

Division 14: Jobs, Tourism, Science and Innovation — Services 1 to 7, Innovation and the Digital Economy, \$427 005 000 —

Mr S.J. Price, Chair.

Ms H.M. Beazley, Parliamentary Secretary representing the Minister for Innovation and the Digital Economy.

Mrs R. Brown, Director General.

Ms L. Dawson, Deputy Director General.

Mr A. Dolling, Executive Director, Science and Innovation.

Mr J. O'Hare, Executive Director, Industry Development.

Mr R. Sansalone, Chief Finance Officer.

Mr O. Pincott, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof will be available online as soon as possible within two days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Do we have any questions? Member for Vasse.

Ms L. METTAM: I refer to page 194 and growing innovation and the digital economy. Where are the four innovation hubs located, and how much has been allocated to each of the hubs?

Ms H.M. BEAZLEY: Since 2017, the new industries fund has co-funded three innovation hubs that look to help develop emerging industries, such as data science and artificial intelligence, life science and cybersecurity. Each hub is governed by a unit with a university partner. Curtin University is the partner in the data science case; the University of Western Australia, in life sciences; and Edith Cowan University, for cyber. In 2022, a fourth hub was announced, the WA creative tech innovation hub, which is now known as creative tech village, and that will be located in Bunbury. The life sciences hub is now funded by the Department of Health. Each hub is governed through a detailed financial assistance agreement, an advisory board of independent experts and a steering committee made up of the major partners.

The hubs are not spaces in themselves but are more about developing the emerging industry in question. They do this by organising major conferences and regular events, providing assistance and mentoring to individual startups, writing grants, and providing connections to potential investors and advisers. Each hub works to a specific work development plan and reports back on its key performance indicators. Each hub has \$1.2 million over four years.

For each location other than Bunbury, I will divert that question to the director general. They are all Perth-based hubs.

Ms L. METTAM: Where is the hub in Bunbury?

Ms H.M. BEAZLEY: It is to be located in Bunbury. I will divert that to the director general to see whether an exact location has been found.

Mrs R. Brown: It is located at the ECU campus.

Mr P.J. RUNDLE: I refer to page 193 and paragraph 10.1, which relates to building skills in science, technology, engineering and maths, or STEM. Has the STEM strategy been fully implemented?

Ms H.M. BEAZLEY: That is under the remit of the Minister for Science.

Mr P.J. RUNDLE: Is it in the wrong section?

Ms H.M. BEAZLEY: Sadly, yes.

Ms L. METTAM: I refer to page 195 and the “Service Summary” table. The funding for science and innovation falls from \$49 million in 2022–23 to \$38 million in 2026–27. Can the parliamentary secretary advise why this funding is falling?

Ms H.M. BEAZLEY: Can the member let me know again the line item that she is referring to? I missed it. Was it line item 4, “Science and Innovation”?

Ms L. METTAM: Yes, science and innovation.

Ms H.M. BEAZLEY: I will divert the question to the director general, who may divert it again, but in the first instance, I will divert it to the director general.

[5.30 pm]

Mrs R. Brown: The decrease in funding is the phasing out of programs under the new industries fund. It is a four-year funded program.

Ms L. METTAM: What programs or projects will be impacted as a result or are reflected in this change?

Ms H.M. BEAZLEY: The length of time for what the NIF has been funding has been taken into consideration. For further information, I divert to the director general.

Mrs R. Brown: Many of the programs that run throughout the forward estimates are time-limited grant programs; they are not continuing. In a sense, no projects of a longer time frame are impacted. They are very short, sharp grants to various projects or initiatives. A small number continue from the past couple of years, including funding for various hubs. But the decline in funding is really where those grant programs are delivered through that period, so there is no impact.

Ms L. METTAM: I refer to page 190 of the *Budget statements* and significant issues impacting the agency. Paragraph 2 refers to tight labour market conditions. To what extent is WA suffering a shortage of key personnel within the digital and innovation economy, and how is that being presented? What impact is that having?

Ms H.M. BEAZLEY: I divert that to the director general.

Mrs R. Brown: The budget paper is referring more generally to the tight labour market conditions. With regard to the digital industry, a core aspect of the digital economy strategy is about building into the future a more viable, robust and innovative digital economy industry here in Western Australia. It does not get to the specifics of current labour market shortages, but it is very much about acknowledging the strength of Western Australia and how that is leveraged. Through the parliamentary secretary, I will defer to Linda Dawson.

Ms L. Dawson: We also have a digital economy industry forum that the minister attends; that occurs on a quarterly basis and has industry representation. All the innovation hubs attend, as does the Office of Digital Government. We talk about a number of issues at that forum, but it is more about skilling. The concern that has been raised is more about how we upskill and how we prepare industry for top-up as it automates and adds digital programs into its capabilities. Pathways to procurement is another topic, and certainly digital connectivity. A discussion around a shortage of skills has not occurred since I have been involved in that forum. Certainly conversations around digital inclusion occur. We are keen to continue to work with the universities and the TAFE sector on micro-credentials for top-up skills.

