

**Statement of Performance Expectations 2019 - 2020**

*Discovering a healthier tomorrow*

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## Foreword

In 2019/20, we will maintain our current systems and processes, using this year's increased investment of \$17 million to extend our work on implementing the New Zealand Health Research Strategy - maximising the benefits of a new era of co-operation and co-ordination across agencies for New Zealand health research.

The year ahead will be another busy one for the HRC, as we consolidate the work we have done to establish a prioritisation approach for New Zealand health research and implement the model that our Ministers decide upon. We will align our investment to deliver on the final model, doing everything that we can to engage with the broader health research sector, demonstrate the benefits of the model, and support other agencies and the research community to make the changes required.

While we are signalling change to some of our processes, we will work with care and introduce changes in ways that ensure the excellent health research expertise and capacity that has already been built in many areas grows in strength, contributing to New Zealand and New Zealanders. We will give plenty of notice and support to the research community for changes the Strategy requires of us, and them.

The format of our 2019 annual funding round will be very familiar to researchers, following the same trusted processes but strengthening our ability to determine the pathway to impact, our connection with the health sector and Māori health advancement. Further changes to derive greater benefit and value from health research through our annual funding round model will be introduced in 2020 and beyond.

Our work on developing the prioritisation approach has been overseen by a cross-agency Steering Group involving the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Health, District Health Boards, Universities New Zealand and Callaghan Innovation. The Steering Group is responsible for the implementation of the New Zealand

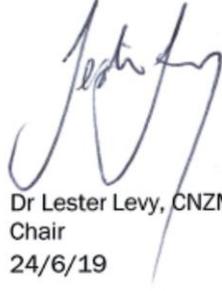
Health Research Strategy 2017-2027. This is the first time that such a broad range of agencies has been formally involved in setting the health research agenda. It heralds a new era of heightened co-operation and co-ordination of health research in New Zealand. We see this as a major step towards establishing a better, more effective health research ecosystem for those that drive it – our researchers; and those that benefit from it – the New Zealand people.

Our work on leading the development of health research priorities for New Zealand through an inclusive process is Action 1, the first of ten Actions under the Strategy. The HRC is leading four Actions in total (listed on p4). The two other lead agencies, the Ministry of Health and MBIE, support us in implementing these four Actions, as we support them in advancing Actions 6 to 10. This will form a major part of our workplan in the coming year, and onwards.

This year sees the final instalment in a four-year, stepped increase that the government provided to boost returns in health research because it provides such manifest benefits, for individuals, their whānau, society as a whole and our economy. Health research is important to New Zealanders and we have a further \$17 million to allocate to the exciting new ventures and groundbreaking research that will make a real difference to the lives of our ultimate stakeholders, the New Zealand public.

In 2019/20, we will announce new funding opportunities in areas deemed a high-priority for the Council and the Government, through our website and our Update e-newsletter.

We want to acknowledge the crucial contribution that the health research community makes to our work every year over and above the contribution they make through their research. Many outstanding individuals have contributed their valuable time and expertise to advise on the best way forward for New Zealand health research, to run our investment processes and provide advice to Government. We will draw heavily on their input and advice again in the coming year and we cannot thank them enough.



Dr Lester Levy, CNZM  
Chair  
24/6/19



Professor Andy Mercer  
Deputy Chair  
24/6/19



# Introduction

This Statement of Performance Expectations sets out the four outputs that the HRC will deliver in the 2019/20 financial year, with funding from Vote Business, Science and Innovation (\$126 million) and Vote Health (\$0.29 million).

## About us

### Key facts about the HRC

**Crown Agent** (established HRC Act 1990)

**Aspiration:** New Zealand is a leader in high-value, high-impact health research

#### Principal statutory functions:

- advise the Minister of Health on national health research policy
- advise on health research priorities for New Zealand
- initiate and support health research
- foster the recruitment, training and retention of health researchers in New Zealand

#### Our key decision drivers from our Statement of Intent:

- Making a difference
- Stimulating growth
- Increasing engagement and connection

#### Our contribution to government priorities

See schematic on p7.

The HRC is the principal government funder of health research, owned by the Minister of Health, and primarily funded by Vote Business, Science and Innovation. The Minister of Health and the Minister of Research, Science and Innovation work closely together to provide direction and set expectations for the HRC. A Memorandum of Understanding sets out their dual responsibility and accountability.

Our major activity is investing in health research; some proposed by health researchers in response to our Investment Signals (investments through our annual funding rounds), some sought through requests

for proposals on specified or urgent topics (our Partnership Programme and Requests for Proposals), and some through training and development support for the research workforce in areas where greater capacity is needed (our Career Development programme).

We provide internationally recognised best-practice processes to ensure that only high-quality research that will deliver important health, social and economic outcomes is supported. This principle is fundamental to our work. Poorly designed or conducted research is a waste of precious public resources. We also test and advance the 'science of science investment' by continually evaluating existing processes and developing innovative approaches, such as the blinded assessment used for our Explorer Grants.

Health research is important to New Zealanders and our investment makes a difference to the health, wellbeing and productivity of New Zealanders – through research that generates new knowledge, solutions and innovations, and improves the quality and cost-effectiveness of the healthcare system. By keeping New Zealanders healthy and productive, we support economic growth. We also support innovative research that results in new products and processes with commercial value.

To make all this happen we balance our investment so that we can deliver knowledge and solutions with immediate impact, yet also seed the ideas and support the exploration that will generate the health gains and innovations of the future.

Another way we add value is through our Partnership Programme. We bring stakeholders together across sectors to commission research on a specific issue that our partners need evidence in order to address (mission-led research). Sharing the cost, resources, and expertise that each partner brings to the table raises both the scale and value of the resulting project. We also partner to support promising investigator-led research where the applicants have already identified co-funding, or where we have insufficient funds to fund a promising proposal alone.

## HRC committees

### Statutory committees

- Biomedical Research Committee
- Māori Health Committee
- Public Health Research Committee
- Ethics Committee

### Standing committees

- Pacific Health Research Committee
- Grant Approval Committee
- Standing Committee on Therapeutic Trials (SCOTT)
- Gene Technology Advisory Committee (GTAC)
- Risk Management Advisory Committee (RMAC)

The HRC has a ten-member Council (see p41) with a range of expertise, as defined by our Act. Members of the Council chair three of the HRC's four statutory committees, which provide advice to the Council on research funding, policy and training. Our standing committees also have an important role to play in advising the Council on Pacific health research and the Minister of Health on the ethics and safety of research and new technologies.

## About this document

The HRC's Statement of Intent 2017-2021 (Sol) provides the basis for our Statement of Performance Expectations (SPE), outlining the strategic directions for the HRC to 2021. In our SPE, we set out our operating intentions for the coming year, our key performance indicators and targets and our financial statements. The HRC's Strategic Plan, performance framework, and Sol for the four years to 2021 is based on three 'key decision drivers' that will

help us to meet our aspiration for New Zealand - to be a leader in high-impact, high-value health research. The schematic on the following page shows our Drivers and how they relate to the funding Outputs that we report against in this SPE. See 'How the HRC reports on strategy and performance - the documents' (p45) for an overview of our accountability reporting.

When reading this document, please note that rounding differences may mean that numbers given do not add up to the total figures provided.

## Our strategic directions for 2019/20 and beyond

The HRC has produced a one-year Investment Plan for the 2019/20 financial year. The HRC's Interim Investment Plan 2019-2020 (to be published in the third quarter of 2019) covers a one-year period because of changes that will be introduced as a result of the prioritisation process described under Action 1, below. This year, the Investment Plan covers the same period as this document and provides an easy reference guide for researchers, and all stakeholders, about the funding opportunities that will be offered and the funds available. In future, the Investment Plan will be aligned with the HRC's Statement of Intent, providing stable funding signals over a three-year period. Our first three-year Investment Plan will be published in 2020.

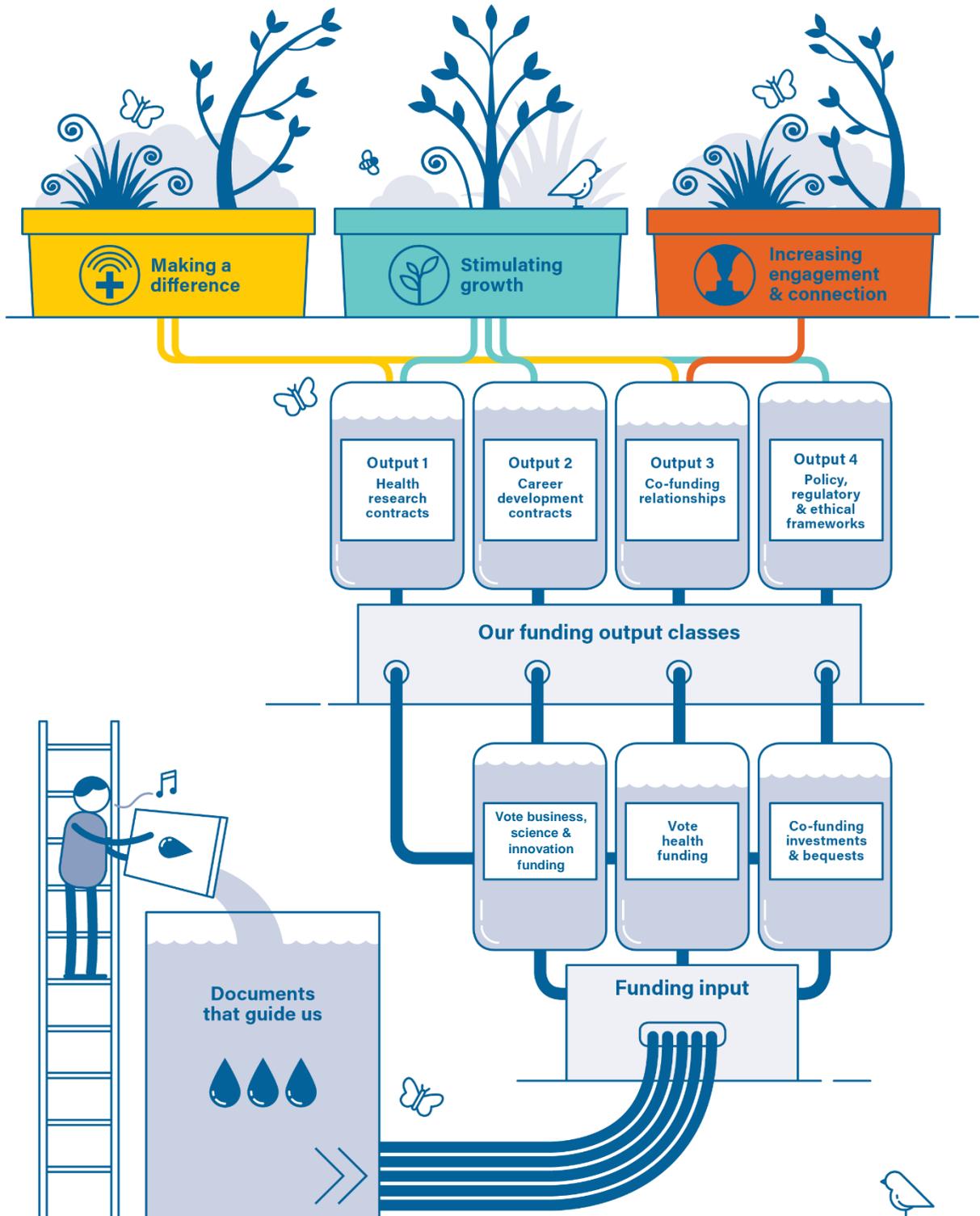
In 2017, the Government published the first New Zealand Health Research Strategy (NZHRS). In the coming year, we will be focusing on implementing the NZHRS in conjunction with the Ministry of Health and the Ministry of Business, Innovation and Employment, and honing our systems to ensure that they are fit for purpose to implement the new strategic directions.

