GOVERNMENT OF WESTERN AUSTRALIA

Western Australian Future Health Research & Innovation Fund

Western Australian Future Health Research and Innovation Fund

FHRI Scheme Governance Framework

Office of Medical Research and Innovation

Department of Health

Version 2.0

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1. Introduction

1.1. Context

The Western Australian Future Health Research and Innovation Fund (the FHRI Fund) is established by the *Western Australian Future Health Research and Innovation Fund Act 2012* (the Act) which commenced in June 2020 following repurposing of the *Western Australian Future Fund Act 2012*, through amendments passed by Parliament in May 2020.

The Act repurposed the Western Australian Future Fund (WAFF) and established the FHRI Fund. The WAFF was established with seed capital from the Royalties for Regions Fund to set aside and accumulate a portion of the revenue from the State's finite mineral resources for the benefit of future generations.

The Minister for Medical Research (the Minister) has overall responsibility for the Act but the Treasurer is responsible for those sections related to the management and investment of the capital. Whilst the Act references the Minister for Health, on 8 February 2022 the Governor committed the Act (except Part 3) to the Minister for Medical Research and all references to the Minister for Health in the Act are to be read as the Minister for Medical Research.

1.2. Purpose

The *Governance Framework* provides guidance in relation to key features of the FHRI Scheme that support its effective and responsible operation and promotes accountability and transparency of decision-making.

The *Governance Framework* defines the roles and responsibilities related to the FHRI Fund, FHRI Account and FHRI Scheme, and sets out strategic instruments that will guide how research and innovation will be supported with funds from the FHRI Account.

The Act describes the FHRI Scheme[1] as the scheme of the Act for supporting, and facilitating support for qualifying activities through:

(a) the FHRI Fund, the FHRI Account; and
(b) the exercise and performance of related functions.

The FHRI Fund is the account that holds the capital administered by the Treasurer and the FHRI Account is the account used for the purposes of the Act and is administered by the Department of Health. The Act provides a specific definition of 'qualifying activities' (refer to Terms Used below).

Section 10A of the Act requires the Minister to prepare and maintain a framework for the governance of the FHRI Scheme – this document, the *Future Health Research and Innovation Fund – FHRI Scheme Governance Framework* (the *Governance Framework*), fulfils this requirement.

1.3. Legislative context

The *Governance Framework* has both statutory and policy underpinnings. The Act sets out the overarching objective to provide a secure source of funding to support research and innovation that contribute to:

(a) improving the financial sustainability of Western Australia's (WA's) health system

[1] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(1).

(b) improving the health and wellbeing of Western Australians
(c) improving WA's economic prosperity
(d) advancing WA to being, or maintaining WA's position as, a national or international leader in research and innovation.

As noted in section 1, the Act requires the Minister to prepare and maintain a framework for the governance of the FHRI Scheme.[2]

The Act requires that the governance framework must (without limitation):[3]

(e) provide for the preparation and maintaining of a strategy for the operation of the FHRI Scheme;
(f) provide for the setting of priorities for the operation of the FHRI Scheme; and
(g) include a framework for the making and approving of arrangements under section 4C(1) and the administration of arrangements made or approved.

The *Governance Framework* addresses requirements for the strategy (refer section 3.1), the priorities (refer section 3.2) and arrangements (refer section 3.3).

The *Governance Framework* also addresses elements of the FHRI Scheme that are raised in the Act and have governance relevance. These include:

- FHRI Scheme governance structure, roles and responsibilities (refer section 2)
- the FHRI Fund Advisory Council (refer section 2.4)
- the FHRI Fund (refer section 4.1)
- the FHRI Account (refer section 4.2)
- reporting (refer section 6)

The Act requires that the *Governance Framework* is tabled in each House of Parliament (including when modified or replaced)[4] and is publicly available on a website maintained by the Department of Health.[5]

The *Governance Framework* is also informed by other legislation where relevant and by other public sector governance requirements and guidance.

1.4. Key principles

The key principles of the *Governance Framework* are informed by contemporary Public Sector Commission guidance relating to WA government boards and committees[6] and the governance design principles identified in the *Baseline review for the Future Health Research and Innovation (FHRI) Fund – Final Report* (Deloitte Access Economics, September 2018).

These key principles are as follows:

- The roles and responsibilities of the decision-makers and advisers in the governance structure are clear and understood.
- A culture of responsible and ethical decision-making is promoted.
- Decision-making processes are transparent and explicitly deal with potential, perceived and actual conflicts of interest.

[2] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(2).
[3] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(3).
[4] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(4).
[5] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(5).
[6] Public Sector Commission (PSC), *Governance Manual for WA Government Boards and Committees (October 2023),* Government of Western Australia, 2023.

- Accountability is appropriately assigned, understood and managed.
- Relevant risks are identified and managed.

1.5. Terms used

This *Governance Framework* will use terms identified in the Act where practicable to do so, however there are some terms in the Act for which there are different terms used operationally or where further clarifying definitions are used. Refer to commentary below.

The term '**qualifying activities'** is defined in the Act to mean

(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).

For the purposes of the *Governance Framework*, the definitions below are used for research and innovation.

The term **'research'** is inclusive of:[7]

(a) research to understand human health, wellbeing and disease, and the biological, behavioural, social and environmental factors that contribute to these
(b) research to measure the magnitude and distribution of a health problem
(c) research to develop solutions, interventions, products and technologies that could contribute to improving human health and wellbeing
(d) research to understand how interventions, policies and programs aimed at improving human health and wellbeing can be most effectively delivered.

The term **'innovation'** is inclusive of:[8]

(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.

In the *Governance Framework*, the term **'Programs and Initiatives'** is used operationally to refer to the high-level mechanism under which the **'arrangements'** under s4C(1) of the Act (that are funded by the FHRI Scheme) are made and through which funding is provided. Refer to section 3.

2. FHRI Scheme governance structure, roles and responsibilities

The FHRI Scheme governance structure outlines the key entities related to the Scheme under the Act, including those detailed in this section of the *Governance Framework* (refer Appendix 1). This section provides an overview of the different decision-makers, advisers and operational support of the FHRI Scheme, including their roles, responsibilities and key features. As the remit of the FHRI Fund Scheme spans

[7] Adapted from the definition of 'research for health' used in the World Health Organization, *The WHO strategy on research for health*, [website], 2012.
[8] Adapted from the definition used in the *Medical Research Future Fund Act 2015* (Cth) and from the *World Health Organization Innovation Group definition* (online; accessed 5/7/2019, https://www.who.int/life-course/about/who-health-innovation-group/en/)

government agencies, its activities must take into account relevant government policies and strategies.

Transparency and clarity of roles and responsibilities associated with the FHRI Scheme will:

- promote consistency in the structure and function of the FHRI Scheme
- reduce duplication of roles or effort
- prevent scope creep in the roles of decision-makers and advisers
- support appropriate consideration of risk in strategic and operational matters.

2.1. The State Government and Parliament

Cabinet, the Minister and the Treasurer all have direct roles in the governance and oversight of the FHRI Scheme, as described below. Further to this, the Act requires key documents and decisions to be tabled in Parliament.

2.1.1. Cabinet

Through the State Budget process, Cabinet has a key role in oversight of the forecast royalty income (that is credited to the FHRI Fund) and the forecast investment income (that is credited to the FHRI Account). As a sub-committee of Cabinet, the Expenditure Review Committee (ERC), advises on annual expenditure for FHRI Scheme Programs and Initiatives. Cabinet is also provided with the Strategy following approval by the Minister (refer section 3.1).

2.1.2. The Minister for Medical Research

The Minister has overall responsibility for the FHRI Scheme and its enabling legislation due to the alignment of purpose with the functions of the Medical Research portfolio.[9] The Minister is also the State Government sponsor of the FHRI Scheme, responsible for presenting the Strategy to Cabinet, and tabling in Parliament[10] the *Governance Framework*, Strategy, Priority Goals and details of Programs and Initiatives, and reporting on the operational performance of the FHRI Account (refer section 6).

The Minister is responsible for establishing the Advisory Council, for appointing members, setting the conditions for a member's appointment, and may determine matters relating to the operation and procedure of the Advisory Council.[11]

The Minister is responsible for approval of the Strategy and Priorities (refer sections 3.1 and 3.2) on the recommendation of the Advisory Council (refer section 2.4).

The Minister is required to direct the Advisory Council to make a recommendation on how money in the FHRI Account should be applied and is obliged to consider that recommendation. The Minister's direction may include proposals for how the money ought to be applied[12] (refer section 3.3). Programs and Initiatives are approved or rejected by the Minister after considering the Advisory Council's recommendation regarding the proposed Programs and Initiatives (refer section 3.3).

The *Governance Framework* defines that the Minister may approve Strategies and Priorities that are recommended by the Advisory Council. The Minister cannot instruct the Advisory Council to recommend a Strategy or Priority.

[9] As committed by the Governor on 08/02/2022.
[10] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(4).
[11] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 4G(1), 4H(1)(d), 4H(2)(a).
[12] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(1), (2).

The Evaluation Framework (refer section 7.1) is developed by the Department of Health (DoH) and approved by the Minister. The Minister also approves evaluation reports, conducted in accordance with the Evaluation Framework, upon the recommendation of the Advisory Council. Any Annual Report of the FHRI Scheme recommended by the Advisory Council must be approved by the Minister.

The Act provides that some of the Minister's powers may be delegated.[13] In practice, this is typically in relation to the administration of the FHRI Account and execution of grants and contracts. Any such delegations must be specified in the appropriate Instrument of Delegation.

