

HRC RULES

AUGUST 2019



Permissible Use of Research Funding and Operation of Contracts

These rules are effective from August 2019 and replace those previously issued

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1. GENERAL INFORMATION

1.1 Definitions and Interpretation

1.1.1 In these Rules unless the context requires otherwise:

Words which are capitalised in these Rules but not separately defined below shall have the same meaning as given to those words in the Contract.

"Applicant"	Means any Research Provider applying to HRC for Funding and their permitted successors and assigns whether that Research Provider is an individual, company, corporation, partnership, firm, joint venture, association, trust, organisation, governmental or other regulatory body or authority or other entity in each case whether or not having separate legal personality).
"Contract"	Means the contract between HRC and the Applicant which sets out the terms under which HRC will fund the Research Activity in the form set out in Schedule 1 (including the schedules and any amendments agreed between the parties).
"HRC"	Means the body corporate called the Health Research Council of New Zealand as defined in the Health Research Council Act 1990 and will for the purposes of this Contract include the Council (as that term is defined in the Health Research Council Act 1990) and staff of HRC and any other agent of HRC authorised in writing.
"HRC Research Proposal Guidelines"	Means the Research Proposal Guidelines available on HRC's website as amended from time to time.
"Principal Domicile"	Means the holding of a residence class visa under the Immigration Act, 2009 and either be domiciled or residing in New Zealand with the intention of residing here indefinitely, having done so for the immediately preceding 12 months. According to Section 4 of the Immigration Act, "residence class visa" means a permanent resident visa or a resident visa.
"Proposal"	Means an Applicant's research proposal application to HRC for Funding.
"Research Overhead Recovery Rate" ("RORR")	The multiplier applied to salaries to determine overhead contribution.
"Research Provider"	Means a Person who has entered into a Contract with HRC and their permitted successors and assigns.

"Rules" Means these HRC policies and rules as amended by HRC from time to time.

- 1.1.2 **Headings:** clause and other headings are for ease of reference only and will not be deemed to form any part of the context or to affect the interpretation of these Rules;
- 1.1.3 **Plural and Singular:** words importing the singular number include the plural and vice versa;
- 1.1.4 **Parties:** references to parties are references to HRC and the Applicant (as the context so requires). References to more than one party is to all or any of those parties. Where a party includes more than one person, the covenants, agreements and warranties on the part of that party shall be deemed to be joint and several;
- 1.1.5 **Clauses:** references to clauses and schedules are references to clauses of and schedules to these Rules. Each schedule forms part of these Rules;
- 1.1.6 **Precedence:** where there is an inconsistency between the terms and provisions set out in the main body of these Rules and the terms and provisions set out in the Contract, the terms and provisions set out in the Contract will prevail.
- 1.1.7 **Defined Expressions:** expressions defined in the main body of these Rules have the defined meaning in the whole of these Rules;
- 1.1.8 **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done; and
- 1.1.9 **Statutes and Regulations:** references to a statute include references to regulations, orders or notices made under or pursuant to such statute and references to a statute or regulation include references to all amendments to that statute or regulations whether by subsequent statute or otherwise and a statute or regulation passed in substitution for the statute or regulation referred to or incorporating any of its provisions.

1.2 Introduction

- 1.2.1 The Applicant acknowledges and agrees that any Proposal submitted by it for Funding will be on the terms of these Rules and, if successful, the Funding will be advanced on the terms of the Contract.
- 1.2.2 These Rules and the Contract should be read carefully by all Applicants.
- 1.2.3 These Rules should also be read in conjunction with the HRC Research Proposal Guidelines.

1.3 General Rules and Conditions

- 1.3.1 HRC may amend these Rules from time to time by uploading amended Rules to its website. The amended Rules shall apply to all Proposals submitted after the date that the Rules are amended.
- 1.3.2 The Applicant acknowledges that if its Proposal is successful, the Funding will be advanced strictly on the terms of the Contract and the Applicant must comply with all of its obligations set out in the Contract.
- 1.3.3 In accepting and reviewing Proposals HRC may take into account the past history of the Applicant and the Investigators with respect to their past performance and completion of previous HRC contracts.
- 1.3.4 Where a Proposal is from an Applicant that HRC has not previously contracted with HRC may undertake due diligence in relation to that Applicant. The Applicant shall provide such information as HRC may reasonably require to HRC within a reasonable time to enable HRC to complete its due diligence enquiries.
- 1.3.5 Funding is a maximum amount that HRC will contribute to the Research Activity and is payable for:
- (a) support of employees;
 - (b) working expenses and equipment, and
 - (c) overhead costs.
- as further detailed in these Rules.
- 1.3.6 HRC may refuse to process any Proposal that does not comply with these Rules.

