just a blank space, apparently. Can you confirm there is actually no funding for this project in the budget?

Ms PULFORD: I refer you to the footnote. Those arrangements are outlined in the budget paper. They are commercial in confidence. In terms of the elements of that which are public, the Premier and I did make an announcement around some work that we have undertaken with Planet Innovation and with Lumos Diagnostics to establish capability for manufacturing rapid antigen tests here in Victoria. They are a local company, very successful, operating internationally, exporting, and this was capability that we identified that the Victorian community had a strong interest in being developed here. So we are very proud to have worked with them to assist them to bring that know-how and capability to our desire to have sovereign manufacturing capability for rapid antigen tests.

Mrs McARTHUR: Well, as it says on page 78, this facility will be producing rapid antigen tests from October this year. That is only five months away. So, Minister, how much of Victorian taxpayers’ money is going into the project?

Ms PULFORD: Well, as the footnote says, those matters are commercial in confidence.

Mrs McARTHUR: Don’t the taxpayers have a right to know how much of their tax dollars are being spent on this project?

Ms PULFORD: Well, the taxpayers also have a right to know that in negotiations between government departments and agencies with companies the best possible value is being extracted in those negotiations, and it is a longstanding—

A member interjected.

Ms PULFORD: You cannot be remotely surprised. This is a longstanding arrangement through the life of this government that when we enter into these grant agreements with companies to support their development of new products and new initiatives, there is a process that sits around that where officials assess the suitability of grant support. Those matters are, with rare exception, commercial in confidence, and the budget papers indicate that.

Mrs McARTHUR: Yes. I mean, we are here to scrutinise government expenditure. Taxpayers surely have got a right to know where their money is being spent.

The CHAIR: Thank you, Mrs McArthur. Your time has expired. Mr Richardson.

Mr RICHARDSON: Here we go. Thanks, Chair. I want to take you, Minister, to the Connecting Victoria program. Can I take you to budget paper 3, pages 253 and 254. Minister, are you able to provide an update on how the implementation of the Connecting Victoria initiative is progressing?

Ms PULFORD: Yes. This is a really significant investment that the government has made. It was part of our stimulus budget, and for a long time Victorian governments—us, the previous government and the previous

Labor government before them, if I recall correctly—have been investing in partnership with telecommunications providers and the federal government in a program that has run for many years around mobile blackspots. This takes that concept to a whole new level in terms of its scale. Again it is a program that has an expenditure profile, like many things from that November 2020 budget that were about economic stimulus and investing in things that would provide a long-term benefit to the community but also create a whole lot of economic activity in the short term.

This program is going fast. We already had a really good understanding of digital connectivity deficiencies through regional Victoria because of the work that had been done in the regional development portfolio together with the innovation portfolio over many years. We had less of a sense of that in Melbourne when we commenced delivery of this project, but we have worked with telecommunication providers and NBN Co to develop a far deeper understanding of where the gaps are as well as that really big community engagement which also told us where the gaps were. Whilst you might expect that in a rural area away from any population centre behind a hill—I personally do not think it is good enough, but you would not be terribly surprised to have bad telecommunications. In a brand new, fast-growing outer suburb you would kind of think it would be there in this day and age, but evidently these are some of the communities that have the biggest gaps. Anyway, while we wait for the federal government to roll out the telecommunications infrastructure the country actually needs and deserves, we are enhancing our digital economy and all that comes from that—so better broadband speeds for businesses and for households and a whole bunch of mobile blackspots.

It is our intention to have all of the locations finalised in the next couple of months, and we are tracking well to do that. We have entered into an important partnership in the earlier part of the program with NBN Co, where they are extending fibre. I had the opportunity of joining some of the people from NBN Co and Frank McGuire in Broadmeadows to watch some cable roll out at the first of the sites in that first tranche, so that was very exciting. But we are on track to deliver broadband upgrades to 120 locations and 1000 mobile base stations. So instead of the old program, where you would have continual investment at a much more modest scale, wait for the feds to run their program, we would invest, there would be a process with the telcos, typically Telstra, and then the emergency management commissioner would also have a whole lot of input into where the blackspots were most needing to be dealt with from an emergency services point of view—that process, where I guess the role of this portfolio was relatively passive compared to what we have been doing with the program now—this is multiple times over more aggressive and more ambitious. So for us, yes, this is a federal government responsibility—we know and accept that—but I think there is a really important opportunity from an economic development and a community development point of view for Victoria to be doing this better and faster and harder.