The HRC is leading Strategic Priority One of the NZHRS: Invest in excellent health research that addresses the health needs of all New Zealanders. This makes us responsible for leading four actions:

**Action 1.** Prioritise investments through an inclusive priority-setting process;

## Key decision drivers

New Zealand is a leader in high-impact, high-value health research



**Action 2.** Invest in research for healthy futures for Māori;

**Action 3.** Invest in research that results in equitable outcomes for Pacific peoples and helps them to lead independent lives;

**Action 4.** Develop and sustain a strong health research workforce.

We have focused on Action 1 of the Strategy first, as setting national health research priorities for the health, disability and innovation sectors is a vital foundation for next steps. This goes beyond the HRC's 'business as usual', connecting and co-ordinating research efforts across the country to focus resources on research that will bring the greatest benefits in health and wellbeing for New Zealanders.

Work on Action 1 is now entering the implementation phase, with the prioritisation approach due to be announced by Ministers in the third quarter of 2019. In 2019/20, the HRC will focus on aligning our investment processes with this approach and working closely with MBIE and the Ministry of Health on the Actions that they are leading. Our remaining actions are intimately connected, and the extensive consultation undertaken for Action 1 will provide vital information for Actions 2 to 4.

While the prioritisation approach will not be fully articulated and confirmed before late August 2019, the HRC will have a major emphasis on the contribution that research can make to reducing the impact of inequity and poverty on health and increasing the impact of all the research we fund, through greater leadership, communication, and co-ordination of the sector in the coming year and beyond.

Our work will also make important contributions to the five strategic themes outlined in the *New Zealand Health Strategy*, and to the government's vision of a dynamic science system that enriches New Zealand and enhances wellbeing through excellent science.

## What we will deliver

As a result of a Strategic Refresh of our operations, the HRC was granted an additional \$97 million over four financial years, bringing

the total investment to \$126 million by 2019/20.

In 2019/20, we will allocate the last \$17 million instalment of this increase, which represents Government's commitment to building a strong and high performing health research sector that delivers for New Zealanders. The increased investment will focus on meeting our Ministers' expectations and delivering the following key priorities for the Council and the Government:

- improving the wellbeing of families, whānau and tamariki, and achieving health equity, particularly for Māori throughout the life course
- continuing to contribute to a strong, diverse and inclusive health research workforce
- increasing connectivity across the health sector, including creating strong linkages between research and health delivery bodies, such as District Health Boards (DHBS)
- research translation and impact - mobilising the knowledge generated through research to ensure all New Zealanders benefit
- a clear focus on One Health through taking multisectoral, collaborative approaches to achieve optimal health outcomes for people, animals and the environment
- the impact of climate change on the health and wellbeing of our communities, both here and in the Pacific - the HRC will investigate opportunities for investment to mitigate the effects of climate change in the year ahead
- further leveraging benefit for New Zealand through our international science and innovation partnerships, collaborations and networks
- enhancing HRC's leadership role in the health and science sectors to strengthen system-wide approaches to health research.

In addition, we will continue to focus on excellence and support a broad portfolio of

research across all disciplines with the aim of generating new knowledge, driving innovation, and providing the evidence needed to improve health services for all members of New Zealand's diverse population.

Our increased focus on maximising meaningful and timely impact from health research relies on ensuring the engine room of fundamental biomedical science is strong. We will continue to invest in that work to advance knowledge and fuel New Zealand's growing medical technology sector with discoveries that boost both clinical advances and the economy.

We will maintain our investment in high-risk, discovery science particularly through our Explorer Grants, with the knowledge that some will fail but the successes will bring extraordinary benefits.

Our innovative model to foster partnerships between academic researchers, clinicians and health service providers – Research Partnerships for New Zealand Health Delivery will be reviewed alongside our New Zealand Health Delivery Investment Stream to bring them still more in line with the goals of the NZHRS and create a more responsive and stronger clinical and health services research portfolio. Details will be announced later in 2019.

In 2019/20, the HRC plans to spend approximately \$126 million in delivering the following four outputs funded primarily through Vote Business, Science and Innovation:

- Output 1: Health Research Contracts
- Output 2: Career Development Contracts
- Output 3: Co-Funding Relationships
- Output 4: Contribution to Policy, Regulatory and Ethical Frameworks.

As of 1 July 2019, we expect to have forward commitments of between \$195 and \$200 million to health research contracts, being undertaken in more than 30 different research organisations, and supporting a research workforce of nearly 3000 positions, approximately two thirds of which are salaried.

## Our Research Investment Streams

Most of the HRC's research investment is commissioned via four Research Investment Streams (RIS) that have been designed to cover all areas of human health and development. Funding for the RIS comes from the 'Health Research' Output Class (Output 1). The four RIS are shown in the table below.

### Our four Research Investment Streams (RIS)

The investment through each RIS in the 2019 annual funding rounds (Output 1) which concluded in June 2019 is shown in brackets.

#### Health and Wellbeing in New Zealand (\$ 24.8 m)

*Preventing illness and injury and reducing the burden on our health system*

Keeping New Zealanders healthy and independent for longer is the major focus, but highly innovative research on how the human body functions is also supported – often leading to new diagnostics, drug targets or medical technologies.

#### Improving Outcomes for Acute and Chronic Conditions in New Zealand (\$46.4 m)

*Understanding, prevention, diagnosis and management of acute and chronic conditions – particularly those causing the greatest burden for New Zealand people*

#### New Zealand Health Delivery (\$7.71 m)

*Research impacting on the health system and service delivery in the short term*

Designed to make a real difference, fast, research will improve the health system and service delivery within 3 to 5 years.

#### Rangahau Hauora Māori (\$5.21 m)

*Improving Māori health outcomes and quality of life*

Māori-led approaches to building the knowledge and skills needed to reduce health disparities and realise the benefits of Māori paradigms and traditional knowledge for all New Zealanders.

Our RIS contribute to all three of our Key Decision Drivers, most strongly to 'Making a Difference' but the research supported also helps to build careers, capacity and capability essential for 'Sustaining Growth'. This is particularly true of our Rangahau Hauora Māori RIS. All our RIS contribute to our strategic Driver of 'increasing engagement and connection', as research teams come together across institutional and national boundaries. Our New Zealand Health Delivery RIS contributes particularly strongly to national connections through the requirement that researchers' partner with end-users and health service providers to make a positive impact within five years of funding commencing.

## How will we meet our Ministers' expectations?



**The New Zealand Health Research Strategy:** promoting and implementing the Strategy across the sector



**One Health:** Working to develop strong multi-sectoral collaborations to achieve optimal health outcomes for people, animals and the environment



**National Science Challenges:** Continuing to support their work and aligning with those of relevance



**System-wide approaches:** Working closely with the Ministry of Health and DHBS to strengthen system-wide approaches to health research



**Connection:** Initiating and strengthening collaborations that leverage international science and innovation that will benefit New Zealand

- With the support of the other lead agencies, the HRC has almost completed the thorough and inclusive process for setting priorities which will inform government health research investment until 2027 (Action 1). This has involved convening a Development Group of thought leaders in the science and innovation and health sectors, engaging Māori and Pacific communities and persons with disabilities through workshops in the major centres around the country and two national consultation processes. The Ministers will announce the final approach to prioritisation in 2019, at which point the HRC will review all processes and priorities to align. In the meantime, we are working closely with MBIE and the Ministry of Health in supporting their Actions, and planning implementation of Actions 2 to 4, which the HRC is also leading. Once the final approach is announced, we will work to advertise it and educate research funders and providers on how best to align and contribute to a more co-ordinated and connected health research ecosystem. This will include broadly sharing policies, processes and criteria developed as part of the HRC work to align to the NZHRS.

- A collaborative, multi-sectoral approach is needed in order to achieve optimal health outcomes for people, animals and the environment. There are complex relationships between human and animal health and welfare, including nutritional, socio-economic and zoonotic pathways. Through our Partnership Programme (Output 3), we are uniquely placed to build multi-sectoral collaborations to address these complex relationships, including the convergence opportunities between human and animal health, the health implications of climate change and the environment, infectious and zoonotic disease, and disaster preparedness.
- The antecedents of ill-health often arise from issues dealt with by sectors other than health, such as poverty, poor nutrition, pollution, and adverse housing conditions. Our contribution includes investing in understanding how the Christchurch earthquakes have negatively affected health, and how to minimise the impact and increase the resilience of populations to such disasters in the future. We will be focusing on equity, health services research, clinical trials and research translation through our Partnership with the Ministry of Health and have current partnerships with the Ministry of Social Development and WorkSafe New Zealand. Please see Output 3 for details of current Partnership Programme initiatives.

- The HRC has partnered with the health-related National Science Challenges (NSC) to co-fund high-priority research and requires all applicants to state the relevance their research proposal has to these NSCs. Applicants whose research is relevant are required to connect with the relevant NSC, if they are funded. This ensures that HRC-funded research is connected with, and contributing to, the national effort and prevents unnecessary duplication of research that wastes government funds.
- The HRC and the Ministry of Health formed a partnership with the Healthier Lives National Science Challenge in 2016 to invest in research that will improve understanding, treatment and prevention of long-term conditions.

- The HRC currently has a major Partnership Programme initiative with the Ministry of Health that allows us to allocate funds directly to address urgent health issues and launch initiatives without the restrictions of funding cycles. We are currently evaluating general practice models of care provided by Primary Health Organisations, and developing requests for proposals for health services research, clinical trials and mechanisms to improve the translation of research evidence into policy and practice.
- The HRC is also partnering with PHARMAC on securing the best outcomes from pharmaceuticals. We are working with the Ministry of Social Development on evidence to strengthen New Zealand's health and social support system. Over the next year, and as part of implementing the NZHRS, the HRC will be looking to connect more with District Health Boards both as a means of gauging research needs, and to improve the translation of research findings into practice.

- Our Partnership Programme is the vehicle for much of our work fostering and supporting international collaborations. This includes work as a member of the Global Alliance for Chronic Diseases, and a partnership with the Ministry of Health to develop innovative strategies for youth mental health. We also contribute to e-ASIA and the NZ-China Strategic Alliance. We work with the EU to help implement their European Joint Programming Initiative – 'Healthy Lives'. Our Projects and Programmes support a high degree of international and national collaboration. The majority of HRC contracts are multi-disciplinary in nature, with collaborations including mainstream health and medical disciplines and increasingly other scientists, such as chemists, engineers, climate experts and data-scientists. We foster a global approach to health research, supported through our links to international health research organisations and membership of Heads of International Research Organisations and our International Research Advisory Board. Through these mechanisms we can foster a strong New Zealand contribution to the international research effort and enhance New Zealand's standing internationally.



**Excellence:** Focusing on high-quality, excellent research

- In the coming year we will employ our standard, **rigorous investment processes** whilst **implementing new measures** to further strengthen and enhance them (see 'Impact' and 'Equity and Diversity' below).
- We will continue to use our **novel and internationally acclaimed process for investing in transformative research** – our Explorer Grants. These are assessed using a blinded process to let the ideas dominate over other considerations, such as the reputation or track record of the research team.



**Impact:** Funding research with the potential for high-impact and a strong line of sight to the eventual benefits for society

- In 2018, we introduced a **pathways to impact criterion** for our assessment of Projects and Programmes under two of our RIS. This year we will extend the use of this criterion to include three more contract types and employ it across all of our RIS. This will be a major factor in helping the Council to work with researchers in keeping a strong line of sight to the benefits of HRC investment to New Zealand. In putting this system in place, **the HRC is responding to recommendations from the Strategic Refresh** on strengthening the assessment of research impact.



