Senate Standing Committees on Economics
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science and Resources
Inquiry into the Future Made in Australia Bill 2024 and the Future Made in Australia (Omnibus Amendments No. 1) Bill 2024

AGENCY/DEPARTMENT: Department of Industry, Science and Resources

TOPIC: PsiQuantum

REFERENCE: Written Question on Notice – Senator Andrew Bragg

QUESTION No.: 2

1. Section 10 sub-clause 3 of the The Future Made In Australia Bill states that the program should provide the benefits of well paid jobs and in Section 8 sub-clause 8 that support for the sector could deliver genuine value for money. As part of Labor's Future Made in Australia agenda, the Government has given almost $1 billion of taxpayers money to the United States Company PsiQuantum to build a quantum computer in Brisbane, in a deal with the Queensland Government.As part of the announcement the Labor Government claimed they would generate 400 jobs for the $940 million of tax payers money that will be given to PsiQuantum. If you divide $940 million by 400, that equates to the taxpayer paying $2.35 million to create each one of those jobs.

    a. Can the department explain - is providing $2.25 million of taxpayers dollars, to generate one job, is that an effective use of taxpayers dollars, is that genuine value of money and is that the intent of the Bill?

    b. Can the department explain – when the Bill states "genuine value for money", how does he define that, what are the metrics that define that, what are the limits and what is an acceptable ratio of taxpayer expenditure to job generation?

2. Section 3 sub-clause 3 of The Future Made In Australia Bill states that object of the ACT includes strengthening local supply chains and Section 10 sub-clause 3 states that the program should provide the benefits of well paid jobs. Given that PsiQuantum is already under contract to manufacture the semiconductors of the quantum computer overseas in the United States and in Germany, with a company called Global Foundries:

    a. Can the Department explain, how much of the almost $1 billion of taxpayers money, will PsiQuantum spend on manufacturing the components in the United States and in Germany?

    b. Can the Department explain, why wasn't the deal structured to create that manufacturing jobs in Australia – just as the Bill claims to encourage?

    c. Can the Department explain what components of the computer will be manufactured in Australia? Not the components that will be bolted together, because they have been made NOT in Australia, but made overseas, but rather – will there be any components of the computer made in Australia?

3. Section 3 sub-clause (a) of The Future Made In Australia Bill states that the object of the Act to unlock private investment at scale. The Labor Governments were happy to make the announcement of this deal, but have not yet explained how it will generate private sector investment.

a. Can the Department explain – how much the United States company PsiQuantum will be putting into the deal to build a quantum computer in Brisbane or is it all being paid for with Australian tax payers dollars?

b. Can the Department explain – how much private sector investment does he expect the PsiQuantum investment to generate and by when? Can the Minister explain how much would be generated for each year over the next four years? How much investment have venture capitalists provided into the Australian Quantum Industry since the PsiQuantum announcement?

c. Can the Department explain, When the Act says to "unlock private investment at scale" – what ratio does the government have in mind? For every dollar that Australian taxpayers provide through the Future Made in Australia program – how many private investment dollars are expected to be generated? And how many of those will occur in the first four years?

4. Section 3 sub-clause (a) of The Future Made In Australia Bill states that the object of the Act to unlock private investment at scale. Other Governments have taken an approach of investing concurrently in multiple quantum technology, called test bed investments, and have done so in a phased approach to encourage many technologies to be progressed. Compared to the $ 1 billion level of funding, the Australia Government has only provided a trickle of funding to other Australia Quantum Companies to date, including Silicon Quantum Computing, DIraq & Quantum Brilliance. Since the PsiQuantum's Announcement, Microsoft has announced that it has withdrawn from the University of Sydney Quantum partnership. There is a real risk that by the Government giving such a large amount of funding to one company, that it sends a signal to investors that the Government is not backing any other technology in Australia. This has the potential for those globally renowned companies to leave Australia or struggle to raise private capital. Former CSIRO chief executive and venture capital veteran Larry Marshall says the $1 billion government investment in US-based quantum computing start-up PsiQuantum would have been better spent on a locally established company.

   a. Can you explain, how does a hand out of almost $1 billion to a United States Company, generate private sector investment in Australia?

   b. Can you explain how will investing almost $1 billion in PsiQuantum will generate private investment the quantum industry in Australia?

   c. Can you explain how much private investment has been generated since the announcement?

   d. Can you explain how much private investment do they expect to be generated as a direct result of the PsiQuantum announcement and when and in what Australian Quantum company?

