

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

Consideration in Detail

Resumed from 30 October.

Clause 7: Section 3 amended —

Debate was adjourned after the clause had been partly considered.

Mr Z.R.F. KIRKUP: I understand that the National Party will move its amendments shortly. I have only a few more questions on clause 7. I note that the last time we discussed this bill on 30 October, we asked whether the minister would be able to table or provide Parliament with a time that the yield investment income was lower than forecast. He made a commitment and said words to the effect that he could provide that information at a later date because he did not have it to hand. I wonder whether that information could be provided to Parliament before we continue.

Mr R.H. COOK: Yes, member. I had it with me just a moment ago and now it has magically disappeared out of my file. Here we are. I will spare the member the numbers and just table those figures. Since the establishment of the Western Australian Future Fund, actual investment income has exceeded the forecast each year. Due to conservative estimates, the Department of Treasury has calculated the forecast investment income consistently below the actual. Currently, the forecast investment income is calculated using the actual balance of the Western Australian Future Fund plus the forecast royalty income to be credited that year. The total is then multiplied by a rate commensurate with the Western Australian Treasury Corporation's cost of funds. This is a simple calculation undertaken by the Department of Treasury so that the forecast figures can be included in the state budget. Going forward, the WA Treasury Corporation and the Treasury will forecast the investment income using a more complex model to ensure accuracy and to minimise the variance between forecast and actual investment income. If I may characterise it, over the period between 2012–13 and 2018–19, the forecast interest comparison was \$207 million and the actual was \$239.2 million. The variance is there.

[See paper 3025.]

Mr Z.R.F. KIRKUP: I appreciate the minister's advice on that. Effectively, we remain concerned that the forecast investment would not match what is predicted and that might lead to some issues with what could be predicted for the provision of grants and such things. Obviously, the circumstance is that the actual has been far greater than every prediction and forecast that has been made. That helps. It is interesting in terms of how that fleshes out. The member for Nedlands discussed some concerns we had about the lumpiness of the cycle. The minister is relatively confident that the state will not be left short and have to come back to Parliament to get additional funds to top up what was initially forecast because it turned out that we had not got there. He is confident, as much as he can be, that that will not be the case.

Mr R.H. COOK: Yes. I took the opportunity during the break to ask some folk in Treasury why we do it on the forwards rather than back. Essentially, I gather it is a fairly short tradition that started with royalties for regions.

Ms M.J. Davies: That is exactly how royalties for regions worked.

Mr R.H. COOK: That is right. I gather that was at the insistence of the Leader of the Nationals WA at the time. That tradition has continued with the management of this particular fund. Essentially, like all budgets, the Department of Treasury gives an estimate of what can be spent, which is on the same basis as this.

Mr Z.R.F. KIRKUP: I move to qualifying activities, which is where we are at now. The definition of "qualifying activities" in clause 7 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 falling within paragraph (a).

The Liberal Party is particularly interested in the commercialisation aspect of that and the provision by which we have obviously allowed for the funds that remain within the account under this legislation and for the fund itself to be used for a commercialisation prospect. Does the minister imagine that there would have to be a buy-in from the state in that case? If someone pitched something and they just needed another \$1 million for it to take off, is

there a requirement for the state to have a pre-existing relationship—for example, having funded some medical research that turned into an opportunity for commercialisation? I am sure that all members are approached from time to time by people saying that they have a great idea and all they need is another \$1 million to commercialise it into something that will save humanity or something like that. Does the minister imagine that going forward the government will need a pre-existing relationship with the organisation that is proposing an idea? Is that the reason for the inclusion of this provision?

Mr R.H. COOK: Commercialisation was obviously inserted because we were keen to ensure that the fund plays a role in taking us from discovery to commercialisation, getting across what is commonly referred to as the valley of death—going from discovery to first-base clinical trials, translation scale and commercialisation. The concept of commercialisation is fairly broad because, as the member says, it will mean different things to different projects. Some organisations might simply be looking for some sort of incentive in order to progress something to a wet lab situation; others may be looking for financial advice, not necessarily funding. We have kept that fairly broad. It is not so much a situation of whatever it takes, but it is defined broadly to basically best fit the project that might be before the government at the time. Commercialisation in some places requires taking some intellectual property; in other situations, it is simply a matter of providing some sort of facilitation or infrastructure. From that perspective, commercialisation is really about the object of the activity rather than a description of the activity.

Mr W.R. MARMION: I wish to pursue this in a bit more detail. I asked a similar question last time. This is a really important area of interest to me. This was a key component when we were in government and when we launched the innovation strategy for Western Australia in 2016. There were 250 people in a workshop, and they were all from start-ups. We came up with a budget of \$5 million a year, which was broken down into five components. One of the tricky ones was what the minister just talked about. There are a number of issues around this but I will concentrate on one now. If a start-up company has a good project that has been verified by an independent panel, which is another issue—we discussed this last time—it is a case of how the government supports that. If the company needs \$1 million, as the member for Dawesville said, or \$500 000 or even \$100 000, would the state government take an equity share in the project? Let us say that the project is valued at \$1 million at the time—how it is evaluated is another issue—and the state government decides that it will be a terrific project if it is commercialised and stays in Western Australia, so there could be conditions around any funding. Let us say that the government decided to throw in \$500 000 to a project that is verified independently as being worth \$1 million. Would the government take one-third equity in the project? When we debated this for our innovation strategy in 2016, we decided that the state government would not do that. The industry was pretty pleased with that, obviously. There are a number of reasons for that. Let us say that the government chose to take one-third equity. The project moves along, it is decided that it is going to go well and everyone agrees, and there will be a new issue. Everyone realises that more money is needed. They are all shareholders, and suddenly the state government—this is another issue—is a one-third shareholder; there will be a one-for-one issue. If the state government wants to retain its one-third shareholding, it has to put its hand in its pocket for a one-for-one fundraiser. That could lead to complications within the fund, or outside the fund. This is a really important issue. I would be interested to know whether the minister or someone has thought these things through because it is a significant issue.

If a private investor put \$500 000 into a company worth \$1 million, he might be looking—this is another issue—at divesting. If the project looks like it is going to be a goer and it is suddenly worth \$5 million, for instance, a year later because of the extra work that has been carried out, an angel investor, for instance, might look at getting a return on their \$500 000 by selling out and then going on to another thing. The government may become an angel investor. I thought it would be worth putting some thoughts on the record, in *Hansard*, about what the state government thought about how it will handle quite a tricky issue.

Mr R.H. COOK: In that short period I think the member captured a lot of the challenges that will confront the government and the advisory panel. When we went to Israel, we asked the former chief scientist at the time, “What do you do with IP?” He looked a bit confused and asked what we meant. We asked him how he managed IP. He said, “We don’t manage it. We give money to people to create innovations. They keep the IP. If they sell it to a North American private equity company, it comes back to us in the form of taxes. If they don’t sell it, it creates jobs.” He used the expression “the house always wins”. Part of the problem is that we are not the full house; we are a province, for want of a better description—a small “p” province. From that perspective, it is a little more complex.

People are always raising with me the issue of the CSIRO and the impact of its development of the technology around wi-fi, which has greatly benefited that organisation. I think that is a little different from what we would be looking at in this case. We would be providing support for organisations, whether it is the Harry Perkins Institute of Medical Research, the Telethon Kids Institute or other institutions or businesses to create that commercial opportunity. The benefit of seeing those entities grow rather than entering into difficult and complex contracts around equity would drive this process. That is not to say that that will not take place; it really depends on the proposal that is before the government at the time.

Ms M.J. DAVIES: Just on the same aspect of qualifying activities, but from a slightly different angle—I think we might have touched on this when we were talking in a previous session—can the minister confirm that those qualifying activities include the innovation of service delivery? That is not necessarily the sexiest part of research and innovation, but from a regional perspective we have certainly seen some real benefits in being able to invest in the way in which services are delivered, as opposed to researching a particular drug or disease. That is certainly an aspect that gets more of the media’s attention but is not something that a lot of people think about outside regional Western Australia. I think it is something that the WA Country Health Service has really sharpened its focus on over the last five or 10 years. From our perspective, if there is a possibility of improving service delivery through innovation technology, there is an opportunity for the entire health budget to benefit. I imagine the delivery of some of those services to very sparsely populated areas across great distances is a big component of the health budget. Is it the minister’s understanding that that will be given equal weighting and is something that will absolutely qualify under what the government is proposing?

Mr R.H. COOK: The member is quite right. “Qualifying activities” covers medical research, other research in the field of human health, medical innovation, other innovation in the field of human health, and the commercialisation or other utilisation or development of any products or other outcomes of any research or innovation. According to the “Western Australian FHRI Fund Governance Framework”, the term “innovation” is inclusive of —

- (a) *the application and commercialisation of the outputs of **research** for the purpose of improving the health and wellbeing of human beings*
- (b) *the development and delivery of new or improved health policies, systems, and services and delivery methods that seek to improve people’s health.*

That definition is adapted from the definition used by the World Health Organization Innovation Group. The biggest innovation that has taken place inside WA Health has taken place inside the WA Country Health Service through the development of the telehealth service, under both the member’s previous government and our government. That is now growing in a way that is providing exponential benefits to the community and the people who fund those services. Proposed section 4(a), “improving the financial sustainability of Western Australia’s health system”, is another component that will feed into the systems that ultimately provide innovative health services outcomes. Some of the really good gains can be made around the systems that deliver the services, rather than the services themselves. Telehealth is a classic example of that.

Ms M.J. DAVIES: I have one more question on that, and the minister might tell me that this will be dealt with later in the bill. Are all those things that we have just talked about given equal weighting when they are considered? As I said before, it is not the sexiest part of health reform for those of us who are not in that area. It would be wonderful to be able to stand up and say, “We’ve cured cancer.” Obviously, that is everyone’s aspiration, but from a government perspective, finding more efficient and better ways of delivering health services is equally important. I wonder how that will be weighted as the process unfurls, the committee is put together and the government considers these applications.

Mr R.H. COOK: We have not been prescriptive in the bill about the weighting of different outcomes. That will ultimately be decided by the strategic approach taken by the government of the day, utilising the services of the advisory panel. One would think that the sustainability of the health system would be an important element of that, so that would obviously be an important component. We have not been prescriptive around that, but we believe that will be covered in the strategy that will be struck periodically for the functions of the advisory panel.

