

**Division 14: Jobs, Tourism, Science and Innovation — Service 4, Innovation, \$43 291 000 —**

Mr S.J. Price, Chair.

Mr D.T. Punch, Minister for Innovation and ICT.

Ms R. Brown, Director General.

Ms L. Dawson, Deputy Director General, Industry, Science and Innovation.

Ms D. Cousins, Executive Director, Science and Innovation.

Mr R. Sansalone, Chief Financial Officer.

Mr T. Palmer, Chief of Staff, Minister for Innovation and ICT.

Mr H. Palma, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the Leader of the Liberal Party.

**Dr D.J. HONEY:** I refer to page 203 of budget paper No 2, volume 1, and innovation and new industries. Can the minister outline—this refers to the total cost of service on page 210 as well—projects that are currently funded from this fund or that will be funded from this fund in the near future?

[9.40 pm]

**Mr D.T. PUNCH:** I thank the member. I could tell the member's enthusiasm for this portfolio!

**Dr D.J. HONEY:** I love science and innovation; the minister knows that.

**Mr D.T. PUNCH:** I share the enthusiasm! I have to say, wherever I have gone in this portfolio, it has been full of energy and vibrancy and there is amazing creativity within it. The \$16.7 million new industries fund component of our broader fund has gone to a range of activities that are all designed to support and accelerate new and emerging businesses and contribute to our objective as a government, which is to diversify the Western Australian economy and create new jobs. The fund has gone into building capability and capacity, particularly in entrepreneurship and investment. It has supported incubators, accelerators and innovative small and medium-sized enterprises, and it has created linkages between industry and research, particularly through the innovation hubs. They have been particularly exciting. Up in Joondalup, there are innovation hubs concerned with cybersecurity. That is a great partnership. We have the Life Sciences Innovation Hub. We have the WA Innovator of the Year program, which shines a spotlight on innovation, and the innovation vouchers program, which helps to support emerging businesses that have got to the point where they have a scalable product but are looking to go to the next step in terms of commercialisation.

In terms of the evaluation of that program, it has had some excellent outcomes. There is an estimated return on investment of up to 5.2 to one, so it has been pretty significant.

**Dr D.J. HONEY:** I take it that those moneys are effectively grants and that there is not a return on investment for the government? The minister mentioned a return then, but I assume that that return is a return to the commercial enterprise, and the government just provides the money as a grant?

**Mr D.T. PUNCH:** Yes, that is correct, member. The return on investment is a return in terms of a much more diverse and creative economy. Certainly, in my view, from an innovation point of view, we have a wonderful opportunity to drive forward that diversification that embraces technology. But this funding is an excellent attractor for leveraged funding. When we drill down into some of the activities we have identified, we find that it has been a very useful leverage for both private sector and federal investment. This fund is a catalyst: it achieves outcomes for government

in the government's objectives for diversifying the economy, and when we talk about a return on investment, in essence, we are talking about the return to the WA economy as a whole through increased economic activity.

**Dr D.J. HONEY:** I refer to page 210 for science and innovation and the total cost of service. That \$16.7 million in the new industries fund obviously leaves a significant balance. What is the balance of that cost of service then expended on?

**Mr D.T. PUNCH:** Chair, I ask the director general to provide the information.

**Ms R. Brown:** I thank the member for the question. Service item 4, "Science and Innovation", includes the science portfolio administered through the Minister for Science, and, in addition to that, aspects are funded through the department in terms of staff and resourcing associated with that.

**Mr D.T. PUNCH:** Chair, I defer to Ms Linda Dawson.

**Ms L. Dawson:** Thank you. I think the minister previously covered off the innovation programs very adequately with the innovation hubs that we have in place, the innovation voucher programs and the WA Innovator of the Year program, as well. The X-TEND WA program is probably the only one that was excluded, which is around the accelerator program to help with commercialisation pathways, but the funds are fully expendable, utilised well, and deliver good returns back to both the participants and the state.

**Dr D.J. HONEY:** Does that account for the balance of that and make up the \$43 million or \$44-odd million?

**Mr D.T. PUNCH:** I defer to Ms Dawson.

**Ms L. Dawson:** The \$16.7 million is for the innovation component, which is the new industries fund. The remainder relates to science expenditure for things relating to the state's STEM strategy and sits under Minister Cook as opposed to Minister Punch. We have a number of other science-based programs, including cooperative research centres and also some funding for a space sector that has been borne out of science as well.

