



Statement of Performance Expectations 2022 - 2023

He tauāki mō te Whakatutukitanga
o ngā Wawata 2022 - 2023

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Foreword from our Chair

Kupu Takamua Nā te Heamana

In 2022/23, we will focus on people and how we support and grow a skilled, diverse health workforce that is reflective of future needs, and we will progress our work to align with the New Zealand Health Research Prioritisation Framework, to ensure we continue to invest in high-quality research that improves wellbeing and achieves health equity.

With the recent development of the New Zealand Health Research Strategy (2017-2027) and the New Zealand Health Research Prioritisation Framework (2019), New Zealand is well positioned to have one of the most priority-led, responsive and equity-driven health research ecosystems in the world. HRC has made good progress to implement these directives, redesigning several of our funding mechanisms to align with the Prioritisation Framework and reflect our commitment to te Tiriti and achieving health equity. This year we will focus on aligning our assessment processes and overarching investment framework with the Prioritisation Framework, strengthening our ability to identify and fund health research in areas of greatest need and opportunity for New Zealand.

The health and disability system reforms planned for 2022/23 represent an opportunity to embed research at the heart of healthcare. HRC looks forward to working with new and existing health agencies to elevate the role of research within the new system and help achieve its aspirations. HRC has a strong record of supporting clinical research, but the recent redesign of our Health Delivery research investment portfolio has led to unprecedented levels of research engagement from the health delivery sector - those who deliver health care. We will build on this and work with the Ministry of Health, Māori Health Authority and Health New Zealand to ensure that our funding opportunities reflect and respond to health system priorities.

HRC strives to advance Māori health, improve health equity, and drive innovation and impact. This year, we will continue our journey to becoming a Te Tiriti-led organisation by exploring how to elevate the role of Māori in HRC decision-making and governance, including consolidating our investment in Māori-led research into a stronger platform that offers greater flexibility and opportunities for self-determination.

New Zealand's health research workforce is a national asset that must be sustained and developed. This year we plan to introduce changes to strengthen our support for people across our investments, including support for co-lead investigators on Project grants to provide leadership development opportunities. We are proud to play our key role in building and sustaining a strong and diverse health research workforce, including being the only funder in New Zealand to run dedicated health research training programmes across the career spectrum for Māori and Pacific peoples.

We would like to thank the talented research community that we fund for their dedication to improving health and equity outcomes for New Zealanders, through the conduct and communication of excellent research. Our appreciation is also extended to the many outstanding individuals who have contributed their valuable time and expertise on our assessment panels, and provide advice to help improve the health research ecosystem in New Zealand. Through the ongoing contributions of our research community we will continue to fund the high-impact health research that New Zealand needs most.



Professor Lester Levy
CNZM, Chair



Dr Will Barker
Council Member

Introduction

He Kupu Whakataka

This Statement of Performance Expectations sets out the four outputs that the HRC will deliver in the 2022/23 financial year, with funding from Vote Business, Science and Innovation (\$126 million) and Vote Health (\$0.29 million)

About Us

The HRC is the principal government funder of health research. Our major activity is investing in health research;

- proposed by health researchers in response to our published priorities (investigator-initiated research)
- through requests for proposals to address evidence needs or urgent topics (our Partnership Programme), and
- through training and development support for the research workforce in areas where greater capacity and diversity is needed (our Career Development programme).

Our investment makes a difference to the health, health equity, wellbeing and productivity of New Zealanders. It 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 and cost savings for the health sector.

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.

We partner on research and bring stakeholders together across sectors to commission research. Our work across government recognises that health is influenced by social and economic issues, justice, our environment, transport, housing, and much more. Sharing the cost, resources, and expertise that each partner brings to the table raises both the scale and value of the resulting outcome.

For a full description of the functions, values and operations of the HRC, please refer to our Statement of Intent 2020-2024, available on our website. Our website provides information on all aspects of the HRC business and operations, plus a wide range of resources on health research policy and funding in New Zealand:
www.hrc.govt.nz

Key facts about HRC

Crown Agent (established HRC Act 1990)

Accountable to:

- The Minister of Health (responsible Minister under the HRC Act)
- The Minister of Research, Science and Innovation (funding and monitoring)

Aspiration: Every New Zealander enjoys equitable improvements in health and wellbeing because of evidence and innovations from our world-leading health research system.

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 strategic drivers from our Statement of Intent:

- Fostering excellence and innovation
- Increasing engagement and connection
- Strengthening skills and systems

About this document

The HRC's Statement of Intent 2020–2024 (Sol) provides the basis for our Statement of Performance Expectations (SPE). 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 Sol and performance framework are based on three 'strategic drivers' that guide funding decisions and help us to meet our aspiration – that *every New Zealander enjoys equitable improvements in health and wellbeing because of evidence and innovations from our world-leading health research system*.

Our three Strategic Drivers are:

- Fostering excellence and innovation
- Connecting for greater impact
- Strengthening skills and systems

The schematic overleaf shows how our Strategic Drivers relate to the funding Outputs that we report against in this SPE.

See 'How the HRC reports on strategy and performance – the documents' (p48) for an overview of our accountability reporting.

Our Strategic Directions for 2020-2024

The HRC's Sol 2020-2024 signals our direction for change to improve the health research funding system in New Zealand. We will continue to lead and work collaboratively with the sector through the changes we make to achieve HRC's and the government's strategic goals.

In the coming year, we will continue to focus on implementation of the New Zealand Health Research Strategy 2017-2027 (NZHRS) in conjunction with the Ministry of Health and the Ministry of Business, Innovation and Employment. The strategy is intended to drive New Zealand's health research investment decisions from now until 2027.

The HRC is responsible for **leading Strategic Priority One**: Invest in excellent health research that addresses the health needs of all New Zealanders. This makes us responsible for four actions. Action 1 is to *prioritise*

*investments through an inclusive priority-setting process. Actions 2-4 are to invest in research for hauora Māori, invest in research to improve health outcomes for Pacific peoples, and to develop and sustain a strong health research workforce*¹.

Action 1 was completed in 2019, after wide consultation with New Zealanders and resulted in publication of the New Zealand Health Research Prioritisation Framework².

The Prioritisation Framework sets out five Health Research Attributes, that define how and why health research should be conducted in New Zealand. Under the new framework, researchers applying for government funding will need to:

- Address **why their research is important to New Zealand**
- Consider **mana tāngata** and advancing Māori health
- Meet the **excellence** criterion
- Ensure their research has the best chance of delivering **impact**
- Address health **equity**.

How we will align with the New Zealand Health Research Prioritisation Framework

HRC has made good progress to implement the Prioritisation Framework so that it influences our investment opportunities and funding decisions - which is required of all government funders of health research. We are taking a phased approach to introduce considered, sustainable changes to our investment frameworks, based on a thorough review of all our funding mechanisms and processes in 2020.

To date, we have redesigned research opportunities in the following areas, to align with and implement the Prioritisation Framework:

- Health Delivery (re-launched in 2020, page 16)
- Independent Research Organisation Fund (re-launched in 2021, page 19)
- Ngā Kanohi Kitea Community Advancement Fund (re-launched in 2022, page 27)
- Partnerships and Mission-Led research (to be re-launched in 2022, page 22)

In 2022/23, our work to implement the Prioritisation Framework will focus on our broader investment processes for funding investigator-initiated opportunities. We will begin work to incorporate Attributes of the Prioritisation Framework into our assessment criteria,

How our funding inputs and outputs link to the HRC's Strategic Drivers



with a strong focus on equity. We will revise our guidance for applicants and adapt our training for Assessment Committees and Chairs. We will also begin to transition from an overarching investment framework based on Research Investment Streams, to one aligned with the Domains, Attributes, and research and infrastructure aims of the Prioritisation Framework, and this will be phased in for our 2023/24 investments (see page 15).

In 2022/23, we will also introduce changes to strengthen our support for people across our career development opportunities and investigator-initiated investment streams. New initiatives will include support for co-lead investigators on Project grants to provide leadership development opportunities. These changes will advance our strategic goals to develop, grow, support and retain the health research workforce. They will contribute to the infrastructure aims of the Prioritisation Framework, progress our work towards Action 4 of the NZHRS (develop and sustain a strong health research workforce), and be complementary to the direction taken by the broader science sector as a key focus of Te Ara Paerangi Future Pathways.

We will continue to work with the Māori Health Committee and the Pacific Health Research Committee to identify their priorities for implementation of Actions 2 and 3 of the NZHRS, respectively (to invest in research for hauora Māori, and invest in research to improve health outcomes for Pacific peoples).

Further involvement in NZHRS Implementation

We will continue to support the Ministry of Health and Ministry of Business, Innovation and Employment (MBIE) in their lead roles to implement NZHRS Strategic Priorities 2-4. We will support MBIE in the development of Te Ara Paerangi Future Pathways, which will lead to significant change for the research sector, including health research.

HRC's continued emphasis on growing health delivery research and engagement with healthcare providers will further support implementation of the NZHRS actions that the Ministry of Health is leading. By strengthening health-sector participation in research, we increase the likelihood for translation and uptake of research evidence where it is needed most.

¹ <https://www.health.govt.nz/system/files/documents/publications/nz-health-research-strategy-jun17.pdf>

² <https://www.hrc.govt.nz/resources/new-zealand-health-research-prioritisation-framework>

What we will deliver in 2022/23: an overview

In 2022/23, we will work within our budget of \$126 million to address the priorities of our Ministers, in addition to strengthening and improving our existing investment opportunities and processes.

We have produced an Investment Plan to cover a three-year period to 2023. New opportunities will be announced on the HRC website and through the Update e-newsletter.