2.1.3. The Treasurer

The Act specifies that the FHRI Fund is to be administered by the Treasurer – the Treasurer is responsible for financial management and investment of the FHRI Fund including making a statement regarding the forecast investment income from the FHRI Fund.[14] The Treasurer may engage the WA Treasury Corporation to manage investment of the FHRI Fund.

2.2. The Department of Health

The DoH assists the Minister to administer the Act and is specifically responsible for administering the FHRI Account. Within the DoH, the Director General and the Office of Medical Research and Innovation (OMRI) are primarily involved in the FHRI Scheme governance and processes.

2.2.1. Director General

In the Act, references to the 'CEO' refer to the Director General DoH as the FHRI Account Department.[15] The Director General DoH has specific responsibilities under the Act as well as leading the department that supports the Minister to administer the Act. As noted previously, the Minister can delegate the administration and the application of the FHRI Account to the Director General DoH. In turn, the Director General DoH can delegate these functions to public service officers.[16] In practice, this enables day-to-day operational and management aspects of the FHRI Scheme to be undertaken efficiently and effectively. Annual reporting on the FHRI Account is required to be included in the DoH Annual Report.[17] The Director General DoH (or nominee) is a non-voting member of the Advisory Council.[18]

The Director General may recommend Programs and Initiatives to the Minister. The Director General DoH may direct the Advisory Council to provide other advice of assistance relevant to furthering the object of the Act or other matters relevant to the FHRI Account and its application.[19]

The Act also specifically requires the Director General to:

- publish online the current versions of the *Governance Framework*, the Strategy, the priorities, strategic documents and details of each strategic arrangement.[20]

[13] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4F.
[14] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) Part 3 s 5(3), s 5(4), s 9B.
[15] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 3.
[16] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4F.
[17] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4E(6).
[18] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 4G(3)(a), 4H(4).
[19] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s4G(2)(b).
[20] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s10A(5).

- keep a record of conflict of interest disclosures made by members of the Advisory Council (or others) and steps taken in relation to any conflicts disclosed, which must be available on request for inspection.[21]

2.2.2. The Office of Medical Research and Innovation

OMRI is a unit within DoH that supports the operations and administration of the FHRI Scheme (in addition to other research and innovation functions for DoH). OMRI is funded by the DoH and not from the FHRI Account. The DoH will ensure that OMRI has sufficient resources to support the FHRI Scheme.

OMRI supports the Advisory Council in the development of the Strategy and Priorities, is responsible for developing and maintaining the *Governance Framework* and *Evaluation Framework* for the FHRI Scheme (refer section 7.1), implementation and post-award management of FHRI Scheme Programs and Initiatives and provides secretariat support to the Advisory Council. OMRI supports the establishment and function of Expert Committees as required.

2.3. The Department of Energy and Economic Diversity

The Department of Energy and Economic Diversity (DEED) is considered by the Minister to be the department, other than the Department of Health, to be the department most closely involved with qualifying activities. As chief executive officer, the Director General DEED (or nominee) is a non-voting member of the Advisory Council.[22]

2.4. The FHRI Fund Advisory Council

2.4.1. Governance

The Act provides that the Minister must establish and maintain an advisory group – the FHRI Fund Advisory Council (the Advisory Council).[23] The Advisory Council is accountable to the Minister. The Minister may determine matters related to the operations and procedures of the Advisory Council and designate a chairperson.[24] The Act specifies the Advisory Council's functions, membership, other provisions and matters relating to conflicts of interest.[25] The Minister may issue a Statement of Expectation to the Advisory Council, to which the Advisory Council ought to respond with a Statement of Intent.[26]

The requirements of the Act are supported by the *Governance Framework* and by the governing documents for the Advisory Council, which include a Charter, Code of Conduct, Conflict of Interest Policy and a Gifts, Benefits and Hospitality Policy. Governance documents for the Advisory Council are developed in alignment with relevant guidance from the Public Sector Commission and relevant directions from the Department of Premier and Cabinet (such as Premier's Circulars). Advisory Council governing documents will be published online.

The performance of the Advisory Council and of individual members is reviewed every three years (refer section 7.2 for detail).

2.4.2. Functions

The functions of the Advisory Council are detailed under section 4G(2) of the Act.

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[21] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4I(4).
[22] *Western Australian Future Health Research and Innovation Fund Act 2012 (WA)* s 4G(3)(b), 4H(4).
[23] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4G(1).
[24] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4H(2).
[25] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4G, 4H, 4I.
[26] PSC, *Governance Manual for WA Government Boards and Committees (October 2023),* Government of Western Australia, 2023.

In practice, the functions of the Advisory Council required by the Act can be outlined as follows:

- Before making any recommendations regarding Programs and Initiatives, the Advisory Council must first receive direction from the Minister to do so. Under the Act, the Minister must direct the Advisory Council to make a recommendation on how money standing to the credit of the FHRI Account should be applied during the financial year before approving Programs and Initiatives.[27]
- The Advisory Council is required to provide recommendation/s to the Minister for consideration.[28] The Minister is then required to consider the recommendation/s of the Advisory Council before approving Programs and Initiatives.[29]
- A direction made by the Minister to the Advisory Council may include proposals for Programs and Initiatives, and may require the Advisory Council's recommendation to state that money should or shouldn't be applied in relation to the Programs and Initiatives proposed or should be applied with modifications to the proposed Programs and Initiatives.[30]
- Upon direction by the Minister or the Department of Health, the Advisory Council will provide other advice or assistance regarding matters relevant to supporting research and innovation that contribute to achieving the object of the Act or other matters relating to Programs and Initiatives.[31]
- The direction by the Minister and the recommendation/s of the Advisory Council are required to be tabled in both houses of Parliament. [32]

The *Governance Framework* sets out additional functions of the Advisory Council, as outlined below:

- The Advisory Council is responsible for developing the Strategy and setting the Priorities (required by the Act for operation of the FHRI Scheme[33]) which are then submitted to the Minister for approval.
- The Advisory Council oversees evaluations of the performance and benefits of the FHRI Scheme and reports these to the Minister.
- The Advisory Council has an assurance role as part of making recommendations to the Minister in relation to whether Programs and Initiatives have been developed in alignment with the FHRI Scheme Strategy and Priorities.
- The Advisory Council does not have a direct role in determining recipients of funding but does have a role in assurance that the peer-review or other funding determination methods used have been carried out appropriately via ensuring these processes form part of the evaluation process.
- The Advisory Council will lead the development of position and discussion papers on emerging issues or opportunities as required.

[27] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(1)(a).
[28] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4G(2)(a).
[29] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(1)(b).
[30] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(2).
[31] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s4G(2)(b).
[32] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(3).
[33] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(3)(a)-(b).

2.4.3. Membership

Advisory Council members are appointed by the Minister in accordance with provisions in the Act[34] (including via Instrument of Appointment) and other government requirements.[35]

The Act requires that the Advisory Council members are to be as follows:[36]

a) The Director General of the Department of Health [37] or a nominee of the Director General (non-voting)
b) The Director General of the Department of Energy and Economic Diversification[38] or a nominee of the Director General (non-voting)
c) 1 person appointed as a community representative
d) 1 person considered by the Minister to be an expert in research
e) 1 person considered by the Minister to be an expert in innovation
f) At least three other individuals whom, taken together, the Minister considers to have a suitable variety and level of relevant expertise and experience.[39]

The Act requires that at least 1 of the Advisory Council members must be considered by the Minister to have experience in dealing with issues related to the health of Aboriginal people living in Western Australia. This is in recognition of the State Government's commitment to building a new relationship with Aboriginal people and communities and acknowledges the complex health issues that currently face Aboriginal people and communities in WA.[40] Under the *Governance Framework*, it is preferred that this member will be an Aboriginal person.

The Act requires that at least 1 of the Advisory Council members must be considered by the Minister to have experience in dealing with issues relating to the health of people living in regional Western Australia.

A member of the Advisory Council, or the nominees of the Directors General, may be a public service officer or any other individual.

Members (other than the members outlined at a) and b) above i.e. the Directors General) are appointed via an Instrument of Appointment, for not more than 5 years and may be reappointed.[41]

Further to the above, the Minister may designate a member as the Chairperson (other than the members outlined in a) and b) above i.e. the Directors General).[42]

The *Governance Framework* sets out additional requirements for the Advisory Council, which are described below:

- In order to provide additional links to national and international opportunities while also minimising perceived conflicts of interest, the research and innovation experts (d) and (e) above will not normally be based in WA. At all times, at least one of the research and innovation expert positions will not be based in WA.

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[34] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 4G-4I.
[35] Including Department of Premier and Cabinet (DPC), *Premier's Circular* '*State Government Boards and Committees'*, Number 2025/15 Issued 01/07/2025, Government of Western Australia, 2025.
[36] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4G(3)
[37] As the CEO of the FHRI Account department as specified in the Act s 4G(3)(a).
[38] As the CEO of the department that the Minister considers is, apart from the FHRI Account Department, the department most closely involved with qualifying activities, as specified in the Act s4G(3)(b).
[39] '…who could come from fields such as business, law, philanthropy or the not-for-profit sector.' *R. Cook, Western Australia, Parliamentary Debates, Legislative Assembly, 26 September 2019, p. 7486.*
[40] *R. Cook, Western Australia, Parliamentary Debates, Legislative Assembly, 26 September 2019, p. 7486.*
[41] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4H(1).
[42] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 4H(2)(b), 4H(4).