**Leadership:** Strengthening our leadership role in the health research sector and fostering a strong and diverse **research workforce**

- The HRC takes the statutory responsibility to lead the health research sector very seriously. Particular areas of focus for the Council are driving down **inequities in health outcomes**, better **connecting the health research and health delivery systems**, mobilising the evidence arising from health research investments to **increase the impact of investments** and working with other agencies to **improve health research infrastructure** (with particular reference to clinical trials).
- Fostering the health research workforce is an important facet of what we do (Output 2) and we are the only NZ agency with a statutory obligation to do this. **We are strongly committed to building the Māori and Pacific health research workforce** as a key part of addressing health inequities. We are also focused on **building research skills among clinicians** across the health sector to foster research translation and uptake. We support future research leaders through our Sir Charles Hercus Postgraduate Research Fellowship, in addition to targeted postgraduate awards for Māori and Pacific researchers. As the lead agency for Action 4 of the NZHRS – to develop and sustain a strong health research workforce, **we will be undertaking a review of the New Zealand health research workforce as soon as resources allow.**



**Equity and Diversity:** Addressing inequity, embracing diversity, and promoting an inclusive society

- Our Research Investment Streams (Output 1) **prioritise reducing inequities** through:
  - supporting research improving access to and delivery of services
  - promoting Māori-led health research and kaupapa Māori methodologies and the principles of Vision Mātauranga
  - prioritising research aimed at reducing gaps in morbidity and mortality between different groups in our society – including those living with disabilities
  - specific, appropriate processes for assessing Māori-led and Pacific-led research.
- Our Career Development Awards (Output 2) are targeted towards building the skills and opportunities needed to address the challenges of a Pacific nation. The diagram on p17 illustrates how **our career development awards for Māori and Pacific peoples build capacity and capability.**
- We are leading the implementation of Action 2 of the NZHRS – to invest in **healthy futures for Māori**. We ensure that the Government works in partnership with Māori to improve health outcomes by prioritising health research that will make a difference and helping to translate the results into real benefits for Māori.
- The HRC is also leading Action 3 of the NZHRS – to invest in research that results in **equitable outcomes for Pacific peoples** and helps them to lead independent lives. Work on a stocktake of Pacific health research is the first step.
- Through our Partnership Programme, we are **working with the Ministry of Health to commission research that addresses health inequities.**

## Statement of Performance Expectations

We describe in detail the four Outputs that the HRC will deliver in 2019/20, our performance measures and targets.

The links between the HRC's outputs and our funding streams are shown in the table below.

HRC Output	Funding Sources	Vote Output Expense
1. Health Research Contracts	<ul style="list-style-type: none"> <li>• Vote Business, Science and Innovation</li> <li>• Bequests and donations</li> <li>• Cost-sharing arrangements</li> <li>• Interest</li> </ul>	<ul style="list-style-type: none"> <li>• Science and Innovation: <i>Health Research Fund</i></li> <li>• Science and Innovation: <i>Vision Mātauranga Capability Fund</i></li> </ul>
2. Career Development Contracts	<ul style="list-style-type: none"> <li>• Vote Business, Science and Innovation</li> <li>• Interest</li> </ul>	<ul style="list-style-type: none"> <li>• Science and Innovation: <i>Health Research Fund</i></li> </ul>
3. Co-funding Relationships <ul style="list-style-type: none"> <li>a) Partnership Programme</li> <li>b) International Collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Vote Business, Science and Innovation</li> <li>• Third-party management fees</li> <li>• Interest</li> </ul>	<ul style="list-style-type: none"> <li>• Science and Innovation: <i>Health Research Fund</i></li> <li>• Science and Innovation: <i>Catalyst Fund</i></li> </ul>
4. Contribution to Policy, Regulatory and Ethical Frameworks	<ul style="list-style-type: none"> <li>• Vote Health</li> </ul>	<ul style="list-style-type: none"> <li>• Vote Health</li> </ul>

## Output 1: Health Research Contracts

Investment in knowledge and solutions proposed by our brightest minds – our Annual Contestable Funding Round.

Cost 2019/20	\$ 000's
Prospective revenue: refer to Financial Statements:	111,311
Prospective cost: refer to Financial Statements:	108,932
Surplus/(deficit) funded from reserves:	2,378

### Scope of the Output

This output covers research contracted through the Annual Contestable Funding Round. These contracts are supported from the Science and Innovation: Health Research Fund and the Science and Innovation: Vision Mātauranga Capability Fund. In the period ending June 2020, there will be approximately 400 active health research contracts, some of which were initiated up to five years previously.

### Our Annual Contestable Funding Round

Please refer to the HRC's Investment Plan 2019 – 2020 for details about investment in specific funding opportunities, which will be published shortly after this document.

The Annual Contestable Funding Round is our primary vehicle for addressing the objectives and priorities that we communicate through our four RIS.

Our four RIS reflect our drive to deliver greater value for money by ensuring that our funds are directed to the areas of greatest research need, opportunity and quality. The four RIS and the indicative proportion of new investment, are described on p7.

The needs of our stakeholders and end-users and international trends determine the focus of our RIS. These have led us to balance keeping people well, productive, participating, and independent where possible and appropriate, alongside concerted efforts to combat chronic conditions and improve the quality and sustainability of our healthcare system.

New Zealand has a unique opportunity to support distinctive approaches to addressing the health needs and aspirations of Māori, and to build the capacity needed to work with our indigenous population to improve health outcomes and achieve health equity.

The HRC supports nine different types of contract through the Annual Contestable Funding Round, shown in the schematic on p13. Investment in these contracts is additional to that which the HRC commits to ongoing contracts funded in previous years.

We allocate over 80 per cent of our funding to health research projects and programmes. Our teams form national and international collaborations with others that share their vision, and we have more brilliant, innovative and inspiring research proposals every year than we can possibly fund. For this reason, it is essential that we have investment processes that identify the best ideas and are equitable and free from conflict of interest.

The process of assessment leading to funding decisions takes about nine months in total and involves approximately 450-500 specialist reviewers around the world. All research that receives funding is deemed by these experts to be science at its best with a high likelihood of making an important contribution towards better health, social, and economic outcomes for New Zealand. We can't fund all the research that meets this high standard, but we invest time and effort in ensuring that we are backing the best in terms of people, teams, opportunities and ideas.

Our assessment process for Explorer Grants is different in that we apply a blinded process that does not reveal the research team to the assessors. This lets transformative ideas speak for themselves, without the safety net of a track record to open up high risk, high return opportunities.

All contracts are monitored to ensure that they deliver on contracted objectives including reporting requirements.

### **Science and Innovation: Vision Mātauranga Capability Crown Fund**

The HRC invests approximately \$2 million annually from the Vision Mātauranga Capability Fund to support contracts that progress the goals of the Vision Mātauranga Strategy. The aim of the Strategy is to unlock the science and innovation potential of Māori knowledge, resources and people for the health, environmental, economic, social and cultural benefit of New Zealand.

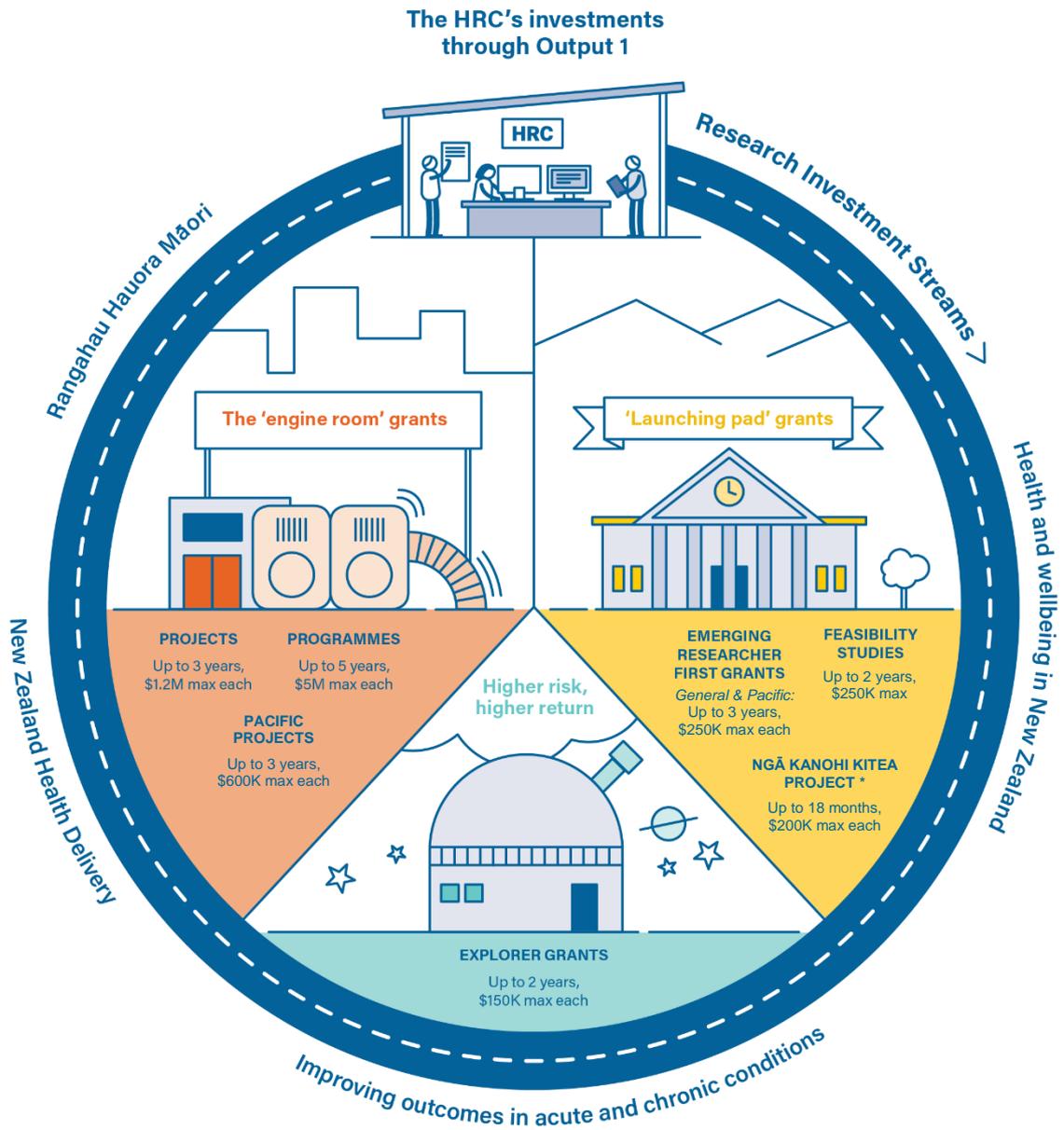
In the year ahead, the Vision Mātauranga Capability Fund will support Ngā Kāhori Kitea research contracts, which provide support for iwi, hapū and Māori community groups to focus on a community-identified health need. An important goal for this fund is development of the capacity within communities to engage in research.

### **What's new for the 2019 Annual Funding Round?**

In 2018, we introduced a 'pathways to impact' criterion for Projects and Programmes funded through the Improving Outcomes in Acute and Chronic Conditions and Health and Wellbeing in New Zealand RIS. [This year we will extend the use of the pathways to impact criterion to Projects and Programmes funded through all four RIS and include Emerging Researcher First Grants and Feasibility Studies](#) in the contract types for which this will be part of the assessment process.