In 2022/23, we will invest our funds through the following outputs, funded primarily through Vote Business, Science and Innovation:

- Output 1: Fostering excellence and innovation
- Output 2: Connecting for greater impact
- Output 3: Strengthening skills and growing a diverse workforce
- Output 4: Keeping the health research system ethical and safe.

These Outputs are described in detail on pages 15 - 32.

Through these Outputs, we will:

- continue to advance Māori health, improve health equity and grow capacity and capability for Māori and Pacific health research through all our investment opportunities.
- continue to support a broad portfolio of research across all disciplines with the aim of generating new knowledge, improving health equity and wellbeing, driving innovation, and providing the evidence needed to improve health services for New Zealand's diverse population.
- support biomedical science to advance knowledge and fuel discoveries that boost clinical advances and the economy.
- support public health research to protect, promote and improve the health of the public, and reduce inequities in health.
- support research with a focus on prevention and maintaining wellness and good health.
- support research that takes a holistic view of health and its determinants – including a broad range of social, economic, and environmental issues.
- maintain our investment in high-risk, discovery science through our Explorer Grants, with the knowledge

that some will fail but the successes will bring extraordinary benefits.

- address priorities for the Council and the Government (see next section).
- contribute to the five strategic themes outlined in the *New Zealand Health Strategy*.

How the HRC will address our Ministers' expectations

The Letter of Expectations from our Ministers outlines several high-level areas for the HRC to progress in the coming year, with strong focus on health and equity system priorities. These areas closely align with priorities and directions that the Council sets for the organisation. We will also continue to work closely with the Ministry of Health and the Ministry of Business, Innovation and Employment to strengthen system-wide approaches to health research infrastructure and capability.

This year will see further progress on the Government's plans to reform the health and disability sector. These reforms present great opportunity to build a health system that promotes and enables high-quality research and innovation. HRC will work with **Health NZ and the Māori Health Authority** to explore how research and innovation could enhance the future health and disability system operating model and contribute to a health system that prioritises learning at the centre of all that it does.

Our broad portfolio of investments will contribute to the goals of the interim Government Policy Statement (iGPS) on health and the overarching system priorities for the sector reform, and deliver research to improve health equity and wellbeing for all New Zealanders. Through our research investments and our cross-sectoral relationships with funding partners we will continue to invest in a range of projects to:

- advance **Māori health**
- address the growing and unacceptable health **inequity** in New Zealand, and achieve equity in the delivery of **health services**
- develop and test **preventative strategies and interventions** that will help people stay well and healthy at home
- develop the **workforce** of the future.

We have been asked to **support the Crown in realising its obligations under Te Tiriti o Waitangi and give practical effect to Whakamaua: The Māori Health Action Plan 2020-25**.

HRC will continue our journey to becoming a Te Tiriti-led organisation by exploring how to:

- elevate the role of the Māori Health Committee in our decision-making and develop a model to support a transition to dual governance.
- consolidate our investment in Māori-led research to provide a stronger platform that offers greater flexibility and opportunities for self-determination and governance.

This year we will work to ensure that health research **advances healthy futures for Māori**, to focus on Māori partnership and co-innovation, and to work with Māori communities, including:

- partnering with the Ministry of Health and the Māori Health Directorate to co-fund an initiative for research to evaluate Whakamaua (page 23)
- implementing our newly redesigned Ngā Kanohi Kitea Community Advancement Fund, supported by the Vision Mātauranga Capability Fund (page 27)
- applying Māori Health Advancement assessment criterion to score applications for all major grant types (comprising 20% of the final score) and undertaking a work programme to implement the criterion in the general Career Development Awards (page 19).

We will explore opportunities to work with the Māori Health Authority to consider hauora Māori research priorities and Māori career development.

Our Ministers expect that the HRC will lead the health research sector in consistent and sustained efforts to **improve health equity and achieve equitable access to health services**. HRC's Statement of Intent sets out health equity as a goal that runs across all of our investments, strategic partnerships and connections. Our workplan to align our investment with the Prioritisation Framework brings new opportunities to consolidate, strengthen and make more explicit our inclusion of equity as we redesign our funding opportunities (see page 8).

Our Equity, Māori and Pacific Health Research Team are leading work to implement an HRC **Equity Action Plan**. A Health Equity Position Statement is being developed, with input from the Equity Commission, the Māori Health Committee and the Pacific Health Research Committee. Our next focus will be exploring how to better support equitable outcomes from our investment through our processes. We will also work to build and enhance staff skills to confidently drive organisational kaupapa with regards to health equity and Te Tiriti.

In the last financial year, 51% of new research contracts had a focus on **building towards health equity**. This

includes research funded through partnership initiatives with a strong focus on equitable access to health services, seeking knowledge to help achieve:

- equitable cancer outcomes
- equitable maternal and infant health outcomes
- equity for ageing Māori through improved injury prevention and better, more accessible services
- equitable access to medicines for Māori
- equity in access to clinical trials.

More information on these research partnerships can be found on page 22. Our new funding mechanism for mission-led research has been designed to further strengthen our ability to identify and fund research that enables us to meet our Te Tiriti goals and achieve equitable health outcomes.

We will continue to monitor and enhance the **diversity** of the research teams that we fund, our Assessment Committees and the HRC Council and staff. Our re-launched Health Delivery initiatives and the Ngā Kanohi Kitea Community Advancement Fund have been designed to provide opportunities for research in settings beyond academia. We are also making changes to our processes to give emerging and mid-career researchers more opportunities to lead research as co-First Named Investigators. Council have set expectations for us to actively consider and build upon progress that we have made to improve the diversity of Assessing Committee makeup. In taking these actions, we will be aligning with the government's Diversity in Science Statement.

HRC initiatives to build research capacity and capability to improve Pacific health outcomes are gaining momentum. The last few years have seen steady growth in the level of investment in Pacific health research, to a record of \$10.2M in 2020, through a combination of Projects, Emerging Researcher First Grants, and Career Development Awards. Our most prestigious Pacific career award, the Sir Thomas Davis Te Patu Kite Rangi Ariki Research Fellowship, has been increased in value to \$600,000 over four years. Council are supportive of and looking for ways to increase investment in Pacific health research through existing mechanisms that we have developed to build research capacity and capability, but investment is dependent on demand and the number of fundable applications received. In 2022/23, we will explore opportunities for stronger Pacific input into HRC governance and decision-making, and will work with the Pacific Health Research Committee to refine our workplan to further implement Action 3 of the NZHRS.

Increasing research intensity in the health delivery sector is a key focus for the Government. We will continue to engage with healthcare providers as the sector transforms over the next few years, and with those working in front-line care, to develop the knowledge and systems needed for a strong and equitable public health and disability system.

We have redesigned our investment in Health Delivery research and will continue to roll out our suite of people-focused and research-focused opportunities, including partnering directly with healthcare providers to foster research capacity and upskill the health and disability workforce (page 16). Our new approach has successfully enabled us to grow our investment in health delivery research and the number of clinically trained investigators that we support. Since 2019, we have seen a 300% increase in clinicians leading HRC research contracts, with 1394 practicing health professionals contributing FTE on active contracts. Our investment also enables us to support greater collaboration between academic researchers and health sector clinicians.

We have **expanded our investment in health delivery research** to 140 active contracts, representing 9.3% of our total spend and \$50.4 million allocated in the 2020/21 financial year. These contracts are distributed across 25 different research providers nationwide, increasing the diversity of clinical settings in which research is being conducted. This investment will **bolster the reach and intensity of clinical research**, by adding to the clinical trials and studies that are funded through other research investment streams and career development awards, including our Māori Clinical Training Fellowships.

We plan to maintain and expand our support for clinical research and initiatives in health service delivery as the sector undergoes significant change, building strong relationships with **Health NZ** to achieve this. We will also work strategically with the **Ministry of Health** to explore how HRC funding opportunities can better deliver research to address health system gaps and priorities, including research to inform the delivery of health care in the new system.

We have been asked to help build, strengthen and shape a **research workforce** that is reflective of future needs. We will look to expand the reach of our investment in a programme of career development awards, with targeted opportunities for the next generation of research leaders, including, Māori, Pacific, health delivery and clinical researchers. We will also grow the pipeline of research talent to better support early-to-mid career researchers. This year we will increase our focus on developing

future leaders by providing opportunities for co-lead investigators on all of our major grant types (not just Programmes). This aligns with work that we are doing to implement Action 4 of the NZHRS.

While the COVID-19 pandemic has had a huge impact on the research community, the retention of emerging researchers has been a particular area of concern, given their heightened vulnerability to unfunded extensions. To show support and provide greater stability for the research leaders of the future, the HRC has contributed approximately \$6.8 million in additional funding to over 160 emerging researchers supported by existing HRC grants.

We have been asked to take a **long-term view for our investment in health research**, so that the benefits become an enduring part of the wider science system. We will do this through our focus on developing and retaining a sustainable community of health researchers and balancing our investment in new ideas with providing stability for established teams through our longer-term 5-year Programme funding. The infrastructure aims of the Prioritisation Framework also provide us with guidance on other long-term sector needs. For example, as a key NZHRS initiative, HRC and Ministry of Health have co-funded research to provide evidence-based recommendations to guide development of a future-focused, equitable, sustainable clinical trials systems and data infrastructure in New Zealand, and HRC continues to manage that research.

We will also continue to invest in **health research platforms of national significance**, including \$38M announced in 2022 to support four Independent Research Organisations to maintain critical capacity (see page 19). As per our Crown Funding Agreement with MBIE, we invest over \$2m per annum across a number of longitudinal studies. We will continue to support a broad portfolio of research on infectious disease, including research to directly inform the government's response to the COVID-19 pandemic. We will continue to support other government investment in health research through the Centres of Research Excellence and the National Science Challenges by funding complementary research and collaborating on joint initiatives to maximise the impact of research and strengthen pathways for research translation.