- Regarding (f) above, these members may be selected from the following fields of expertise:
  - business, finance, investment, law or corporate governance.
  - philanthropic, charitable, or not-for-profit sectors.
- Terms of members will be staggered where possible such that no more than half of members' terms will finish at the same time. [43]
- Members may be reappointed but may not serve for more than 10 years in total. [44]
- Nominees of the Directors General may serve for no more than three years in total and are not eligible for reappointment. These restrictions recognise that under the Act such nominees are not subject to Cabinet appointment processes and are not nominated by the Minister and, therefore, require additional governance.
- The Chair is responsible for monitoring the collective knowledge and experience balance of the Advisory Council and notifying the Minister of any current or predicted gaps. If the Chair identifies that changes to membership of the Advisory Council will result in gaps that cannot be addressed within the preferred eight-member Advisory Council, additional members may be appointed (subject to approval by the Minister).
- In appointing new members to the Advisory Council, the Minister must be satisfied that the required collective knowledge and experience balance will be maintained.

The Act also provides protection for members, and former members, from civil liability for acts done in good faith as members on the Advisory Council.

2.4.4. Remuneration, allowances and expenses of the Advisory Council

The Act provides that members may be entitled to remuneration, allowances and reimbursed for expenses as determined by the Minister based on the recommendation of the Public Sector Commissioner. [45] Payment or reimbursement will be in accordance with the relevant Public Sector Commission guidelines.[46] Such remuneration and other expenses and costs that are reasonably incurred by the Advisory Council in the performance of its functions will be funded by the Department of Health and will not be drawn from the FHRI Account.

2.4.5. Conflicts of interest

Management of conflicts of interest is specifically provided for in section 4I of the Act. All Advisory Council members are required to disclose any actual or potential material conflicts of interest arising out of the function of the Advisory Council. Failure to disclose an interest prior to the relevant matter being considered by the Advisory Council may be grounds for the termination of appointment of a member by the Minister. Processes for disclosing and managing conflicts of interests are described in the Advisory Council's Conflicts of Interest Policy. Specific conditions related to conflicts of interest are to be specified in the member Instrument of Appointment.[47]

2.4.6. Termination

The Minister may terminate the appointment of a member, other than the Directors General (members outlined in (a) and (b)). Reasons for termination may include if, in the

[43] DPC, *Premier's Circular* '*State Government Boards and Committees'*, Number 2025/15 Issued 01/07/2025, Government of Western Australia, 2025.
[44] DPC, *Premier's Circular* '*State Government Boards and Committees'*, Number 2025/15 Issued 01/07/2025, Government of Western Australia, 2025.
[45] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4H(1)(c).
[46] PSC, Remuneration for Government Boards and Committees, [website as updated 14/10/2025], Government of Western Australia.
[47] *Western Australian Future Health Research and Innovation Fund Act 2012 (WA)* ss 4I(1).

opinion of the Minister, the member in question: is unable to perform the functions of the office; neglects his or her duties; or has done anything, or omitted to do anything, that may adversely affect the functioning of the Advisory Council. Grounds for termination may be established in the appointment instrument of a member or in the governance documents for the Advisory Council. While the membership of the Directors General cannot be terminated, the Minister may terminate a nominee of these members for the same reasons as are outlined above for the other members of the Advisory Council. If a nominee of the Directors General is terminated, the relevant Director General must resume as a member or provide a new nominee.

2.5. Expert Committees

Expert Committees may be established to provide advice (such as on specific issues, Programs and Initiatives and/or the assessment of proposals for funding). For clarity, where committees are established for the purposes of assessment of applications for funding these are referred to as Review Panels or Grant Review Panels.

Expert Committees will be established with a clearly defined scope and appropriate terms of reference that include a code of conduct, management of conflicts of interest and requirement for registers to manage declarations of conflicts of interest, gifts, benefits and hospitality. Expert Committee members will not be remunerated, however in certain circumstances this may be supported (such as for consumer representative members) in accordance with existing DoH policy frameworks. Reporting and performance review of the Expert Committees is outlined in section 7.2.

2.5.1. Expert Committees

Expert Committees may be established to provide advice on specific issues on an ad hoc basis (for example in regard to Programs and Initiatives or research and innovation matters relevant to the FHRI Scheme). Expert Committees are normally time-limited however, standing Expert Committees may be established where ongoing advice is required. Existing State Government advisory groups may also be utilised in the function of an Expert Committee but will maintain their own governance arrangements. Interstate and international members may be enlisted to Expert Committees as required.

Expert Committees are accountable to DoH (OMRI) not the Advisory Council. They may be established at the request of the Minister, the Advisory Council, the Director General DoH or OMRI.

2.5.2. Review Panels / Grant Review Panels

Review Panels or Grant Review Panels are established for the purpose of the assessment of applications for funding. They are limited in time and scope to the assessment of applications for the Program and Initiative for which they have been convened and are accountable to DoH (OMRI) not the Advisory Council.

2.6. Degree of Ministerial direction and control

Ministerial direction and control refers to the extent to which an entity operates under the direction and control of Executive Government. In the context of the *Governance Framework*, the Departments of Health and Treasury and Finance are subject to full Ministerial direction and control. The Advisory Council is established in line with the Public Sector Commission's definition of a statutory advisory or consultative board and reports to the Minister.

Expert Committees will operate under similar conditions as the Advisory Council regarding Ministerial direction and control, except that they are accountable to OMRI and

do not have a statutory basis. Where an Expert Committee is providing recommendations for funding to particular entities (i.e. is a Review Panel or Grant Review Panel), it is completely independent of Ministerial and Department of Health direction. Neither the Minister nor the Department of Health are bound by recommendations provided by the Advisory Council or an Expert Committee.

3. FHRI Scheme Strategic Instruments

The Governance Framework is required by the Act to:[48]

- provide for the preparation and maintenance of a strategy for the operation of the FHRI Scheme
- provide for the setting of priorities for the operation of the FHRI Scheme, and
- include a framework for the making, approval and administration of Programs and Initiatives.

This section (and associated appendices) responds to these requirements. In addition, the Minister has responsibilities regarding the tabling in Parliament of the governance framework, strategy, priorities, strategic documents and details of Programs and Initiatives (including when any of these are modified).[49] The Director General DoH is similarly obliged for these to be publicly available on a website maintained by DoH.[50]

3.1. The FHRI Scheme Strategy

The Strategy for operation of the FHRI Scheme provides the high-level vision and goals for research and innovation in WA and forms the basis from which the Priorities are derived.

The Advisory Council leads development of the Strategy and the extensive consultations that inform this process. The Advisory Council recommends the Strategy to the Minister for approval. Consultation on the Strategy will be undertaken with consumers, private industry, investors, philanthropists, policymakers, research and innovation funders, research and innovation organisations, researchers, innovators, educators and others. The Strategy will also be informed by State Government-endorsed reports and reviews that are relevant to research and innovation. Approximate gender equity will be achieved in group consultations where possible and inclusion of a high proportion of early and mid-career stakeholders will be prioritised.

OMRI supports the Advisory Council in the development of the Strategy, including assisting with the consultations led by the Advisory Council. Refer Appendix 2 for a high-level overview of the process.

3.2. The FHRI Scheme Priorities

A Priority is an approach, need or opportunity for operation of the FHRI Scheme that has been determined to be an essential part of achieving the vision of the Strategy and that aligns with the purpose of the FHRI Fund (the Object of the Act).

The Advisory Council is responsible for developing the Priorities. All Priorities require approval by the Minister.

The Minister cannot approve Priorities other than those recommended by the Advisory Council, nor may she/he instruct the Advisory Council to recommend a particular Priority.

[48] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(3).
[49] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(4).
[50] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(5).

In some instances, the Advisory Council may provide the Minister with Priority options from which to choose.

It is recognised that Programs and Initiatives may support the achievement of more than one Priority. In considering Programs and Initiatives for recommendation to the Minister (including the level of allocated funding), the Advisory Council will have regard to ensuring the Priorities are addressed across the lifecycle of the Strategy.

Priorities will be reviewed by the Advisory Council at the mid-point of their lifecycle. The purpose of the review is to refine and/or refocus the Priorities to ensure continued alignment with the Strategy and the objectives and operation of the FHRI Scheme. The Advisory Council may propose that Priorities are added or removed, or that consideration be given to development of Programs and Initiatives with a focus on specific Priorities. All proposed changes to Priorities will be approved by the Minister, tabled in Parliament and published online. Refer Appendix B for a high-level overview of the process.

3.3. The FHRI Scheme Programs and Initiatives

As described in section 1.5 Terms used, a Program or Initiative is the operational term used to describe a high-level FHRI Scheme mechanism through which funding is directed to a specific purpose and that contributes to achieving one or more Priorities (the term **'arrangements'** is used under s4C(1) of the Act).

Programs and Initiatives are approved (or not) by the Minister based on a proposal by the Director General. However, the Act provides that the Minister must seek a recommendation from the Advisory Council and consider that recommendation before making, or applying FHRI Account monies to Programs and Initiatives for the financial year.[51] In practice, the Advisory Council will consider the Programs and Initiatives proposed by the Director General (via OMRI) and provide a recommendation for consideration by the Minister.

The Minister cannot approve Programs and Initiatives other than those that have been the subject of a recommendation by the Advisory Council to the Minister. However, the decision to approve any such Programs or Initiatives remains with the Minister. For example the Minister may approve a Program and Initiative for which the recommendation by the Advisory Council was that funding not be applied. The Act provides that the Minister's direction to the Advisory Council to make a recommendation may include proposals for how money standing to the credit of the FHRI Account is to be applied.[52]

The Department of Health is responsible for developing and implementing Programs and Initiatives and managing them post-award. However, the Advisory Council provides oversight and assurance that the Programs and Initiatives have been developed and implemented appropriately and in alignment with the FHRI Scheme Strategy and Priorities.