Mr RICHARDSON: Thanks for that overview, Minister, and that answer. I am wondering if we could jump into a bit more how those locations were selected for upgrades. How was the community brought along on that journey and process?

Ms PULFORD: Yes. I touched on it in the presentation. We undertook this extensive engagement process, which happens a lot. There is a lot of this happening in the rollout of different programs—the engage.vic website and the way that that rolls out. We had 11 000 contributions to the interactive map and survey on Engage Victoria, and there were a whole lot of roundtable sessions, with hundreds of people attending those. So we have sought to promote these. We were really keen for people to have their say. There were 30 or so sessions, with councils and community representatives that interacted with round tables in local areas. There is a public report of all of this on the Engage Victoria website that outlines some of those key themes and feedback. We have also used some of this information to have input into the national telecommunications review that they do every year or so as well. Where we are now, compared to two years ago, is we have a wholly more sophisticated idea of where the gaps are and what we can do about them. So we are using this significant stimulus funding injection to really drive good outcomes for communities and indeed for businesses with business-grade fibre upgrades in a whole lot of places.

Mr RICHARDSON: So getting into those broadband locations, are you able to outline for the committee's benefit what areas are already slated to receive broadband upgrades and outline the time lines for when these upgrades are likely to commence?

Ms PULFORD: So as I said, they have commenced, which is fabulous. The partnership with NBN Co will deliver that faster but also more reliable internet to Victorians in 66 locations. It will touch 34 000 residences

and around 17 500 businesses. It is a bit over 1000 kilometres of fibre, and so that is the first \$73 million from the program, that partnership that was struck with NBN Co. And we have worked really closely with them but with other telco industry providers throughout, and I take the opportunity to express our gratitude to all of them for participating so enthusiastically in this with us—really, really important delivery partners.

So in Roxburgh Park in the Broadmeadows electorate, that suburb will have upgrades to 2430 premises and 354 businesses. There will be upgrades in Craigieburn, Doreen and Mernda. There will be fibre laid in Mornington, Mount Martha, Beaconsfield, Officer, Balnarring, Balnarring Beach, Merricks Beach, Pakenham South and Somerville—across those areas: 4200 premises, 710 businesses. In those growth areas of Craigieburn, Doreen and Mernda: 3000 residential premises, 320 businesses. There is a huge amount of activity in the Geelong area as well, something I have had the opportunity to discuss with the local Member for South Barwon there, Darren Cheeseman, who was very active in the community engagement part of our research stage of this. Locations in and around Belmont, Corio, Geelong, East Geelong, Grovedale, Marshall, Highton, North Geelong, Geelong West, Drumcondra, Rippleside and Ocean Grove will all be receiving NBN fibre-to-the-premises upgrades. So it is quite significant. It is going to touch a lot of households, and that is great.

Mr RICHARDSON: I just want to take you, finally, to the topic of business connectivity. Minister, you mentioned the program is also aimed at improving that connectivity for businesses; it is something that you covered off in your presentation as well. I am wondering if you could give more details about how Victorian businesses can benefit from this program.

Ms PULFORD: Businesses and households that are in the footprint will be contacted so that they know how they can connect. But I just had a flashback, I have got to say, to being at AME Systems in Ararat years ago when we were building the regional digital connectivity program—you know, 2015-ish—and to just how limiting for that really incredibly successful, rapidly growing business poor connectivity was. There was another business in Horsham, Horsham Colour, that do amazing photographic printing, export all around the world and have products all through the Australian market—school photos—a really amazing company. They were three blocks from the main street in Horsham, and they had to move because they did not have a decent connection. So I think about those businesses when we design this program, and there have been a whole lot of examples—much more contemporary examples—but in this day and age you just have to have a decent connection. So we are fast-tracking Victoria to that end. And may the last week of the federal election campaign be a big argument about who is going to do NBN better and who is going to do telecommunications better.