Mr I.C. BLAYNEY: I understand that the Israeli model that the minister spoke about is starting to be questioned in Israel because so many of their innovations have been sold off and they have not really extracted full value from them for the Israeli economy. I was going to ask whether the government was going to take equity from any projects, but it appears that the money is going to be given no-strings-attached. Let us assume that we have a unicorn—which I understand to be a start-up that ends up being worth \$1 billion—if we —

Mr W.R. Marmion interjected.

Mr I.C. BLAYNEY: The member can laugh if he likes, but if the government puts money into this area, a few of these things do come up, especially in medical technology. There is the potential for Western Australia to be in that space because it is a high-cost environment anyway. Where would profits go? Would they go back into the Western Australian Future Fund, or would they go back into similar research?

Mr R.H. COOK: The bill contemplates both scenarios. Under proposed section 4B(2)(b), the future health research and innovation account is also to be credited with any other money lawfully made available to the FHRI account—that is, moneys other than just those that have come from the fund. Proposed section 4D(1) states —

The Treasurer and the Minister for Health may, in writing, jointly direct that money standing to the credit of the FHRI Account be transferred to the credit of the FHRI Fund.

In that regard, we are contemplating a situation in which benefits derived from the activity go back to the account, and moneys that go to the account can be returned to the fund for a future generation of activity, or simply be made available to the account.

Mr W.R. MARMION: Just following on from the Leader of the National Party's point, I refer to the issue of how we select a project. I know it is covered by the legislation, so a project can be chosen or invested in that has a practical application to improvement in the efficiency of the health system. The Leader of the National Party mentioned the criteria for selection and asked whether there was different weighting. My experience of having sometimes been on selection panels is that it depends on who is on the selection panel. In this case, let us say there are a dozen projects, of which 11 are outstanding research projects that could ultimately win the Nobel Prize because of what they might solve. The other project might be just a change in the system for dressing a wound or looking after someone in the hospital, which might be a terrific outcome for the patients. Indeed, it could reduce the costs of the Department of Health. But those on the selection panel might have to make a choice between, say, five projects, and if they are researchers, they might be inclined towards a research project. It depends on whom the selection panel comprises. We need to make sure that the panel comprises a person who is fairly practical about what happens in a hospital, as well as researchers who know all about neurological surgery and things like that. From my experience, whoever is on the selection panel will probably dictate what projects are selected. I support the position of the Leader of the Nationals WA that we want to make sure that we deliver practical and good outcomes for the regions.

Mr R.H. COOK: This is the reason that under clause 9—we will come to that in due course—proposed section 4F(3) states that the advisory group will comprise people from a range of different areas to make sure that we strike the right balance. In particular, we have made sure that there are people on the advisory group who have a background in regional health and Aboriginal health. The member is quite right; it is important that we have that balance. It may or may not surprise the member to hear that I have been lobbied by some people who have said that we will not have enough researchers on the panel, while other people have said that the panel will not have enough innovators. The fact that most people think that there are not enough folk from different places suggests that we have probably got the balance about right. The governance framework, which we tabled early on in the debate, provides for expert panels to advise specifically on elements of the grant applications, which will make sure that the appropriate expertise is made available. We have also made it clear that we expect there to be two streams; that is, innovation applications will compete with innovation applications and research applications will be pitted against research applications. The member is right; we do not want a situation in which someone who comes up with something that will potentially save the system hundreds of millions of dollars by way of innovation is overlooked because of the glamour of someone in a white lab coat discovering something in a petri dish. We want a proportion to make sure that it is quarantined for innovation, but, ultimately, how that is divvied up will depend on the strategy that is struck.

Ms M.J. DAVIES: I move —

Page 5, after line 8 — To insert —

regional Western Australia means the regions described in the *Regional Development Commissions Act 1993* Schedule 1.

This is a functional amendment because the guts of what we need to get to in what the Nationals are proposing—to make sure that at least 25 per cent of the forecast expenditure from the FHRI account is allocated to research and innovation for regional health services to benefit regional Western Australia—warrants the definition of “regional Western Australia” in the terms we are discussing at the moment. For that we have simply adopted the definition of “regional Western Australia” as per the Regional Development Commissions Act boundaries. It is fairly self-explanatory. Clearly, we need a delineating term. This amendment allows us to be very clear about the foreshadowed amendment down the track about the definition of “regional Western Australia”.

Mr R.H. COOK: I thank the member for the amendment. This amendment informs later amendments that go to the question of a specific allocation from the account to what can be described as health projects that impact on regional Western Australia. I understand and completely respect the intent of what the member has proposed. This amendment will provide a definition of “regional Western Australia”, which will then inform the amendments that the member will move later. I do not have a problem with the concept of the definition of “regional Western Australia”, but I do have a problem from the perspective that this will action an amendment that will be moved later with which we disagree; that is, that the machinery or functionality of it is that at least 25 per cent of forecast expenditure from the future health research and innovation account is allocated to research and innovation for regional health services to the benefit of regional Western Australia.

The reason we respectfully oppose this amendment or collection of amendments to give effect to that in clause 9 is that we believe it is important that the future health research and innovation fund be there for the benefit of Western Australians. Obviously, a lot of health issues impact on people in regional Western Australia as much as they do on members of the Western Australian community who live in other places. By that, I do not mean that

Extract from Hansard

[ASSEMBLY — Tuesday, 12 November 2019]
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Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

we do not acknowledge the differences in the health profiles between the two communities but, essentially, a medical breakthrough in one element of human physiology applies to all members of the community evenly. From that point of view, we have problems with the idea that we identify a particular piece of medical research or innovation that will specifically meet the definition of being to the benefit of rural Western Australia. The other side of that is to say that if it meets the benefit of people in the regions that is okay, but, ultimately, that would mean that almost all the measures under this bill would in fact be for the benefit of the regions, which would then not give effect to what the member is trying to achieve.

We are sensitive to the health needs of people living in regional communities and Aboriginal people, who are very important residents in regional communities. From that perspective, as I have informed the house, in later clauses we specify the make-up of the advisory panel. We have specifically set aside two positions to make sure that we strike the balance that the member is looking for. From that perspective, we will respectfully decline the opportunity to vote in favour of this amendment, not because we find the definition of “regional Western Australia” offensive in itself, but because we do not agree with the later amendments that the member has indicated she will move. The term “regional Western Australia” is included in proposed section 4F(5), which will be inserted by clause 9. Proposed section 4F(5) expressly provides that at least one member of the advisory group must be considered by the Minister for Health to have experience in dealing with issues relating to the health of people living in regional Western Australia. This acknowledges that regional health issues are particularly important to WA and ensures that there is a regional health perspective in all the decision-making of the advisory group. Again, this ensures that the health and wellbeing of regional Western Australians are considered in the amendment bill. From that perspective, we acknowledge the member’s concerns and respect her perspective on this particular amendment. We, too, share her passion to make sure that regional Western Australians are the beneficiaries of this bill, but we believe that we have pretty much got the balance right in its current form.

The ACTING SPEAKER: The question is that the words to be inserted be inserted. All those in favour say aye, those opposed say no. I think the noes have it. Division called. Ring the bells.

Point of Order

Mrs M.H. ROBERTS: Mr Acting Speaker, when the division was called, Liberal members were in the house, and they then left the chamber. I would like some consideration to be given to that. My understanding is that once the vote is called, members are not allowed to leave the chamber.

The ACTING SPEAKER (Mr R.S. Love): I do not know who was in the chamber at that stage. I will take advice from the Clerk on the point of order and get back to the member. With regard to the point of order raised by the member for Midland, it appears that under standing orders, members can leave the house until such time as I order that the doors be locked, except for the person who called the division, who is still here.

Debate Resumed

The ACTING SPEAKER: The question is that the words to be inserted be inserted.

Division

Amendment put and a division taken, the Acting Speaker (Mr R.S. Love) casting his vote with the ayes, with the following result —

Ayes (6)

Mr I.C. Blayney
Mr V.A. Catania

Mr R.S. Love
Mr D.T. Redman

Mr P.J. Rundle
Ms M.J. Davies (*Teller*)

Noes (29)

Ms L.L. Baker
Dr A.D. Buti
Mrs R.M.J. Clarke
Mr R.H. Cook
Mr M.J. Folkard
Ms J.M. Freeman
Mr T.J. Healy
Mr F.M. Logan

Mr M. McGowan
Ms S.F. McGurk
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mr M.P. Murray
Mrs L.M. O’Malley
Mr P. Papalia

Mr S.J. Price
Mr D.T. Punch
Ms M.M. Quirk
Mrs M.H. Roberts
Ms C.M. Rowe
Ms A. Sanderson
Mrs J.M.C. Stojkovski
Mr C.J. Tallentire

Mr D.A. Templeman
Mr P.C. Tinley
Mr R.R. Whitby
Ms S.E. Winton
Mr D.R. Michael (*Teller*)

Amendment thus negated.

Mr Z.R.F. KIRKUP: Clause 7(3) seeks to delete in section 3, in the definition of “forecast royalty income”, the words “General Government Operating Statement” and substitute the words “Economic and Fiscal Outlook”. May I have a bit of an explanation about why that decision was made?

Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

Mr R.H. COOK: I am advised that the term “General Government Operating Statement” is not readily identified in budget paper No 3. It is intended that the forecast royalty income and the forecast investment income will be outlined in a table in budget paper No 3, which is titled “Economic and Fiscal Outlook”.

Mr Z.R.F. KIRKUP: That effectively reflects the modern parlance; there is nothing else to it?

Mr R.H. COOK: That is correct.

Clause put and passed.

Clause 8: Section 4 replaced —

Mr Z.R.F. KIRKUP: Clause 8 seeks to insert a new section 4 titled “Object of Act”. Paragraph (a) states that one object of the act is to contribute to —

improving the financial sustainability of Western Australia’s health system;

I would take, and I am sure the minister would take, the health system as meaning every interaction that a citizen might have with the health sector. That includes hospitals and things like that. Can the minister explain why that object has been included? The objects of the act are to reflect the spirit of the bill and the government’s intent. Why does the object of this act include the financial sustainability of Western Australia’s health system? I am keen to understand why the government has included that as an object.

Mr R.H. COOK: It is really to reflect the priorities of a modern health system. We know that medical technology and health knowledge is going forward at an exponential rate. One of the key things to achieve in any health system is the balance between what is nice to have and what is affordable. It is a reality that we could continue to improve the health and wellbeing of Western Australians while destroying their economic future if we really set our minds to it. It is just a natural balance for any health system that it has to be financially sustainable at the same time as having the loftier objectives around health and wellbeing.