2. SUPPORT OF EMPLOYEES

2.1 Appointment of Employees

- 2.1.1 The Research Provider is responsible for the employment of all employees who work on a Research Activity in accordance with the procedures of the Research Provider.
- 2.1.2 The Research Provider must provide written approval for each employee (full or part time) to participate in the Research Activity as specified in the Contract including confirming the FTE of that Employee.
- 2.1.3 No employee may receive more than 1.0 FTE from government and/or non-government research funding agencies.
- 2.1.4 The Research Provider may only claim contributions towards salary of employees who are employed by the Research Provider, unless HRC, at its discretion, consents to the use of a sub-contractor who is not receiving more than 1.0 FTE from government and/or non-government research funding agencies. HRC must be provided a

copy of the memorandum of understanding with the Proposal (see clause 3.8).

2.1.5 HRC career development award applicants must submit all Proposals to the HRC through a host institution.

2.1.6 The Research Provider is responsible to decide on the staffing for each Contract within the Funding approved by HRC.

2.2 Status of Employees

2.2.1 Employees are not members of HRC's staff.

2.2.2 Employees are employees of the Research Provider and are subject to the discipline, rules, regulations, salary scales and allowances of the Research Provider.

2.2.3 The Research Provider is responsible for payment of all salaries of the employees working on the Research Activity (regardless of any amount of the Funding which is based upon a contribution towards their salaries).

2.3 Workload relief

Heads of Department must agree in writing, to provide workload relief for research staff working on the Research Activity prior to the Starting Date (Principles of Full-Cost Funding).

2.4 Duties of Employees

Duties of employees working on the Research Activity are determined by the Research Provider having regard to the policies of the Research Provider and to the requirements of the Contract.

Teaching and/or clinical practice commitments averaging not more than 400 hours per year are accepted as a normal part of the duties of professional research employees. Clinical employees are encouraged to take part in clinical work relevant to their research topic.

2.5 New Zealand Place of Employment

New Zealand must be the principal domicile (see definition) and principal place of employment for all First Named Investigators.

In relation to all other Investigators, HRC may, at its discretion, allow an Investigator domiciled overseas to be a co-Investigator on a Contract. However, HRC will not contribute to the overhead of the overseas investigator and the total proportion of contract budget allocated to overseas Investigators must not exceed 20% for Projects and 10% for Programmes.

2.6 Payment of Annual Leave

HRC will allow contributions towards costs of annual leave of employees working on the Research Activity. The amount and period of leave will be based upon the Research Providers terms of employment. No amount will be contributed towards accrued annual leave.

2.7 Salary Increases for Contract Staff

The Funding is the maximum amount payable by HRC. The Research Provider is responsible for increases in the Research Provider's employees' salaries (whether due to promotion, annual scale increments or across-the-board wage increases in excess of the approved contribution provided in the Contract).

2.8 Key Personnel

The Contract specifies the Key Personnel's respective FTE contribution and Key Personnel are expected to devote that percentage of the FTE to the Research Activity.

Changes in Key Personnel must be advised to HRC in accordance with the Contract.

2.9 Support for Postgraduate and Masters Students

The Research Provider's employees may enrol for a postgraduate degree (e.g, Masters or PhD) provided it meets the regulations of the Research Provider and the academic institution at which they will be enrolled. Funding may not be utilised for the payment of any fees.

HRC will not fund unnamed PhD or Masters Students as a direct cost.

HRC provides career development awards in specific areas including Māori Health Research, Pacific Health Research, and Clinical Research. Fees provided in the awards include tuition fees and other levies.

2.10 Employee Entitlements

The Research Provider is responsible for all matters related to the employees working on the Research Activity. This includes without limitation all salaries, Accident Compensation Corporation levies, sick leave entitlements, annual leave entitlements, study leave entitlements, parental leave entitlements and long service leave entitlements.

HRC will only contribute Funding towards the Research Provider's contribution to approved superannuation schemes and Accident Compensation Corporation levies if those costs are included in the Proposal.