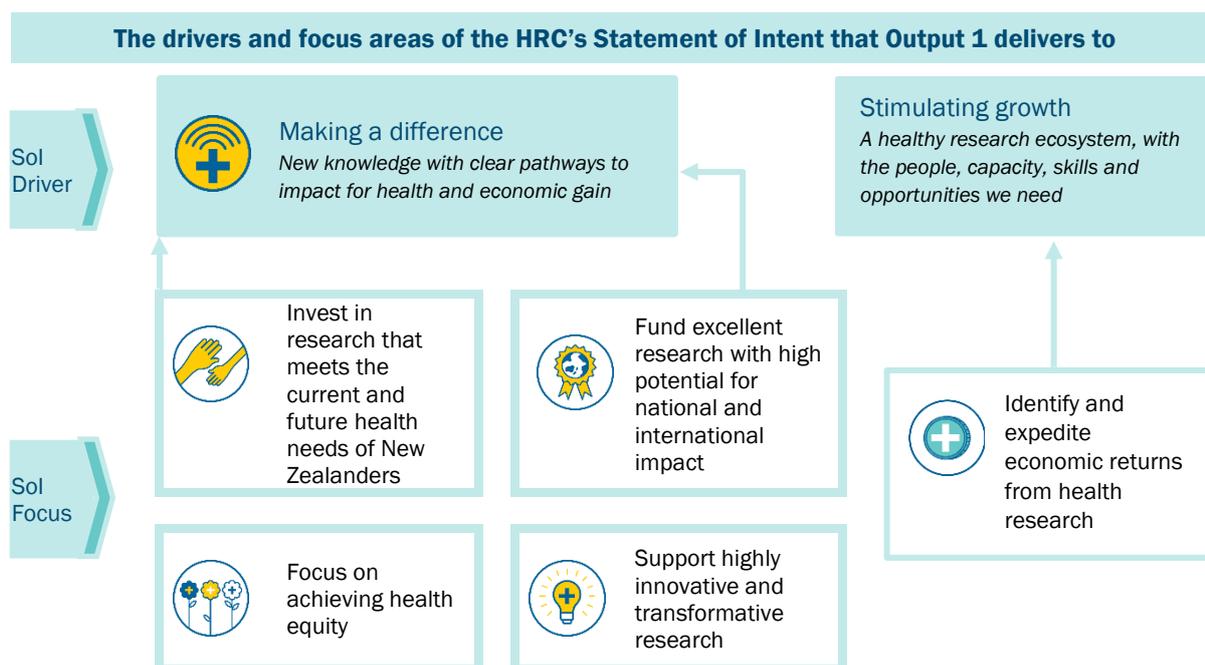
[We will introduce our Māori health advancement criterion](#) requiring applicants to consider ways in which their research proposal will advance Māori health and identify their planned actions to realise this contribution. Whilst researchers have long been asked to provide detail on the relevance and responsiveness of their work to Māori across all our investment, refinement of the criterion will enable us to monitor how much we are contributing to this important goal for New Zealand health research. In the coming year this criterion will apply to all applications for Programme funding. Please refer to the HRC's Investment Plan 2019 - 2020 for more information about the criterion.

**Expected HRC support for Health Research Contracts through our annual funding rounds in 2019/20**



\* Ngā Kanohi Kitea Development Grants are offered up to the value of 5% of the total proposed full project budget.

## Our performance indicators for Output 1 and how they fit with our Statement of Intent (Sol)



### Output 1. Health Research Contracts

The HRC's investment through the annual funding round is the major vehicle through which we invest in research. We have chosen KPIs that focus on transformative research, the quality of our processes, and our management of contracts.

Key performance indicators for Output 1	Baseline	2018/19 Actual	2019/20 Target
<b>Number of contracts funded in the previous financial year that meet the HRC's definition of 'transformative' research</b>	10 in 2017/18	10	10-18
<i>We believe that if we support more transformative and often higher-risk research, we increase the chances of a major positive impact and possible economic returns for New Zealand.</i>			
<b>Implement a risk classification for all current contracts</b>	New measure	New measure	Implemented
<i>This KPI relates to our contract management processes. We are developing a risk classification tool to be implemented in 2020. Systematically profiling contracts based on risk will enable us to more effectively and efficiently target contracts requiring greater oversight and management.</i>			
<b>Introduce site visits for current Programme contract holders</b>	New measure	New measure	Up to 25% of Programme holders
<i>This KPI relates to our contract management processes. We will identify and undertake site visits for up to 25 percent of all current programme contracts. This will enable us to enhance our relationship with research teams and better manage our contracts by furthering our understanding of the research and its progress towards completion and delivery of results. We are starting with programme grant holders because they are our largest contracts with an average value of \$5 million over 5 years. When staff capacity allows, we would like to grow and extend the number of site visits to other contract types.</i>			

## Output 2: Career Development Contracts

Investment in building people, skills and careers – recruiting and retaining future leaders to address health challenges and create innovations for New Zealand.

Cost 2019/20	\$ 000's
Prospective revenue: refer to Financial Statements:	11,916
Prospective cost: refer to Financial Statements:	10,835
Surplus/(deficit) funded from reserves:	1,081

### Scope of the Output

Our Career Development Contracts support our most promising emerging researchers, engage frontline clinicians in research, and address critical gaps in the workforce.

Our goal is to ensure that New Zealand has the people and skills needed to address current and future health challenges. We need to develop not just health researchers, but health research champions. These are the people that understand the value of health research, can interpret it, and use it to enhance government policy, health services, and the everyday treatment and care of New Zealanders.

Around 60 awards will be offered in 2019/20, building capacity in Māori, Pacific and clinical research, and fostering emerging leaders. They will support a mixture of Masters, PhD and post-doctoral researchers. We also offer prestigious fellowships to ensure that the next generation of leaders is ready to step up when our current leaders move on. Please refer to the HRC's Investment Plan 2019 – 2020 for details about investment in specific career development opportunities.

We have had success in building Māori health research capacity and this will continue to be a focus. Our Māori awards cover the full spectrum of opportunities, from community workers through to emerging research leaders. By not restricting career development to those attaining a university qualification, we can support Māori who are active in their

communities and gain from their expertise. Our Rangahau Hauora Training Grant supports Māori with strong community ties, but with no prior research training, to gain training on a large research project.

We also provide four Māori postdoctoral fellowships to support outstanding Māori graduates who have recently completed a doctoral degree:

- The Irihapeti Ramsden Research Fellowship in Māori Health honours the work of Dr Irihapeti Ramsden and her contribution to the field of nursing and cultural safety.
- The Erihapeti Rehu-Murchie Research Fellowship in Māori Health supports research focusing on topics in which Dr Rehu-Murchie was active: Māori women's and children's health; whare tapa wha (a four-point holistic health model involving tinana, hauora hinengaro, hauora whānau and hauora wairua); health promotion or health policy, including Māori and indigenous human rights.
- The Eru Pōmare Research Fellowship in Māori Health honours the legacy of Professor Eru Pōmare and his contributions to gastroenterology.
- The Hohua Tutengaehe Research Fellowship in Māori Health honours the legacy of kaumatua Hohua Tutengaehe and his contributions to te iwi Māori and

the development of Māori health research that is consistent with tikanga Māori.

We offer the Sir Thomas Davis Te Patu Kite Rangī Ariki Health Research Fellowship to support Pacific researchers with outstanding potential. The award recognises the contributions that Sir Thomas Davis Te Patu Kite Rangī Ariki made to clinical practice and biomedical and public health research in a distinguished career spanning 62 years in the Cook Islands, New Zealand, and the United States. The award is designed to contribute towards better health outcomes for Pacific peoples, families, and communities. In 2019 we awarded two of these Fellowships.

Our current system provides development opportunities for Pacific peoples at all stages of a research career, from Masters-level through to emerging leaders. We are continuously looking at other ways that we can grow Pacific health research capacity beyond what we have achieved to date. In 2019 we awarded two Pacific Clinical Research Training Fellowships and we continue to see increasing demand for Pacific career development support.

Our most prestigious fellowship is the Sir Charles Hercus Health Research Fellowship. We expect to offer between four and six of these in the coming year. The purpose of these fellowships is to build future capability to conduct world-leading research in New Zealand. These advanced post-doctoral awards support an outstanding emerging researcher (4–8 years post PhD) who wishes to establish a career in health research in New Zealand. This includes those returning to New Zealand from

overseas, and this is the way that we support re-establishing our bright expatriates in this country and attracting new research talent to our shores. In 2019 we are extending our support to provide networking events for fellows.

We also have a range of fellowships that are designed to provide frontline clinicians with the opportunity to gain a research qualification or to further their research career. This is a crucial part of our drive to increase evidence-based policy in the health sector and the uptake of research findings into clinical practice and health service delivery.

All career development awardees are chosen by expert review of the proposed research and the potential and track-record of the applicant. Progress is monitored through review of annual reports and periodic outcome evaluations of certain awards. Progress reflects several factors:

- that we have done a good job in selecting excellent candidates;
- that the recipients perform their proposed research well and on time, and
- that the awardees are working in an appropriately supportive training environment.

In addition to the awards that we offer, the HRC also administers the Pacific Health and Māori Health Preventing and Minimising Gambling Harm Scholarships on behalf of the Ministry of Health.

## The HRC's Career Development Programme

### Developing health research leaders and champions

Training health professionals to conduct & interpret research

#### Māori

Building the skills and capacity to address Māori health issues & use indigenous knowledge to improve health

#### Pacific

Building the skills and capacity to address Pacific health issues

#### All New Zealanders

Building the skills and capacity to address our current and future health issues

STARTING OUT

Taking research to the community



#### Opportunities for researchers outside academia

- Rangahau Hauora Award
- Ngā Kanohi Kitea

Launching research careers



#### Māori and Pacific postgraduates gain a qualification

- PhD scholarship
- Masters scholarship
- Summer studentships

Establishing research careers



#### Postdoctoral fellowships for emerging researchers

- Hohua Tutengaehe Research Fellowship
- Pacific Health Postdoctoral Fellowship
- Girdlers New Zealand HRC Fellowship

Engaging health professionals



#### Research training & opportunities for our health workforce

- Pacific Clinical Research Training Fellowship
- Foxley Fellowship
- Clinical Research Training Fellowship
- Clinical Practitioner Research Fellowship

Fostering fledgling leaders



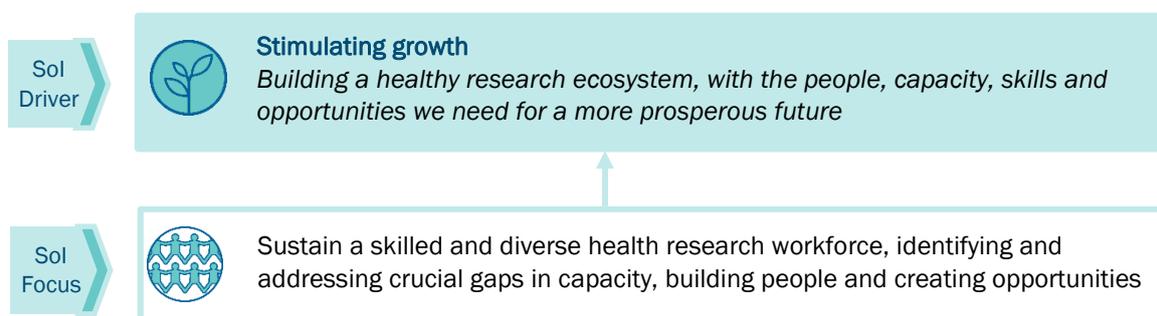
#### Opportunities for mid-career researchers

- Irihapeti Ramsden Research Scholarship
- Ngā Pou Senior Fellowship
- Eru Pōmare Research Fellowship
- Māori Emerging Leaders Fellowship
- Sir Thomas Davis Te Patu Kitiē Rangi Ariki Research Fellowship
- Sir Charles Hercus Fellowship

MID-CAREER

## Our performance indicators for Output 2 and how they fit with our Statement of Intent (Sol)

### The drivers and focus areas of the HRC's Statement of Intent that Output 2 delivers to



### Output 2. Career Development Contracts

The HRC's investment in career development contracts is crucial to building and maintaining a healthy research ecosystem. We have chosen KPIs that focus on maintaining a skilled and diverse health research workforce - strengthening the clinical research environment and building capacity to address inequity in health outcomes.