Mr Z.R.F. KIRKUP: Something that underpins the government’s perspective when it comes to the health system and its management and stewardship was guided largely by the sustainable health review. Could the minister remind me whether there was anything in the sustainable health review that pointed to this type of mechanism to fund medical research? Was that a reason the minister pointed to a sustainable health system here as well?

Mr R.H. COOK: The member has pointed to the synergies that are now occurring potentially in our policies. I have always regarded a well-funded and healthy medical research and innovation sector as being part and parcel of a sustainable health system. For instance, when someone told me that we needed to improve research in Western Australia, I asked why. They said it was because we need more clinicians. The clinicians themselves are more affordable. More supply to that market means that we have a more sustainable price, for want of a better description, of that workforce. It is part and parcel of an overall well-balanced system—that it is financially sustainable, it contributes to the economic prosperity of the state, and advances the health and wellbeing of the community.

The member asked me whether the sustainable health review referred to this specifically. It did not refer to this specific mechanism for funding medical research, but it did point out that medical research and innovation is fundamental to a sustainable system.

Mr Z.R.F. KIRKUP: I note that the member for Central Wheatbelt has an amendment on the notice paper at clause 8. Proposed section 4(d) states —

advancing Western Australia to being, or maintaining Western Australia’s position as, a national or international leader in any qualifying activities.

I assume that “qualifying activities” is the term as defined in the interpretation part of the bill—that is, any activity that the government decides to fund. I think it is probably just as good to say “advancing Western Australia as a leader in medical research” or “innovation and health research”. Why does the bill say “qualifying activities”? It seems to be an unusual inclusion rather than the broad—not esoteric—sweeping statements that are defined under “Object of Act”.

Mr R.H. COOK: What has been made clear to me throughout our policy discussions with the sector and broader—this is a point that Andrew Forrest has spent a lot of time on in the context of the Eliminate Cancer Initiative—is that we should only fund or do those things that we are the best at in the world rather than doing all those things that everyone else does because we want to do it too. One of the driving influences of the future health research and innovation fund is that it ultimately puts us as a world leader in what we do best and not another system that does what every other system does. An important theme in the bill itself is that we make sure we focus on those things that we are internationally renowned for, not just something that we do because it is a nice thing to have because Melbourne has it or something to that effect.

Ms M.J. DAVIES: I would like to move the amendment in my name on the notice paper. I move —

Page 6, after line 4 — To insert —

(e) advancing health outcomes for regional Western Australia.

That would become another object of the act. I am not going to labour the point, minister, because this is going to the more detailed amendment that sits at clause 9 about the Nationals' intent to try to quarantine at least 25 per cent of that forecast expenditure into research and innovation for regional health services. Money in the future fund originally came from royalties for regions but will now come from additional funding from collected royalties. As I outlined in my contribution to the second reading, the National Party has an undeniable belief, backed up by much science and many papers, including the annual report of the WA Country Health Service, that there is an enormous inequity between health services and the health and wellbeing of regional and remote Western Australians. The annual report of the WA Country Health Service, which I spoke about during the second reading debate, identifies that there is significant disadvantage and inequity in the delivery and accessibility of health services in regional WA. The report went on to say that regional WA has far higher rates of chronic disease, such as diabetes and cancer, and higher rates of suicide and mental health problems. When that is combined with the challenges of attracting and retaining a professional workforce, we see that this is an opportunity to really shine a light and provide a focus for those who are the best and brightest who will be attracted to this fund, to actually direct their attention into this area of research and innovation.

I cannot see how we as a state can lose by having the best and brightest turn their minds to trying to resolve some of these enormous challenges that governments of both persuasions have grappled with for so many years. The Nationals will absolutely continue to pursue this. If we are going down the path of repurposing this future fund, as this government is intent on doing, we believe there is an opportunity now to make sure that we set things up for not only those of us who are representative of regional communities, but also everyone else in this chamber. As the minister has already said, there is a real concern around particular sectors of the community that live in regional Western Australia. The minister spoke about the prevalence of disease and concerns about health and wellbeing outcomes for Aboriginal communities. We share that concern. When "regionality" is put on top of it, it is compounded. I cannot see why it could not be explicitly stated, as part of the objects of the act, that regardless of the fact that people with expertise will be sitting on the advisory committee and provided that the implementation of this particular fund gets underway, that they will be continually drawn back to the objects of the act. That will continually focus and advertise to people that we as a state are committed to trying to resolve some of these very intractable issues that occur on a day-to-day basis. I feel as though this is an opportunity that we cannot miss when we have this focus on creating an innovation and research fund particularly around health to deal with one of the biggest issues that this state and governments of both persuasions for many, many years have tried to deal with. The minister quite rightly mentioned that we have made inroads with telehealth and others, but imagine the step jump we could make if we were to attract the best and brightest to consider things in that paradigm again by having it specifically mentioned in the objects of the act? I understand that the government will not support my amendment, but we will continue to make our case throughout with the amendments that we will put forward for consideration.

Mr R.H. COOK: I thank the member for Central Wheatbelt once again for putting this forward. It is an important issue. It is one that we all, as members of Parliament, grapple with; that is, how we continue to make sure that the services that we provide and fund from this Parliament are provided equitably across the state regardless of someone's socioeconomic status, their race or where they live. This is ultimately about how we can advance the Western Australian community in the context of medical research and innovation. From that perspective, Aboriginal and regional patients are an important perspective. As I said, that is one of the reasons that we specified it should be reflected in positions on the advisory panel. The idea is that the qualifying activities that contribute to one or more of these listed matters are already encompassed regional health issues. Instead of specifically committing a stream of funding for regional health issues in the legislation, regional health issues would be best addressed through a priority developed by the advisory group based on substantial consultation, specifying that the advisory group must include expertise in consumer, Aboriginal and regional health issues and acknowledging that these issues are particularly important to Western Australia. However, to allow flexibility for the future health research and innovation account to be used to tackle new and urgent health challenges, it is not intended that funding will be quarantined for a particular health issue or a particular area of Western Australia. Instead, the broad consultation conducted by the advisory group will ensure that the future health research and innovation account is applied to the most pressing needs and opportunities.

When Hon Brendon Grylls was speaking on this issue, I think he made the comment—to paraphrase him but certainly not to quote him—that royalties for regions, as he described it, needed to make a contribution to the broader Western Australian community. I think in this particular context, we are making a contribution to the regional communities by ensuring that our health system, and the outcomes of our health system, are dedicated in a manner that reflects our priorities and needs. As I said and as the Leader of the National Party has said on a number of occasions, the health issues for people in regional Western Australia are very important. It is one of

Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

the reasons that a regional position will be on the advisory panel. I think we appropriately reflect it, although, ultimately, we need the flexibility to make sure that we respond according to the needs of the Western Australian community. Again, we respectfully decline to support this amendment. Thank you.

Division

Amendment put and a division taken, the Acting Speaker (Mr R.S. Love) casting his vote with the ayes, with the following result —

Ayes (6)

Mr I.C. Blayney
Mr V.A. Catania

Ms M.J. Davies
Mr R.S. Love

Mr P.J. Rundle
Mr D.T. Redman (*Teller*)

Noes (29)

Ms L.L. Baker
Dr A.D. Buti
Mrs R.M.J. Clarke
Mr R.H. Cook
Mr M.J. Folkard
Ms J.M. Freeman
Mr T.J. Healy
Mr F.M. Logan

Mr M. McGowan
Ms S.F. McGurk
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mr M.P. Murray
Mrs L.M. O'Malley
Mr P. Papalia

Mr S.J. Price
Mr D.T. Punch
Ms M.M. Quirk
Mrs M.H. Roberts
Ms C.M. Rowe
Ms A. Sanderson
Mrs J.M.C. Stojkowski
Mr C.J. Tallentire

Mr D.A. Templeman
Mr P.C. Tinley
Mr R.R. Whitby
Ms S.E. Winton
Mr D.R. Michael (*Teller*)

Amendment thus negated.

Clause put and passed.

Clause 9: Part 2 inserted —

Mr Z.R.F. KIRKUP: I assume the member for Central Wheatbelt will move the amendment to clause 9.

Ms M.J. Davies interjected.

Mr Z.R.F. KIRKUP: In that case, probably not. My question is about proposed section 4A(1), which refers to the objects of the legislation as follows —

The Western Australian Future Health Research and Innovation Account is established for the purpose of supporting qualifying activities that contribute (directly or indirectly) to 1 or more of the things listed in section 4(a) to (d).

It is obviously quite a broad definition, as the minister will appreciate. It effectively empowers those two components to achieve what the legislation intends, and governance and everything like that fall underneath. Does the minister have any concern about the objects of the bill? One of the questions I asked before was about the objects being quite broad. They are many and varied. The FHRI account is to support the sustainability of the health of the Western Australian hospital system. That is obviously a very broad definition and this provision seeks to ensure that the legislation reflects those objects. Is there any reason that was done? It is obviously just a sort of head of power, as I suppose are all the other government objectives in that respect.

Mr R.H. COOK: Essentially, yes is the answer to that question. The objects give effect to the doing of those things. It is to basically secure a source of funding to support qualifying activities, so this is securing the source of funding to the actual source of funding itself.

Mr Z.R.F. KIRKUP: I appreciate the response. I move to proposed section 4C(1)(a), which states —

The Minister for Health may do the following —

- (a) make arrangements that the Minister for Health considers will further, or facilitate the furthering of, the purpose referred to in section 4A(1);

That refers to the objects. That is very broad. It continues —

- (b) approve arrangements —

- (i) that have already been made (whether by the Minister for Health or otherwise); and
(ii) that the Minister for Health considers will further, or facilitate the furthering of, the purpose referred to in section 4A(1).

Within that complex structure of that proposed subsection, it refers to the arrangements that would be put in place by the minister or otherwise. What does that mean? Is that a Treasurer's instruction or something like that? Can I have a bit of exposure to what that might mean?

