

**WESTERN AUSTRALIAN FUTURE FUND AMENDMENT (FUTURE HEALTH
RESEARCH AND INNOVATION FUND) BILL 2019**

Second Reading

Resumed from 29 October.

MR B.S. WYATT (Victoria Park — Treasurer) [12.25 pm]: I want to make some comments about the Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019. It has been a pleasure working with the Minister for Health, the Department of Health and Treasury in designing this piece of legislation and transferring a new set of purposes to the future fund. I have been listening to some of the debate in my office. As has been acknowledged by all members, there has now been a change to the Western Australian Future Fund. This is a policy we took to the state election. Some members have made comment about the fact that in opposition we were quite critical of the future fund on a couple of points. One was the question of why the government would borrow money to put into an interest-bearing account in an environment of rapidly escalating debt. The other point, which the member for Armadale has ventilated well, is about the manner and form provisions embedded in the act. I make these comments knowing full well that we are not proposing not to comply with the manner and form provisions embedded in the act. Nonetheless, they require the Supreme Court of Western Australia to be the final arbiter of these things, but, in my view, they would not have constrained the Parliament in any event. The member for Armadale has made some comments about this, and I will make some comments on it in just a tick.

We move to the creation of the Western Australian Future Health Research and Innovation Account and the Western Australian Future Health Research and Innovation Fund. The argument we put to the people of Western Australia at the election, which was obviously endorsed, was that a better use of borrowed money than simply putting it into an interest-bearing account would be to utilise it to create two things. The first is the sorts of skills that we want to see attracted to Western Australia—a very highly sought after global skill set in the medical research and innovation area. Also, if there are infrastructure requirements, we should get on with it and do it, because that infrastructure is for the future as well. The objects of the legislation are set out in clause 8, which seeks to replace section 4 of the Western Australian Future Fund Act 2012 with a new section that states —

The object of this Act is to provide a secure source of funding to support qualifying activities that contribute (directly or indirectly) to 1 or more of the following —

- (a) improving the financial sustainability of Western Australia's health system;
- (b) improving the health and wellbeing of Western Australians;
- (c) improving Western Australia's economic prosperity;
- (d) advancing Western Australia to being, or maintaining Western Australia's position as, a national or international leader in any qualifying activities.

Over the next decade, the Western Australian Future Fund will provide in the order of \$540 million of investment into the research and innovation space. There is no doubt that this will be one of Australia's most significant R&D innovation funds and it will do a couple of things. The Minister for Health outlined in his second reading speech that for years Western Australia has managed to secure from the commonwealth much less than our population share in various R&D grants. That is a reality and it goes back, I suspect, longer than a decade. There is a range of reasons for that. Firstly, as anyone who has been a minister in this place would know, an inevitable east coast bias exists in many commonwealth agencies. That is not a paranoid comment; it is just a reality. I see that inevitable east coast bias on almost a daily basis when I engage with the commonwealth. Secondly, in Western Australia we have not had the consistent supply of resources, which the account and the fund will create, to go into long-term research and innovation. I know that the Minister for Health is just as concerned as I am that we do not create a very large flow of money into an area and then simply have that money disappear into research for the sake of research.

A lot of effort has gone into ensuring that the minister of the day has an advisory group in areas of relevance to Western Australia—a small population spread over an enormous landmass. I note the Leader of the Nationals WA's comments around ensuring that regional Western Australians also get the benefit of this fund. Of course, they will. I also want to highlight that the advisory group will consist of not only highly capable, respected and knowledgeable members across the health field, but also, in particular, Aboriginal and regional health will be specifically acknowledged. I note that some members have already made comments around Aboriginal health. I do not need to go through the various health statistics around Aboriginal Western Australians, but they lag on almost every level. Almost every analysis on any health outcome will highlight that Aboriginal Western Australians lag. I particularly see opportunity for research on acute diabetes. I think that is a space that would benefit from this sort of fund. Knowing full well that a lot of research already takes place in that area, I think it is an area in need of

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future reliable and secure funding that also has, because of the nature of diabetes around the globe, strong commercialisation and innovation opportunities, which is what we are trying to secure through this fund.

The manner and form provisions certainly created intrigue when we were in opposition, because we do not often see them. It is actually quite rare to embed into state legislation a manner and form provision that will try to restrict a future Parliament from amending or changing the purposes of that legislation. Those who were in Parliament during the debate on the primary legislation will recall that it was the centrepiece of the 2012 budget delivered by then Treasurer Hon Christian Porter, who not long thereafter resigned as Treasurer and announced that he was heading off to stand for the commonwealth Parliament. The then member for Vasse, Troy Buswell, came back into the role of Treasurer and took this legislation through Parliament from the consideration in detail stage. My view was that Mr Buswell was perhaps not as convinced of the merits of the future fund as Mr Porter had been at the time. We spent a lot of time focused on the slightly odd scenario that in an environment of rapidly rising state debt, we were taking a percentage of that borrowed money and sticking it into an account that would effectively return a lower interest rate than if it were put into economic infrastructure. Those who have gone through the *Hansard* would have seen that this debate went on for some time. It was quite interesting.

I specifically made the point during that debate that the assumptions the then government was making around the return on the future fund were predicated on the basis that the state would maintain a AAA credit rating. Now we get to look back over history, and we know, of course, that that did not happen. As a result, the cost of debt that the state paid increased. Interestingly, again, by way of an aside, although we are not back at AAA yet, we are going in the right direction. If we look at the convergence of yields, we see that we are effectively getting almost a AAA borrowing rate now because of the confidence the markets have in the government's financial management.

The member for Armadale went through the manner and form provision last night. To be honest, the member for Armadale is more learned in this space than me, which is why, in December 2012, I was very pleased to co-author with the member for Armadale an article titled "Entrenchment of the Future Fund Bill: a Matter of Manner and Form" for the Law Society of Western Australia's journal *Brief*. I am delighted that my name is attached to such a weighty headline! The point is that state governments, unlike the commonwealth, are not constrained by a written constitution. It is partly written, but by and large the plenary powers of the state mean that a state Parliament can make its own decisions free from any manner and form constraint that exists certainly in the Australian Constitution. There is a recognised requirement around manner and form in those laws that impact on the Constitution, the powers or the procedure of Parliament. The Future Fund bill, as it was, could not be described as legislation that impacted on the Constitution, the powers or the procedure of Parliament. At the time, we made the argument that it may be all well and good to stick that provision in the legislation, but my view, and it is still my view, was that no future Parliament would be constrained by that clause in the bill. Ultimately, the Supreme Court of Western Australia will make the final decision on that, if it ever comes to that, but I expect its decision would be very much the view that the member for Armadale, other members of the opposition at the time and I have expressed. I put that position to Troy Buswell and I managed to get him to release a small part of the Solicitor-General's advice. It was not the entire advice, but a very small paragraph thereof, which suggested that it backed the state government's position. I was more intrigued to see the entire advice. Nonetheless, the government intends with this bill to comply with the manner and form provisions embedded in the legislation. I note that it was a conservative government that sought to constrain future Parliaments, which, in the ordinary philosophical context of these debates, is somewhat unusual in the conservative traditions.