Mr RICHARDSON: Fantastic. Thank you.

The CHAIR: Thank you. Mr Hibbins.

Mr HIBBINS: Thanks, Chair. Can I ask about the Australian Institute for Infectious Disease?

Ms PULFORD: Yes, please.

Mr HIBBINS: My understanding is that originally there was a plan for the commonwealth government to actually chip in some money for that facility. Is that still on the cards?

Ms PULFORD: That is a good question. The Doherty, the Burnet and the University of Melbourne are the three lead proponents, and then there are a number of other organisations, WEHI, the Murdoch, Royal Melbourne—I hope I have not left anyone out. They are the team that have come together to create the Australian Institute for Infectious Disease. At the time, and you would remember, between our first budget investment in this and the second budget investment in this we did seek a contribution from the commonwealth government to what will be in the order of a \$650 million construction. The federal government were not dismissive. I mean, they quite like the idea of Australia having this capability, but they said to us it was not a priority for them at the time to invest in the infrastructure, but they did of course express an interest in being involved at some point in the future to maybe kind of keep the door open. So that is where we got to with the federal government. We wanted to get on and build and so we provided the additional funding, and the invitation remains for a federal government of any persuasion next week to give us a call and be involved in this.

Mr HIBBINS: Okay. Now, there was a lot of support, I think including particularly from the AMA, for the establishment of a centre for disease control. Are there any discussions around that and could the centre we were just discussing become part of the national HQ?

Ms PULFORD: Yes. I am no expert on the CDC or the CDC model, but this has been described to me as sort of a next-generation evolution on that idea. It brings together all the capability that an organisation like the CDC has plus some more. So it is pandemic preparedness and response and existing and new and emerging infectious diseases. It is not a hospital so much as it is a centre of research. It will have the highest level containment facilities. It will have the facilities to do trials and vaccine development. We have had an extraordinary capability mobilised across these institutions and organisations in and around Parkville but also in our other biomedical precinct at Clayton, but in talking to government the proponents said that what had become clear was that what we have learned in the last year—back then it was in the last year, now it is two years—is that there have been some gaps in how the world has been able to respond and this is an opportunity for us to fill out these gaps. So this will be, I would hazard—and I am not trying to be cute about it—I think better than the CDC. It will have all of those elements plus more. But of course, yes, we see it playing a role for the nation and indeed for the Asia-Pacific region.

Mr HIBBINS: Okay. Thank you. In budget paper 3, page 256, it refers to projects supported through building and scaling up mRNA manufacturing capability in Victoria. I assume that is a joint venture between the government and Moderna; is that correct?

Ms PULFORD: There are actually a number of projects. Can I just give a shout-out to our team at mRNA Victoria, a small group of incredibly dynamic and committed public servants who operate at every time zone that there is around the clock. They have done some extraordinary work, Moderna perhaps most notable among their achievements. But a number of different companies and organisations are now setting up their regional, their Australian or indeed their global headquarters here. We have two parts of our mRNA journey. One is the ability to manufacture mRNA vaccines and other mRNA products in Victoria, and again that is a question of sovereign capability. But then we want to build out an entire mRNA ecosystem, because this is a platform that will be used for all manner of diseases and conditions. It is a platform technology that can have a whole bunch of different applications. You have got me started on this—you might never get out of this room. Sorry.

Mr HIBBINS: Thanks, Minister.

The CHAIR: Thank you, Minister. Thank you, Mr Hibbins. That concludes the time we have available for consideration of this portfolio with you this evening. Thank you for appearing before the committee. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a short break before moving to consideration of the community sport portfolio with the Minister for Community Sport. Thank you for your time.

Witnesses withdrew.