**Dr D.J. HONEY:** Do any of those moneys specifically relate to projects in the hydrogen area, or is that separately funded?

**Mr D.T. PUNCH:** These matters really relate to Minister MacTiernan and Minister Cook. They are outside of my immediate purview. I do not think I can ably answer the questions on their behalf.

**Dr D.J. HONEY:** I was simply trying to ascertain the extent of what is covered in terms of guiding me in asking questions. What about the interaction with schools? Pre-COVID, I had the opportunity to visit Israel with a couple of parliamentary colleagues through the Australia-Israel Chamber of Commerce. We had the opportunity to visit a range of institutions and organisations. The one thing that is very clear to me about young people in Israel is that if we went into a classroom and asked how many of them wanted to start their own business, probably 80 per cent of the kids would have put their hands up. I am fairly certain that if I did the same thing in a classroom of, say, year 11 and 12 kids here, maybe one or two kids would put their hands up, but the great majority of them would see themselves as employees. I thought that one of the great miracles that the economy in Israel has allowed has been the encouragement of that entrepreneurial innovative spirit in the youth, whereby they want to go out and start their own business and start something new. Is there some level of engagement with students in schools through this program?

**Mr D.T. PUNCH:** I thank the member for that question. There is, but the issue of whether it is formalised through the school curriculum is really a matter for Minister Ellery. The various innovation hubs that we have, both regionally and within the metro area—in fact, I visited a makerspace at St Catherine's School—have outreach programs that have engaged with schools based on individual arrangements with the school as opposed to a formalised curriculum-based program. We are finding there is more and more interest in the notion of creativity, innovation and entrepreneurialism around this notion of identifying a problem to be resolved and what are the creative approaches that might lead to scalable commercial outcomes. We are seeing that grow organically out of the success of the various hubs that we have funded through the innovation fund, and I think that will continue. I think the government's more formalised response at a policy level with the STEM programs is adding to that interest in terms of creativity and commercialisation.

**Dr D.J. HONEY:** I have another question. It is a new question. I will get it right by the end of the three days, minister! I am blaming fatigue.

**Mr D.T. PUNCH:** Yes; it has been a long day.

**Dr D.J. HONEY:** I refer to the quantum of money going in there. When I visited Israel, I was surprised to learn that a nation of eight million people with some significant internal issues was budgeting \$100 million a year to directly fund startups. An equivalent amount of money in Western Australia would be \$27 million or something like that. That was year-on-year funding, and that had really been the catalyst for their ecosystem, as they love to call it—the tech sector—particularly in Tel Aviv, and, like the fund that the minister has described, there was no expectation of a return on that. That was just a year-on-year investment that funded programs for five years. As the minister has said, the principal criteria for a project was that there was a meaningful problem to solve.

They were not funding gadgets as much as people who were approaching a meaningful problem. Does the minister think there is an opportunity to increase the fund to a higher level? I thought it was very bold by the government in Israel to say that it would give away \$100 million of taxpayers' money and expect no direct return, but clearly it had massive returns to its own domestic economy. Does the minister think there is an opportunity to increase the amount of funding in this category, given the enormous payback and also the highly competitive market in this global technology sector?

[9.50 pm]

**Mr D.T. PUNCH:** I certainly think there is an opportunity to increase the amount of funding that comes through private sector investment and federal investment. The beauty of this fund has been the ability to leverage funds from other sources by making very wise and really considered investments and by looking at the capability that exists within Western Australia and supporting it in a very strategic way that engages the universities and industry—certainly the big end of industry that the member knows so well. The interest at that level has been quite astounding in driving broader outcomes that do not need to be solely funded by the state government. Having said that, we have a broader new industries fund that is really geared into how we diversify the state's economy. This is a subset of that broader fund, which I am responsible for, and that broader fund, of course, is the responsibility of Minister Cook.

**Dr D.J. HONEY:** One of the other aspects of the government funding in Israel was that any project that was set up under the funding it provided—it was not just the innovators, if you like—had to have an associated experienced investor. The reason it did that was that lots of people have great enthusiasm for an idea, but because they do not have that knowledge of—it is a clichéd term—how the real world works, often they waste effort. By putting in people who are experienced investors and have developed projects in other industries, they could help guide those innovators in working on not just a meaningful problem, but also a problem that has a likely market. Is connecting entrepreneurs and innovators so that they direct their effort an aspect of this fund?