The high-level process for development and implementation of Programs and Initiatives is represented in Appendix 2. Further details are outlined below.

Detailed information regarding each approved Program and Initiative will be published online during implementation and outcomes from the selection process will be published online after funding decisions are made.[53] Information will be tabled in Parliament and

[51] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D.
[52] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4D(2)(a).
[53] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 10A(5).

published in the DoH Annual Report where required by the Act and included in the FHRI Scheme Annual Report as determined relevant by the Advisory Council. [54]

3.3.1. Design principles

- Programs and Initiatives will be designed to further, or facilitate the furthering of, the purpose of supporting qualifying activities that contribute to the object of the Act.
- Programs and Initiatives will be designed in alignment with the currently approved FHRI Scheme Strategy and one or more approved FHRI Scheme Priorities.
- Programs and Initiatives will be designed having regard for all guiding principles specified in the FHRI Scheme Strategy or other guiding strategic document.
- Programs and Initiatives will be designed to help Western Australian researchers and innovators obtain a greater share of national funding from the NHMRC, ARC and the MRFF, rather than replacing such funding.
- Where possible and appropriate, Programs and Initiatives will be based on co-investment and collaborative arrangements.
- Programs and Initiatives will be informed by engagement with local funders, such as other State Government agencies and charitable organisations, to explore partnership opportunities, prevent duplication of effort and encourage greater, rather than reduced, funding commitments from such funders.
- Within relevant legislative constraints, Programs and Initiatives may result in the State Government receiving equity or other consideration in return for the funding provided.
- Programs and Initiatives will be designed in consideration of feedback or findings from evaluations where relevant.
- Where possible, programs and Initiatives will be designed to provide visibility and reliability of the funding cycle.
- Where possible, programs and Initiatives will be designed to minimise administrative burden.

3.3.2. Eligibility and selection processes

It is acknowledged that research and innovation are increasingly national and international cooperative undertakings. However, Programs and Initiatives will be designed to provide direct returns to WA. Therefore, the leads for Programs and Initiatives are expected to be based in WA and a large proportion of the funding allocated will be expended within the State.

Competitive, peer-review selection processes, based on those used by the NHMRC, will be the primary means by which the recipients of funding through Programs and Initiatives will be determined. However, in some instances innovative selection processes may be required to fulfil the purpose of a given Program or Initiative. The Advisory Council provides assurance that appropriate selection methods are chosen for Programs and Initiatives, and due process has been followed.

Quality improvement, clinical audit and standard clinical practice activities of WA Health Service Providers (HSPs) will not be eligible for support by the FHRI Fund scheme. Likewise, implementation activities that do not contain a substantial new research and/or innovation component are considered to be the responsibility of HSPs and will not be eligible for funding through Programs or Initiatives.

[54] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 9A, 10A(4)(c).

3.3.3. Market-Led proposals

The *Governance Framework* recognises that the research and innovation sectors may identify valuable opportunities that align with the Priorities in place at the time but are not appropriate for application to an open Program or Initiative. Therefore, if required, these proposals will be considered under the State Government's Market-led Proposals (MLP) Policy[55] and processes to provide a clear, transparent and consistent pathway for consideration of such 'market-led' proposals.

Proposals seeking FHRI Scheme support submitted directly to the Minister, the Advisory Council, or OMRI will not be considered, and proponents will be advised to contact the MLP Secretariat.

Potential proponents are advised that a proposal submitted to the MLP process that does not meet all the MLP evaluation criteria may be referred to the lead agency for consideration outside the MLP process.[56] Research and innovation-related proposals seeking FHRI Scheme support will be managed by the Department of Health as lead agency and the MLP process will still be followed – including public reporting on proposals – but alternate procurement pathways may be used. Assessment of such proposals will follow FHRI Scheme principles such as transparency of decision-making and peer review. If a proposal is found to be suitable and funding is available, final approval will be provided by the Minister for Health.

Funding is not reserved from the FHRI Scheme budget for MLPs. Therefore, the capacity of the FHRI Scheme to support eligible proposals will depend on the availability of uncommitted FHRI Scheme monies, an opportunity being available to reprioritise committed monies or an alternate government funding source.

3.3.4. Activities not funded by the FHRI Scheme

It is noted that the FHRI Scheme does not provide funding that would subsidise activities that a potential funding recipient who provides health services should be undertaking as part of their normal business activities. This may include quality improvement activities, or delivery of clinical or health services for which evidence of efficacy already exists.

One of the expected benefits of the FHRI Scheme is that it will help Western Australian researchers and innovators to obtain a greater share of national funding from the National Health and Medical Research Council (NHMRC), Australian Research Council (ARC) and the Australian Government's Medical Research Future Fund (MRFF), rather than replacing such funding. It is also expected that the FHRI Scheme will work synergistically with funding programs of other State Government agencies that support research and innovation, promoting coordination, preventing duplication and maximising the impact of these programs. Furthermore, FHRI Scheme monies will enable access to international funding sources and partnerships with non-government, charitable and commercial entities.

4. Financial management

The FHRI Scheme is enabled by two accounts established in the Act: the **FHRI Fund** (a Treasurer's special purpose account) and the **FHRI Account** (a Department of Health agency special purpose account).[57] The FHRI Fund is established for the purpose of

[55] Department of Planning, Lands and Heritage (DPLH), Market-led Proposals, [website as updated 07/01/2025], Government of Western Australia.
[56] DPLH, *Market-led Proposals Policy (December 2024),* Government of Western Australia, 2024.
[57] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) ss 3, 4A, 5.

funding the FHRI Account.[58] Each financial year, the FHRI Account is credited with the FHRI Fund forecast investment income, as set out in the State budget papers.[59]

The Department of Treasury and Finance, and DoH are responsible for the management of their respective accounts and do so in accordance with relevant accounting standards and legislation (including compliance with the *Financial Management Act 2006* and Treasurer's Instructions). Appendix 3 provides a representation of the accounts and financial management associated with the FHRI Scheme.

4.1. The FHRI Fund (Treasury administered account)

As the capital-holding account of the FHRI Fund scheme, the FHRI Fund will be maintained as a long-term sovereign wealth fund, the investment income from which will provide the financing stream for health and medical research and health and medical innovation and commercialisation. Monies standing to the credit of the FHRI Fund are invested by the Treasurer with the WA Treasury Corporation under the *Financial Management Act 2006* and in a manner that is consistent with the investment and credit policies approved by the Treasurer. The FHRI Fund is reported in an Appendix to the Economic and Fiscal Outlook budget paper of the State Government (Budget Paper 3). The FHRI Fund is credited annually with one per cent of the State's forecast royalty income for the financial year, FHRI Fund investment income and surplus monies from the FHRI Account (subject to a joint written direction of the Minister and the Treasurer).[60]

The FHRI Fund will be charged annually for an amount equivalent to forecast investment income as determined in the State government budget process.[61] The investment income is to be forecast at budget time and will be articulated in an Appendix to Budget Paper 3. In circumstances where the budget papers for a financial year will not be tabled in Parliament before the start of the financial year, the Treasurer must cause an estimate of the forecast investment income to be tabled in each House of Parliament before the commencement of the financial year.

4.2. The FHRI Account (Department of Health administered account)

The FHRI Account is the operational account of the FHRI Scheme. The FHRI Account will be credited annually with monies equivalent to earnings forecast from investing the FHRI Fund, which is articulated in an Appendix to Budget Paper 3. The FHRI Account is subject to conditions that apply to all State Government agency special purpose accounts, including those set out in the *Financial Management Act 2006* (except section 20, which is disapplied by the Act) and related Treasurer's Instructions. Monies credited to the FHRI Account will be held there until expended or the Minister and the Treasurer agree that surplus monies be returned to the FHRI Fund.

The budget for the FHRI Account will be approved through standard State Government budget process and, as such, will be considered by the Expenditure Review Committee (ERC) of Cabinet after endorsement by the Minister. The budget submission endorsed by the Minister will be consistent with the Strategy and Priorities. The Director General, or a duly authorised delegate, will provide approval for funds held in the FHRI Account to be expended in accordance with the budget approved by the Minister and ERC. The FHRI Account can only be applied to support research and innovation activities through

[58] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 5(1A).
[59] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 9(1), s 3.
[60] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 7, s8.
[61] Note: funding transfers are based on forecast investment income which may differ from actual investment returns.

approved Programs and Initiatives. Administrative costs, such as those incurred by the Advisory Council, OMRI and Expert Committees, will be met by the Department of Health.

5. Risk management

The approach to risk management in the FHRI Scheme should take a structured and proactive approach to ensure risks are identified, assessed and managed in a manner consistent with relevant agency policy frameworks and standards. The *Governance Framework* has been designed to provide a robust, transparent and accountable decision-making process for disbursements from the FHRI Account. Risk is to be addressed through actions and plans developed by roles, and relevant to functions, as outlined in the *Governance Framework*. Resources available to support effective risk management include agency policy frameworks and standards, and the Public Sector Commission *Governance Manual for WA Government Boards and Committees* (October 2023).

6. Reporting

The Annual Report of the Department of Treasury and Finance is required to contain information about the operation of the FHRI Fund during the financial year and details of the amount charged to the FHRI Fund during the financial year (the forecast investment income amount).[62]

The Annual Report of the Department of Health is required to contain information about the operation of the FHRI Account during the financial year and include details of how money standing to the credit of the FHRI Account was applied during the year.[63]

The Advisory Council will produce an Annual Report on the FHRI Scheme, which will be presented to the Minister and published online. The Advisory Council Annual Report will include: reporting on FHRI Scheme activities; summary reports on the activity of the Expert Committees; summary reporting of evaluations undertaken in accordance with the Evaluation Framework (where these evaluations are completed in the reporting year); and summary reporting of Performance Reviews (where these reviews are completed in the reporting year).