Ms L. METTAM: I refer to page 192 and paragraph 7.1. The member for Roe was going to ask this.

Mr P.J. RUNDLE: Yes, I will flow on from that given my education portfolio. What digital initiatives have been undertaken to assist the international education sector by developing and implementing initiatives to attract, retain and grow the pipeline of students from key international markets?

Ms H.M. BEAZLEY: That is a question for the Minister for International Education.

Mr P.J. RUNDLE: There you go—that is why she gave it to me!

Ms L. METTAM: I refer to page 192, paragraph 7.5 of significant issues that relates to the key aspects of the *Health and medical life sciences industry strategy*. Can I ask about that?

Ms H.M. BEAZLEY: That is a question for Minister Cook as it is industry and strategy.

Ms L. METTAM: How about the new industries fund?

Ms H.M. BEAZLEY: Yes.

Ms L. METTAM: Great. Hold on to your seats! Page 194 refers to the \$9.1 million expansion of the new industries fund. How will that funding be used to drive innovation?

Ms H.M. BEAZLEY: The Western Australian government has committed, as the member indicated, an additional \$9.1 million to boost the new industries fund across the next two financial years, 2023–24 and 2024–25. Every dollar invested by the government through the NIF generates a gross value-add of between \$1.30 and \$5.20. The additional funding is to support innovators realise their potential, help diversify the economy and create jobs. To that effect, there is \$500 000 to support the pre-eminent tech festival in Western Australia, West Tech Fest, over two years, as its funding ended in 2023; \$2 million for female and Indigenous founders, boosting their support through existing grant programs and the innovation booster grant and the Extend WA grant; \$2 million for regional entrepreneur support to boost regional innovators through existing grant programs as specific regional sponsorships; \$2.2 million for commercialisation bridge grants, a new grant program based on the successful innovation booster grant, but with a higher quantum of up to \$150 000 a grant; \$2.4 million for the Plus Eight Accelerator and Perth Landing Pad

that are both run by external parties and can double the number and impact of startups going through the accelerator and increase the number of regional tech companies attracted to Perth through the landing zone; and \$500 000 for the digital economy strategy that can then be developed by the team during the next financial year.

Ms L. METTAM: What is the decision-making process for allocating funds under the new industries fund?

Ms H.M. BEAZLEY: I will revert to the director general.

Mrs R. Brown: Consistent with all our grant processes, we issue EOIs. We have open rounds and some time-limited rounds. They go through a rigorous internal assessment through the department. There is an independent assessment panel and it makes recommendations for the awarding of grants.

Ms L. METTAM: How much of the \$9.1 million was allocated to female and Indigenous founders?

Ms H.M. BEAZLEY: It was an amount of \$2 million.

Ms L. METTAM: How much was the original new industries fund and how was it allocated?

Ms H.M. BEAZLEY: Is the member asking how much was allocated when it was first launched?

Ms L. METTAM: Yes.

[5.40 pm]

Ms H.M. BEAZLEY: Initially, \$16.7 million was allocated over four years.

Ms L. METTAM: It was originally a \$16 million fund over four years. When did that program start?

Ms H.M. BEAZLEY: It started in 2017.

Ms L. METTAM: I refer to “Growing Innovation and the Digital Economy”, particularly the reference to early stage venture funds on page 194 of budget paper No 2.

Ms H.M. BEAZLEY: This relates to our government’s Western Australian venture support pilot program. As we know, a vibrant innovation ecosystem requires a flourishing early stage investor sector. Angel investors and high-net-worth individuals usually provide funding to early stage innovation-driven businesses. Banks do not tend to consider such investments. In their first few years, there may not be sufficient customer revenue to fund growth, so this is where early stage venture capital is required—to boost those with most potential. Although Australia has 113 early stage venture capital limited partnership funds, none was established in Western Australia prior to 2023. The Department of Jobs, Tourism, Science and Innovation opened its WA venture support pilot program in 2022, funded from the new industries fund.

WAVES has offered to provide \$100 000 for three years for up to three new early stage venture funds that would either set up in WA or put an employee on the ground in WA for the first time. After a competitive process, three newly established WA-based early stage venture funds were chosen for the funding—Purpose Ventures, FundWA and Quokka Capital. In early 2023, Purpose Ventures closed its first fund, raising \$37 million from WA investors. This fund is already screening WA-based deals and proposes to spend the majority of its fund in WA-based startups and early stage innovators. Purpose Ventures became the first early stage venture capital limited partnership to be established in WA. In April 2023, Quokka Capital became the second in WA, having been awarded provisional status. It is now raising its first fund and, like Purpose Ventures, will look to invest the majority of its funds in WA-based businesses. Meanwhile, FundWA has established itself as a managed investment scheme, aiming to raise \$50 million. Once these three funds are up and running, they aim to deploy the majority of their collective \$100 million of funds to invest in Western Australian startups. As members can see, the McGowan government is intent on driving venture capital investment to ensure a valuable, viable and sustainable local innovation sector well into the future.

The appropriation was recommended.