Dr A.D. Buti: Edmund Burke wouldn't be happy.

Mr B.S. WYATT: Edmund Burke would not have been happy, Mr Acting Speaker. The fact is that a conservative government sought to take a creative view, to be honest, of the constitution, the powers or the procedures of Parliament and try to constrain future Parliaments through what was clearly the inappropriate embedding of a manner and form provision. Nonetheless, we were confident of both the legal position and the political position we took to the state election to change the use of that future fund. A considerable amount of money has been created in the future fund account, regardless of where it has come from or whether it may or may not have been borrowed. In fact, we will now use the interest from that for—hopefully the Parliament accepts—more useful purposes. It will create more opportunities for Western Australians, but, more importantly, it will really turbocharge the research capacity of health professionals in Western Australia, and that is a good thing for every Western Australian. The on-flow economic benefits of R&D are recognised. Look at the Productivity Commission; look at a range of different economic analyses around R&D, in particular, Minister for Health, R&D in health, in which the ongoing benefits are huge. That is why the objects of the act specifically acknowledge the first point: "improving the financial sustainability of Western Australia's health system". We are—not Aboriginal people, but the population generally—living longer. That results in all sorts of strains on different parts of public policy—aged care, disability services and the health system—as we age. It creates other pressures that we need to respond to, and that is why doing more

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work and creating better health outcomes for Western Australians, clearly, can only be good for the financial sustainability of Western Australia's health system.

A couple of members made the point that we are back to surplus now so why not simply use that money instead of repurposing the future fund. With the greatest of respect, I think that that misunderstands what the surplus is there for. When we are still running large cash deficits, as we are in Western Australia, it means that we are still borrowing. I have made the point before—members need to understand it—that we are not running cash surplus positions; we are still running cash deficit positions. The money is simply not there to put into a fund, so we still must be very conservative in the way in which we manage the finances. We want to ensure that that surplus position, or any so-called windfall, does what we also committed to do during the election campaign—to go into the debt reduction account to ensure that debt continues to be brought under control, peaks and commences to decline. I cannot recall now, but a couple of members raised that issue, so, hopefully, that sort of responds to that.

Our position on the future fund is consistent with, of course, our election commitment. I am delighted that we are here in the Parliament now debating something that will outlive all of us and provide benefits for all Western Australians. If we get these things right, we could provide benefits to the globe. The health research space is an extraordinary space. I have had the privilege of dipping in and out of it in my meetings with various people over the years, including Dr Bruce Robinson, who everyone knows is a very powerful and enthusiastic advocate for the research he does, as, I have to say, are all doctors who do research. They are incredibly enthusiastic advocates for why their research is fundamentally important. All of them are right—I am not going to dispute that—but the global network of these experts is quite extraordinary. Everybody knows exactly what everybody else is doing. The research is often very collaborative, whether it is happening in Western Australia, Sydney, San Francisco or London, or wherever it is happening. The world is watching. The world of expert health researchers is watching this Parliament now because they are impressed with the policy that we took to the election. They are impressed with the legislation that is being introduced because they understand fully that this will, as I said before, create an opportunity to really turbocharge Western Australia's research capacity and create enormous benefits for Western Australians. We want to attract to Western Australia people for whom the globe competes. That is what this fund will certainly allow us to do.

In reflecting on the reasons that we took to the election to repurpose the future fund into a more sensible area of investment, which will bring immediate and longer term benefits to Western Australians, I have shown why we are using the future fund and not, as some members have suggested, the surplus position of the state. I hope I have clarified that for members. However, I also want to deal with, by way of an aside, the interesting constitutional point the member for Armadale raised around the manner and form provision. In my time in Parliament, there has only ever been one attempt to embed a manner and form provision in legislation, and that was with the future fund. It was very, very unusual. As I said, what made it more unusual is that it was a conservative government at the time that was seeking to buy into the decision-making capacities of future Western Australian Parliaments.

It is my understanding that there is broad support for the legislation. I think all members will benefit from it. As I said, I am desperately keen to see an improvement in investment into Aboriginal health research to improve the lives of Aboriginal Western Australians.

MRS L.M. HARVEY (Scarborough — Leader of the Opposition) [12.44 pm]: I rise to make a few short remarks on the Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019. I want to cover off on a couple of concerns the opposition has and why it would like to go into consideration in detail to make sure that we understand how the new medical fund will work.

Before I get to that, first of all, I would like to take members back to when the Western Australian Future Fund was first proposed by the Barnett government. The Treasurer has just articulated the arguments that were put forward at the time when the then opposition, now government, members were opposed to the establishment of a future fund for a variety of reasons. They are on the record, but I will go over some of them. The argument that the Treasurer has put is that the establishment of a future fund at a time when the state was in a net debt situation was something of an anomaly and it did not make any sense. At the time the future fund was established, the intention of the then Liberal–National government was that a proportion of royalty revenue should go into the future fund to be locked away until 2032. Interest would accrue and that interest would go back into the fund so that there would be a compounding interest scenario so that in 2032, our grandchildren, who would be in charge of managing the state's finances, could use the nest egg that would be sitting in the future fund for infrastructure investment in Western Australia—if you like, there would be another refurbishment program of the state as was undertaken by the Liberal–National government during its eight and a bit years in office.

We now find ourselves in 2019. The budget papers have been delivered and, at the moment, net debt is higher than it was at the end of 2017. As at 30 June 2017, net debt was sitting at \$31.96 billion—\$32 billion. As at the end of June this year, it was up around \$36 billion, and by the end of 2020 net debt will have climbed to \$39.56 billion.

We find ourselves in a \$7 billion poorer net debt position at a time when the government has decided to not only rebadge the future fund, but also siphon off the interest earned from the future fund every year so it can be used and expended for specific purposes—that being medical research.