We have also been working with our responsible Ministries to help realise the potential for **data-intensive health research** in New Zealand. Addressing national capacity and capability issues related to use of big data for health research is an infrastructure aim of the

Prioritisation Framework that we are working to align with. We will continue to identify, invest in, monitor and report on research that uses large or linked health datasets, including the national Integrated Data Infrastructure (IDI). The HRC Ethics Committee is overseeing work to identify how to minimise some of the ethical risks associated with use of IDI, to inform provision of advice to Health and Disability Ethics Committees and HRC Assessing Committees. We also manage contracts from our partnership with Precision-Driven Healthcare to fund Postdoctoral Fellowships in the area of data science.

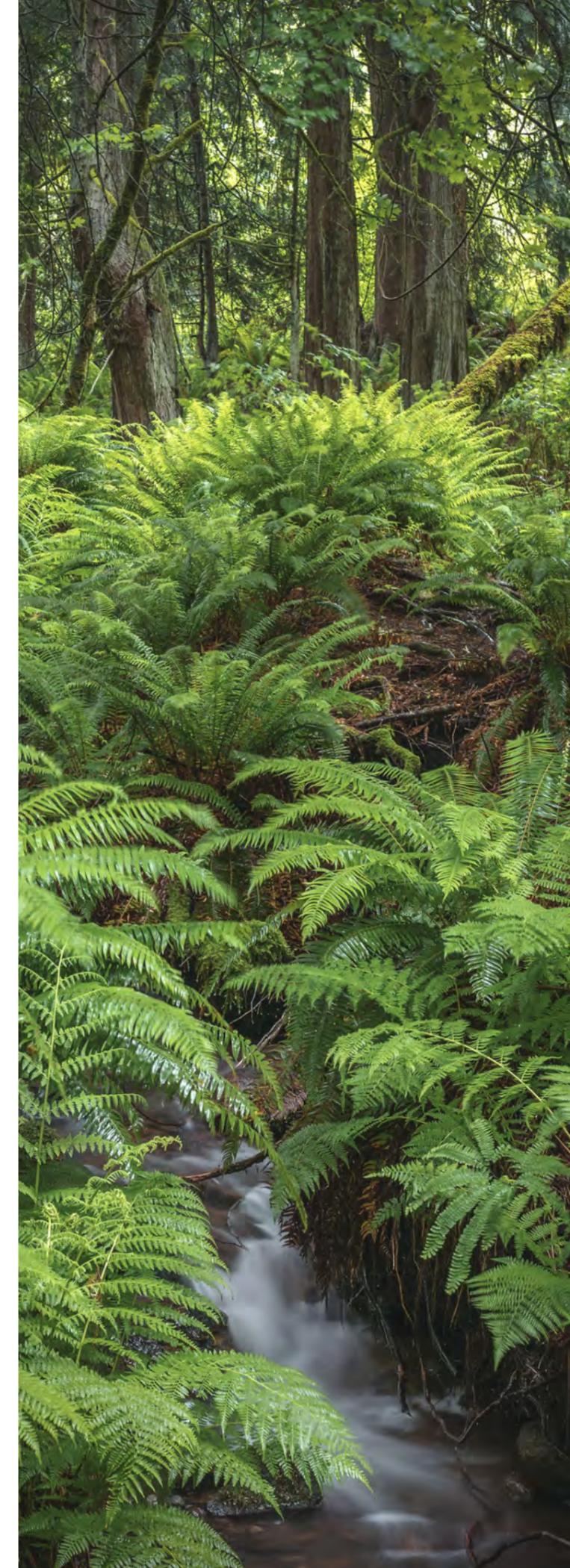
The HRC will maintain our support for **information platforms and systems**, including the Australia New Zealand Clinical Trials Registry. We will also update the data that we contribute to the New Zealand Research Information System (NZRIS), as part of the sector wide effort to meet the infrastructure aims of the Prioritisation Framework.

We will continue to contribute to the development of **Te Ara Paerangi Future Pathways**: a policy initiative led by Ministry of Business, Innovation & Employment to create a modern, future-focussed research system for New Zealand. Our feedback to date has included lessons learned from our experience with developing research priorities, and our perspective on what a Te Tiriti-based system could look like. We will assist with this work programme as it progresses to help deliver the sector-wide vision for health research set out in the NZHRS.

We have been asked to consider the merits of a review of the Health Research Council Act 1990, which may require adjustment to reflect changes to the international research environment and interdisciplinary research, and potential changes to the make-up of Council and its committees. We will work with the Ministry of Health on the approach that should be taken.

We will continue to strengthen our governance and financial management. HRC is working with the Treasury and both the Ministry of Health and MBIE to develop a management plan for monitoring and managing public equity amounts to minimise unnecessary imposition of capital charge, and thereby maximise the amount of funding available to the research community in any one year.

We will work to address any identified issues with pay equity, and ensure that people's pay reflects their skills, responsibilities, effort and working conditions, and implement the Kia Toipoto Public Service Pay Gaps Action Plan.



Statement of Performance Expectations

He tauāki mō te Whakatutukitanga o ngā Wawata

We describe in detail the four outputs that the HRC will deliver in 2022/23, 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 Expenses
1. Fostering excellence and innovation	<ul style="list-style-type: none"> • Vote Business, Science & Innovation • Bequests & donations • Interest 	<ul style="list-style-type: none"> • Science & Innovation: <i>Health Research Fund</i>
2. Connecting for greater impact	<ul style="list-style-type: none"> • Vote Business, Science & Innovation • Third-party management fees • Interest 	<ul style="list-style-type: none"> • Science & Innovation: <i>Health Research Fund</i> • Science & Innovation: <i>Catalyst Fund</i>
3. Strengthening skills and growing a diverse workforce	<ul style="list-style-type: none"> • Vote Business, Science & Innovation • Interest 	<ul style="list-style-type: none"> • Science & Innovation: <i>Health Research Fund</i> • Science & Innovation: <i>Vision Mātauranga Capability Fund</i>
4. Keeping the health research system ethical and safe	<ul style="list-style-type: none"> • Vote Health 	<ul style="list-style-type: none"> • Health

Output 1: Fostering excellence & innovation

Whakaputanga 1: He poipoi i te kounga me te auahatanga

We invest in the best ideas and innovations proposed by New Zealand's brightest researchers, designed to improve equitable outcomes and make a tangible difference to the health and wellbeing of New Zealanders.

Cost 2022/23	\$000's
Prospective revenue: refer to Financial Statements:	121,294
Prospective cost: refer to Financial Statements:	117,190
Surplus added to reserves:	4,104

Scope of the Output

This output covers research contracted through the Annual Contestable Funding Round, and our redesigned investment in New Zealand Health Delivery. These contracts are supported from the Science and Innovation: Health Research Fund.

Our Annual Contestable Funding Round

This is our primary vehicle for funding investigator-initiated research that addresses health research areas of greatest need, opportunity and quality. Our investment is directed at impact and innovation, and developing people and ideas. The HRC will support 8 different contract types through the Annual Contestable Funding Round (see infographic on page 18). We will allocate approximately 75 per cent of our funding to health research projects and programmes.

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

Aligning with the New Zealand Health Research Prioritisation Framework

The Prioritisation Framework prioritises how and why health research needs to be done in New Zealand. The Prioritisation Framework has four Health Research Domains, that represent high-level aspirational outcomes for New Zealand and identify areas of critical inquiry or investment need. At a high level these are Domain 1: Healthy people, whānau and communities; Domain 2: People-centred healthcare; Domain 3: Meeting our needs in a changing world; Domain 4: Connected government and systems.

Since 2010, HRC objectives and priorities for investigator-initiated research have been communicated through our four Research Investment Streams (RIS). Our work to redesign our investment to align with, and deliver to the Domains, research aims and infrastructure aims of the Prioritisation Framework, will include re-working our existing investment framework in 2023/24. To prepare the research community for this transition, applicants will be asked to consider and identify how their research delivers to the Domains of the Prioritisation Framework, in advance of these changes. However, this will not be included as part of assessment in 2022/23.

We have also begun work to incorporate the Attributes of the Prioritisation Framework into our funding framework, assessment processes and scoring criteria. We will begin to phase in these changes for the 2023/24 funding round and encourage applicants to familiarise themselves with the Framework.

Support for Health Delivery Research

In 2022/23, we will continue implementation of our redesigned investment in Health Delivery research.

The redesign was undertaken to enable a broader range of clinical and non-clinical health professionals to engage in health delivery research. The new funding opportunities are based on a pipeline approach to supporting and developing both research and researchers (see diagram overleaf).

Through this approach we will provide support across the whole continuum of health delivery research, from activation to translation, and from entry-level researchers through to research leaders and champions.

Funding in 2022/23 will be offered for the following opportunities:

- Health Delivery Research Activation Grants
- Health Delivery Research Project Grants
- Health Delivery Career Development Awards
- Health Sector Research Collaboration Grants.

Health Sector Research Collaboration Grants

were introduced in 2020 to provide protected funding opportunities for the health sector. The grant represents a new approach for the HRC, using negotiated funding contracts with health sector organisations. The grant is focused on upskilling and empowering health sector organisations to engage in health research. It has been designed to intensify research in health delivery settings, and ensure research adequately responds to health sector, patient and community needs.

In 2020 we piloted our Collaboration grants with a selection of healthcare providers that represented a range of geographic and demographic settings. For the next phase we aim to extend the negotiated funding opportunity and work with Māori and Pacific primary health care providers.