Mr R.H. COOK: The member is right; it is quite broad, but, by the same token, all the way along we have been very much guided by Treasury on the privileges of this bill. To make or approve arrangements is a fairly broad context, but obviously this is so that the minister can enter into service contracts, grants or other arrangements as the future health research and innovation account might require. The minister can make or approve only those arrangements that the minister considers will further or facilitate the furthering of the purposes of the future health research and innovation account, as outlined in proposed section 4A(1). This provision imposes a subjective test and requires the minister to form a view as to whether the arrangement will further or facilitate the furthering of the purposes outlined in proposed section 4A(1). Powers were included for the minister to both make and approve arrangements. Proposed section 3 inserts a new definition of “arrangement”. This definition is broad to cover a range of mechanisms for the application of the money. The arrangements might include contracts for grants of money or service agreements with providers to assist in the disbursement of the funding. I think this goes to the point that the member for Nedlands raised earlier in that these contracts can both be complex and take a variety of forms, whether it is facilitating an activity or taking an equity stake to see a project reach the next stage. It is essentially to provide the powers for that to happen.

Mr Z.R.F. KIRKUP: Does the minister imagine that such decisions and the like will be published? I realise that a lot of those arrangements and decisions will be made by the minister on advice from the agency or maybe the advisory group, and that a lot of the interactions of what we are proposing to establish will be covered in annual reports and the like. However, such decisions and arrangements that the minister just spoke about are relatively complex and might not necessarily go to the grants and approved activities that would be funded by the account. Does the minister anticipate there would be exposure to Parliament of such arrangements that the government might seek to enter into? That is the first part of my question.

Mr R.H. COOK: Ultimately, yes, it is taxpayers’ money; therefore, it has to be expended in a way that is accountable—to whom the money is being made available and under what circumstances and arrangements. That is not discounting the fact that occasionally contracts may require an element of commerciality and would therefore require a certain amount of discretion or sensitivity around some of the information involved. This reflects the usual manner in which these sorts of arrangements are entered into.

Mr Z.R.F. KIRKUP: Does the minister imagine that they could be FOI-ed? I am conscious that a lot of these arrangements might be commercial. I am trying to establish how there might be some exposure of them for us. The minister might anticipate that with such decisions or things like that that relate to the operation of the legislation, there could be questions in Parliament. Usually, we get a much greater level of detail through FOI, but of course they could possibly be commercial-in-confidence. Nothing stands in the way of us supporting this part of the bill; I am just keen to understand going forward with interactions whether we might have a bit of transparency about any such arrangements that might be put in place, not necessarily by the minister, but by future governments. FOI obviously plays an important role, but there are restrictions under the legislation. Without there being necessarily a more forthright reporting process through the annual report and things like that, are there any other avenues through which Parliament might get detailed information about such arrangements?

Mr R.H. COOK: There are additional reporting requirements for agency special purpose accounts, and the future health research and innovation account would be outlined in the Treasurer’s Instructions. Paragraph 15 of “Treasurer’s Instruction 1103 — Statements of Financial Position” requires agencies to disclose the purpose of their agency special purpose accounts, the balance at the beginning of the financial year, total receipts and total payments, and the balance at the end of the financial year. These details are outlined in the notes to the financial statements in the annual report. This is in addition to the legislative reporting requirements proposed in new section 4D(5) and (6) and new section 9A.

Mr Z.R.F. KIRKUP: Proposed section 4C(2) states —

The Minister for Health may apply money standing to the credit of the FHRI Account for the purposes of, or in relation to, an arrangement made or approved under subsection (1).

I assume that it would not be a unilateral decision that the minister would apply such funds and that they would be represented in an annual report or a reporting mechanism. Would that be covered under the same instructions that exist for special purpose accounts? As much as I am sure that all of us would want to at times spend millions of dollars on a particular avenue or enter into an agreement on a particular matter, I am just making sure that the Minister for Health would not unilaterally make a decision or enter into an agreement on a particular matter. How might we get an understanding about any such decisions? The minister is confident that that would be covered in those other instructions that we have spoken about.

Mr R.H. COOK: That is correct. Obviously, that is further to the information I have just provided. Proposed subsection (2) provides that the minister may apply money standing to the credit of the future health research and innovation account for the purposes of, or in relation to, an arrangement made or approved under proposed subsection (1). This is drafted broadly to ensure that the minister can apply the money in a variety of ways,

provided it is for the purposes of or in relation to an arrangement that has been made or approved by the minister; for example, the minister may apply money as a prize under arrangement through a grant or to pay for costs or services outlined in the arrangement. Proposed subsection (2) is intentionally broad and does not prescribe specific ways of applying money; instead, once an arrangement is made or approved, money can be applied in accordance with the terms and conditions of the arrangement. As I said in my second reading speech, the minister will be ultimately responsible in the same way as I am responsible for a Healthway grant at the moment. I am responsible for ticking off on and giving final approval. By and large, the actual details of the proposal for that grant is made by the board of Healthway. This will reflect a similar situation.

Mr Z.R.F. KIRKUP: I appreciate the minister's response. We are applying a set of circumstances so that if something is inconsistent with the object of the act, the governance arrangements that will be set up under the bill will make sure that there is some rigour in how that money is applied. Obviously, I have some concerns about whether the minister can unilaterally make those decisions. On my initial reading of that, the minister can make arrangements as long as those arrangements are consistent with the object of the act, which is obviously very broad. That money can be applied however the minister sees fit, but we need to make sure that there is exposure of such decisions for us. Of course, the minister is suggesting that there will be enough rigour in place to stop that from occurring, in a similar way to the Healthway circumstance, and that if there were such arrangements, there would be some exposure of that to Parliament. I am just confirming that that is the case.

Mr R.H. COOK: Yes.

Mr Z.R.F. KIRKUP: I move to proposed section 4D, "Other provisions relating to the FHRI Account". Proposed section 4D states —

- (1) The Treasurer and the Minister for Health may, in writing, jointly direct that money standing to the credit of the FHRI Account be transferred to the credit of the FHRI Fund.
- (2) The Treasurer cannot give a direction in relation to the FHRI Account under the *Financial Management Act 2006* section 20(1).

Other relationships with the Financial Management Act are covered in the following proposed subsections. Why will the government ensure that the Treasurer is involved in the initial transfer but will not be allowed to be involved in any other directions relating to the account? I assume the director has a role to play with the fund and the account, but the legislation specifically ensures that the Treasurer cannot give any direction in relation to the account in that case.

Mr R.H. COOK: This provision states that funds unexpended or deposited in the account may be transferred to the fund, but proposed section 4D(2) provides that the Treasurer cannot give a direction in relation to the future health research and innovation account under section 20(1) of the Financial Management Act 2006. This means that the Treasurer cannot use section 20(1) of the Financial Management Act 2006 to transfer any cash balance in the future health research and innovation account to the consolidated account. This ensures that funds are preserved for the qualifying activities under the amended act. In the event that funds accumulate in the future health research and innovation account, such funds can be returned to the fund under proposed section 4D(1). Essentially, this provides that any moneys unexpended or moneys accrued to the account can then go back to the benefit of medical research and innovation in the future by adding to the overall fund, but cannot be stripped out of the account and sent back to the consolidated account.

Mr Z.R.F. KIRKUP: I refer to "the Treasurer and the Minister for Health may, in writing". This is perhaps going to sound absurd, but who is being written to?

Mr R.H. COOK: It is to give effect to their decision. It is a record keeping mechanism.

Mr Z.R.F. KIRKUP: I appreciate the response. Is it likely that such directions would be published in any way, shape or form? Will it go to the Executive Council for noting or anything like that? I will use a different scenario with a different government. If the Treasurer and the minister simply make a decision internally and sign a piece of paper, do they give it to the cabinet secretary? Is it recorded by any agency? If it goes to cabinet, we cannot make a freedom of information application for that. Would that be reflected in the annual report? I am trying to understand the transparency role, because, of course, throughout this, as the minister appreciates, there are concerns about conflicts and the governance arrangements and the like. We want it to be as transparent as possible. I believe that all of us want to see that.

Mr R.H. COOK: Any movement of cash in this instance would come up in the statements for any special purpose accounts. I note that further down under proposed section 4D(3), the bill states that the account is subject to the Financial Management Act and the Auditor General Act, and would be discoverable in the normal ways, as the member cross-examined in the estimates hearings.

Mr Z.R.F. KIRKUP: I appreciate that response. I assume that similar to any other direction given, we would have to provide directions in an annual report of the relevant agency. The Treasurer has to provide directions in the budget papers—maybe it is not the budget papers, but there is a mechanism by which the Treasurer’s directions have to be noted to Parliament. Would that be covered by a similar mechanism in this case for any special purpose accounts?

Mr R.H. COOK: Not that we are aware of. Obviously, it would be, as I said, mentioned in the statements under the special purpose accounts.

Mr Z.R.F. KIRKUP: I am up to proposed section 4D(3) and then I will jump to proposed section 4D(6). I appreciate that the minister was pointing before to the provisions of the FMA and the Auditor General Act. I assume that it has the normal arrangements for any special purpose account. The Auditor General has the full ability to look at and scrutinise this fund, find and discover all ministerial decisions and arrangements that will have been made. We have covered this matter in questions before. This opens that up to the full gamut of what the Auditor General can inquire into and report on; is that right? I want to confirm that.

Mr R.H. COOK: Yes, member. Proposed section 4D(3) provides —

The provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006* regulating the financial administration, audit and reporting requirements of departments apply to, and in relation to, the FHRI Account.

That is further clarified in proposed section 4D(4), which makes clear —

The administration of the FHRI Account is for the purposes of the *Financial Management Act 2006* section 52 to be regarded as a service of the FHRI Account Department.

Ms M.J. DAVIES: I move —

Page 9, after line 22 — To insert —

(4A) At least 25% of forecast expenditure from the FHRI Account is allocated to research and innovation of regional health services to benefit regional Western Australia.

This is the last one. I will give it another crack to see whether we can convince the minister. I am not holding my breath, but, obviously, this has been the crux of the Nats’ argument on this bill. I think in my contribution to the second reading debate, I outlined that we did not support shifting or repurposing this account and I said that there are other ways for the government to fund its election commitment on this matter. Having said that, we were prepared to look at how we might amend the legislation to see whether some benefit could be derived, specifically around dealing with the challenges we see in regional Western Australia. None of what I am saying is new and I will not labour the point, but I think that this amendment is the crux of the changes we would like to see.