5. Section 3 sub-clause (a) of The Future Made In Australia Bill states that the object of the Act to establish a National Interest Framework for the purpose of decision making of investments. However the Labor Government did not use the National Interest Framework to assess the allocation of almost $1 billion of taxpayers dollars to an American company owned by venture capitalists. Former Productivity Commission Chairman Gary Banks has stated that in his option, the PsiQuantum deal would not have passed the National Interest framework test. Australian Industry Group chief executive Innes Willox said it was important the same standards were applied to all investments announced under Labor's Future Made in Australia plan, including those unveiled in the lead-up to the budget.This meant retrospectively applying the framework to the $1bn for US-based tech company PsiQuantum to build a fault-tolerant quantum computer in Brisbane and the $1bn for the Solar Sunshot program to make more solar panels in the Hunter Region. PsiQuantum was announced 15 days prior to the budget, when final negotiations and

contracts had not been completed, and were not completed prior to the budget being handed down. Can the you explain:

a. Does this Bill infer that the national interest framework compulsory for a Future Made In Australia Project?

b. If a project is to be announced with the title as a Future Mande in Australia project , does this Bill require that it must be subject to the national interest framework?

c. Why was the national interest framework not used for the PsiQuantum deal?

d. Why was the PsiQuantum deal claimed to be a Future Made in Australia project when the national interest framework was not applied?

e. Will this Bill require the national interest framework be applied in retrospective to any project that has been claimed to be a Future Made in Australia project?

f. Would the PsiQuantum deal pass the National Interest Framework proposed in the Bill?

6. Section 6 of The Future Made in Australia Bill outlines sector assessments and the explanatory memorandum states they should be evidence based and consultive process and in Section 9 of the Bill it states that the Minister must not seek to influence a particular sector assessment in any way. We have learnt through senate estimates, freedom of information requests and questions on notice that PsiQuantum was afforded more than 12 months of specific engagement with the Minister, with advisers, with the Department, with lawyers, consultants, and lobbyists and where the Government out outlayed multiple millions of dollars in fees to do so. We have also learnt that an closed expression of interest process occurred to test the market, that was one email, no phones calls, no in person engagement allowed, applicants had weeks to apply if they picked up the email in time and then the Government completed and dismissed every application within days of the process closing. A process that lacked fairness and was not consultative like the Bill calls for. Can the government explain:

   a. did the Government undertake a sector analysis in accordance with the sector analysis described in the Bill for the PsiQuantum deal, and if so:

      i. when did it start and when was it completed?

      ii. was his role in the sector analysis?

      iii. who had input into the process

      iv. what evidence was used to form the sector assessment

      v. how was the process a consultative process?

      vi. Did it align with the national interest framework as called for by this Bill?

      vii. Will the Government make the sector analysis information public?

   b. If the Government did undertake a sector analysis in accordance with the Bill, why was the national interest framework not undertaken in accordance with the Bill?

   c. Can the government explain, had the Minister already decided to provide funding to PsiQuantum prior to any detailed assessment of PsiQuantum or the market or the sector?

ANSWER

This decision pre-dated the introduction of the Future Made in Australia Bill 2024 to Parliament, so could not be governed by the FMiA Act. The questions posed are therefore either hypothetical or do not relate to the content or proposed operation of the FMiA Act.

On 30 April 2024 the Albanese and Miles Governments announced they will provide $940 billion in loans and equity into frontier technology company PsiQuantum to build the world's first commercially useful quantum computer. This investment will include locating their Asia-Pacific headquarters in Brisbane, supporting hundreds of highly skilled jobs, and fostering local industry and research collaborations. This decision was taken following a rigorous, extensive whole of government process involving economic, legal, commercial, technical, probity and national security advice.