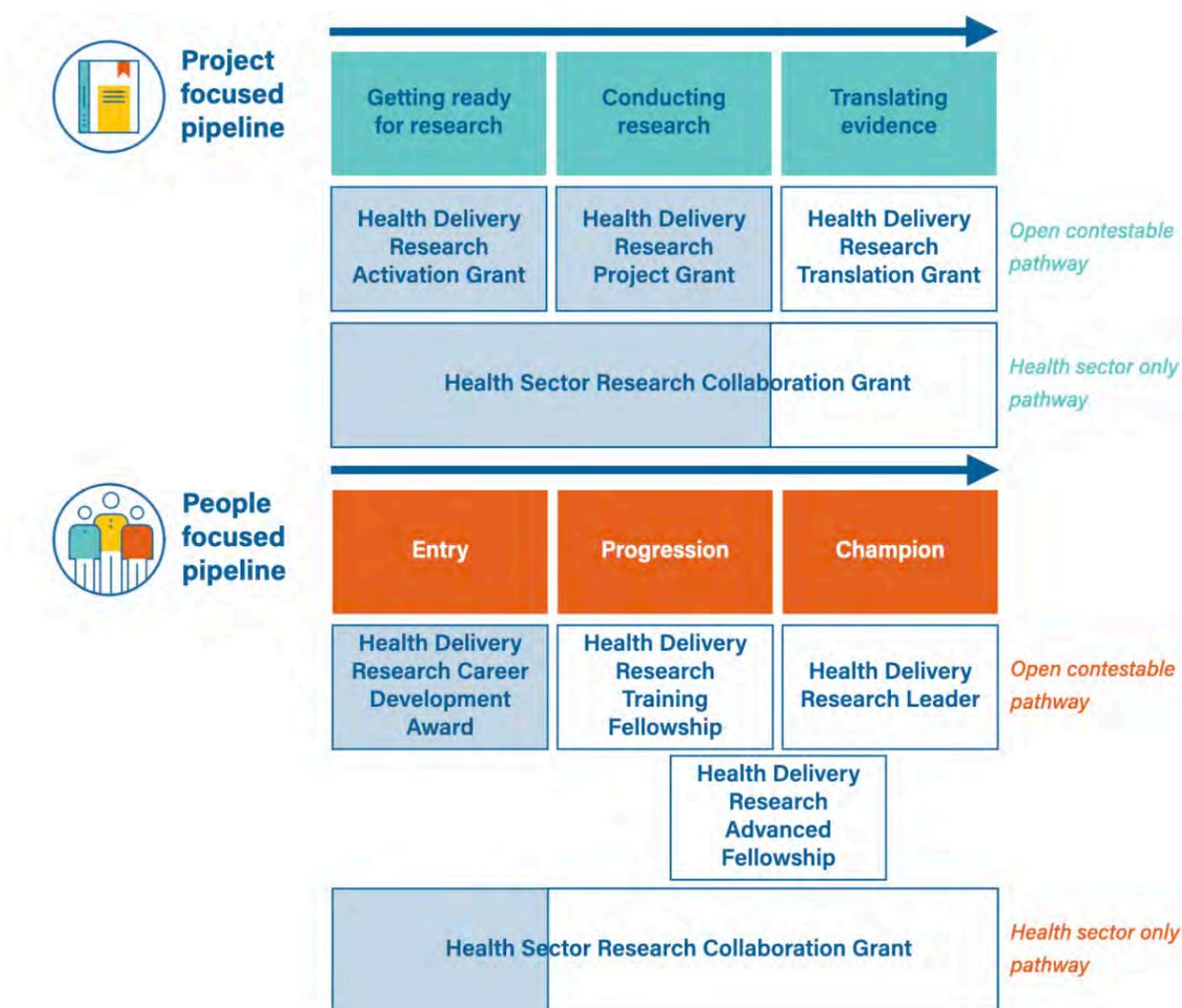
In working with the health sector to redesign our health delivery research investment opportunity in 2019, HRC learned a great deal about what was needed to enable the health delivery sector to undertake and embed research. Targeted support is needed for health providers to engage in research and be successful in getting research funding. All health providers we spoke with considered 'a health sector only' pathway as essential. Participation in research is limited by being able to take time away from clinical duties to undertake research, and there is a research capacity and capability issue in the health delivery sector so direct investment in research training is needed. While we develop this research capacity and capability, opportunities to partner with academic-based researcher is important. The infrastructure to support research within healthcare delivery settings was also identified as a key gap.

As well as supporting career progression of researchers established within the discipline, we aim to attract more people with relevant skills by offering the Health Delivery Career Development Award. This is a funded placement within a health delivery research team or health sector setting, positioned as an alternative pathway into health delivery research. The suite of health delivery career awards offered through the people-focused pipeline are complementary to the clinical career development awards offered through Output 3.

The next few years will be a time of significant system reform in the health sector. We will work with the Ministry of Health, Health NZ and the Māori Health Authority, continue to build relationships with the sector and adapt our processes to ensure continuity of support for building health research capacity and capability within the health system.

We acknowledge that those in the health sector are among those most impacted by the COVID pandemic and that the success of this initiative depends on their availability to participate. We will provide flexibility in our processes where needed.

The pipeline approach the HRC has taken to funding opportunities under the Health Delivery Investment Round.



Summary of opportunities offered through Output 1 in 2022/23



Support for Independent Research Organisations

HRC will continue to provide long-term stable support for **Independent Research Organisations** (IROs) that exist outside of the Crown Research Institute and university sector, as required by the Crown Funding Agreement. In 2022, four IROs were allocated a total of \$38 million, spread over a maximum period of seven years. This long-term funding will be used to build and retain critical research capability which contributes to equitable health outcomes and delivers to four distinct health research 'platforms' that meet the government's and HRC's research priorities.

IRO funding has been awarded to the following organisations:

- Whakauae Research for Māori Health and Development
- Te Atawhai o te Ao: Independent Māori Institute for Environment & Health
- Medical Research Institute of New Zealand
- Malaghan Institute of Medical Research

Assessment for IRO funding was redesigned to align with the Prioritisation Framework. Funding was awarded through a negotiated process and based on the quality and expected impact of each IRO's proposed plans for research, with priority placed on equitable health outcomes.

The redesigned Fund complements MBIE's Strategic Science Investment Fund (SSIF), which supports research programmes and scientific infrastructure that have long-term beneficial impact on health and New Zealand's economy, environment and society.

Enhancing our processes

In 2019-2020, we phased in the introduction of our **Māori health advancement criterion** to apply to all Programme, Project, and Emerging Researcher First Grant applications. This criterion requires applicants to consider and maximise the ways in which their research proposal will advance Māori health and identify their planned actions to realise this contribution. We will maintain use of the criterion for the annual funding round in 2022/23 to comprise 20% of the final score (please refer to the HRC's website for guidelines and more information about the criterion).

Our performance indicators for Output 1 and how they fit our Statement of Intent

The drivers and focus areas of the HRC's Statement of Intent that Output 1 delivers to



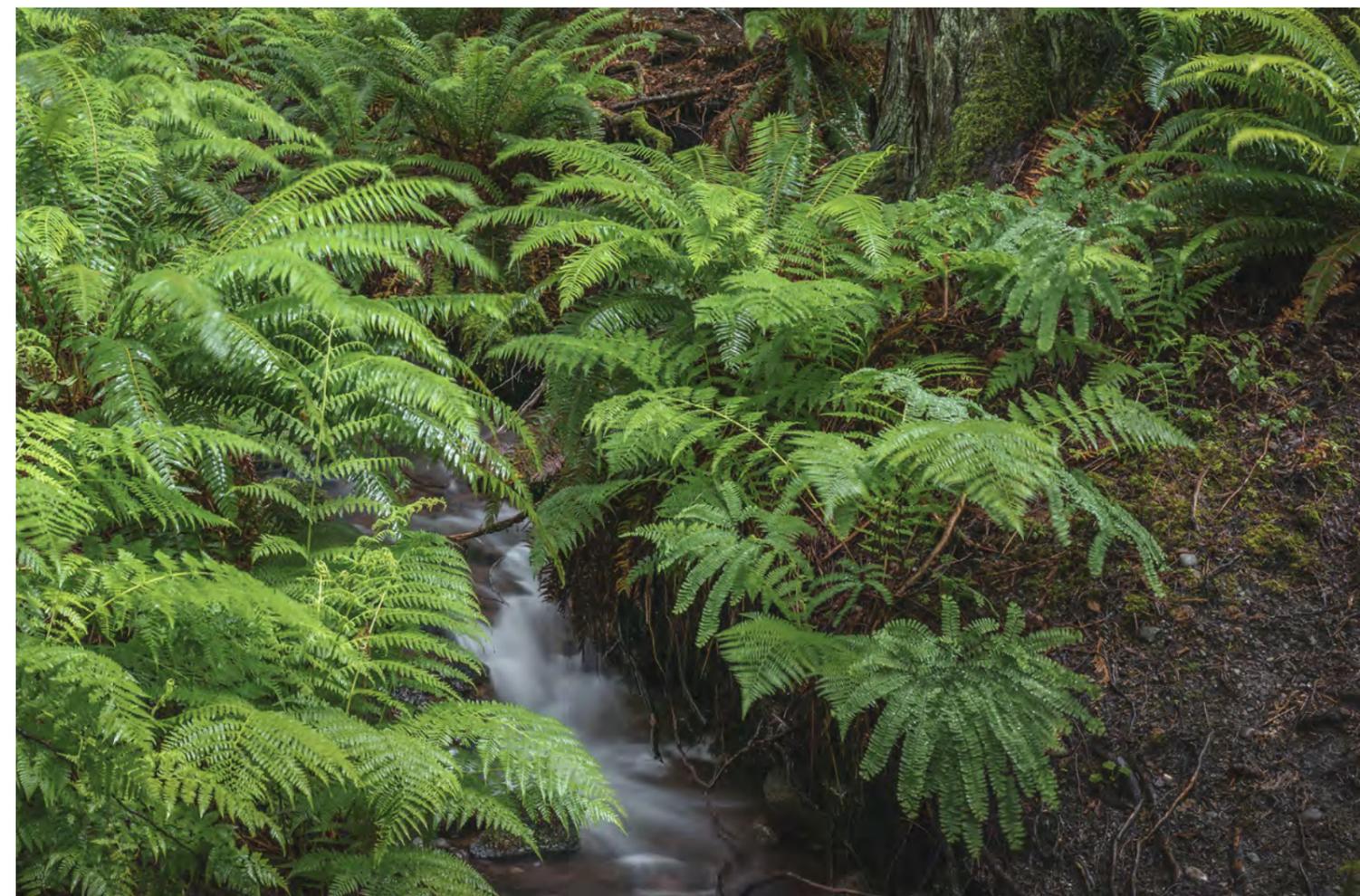
Output 1. Fostering excellence and innovation

The HRC's investment through the Annual Funding Round (including Explorer Grants) is the major vehicle through which we invest in research. We have chosen KPIs that focus on transformative research, research that contributes to Māori advancement and health equity, and our management of contracts.