The amendment states it is to be at least 25 per cent. We would be very happy if the minister wanted to consider more or that the government could spend more. It is a similar rationale to the one that we had when the royalties for regions account was created; that is, approximately 25 per cent of the population lives outside the metropolitan boundaries of Perth and, without short-changing those communities, at least 25 per cent of the expenditure of this fund should be directed towards trying to improve outcomes in health services innovation delivery. Setting that minimum standard from our perspective sends a very strong signal. I spoke before about putting it into the objects of the act to make sure that people are thinking about trying to deal with some of these intractable challenges that governments of both persuasions have tried to deal with over many years, and to persuade and send that strong signal to prospective research applicants and funders who may be seeking to leverage their contribution against government dollars that something very particular needs to be resolved from the government’s perspective.

Honestly, I cannot understand why the regional members of Parliament in this place would not believe that this is an opportunity for their community. I want to go to the communities that we represent and say that we understand, and this Parliament talks regularly about, the challenges that people living, working and investing in regional Western Australia have with health services. We know that it is a deal-breaker for many people seeking to live in those areas. This is an opportunity, with a commitment that was made by the incoming government, to direct funds to medical research and to try to resolve some of the issues. For us, it would be a two-pronged benefit—jobs in regional Western Australia and research and work that really focuses the attention of our best and brightest on some of the most challenging issues that we as a state face. Certainly, if we direct 25 per cent of those funds into research activities to benefit regional Western Australia, we hope that people would want to be embedded and living in regional Western Australia and work with those communities that they seek to improve.

It was a little disappointing to hear some discourse or discussion during the second reading debate around the fact that we were trying to create this false divide between regional Western Australia and the metropolitan area. The science, the information and the government’s annual report from the WA Country Health Service backs up everything that we have been saying; there is a significant challenge when it comes to delivering

services for regional WA, and the health outcomes of people living in regional Western Australia are some of the worst that we see across Australia. We are not bringing a partisan discussion into this place. This is something that we feel very deeply and passionately about, and it is something that I and my colleagues spend a lot of time talking to our constituents about. As I said, it is a deal-breaker for many members and the communities that they serve.

Mr R.S. LOVE: I would like to hear more from the member.

Ms M.J. DAVIES: If services cannot improve those health outcomes, they will leave the communities that we think are important to support. We think there would be benefits for not only those communities specifically but moreover the entire state. That sits with the objects of the act very well. We are simply trying to enhance this piece of legislation.

I noted during the second reading debate that the member for Armadale made some very interesting comments, questioning what benefit the expenditure of the previous Liberal–National government had if there was still this great disparity. This is an enormous issue. The Minister for Health would understand that. He deals with this on a daily basis. This is not something that can be fixed simply by making one block of investment and then moving on to the next project. I am going to give the member the benefit of the doubt, thinking that he was trying to make a point rather than meaning what he said on that front. The investment that was made by the previous government, which has continued in many cases by this government with some of the investments around telehealth and things like that, is making a difference. Again, we go back to the step change that could be achieved if everyone focused on some of those challenges that are raised with us on a regular basis.

To question what was spent and invested by the previous government ignores the dire state that regional health infrastructure and services have been in for quite some time. From our perspective, everything that we can do to try to improve those outcomes would benefit the entire state. I think it would be wonderful if the advisory council had to consider and prioritise expenditure for regional issues as part of its charter. That is why we have sought to put this into the legislation and not simply leave it to the guidance of the government of the day. I have already spoken about WACHS's annual report, identifying the significant disadvantage and inequality in the delivery and accessibility of health services in regional WA, those higher rates of chronic disease such as diabetes and cancer, and the comorbidities that create even more difficulties when trying to deliver health services to people in remote areas of the state who have more than one disease, and those higher rates of suicide and mental health problems.

Combined with the fact that we have quite significant challenges attracting and retaining a professional medical workforce, both federal and state governments grapple with how to attract medical professionals to live and work in regional areas of the state. What opportunities do we see that could be supported by some specific attention being focused on research and innovation as a result of this legislation being passed? I am heartened by the fact that the minister says that the fund can be used for innovation of service delivery. We canvassed that already—models of care. We see opportunities to explore ways that paramedics could be more widely used in our health system, likewise finding sustainable models for midwifery. We have raised those issues in this place. The average age of the nursing and midwifery workforce is higher outside our major cities, and the issue would attract support from our regional communities. The dental workforce in rural and remote regional Western Australia is of particular interest to us. Those of us who live out there experience very poor oral health outcomes—significantly higher rates than people living in the metropolitan cities. That is actually a fact; that is not me trying to create a divide. Poor oral health is an emerging issue. Very well supported evidence links poor oral health and chronic disease very closely. Cardiovascular disease, stroke, aspiration pneumonia, adverse pregnancies and diabetes are very closely linked to the outcomes that a patient sees through their oral health status. Would it not be wonderful if we knew that at least 25 per cent of the fund would go towards trying to deal with some of these challenges and that, as a whole cohort, we could improve the outcomes.

Mr D.T. REDMAN: I am looking forward to a bit more commentary from the member for Central Wheatbelt.

Ms M.J. DAVIES: Because we are looking to repurpose the fund that was created to benefit future generations of Western Australians, I think it is important that we get this right. I find it incredibly difficult to argue against research. Every person in this chamber has been touched by the death or suffering of a person who would benefit from improved research into some of the diseases I mentioned. They were canvassed by all the members who spoke to this bill in advance of consideration in detail. It is very hard to argue that we should not be supporting that. From the National Party's perspective, we would very much like to see some of that funding directed towards research and innovation, and pay due deference to the fact that the creation of the fund that we are talking about repurposing came from royalties for regions. That is the very least that we could do. Overcoming some of these entrenched challenges will no doubt lead to better health outcomes and a more sustainable health system.

With the greatest of respect to those involved in the advisory committee and the government of the day, we constantly see decisions made that ignore those who live in the more far-flung parts of the state. Whatever intentions we in this chamber have today, if it is not embedded in the legislation, funding will be directed to something, as I have said before, more sexy—something that is likely to get the headlines of the day over and above some of those nitty-gritty issues around service delivery. We want to support the legislation but we think it can be improved. With this amendment, we believe we are enhancing what can be a very good piece of legislation. We think the amendment will drive our best and brightest to apply themselves to address some of these challenges that governments of all persuasions have and continue to wrestle with. This is our opportunity to try to direct some of that energy and attention.

The remaining 75 per cent of the fund, as we argue with royalties for regions, will be able to be directed as the remainder of the legislation sets out. I urge all members to consider this amendment favourably. At the very least, I urge all regional members of Parliament to consider this amendment because it is an opportunity for them to go back to their electorates and say that a decision was taken in the Parliament today that could very well benefit the communities that they represent into the future for a very effective expenditure of something that was set aside to benefit future generations. We feel so strongly about this amendment that if the amendment is not supported, we will not be supporting the legislation. We ask that members consider the amendment put forward. We understand that the government is not inclined to do so but, as I said before, this is one last opportunity to see whether the minister would take that into consideration knowing that there is unlikely to be support for it in this place. It will not have any impact in this house. The minister is very aware of the make-up of the Legislative Council, and that is a much more difficult prospect. We hope we will be able to persuade some of our colleagues in the Legislative Council to see our point of view and make sure that we prioritise the provision of health services in regional and rural and remote areas.

Mr Z.R.F. KIRKUP: The member for Central Wheatbelt is seeking to insert the following words —

At least 25% of forecast expenditure from the FHRI Account is allocated to research and innovation of regional health services to benefit regional Western Australia.

I am just curious as to whether we could have some advice on what that interplay would be like with the remaining objects of the legislation, because unless I am reading it wrong, my understanding is that under the definition of “regional health services”, that would be money that is spent on research and innovation in a hospital or something like that. With regard to the language that is being used there, “regional health services”, as defined under the act, refers to hospitals, I think.

Ms M.J. DAVIES: I see what the member means. Just so I am clear on the member for Dawesville’s question, he is saying that he is concerned that the definition of “regional health services” might preclude —

Mr Z.R.F. Kirkup: I’m just wondering what the language was.

Ms M.J. DAVIES: Okay. I might need to seek advice from the minister and his advisers on whether, in their view, that would preclude it. We certainly had advice that the language would not preclude it, but I am happy to take advice from the minister as to whether he believes it would or not.

Mr D.A. Templeman: Don’t help her, she’s foundering!

Ms M.J. Davies: Noted, member for Mandurah! Thanks very much!

Mr R.H. COOK: I would like to thank the member for Dawesville for throwing the member for Central Wheatbelt and me into this one!

I did not place that interpretation on it, but I have another interpretation that I will go to shortly. I will perhaps provide some comments on the record in relation to the amendment that has been moved by the member for Central Wheatbelt. Hopefully the member was not referring to me, but I am certainly not trying to accuse the member of establishing a false divide. All I am saying is that we are all in this together; this is about the future of health and innovation in the Western Australian health system. It is something from which we all benefit, whether we live in Mukinbudin or downtown Subiaco. We are all people who benefit from the advancement of medical research, and we are all, as a community, enhanced by the benefit of innovation in health services, regardless of where they are. I know we often talk about the health profile of an individual in a specific area, but ultimately what we are talking about here is for the benefit of the whole community.

I will observe that we are, as members have noted, making changes to the Western Australian Future Fund Act 2012. As a number of members have observed, that act owes its existence to a contribution from royalties for regions. I note that there is no reference in the current act to regions or to 25 per cent going to the regions when the fund matures in 2032, so I am not quite sure why we are now saying that we have to have this particular obligation

around the regions. That was not part of the original legislation, which obviously went through with the strong support of the Nationals.

Mr V.A. Catania interjected.

Mr R.H. COOK: With respect, member, I think that is pretty disingenuous, but I do admire the member's great capacity to engage from the floor in that manner. I do not think that is the case, and I respectfully disagree.

There has never been a section in the Western Australian Future Fund Act to provide that when the fund matures in 2032, 25 per cent of anything the moneys go to will have to be in the regions. Hon Brendon Grylls made that perfectly clear when the legislation was going through this place. He considered it to be something for all Western Australians, and we share that belief. From that perspective, this is about allowing flexibility for the future health research and innovation account to be used to tackle new and urgent health issues instead of quarantining funding for particular health issues or particular areas of Western Australia. Instead of committing a stream of funding specifically to regional health issues in the legislation, regional health issues will be best addressed through the priorities developed by the advisory group, following a substantial consultation process. Ultimately, all the moneys will have to be applied to furthering the qualifying activities that we have already discussed. Any research or innovation that contributes to one or more of the matters outlined in the objects of the legislation will already encompass regional health issues and will benefit regional Western Australia. That goes to the heart of why we oppose the member for Central Wheatbelt's amendment.