**Mr D.T. PUNCH:** It is through the X-TEND WA program. I went to one of the X-TEND program's pitch sessions, and it was basically a mentoring-type model from experienced people in the business and commercial world who had worked on a program with people who had excellent ideas but just needed that bridge into actually putting the project forward from a commercial point of view. I was really impressed with their pitching skills and their ability to convey an idea succinctly. The elevator pitch that we talk about was excellent. There is a lot of energy. We have Perth Angels and South West Angels, which are angel-type investment models, and they are working very much at that level of bringing experienced business and commercial minds to assist people who are really passionate about their idea but there may be some areas in which the idea could be modified, or they are putting it into a more commercial framework, which has been the missing link for them. I think this program has been very successful in that respect.

**Dr D.J. HONEY:** I am sure that the minister has had a structured introduction to this area. Mine has been less structured. One of the things that I have observed is that there is a fair degree of geographic separation between these various incubators and groups. I wonder whether there is a view of government about perhaps getting these groups geographically closer together. I appreciate that this would be a longer term strategy, but a campus-type approach or some other approach could be developed so that it fuels that direct physical interaction between these innovators post-COVID. In Tel Aviv, there was this close proximity of many of the groups—not all of them. That seemed to be something that catalysed innovation and the sharing of ideas between them. Is the government having any thoughts around the potential for creating an innovation precinct in this space?

**Mr D.T. PUNCH:** I have not had any direct advice about that as a policy idea, but in saying that, we have concentrations of innovation expertise. I think there is a bit of a balance between the synergies from people bringing ideas together and the critical mass that is developed. Those centres have almost developed areas of particular interest, such as space, cyber or life sciences. The universities and the industries that are interested in that space have come together in quite a significant way. I am not sure that we could go much further than those sorts of spaces in terms of bringing that together into one campus. Technology Park Bentley is in a certain sphere of specialisation in the sense that, a bit like industry parks, it attracts like-minded or upstream or downstream-type industries. There is a bit of a balance in there. I think it is something to keep an eye on. I have been very keen to think about how we might extend some of this innovation thinking into regional WA. First of all, with five universities, Perth should be known as the university city. The capability that exists here is quite extraordinary and it is not recognised as fully as it should be. I think that is a challenge, but I also think that we have capability in the regions and they need support as well. That is certainly something that we will be pursuing over the next 12 months.

**Dr D.J. HONEY:** That was my next question. We are going from the sublime to the ridiculous—not the ridiculous, obviously, but the opposite end of the spectrum. What programs are there in remote regions? I know that the university campus in Geraldton is an enormously successful and well-regarded asset in the community and has really given great hope to people who never thought that they could complete a university degree. The provision of that common-user facility has catalysed a whole group of people in that community who are getting degrees and higher

qualifications. Certainly, I think it is an excellent model. If I had control over Treasury, I would strongly promote that model in all our significant regional centres. I am interested in the programs to expand into regions. As the minister knows, there is no geographic limit to intellect or innovation. How are we harnessing that and giving opportunities to people in the regions?

**Mr D.T. PUNCH:** A university presence in regional WA is emerging. We have seen the development of facilities in Albany. In the member for Vasse's electorate, we have the learning hub. We have Edith Cowan University in Bunbury, and it is keenly interested in the development of education around advanced manufacturing. We have these nodes of activity. We certainly see the new industries fund rolling out on a statewide basis, as I mentioned earlier. Part of the agenda is very much how we engage with regional WA. The department certainly collaborates very closely with the regional development commissions and the Department of Primary Industries and Regional Development, and I think there are leveraging opportunities through its capability and how we might roll out more support for innovation and commercialisation in the bush.

**Dr D.J. HONEY:** This area is a big focus of government, even in remote Aboriginal communities, for example. Is the government making an effort to go further into those smaller communities? A lot of those communities are quite well connected now with communication infrastructure, but are obviously isolated. There is not necessarily a high attendance rate past year 10 in high school.

**Mr D.T. PUNCH:** It is a big challenge in regional Western Australia, as the member would know. I have a lot of confidence that the other topic that we discussed in the previous division around access and inclusion and the digital strategy will open up new opportunities to connect with remote areas and look at opportunities for the development of support mechanisms with them. They are not part of this at this time, but I think that is an opportunity to be explored.

**The appropriation was recommended.**

*Committee adjourned at 10.00 pm*

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