Key performance indicators (KPIs) for Output 1	Baseline	2020/21 Actual	2022/23 Target												
Number of contracts funded in the previous financial year that meet the HRC's definition of 'transformative' research	10 in 2018/19	17	≥10												
<p>Why this KPI? We are tracking our progress against the first goal for this Output in terms of investing for excellence and innovation. Transformative research has the potential to radically change our knowledge base by disrupting understanding of existing theories or concepts, or by creating a new paradigm or pathway to a new field of science³. 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. As such research is higher risk, we seek to maintain investment within the range defined.</p>	<p>Trend</p> <table border="1"> <caption>Trend Data</caption> <thead> <tr> <th>Year</th> <th>Number of Contracts</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>8</td> </tr> <tr> <td>2017/18</td> <td>11</td> </tr> <tr> <td>2018/19</td> <td>10</td> </tr> <tr> <td>2019/20</td> <td>15</td> </tr> <tr> <td>2020/21</td> <td>17</td> </tr> </tbody> </table>			Year	Number of Contracts	2016/17	8	2017/18	11	2018/19	10	2019/20	15	2020/21	17
Year	Number of Contracts														
2016/17	8														
2017/18	11														
2018/19	10														
2019/20	15														
2020/21	17														

³ Based on working definition adopted by the National Science Foundation: www.nsf.gov/nsb/documents/2007/tr_report.pdf

Key performance indicators (KPIs) for Output 1	Baseline	2020/21 Actual	2022/23 Target
Implement a contract monitoring regime scalable to risk	Risk profiles for all current contracts developed	New measure	Implement a risk-based monitoring regime, to include all active Programmes and 10% of all other research contracts with a value >\$200,000
<p>Why this KPI? Good contract management practices are key to ensuring that the excellent research that the HRC supports will be completed on time and have the desired impact. Identifying risks and issues early, and instituting the appropriate level of monitoring, is an important part of this. We will continue risk monitoring for all active Programmes, our major contract type with the highest value and longest term (up to \$5 million over 5 years), with enhancements to process based on learnings in 2021/22. We will also phase in implementation of a risk-based monitoring regime for a sample of 10% of all other research contracts with a value above \$200,000.</p>			
Percentage of HRC Programmes and Projects funded in the previous financial year with a focus on understanding and reducing inequity in health outcomes	New measure	48%	At least 35%
<p>Why this KPI? This measure allows us to track the extent to which our investments contribute to evidence that service-providers and policy-makers can draw on to improve equity of health outcomes and advance Māori health – both crucial goals of HRC investment. We will focus on measuring this for our major contract types that make up approximately 70% of our total investment.</p>			



Output 2: Connecting for greater impact

Whakaputanga 2: He whakahonohono e nui ake ai te hua

We align and connect funders, providers and users of health research in New Zealand, form strategic research partnerships to address priority health issues, and build strong links to international research efforts.

Cost 2022/23	\$000's
Prospective revenue: refer to Financial Statements:	3,621
Prospective cost: refer to Financial Statements:	7,977
Deficit funded from reserves:	(4,356)

Scope of the Output

Investments through this output will support targeted, 'mission-led' investments. This includes partnering with our national stakeholders and commissioning research across sectors in areas of critical evidence need and priority. Through this Output, we aim to deliver research that more effectively meets the knowledge, evidence and research translation needs of next-users or end-users, such as policy-makers, planners, communities and those involved in healthcare delivery.

Through this output we also fund international partnerships which provides New Zealand researchers collaborative opportunities in areas of national and international priority.

A new investment mechanism for Mission-Led Research

In 2021, the HRC's long-standing Partnership Programme was reviewed and redesigned, as part of our work to implement the NZHRS and the New Zealand Health Research Prioritisation Framework. A new mechanism for HRC's investment in mission-led research (including joint funding/partnership initiatives) has been developed and will be implemented in 2022/23.

The new mechanism will be sustainable and strategically-driven, enabling us to better target our limited resources to offer investments that deliver on the NZHRS and the

Prioritisation Framework. We will work to identify the most critical research investment gaps that we need to address to meet HRC's strategic, Te Tiriti o Waitangi, and equity goals. Partnering with other organisations across sectors will allow us to address complex health issues that require a more holistic, cross-sectoral approach.

The number and value of mission-led initiatives we can support will be determined by the level of funds available. Mission-led initiatives will be characterised by early and ongoing input from stakeholders and potential beneficiaries of research to increase its utility and maximise health outcomes and other impacts. We will use this mechanism to focus on equity-driven funding opportunities that support achieving health equity for Māori and other groups who experience unequal access to good health outcomes.

In 2022/23 we will communicate details of this new investment opportunity with the health research community and launch 1-3 new mission-led initiatives.

National Partnerships

HRC will continue to support and manage research contracts previously funded through our existing research partnerships (the Partnership Programme).

HRC and Ministry of Health have partnered with Te Aho o Te Kahu – the Cancer Control Agency, to fund research that will drive **equitable cancer** outcomes for New Zealanders. In 2022, we announced \$6.2 million awarded to fund 6 research projects aimed at addressing the stark inequities in cancer care and survival for Māori and Pacific peoples in New Zealand, including research with a focus on lung cancer screening and improving clinical care.

HRC, Ministry of Health and the Māori Health Directorate have formed a funding initiative to invest in an independent research project that is centred on **Whakamaua: Māori Health Action Plan 2020-2025** and achieving pae ora (healthy futures) for Māori. This Māori-led research will directly inform implementation, progress and direction of Whakamaua throughout its duration, support pae ora for Māori and provide vital kaupapa Māori insights for the health and disability sector.

Other recent investment through the HRC-Ministry of Health partnership has focused on:

- research and knowledge translation projects to improve Aotearoa New Zealand's maternity services. Research findings will directly inform the development of policy and practice to help achieve equitable maternal and infant health outcomes and support a quality improvement culture within **maternity services**.
- enhancing the environment for **clinical trials in New Zealand**. This research will provide evidence-based recommendations on how New Zealanders and the New Zealand health system can better receive the benefits of clinical trials.

HRC will continue to manage research previously funded through our partnership initiatives with:

- **PHARMAC**, to secure best health outcomes from pharmaceuticals, with a focus on pharmacists' role in achieving equitable access to medicines for Māori.
- **Accident Compensation Corporation (ACC)** and the **Ageing Well National Science Challenge**, to help achieve equity for ageing Māori through improved injury prevention initiatives, addressing barriers to accessing ACC services, and effective injury rehabilitation.

- **Breast Cancer Cure** and **Breast Cancer Foundation New Zealand**.
- **Medsafe and ACC**, to fund research on safe paracetamol use in children.
- **Precision Driven Health (PDH)**, to support and develop data scientists.
- **WorkSafe New Zealand**, to identify effective interventions for reducing work-related psychosocial risk for health problems such as stress, anxiety and depression.

See our Annual Report and our website for more information about ongoing research contracts we are supporting.

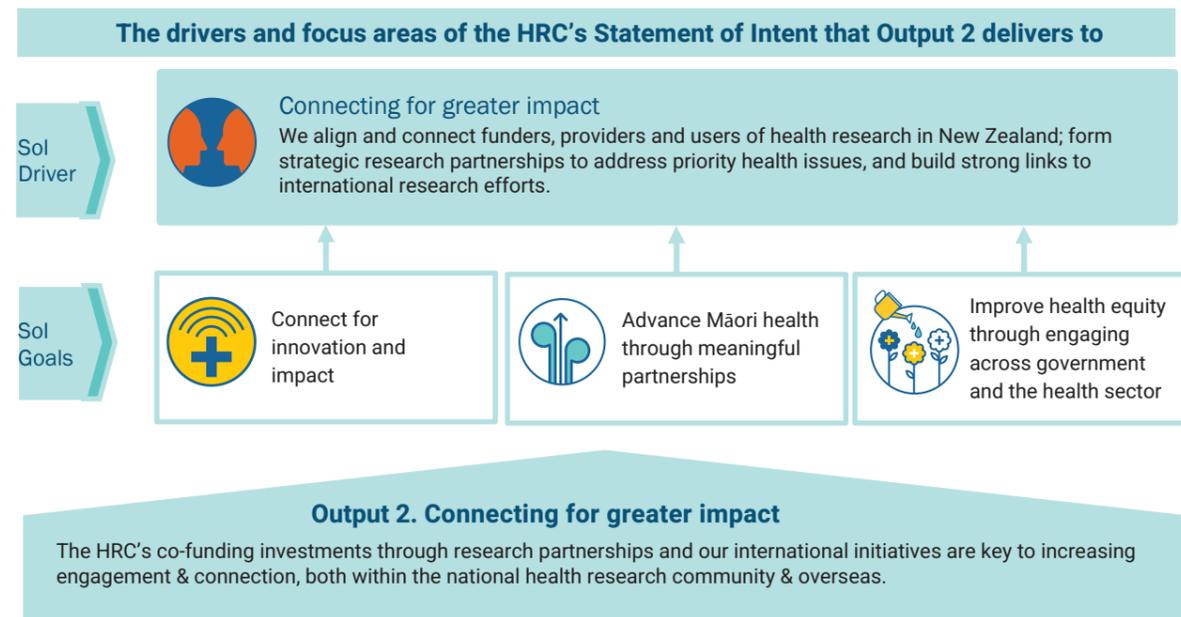
International Partnerships

The HRC invests in co-funding relationships through MBIE's **Science and Innovation Catalyst Fund**, which focuses on the development of international collaborations. Since December 2012, the HRC has had agreements in place to undertake collaborative research with **China**, with a broad focus in 2022 on biomedical research. We support New Zealand-based researchers with demonstrated linkages and working collaborations with China-based researchers.