For the opposition, the retail politics of this are really quite simple: no opposition is going to stand in the way of a fund being established for medical research. We cannot. How can we possibly stand and oppose legislation that is going to establish a fund for the purposes of medical research? We know that medical research saves lives. We know that the outcomes of medical research improves the lives of people. We have all seen those TV shows and posts of children and adults who have had a cochlear implant turned on suddenly and they hear for the first time. We have seen the looks on the faces of a baby or child who hears their mother's or father's voice for the first time. It gives us goosebumps. That particular invention was established here in Western Australia. It is still very expensive technology but it is technology that has radically changed the lives of the people who have accessed it. No opposition would stand in the way of establishing a fund to allow further advances like that. We all know about Fiona Wood's research into burns and the management of burns patients in Western Australia. She is a tremendous Western Australian who has made a tremendous improvement in the lives of people who have been scarred by burns. That research was used in the terrible tragedy in Bali, where the victims of those bombings had significant burns. Spray-on skin was used sadly unsuccessfully on that very, very brave young man Jack Dunn, who sadly lost his life after suffering significant burns. Improvements need to be made in these areas. We can look at the outcomes of medical research. Fiona Stanley discovered that folate deficiency was a precursor to children being born with spina bifida, and look at how that has changed things. Folate supplements are now recommended to every woman during pregnancy; folate supplements are now in cereals and bread and a whole range of foods that we consume every day to ensure that the folate uptake of women and men in our community is improved, particularly for women who have the responsibility of looking after their health to ensure the best outcome for their babies. Again, that is another great outcome of Western Australian medical research by another great Western Australian—Fiona Stanley.

We also have the research of Professor Barry Marshall, who discovered that helicobacter pylori causes stomach ulcers. We all know that stomach ulcers lead to stomach cancer, which is a very difficult cancer to treat. The simple discovery that antibiotics can fix a stomach ulcer has changed the lives of thousands or even millions of people worldwide.

Dr A.D. Buti: He used himself as a guinea pig.

Mrs L.M. HARVEY: Indeed; the member for Armadale is right. It is quite an extraordinary story. He decided to infect himself with helicobacter pylori to create a stomach ulcer. Goodness knows that that was a significant commitment to his own research project, because stomach ulcers are not very comfortable things to have, I am informed; I am lucky not to have had that experience. He then administered antibiotics to fix the infection. I find that extraordinary. It was a tremendous commitment to his own research project, but also a tremendous outcome. We can look at that research and ask: how can we leverage on that?

We have a unique opportunity in Western Australia. We have a small population base, so Western Australia is a very good place to conduct research projects and longitudinal studies. We can look at the phenome research project being established at Murdoch University. That sort of research is incredibly exciting. When I was Minister for Police, we brought the Criminal Investigation (Identifying People) Amendment Bill to Parliament. That identifying particulars legislation allowed for the management of DNA that had been captured by police through buccal swabs of individuals who had been arrested. DNA can be stored and used for particular purposes because of that legislation. We were briefed that the legislation would allow for new technology such as biometric markers and the phenome research that will occur in Western Australia at Murdoch University. The reason we included the ability for additional means of identification harks back to a case in France, in which the DNA of identical twins was obviously identical. They were implicated in the serial killings of young women in France because their DNA was found at the scene of a multiple murder. The identical twins would not give each other up and the DNA was the same, so police were unable to charge either of them with the offences, even though the DNA was at the scene of every one of the crimes. What was interesting was that the identical twins had lived in two different places for 10 years and therefore had had exposure to different environmental toxins and bacterial and viral infections, so when the phenome research becomes mature, it may be possible to go back to the DNA samples taken from the scene of those crimes and find the specific phenomic pattern for one of those identical twins, thereby linking that individual to the crime. Indeed, perhaps they worked together and were responsible for all or half of the murders together. The maturation of that research project may bring some peace to the families of those victims.

I find this area of research very, very exciting and very interesting not only from a crime perspective, but also because the phenome research will enable us to look at the environmental, bacterial and viral triggers that may be a precursor to disease. We all know that one identical twin may develop cancer but the other may not. In studying

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their DNA and looking at the phenomic pattern, we may be able to identify the environmental, viral or bacterial trigger that switched on a gene to create cancer or, indeed, provided protection against cancer cells forming. It is a really exciting area of research and Western Australia is incredibly well-placed as a state where we can conduct longitudinal studies, do that phenome research and really start to understand the causes of disease and which environmental triggers may switch diabetes or motor neurone disease on. It would be amazing if that research could identify the cause of motor neurone disease, which is a dreadful disease for people to have to deal with.

Dr A.D. Buti: There is a famous longitudinal study that started in the Margaret River region with Dr Cullen back in the late 1960s. Is that still going; does the member know? It has been over 35 years.

Mr R.H. Cook: It is still going. The sample group is getting smaller as they are getting older, because they are in their 50s nowadays, but, yes, they still go back and check with the participants.

Mrs L.M. HARVEY: It is very interesting. Of course the opposition agrees with establishing a medical research fund. Do we agree with the government's position that it is appropriate to harness the interest earned on the Western Australian Future Fund, given the purpose of the future fund when it was established was to meet the infrastructure needs of our grandchildren in the future? That is a decision for the government to explain to our grandchildren when they find that the interest on that fund has not been compounding and there is not as much money in there to refurbish the state's assets as we had intended. Whether that will be revisited by this Parliament at that point in the future is something for a future Parliament to look into.

Dr A.D. Buti: Only the member for Dawesville will be around then!

Mr D.T. Punch: Maybe; maybe not!

Mrs L.M. HARVEY: Member for Armadale, I hope that the member for Dawesville is around then. I hope that he is the Premier of this fine state at that time, and he will have a long memory!

Mr R.H. Cook: The member should be careful what she wishes for!

Mrs L.M. HARVEY: He will have a long memory of the history of this fund by 2032. I am not sure whether the member for Dawesville will be using a Zimmer frame by then!

Mr Z.R.F. Kirkup: Possibly.

Mrs L.M. HARVEY: I probably will be!

To get back to the legislation that we are debating, I see a couple of issues. I think the government has done a good job in trying to get the governance structure right for this. We have a fledgling or cottage research community in Western Australia. It is difficult in a research community where everybody knows each other. They all may have studied together; they may even be conducting collaborative research and grant applications. It is very important to ensure that we fund only research that we know will have a good outcome or shows great promise for a good outcome. I understand that individual advisory committee members will probably be drawn from the east coast, from out of the state, which will provide some good impartiality.

Mr R.H. Cook: The very firm suggestion is that at least the chair has to be from outside our immediate community.