In addition to reporting requirements, the Act requires the tabling in Parliament or publication online of specific documents or information (including when modified or replaced). These are referenced throughout the Governance Framework however a summary is provided below (refer to the relevant section of the Act for full detail):

Document	Statutory Requirement under the Act
Copy of Advisory Council recommendation to the Minister and copy of Minister direction to the Advisory Council to make the recommendation	• s 4D(3) Minister to table in Parliament within 14 days (provisions if Parliament not sitting)
Estimate of income	• s 9B Treasurer to table statement if budget papers not tabled before commencement of financial year (provisions if Parliament not sitting)

[62] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 9A.
[63] *Western Australian Future Health Research and Innovation Fund Act 2012* (WA) s 4E(5), 6).

Governance Framework	• s 10A(4) Minister to table in Parliament • s 10A(5) Director General DoH to publish online
Strategy	• s 10A(4) Minister to table in Parliament • s 10A(5) Director General DoH to publish online
Priorities	• s 10A(4) Minister to table in Parliament • s 10A(5) Director General DoH to publish online
Strategic document	• s 10A(4) Minister to table in Parliament • s 10A(5) Director General DoH to publish online
Details of strategic arrangements	• s 10A(4) Minister to table in Parliament • s 10A(5) Director General DoH to publish online

Table 1 – Summary of tabling and publishing requirements for FHRI Scheme documents

7. Evaluation and performance review

7.1. Evaluation Framework

An Evaluation Framework (or Evaluation Plan) will be used to quantify the performance of the FHRI Scheme. The Evaluation Framework is developed and maintained by OMRI and approved by the Minister. Evaluations of the performance of the FHRI Scheme will focus on four different levels:

- the Programs and Initiatives
- the Priorities
- the Strategy
- the FHRI Scheme overall.

Performance of the FHRI Scheme overall incorporates assessment of the performance of Programs and Initiatives, Priorities and the Strategy in the context of the object of the Act. Evaluations will generally be conducted by an external service provider and presented by the Advisory Council to the Minister for approval. Corporate assurance for the operations of the FHRI Scheme will be led by OMRI. A summary report on evaluations undertaken in accordance with the Evaluation Framework will be included in the Annual Report for the FHRI Scheme (refer section 6).

The Evaluation Framework does not apply to the investment, management and performance of the capital fund, which are the responsibility of the Treasurer.

7.2. Performance Review

The performance of the Advisory Council, Expert Committees and OMRI will be formally reviewed at three-yearly intervals. Key performance criteria for the Advisory Council will include alignment of recommendations to the FHRI Scheme Strategy and Priorities, the Advisory Council governing documents, transparency of recommendations and effective engagement with stakeholders. Performance reviews will generally be conducted by an external service provider. Performance Reviews are considered by the Minister. A summary report on Performance Reviews undertaken will be included in the Annual Report for the FHRI Scheme (refer section 6).

8. Document control

Approval

This document, or any substantive amendments to this document, are to be approved by the Minister.

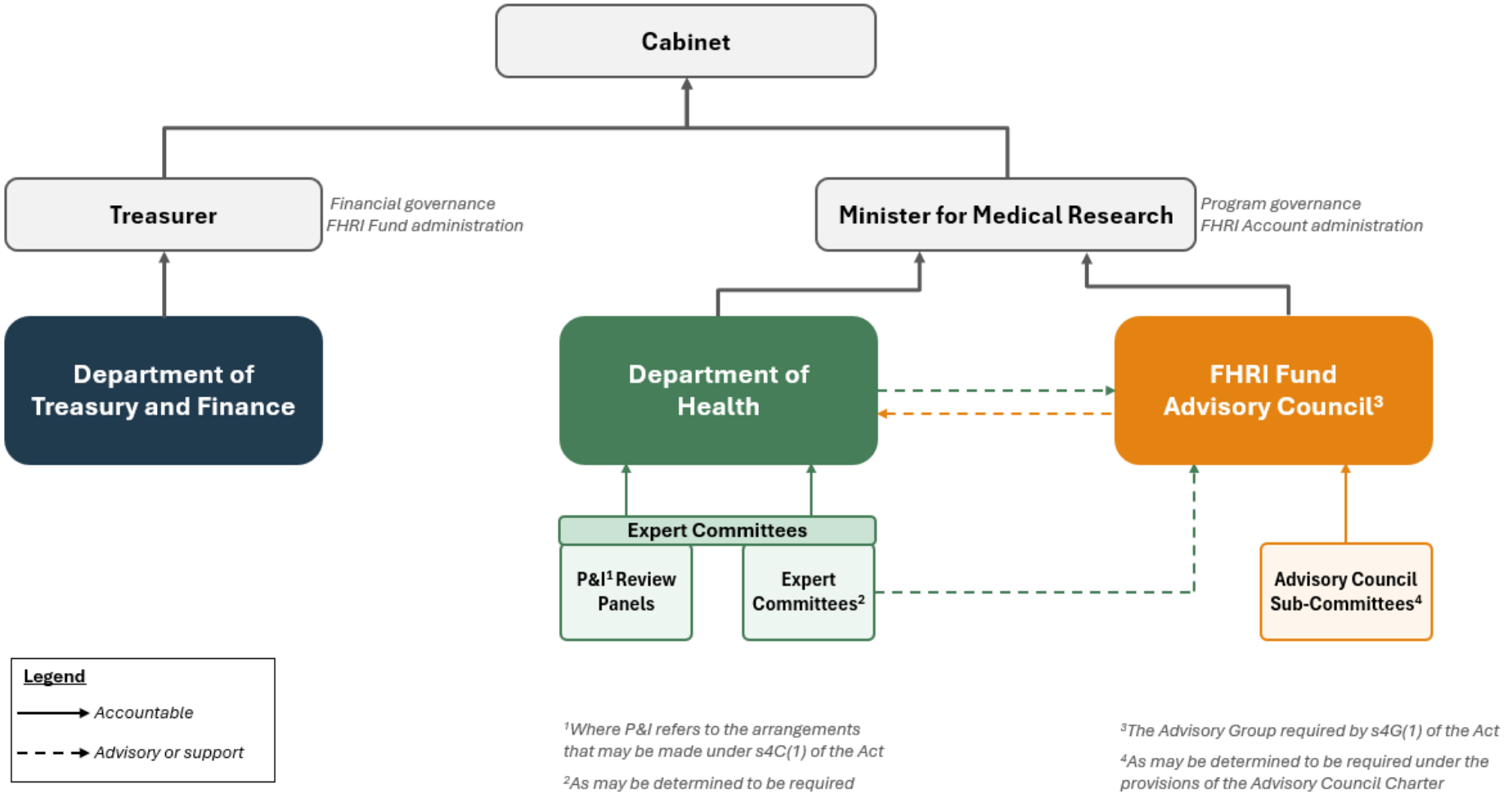
Review

The Department of Health will review this document annually, or at another interval not exceeding five years.

Document Control

Version	Effective from	Effective to	Approved date	Approved by	Description
0.1	NA	NA	24/04/2019	Minister for Health	Tabled in Parliament (Legislative Assembly 26/09/2019 and Legislative Council 19/11/2019) during the debate on the Bill.
1.0	14/01/2021		14/01/2021	Minister for Health	Review October 2020 • Incorporates amendments approved by Parliament during consideration of the Bill
1.1					Review October 2022 • Incorporates changes resulting from realignment of the Medical Research portfolio and the name and reporting lines for the Department of Health unit primarily responsible for providing operational and strategic support for the FHRI Fund.
1.2	NA	NA	NA	NA	Formal review March 2026 • Version drafted for review/approval.
1.3	NA	NA	NA	NA	Formal review March 2026 (cont.) • Version 1.2 endorsed by FHRI Fund Advisory Council with updates – updated version established as v1.3.
1.4	NA	NA	NA	NA	Formal review March 2026 (cont.) • Minor structural updates. • For review by Department of Treasury and Finance.
1.5	NA	NA	NA	NA	Formal review March 2026 (cont.) • Minor updates incl. incorporating feedback from Department of Treasury and Finance. • Submitted to Minister for approval.
2.0	30/07/2026		30/07/2026	Minister for Medical Research	Approved version finalised for release as v2.0.