The HRC, with the support of MBIE, has also 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 2020, we provided funding for implementation research for the primary and/or secondary prevention of cancer within Māori and/or Pacific populations.

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 Tripartite Agreement on International Indigenous Health Research** was originally agreed in 2002 and is renewed every five years. The joint work programme is currently paused, as participating funding agencies have prioritised provision of support to local indigenous researchers and their communities who are among the most impacted by COVID.

Our performance indicators for Output 2 and how they fit our Statement of Intent



Key performance indicators for Output 2	Baseline	2020/21 Actual	2022/23 Target												
Implement our new funding mechanism in Mission-Led Research	Not applicable	New measure	Establish 2 new initiatives through our Mission-Led funding opportunity												
Why this KPI? We have designed a strategically driven and sustainable "mission-led" funding mechanism (to include joint funding initiatives with other stakeholders) that maximises our resources and can better meet priority research needs. The new mechanism is a vital component of our overall goal to redesign our funding mechanisms and processes to better align with the Prioritisation Framework and achieve HRC's and the government's strategic goals. This year we plan to launch the new mechanism and establish at least 2 new equity-driven initiatives.															
Number of New Zealand based researchers named on current contracts resulting from HRC commitments to international organisations and agreements	33 in 2018/19	49	>20												
Why this KPI? This is an important measure of how we are connecting for innovation and impact internationally, and the number of opportunities we create for New Zealand researchers through our international partnership activities. We have modified our target because investment in the Catalyst Fund has not increased. Our aim is to maintain the number of opportunities.	Trend <table border="1"> <caption>Number of New Zealand based researchers named on current contracts</caption> <thead> <tr> <th>Year</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>27</td> </tr> <tr> <td>2017/18</td> <td>24</td> </tr> <tr> <td>2018/19</td> <td>53</td> </tr> <tr> <td>2019/20</td> <td>50</td> </tr> <tr> <td>2020/21</td> <td>49</td> </tr> </tbody> </table>			Year	Count	2016/17	27	2017/18	24	2018/19	53	2019/20	50	2020/21	49
Year	Count														
2016/17	27														
2017/18	24														
2018/19	53														
2019/20	50														
2020/21	49														

Output 3: Strengthening skills and growing a diverse workforce Whakaputanga 3: He whakakaha i ngā pūkenga me te whanake i tētahi ahumahi kanorau

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

Cost 2022/23	\$000's
Prospective revenue: refer to Financial Statements:	12,418
Prospective cost: refer to Financial Statements:	15,543
Deficit funded from reserves:	(3,125)

Scope of the Output

This output covers our Career Development Awards, supported from the Science and Innovation: Health Research Fund; and our Ngā Kanohe Kitea Community Advancement Fund research contracts, supported from the Science and Innovation: Vision Mātauranga Capability Crown Fund.

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

Our goal is to ensure that New Zealand has the diversity of people and skills needed to address current and future health challenges.

Around 60 awards will be offered, building capacity in Māori, Pacific, clinical and health delivery 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.

The graphic on page 28 illustrates our career development programme, and the level and breadth of opportunities offered.

Advancing Māori health through building the research workforce

We have had success in **building Māori health research capacity** and this will continue to be a focus over the next year. Our Māori awards will 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 will support Māori who are active in their communities and gain from their expertise. Our Rangahau Hauora Training Grant will support Māori with strong community ties, but with no prior research training, to gain training on a large research project.

In 2022/23, we will continue to offer a new Māori Clinical Research Training Fellowship, to provide a pathway for Māori health professionals who seek additional training for a career in clinical research. While those who identify as Māori have previously been awarded Clinical Research Training Fellowships through the general round, the establishment of this initiative in 2021 has ensured that applications are assessed by appropriate Māori health expertise and considered alongside other Māori health

career development awards. Two Māori Clinical Research Training Fellowships were awarded in the inaugural round.

In addition to general Māori postdoctoral fellowships, we will provide four named **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 whanau 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.

Developing the Pacific health research workforce

Pacific health research capacity and capability is low in New Zealand, and building the body of Pacific research knowledge, solutions and methodologies is an important facet of our efforts to improve equity of health outcomes. In the coming year, we will provide development opportunities for Pacific peoples at all stages of a research career, from Masters-level through to emerging leaders.

Our Sir Thomas Davis Te Patu Kite Rangī Ariki Health Research Fellowships to support **Pacific researchers** with outstanding potential. The award is designed to contribute towards better health outcomes for Pacific peoples, families, and communities. The value of these Fellowships has been reviewed and will increase to \$600,000 over four years. We expect to award two of these Fellowships in the coming year.

We are continuously looking at ways that we can grow Pacific health research capacity beyond what we have achieved to date. In 2022, we awarded two Pacific Clinical Research Training Fellowships and we are encouraged by the increasing demand for Pacific career development support. The range of opportunities offered are shown in the graphic on page 28.

Supporting future research leaders

We expect to offer between four and six of our **Sir Charles Hercus Health Research Fellowships** 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 (four–eight 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 research talent back to our shores.

Strengthening research skills in health professionals

We will also offer 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 (see page 28). 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. These clinical Fellowships complement our Health Delivery Development Awards.

Our processes

All career development awardees will be chosen by expert review of the proposed research and the potential and track record of the applicant. Progress will be monitored through review of annual reports and periodic outcome evaluations of certain awards.

Support for Vision Mātauranga Hauora/Oranga Capability Build

The aim of the Vision Mātauranga policy 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. The HRC invests approximately \$2 million from the Vision Mātauranga Capability Fund (VMCF) to support the development of skilled people and organisations that plan to undertake, or are undertaking, health research that supports the Hauora/Oranga research theme of the Vision Mātauranga policy.

HRC's investment mechanism for the VMCF, the **Ngā Kānohi Kitea Community Advancement Fund**, has been redesigned to make research funding more accessible to and meaningful for Māori communities nationwide. The fund will enable iwi, hapū and Māori community groups to undertake research that takes a holistic view of health and improves hauora/health outcomes for their communities. The revised fund will provide greater scope and opportunity to nurture research skills and prepare communities to identify and investigate issues that matter to them most.

Funding will be available to match different stages of the research journey, depending on a community's research capability and readiness to undertake research. The scope of this funding opportunity covers three distinct phases:

- establishing or elevating capability within Māori communities;
- responding to self-identified evidence need, and
- enhancing the uptake of community mātauranga.

The revised mechanism is more responsive to Te Tiriti o Waitangi and health equity by providing greater support for community exercise of mana motuhake over health research and capability building trajectories.

The redesign was informed by the results of targeted engagement with stakeholders and was developed in collaboration with representatives from the HRC Māori Health Committee (MHC) and the Ministry of Business, Innovation and Employment (MBIE), and aligned with MBIE's VMCF's Investment Plan.



Developing health research leaders and champions

Training health professionals to conduct & interpret research

Māori

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

Pacific

Building the skills and capacity to address Pacific health issues and use Pacific knowledge to improve health

General

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

Qualifications up to doctoral level

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • PhD scholarship • Masters scholarship • Summer studentships | <ul style="list-style-type: none"> • PhD scholarship • Masters scholarship • Summer studentships | <ul style="list-style-type: none"> • Summer studentships (Ethics only) |
|---|---|---|

Establishing research careers

Postdoctoral fellowships for emerging researchers

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Hohua Tutengaehe Research Fellowship • Māori Health Postdoctoral Fellowship • Irihapeti Ramsden Fellowship • Eru Pomāre Fellowship | <ul style="list-style-type: none"> • Pacific Health Postdoctoral Fellowship | <ul style="list-style-type: none"> • Girdlers New Zealand HRC Fellowship |
|---|--|---|

Engaging health professionals

Research training & opportunities for our health workforce

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Māori Clinical Research Training Fellowships | <ul style="list-style-type: none"> • Pacific Clinical Research Training Fellowship | <ul style="list-style-type: none"> • Foxley Fellowship • Clinical Research Training Fellowship • Clinical Practitioner Research Fellowship • Health Delivery Career Development Award* |
|--|---|--|