Mrs L.M. HARVEY: Minister for Health, it is a good idea to have some independent assessment of it. However, the research community in Australia is very small and is a very collegiate group. It is really important that we get the right people on the panel. With the way the governance structure is being proposed, it seems that there will be no way for the minister of the day to direct particular research projects that they may like, prefer or indeed desire the committee and the fund to be funding. The governance structure looks to be sound; however, a governance structure is only ever as good as the individuals on the advisory committee that make the recommendations to the minister. We will interrogate this a little further at the consideration in detail stage, as I am sure the Minister for Health, who I see is nodding, would expect.

Another component that is really important is that the state will get a return on the investment if there is a commercialisation opportunity as a result of the research outcomes. One of the examples that was explained to me in discussions about this legislation was the Pink Lady apple. The Pink Lady apple was developed, I think, in the Manjimup–Pemberton region in a research project by our then Department of Agriculture and Food. That apple is now grown worldwide. It is a very popular apple. We can claim that it was developed in Western Australia, but we do not make one cent out of the intellectual property that went into the development of that very delicious red apple. We would like to see taxpayer-funded research grants going into a research project providing an opportunity for commercialisation that could be incredibly profitable and lucrative.

[Member's time extended.]

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Mrs L.M. HARVEY: I hope that the fund, the grant conditions and the legislation are robust enough to ensure that taxpayers get a return on their investment into these research projects that will be funded by the community of Western Australia. The government has given some attention to this in the legislation, but we will be testing it in consideration in detail, because the theft of intellectual property in the international community is rife. Some particular countries are very good at replicating and copying intellectual property and commercialising it for their own benefit. If, for example, through this research fund, one of Western Australia's fine researchers was responsible for developing a breakthrough in the prevention of diabetes, and they managed to find a preventive action or cure for it that had the potential to save the health budgets of the world billions of dollars, I hope that we would be able to have a royalty, if you like, from the commercialisation of such a development in perpetuity. As I understand it, the fund is set up to enable that to occur, with the royalty from a commercialised research outcome to go back into the fund for future research purposes. If that is the case, that is a very good thing. The tricky part of it, though, is to ensure that we have some very good trademark specialists and contractual arrangements around protecting the community of Western Australia's interests in those commercialisation programs.

Those are the concerns. Before I sit down, I would like to commend the various institutions in Western Australia that are involved in medical research, such as the Harry Perkins Institute of Medical Research and the Telethon Kids Institute, and our universities and hospitals. It is one of those areas that I find particularly fascinating, and I feel that certain areas of research need a significant effort put in. Many people know that I had that journey with my late husband through his pancreatic cancer and his treatment program. Pancreatic cancer outcomes have virtually not improved for the last 40 years. The five-year survival rate for people with pancreatic cancer has shifted from five per cent of people who have been diagnosed with the disease living beyond five years from diagnosis to seven per cent. It is a dreadful disease that is difficult to treat, and the symptoms that it brings on for people are particularly problematic. There are similar poor outcomes for other gastrointestinal cancers, such as oesophageal cancer and stomach cancer. The five-year survival rates for those cancers are really poor. We have done very well with research around the population cancers, if you like, such as breast cancer. The outcomes for women with early detection and diagnosis of breast cancer are extremely good these days. We get very good outcomes for the majority of women who are diagnosed with breast cancer. Similarly, we are starting to see things move with prostate and bowel cancer. But with the gastrointestinal cancers—liver, pancreas, stomach, oesophagus—we need a significant concerted research effort into improving outcomes for people who are diagnosed with those diseases.

Dr A.D. Buti: Ovarian cancers are bad, too.

Mrs L.M. HARVEY: Ovarian cancer is another one. They are the hidden cancers. I am glad that the member for Armadale raised it. Pancreatic, liver and ovarian cancer are similar. The similarities between those is that they are often very advanced before individuals become symptomatic. They can end up with big tumours on their ovaries, pancreas or liver before any symptoms present. That is why we need early diagnosis and early testing. The other cancer which has very poor outcomes and for which the prognosis has not shifted for a long time is lung cancer. As smoking rates reduce in Western Australia—I think our smoking rate is around 14 per cent—we are now seeing the rate of non-smoking related lung cancers increasing and the outcomes for individuals who have lung cancer, no matter what the cause of it is, are still very poor.

Dr A.D. Buti: Regarding ovarian cancer, I was speaking to a researcher who said that it is quite rare to get breast cancer. It's just as well, because the fatality rate of ovarian cancer is incredibly high. With breast cancer, as you say, we have made great improvements.

Mrs L.M. HARVEY: Yes. The other thing I will say about ovarian cancer is that for individuals who are well aware of changes in their bodies and get an early diagnosis of ovarian cancer, the outcomes are actually quite good, and their longevity is improving. I have friends who have been fighting ovarian cancer for 10 years, which is surprising, when for other individuals, the time frame from diagnosis to death is very short. That is because we are getting different treatment options and more targeted treatments, which all obviously come from well-resourced medical research. That is why I am very passionate about this area of medical research; we need to get better outcomes for those rare cancers. When we get into the children's space of rare cancers, the Telethon Kids Institute is very focused on trying to improve outcomes for children with those rare cancers. It is one of those areas within which there will never be any argument from the opposition about putting funding into medical research.

I foreshadow to the minister that I looked at the health budget. The annual report shows that about \$23.4 million in grants is currently allocated to research projects by the Department of Health. About \$8 million flows through the health budget as grants to the Telethon Kids Institute, and \$26.2 million of funding for medical research goes through the Department of Health to affiliated research and development bodies. We will keep a close eye on that to make sure that those funding streams continue to flow through the health budget. We hope this is not a very cynical move by the government to cost shift. I hope it is not the minister's intention for the funding from the future health research and innovation fund to basically replace those revenue streams. We need those revenue

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streams through the Department of Health to remain intact. The Liberal–National government had the foresight to set up the future fund. We want this funding to be in addition to that which is currently available.

Mr R.H. Cook: That is the case, member, across the board.

Mrs L.M. HARVEY: The minister assures me that that is the case, so I put that in *Hansard*. We will do our forensic due diligence in the next round of budget estimates to make sure that those funding streams remain intact and that there is a new budget line item for the future health research and innovation fund. We will want to see the funding stream going through that additional line item in the budget and the research projects to which it will be allocated.

Mr R.H. Cook: Someone who goes by the name of the member for Victoria Park would say that I’m not your problem when it comes to spending health dollars—he is.

Mrs L.M. HARVEY: The Minister for Health has just thrown the Treasurer in a sling. He said that it is the Treasurer whom we need to watch. The Minister for Health is the one who will have to fight with the Treasurer, because we will be holding the minister to account for the health budget and for all current research revenue streams to remain and be in addition to this new funding stream.