Key performance indicators for Output 2	Baseline	2018/19 Actual	2019/20 Target
<b>Number of current career development contracts awarded to practising clinicians</b>	22 in 2017/18	45	30-50
<i>The New Zealand Health Research Strategy requires us to support the work of the Ministry of Health in strengthening the clinical research environment. We do this partly by offering career development and research opportunities to clinicians. This indicator allows us to track the number of practising clinicians we are training each year to conduct, interpret and use health research.</i>			
<b>Number of Māori Health Research Scholarships awarded (including, Masters, PhD and postdoctoral awards)</b>	13 in 2017/18	15	10-18
<i>Ensuring that we have the capacity and capability to generate the knowledge that Māori need to provide appropriate interventions and solutions to indigenous health issues is a key priority for the HRC. The HRC has ring-fenced funding for Māori health research for over two decades, whilst simultaneously offering a broad spectrum of career development awards to Māori researchers to ensure that they have the skills and experience to compete for this funding. Maintaining this capacity is critical to what we are trying to achieve. We have set targets for career development awards to reflect the importance we place on providing training and opportunities for Māori health researchers. We have made our target a range to signal that we have a commitment to develop capacity, but the funding is contingent on our receiving quality applications.</i>			
<b>Number of Pacific Health Research Scholarships awarded (including, Masters, PhD and postdoctoral awards)</b>	17 in 2017/18	12	8-16
<i>Pacific peoples in New Zealand are faced with the greatest disparities in health in comparison with the rest of the population. If these are to be meaningfully addressed, we need to build the capacity and capability for Pacific people to build the body of knowledge required to find solutions that work within their communities. Currently, this capacity is low. We are working hard to build it and have increased the number of Pacific Health Research Scholarships available in recent years. We have made our target a range to signal that we have a commitment to develop capacity, but the funding is contingent on our receiving quality applications.</i>			

## Output 3: Co-funding Relationships

Engaging and connecting to bring together the people, agencies and resources needed to tackle important health and social issues.

Cost 2019/20	\$ 000's
Prospective revenue: refer to Financial Statements:	3,786
Prospective cost: refer to Financial Statements:	4,655
Surplus/(deficit) funded from reserves:	(868)

### Scope of the Output

Investments through this Output support targeted investments. We join with the sector in determining urgent research questions, or questions that require a cross-sectoral approach or specific expertise and release a Request for Proposals to the health research community.

The HRC partners with government and non-government agencies to purchase targeted research and utilises a funding leverage model to pool and grow the investment by sharing the cost across partners. This model increases co-ordination of the research effort across agencies and reduces duplication of resources and effort. Co-funding is also a valuable tool to promote the ownership of health research outcomes by other agencies, thereby increasing the likelihood that there will be translation into tangible change in policy or practice.

We partner internationally so that New Zealand researchers are at the centre of global initiatives and have access to opportunities, expertise, and infrastructure that is not available in this country. We also do this to ensure that our funding supports Kiwis at the top of their 'research game' to influence global research efforts and make a strong contribution internationally, as well as nationally.

Use of the HRC's expertise and processes for commissioning research is a prerequisite in all funding agreements. On occasion, we also

commission health research on behalf of other funders who wish to take advantage of these processes, but do not require co-funding from the HRC.

In 2019/20, the HRC and partners will support research on a range of issues of particular importance in New Zealand.

### The Partnership Programme

The HRC established the Partnership Programme in 2000 to deliver research that more effectively meets the knowledge and evidence needs of policy-makers, planners and those involved in healthcare delivery.

Since the start of the Programme, the HRC has funding agreements with a wide range of partners. One of the key features of the Partnership Programme is that it often brings together agencies that have not traditionally worked together to focus on common goals.

We have a special relationship with the Ministry of Health and have formed a joint funding initiative to invest in areas that will address key knowledge gaps for policy development and service provision.

[The HRC and the Ministry of Health are investing \\$1.33 million in evaluation research into general practice models of care provided by Primary Health Organisations \(PHOs\) in New Zealand.](#) This new research initiative presents an opportunity to evaluate the effectiveness of the current general practice models of care, the elements that currently exist in the New Zealand primary care sector for managing

system demand and improving patient experience of care, and how they align with the New Zealand Health Strategy and primary health care strategy themes and objectives.

In 2017 the HRC and the Ministry of Social Development (MSD) formed a partnership, to strengthen the use of research evidence to improve New Zealand's health and social support system. The first initiative in 2018 sought research to identify innovative approaches for case management services that support improved employment outcomes. In 2019, the HRC and MSD are investing in research to establish an evidence base of effective early intervention practice and an implementation framework that MSD and others in the social sector can implement to support people who develop health conditions or disabilities while in work, and prevent loss of connection to the labour market.

We have partnered with WorkSafe New Zealand to invest in research that will identify effective interventions for reducing work-related psychosocial risk for health problems such as stress, anxiety and depression, along with implementation interventions to reduce the risk of these health problems in small and medium-sized businesses.

In 2019, our partnership with PHARMAC will continue to support innovative research and advance the strategic objectives of both organisations to augment PHARMAC's focus on securing the best health outcomes from pharmaceuticals. This includes research into improving pharmaceutical adherence, improving optimal use of pharmaceuticals, improving value for money from currently-funded pharmaceuticals and measuring PHARMAC's impact.

We have also partnered with Precision Driven Health to help foster the health research workforce of New Zealand and support innovative research through the provision of Postdoctoral Fellowships, available in 2019/20. These are focused on supporting and developing data scientists because this is a critical capacity and capability need.

Our partnership with the CatWalk Trust invests in research into spinal cord injury treatment and cures to improve the quality of life and productivity of individuals with spinal cord injuries, and reduce the impact of spinal cord injuries on healthcare services.

In 2019/20, the HRC will continue with its existing partnerships under the Partnership Programme, such as initiatives with the Breast Cancer Foundation of New Zealand and Breast Cancer Cure, and will be looking to establish a new funding opportunity in a priority area with input from our partners.

### Research Partnerships for New Zealand Health Delivery

We also directly complement the contracts funded through our New Zealand Health Delivery RIS with a Research Partnerships for New Zealand Health Delivery initiative. This scheme supports research teams to partner with a decision-maker in health delivery. The health-delivery provider must contribute at least 25 per cent of the cost of the research, through direct investment or in-kind support. This is invaluable in translating the resulting findings into policy and practice, as the healthcare provider is already invested in the results and gaining a return on their investment.

### International Partnerships

The HRC also invests in co-funding relationships through the Science and Innovation Catalyst Fund, which focuses on the development of international collaborations.

The HRC, with the support of MBIE, has been a member of the Global Alliance for Chronic Diseases (GACD) since 2017. The GACD is an alliance of the world's largest public research funding agencies and provides new research opportunities that target chronic diseases. GACD funds joint programmes researching lifestyle-related or chronic disease such as heart disease, diabetes, certain cancers, and lung diseases. The GACD formulates an annual funding call in a particular health area. In 2019 this health area is cancer<sup>1</sup>. Where the calls are applicable in a New Zealand context, we participate tailoring and funding a research

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<sup>1</sup> Whether or not the HRC will participate will be decided by the Council when they meet in June.

opportunity with a specific focus on research to address health issues for our Māori and Pacific populations.

The HRC has negotiated a Memorandum of Understanding with the [National Natural Science Foundation of China \(NSFC\)](#). The arrangement paves the way for establishing new scientific partnerships and strengthening existing collaborations, to foster breakthroughs in biomedical research and to promote career development for researchers from both countries. Co-operation focuses on five key areas: cancer, metabolic disease, brain health, infectious disease (antimicrobial resistance), and respiratory disease. Applications are being assessed for one \$600,000 research grant and four emerging researcher grants, to build research links in China for the next generation of researchers.

Since December 2012, the HRC has had agreements in place to undertake collaborative research with the [European Union and China](#), with a focus on non-communicable diseases (NCDs). We support New Zealand-based researchers with demonstrated linkages and working collaborations with China-based researchers, to undertake research that will lead to effective interventions for NCDs.

We are currently leading the 'Healthy Diet for a Healthy Life' component of the [European Commission Joint Programming Initiative](#), to develop a strategy and action plan for working with non-EU countries – which includes running workshops in Australia, Japan, Singapore and China. The vision of the programme is that by

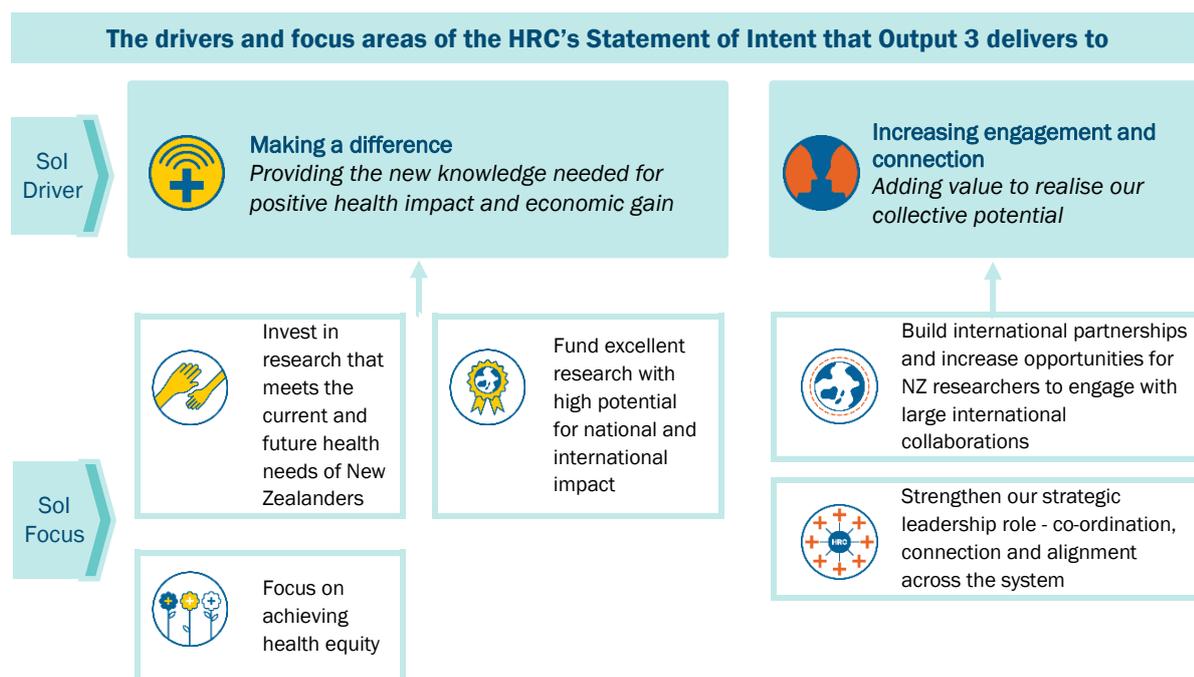
2030, all citizens will have the motivation, ability and opportunity to consume a healthy diet from a variety of foods, have healthy levels of physical activity, and the incidence of diet-related diseases will have decreased significantly.

The HRC is also a member organisation of [e-Asia](#), supporting international joint research projects in the East Asia Region and promoting interactions between researchers. In 2019, funding is available to support research in the field of infectious diseases, antimicrobial resistance, or cancer.

The HRC, [National Health and Medical Research Council \(NHMRC\)](#) and [Canadian Institutes of Health Research \(CIHR\)](#) have a commitment under the tripartite agreement to share expertise and support indigenous researchers to reduce the health disparities between indigenous peoples and general populations. The International Collaborative Indigenous Health Research Partnership was originally agreed in 2002 and is renewed every five years.

Having our Chief Executive as a member of the [Heads of International Research Organisations \(HIROs\)](#) means that we are connected and engaged with best practice and funding trends in other countries and alerted to new opportunities and ways that we can contribute for the benefit of New Zealand, and the international research effort.