To return to the point made by the member for Dawesville, he might be right that it has to go to a health service—that is, to a building—but more to the point, if we are to say that at least 25 per cent of the forecast expenditure from the future health research and innovation account is to be allocated to research and innovation in regional health services to benefit regional Western Australia, we would therefore have to dedicate 25 per cent of the account to qualifying activities that, by exclusion, could not benefit people outside regional Western Australia. We would actually have to find things that, by definition, cannot benefit people in regional Western Australia, so that is obviously a very strong driver in relation to this.

Ms C.M. ROWE: I would like to hear more from the minister.

Mr R.H. COOK: I do not think that is what the member intended, but I think that is in fact —

Ms M.J. Davies interjected.

Mr R.H. COOK: If it is to benefit regional Western Australia, by definition it cannot benefit what we might call, for want of a better definition, metropolitan Western Australia, because if it then benefits metropolitan Western Australia, it cannot count towards the 25 per cent to the benefit of regional Western Australia. From that perspective, it is a difficult argument to prosecute. If we are advancing medical research that discovers some breakthrough in relation to the treatment of prostate cancer, for example, that will benefit people in regional Western Australia as much as it will benefit people in metropolitan Western Australia.

Mr R.S. Love interjected.

Mr R.H. COOK: Sorry?

Mr R.S. Love: It might even benefit people in New South Wales.

Mr R.H. COOK: Precisely, member for Moore, and that is the point I am trying to make. We are talking about something that benefits the Western Australian community. The purpose of the future health research and innovation account is to benefit Western Australians, not a specific crowd. I respect members for raising these issues in this manner, and we have all acknowledged that at present there are significant health issues for people living in regional communities, but the way we actually address that is through the priorities established under the strategy by the advisory panel. From that perspective, I think to insert a new section as proposed by the member for Central Wheatbelt would, with respect, detract from the bill. As I said in response to the questions raised by the member for Dawesville and through my interpretation of that particular clause, it would be problematic, and for that reason we will oppose the amendment.

Mr V.A. CATANIA: I had to get up; I have never heard such gobbledygook. Someone must have been throwing incense around the chamber or something. The whole issue is to secure money for regional Western Australia, where this money actually came from. As the Leader of the National Party said, this is money that has been put into the future fund account from royalties for regions. It has come from regional Western Australia. We accept that 75 per cent can stay and be used as the government pleases to meet its election commitments, but it also made an election commitment to say that it would keep royalties for regions, and that has not occurred. I will give the minister some examples from my electorate. I have respect for the Minister for Health, but I am referring to infrastructure in the electorate of North West Central, where money has been repurposed for

Tom Price Hospital, Meekatharra Hospital and the Mt Magnet nursing post. It is a fact that we have only one nurse at each of the nursing posts in Cue, Mt Magnet, Yalgoo and Sandstone. Lives are being put at risk because of the lack of investment in regional health from the portfolio that the minister is in charge of, which is health.

As the local member, I obviously support the amendment moved by the Leader of the Nationals WA. Royalties for regions was so successful because it stopped ministers and governments saying, “If we quarantine 25 per cent, that means that the other 75 per cent cannot be used on regional WA.” Where is the logic in that? The whole point is how would the 25 per cent leverage more health funds for regional WA. How does the Department of Health focus on delivering for regional Western Australia, because it is too easy to take funds away? The government can say that \$40 million to build a new hospital in Meekatharra is not warranted because there are not enough people or that the population of Cue does not warrant a second nurse. The line of argument that is constantly thrown at people in regional Western Australia is that they do not have the population to sustain infrastructure or services; therefore, the government will not build that infrastructure or give them those services. That is the real argument.

People in the regions deserve to have infrastructure that is not falling down, which is what is happening with Tom Price Hospital, Meekatharra Hospital and Laverton Hospital, and they deserve another nursing post in Mt Magnet. People in regional WA deserve to have new infrastructure and we need to quarantine some of the royalties that come from regional WA. Twenty-five per cent is not a huge amount of royalties for regions money going back into the regions. It is three or four per cent of the budget. Twenty-five per cent of the \$1.6 billion in the account, which has come from royalties for regions from the resource sector, is a fair enough amount of money to go back so that we can fulfil a lot of the infrastructure needs that the previous government could not build in time because it was building other hospitals right around regional WA, including those in Karratha, Carnarvon and Exmouth. We could not do it all over our eight-year period. When the Labor Party came to government, it committed to building those new hospitals and suddenly they have disappeared from the budget. This 25 per cent can play a huge role in ensuring that regional WA is not taken for granted and will return those funds taken away from places such as my electorate of North West Central. Twenty-five per cent is a fair enough amount to meet the health needs in regional Western Australia.

Ms M.J. DAVIES: I want to clarify a couple of points. Member for Dawesville, if there is a notion that the wording of the amendment will preclude it from delivering the intent of the amendment, and if we changed the wording and that would change the way that the Liberal Party was planning on voting, I would be happy to entertain that to make sure that we deliver on the intent. I would have to take some advice. That probably cannot happen tonight and could only potentially happen in the Legislative Council, I presume.

Minister, I do not agree that quarantining funding for regional Western Australia means that the argument then becomes that we would have to exclude regional Western Australia from any benefits from the other 75 per cent. That is a very interesting interpretation of how the amendment has been put. We were very specific in saying that it is at least 25 per cent. The argument that the government is making, which is without quarantining any of those funds, the investments into research, innovation and commercialisation that will be undertaken with the guidance of the committee will naturally flow on and benefit regional Western Australians, also applies to the argument that we have put forward; that is, anything that the government does in trying to create efficiencies in a very difficult operating environment in regional Western Australia—quite often there are innovation breakthroughs by people operating in difficult areas and is where we see them really making the step changes that we are after—could potentially benefit the entire state and, in fact, the entire nation. That could happen if we applied that critical thought and made sure that we focus on that particular area.

I will not labour the point. It is very clear that the government will not support the amendment. I do not agree with the minister’s interpretation that quarantining funds means that we would have to exclude regional Western Australia from the remaining 75 per cent of the expenditure. The amendment is very clear that it is at least 25 per cent. We think there would be benefits from making that investment, as I explained previously. The wording of the amendment may not be as polished as it needs to be, but from the debate we have had, the intent is clear. We will certainly look at seeing whether we can change the wording between this chamber and the next if there is an appetite to support the amendment going forward.

Division

Amendment put and a division taken, the Acting Speaker (Mr I.C. Blayney) casting his vote with the ayes, with the following result —

Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

Ayes (6)

Mr I.C. Blayney
Mr V.A. Catania

Ms M.J. Davies
Mr D.T. Redman

Mr P.J. Rundle
Mr R.S. Love (*Teller*)

Noes (27)

Ms L.L. Baker
Dr A.D. Buti
Mr R.H. Cook
Mr M.J. Folkard
Ms J.M. Freeman
Mr T.J. Healy
Mr W.J. Johnston

Mr F.M. Logan
Ms S.F. McGurk
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mr M.P. Murray
Mrs L.M. O'Malley

Mr P. Papalia
Mr S.J. Price
Mr D.T. Punch
Mrs M.H. Roberts
Ms C.M. Rowe
Ms A. Sanderson
Mrs J.M.C. Stojkovski

Mr C.J. Tallentire
Mr D.A. Templeman
Mr P.C. Tinley
Mr R.R. Whitby
Ms S.E. Winton
Mr D.R. Michael (*Teller*)

Amendment thus negatived.

Mr Z.R.F. KIRKUP: I am keen to understand whether the information that has been highlighted by the member for Central Wheatbelt, and by me and a number of other members, about the expenditure in regional Western Australian on Aboriginal health and the like, will be outlined in the annual report.

Mr R.H. COOK: That is a good question. Proposed section 4D provides, in subsections (5) and (6), an annual reporting requirement for the future health research and innovation account. It states that the annual report for a financial year prepared by the accountable authority of the future health research and innovation account department is to contain information about the operation of the FHRI account during the financial year. This includes outlining how the money has been applied during the financial year. This reporting requirement is in addition to any other statutory reporting requirements for the agency special purpose account under the Financial Management Act 2016. The legislative reporting requirements are supported by reporting requirements outlined in the governance framework.

Mr Z.R.F. KIRKUP: If the minister has finished, I could move along.

Mr R.H. COOK: I could provide further information.

Mr Z.R.F. Kirkup: I am always interested to hear more information, if I can.

Mr R.H. COOK: I have just made reference to the governance framework. 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 and initiatives, market-led proposals and individual grants for the future health research and innovation account publicly available. It is good to get that on the record.

Mr Z.R.F. KIRKUP: Thank you, minister; I appreciate the response. Proposed section 4E(2) states —

The CEO may delegate to a public service officer in the FHRI Account Department any function that is delegated to the CEO under subsection (1).

Can I have an explanation of what the FHRI account department might be, and where that might sit? I assume it will be an organ of Treasury, or Health?

Mr R.H. COOK: It is the Department of Health. This clause provides that the CEO may delegate any function that has been delegated to the CEO to a public service officer in the future health research and innovation account. This means that the CEO may delegate the function to any senior employee within the Department of Health—that is, an officer at the senior executive service level, or higher. Essentially, this is to say that the CEO, which is the director general, has functions, and those functions can be delegated within his or her department to make it happen.

Mr Z.R.F. KIRKUP: I appreciate the minister's clarification that it will be an officer within the SES group. As I read the legislation, there is nothing to prevent a delegation being made to a level 2, but I appreciate that is not the minister's intent, so it is good to get that on the record.

Proposed new section 4E(4) states —

A delegation under this section must be in writing signed by the Minister for Health or the CEO (as the case requires).

I assume that from a governance perspective, the minister would assign his delegation to the CEO, and the CEO would delegate to people within the senior positions that the minister has defined. Would the minister and the Parliament be informed about that? Would that be identified in any way, shape or form? Would that be covered in the annual report?

Mr R.H. COOK: It would not ordinarily be a public declaration. It is simply how the Department of Health functions. Nearly everything that is done under the Health Services Act is done by the CEO. Obviously the CEO,

or the director general, would delegate those functions to health service providers, and, in turn, to chief executives and so on. It is simply a way of giving effect to the decisions of the Minister for Health and the CEO.