I will conclude my remarks. I reiterate my great admiration for the research community in Western Australia and, indeed, Australia. I congratulate all those individuals who have been involved in breakthrough outcomes that have improved the lives of so many people in our state. We support medical research. We do not accept the government’s argument that the circumstances around the establishment of the future fund, which the now government opposed at the time, have changed to such a tune that the government should repurpose the fund, but that is for the government to explain. I look forward to the start of some really good Western Australian research projects as a result of this fund and some improved outcomes for the broader Western Australian community, but particularly those sectors of our community that have the poorest of health outcomes, such as our Indigenous communities, particularly in some of our regional areas. I commend the bill to the house.

MR R.H. COOK (Kwinana — Minister for Health) [1.13 pm] — in reply: I take the opportunity to close the second reading debate on the Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019 and thank members for their contributions. I first acknowledge opposition members, who have expressed their desire to support this bill. We greatly appreciate that support.

A couple of important political points were made in the context of this debate about the debate that we originally had about the Western Australian Future Fund and some of the issues with regard to that. Other political points were also made. This bill is about meeting an election commitment. I might say that I think that is where the politics begins and ends. This is about “Team Western Australia”. It is about how we can continue to improve the lives and wellbeing of all Western Australians, through both the advancement of our health system and the diversification and development of our economy.

The member for Bunbury made a really interesting contribution with his observation that the most important legacy we can leave our children is our knowledge. That was a really important observation to make. We know that there will be calls further down the line, as there always are, for infrastructure to be renewed and investments to be made, but, ultimately, the returns from this fund and the benefits to the community will not be what we do in 2032 but what we do between now and 2032 to improve our society. Properly managed, the returns to the Western Australian community will be significant and, I believe, far beyond those of simply allowing the fund to mature and moving from there. I have been guilty of saying—the Leader of the Opposition made this observation, too—that the real benefits of this fund will be seen around the time that the member for Dawesville is making his valedictory speech. This is a long-term initiative for the Western Australian community and one on which we will all look back and reflect fondly on the work done in the name of this fund.

With the chamber’s indulgence, I will turn briefly to some of the comments of the members for Dawesville and Bateman and some of the technical issues they raised. I have been provided with some notes on those issues. As acknowledged by the Leader of the Opposition, the member for Dawesville raised a number of governance issues. That will be an important component. There will be a range of reporting requirements. The reporting will be made publicly available, as required by the Financial Management Act 2006, proposed section 4D(5) and (6) and proposed section 9A in the bill, and the future health research and innovation fund governance framework. The proposed reporting requirements include providing details about the money charged to the two special purpose accounts. The Department of Health and Treasury may choose to disclose this information either in the report of the operations or in the notes on the financial statements in the agency’s annual report. The governance framework requires the advisory group to produce an annual report on its activities, which will be presented to the Minister for Health and published online. The governance framework also specifies that the Department of Health will make the priorities, programs, initiatives, market-led proposals and individual grants of the future health research and innovation account publicly available.

The member for Dawesville also raised concerns about forecasts of investment income, including in global financial crisis-type scenarios; that is, when there is a drastic reduction in the return or payments from the fund to the account. I am advised that the Department of Treasury will monitor the variance of forecast investment income from actual investment income. In the event of adverse economic conditions, mitigation strategies will be in place to prevent the annual investment income credited to the future health research and innovation fund from being substantially reduced. This includes investments being split between bonds, at 70 per cent, and floating rate notes, at 30 per cent, with approximately 15 per cent of these investments maturing within 12 months. These are considered to be longer term investments that protect the investment portfolio from significant market fluctuation. The investment objective of the future health research and innovation fund will continue to be a passive strategy of buy and hold unless changes are made to the return and risk objectives of the fund. Further, the future health research and innovation account may be credited with additional funds lawfully made available. Therefore, if it is agreed that additional funds are required, proposed section 4B(2)(b) allows for an appropriation through Parliament. Money may be retained in the future health research and innovation account to pay for commitments made in previous years. Therefore, existing commitments to the research and innovation sectors will be honoured even when new investment income is lower than expected.

As reflected in the statements of a number of members, the member for Dawesville appropriately made observations about the importance of Aboriginal health and that that be a priority. Clause 9 of the bill inserts new section 4F, which outlines the composition of the advisory group. The legislation requires the advisory group to include a regional health expert, an Aboriginal health expert and a community representative. These three areas have been singled out because of their critical importance to regional Western Australia. This legislative requirement ensures that Aboriginal health and regional health perspectives will have a central part in the advice that the advisory group provides.

The member for Bateman made a range of observations or posed questions about why the fund was being utilised, rather than current surpluses. I will not go further than the Treasurer's comments on this matter, because I think he dealt with those concerns rather well. I observe that it is detailed in the 2019–20 budget paper No 3 that proceeds from windfall gains are being used to facilitate the reduction of centrally held state borrowings through a debt-reduction account. This was an election commitment. Proceeds from the partial commercialisation of Landgate, which was one of the issues that the member for Bateman raised, will be used to fund the state's participation in the national child sexual abuse redress scheme, with a portion of proceeds credited to the National Redress Scheme special purpose account and the balance used to repay debt through the debt-reduction account.

The member for Bateman also posed questions on translation and commercialisation of medical research. I think we all stand in furious agreement on this issue. My colleagues in both cabinet and Parliament have been very keen to impress on me the importance of utilising this money not simply to fund good discoveries and early stage clinical trials with all the publications that are attached to that, but to support what is called the valley of death—from initial discovery through to translation and commercialisation. That is where many health research projects essentially go to die. That valley of death is where they really struggle and we lose the vast majority of these discoveries. A very important aspect is the translation and commercialisation focus to ensure that there is a return to the state.

The Leader of the Opposition made several observations, but in particular she spoke about the use of intellectual property rights and how that might contribute by way of a return on investment to the state. I can confirm that under clause 9, new section 4C(6) will allow for the royalties from these sorts of discoveries—important work that gets done—to be credited back to the account or to the fund to ensure that all Western Australians are the beneficiaries of it. I should caution that intellectual property rights have been a real inhibitor to moving forward with the commercialisation of particular discoveries. We need to look really carefully at the policy settings. When a university, a state and a medical researcher are all fighting for their share of the IP, we see good works locked in legal dispute for many years. The Cancer Research Trust in Western Australia is a good example of this. Fundamentally, the university and the researcher involved could not agree on the IP and nothing progressed for years. It was not until a judge sitting in arbitration said, "Sod the lot of you. Neither of you are having it. It goes into a trust for the public good and ultimately we will set up an independent board, which will manage the royalties or the returns from that important discovery." I am sure he did not use that language, but that is essentially what happened.