## Our performance indicators for Output 3 and how they fit with our Statement of Intent (Sol)



### Output 3. Co-funding Relationships

The HRC's co-funding investments through the Partnership Programme and our international initiatives are key to increasing engagement and connection, both within the national health research community and overseas. The Partnership Programme affords us the flexibility to custom design cross-sectoral initiatives to address key national issues (such as inequity), whilst our international investments allow us to create joint vehicles with overseas funders that are mutually beneficial to our respective research communities. Our KPIs reflect this.

Key performance indicators for Output 3	Baseline	2018/19 Actual	2019/20 Target
<b>Number of new funding agreements negotiated with government or non-government agencies to specifically address a health research priority developed as a result of the New Zealand Health Research Strategy</b>	Not relevant	New measure	1
<i>The HRC is currently leading the development of a national health research priorities, as part of the actions for implementing the National Health Research Strategy. As soon as these priorities have been announced by Ministers, we will begin negotiations with other agencies to jointly address the issues identified to be of greatest importance for the health and wellbeing of New Zealanders. As only the high-level priorities will be finalised in 2019, we can only commit to negotiate one partnership funding agreement in 2019/20.</i>			
<b>Number of New Zealand-based researchers named on current contracts resulting from HRC commitments to international organisations and agreements</b>	New measure	33	20-35
<i>This is an important measure of the number of opportunities we create for New Zealand researchers through our international partnership activities. Our aim is to maintain the number of opportunities.</i>			

## Output 4: Contribution to policy, regulatory and ethical frameworks

Our committees are a key national resource, providing advice on research ethics, monitoring and regulation.

Cost 2019/20	\$ 000's
Prospective revenue: refer to Financial Statements:	285
Prospective cost: refer to Financial Statements:	467
Surplus/(deficit) funded from reserves:	(182)

### Scope of the Output

The HRC undertakes regulatory activities and safety monitoring and provides strategic advice on health research issues. The extent to which some of these services are needed depends on the nature of the research applications submitted and varies from year to year. These activities are provided primarily through the work of several HRC committees, which are listed below with their key functions.

- **HRC Ethics Committee:** Provides independent ethical advice on health research of national importance or great complexity; approves health and disability and institutional ethics committees in New Zealand; considers appeals on disputed decisions for research involving human participants and on the ethics of introducing innovative practices; and produces guidelines on ethical research conduct. The Ethics Committee also administers the Data Monitoring Core Committee.
- **Data Monitoring Core Committee (DMCC):** Provides objective, independent monitoring of HRC-funded clinical trials. This is primarily concerning large-scale clinical trials initiated by New Zealand researchers relating to life-threatening diseases, or diseases which cause irreversible morbidity, or where there are special concerns regarding patient safety, where the study investigators are inexperienced, or where study integrity could be enhanced by the independence of the DMCC.

- **Gene Technology Advisory Committee (GTAC):** Assesses the scientific merit of New Zealand applications to produce new medical therapies through the transfer of genes from another species to humans, and between species. If necessary, GTAC will advise the Minister of Health that such trials should not be allowed to proceed.
- **Standing Committee on Therapeutic Trials (SCOTT):** When requested by the HRC Board, SCOTT will assess whether or not a proposed clinical trial of a medicine will provide clinically and scientifically useful information, particularly in relation to the safety and efficacy of the agent.

Part of the HRC's contribution to an ethical health research environment is ensuring that health research in New Zealand is conducted in a way that is culturally appropriate and responsive to the needs of our diverse population. To this end, the HRC provides guidelines on the conduct of Māori health research and Pacific health research and requires that applicants formally address responsiveness to Māori in research proposals.

## Our performance indicators for Output 4 and how they fit with our Statement of Intent (Sol)



### Output 4: Contribution to policy, regulatory and ethical frameworks

These measures relate to the work of the HRC Ethics Committee which underpins all health research conducted in New Zealand. Research that is not deemed ethical and safe cannot be allowed to proceed, and so this work is key to cultivating a stable health research environment.

Key performance indicators for Output 4	Baseline	2018/19 Actual	2019/20 Target
<b>Number of <i>Ethics Notes</i> published to inform researchers of issues on ethics in health research</b>	1 in 2017/18	1	1
<i>These notes are an important tool for reaching the health research community and so we have used their publication as a metric for disseminating key information and advice. Our target for 2019/20 is one because we intend to publish just once a year. This is based on the volume of information available, which can be communicated more efficiently in an annual publication.</i>			
<b>Number of Health and Disability Ethics Committees (HDECs) reviewed and approved by the HRC annually</b>	4 in 2017/18	4	4
<i>Approving HDECs is an important role for the HRC and so we continue to set targets.</i>			

## Forecast Financial Statements

In this part of the Statement of Performance Expectations, we present the HRC's financial performance undertakings or plan for the year ended 30 June 2020 and the outlook or plan for the two years beyond, through prospective Forecast Financial Statements.

The Council Members of the HRC are responsible for issuing forecast financial statements, including the appropriateness of the assumptions underlying the forecast financial statements.

The forecast financial statements for the period 2018/19 to 2021/22 have been authorized by the Board of Directors for issue on 24 June 2019.

The forecast financial statements have been prepared to comply with the requirements of Section 149G of the Crown Entities Act. The forecast financial statements may not be appropriate for use for any other purpose. It is not intended for the forecast financial statements to be updated within the next 12 months.

The tables below provide a summary of the forecast financial statements for the audited result for the 2017/18, year-end forecast for 2018/19 and plans for years 2019/20 to 2021/22.

The forecast financial statements have been prepared based on the key assumptions for financial forecasts and the significant accounting policies summarised in the Significant Accounting Policies outlined in this plan.

The actual financial results achieved for the period covered are likely to vary from the forecast/plan financial results presented. Such variations may be material.

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### Responsible management of our finances and reserves

The HRC has a financial goal of providing successful applicants with certainty of grant funding into future years – subject only to parliamentary appropriated funds being made available, applicants successfully meeting the grant criteria, and ongoing contractual requirements being met once the grant has been awarded.

We continue to work with researchers and their institutions to ensure that they use HRC funding in a timely manner. This is one of the key challenges in managing our reserves.

The HRC has reserves (public equity) in its balance sheet totaling \$9.4M at 30 June 2018 (\$13.0M at 30 June 2017). This has occurred for two main reasons:

1. Research is unpredictable in its execution and outcome. This results in changes in planned research schedules.
2. The HRC has ring-fenced funding for partnerships with other organisations. However, expenditure has not been as rapid as expected.

The HRC Council and Management have put in place a strategy which will see a reserves level sufficient to cover one month's contractual outgoings (around \$12.0M in 2019). The HRC Council considers this prudent should parliamentary appropriated funds cease and allow an orderly termination of contractual obligations.

## **Information, Communications and Technology (ICT) Investment**

During the past 10 years, minimal investment was available to develop the ICT systems at the HRC. Our ICT systems now require updating as they near end of life, and in view of new demands for data integration, reporting and accountability. There is a requirement to ensure our technology is more responsive to external user needs, as well the needs of the organisation. This will support the delivery of better outcomes and meet the needs which arise from the data integration work being undertaken by MBIE. There is also a need to enhance the HRC's ICT alignment with the Government's ICT Strategies.

To that end we have developed a roadmap for ICT systems at the HRC to provide a platform for the efficient and effective delivery of health research investment and outcomes in New Zealand. In order to deliver on this roadmap, an investment into ICT systems will be required to both eradicate the gap created by the lack of investment in prior years and ensure the system provides a coherent platform and communication tool for researchers into the future.

The indicative initial investment is around \$2.3M followed by ongoing additional operating costs of \$400k per annum required to address these issues. This investment is required over the next two years, with an initial period of planning and business case development, followed by a period of implementation.

This proposed investment has been factored into the financial plan set out in this document. The HRC Council has not yet approved this plan. It is currently working through a detailed business case to support the planned investment.

A modular approach to the proposed implementation of the projects associated with this investment will be employed in line with the following guidance:

1. Cabinet Office Circular 15(5) - Investment Management and Asset Performance in the State Services and the Better Business Case Development methodology published by Treasury will be employed to provide clarity of logic for the investment.
2. The Office of the Government Chief Information Officer (GCIO) will be engaged to review proposals and ensure alignment with the Government ICT Strategy.
3. Engagement with other government agencies such as MBIE, MoH and associated research agencies will be undertaken to ensure alignment of strategies, potential cost efficiencies and risk mitigation.
4. A detailed Risk Profile Assessment will be completed as part of the development of each Business Case.
5. All procurement will be completed in line with the Government's Rule of Sourcing.

Due to the amount of technical debt built up over a number of years, there will be need for a specific targeted investment above the current operations budget for ICT. This investment will enable HRC to build up the ICT capabilities needed to support future growth. The HRC will formally request Crown funding for the full cost of this investment, including the solution itself and its ongoing costs. This may include upfront funding to cover the one-off costs in addition to the annual operating funding.

Finally, this project will be developed and monitored with a view to ensuring that the HRC delivers on and supports the NZHRS, the New Zealand Health Strategy and the National Statement of Science Investment.

## Forecast Statement of Comprehensive Revenue and Expense

for the year ended 30 June

### Revenue

	Note	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
Funding from the Crown	2	101,400	109,392	126,107	126,107	126,107
Interest Revenue		609	426	697	694	664
Other Revenue		490	511	494	494	472
<b>Total Income</b>		<b>102,499</b>	<b>110,329</b>	<b>127,298</b>	<b>127,266</b>	<b>127,244</b>

### Expense

Research Grant costs	3	100,958	106,194	116,978	116,930	119,975
Operational costs						
Assessment and Council Committee costs		1,069	1,248	1,402	1,389	1,378
Personnel costs		3,245	3,691	4,231	4,307	4,384
Depreciation and amortisation expense		123	129	134	196	208
Fees to Audit New Zealand for the audit of the financial statements		62	63	64	65	67
Other costs		637	1,013	2,080	2,084	1,165
Total operational costs		<b>5,136</b>	<b>6,145</b>	<b>7,910</b>	<b>8,042</b>	<b>7,203</b>
<b>Total Expenses</b>		<b>106,094</b>	<b>112,339</b>	<b>124,889</b>	<b>124,972</b>	<b>127,177</b>
<b>Surplus/(Deficit)</b>		<b>(3,595)</b>	<b>(2,010)</b>	<b>2,410</b>	<b>2,294</b>	<b>66</b>
<b>Total comprehensive revenue and expense</b>		<b>(3,595)</b>	<b>(2,010)</b>	<b>2,410</b>	<b>2,294</b>	<b>66</b>

The accompanying accounting policies and notes form part of these financial statements

**Statement of Changes in Equity**

		Actual 2018 \$000	Forecast 2019 \$000	Plan 2019 \$000	Plan 2020 \$000	Plan 2021 \$000
for the year ended 30 June						
Equity at the beginning of the year		14,617	11,022	9,013	11,423	13,716
Total comprehensive revenue and expense for the year		(3,595)	(2,010)	2,410	2,294	66
<b>Equity at the end of the year</b>	5	<u>11,022</u>	<u>9,013</u>	<u>11,423</u>	<u>13,716</u>	<u>13,783</u>
<b>Represented by</b>						
Public Equity		9,439	7,537	10,031	12,412	12,567
Foxley Estate Reserve Fund		1,583	1,475	1,391	1,304	1,215
<b>Total Equity at 30 June</b>	5	<u>11,022</u>	<u>9,013</u>	<u>11,423</u>	<u>13,716</u>	<u>13,783</u>

The accompanying accounting policies and notes form part of these financial statements