All other employee related costs of the Research Provider are expected to be covered by the facilities and administration costs which HRC contributes to.

3. WORKING EXPENSES AND EQUIPMENT

3.1 Direct Costs (recurring costs)

The Research Provider can claim Funding for 'direct costs' of the Research Activity.

Direct costs are disbursements that are identified by the Applicant in the Proposal, e.g. material costs, expenses of research participants, casual part-time employee wages.

Funding may not be used to relieve institution libraries of their responsibility. Scientific journals and books may not be purchased using Funding.

Any cost that is included (in whole or in part) in the RORR cannot be included as a direct cost. (see clause 3.3)

Amounts allocated for working expenses exclude GST.

3.2 Superannuation and ACC Costs

HRC will accept as a direct cost Accident Compensation Corporation levies and the employer contributions to any approved superannuation scheme for eligible employees whose salaries are included in the Proposal and approved in the Contract. For those employees where the HRC contribution is less than 1.0 FTE, there will be a pro rata contribution for that employee.

Individuals holding HRC Fellowships that include taxable salaries are eligible to join a superannuation scheme provided they meet their host institution employer's rules for entry. Any Fellow who at the time of becoming a Fellow is a member of an approved superannuation scheme will be eligible to continue with the scheme. Employer contributions will be contributed towards by HRC.

3.3 Payment of Overheads (Indirect costs)

HRC will contribute to overhead costs as a manpower rate. There is a Research Overhead Recovery Rate (RORR) for each New Zealand University. For all other Research Providers HRC will negotiate the overhead rate to be paid on a Contract-by-Contract basis.

The Research Provider determines how HRC overhead contributions are disbursed.

Funds received by the Research Provider as overhead contributions costs are expected to be applied to pay a contribution to the costs.

The following are examples of costs that are included in the RORR:

- property costs,
- depreciation,
- utility charges such as lighting, heating and water,
- telephone line charges,
- library,
- office stationery and accessories,
- laboratory "bench fees".

3.4 Dissemination of Research Results

The Research Provider may pay the fair and reasonable charges associated with the approved publication of the results of the Research Activity in journals, reports, monographs or books from Funding.

3.5 Research Related Travel

Funding may be claimed towards providing support for domestic travel specifically related to the conduct of the Research Activity which has been identified in the Proposal (unless it has been explicitly excluded as part of the Contract). Travel should be at the most economical rate practicable, and fares

and allowances should be calculated in accordance with the regulations and scales of the Research Provider.

Funding may be claimed towards providing assistance with overseas travel provided HRC is satisfied that such travel is directly relevant to the conduct of the Research Activity and that alternative sources of funds are unavailable. This provision is not intended to relieve the Research Provider of its obligation to assist with the costs of overseas travel by its employees.

HRC does not provide for any other means of contributing to travel costs.

3.6 Research and Study Leave

Approval for and provision of funds associated with overseas research or study leave for HRC supported staff is the sole responsibility of the Research Provider.

3.7 Equipment and Capital Items

Depreciation and capital costs on existing equipment are included in the RORR. If a Research Provider's auditors have certified that specific items of equipment have been excluded from the RORR, then depreciation on the excluded equipment can be included in Proposals and justified in the same manner as other direct costs.

Funding may be claimed for minor research equipment (up to \$5,000 plus GST for all items combined), and for a proportionate part of new specialised equipment (equipment to be acquired) provided it is included and justified in the Proposal.

3.8 Sub-contracts

Applicants should at the time of submitting their Proposal set out the details of any sub-contractual arrangements with other organisations (e.g. contributions for researcher time, direct costs and overhead).

Payment of overhead contributions for employees employed by organisations other than the Research Provider will only be approved if a signed copy of the relevant memorandum of understanding is submitted with the Proposal. A pro forma memorandum of understanding is available to potential Applicants and Research Providers from HRC.

Where sub-contracts or payments to third parties are significant (over \$20,000 plus GST) HRC may specify these costs are to be paid on a reimbursement basis.

Generally funding allocated for sub-contracts will be released at the start of the Contract although there may be times when this funding will not be disbursed until copies of executed sub-contract documents have been provided to HRC.

3.9 Significant Disbursements to Third Parties

Where a Contract includes significant funds (over \$20,000 plus GST) that are intended for Third parties (e.g. patient fees, Koha), HRC may specify these costs will be paid on a reimbursement basis.