Mr Z.R.F. KIRKUP: The minister made reference to health service boards. Health service boards are required to provide an annual report. Therefore, we know who the senior executives are and who is in charge. My concern is that in the case of the FHRI, we will not have the same exposure. The people to whom these functions may be delegated will have quite a significant role. They will be at some distance from the minister in terms of seniority, because they are not the minister and they are not the CEO, and obviously the minister would be told about that and would have some role to play. My concern is that under the Health Services Act, we have some exposure to who is involved. Given that this is about the administration of a not insignificant fund, and the minister will be delegating authority to them, I think it would be prudent to get some exposure about the delegation.

Mr R.H. COOK: As described in proposed section 4D(5) and (6), these things will be detailed in the annual report.

Mr Z.R.F. KIRKUP: That is great, minister; I appreciate that.

Proposed section 4E(6) states —

The Health Legislation Administration Act 1984 section 9 does not apply ...

Why will the delegation clause under the Health Legislation Administration Act not apply to this bill? Why has the minister provided his own delegation clause in this bill?

Mr R.H. COOK: I will provide further information with regard to my previous statement. The statutory delegation process is required for administrative streamlining. It is also consistent with the current process for managing and approving contracts for grants and funding. It will be administratively burdensome, for instance, for the minister to sign contracts valued at \$1 000 or \$10 000 if this monetary threshold can be appropriately managed by a delegated officer. It is intended that all contracts above \$50 000 and all grants that amount to that value must be approved by a senior public servant within the Department of Health.

I now go to the member's question about proposed subsection (6). It provides that section 9 of the Health Legislation Administration Act does not apply to, or in relation to, any function under this part if it would otherwise do so. This makes it clear that the minister's statutory delegation power is derived from proposed section 4E(1). There are two reasons for this. The first is to give certainty and clarity to the delegation power. The second is that, from a drafting perspective, it is considered better drafting practice to include an express statutory power of delegation in the legislation itself rather than rely on other acts.

Mr Z.R.F. KIRKUP: Proposed section 4E(7) states —

This section does not limit the ability of the Minister for Health to exercise or perform a function through an officer or agent.

Is there any particular reason for that catch-all? I could not find that in the delegation clause in the Health Legislation Administration Act. I assume that by including the words "an officer or agent", the minister is effectively going around the process established in the preceding clause in some way, shape or form. I am curious to know why that option has been included.

Mr R.H. COOK: This means that the minister may still operate through authorised officers. Although the Treasurer is not given statutory powers of delegation, the Treasurer is similarly not intended to be limited by acting through officers or agents. That is what the advice is anyway!

Mr Z.R.F. KIRKUP: I thank the minister for that response and also for the response previously about clarifying some of the financial thresholds. I appreciate that. I move to proposed section 4F, "Advisory group to be established and maintained", on page 10 of the bill. As an aside, I am curious about why the minister did not decide to name it; that is, why it has been left in brackets to be determined at a later date? That is just a random thing that is included there.

Mr R.H. Cook: Did the member think we would have a flash name to announce, given we have come up with future health research and innovation fund?

Mr Z.R.F. KIRKUP: Not given the title of the bill—no, I do not! All the effort went into making it a good bill, minister, not necessarily in the naming. I am keen to understand whether there might be some costs associated with the creation of the advisory group and its associated functions. It is not defined here, obviously, but given we are establishing it, can the minister provide some exposure about what that might look like? Does the minister imagine that will be funded out of the existing allocation to the department or out of the fund? My reading of the fund's objects and subsequent structure is that it could be funded out of that because it furthers the aim of the act. In either case, how much will be funded? Will it cost a million dollars to set up this advisory group or something like that as part of the agency's support? I am keen to get some exposure in terms of the cost.

Mr R.H. COOK: The future health research and innovation account will not be used to pay for administrative costs such as Department of Health staff salaries or the remuneration of the advisory group. This is specified in section 4.2 of the governance framework which clearly states that administrative costs cannot be paid from the future health research and innovation account. All administrative and operational costs of the future health research and innovation account will be met by the Department of Health and will not be drawn from the future health research and innovation account. This includes Department of Health staff salaries, remuneration for voting members on the advisory group, the cost of conducting consultations to inform development of strategies and priorities, and the cost of conducting evaluations of the performance of programs and initiatives under the future health research and innovation account. The Department of Treasury will pay the Western Australian Treasury Corporation to invest the capital in the future health research and innovation fund through an administered appropriation. The costs associated with engaging the services of the Western Australian Treasury Corporation will not be sourced from the future health research and innovation account or the future health research and innovation fund.

Mr Z.R.F. KIRKUP: My apologies; the governance framework does mention that administrative activities cannot be funded. I did not realise that also meant the advisory group itself. I apologise for the errant question in that case. I thought it was specifically to the administrative and secretarial support of the group.

Mr R.H. Cook: It is good to get these things on the record, member.

Mr Z.R.F. KIRKUP: I appreciate that. Do we have any anticipation of the costs that might go towards supporting the operation of this bill?

Mr R.H. COOK: At this stage the department will retain \$5 million per annum from the existing research funding; the remainder of which will form part of the future fund. That does not really answer the member's question. Essentially, \$5 million each year is what we anticipate. Once we get the thing going and we get a better line of sight, we will be able to refine those costs more fully. We will be advised by the Public Sector Commission about best practice in how the panel operates, the remuneration for the members and so forth.

Mr Z.R.F. KIRKUP: I imagine it is something that in time will inevitably be flushed out through something like estimates anyway, if it is being dealt with through Health. I appreciate that.

Mr R.H. Cook: That is right.

Mr Z.R.F. KIRKUP: I move to proposed section 4F(2), still on page 10. It states —

The function of the advisory group is to provide any advice or other assistance that the advisory group is requested to provide by the Minister for Health, or by the —

I will not continue to follow that on page 11. With respect to anything the minister might request, I assume that the minister will be bound according to the governance framework that will be established. The minister cannot simply say to the advisory group, "Provide me with some options to invest in David Templeman's research company"—that might have merit, member for Mandurah!

Mr D.A. Templeman: I am sure it would.

Mr Z.R.F. KIRKUP: That subsection does not give the minister the ability writ large to instruct the advisory group to come back to him with recommendations he has asked it to establish in the first place. I apologise if I am talking in a bit of a loop, but I am trying to establish whether the minister will be constrained by a governance framework. Is it correct that the minister cannot instruct the advisory group to come back to him with his own instruction that the money be spent on something?

Mr R.H. COOK: That is correct. I might provide a more comprehensive response in a second. I am advised that subsection (2) states that the functions of the advisory group are to provide any advice or assistance requested by the minister or the future health research and innovation account department. The inclusion of the future health research and innovation account department in subsection (2) is that it ensures that the future health research and innovation account department can make requests of the advisory group if and when required. The advice or assistance requested can relate to the furthering, or facilitating the furthering, of the purpose outlined in section 4A(1). The advice or assistance requested can also relate to any other matter related to any function the minister, under section 4A or 4C, including any regulations made for the purposes of 4C(3). The function of the advisory group is purely advisory. The advisory group does not make decisions on funding or who receives money standing in the credit of the future health research and innovation account. The advisory group will develop the strategy and priorities that guide the areas and types of activities where funding may be directed. However, it will not make decisions about funding recipients. This is to ensure that the advisory group is removed from decision-making that could favour a particular institution, group or individual.

Mr Z.R.F. KIRKUP: I appreciate that clarification. Most of us are relatively aware of governance issues. I note that the National Health and Medical Research Council has significant governance. I have looked at the legislation that empowered that. There is a very clear separation between the executive and the council itself, and the groups that are established to try to provide some information. I appreciate the minister providing us with some detail there.

I will move to proposed section 4F(3), still on page 11, which relates to the membership of the advisory group. I am conscious of wanting to expedite this, Chair. I might ask a series of relatively straightforward questions all on the same theme. I note that there is no specified final number of members of the advisory group. There is a minimum. For example, it is suggested at paragraphs (c) and (d) that one individual who is a community representative must be appointed by the minister, and one individual must be appointed by the minister who might be an expert in qualifying activities that are considered research. Could that be the same person or do they have to be separate individuals? That is my first question. What number would be established as part of the advisory group? Could it be more or less than what will be established? Paragraph (f) states “at least three other individuals”. I am trying to understand the size of the advisory group; how much overlap there can be according to each qualification. The minister said it needs a community rep. Could that community rep also be someone who is qualified in other defined areas by that subsection? I might stop there because I will go to Aboriginal and regional concerns next.

Mr R.H. COOK: There is no maximum. We want to maintain flexibility. A person could not be the expert in regional issues as well as the expert for Aboriginal issues because they are set out in separate sections. They would have to be separate people.

Mr Z.R.F. KIRKUP: That clarified my next question. Obviously, there is separation between someone who has regional expertise and expertise in Aboriginal health. The preceding proposed sections suggest that a representative who is community related and has expertise in health activities that could qualify as research, for example, could be appointed by the minister. That is covered in proposed section 4F(3)(c) and (d). There could be some overlap there, I imagine. It is defined in the subsequent proposed sections that one person must be regional and one person must be a researcher and someone who has expertise in Aboriginal health. I appreciate that if there is no real cap, a number of people will fall into different elements that qualify them. Has the minister formed a view about how many people might sit on this advisory group? I do not imagine we would inherit something perhaps in 487 days’ time or beyond that would be unwieldy. Does he have a view about how many individuals that might be at this point? That goes to cost as well and he has already indicated a figure. I am keen to get an insight into what that group might look like.

Mr R.H. COOK: The health service providers have, I think, eight members, plus a chair. That has always been presented to me as a fairly standard number for a board of this type. I imagine that this will be a similar situation. I quickly totalled it up and if all those individuals were appointed, the total would come to eight. That is my general sense but it is not binding on a minister.

Mr Z.R.F. KIRKUP: I came to nine or 10, that was all. The minister is undoubtedly right. If there is some overlap anyway, I appreciate that is where he might be heading. I am suggesting we will not have a situation in which there are 20.

Mr R.H. Cook: No.

Mr Z.R.F. KIRKUP: It will not be top heavy. The only question I have on that page refers to proposed section 4F(3)(e), which states —

1 individual to be appointed by the Minister for Health whom the Minister for Health considers is an expert in qualifying activities that are innovation;

Innovation is defined as medical innovation throughout the bill. Could this be somebody who has an innovative background? It is obviously very broad. Is my read of that correct, that the person would not have to be expert in the field of medication innovation; it could be just innovation in general?

Mr R.H. COOK: Yes.