## Forecast Statement of Financial Position

	Note	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
as at 30 June						
<b>Current Assets</b>						
Cash at Bank		1,136	1,408	845	1,385	1,384
Short Term Deposits	4	10,942	8,054	11,715	13,203	13,290
Funds held on behalf of – Other Agencies	4	19,618	18,946	17,285	16,497	15,710
Funds held on behalf of – Foxley Estate	4	1,683	1,593	1,660	1,722	1,763
Receivables		1,632	524	524	524	524
<b>Total Current Assets</b>		<b>35,011</b>	<b>30,526</b>	<b>32,029</b>	<b>33,331</b>	<b>32,691</b>
<b>Non-Current Assets</b>						
Property Plant and Equipment		217	146	204	356	251
Intangible Assets		45	13	53	84	87
<b>Total Non- Current Assets</b>		<b>262</b>	<b>158</b>	<b>257</b>	<b>440</b>	<b>338</b>
<b>Total Assets</b>		<b>35,273</b>	<b>30,684</b>	<b>32,286</b>	<b>33,771</b>	<b>33,029</b>
<b>Current Liabilities</b>						
Payables		681	616	616	616	616
Contract Retentions		2,151	2,204	2,204	2,204	2,204
Employee Entitlements		189	189	189	189	189
Rental Benefit in Advance		21	2	114	94	73
Unearned Management Fees		454	454	454	454	454
Funds held on behalf of other agencies	4	4,799	4,207	4,024	3,841	3,657
<b>Total Current Liabilities</b>		<b>8,295</b>	<b>7,671</b>	<b>7,600</b>	<b>7,396</b>	<b>7,192</b>
<b>Non-Current Liabilities</b>						
Funds held on behalf of other agencies	4	15,818	13,864	13,261	12,657	12,053
Rental Benefit in Advance		138	136	2	2	1
<b>Total Non-Current Liabilities</b>		<b>15,956</b>	<b>14,000</b>	<b>13,262</b>	<b>12,658</b>	<b>12,054</b>
<b>Total Liabilities</b>		<b>24,251</b>	<b>21,671</b>	<b>20,863</b>	<b>20,055</b>	<b>19,246</b>
<b>Net Assets</b>		<b>11,022</b>	<b>9,013</b>	<b>11,423</b>	<b>13,716</b>	<b>13,783</b>
<b>Equity</b>						
Public Equity		9,439	7,537	10,031	12,412	12,567
Foxley Estate Reserve Fund		1,583	1,475	1,391	1,304	1,215
<b>Total Equity</b>	5	<b>11,022</b>	<b>9,013</b>	<b>11,423</b>	<b>13,716</b>	<b>13,783</b>

The accompanying accounting policies and notes form part of these financial statements

## Forecast Statement of Cash Flow

for the year ended 30 June

	Note	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
<b>Cash flows from operating activities</b>						
<i>Cash was provided from</i>						
Receipts from the Crown		101,400	109,392	126,107	126,107	126,107
Interest received		638	427	697	664	642
Other Revenue		653	952	494	494	494
		<u>102,691</u>	<u>110,771</u>	<u>127,298</u>	<u>127,347</u>	<u>127,244</u>
<i>Cash was applied to</i>						
Payments to suppliers		(103,280)	(107,139)	(121,314)	(121,045)	(123,163)
Payments to employees		(3,218)	(3,662)	(4,166)	(4,240)	(4,315)
GST		93	(777)	(84)	(299)	(299)
		<u>(107,405)</u>	<u>(111,578)</u>	<u>(125,563)</u>	<u>(125,584)</u>	<u>(127,777)</u>
<b>Net cash flow from operating activities</b>	7	<b>(4,714)</b>	<b>(806)</b>	<b>1,735</b>	<b>1,682</b>	<b>(534)</b>
<b>Cash flows from investing activities</b>						
<i>Cash was provided from</i>						
Funds held on behalf of other agencies		5,866	3,856	6,414	6,414	6,414
Maturing Term Deposits		96,488	93,103	93,112	92,986	92,990
		<u>102,354</u>	<u>96,959</u>	<u>99,526</u>	<u>99,400</u>	<u>99,404</u>
<i>Cash was applied to</i>						
Funds paid on behalf of other agencies		(4,659)	(6,402)	(6,414)	(6,414)	(6,414)
Reinvestment of Term Deposits		(93,341)	(89,453)	(95,178)	(93,749)	(92,351)
Purchase of Property Plant and Equipment		(46)	(25)	(232)	(379)	(107)
		<u>(98,046)</u>	<u>(95,880)</u>	<u>(101,824)</u>	<u>(100,542)</u>	<u>(98,872)</u>
<b>Net cash flow from investing activities</b>		<b>4,308</b>	<b>1,078</b>	<b>(2,298)</b>	<b>(1,142)</b>	<b>533</b>
<b>Net increase (decrease) in cash held</b>		<b>(406)</b>	<b>272</b>	<b>(563)</b>	<b>540</b>	<b>(1)</b>
Cash at Bank beginning of year		1,542	1,136	1,408	845	1,365
<b>Cash at Bank end of year</b>		<b><u>1,136</u></b>	<b><u>1,408</u></b>	<b><u>845</u></b>	<b><u>1,385</u></b>	<b><u>1,384</u></b>

The accompanying accounting policies and notes form part of these financial statements

## Notes to the Financial Statements

For the year ended 30 June

### Note 1 - Statement of accounting policies

#### Reporting Entity

The Health Research Council of New Zealand (HRC) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the HRC's operations includes the Crown Entities Act 2004, and the Health Research Council Act 1990. The HRC's ultimate parent is the New Zealand Crown.

The HRC's primary objective is to benefit New Zealand through health research. The HRC does not operate to make a financial return. The HRC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

#### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. There are no other new standards, amendments to standards and interpretations that have been issued but are not yet effective that are applicable to the HRC.

#### Standards issued and not yet effective and not early adopted

Treasury has decided to adopt PBE IFRS 9 early in preparing the Crown Financial Statements. The HRC has not yet assessed the effects of the new standard.

#### Statement of compliance

The financial statements of the HRC have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE accounting standards.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

#### Use of estimates and judgements

The preparation of these financial statements conforms with PBE FRS – 42. This requires management to make judgements, estimates and assumptions concerning the future. These judgements, estimates and assumptions are based on historical experience and various other factors that are believed reasonable under the circumstances. Actual financial results are likely to differ from the information presented, and the variations may be material. The assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are outlined on p32.

**Summary of Significant Accounting Policies (continued)**

**Statement of Underlying Assumptions**

*Crown Revenue*

Currently appropriated revenue is set out in note 2 on p36. These revenue appropriations have been advised by the Ministry of Business, Science and Innovation and the Ministry of Health.

*Research Grant Expenditure*

Planning of expenditure is in line with a strategy which will result in the HRC's public equity reserves rising around \$12.0M. This will occur predominantly through management of applications approved via the main contestable round. Details of planned research grant expenditure are shown in Note 3. Reference should also be made to Note 5 for information related to the planned equity level.

*Contract Management Costs*

These are also known as operational costs. Workload and output will increase in line with the new funding received. FTE numbers will increase to around 37 FTE in Financial Year 2020. Management has taken the opportunity to reconfigure staff focus and priorities to ensure that the HRC's goals and objectives are achieved more effectively and efficiently.

Significant accounting policies are included under the note to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

**a) Property Plant and Equipment and Intangible Assets**

All property, plant and equipment (PP&E) and intangible assets (IA) are stated at cost less accumulated depreciation or amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the items. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to HRC and the cost can be measured reliably. All other repair, maintenance and costs of day-to-day servicing are recognised in surplus or deficit as incurred. The costs of self-constructed assets are recognised as work in progress and not depreciated or amortised until the assets are operating in the manner intended, at which time they are transferred to PP&E or IA. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset, and are reported net in the surplus or deficit.

Depreciation and amortisation are recognised in surplus or deficit and are calculated to write off the cost of items of PP&E and IA less their residual values using the straight-line method over their useful lives as follows. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

PP&E	Office and computer equipment	3 to 5 years	20 - 33%
PP&E	Leasehold improvements	5 years	20%
IA	Acquired computer software	3 Years	33%
IA	Developed computer software	5 Years	20%

**b) Impairment of property, plant and equipment and intangible assets**

The HRC only holds non-cash-generating assets as no assets are used to generate a commercial return. PP&E and IA held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

**Summary of Significant Accounting Policies (continued)**

**c) Employee entitlements**

*Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

*Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, contractual entitlement information, and the present value of estimated future cash flows.

*Presentation of employee entitlements*

Sick leave, annual leave and vested long service are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

*Contributions to defined contribution schemes*

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

**d) Receivables**

Short-term receivables are recorded at the amount due, less any provision for impairment. A receivable is considered impaired when there is evidence that the HRC will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

**e) Payables**

Short-term payables are recorded at the amount payable.

**f) Goods and services tax**

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

**g) Income Tax**

HRC is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

**Summary of Significant Accounting Policies (continued)****h) Cost allocation**

The HRC has determined the cost of outputs using the cost allocation system outlined below. There have been no changes to the cost allocation methodology since the date of the last audited financial statements. Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

**i) Critical judgements in applying accounting policies**

Management has exercised the following critical judgments in applying accounting policies:

*Leases classification*

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the HRC. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The HRC has determined no lease arrangements are finance leases.

*Research Grant Expenditure*

For purposes of making payments, the HRC applies judgement during the year when determining whether an appropriate level of progress and quality has been achieved. It also ensures that no other change events have occurred which might affect payment.

**Notes to the Financial Statements (continued)****Note 2 - Revenue from the Crown**

	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
<b>Non-exchange revenue</b>					
Ministry of Business, Innovation and Employment (MBIE)	101,115	109,107	125,822	125,822	125,822
Ministry of Health (MoH)	285	285	285	285	285
	<u>101,400</u>	<u>109,392</u>	<u>126,107</u>	<u>126,107</u>	<u>126,107</u>

**Accounting Policy**

The specific accounting policies for significant revenue items are explained below:

*Funding from the Crown*

The HRC is primarily funded from the Crown. This funding is restricted in its use for the purpose of the HRC meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder. The HRC considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

*Grants Received*

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if the conditions of the grant are not met. If there is such an obligation the grants are initially recorded as revenue received in advance and recognised as revenue when the conditions of the grant are satisfied.

*Interest revenue*

Interest revenue is recognised using the effective interest method.

*Provision of services*

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

**Restrictions attached to revenue from the Crown**

The HRC has been provided with funding from the Crown for the specific purposes of the HRC as set out in its Crown Funding Agreement with MBIE and Output Agreement with MoH. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

**Planning for Revenue from the Crown**

A draft Crown Funding Agreement outlining the revenue receivable FY2020 has been received. This agreement is in line with the formal notification received May 2015 for the fiscal years 2017 to 2020. The HRC has planned the outer years 2020 through 2021 in accordance with this formal notification.

**Notes to the Financial Statements (continued)****Note 3 - Research Grant Costs**

	<b>Actual 2018 \$000</b>	<b>Forecast 2019 \$000</b>	<b>Plan 2020 \$000</b>	<b>Plan 2021 \$000</b>	<b>Plan 2022 \$000</b>
Health Research Contracts	97,307	101,686	113,269	114,139	118,418
Vision Mātauranga	2,447	3,673	3,004	2,288	1,097
International Collaborations	1,204	836	705	503	460
	<b><u>100,958</u></b>	<b><u>107,194</u></b>	<b><u>116,978</u></b>	<b><u>116,930</u></b>	<b><u>119,975</u></b>

**Accounting policy**

Expenditure is recognised as the obligations under the contract are performed. Provision is made for any retentions held at the end of the contract pending a final research report.

*Contract Retentions*

Contract retentions relate to amounts withheld equivalent to 1 month's funding for each year of the term of the health research contract until a contractor provides a final research report. The contract funding retention is recognised as a financial liability at the end of the contract term, until the funding withheld is paid when the final research report is completed and provided to the HRC.