Appendix 1: FHRI Scheme Governance Structure



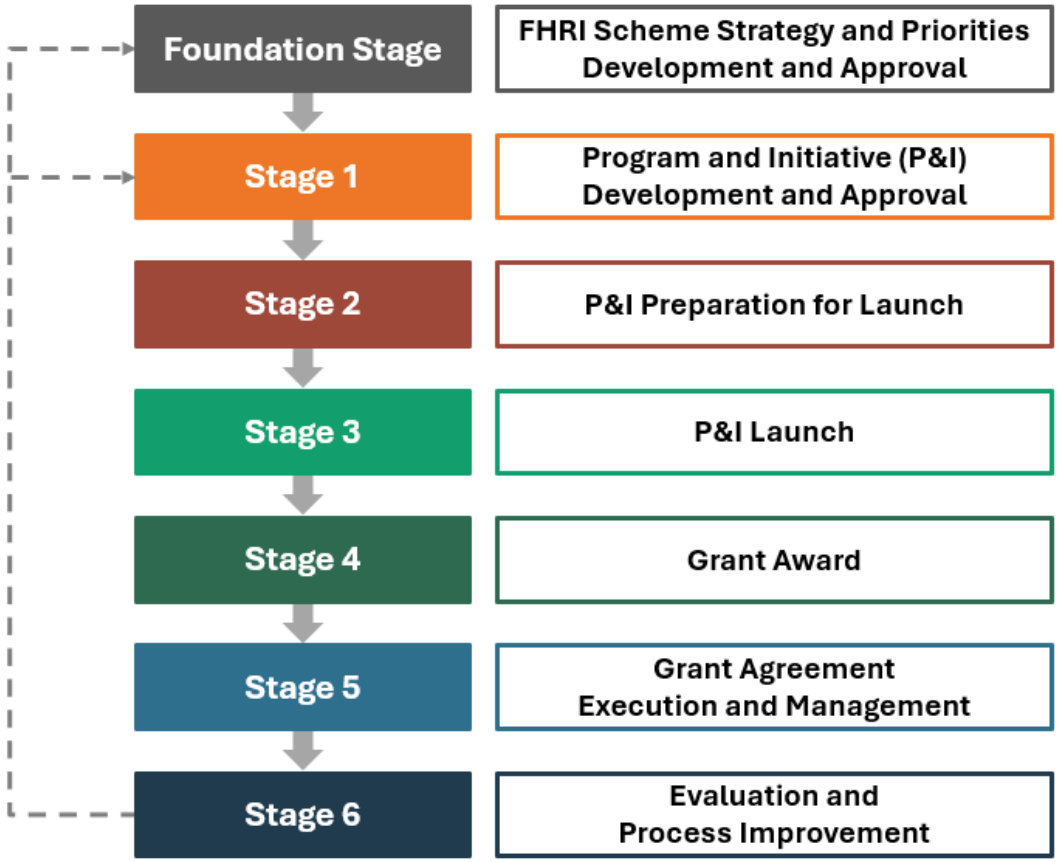
Appendix 2: FHRI Scheme High-level Process – Strategy, Priorities, Programs and Initiatives

Process Overview

This high-level process provides an overview of the end-to-end processes associated with the FHRI Scheme.

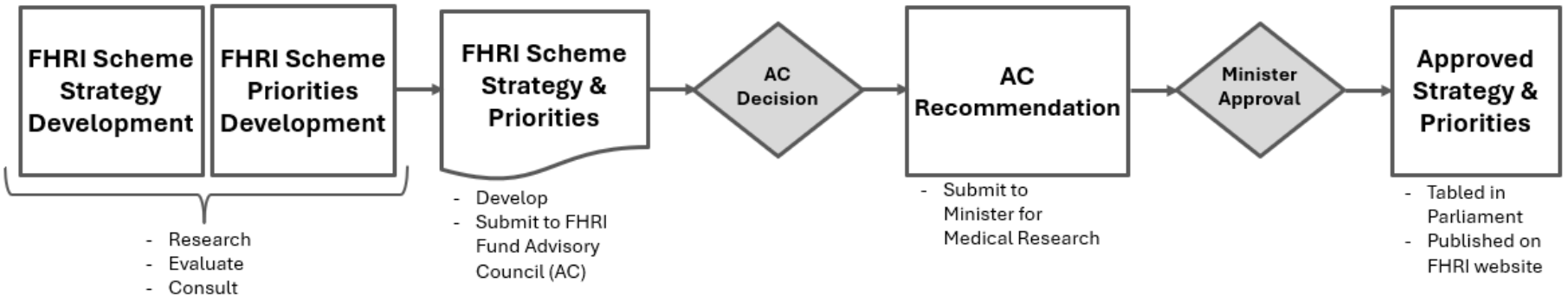
It illustrates the requirements of the Governance Framework in relation to:

- the preparation and maintenance of the **Strategy**
- the setting of **Priorities**
- the framework for making, approving and administration of **Arrangements** (Programs and Initiatives)



FOUNDATION STAGE – FHRI Scheme Strategy and Priorities Development and Approval

Strategy and Priorities Macro Cycle

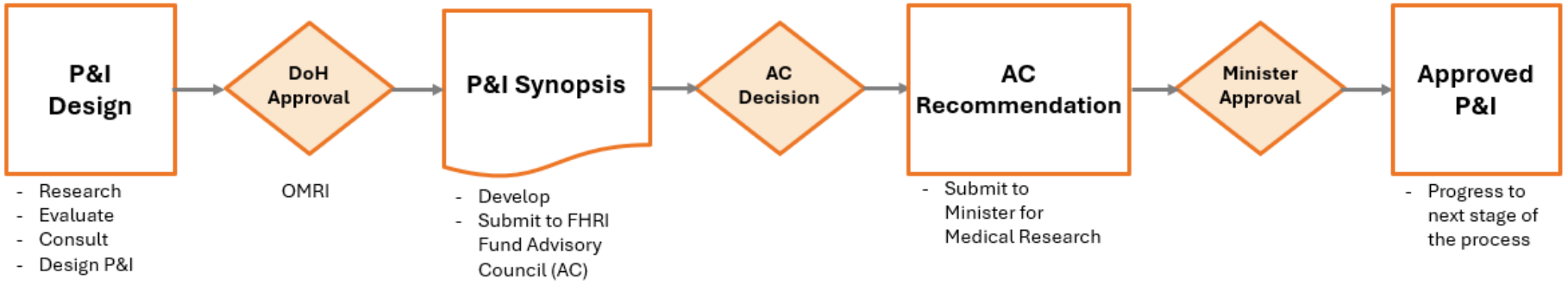


NB: This development stage is informed by broad consultation with Key Stakeholders, available Evaluation reports, research and input from the Advisory Council and Expert Committees.

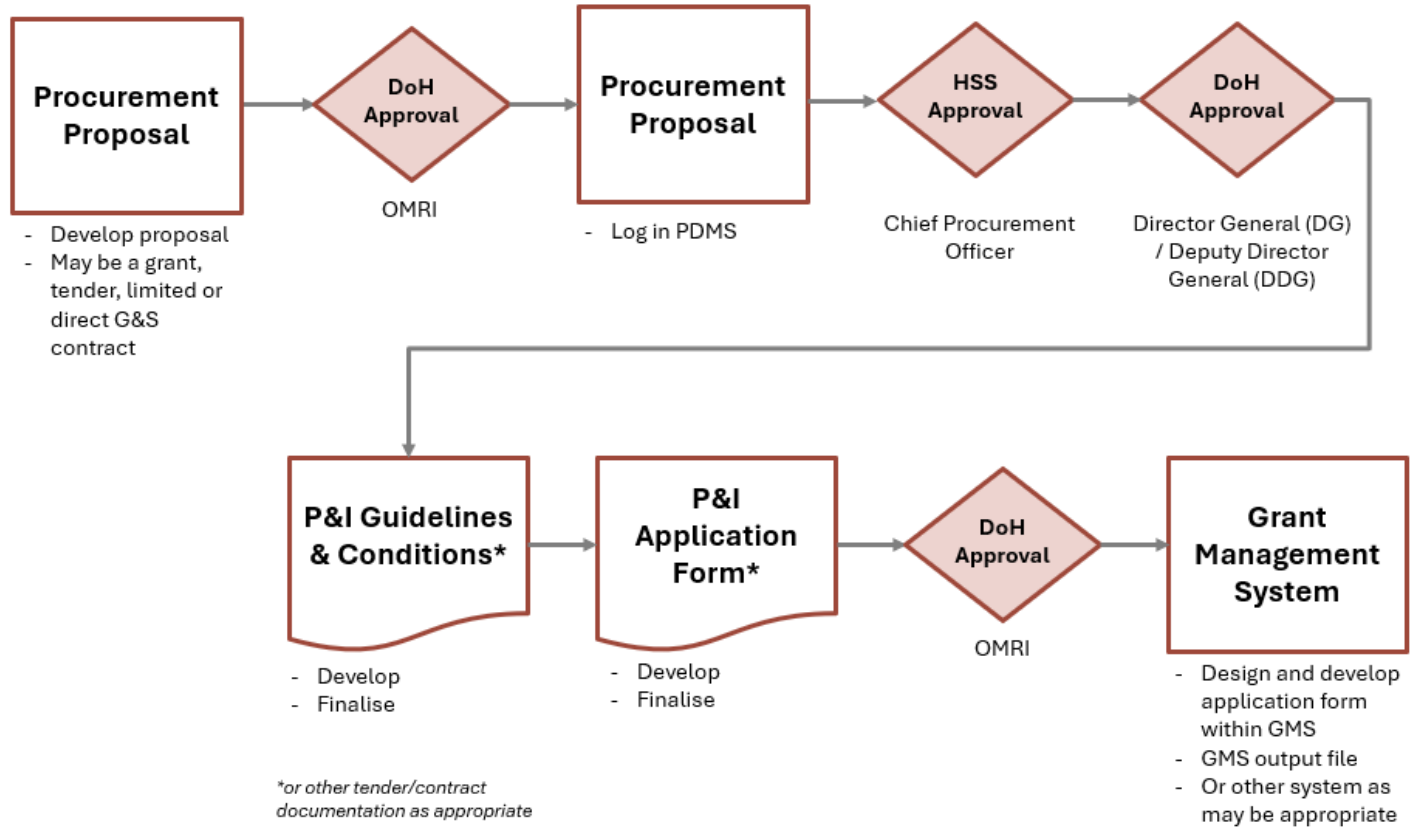
Strategy and Priorities Annual Cycle

NB: The Advisory Council maintains the FHRI Scheme Strategy through annual processes to monitor, evaluate and report on the Scheme. These activities include input from the Expert Committees and Key Stakeholders as required.