Mr Z.R.F. KIRKUP: I move to page 12, proposed section 4G, “Other provisions relating to advisory group”.

The minister will have to excuse my short time in this place. Is the appointment period of five years, plus the possibility for an extension, relatively routine for a board of this size? Is the period for health service providers also five-plus years or five and 10 limited?

Mr R.H. COOK: Do not quote me, but I think it is four and four for HSPs. I am not exactly sure about it. It is time limited, so this is basically within the ballpark of similar sorts of arrangements.

Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

Mr Z.R.F. KIRKUP: My very quick read of the Health Services Act is that a member is eligible to be appointed for not more than nine consecutive years for three years at a time, to satisfy all of us who were curious about the appointment process. Otherwise, this is relatively routine.

Mr R.H. Cook: Yes.

Mr Z.R.F. KIRKUP: I appreciate that. Proposed section 4G(1)(c) provides that expenses, allowances and the like are determined by the Minister for Health on the recommendation of the Public Sector Commissioner. I assume that most of the appointment process is relatively routine. Does the Public Sector Commissioner usually have this type of insight for a board such as this?

Mr R.H. COOK: When we make an appointment to a board of this nature, we write to the Public Sector Commissioner setting out the responsibilities of the board, the nature of the moneys they will be using and decisions they will be making. The Public Sector Commissioner then comes back and determines the appropriate remuneration for those people.

Mr Z.R.F. KIRKUP: When I was quickly referring to the terms of appointment for each member, I noted that the Health Services Act provides that the Public Sector Commissioner can advise the minister on remuneration and allowances. This bill suggests remuneration, allowances and expenses. That is probably just a reflection of where we are going these days.

Mr R.H. COOK: Yes.

Mr Z.R.F. KIRKUP: Proposed subsection (3) on page 13 states —

The Minister for Health may do the following —

- (a) determine, as the Minister for Health considers appropriate, any matters relating to the operation or procedure of the advisory group ...

I imagine this process will have some oversight from the Public Sector Commissioner to make sure that appropriate governance arrangements are put in place and the minister will not be able to unilaterally intervene in the board. I realise that if there were some issues, the minister could get rid of board members as he sees fit through some appointment mechanisms. He could change the quorum, for example. He could approve a quorum of one. I do not cast aspersions towards the minister, but a minister could do that. Is that normal? I could not find a reference to that level of intervention by a minister. I am keen to see whether that is a routine thing now.

Mr R.H. COOK: I recall it might have been one of the decisions the Environmental Protection Authority made for a large miner. It found only one member of the EPA board did not have a conflict of interest, so, ultimately, it had to determine it would have a quorum of one. I am advised that the minister's powers are outlined in proposed section 4G. The minister will have the power to appoint members under proposed section 4F(3)(c) to (f) for a period not exceeding five years, outlining conditions under which a member's appointment can be terminated or suspended, reappoint a member outlining remuneration of a member, impose any conditional conditions on a member's appointment and appoint an alternative member to act temporarily in the member's place. Under proposed section 4G(3), the minister also has the power to determine any matters relating to the operational procedure of the advisory group and from time to time, as I mentioned, as per that example, it is sometimes necessary for the minister to intervene. However, ordinarily, the minister would have very little oversight or be involved in the day-to-day function of the advisory panel.

Mr Z.R.F. KIRKUP: That would be my expectation, and the minister certainly intervened. I could be wrong, but I think the Parliament changed the act—we had to revisit it.

Mr R.H. Cook: You might be right, yes.

Mr Z.R.F. KIRKUP: With that board, the only way we could alter the function was to come back to the Parliament to legislate rather than the minister deciding. I suppose now the minister will be able to decide unilaterally. I appreciate that is probably a reflection of the government's arrangements in place now and possible necessity to do so if the minister deemed that a situation was worthy.

I have almost finished the rest of my questions on clause 9 of this bill. I refer to proposed subsection (8) on page 14. Excuse my ignorance, Chair. I am curious about proposed subsection (8), which states —

An act or omission of an alternate member cannot be questioned on the ground that the occasion for the appointment or acting had not arisen or had ceased.

I do not understand what that means at all. I am curious again. Can the minister provide some insight? I apologise that I did not quite get it first run.

Mr R.H. COOK: For the sake of absolute clarity, this is intended to avoid potential disputes about whether a member of the advisory group under proposed section 4F(3)(c) to (f) was genuinely unavailable or unable to act.

Mr Zak Kirkup; Mr Roger Cook; Mr Bill Marmion; Ms Mia Davies; Mr Ian Blayney; Mr Vincent Catania

Mr Z.R.F. KIRKUP: It is absolutely enlightening, minister! Obviously, if a member has been appointed as an alternate to the board and makes an error in good faith, this will indemnify them from any liability, or something like that. Is that my best read of it? I apologise again.

Mr R.H. COOK: Member, that is fine. I, too, am struggling to understand the details of this proposed subsection. I understand that it reflects a provision of the Interpretation Act. It sounds as though it is good form in, I guess, drafting legislation regarding these sorts of governance arrangements.

Mr Z.R.F. KIRKUP: We might have inherited something that no-one has questioned because they thought it was wordy at the time. I appreciate the minister's clarification on clause 9. That is all I have on that.

Clause put and passed.

Clause 10 put and passed.

Clause 11: Section 5 amended —

Mr Z.R.F. KIRKUP: Clause 11 states —

(1) Delete section 5(1) and insert:

(1) The Western Australian Future Fund that was established under this section on 30 November 2012 is discontinued.

(1A) The Western Australian Future Health Research and Innovation Fund is established for the purpose of funding the FHRI Account under section 9(1).

I assume that that is just a mechanism by which all the funds in the future fund can be transferred to the new account. Is that just a transition provision; would that be an accurate reflection?

Mr R.H. COOK: Yes, member; it is necessary to discontinue rather than retile the future fund, as the purpose for its establishment has changed.

Mr Z.R.F. KIRKUP: Subclause (3) states —

Delete section 5(4) and insert:

(3A) Money standing to the credit of the Western Australian Future Fund immediately before amendment day stands to the credit of the FHRI Fund.

We did not get through it because I missed the debate on the commencement clause. That is a fault of mine; I apologise. There are two different dates for the commencement of this legislation: one is the initial date and then the date 28 days after and the amendment day itself. What is the interplay of the amendment day here? Is it to ensure that the money is transferred before the amendment day? Why does that have to occur? Why would that not be on assent or 28 days after assent? Why has that been defined here? Is it just for the purpose of transferring it? What does that look like?

Mr R.H. COOK: This proposed section provides that money standing to the credit of the future fund immediately before amendment day stands to the credit of the future health research and innovation fund. This will ensure that money that has accumulated in the future fund since the commencement of the Western Australian Future Fund Act 2012 carries over to the future health research and innovation fund.

Clause put and passed.

Clauses 12 and 13 put and passed.

Clause 14: Sections 8 and 9 replaced —

Mr Z.R.F. KIRKUP: Paragraph (a) of proposed section 8, "Additional money to be credited to FHRI Fund", states —
any income derived from the investment of money standing to the credit of the FHRI Fund;

That is obviously defined throughout the legislation and also allows the funds transferred from the future fund to the new fund to be counted. This proposed section deals with additional money; this is not money being transferred to establish the new fund. I assume that this is all future moneys; is that correct?

Mr R.H. COOK: Is this specifically about proposed paragraph (c), member?

Mr Z.R.F. Kirkup: Yes.

Mr R.H. COOK: Proposed paragraph (c) refers to any other lawful money made available to the future health research and innovation fund. This proposed section is intended to be a broad provision to allow funds received for the purposes of the account to be credited, such as parliamentary funding or private sector contributions. It simply provides a mechanism if, for instance, Parliament decides, in its infinite wisdom, to top up the fund, or

there might be some other reason why money becomes available. It just provides a mechanism for it to be added to the fund.

Mr Z.R.F. KIRKUP: When we previously raised this issue—it led to a line of questioning at the start of consideration in detail, and the minister has since clarified that—it was also in case there was a shortfall in the forecast so that we could lawfully top up.

Mr R.H. Cook: Indeed, although when we discussed it before, that was specifically for the account, and this is the fund.

Mr Z.R.F. KIRKUP: I appreciate that. I thank the minister. I assume that the reason for proposed section 9(3), which provides that the Treasurer cannot give a direction, is for a similar reason as that for the account itself as per the fund. We are defining it here for the fund but for the same reason as we have done it for the account. Is that correct?

Mr R.H. COOK: Proposed subsection (3) provides that the Treasurer cannot give a direction in relation to the future health research and innovation fund under section 21 of the Financial Management Act 2006. This means that the Treasurer cannot use section 21 of the Financial Management Act 2006 to transfer any money standing to the credit of the future health research and innovation fund to the consolidated account. It is the same as we discussed in relation to the account. This will ensure that the capital from the future health research and innovation fund is preserved and protected over time.

Mr Z.R.F. KIRKUP: Proposed section 9A deals with the annual report functions that are required. As we have already canvassed, I imagine that the same sort of information will have to be provided as part of a routine annual report, but of course it would capture other information such as expenditure on Aboriginal health, regional health concerns and things like that. We hope that the annual report will capture expenditure in those areas of concern to all of us in this place. We have a similar issue now; for example, there is no item for palliative care. We do not know; there is no immediate exposure to that for us. I hope that in that case the annual report will provide us with relatively granular information about the account. We have covered the account. The fund annual report will simply say that this money has been transferred to the account; is that correct? There would be no other purpose than that.

Mr R.H. COOK: That is correct, member; the purpose of the fund is to transfer moneys to the account. It would be a pretty uninteresting report, but it would be a report nonetheless.

Clause put and passed.

Clause 15 put and passed.

Clause 16: Section 10 amended —

Mr Z.R.F. KIRKUP: Under clause 16, section 10(1) will be deleted and a provision for the establishment period will be inserted. Is that establishment period just to recognise the existence of the future fund for the new research and innovation fund? That was the original intent of the future fund. Is that the reason for that?

Mr R.H. COOK: Under subclause (1), “accumulation period” will be replaced with “establishment period”, as this concept better reflects the policy of the amended act. Money standing to the credit of the future health research and innovation fund will not be accumulated for the purpose of drawdowns after 30 June 2032. Instead the amount equal to the forecast investment income will be made available immediately for the purpose of crediting the future fund research and innovation account.

Clause put and passed.

Clause 17 put and passed.

Title put and passed.

House adjourned at 9.37 pm