When we were in Israel, we learned that it has a very different point of view on intellectual property. Essentially, the state takes no interest at all in intellectual property and it gives money for innovation, research and so on, but then says, "The IP is yours. If you sell it to a pharmaceutical company in North America and make several hundred million dollars, we know that we will get taxes out of it and you will bring that money back and start a new enterprise." Therefore, the state does not really take any interest at all in the IP. The gentleman we talked to, the former Chief Scientist there, said that the house always wins, so it does not matter what happens to the IP. We do not have that luxury in Western Australia because we are not a national government, so we do not enjoy the taxes. As many developers of health innovation and research will tell us, the states that benefit from the commercialisation of this are on the east coast.

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The member for Mount Lawley talked about Brian Leedman, who is the developer of ResApp, an application on our mobile devices; we cough into it and it then distils the tone and nature of our cough and tells us what is wrong with us or sends a report to our online doctor. That is an incredibly successful development, which is continuing to be manufactured and developed to the great benefit of Queensland and New South Wales. He said that because we do not have something such as this fund, we do not have the resources to assist these companies to stay in Western Australia. That is an important lesson to be learnt. From that perspective, the governance around the management of the account will be incredibly important, because we want to make sure that this money is used in the way that is most effective.

Before turning to the points made by the member for Central Wheatbelt, I observe that many members of the chamber made observations about different aspects of health care and the need to make sure that their particular concerns are covered, whether it was the member for Belmont talking about mental health and wellbeing, the member for Mirrabooka talking about type 2 diabetes or the member for Kimberley talking about suicide prevention. This is called the future health research and innovation fund because we wanted to cast the net widely for not only medical research, but also public health and population health research. These are important areas of great research strength in Western Australia and we need to ensure that the net covers all the needs of the community going forward.

The member for Central Wheatbelt on behalf of the Nationals made a range of observations and foreshadowed an amendment at the consideration in detail stage that would give effect to the idea that 25 per cent of the expenditure from the account would be dedicated to research and innovation to benefit regional Western Australians. I look forward to continuing to hear from the member for Central Wheatbelt on that amendment. We will place on the advisory panel representatives from the regions and the Aboriginal community with knowledge of regional health and Aboriginal health because we consider them priorities for Western Australia. But at the end of the day, whether someone receives a burns injury in Broome or the metropolitan area, they will be the beneficiary of this fund. Indeed, the biggest challenge that we will confront in Western Australia into the future will be around mental health in our regional communities because, firstly, we know regional communities struggle to attract the necessary workforce and services and, secondly, mental health will impact upon everyone throughout our community. We know that that will be exacerbated. Any priorities that the advisory panel advises will obviously take great account of the needs of people in regional communities. Instead of committing a stream of funding for regional health issues specifically in the legislation, regional health issues will be best addressed through a priority developed by the advisory group based on consultation and the needs of the community. I understand why that perspective has come forward in the debate and commend the member for Central Wheatbelt for prosecuting that line of argument. Regional communities are at the heart of nearly all policies the Nationals WA advocate for in this place, so I understand that. Also, as the member for Central Wheatbelt observed, the seed funding for the Western Australian Future Fund came from the royalties for regions account. I remember during the debate on the Western Australian Future Fund Bill, the Leader of the National Party at the time and Minister for Regional Development, Brendon Grylls, observed that royalties for regions had to make its contribution to the broader benefit of the community. I think this is a very worthy contribution to the future health research and innovation fund, because a clear priority will be those people who live in regional communities and suffer from poorer health outcomes, whether they be from an Aboriginal community, where poorer outcomes are completely apparent, or from the general regional community population, which suffers poorer health outcomes for a range of reasons. From that perspective, I think it is highly unlikely that we will support amendments to that effect. However, we appreciate and respect the perspective that was brought forward.

A range of members raised broader health issues. It is important that the future health research and innovation fund has the capacity to take all those future health challenges into account. The member for Swan Hills raised climate change, the member for Mirrabooka raised type 2 diabetes, the member for Belmont raised mental health and wellbeing, and the member for Kimberley raised some very strong points about suicide prevention in her communities. We know that the healthcare challenges of the future will be intense and will demand a lot from our health system, so we have to be tooled up and ready to go. We have to have the best possible technology and health knowledge to bring us forward. That is why this is such an important piece of legislation.

I go back to the original comments I made. This is about diversifying our economy. It could make a huge contribution to our society. This is about creating jobs. If someone were to stand on Hospital Avenue at the Queen Elizabeth II Medical Centre, they would be standing at the site of over 1 000 employees working in medical research, whether it is the great work that the Telethon Kids Institute is doing or the great work that the Harry Perkins Institute of Medical Research does. This legislation is a job creator, which is a very important aspect of what we do. It will attract the best and brightest. The Leader of the Opposition made an observation about the Australian National Phenome Centre, which has attracted Jeremy Nicholson and Elaine Holmes, who are international superstars in the world of phenomics. That is a sign of what we can do in Western Australia by being a global leader in medical research, technology and innovation. In addition, Professor Tobi Kollmann has joined the Telethon Kids Institute. If his work

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comes to fruition, in Western Australia we will be creating a human vaccine for children that will protect them for life from diseases such as influenza. These are life-changing opportunities and we in Western Australia have to be ready to take advantage of them, whether it is by attracting greater amounts of funding from the National Medical Health Research Council or the federal Future Fund, by making sure that we have better technology in our hospitals or by making sure that we are creating jobs in a diversified economy. We have to be ready to accept these challenges and through this fund, we will be. This is a game changer, but, most importantly, this fund will improve healthcare services for Western Australians. It does not matter where they are—whether they are in our regional communities, our general hospitals or our big advanced tertiary hospitals. This will be a game changer in making sure that we bring the very latest technology and the very best clinicians to bear on the sick and injured of Western Australia. It is a great opportunity for Western Australia, and meets an important election commitment that we made at the last election. I commend the bill to the house.

The ACTING SPEAKER (Ms S.E. Winton): Thank you, members. Before I put this to the vote, the second reading of this bill requires an absolute majority. If there is a dissenting voice when putting the question, I will divide the house. If there is no dissenting voice, I will count the members present and declare the question to be carried by an absolute majority if that is the case.

Question put and passed with an absolute majority.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clauses 1 to 6 put and passed.

Clause 7: Section 3 amended —

Mr Z.R.F. KIRKUP: Clause 7 amends, in alphabetical order, a number of definitions in the act as it stands. I am keen to work through those definitions in alphabetical order. I think the National Party's amendments are to page 5 of the amendment bill. If we go through the definitions in alphabetical order, we will get to that page at the end—or whenever the Nationals want to jump in.