Fostering fledgling leaders

Opportunities for mid-career researchers

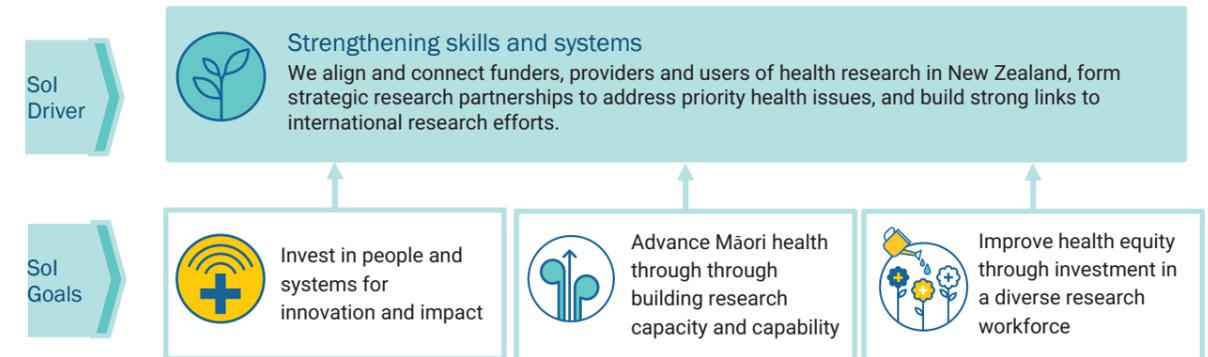
- | | | |
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| <ul style="list-style-type: none"> • Ngā Pou Fellowship | <ul style="list-style-type: none"> • Sir Thomas Davis Te Patu Kitiē Rangi Ariki Research Fellowship | <ul style="list-style-type: none"> • Sir Charles Hercus Fellowship • Consolidator Grant* |
|--|--|--|

MID-CAREER

*Funded through Output 1

Our performance indicators for Output 3 and how they fit our Statement of Intent

The drivers and focus areas of the HRC's Statement of Intent that Output 3 delivers to



Output 3. Strengthening skills and growing a diverse workforce

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

Key performance indicators for Output 3	Baseline	2020/21 Actual	2022/23 Target
Number of current career development contracts awarded to practising clinicians	41 in 2018/19	88	>30
Why this KPI? 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. Training and engaging health professionals in the research process is a crucial way we deliver to our goal of investing in people and systems for innovation and impact. However, the success of this opportunity is based on demand and the health delivery sector seeing the value of staff engaging in research.	Trend 		

Key performance indicators for Output 3	Baseline	2020/21 Actual	2022/23 Target												
Number of Māori Health Research Scholarships awarded (including, Masters, PhD and postdoctoral awards)	10 2018/19	10	>8												
Why this KPI? 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 an important way that we deliver to our goal of advancing Māori health. Growing and maintaining this capacity is critical to what we are trying to achieve.	<p>Trend</p> <table border="1"> <caption>Māori Health Research Scholarships Trend</caption> <thead> <tr> <th>Year</th> <th>Number of Scholarships</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>13</td> </tr> <tr> <td>2017/18</td> <td>13</td> </tr> <tr> <td>2018/19</td> <td>10</td> </tr> <tr> <td>2019/20</td> <td>12</td> </tr> <tr> <td>2020/21</td> <td>10</td> </tr> </tbody> </table>			Year	Number of Scholarships	2016/17	13	2017/18	13	2018/19	10	2019/20	12	2020/21	10
Year	Number of Scholarships														
2016/17	13														
2017/18	13														
2018/19	10														
2019/20	12														
2020/21	10														
Number of Pacific Health Research Scholarships awarded (including, Masters, PhD and postdoctoral awards)	12 2018/19	13	>8												
Why this KPI? Pacific peoples in New Zealand are faced with the greatest disparities in health in comparison with the rest of the population, and so our career development programme for Pacific people is an important means of improving health equity through investing in the diverse workforce who can make the biggest difference for the health and wellbeing of their communities.	<p>Trend</p> <table border="1"> <caption>Pacific Health Research Scholarships Trend</caption> <thead> <tr> <th>Year</th> <th>Number of Scholarships</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>11</td> </tr> <tr> <td>2017/18</td> <td>17</td> </tr> <tr> <td>2018/19</td> <td>12</td> </tr> <tr> <td>2019/20</td> <td>17</td> </tr> <tr> <td>2020/21</td> <td>13</td> </tr> </tbody> </table>			Year	Number of Scholarships	2016/17	11	2017/18	17	2018/19	12	2019/20	17	2020/21	13
Year	Number of Scholarships														
2016/17	11														
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2018/19	12														
2019/20	17														
2020/21	13														

Output 4: Keeping the health research system ethical and safe He whakaū i te haumarū me te tika o ngā pūnaha rangahau hauora

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

Cost 2022/23	\$000's
Prospective revenue: refer to Financial Statements:	285
Prospective cost: refer to Financial Statements:	382
Deficit funded from reserves:	(97)

Scope of the Output

The HRC undertakes regulatory activities and safety monitoring and provides 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 statutory and standing HRC committees.

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 addresses bias, 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 Māori Health Advancement in research proposals.

The work of our ethics and regulatory committees

In 2022/23 our committees will provide the services outlined below.

The HRC Ethics Committee

In 2022/23 our statutory Ethics Committee (HRCEC) will continue to deliver one of our key functions under the HRC Act 1990 – to provide independent ethical advice on health research of national importance or great complexity. The HRCEC will continue to:

- approve all health and disability and institutional ethics committees in New Zealand,
- consider appeals on disputed decisions for research involving human participants and on the ethics of introducing innovative practices, and
- produce guidelines on ethical research conduct.

The Data Monitoring Core Committee (DMCC)

The DMCC provide **objective, independent monitoring of HRC-funded clinical trials**. This primarily concerns large-scale clinical trials initiated by New Zealand researchers where:

- They relate to life-threatening diseases, or diseases which cause irreversible morbidity.
- There are special concerns regarding patient safety.
- The study investigators are inexperienced.
- The study integrity could be enhanced by the independence of the DMCC.

The Gene Technology Advisory Committee (GTAC):

GTAC will assess the scientific merit of any new **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.

The Standing Committee on Therapeutic Trials (SCOTT):

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, and provide advice to the Ministry of Health.

Our performance indicators for Output 4 and how they fit our Statement of Intent



Output 4. Keeping the health research system ethical and safe
 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 sound health research environment.

Key performance indicators (KPIs) for Output 4	Baseline	2020/21 Actual	2022/23 Target
Number of Ethics Notes published to inform researchers of issues on ethics in health research	1 2017/18	1	1
Why this KPI? 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 2022/23 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.			
Number of Health and Disability Ethics Committees (HDECs) reviewed & approved by HRC annually	4 2017/18	4	4
Why this KPI? Approving HDECs is an important role for the HRC in keeping the health research system ethical and safe and so we continue to set targets.			

Forecast Financial Statements

He Matakite ā-Tahua Putea

In this part of the Statement of Performance Expectations, the HRC's financial performance plan for the year ended 30 June 2023 and the outlook or plan for the two years beyond are set out. These were prepared in mid-April 2022. The impact of the COVID-19 pandemic continues to deliver uncertainty and the future outlook for health and economic systems around the globe remain unclear.

The Council is responsible for the forecast financial statements presented in this Statement of Performance Expectations, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The prospective forecast financial statements for the period 2021/22 to 2024/25 included in this Statement of Performance Expectations have been authorised by the HRC Council Members for issue on 19 May 2022.

The forecast financial statements have been prepared to comply with the requirements of Section 149G of the Crown Entities Act. They may not be appropriate for use for any other purpose. It is not intended for these 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 2020/21, year-end forecast for 2021/22 and plans for years 2022/23 to 2024/25.

The forecast financial statements have been prepared based on actual events, transactions, and financial results up to 31 March 2022 and assumptions about future events that are reasonably expected to occur, associated with the actions that are reasonably expected to be taken, as at the date that this information was prepared.

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 likely impact of COVID-19 on the detailed financial results achieved for the period covered is unknown, and the actual results will almost certainly vary from the forecast/plan financial results presented. Such variations may be material.

Responsible management of our finances and reserves

The HRC has a financial goal of providing research organisations, and individual researchers, with certainty of grant funding into future years. Our ability to achieve this is subject only to parliamentary appropriated funds being made available, applicants successfully meeting the grant criteria, and ongoing contractual requirements being met once grants have been awarded.

Our operating environment

The COVID-19 situation means we are operating in an environment characterised by:

1. A high degree of uncertainty in respect of the future course and effects of COVID-19 in New Zealand.
2. Concomitant uncertainty about the ability of our diverse research community to deliver on existing and new contracts.
3. Uncertainty about the organisation-level responses of some large research providers in the short and longer term.
4. Significant strategic opportunity.

Certainty in our operating environment

However, there is also a degree of certainty in our environment. It is likely that:

1. there will continue to be a diverse science and innovation sector in New Zealand, and therefore demand for the funding we allocate
2. the contributions of the Health Research Council, as outlined in the Ministerial letter of expectations, and this SPE, will still be desired by government

- that the research and innovation sector will be regarded as a critical part of economic recovery from COVID19, and therefore
- It is highly likely that we will continue to receive the appropriations at least at the current levels.

The Health Research Council has a critical role to play in supporting Aotearoa/New Zealand's recovery from COVID19 through our investment in the research workforce, health sector and investigator led research.

A pragmatic approach to budgeting

Given that forecasting as we usually know it is challenging at present, we have framed the budget as current business as usual, with the certainty that we will adapt to the evolving COVID-19 situation. We believe that this is the most credible approach to take in the circumstances. We continue to become less reactive and more strategic so that our adaptations to COVID-19 align with our strategic goals as set out in the SPE and associated documents. We must also be alert to opportunities we cannot predict.

Managing our Public Equity balance

One of the key challenges in the COVID19 situation has been managing our reserves.

The HRC is forecasting a public equity balance in its balance sheet (excluding the Foxley Reserve Fund) totalling \$8.3m at 30 June 2023 (\$11.2m at 30 June 2022). This has occurred for several reasons.

- Research is, even in normal circumstances, unpredictable in its execution and outcome. This results in changes in planned research schedules. COVID-19 lockdowns have slowed down the progress of research projects. This has resulted in research grants payments being paid at a rate slower than forecast. Payments continued to be made and HRC made additional payments in April and May 2022 to support Emerging Researchers who had been significantly impacted by their inability to complete their research within the contracted timeframes.
- In line with the revised research schedules to researchers, MBIE in consultation with HRC, revised the funding contract to reschedule the payment dates for Crown funding to HRC. This has the effect of transferring \$10.5m of funds from due dates in the year to 30 June 2022 to revised dates in the year to 30 June 2023.