**Critical judgements in applying accounting policies**

For purposes of making payments HRC applies judgement during the year when determining whether an appropriate level of progress and quality has been achieved. It also ensures that no other change events have occurred which might affect payment.

Planning of research grant expenditure is in line with a strategy which will result in the HRC's public equity significantly reducing over the next three fiscal years. This will occur predominantly through an increase in applications approved via the main contestable funding round. Reference should also be made to Note 5 for information related to the planned reduction in equity.

**Notes to the Financial Statements (continued)**

**Note 4 – Cash, Short-term deposits and Funds held on behalf of other agencies**

**Accounting policy**

Cash and cash equivalents include cash on hand, deposits held on call with banks. The carrying value of short-term deposits which are invested with maturity dates of four months or less approximates their fair value.

*Funds held on behalf of other agencies*

Funds held on behalf of other agencies are the balance of funds held which have been contributed by the HRC and other partners to joint venture projects. These funds are interest bearing. Where funds have been committed to research contracts, payment terms are dependent on the individual underlying contracts. Uncommitted funds are held with no payment terms. The release of those funds to research projects are approved jointly by the HRC and partners.

Short-term funds held on behalf of other agencies are the contract payments to be made in the next 12 months. The balance of funds held on behalf of other agencies are treated as long-term liabilities.

*Funds held on behalf of – Foxley Estate*

Funds held on behalf of the Foxley Estate are pursuant to an HRC resolution to hold the bequeathed funds to support the Foxley Fellowship from the interest earned by the fund.

## Notes to the Financial Statements (continued)

## Note 5 - Equity

	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
<b>Movements in Equity</b>					
<b>Public Equity</b>					
Balance 1 July	12,988	9,439	7,537	10,031	12,412
Surplus/(deficit) for the year	(3,595)	(2,010)	2,410	2,294	66
Transfer of Net Income from/(to) Foxley Reserve Fund	46	108	84	87	89
Balance 30 June	<u>9,439</u>	<u>7,537</u>	<u>10,031</u>	<u>12,412</u>	<u>12,567</u>
<b>Foxley Reserve Fund</b>					
Balance 1 July	1,629	1,583	1,475	1,391	1,304
Transfer (to)/from Accumulated Surplus/(deficit)	(46)	(108)	(84)	(87)	(89)
Balance 30 June	<u>1,583</u>	<u>1,475</u>	<u>1,391</u>	<u>1,304</u>	<u>1,215</u>
<b>Total Equity at 30 June</b>	<b><u>11,022</u></b>	<b><u>9,013</u></b>	<b><u>11,423</u></b>	<b><u>13,716</u></b>	<b><u>13,783</u></b>

**Accounting policy**

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated surplus/(deficit);
- Foxley Estate Reserve Fund.

**Foxley Estate Reserve Fund**

The Foxley Estate Reserve Fund relates to the assets bequeathed to the HRC in 1998. The Council resolved to hold the bequest funds as the "Foxley Estate Reserve Fund" and to support the Foxley Fellowship from the interest earned by the fund. Interest received on these assets is credited to the reserve. Grants made for research sabbaticals are charged against the reserve.

**Notes to the Financial Statements (continued)****Note 6 - Capital management**

The HRC's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets. The HRC is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. The HRC manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the HRC effectively achieves its objectives and purpose, whilst remaining a going concern.

**Note 7 - Reconciliation of Operating surplus (deficit) to net cash flow from operating activities**

	Actual 2018 \$000	Forecast 2019 \$000	Plan 2020 \$000	Plan 2021 \$000	Plan 2022 \$000
Surplus/(deficit) for year	(3,594)	(2,010)	2,410	2,294	66
Add non-cash items					
Depreciation and Amortisation expense	123	129	134	196	208
Rent recovered	(21)	(21)	(787)	(787)	(787)
Add/(deduct) movements in working capital items					
Receivable (increase)/decrease	3	1,107			
Payables increase/(decrease)	(1,219)	(12)	(21)	(21)	(21)
<b>Net cash flow from operating activities</b>	<b>(4,714)</b>	<b>(806)</b>	<b>1,735</b>	<b>(1,040)</b>	<b>(534)</b>

# Information on the Organisation

## Council membership

The HRC Council meets between nine and 11 times per year. Membership of the Council is set out in section 8 of the Health Research Council Act 1990, and comprises five persons who are (or have been) actively engaged in health research, and five persons who have skills and experience in areas such as community affairs, health administration, law or management, or knowledge of health issues from a consumer perspective.



### **Dr Lester Levy, CNZM – Chair**

Dr Lester Levy, CNZM, MBBCH, MBA, FNZIM, is the appointed Chairman of Auckland Transport, the New Zealand Health Research Council and Tonkin and Taylor. Lester is a Lead Reviewer for the State Services Commission's Performance Improvement Framework, a joint central agency initiative to help public sector leaders improve.

Lester is a graduate of Medicine and an MBA and has extensive management and governance experience in both the public and private sectors. He has been chief executive of South Auckland Health (now Counties Manukau District Health Board), the New Zealand Blood Service and the MercyAscot group of hospitals (of which he was a founder). His previous governance experience includes roles as Chairman of Boards of Directors in the domains of private healthcare, biotechnology and film and television production. Lester is best known for leading a number of organisational performance transformations as a Chief Executive, entrepreneur and Chairman, in both the public and private sectors.

Previously seconded to the Department of the Prime Minister and Cabinet as an advisor, Lester has been awarded the prestigious King's Fund International Fellowship from the King's Fund in London as well as being made a Fellow of the New Zealand Institute of Management. He was appointed a Companion of the New Zealand Order of Merit (CNZM) in the 2013 New Year's Honours List for services to health and education.



### **Professor Andrew Mercer – Deputy Chair**

Andrew Mercer is Emeritus Professor, Department of Microbiology and Immunology at the University of Otago. Prior to his retirement in 2018 he held the Webster Family Chair in Viral Pathogenesis and was Director of the Virus Research Unit at the University of Otago, Dunedin. His programme of research combines research aimed at combating viruses with research seeking to exploit viruses for beneficial purposes. In 2009 Andrew was elected a Fellow of the Royal Society of New Zealand in recognition of distinction in research and the advancement of science.



**Dr Alison Dewes (newly appointed)**

Alison is a veterinarian and ecologist. Her background spans veterinary practice, banking, business and environmental assessments, and policy advisory. She was elected to the Board of the New Zealand Veterinary Association until 2018. Presently, she is head of environment for Landcorp Farming (Pamu) and is on the Freshwater Leaders Group.



**Associate Professor Suzanne Pitama (Ngāti Kahungunu)**

Associate Professor Suzanne Pitama is the Associate Dean Māori and the Director of the Māori Indigenous Health Institute (MIHI) at the University of Otago, Christchurch. Suzanne is actively involved in Māori health research and is an advocate for using Kaupapa Māori methodologies as a framework for identifying and addressing Māori health inequities. Suzanne's current research areas include medical education, chronic kidney disease, palliative care, cardio-vascular disease, mental health and health interventions. Suzanne is a registered psychologist and teaches undergraduate and post-graduate health professional courses. Suzanne chairs the statutory Māori Health Committee of the HRC.



**Professor Lesley McCowan, CNZM, MBChB, FRANZCOG, MD, CMFM**

Professor Lesley McCowan is head of the Academic Department of Obstetrics and Gynaecology at the University of Auckland. She also has an academic appointment in Women's Health in Counties Manukau. She is an obstetrician and sub-specialist in maternal-fetal medicine at National Women's Health. She was a founding member of the New Zealand Perinatal and Maternal Mortality Review Committee (PMMRC) which reviews deaths of babies and mothers nationally. She is a member of the National Maternal Monitoring Group which provides oversight and review of the National Maternity Standards, analysis and reporting of maternity care around the country, and advice to the Ministry of Health and DHBs on priorities for improvement in maternity services. Lesley is actively involved in clinical research which aims to improve the health outcomes for mothers and babies. Her recent research has focused on identifying modifiable risk factors for late pregnancy stillbirth, especially those related to maternal sleep practices. This has translated into a public awareness campaign recommending that pregnant women in the last three months of pregnancy settle to sleep lying on their side. She is also the lead investigator on the Healthy Mums and Babies trial in South Auckland that is testing interventions that may impact on the intergenerational cycle of obesity.



### **Professor Jeroen Douwes**

Jeroen Douwes is Professor of Public Health and Director of Massey University's Centre for Public Health Research in Wellington. He obtained both his MSc and PhD in environmental epidemiology from Wageningen University, the Netherlands. He leads a comprehensive programme of public health research with a focus on respiratory disease and environmental and occupational health. He is also Principal Investigator of the recently established Infectious Disease Research Centre at Massey University. Before joining Massey University in 2002 he was a Postdoctoral Research Fellow at Otago University, Wellington, and Utrecht University, the Netherlands. Jeroen is Associate Editor of the *International Journal of Epidemiology and Community Health*.



### **Professor Parry Guilford**

Professor Parry Guilford is director of the Cancer Genetics Laboratory and the Centre for Translational Cancer Research University at the University of Otago. He is a co-founder of the publicly listed biotechnology company Pacific Edge Ltd and a deputy director of the Healthier Lives National Science Challenge.

Professor Guilford's current research interests include the genetics of inherited and sporadic cancers, particularly stomach cancer. Other active research areas are the development of genomic-based diagnostic tools for early cancer detection and personalised medicine.



### **Dr Will Barker**

Dr Will Baker is an entrepreneur with a background in commercialising complex IP. Following completion of a PhD in synthetic chemistry from the University of Leicester in the United Kingdom, Will arrived in New Zealand on an HRC postdoctoral research grant. Subsequently, he has held a number of roles at leading biotech companies and organisations, including VP External Affairs at LanzaTech, Investment Manager at Powerhouse Ventures and CEO of New Zealand's peak biotech industry association NZBIO. Will is now Managing Director of his own biotech start-up: Mint Innovation.



### **Dr Monique Faleafa, MNZM, DCLINPSY**

Monique is the founding Chief Executive of Le Va, a national NGO focused on Pacific people's wellbeing. Monique is a registered clinical psychologist and has served Pacific communities in academia, the non-profit sector, DHBs, and social services for 20 years. Monique is an alumnus of the University of Auckland, where she achieved distinction and in 2004 was awarded as a Bright Futures Top Achiever Doctoral Scholar by the Foundation for Research, Science and Technology. She actively contributes to research and currently serves on A Better Start MBIE Science Challenge Board. Monique also serves on the Health Promotion Agency, and the New Zealand Psychologists' Board. In 2016 Monique was awarded as a Member of the NZ Order of Merit and a finalist in the Westpac Women of Influence awards. Internationally, she is a mental health advisor to Australia's National Rugby League, an alumnus of the Commonwealth Emerging Pacific Leaders Dialogue, and one of two Pacific Associate Members of Global Women.



**Anthony (Tony) Norman, NZOM**

Tony brings to the HRC strong financial and governance skills, and an excellent understanding of the health sector. He has extensive management and governance experience, having worked in both national and international organisations over the course of his career, and including time as Chief Executive Officer, Financial Restructuring, for Ferrier Hodgson in both Thailand and Singapore. He served on the boards of Northland DHB (as Chair from 2010 to 2016), Waitemata DHB (as Deputy Chair from 2013 to 2016), and Health Alliance NZ Ltd, which is involved in IT and shared services for northern region DHBs (2011 to 2016). Tony has also held a number of community roles such as member of the Northern Community Board of the Far North District Council, and Chair of the Board of Trustees of Oruaiti School. He was appointed a Member of the New Zealand Order of Merit in 2013 for services to the community.

# How the HRC reports on strategy and performance – the documents



The most current versions of all these documents are available from the HRC website.

<sup>2</sup> An interim, one-year Investment Plan will be produced for 2019/20 only, to be replaced by a three-year plan when the priorities for the New Zealand Health Research Strategy 2017-2027 are finalised.

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