Clause 7(2) states —

arrangement means —

- (a) a contract, programme or scheme; or
- (b) any other type of arrangement;

Can the minister clarify for the house whether that means any project or outcome that will be funded through the bill we are putting in place here today?

Mr R.H. COOK: I am advised that “arrangement” means a contract, program, scheme or any other type of arrangement. Essentially, it could be a grant, a prize or a service agreement. From that point of view, “arrangement” has been drafted in broad terms to capture all those activities, so it is not the research itself, but the mechanism by which it is engaged.

Mr Z.R.F. KIRKUP: Can the minister clarify what is meant by “prize”?

Mr R.H. COOK: A range of mechanisms might be engaged to decide what program or research will be funded. A competitive situation might be set up. A classic case in point at the moment is when—I am trying to think of young, funky language. What is it when a bunch of 12-year-olds sit in a room with a number of computers to sort out a problem?

Mr Z.R.F. Kirkup: That's a good question!

Mr R.H. COOK: It is a hackathon—that is it, sorry. A fairly modern way to resolve a problem is to pose the problem in the context of a competition. A classic way of doing that at the moment is through a hackathon and people collaborate to produce the best outcome and the prize is allotted to reward the winner of that, but then you keep the intellectual property from it. That is why we want to have a range of mechanisms to do this in order to capture the full suite of activities.

Mr Z.R.F. KIRKUP: I assume that no matter what happens—the prize or grant, or whatever the process might be—the same sorts of governance arrangements will be in place and subject to the requirements and fit in with the strategy and priorities and such things. The idea of a hackathon or competitive process sounds exciting, but obviously that would be consistent with existing governance arrangements that are enshrined in the legislation; is that right?

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Mr R.H. COOK: As the member knows, one of the key objects of the legislation is that we want this research and innovation activity to be world leading. The Leader of the Opposition made a range of observations about the size of our research community, and I think they were good observations. Some people have described it to me as we tend to fund our friends and eat our children. Basically, a level of research activity goes on because we have always done it. One of the things I am trying to do through this legislation is really challenge that orthodoxy and make it clear that this is about Western Australia doing what Western Australia does best.

Mr Z.R.F. KIRKUP: Page 4 of the bill states —

forecast investment income, for a financial year, means the estimate that —

- (a) is of the income that will be derived during the financial year from the investment of money standing to the credit of the FHRI Fund; ...

That is set out in the *Economic and Fiscal Outlook* and other budget papers. From an operational perspective, does that mean Treasury provides an advanced expectation about what that investment income will look like—hence the word “forecast”—then that money will be credited? In his second reading reply, the minister resolved some concerns raised by members on this side—it was certainly my concern—that if there is a global financial crisis and that falls away, the forecast investment income might not meet what was originally intended in terms of the quantum. Why is the government using the forecast investment income rather than income that has been accrued in the past financial year, for example?

Mr R.H. COOK: I am advised that the forecast investment income is the estimate of investment income expected in the financial year from investing the money standing in the credit of the future health research and innovation fund. That figure is set out in the part of the state’s budget papers entitled *Economic and Fiscal Outlook*. There is also provision for regulations to prescribe another part of the budget papers. The idea here is that ultimately the fund, which remains under the control of Treasury, determines on a year-to-year basis the level of money that goes from the fund to the account. It is based on a conservative estimate of what would be the expected income, and the practicalities that Treasury impressed on us are important. As the member knows, Treasury has a very conservative outlook of its investment strategies and, as I detailed in my response to the second reading debate, this is about making sure that the projected funds from the fund are based on long-term investment rather than short-cycle investment, and that is the nature of the weighting of the fund itself.

Mr Z.R.F. KIRKUP: The concerns I have and that other members have expressed is that if we rely on the forecast investment income—the member for Nedlands will undoubtedly tell me what the iron ore price was in various years; it can be quite high and then drop away very quickly—that will obviously influence the forecast investment income. What happens in a situation in which the minister forecasts \$50 million and that has been set aside for medical research? It turns out that that was not realised—it might be a long-term investment strategy, but it does not get to that point. What happens if not enough investment income has been generated? What options are open to the government to supplement what was forecast? Are we ultimately left with a situation in which we say to various institutions that we were going to have \$50 million for medical research in 2021 but it turns out that we have only \$30 million, so someone is left \$20 million short? What does that look like?

Mr R.H. COOK: The forecast investment account is calculated using the actual balance of the FHRI fund, plus the forecast mining royalties to be credited for the year. The total is then multiplied by a rate commensurate with the Western Australian Treasury Corporation cost of funds. In summary, the figure is an estimate of the income that will be derived during the financial year from the investment of the money standing to the credit of the FHRI fund. As I said in my response to the second reading debate, investments are currently split between bonds, 70 per cent, and floating rate notes of 30 per cent, with approximately 50 per cent of those investments maturing within 12 months. It is based on long-term investment cycles. Those investments are considered longer term investments that protect an investment portfolio from significant market fluctuations.

To come back to the member’s question specifically, the FHRI fund may be credited with additional funds lawfully made available; therefore, if it is agreed that additional funds are required, proposed new section 4B(2)(b) will allow for the appropriation through Parliament. Ultimately, that scenario would not be considered optimal, but the idea is that a conservative investment strategy ultimately produces a long-term income stream on the basis that the account managers can be reliably informed what the likely medium and long-term trajectory of the income would be. That avoids the situation that might be encountered, which is, basically, that a commitment has been made to someone for a five-year research project and we bump into year four and all of a sudden there is no money left. The idea is that it is a conservative trajectory based on long-term investment products.

Ms M.J. DAVIES: To clarify, is it in relation to proposed section 4B(2)(b)? I may have misheard the Minister for Health; was it was something to do with going to Parliament to provide additional funds? Is there a requirement for the minister to come back to Parliament if it is outside of the scope of what was agreed to?

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Mr R.H. COOK: Yes. Obviously, we will come to that when we deal with clause 9, member. But the advice I received is that proposed section 4B(2)(b) ultimately allows for, if necessary, an appropriation through Parliament. But, as I said, one would have to make sure that one has those provisions so there is the capacity if it becomes problematic.

Mr Z.R.F. KIRKUP: Thank you, minister. I would like to explore the forecast investment income some more. Will the elements that will be set out in the budget papers, and then the regulations prescribed as part of those budget papers, provide the immediate forecast investment income, for example, for the next financial year from where we are now or will it be for a range of expected years given that this is a long-term investment strategy? Will the government publish for the next five years, for example, what that would look like? I am sure that the minister would say, “All will be revealed in the next budget round”, but what would the minister imagine may be displayed so Parliament can have some satisfaction as to what to expect will be derived as part of the investment income?