If third party costs are not claimed according to the time line in the Proposal the funds allocated for such costs may be withdrawn.

4. OPERATION OF GRANTS

4.1 Scientific Freedom and Changes to Research Plans

The First Named Investigator is free to carry out the work approved as part of the Contract in the most promising way and may make reasonable changes to the research plan originally submitted to HRC.

The circumstances under which HRC approval for changes should be sought are detailed in the Contract. If, during the term of a Contract, the investigator(s) deems it necessary to make significant changes to the research plan or to an approved methodology, the changes must, where appropriate, be approved by an accredited ethics committee and/or institutional biosafety committee.

Any proposed changes (e.g. changes to Key Personnel or time extensions etc) should be referred by the First Named Investigator to the responsible office (e.g. research office) of the Research Provider. The Research Provider should decide whether it will request a change to the Contract by assessing the effect the proposed change will have on meeting the objectives of the Contract. If the Research Provider decides a change is necessary, the Research Provider should apply to HRC for a variation of the Contract using the procedure in the Contract.

HRC approval must be obtained before any changes are implemented.

4.2 Reporting on Contracts

The Research Provider must provide formal written reports as specified in the Contract by the dates specified in the Contract.

The format for such reports should be consistent with that available on the HRC website.

4.3 Publications

Unless specified in a Contract, the Research Provider may publish the results of work funded by HRC without seeking the approval of HRC.

All publications or public statements must include a written acknowledgement of the provision of Funding by HRC, but responsibility for the direction of the research should not be ascribed to HRC. The acknowledgment should be in the following form: "This research was supported (in part) by a contract from the Health Research Council of New Zealand."

4.7 Active Involvement of Key Personnel

During the term of any Contract a Research Provider must immediately notify HRC of any change in the level of active involvement of any Key Personnel including any temporary absences of one month or more in duration (for example sabbatical or parental leave).

The Research Provider is responsible for ensuring that such absences will not affect the time line for the Contract set out in any relevant Proposal.

The Research Provider must notify HRC if any absences of Key Personnel are likely to impact on the timely completion of the Contract.

5. ADMINISTRATION OF CONTRACTS

5.1 General Administration Policy

Research Providers are responsible for all relevant administration associated with the Contract. Expenditure of research Funding is subject to the administrative procedures of the Research Provider and to any conditions set out in the Contract and these Rules together with any other rules imposed by HRC.

5.2 Allocation of Funding and Method of Payment

Contracts are of fixed value and will be paid out as set out in the Contract.

It is the sole responsibility of the Research Provider to ensure that funds are allocated appropriately and that the Contract is completed on time. If the contract duration is amended, in agreeing a Variation HRC may vary the payments to match the amended duration.

5.3 Accounts

Each Contract is unique.

All Research Activity expenditure must be recorded in a manner that will allow the contract expenditure to be reported to HRC and the reports must be provided in the form required by HRC.

RORR must be charged on the basis of actual salary costs paid to Key Personnel.

HRC has the right to conduct audits under the Contract.

5.4 Insurance

Provision of appropriate insurance cover, as required by the Contract, is the responsibility of the Research Provider.

5.5 Leases and Other Agreements

No First Named Investigator or Research Provider may enter into any agreement, lease or other similar commitment implying or imposing any liability on the part of HRC without HRC's express written authority.

5.6 Unattached First Named Investigator

For Contracts awarded to a Research Provider acting in a private capacity, the First Named Investigator will accept all the responsibilities usually undertaken by a host Research Provider.

5.7 Approvals

Research Providers should ensure that they have adequate time to apply for and obtain all necessary approvals (as set out in the Contract) to commence the research on the Starting Date.

5.8 Transfer of Contract

HRC will only transfer a Contract to a legal entity other than the Applicant in exceptional circumstances and after approval from the Applicant.

6. CORRESPONDENCE

6.1 Contract Correspondence

All correspondence and notices related to the operation and administration of a Proposal and/or Contract should be addressed as provided in the relevant Proposal / Contract.

6.2 Other correspondence with the HRC team

All general correspondence related to Proposals and Contracts should be addressed to the Chief Financial Officer at HRC (at the HRC address specified in clause 6.3) and not to the Chair of Council or individual committees.

6.3 HRC Address

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**Schedule 1
Contract**