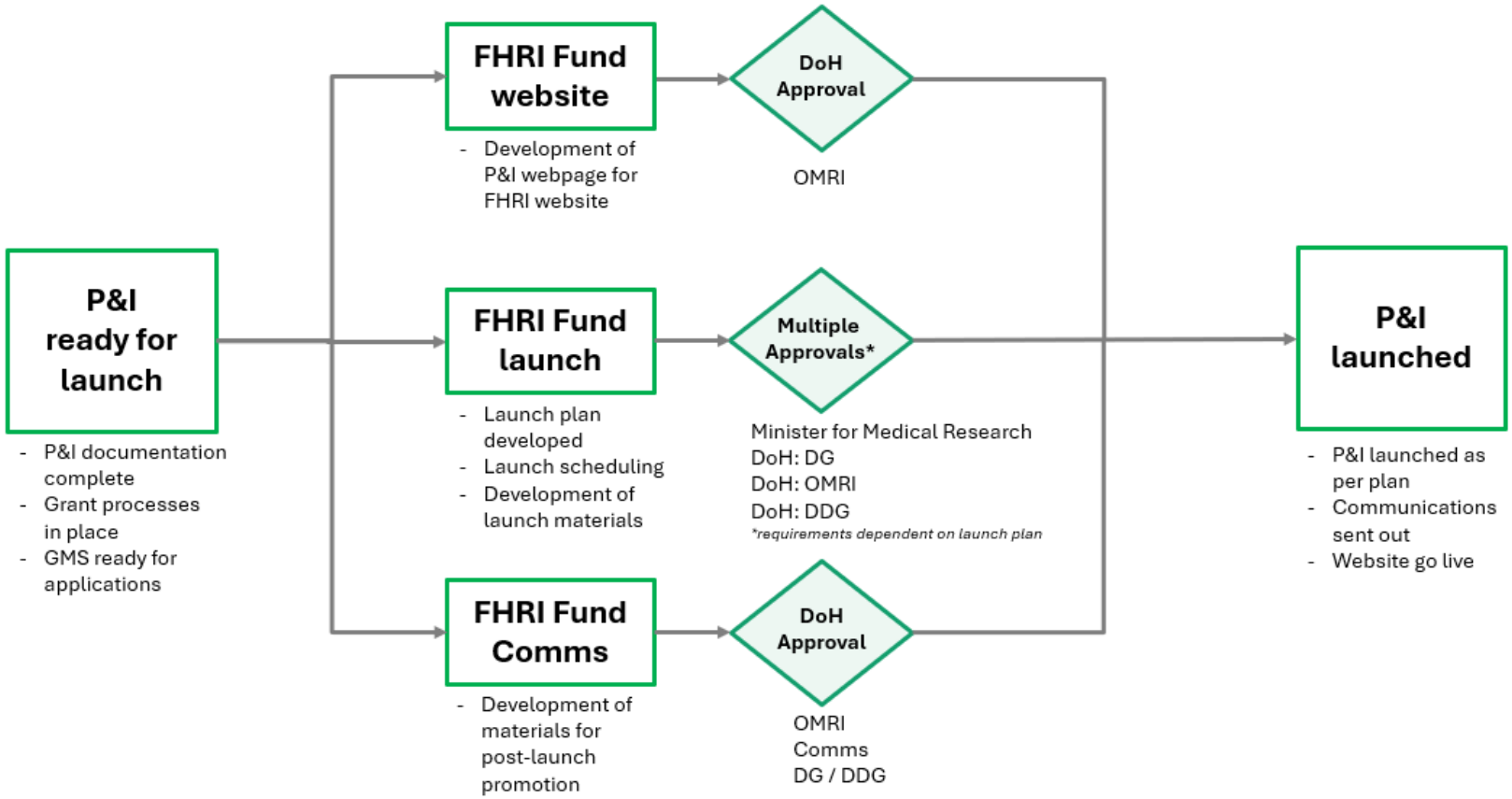
STAGE 1 – Program and Initiative Development and Approval