Mr R.H. COOK: Member, I am advised that, typically, in relation to that funding, it would be the one year only in advance, but, obviously, as time will tell, we will have an idea about what those funds might be. As the member will recall, for instance, we provided information regarding what is anticipated across the forward estimates in the event that the bill passes. We obviously have a pretty good idea about what the rollout will be over the next few years, and that will be managed in the normal context of the budget.

Mr Z.R.F. KIRKUP: Thank you, minister. This is my last question on this element of the forecast investment income. Is there any particular reason the government decided to use—this is probably a policy decision; but I am curious—the forecast investment income rather than the already generated investment income? Obviously, the fund is generating income now. It will be amended and repurposed and things like that.

Mr R.H. Cook: Why not the year before and then —

Mr Z.R.F. KIRKUP: Yes. Then, obviously, if we have already generated the funds, would it not be a safer alternative to say, “We’ve got this amount; now we’re going to spend this amount”, rather than say, “We predict this amount; it might fall short. There is this insurance policy by which we can come to Parliament for a lawful arrangement to top it up or we just will not spend it.” I am curious to know why it was not a government policy or government decision, or perhaps why the government did not draft to use what already is in the bank into the bill. The minister knows the opposition’s position on this. Obviously, we support it. I think it is important for continuity going forward that we would expect that the government would hopefully be in a position to firmly say, “We’ve derived a certain amount of income already in the last financial year. This is how much we can spend.”, rather than predict it, and the bottom falls out of the global economy, and then those long-term investment strategies are affected. There is a lot of merit in them and, obviously, they are very sound, but they are still open to exposure and the fluctuations of the global marketplace.

Mr R.H. COOK: I might be able to provide the member with some clarity a little later in the discussion. But at this point in the debate, I say that on 1 July each financial year, the Western Australian Future Fund is credited with the forecast royalty on the first business day of the financial year. The intention is that the future health research and innovation fund will be credited with the forecast royalty income in the same way and at the same time each year. Therefore, the exact timing of the crediting of the future health research and innovation account will be a matter of discussion between the Department of Health and the Department of Treasury. I think that is it.

Mr Z.R.F. KIRKUP: I appreciate that, minister. I think the Western Australia Treasury Corporation plays a role in that as well; is that correct?

Mr R.H. Cook: Yes. It’s all over it.

Mr Z.R.F. KIRKUP: That is right! Since the future fund has been in operation, have there been years in which the actual yielded investment income has come out significantly lower than the forecast income; and, if so, can that information be provided to Parliament at a later stage?

Mr R.H. COOK: Yes, member. I think we can provide that information at a later stage. We do not have it to hand.

Mr W.R. MARMION: My question relates to the definition of “qualifying activities”, which is on the bottom of page 4 and rolls over to the top of page 5. I am a very strong supporter of start-ups, whether it is a health start-up or whatever. The minister mentioned the valley of death, which is obviously an area in which someone needs to risk capital sometimes based on good judgement. We sometimes have to pick a winner. But I am interested to know the boundaries of what we can invest in. Medical research is obvious. Other research in the human health field is obvious. What are the boundaries on medical innovation and other innovations in the human health field? I think it is Professor de Silva who has a good methodology based on Stanford Medicine in terms of developing a process of innovative health measures to improve the efficiency of some operations. It may not be termed “research”, but under the definitions in one of the proposed sections coming up, “Object of Act”, it will help to

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improve the financial sustainability of Western Australia's health system, so it comes under that area. The government might have an issue. I have been on medical research bodies that give out money. I will give the minister a practical example. The minister might have an emergency app on his phone.

Mr Z.R.F. Kirkup: St John's one?

Mr W.R. MARMION: No, it is the WA Emergency Waiting Times app that was developed while I was the Minister for Science and Innovation. It uses readily available information. The app tells people what the waiting times are in all the hospitals in the metropolitan area and how many people are in the waiting room. It updates every four minutes. If people are watching a game of hockey and someone gets an injury, it is a very useful app to find out the hospital to be seen most quickly at without having to ring anyone up. It cost the state government \$50 000 to pay—not medical researchers—an application designer to use Department of Health data to come up with this innovative product, which means that the health system is more efficient. I commend the officers in the department of innovation who came up with that. These sorts of things are terrific. It might be for moving patients around or it might be for another efficiency. If someone puts forward an idea like that, how will they compete with someone who has a world-leading research project on Alzheimer's? How does the government compare the two? How will the government decide who will get the money? It will be very hard. When I was working for the Minister for Culture and the Arts, there were special funds for specific areas of the arts. These were siloed areas. It was hard enough dealing with siloed areas. This fund covers a broad, all-important area, but how will the government pick the winners? It is going to be a hard task. I am very interested to know, firstly, whether an emergency waiting times app would be picked up; and, if so, how would it be rated? To get this application up, we funded it outside of the health department.

Mr R.H. COOK: In the context of the election commitment, essentially, we said that there would be two streams—health and medical research, and innovation. We believe that innovation has an important role to play in improving the way we deliver health care. The definition of innovation that we are using in the context of this policy debate is the application and commercialisation of the outputs of research for the benefits of improving the health and wellbeing of human beings, and the development and delivery of new and improved health policies, systems and services and delivery methods that seek to improve people's health. I think the member is absolutely spot-on. Often, many of the things that have the most benefit to the system are in simply doing things differently.

Telehealth is a great example of that, but, as the member said, it often comes down to simple things like patient flow. Systems that develop new ways of managing patient flow can produce particularly good outcomes.

Clause 7(2) states —

qualifying activities means —

(a) any type of —

- (i) medical research; or
- (ii) other research in the field of human health; or
- (iii) medical innovation; or
- (iv) other innovation in the field of human health;

or

(b) the commercialisation, or other utilisation or development, of any products or other outcomes of any research or innovation ...

The member is right; how do we pick which one will be the winner? Mercifully, as the Leader of the Opposition observed, that is not going to be a problem for the Minister for Health, because we will invite an expert response on that issue. It also comes to the point that I made to the member for Dawesville that these health solutions often come from ideas that pop out of competitions, hackathons and things of that nature. Although medical research goes on a linear pathway that is easy to predict and is steady, as the member knows, innovation is irreverent, up and down, disruptive and changes the way we think about things. Because of that, we have defined it in that way to capture what the member was saying about new ways to deliver health care.

Debate adjourned, pursuant to standing orders.