STAGE 2 – P&I Preparation for Launch

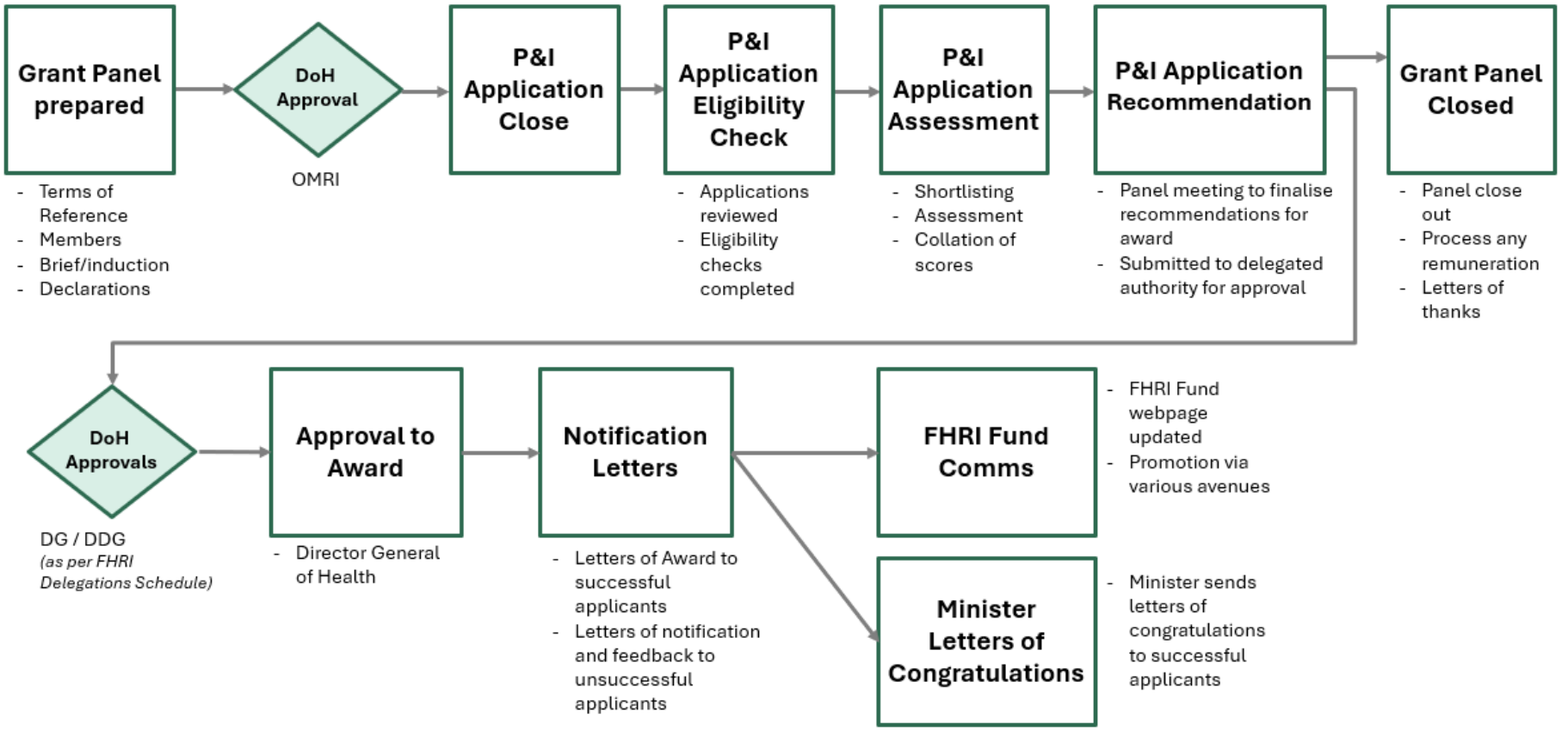


STAGE 3 – P&I Launch

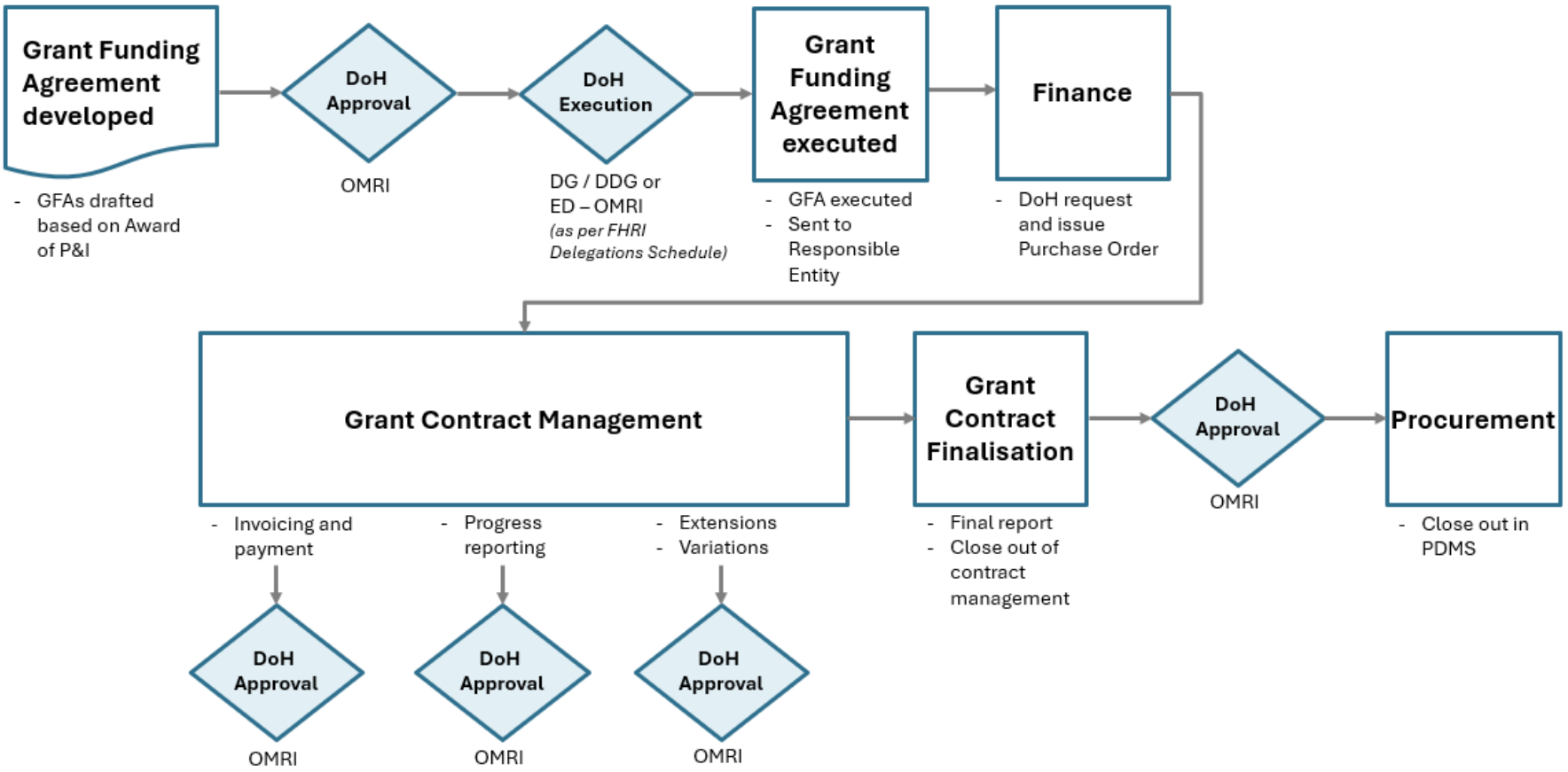


STAGE 4 – Grant* Award

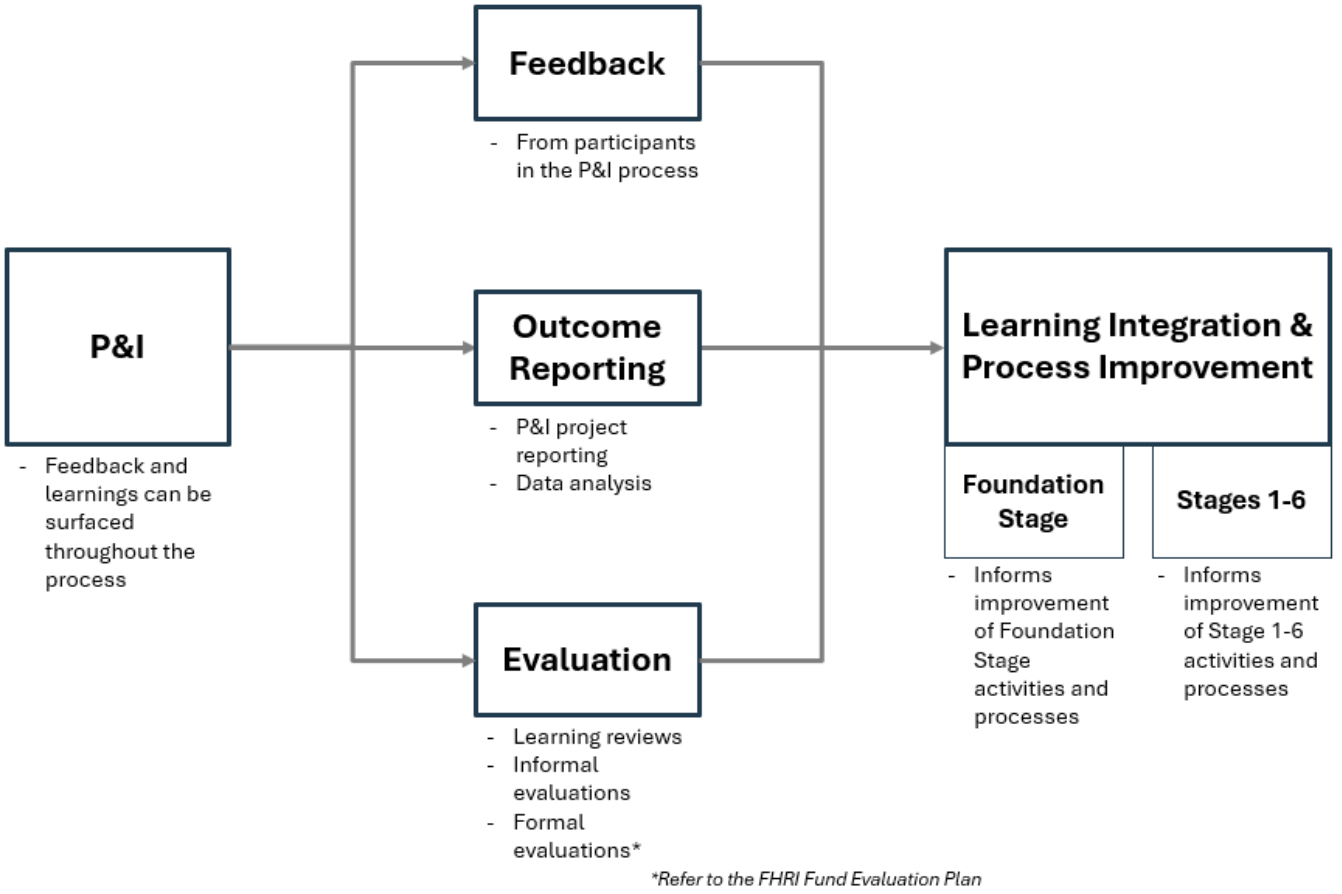
*other tender/contract processes to be followed where relevant



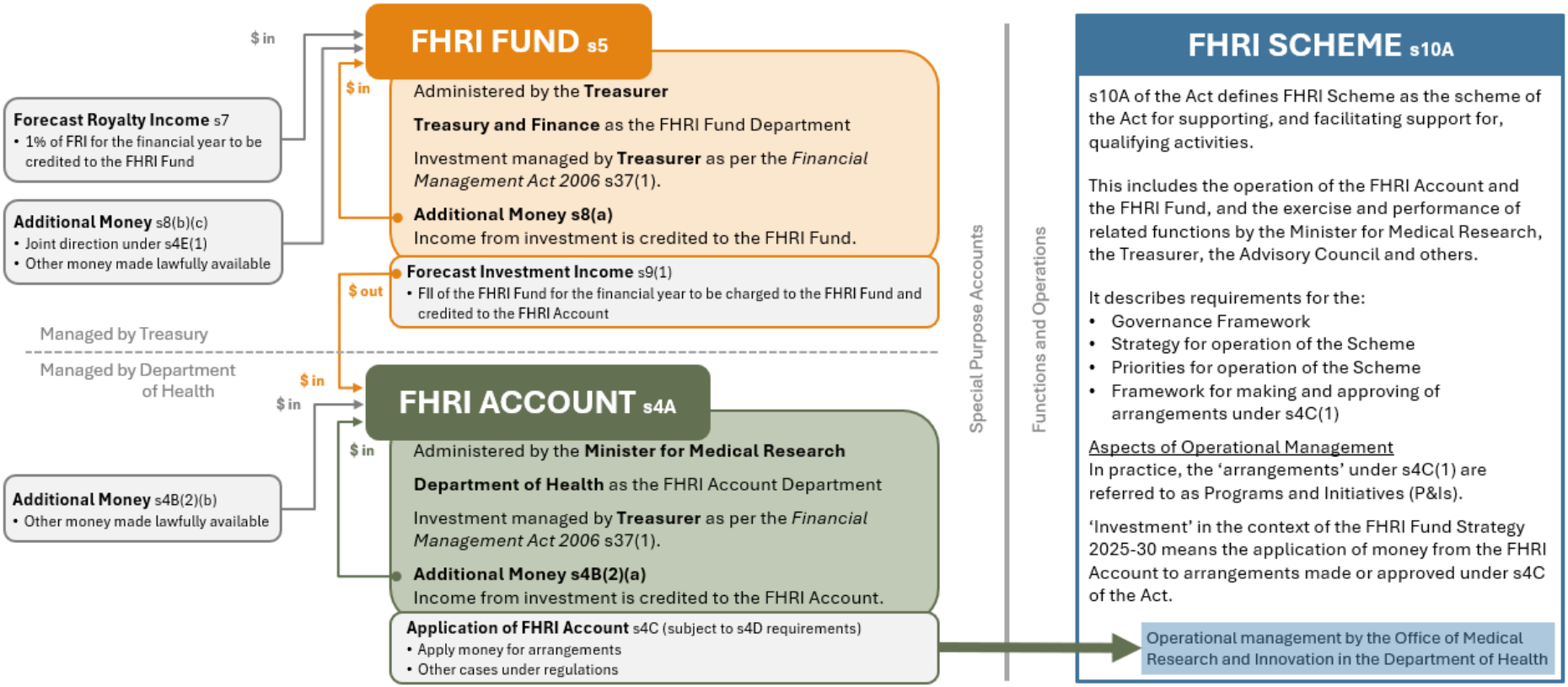
STAGE 5 – Grant Agreement Execution and Management



STAGE 6 – Evaluation and Process Improvement



Appendix 3: FHRI Scheme High-level Financial Overview



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