- Note that Council, has a policy of maintaining equity at around \$7.0m - \$10.0m to ensure a reserves level sufficient to cover one month's contractual outgoings.
- Over time reserves have increased, particularly as a result of the slower rate of research completion. As the research continues to progress, this accumulation is being utilised. Additionally, aspects of the IT infrastructure and internal processes have not been updated for some time. Council have purposefully elected to utilise accumulated reserves from the Research Contract Management appropriation to address this.

We will continue to work with researchers and their institutions to ensure that they use HRC funding in a timely manner. Furthermore, we will be more proactive in devising additional mechanisms for allocating research funding out to the research community. We will do this in ways consistent with our responsibilities under the NZ Health Research Strategy, indeed the Strategy and Implementation plans require us to adopt new approaches.

Forecast Statement of Comprehensive Revenue and Expense

for the year ending 30 June

	Note	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Revenue						
Funding from the Crown	2	126,048	115,713	136,683	126,183	126,183
Interest Revenue		307	206	423	368	303
Other Revenue		770	458	512	512	512
Total Income		127,125	116,377	137,618	127,063	126,998
Expense						
Research Grant costs	3	113,804	123,706	133,288	125,435	119,644
Operational costs						
Assessment and Council Committee		931	888	1,016	1,021	1,026
Personnel costs		4,501	4,304	5,110	5,175	5,337
Depreciation and amortisation expense		73	83	82	72	61
Fees to Audit New Zealand for the audit of the financial statements		68	68	69	73	77
Other costs		2,084	1,398	1,527	1,315	1,318
Total operational costs		7,657	6,741	7,804	7,656	7,819
Total expenses		121,461	130,447	141,092	133,091	127,463
Surplus/(Deficit)		5,664	(14,070)	(3,474)	(6,028)	(465)
Total comprehensive revenue and expense		5,664	(14,070)	(3,474)	(6,028)	(465)

Statement of Changes in Equity

for the year ending 30 June

	Note	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Equity at the beginning of the year		21,985	27,649	12,238	8,764	2,736
Reclassify Joint Operations Reserve to Funds held on behalf of Joint Operations		0	(1,341)	0	0	0
Total comprehensive revenue and expense for the year		5,664	(14,070)	(3,474)	(6,028)	(465)
Equity at the end of the year	5	27,649	12,238	8,764	2,736	2,271
Represented by						
Retained earnings		5,099	5,026	3,916	2,953	1,826
Future committed funds for Research Grants		14,774	2,071	2,328	(1,974)	(694)
Joint Operation Reserve		6,660	4,126	2,086	1,586	1,086
Foxley Estate Reserve Fund		1,116	1,015	434	171	53
Total equity at 30 June	5	27,649	12,238	8,764	2,736	2,271

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

Forecast Statement of Financial Position

for the year ending 30 June

	Note	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Current Assets						
Cash at Bank		1,600	170	112	274	470
Short-term Deposits	4	25,319	12,032	12,472	7,207	7,259
Short-term Deposits - Held for Joint Operations	4	6,660	4,126	2,086	1,586	1,086
Funds held on behalf of - Other Agencies	4	6,526	5,342	2,942	2,207	1,655
Funds held on behalf of - Foxley Estates	4	1,078	1,050	600	250	100
Receivables		417	379	198	199	199
Total Current Assets		41,600	23,099	18,410	11,723	10,769
Non-Current Assets						
Property Plant & Equipment		94	117	107	62	28
Intangible Assets		29	199	95	68	41
Total Non-Current Assets		123	316	202	130	69
Total Assets		41,723	23,415	18,612	11,853	10,838
Current Liabilities						
Payables		1,562	364	1,589	1,593	1,595
Contract Retentions		2,306	2,498	2,259	2,259	2,259
Provision for funds Committed Cost		937	368	457	541	621
Employee Entitlements		781	831	916	916	916
Rental Benefit in Advance		95	0	0	0	0
Funds held on behalf of other agencies	4	2,625	2,135	1,175	882	661
Total Current Liabilities		8,306	6,196	6,396	6,191	6,052
Non-Current Liabilities						
Provision for funds committed to International Agencies		1,867	1,774	1,685	1,601	1,521
Funds held on behalf of other agencies		3,901	3,207	1,767	1,325	994
Total Non-Current Liabilities		5,768	4,981	3,452	2,926	2,515
Total Liabilities		14,074	11,177	9,848	9,117	8,567
Net Assets		27,649	12,238	8,764	2,736	2,271
Equity						
Retained earnings		5,099	5,026	3,916	2,953	1,826
Future committed funds for Research Grants		14,774	2,071	2,328	(1,974)	(694)
Joint Operation Reserve		6,660	4,126	2,086	1,586	1,086
Foxley Estate Reserve Fund		1,116	1,015	434	171	53
Total Equity	5	27,649	12,238	8,764	2,736	2,271

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

Forecast Statement of Cash Flow

for the year ending 30 June

	Note	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Cash flows from operating activities						
<i>Cash was provided from</i>						
Receipts from the Crown		126,046	115,713	136,683	126,183	126,183
Interest received		383	80	495	368	303
Other Revenue		728	1,484	377	362	362
		127,157	117,277	137,555	126,913	126,848
<i>Cash was applied to</i>						
Payments to suppliers		(116,121)	(129,770)	(135,367)	(128,144)	(122,508)
Payments to employees		(3,930)	(3,894)	(4,557)	(4,801)	(4,945)
GST		(1,277)	1,524	78	(70)	53
		(121,328)	(132,140)	(139,846)	(133,015)	(127,400)
Net cash flow from operating activities	7	5,829	(14,863)	(2,291)	(6,102)	(552)
Cash flows from Investing activities						
<i>Cash was provided from</i>						
Funds held on behalf of other agencies		2,860	314	1,750	4,650	3,598
Maturing Term Deposits		105,125	102,780	89,450	90,614	86,150
		107,985	103,094	91,200	95,264	89,748
<i>Cash was applied to</i>						
Funds paid on behalf of other agencies		(4,372)	(3,637)	(4,000)	(4,000)	(4,000)
Reinvestment of Term Deposits		(108,953)	(85,747)	(85,000)	(85,000)	(85,000)
Purchase of Property Plant & Equipment		(60)	(277)	33	0	0
		(113,385)	(89,661)	(88,967)	(89,000)	(89,000)
Net cash flow from investing activities		(5,400)	13,433	2,233	6,264	748
Net increase (decrease) in cash held		429	(1,430)	(58)	162	196
Cash at bank beginning of year		1,171	1,600	170	112	274
Cash at Bank end of year		1,600	170	112	274	470

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

Notes to the Financial Statements

for the year ending 30 June

Note 1 - Statement of accounting policies

Reporting Entity

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 HRC's operations includes the Crown Entities Act 2004 and the HRC Act 1990. HRC's ultimate parent is the New Zealand Crown.

HRC's primary objective is to benefit New Zealand through health research. HRC does not operate to make a financial return. 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 HRC.

Standards issued and not yet in effect and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although HRC has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Performance Reporting

PBE FRS 48 Performance Reporting replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for periods beginning on or after 1 January 2022. HRC has not yet determined how application of PBE FRS 48 will affect its statement of performance.

Standards issued and effective as at 30 June 2022

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cashflows and non-cash changes. The amendment is effective for annual periods beginning on or after 1 January 2021. HRC will apply this new standard on preparing the 30 June 2022 financial statements. No effect is expected as a result of this change.

Statement of compliance

The financial statements of 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 below.

Statement of Underlying Assumptions

Crown Revenue

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

Research Grant Expenditure

Planning of expenditure is in line with a strategy which will result in HRC public equity reserves levelling off at around \$5.0M. This will occur predominantly through management of applications approved via the main contestable round. Forecasting of research grant expenditure is modelled to account for a variation rate on both current and future contracts. Throughout the COVID-19 pandemic this rate has increased. The modelling has been prepared to anticipate a reduction in this rate, albeit not to the levels experienced pre-COVID. 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. Beginning with the HRC Refresh (2015) and subsequent development of the NZ Health Research Strategy (2015-2017), significant new and increased expectations have arisen since the HRC was established in 1990. Conversely, many costs, particularly in relation to travel, have reduced during lockdown. More recently, HRC has experienced the inflationary pressures associated with labour shortages. Management has taken the opportunity to reconfigure staff focus and priorities to ensure that HRC goals and objectives are achieved more effectively and efficiently.

Additionally, aspects of the IT infrastructure and internal processes have not been updated for some time. Council have purposefully elected to utilise accumulated reserves from the Research Contract Management appropriation to address this.

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 & Equipment (PPE) and Intangible Assets (IA)

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 & equipment and intangible assets

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 as 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.

c) Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled wholly before 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 wholly 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.

Contributions to defined contribution schemes

Obligations for contributions to Kiwi Saver 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 an allowance for credit losses. HRC applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

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.

h) Cost allocation

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 based on asset utilisation. Personnel costs are charged based on actual time incurred. Property and other premises costs, such as maintenance, are charged based on floor area occupied to produce each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

i) Critical accounting estimates and assumptions

In preparing these financial statements, HRC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

j) 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. HRC has determined no lease arrangements are finance leases.

Research Grant Expenditure

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.

Note 2 – Revenue from the Crown: Non-exchange revenue

Note 2 - Revenue from the Crown Non-exchange revenue	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Ministry of Business, Innovation and Employment (MBIE)	125,763	115,402	136,398	125,898	125,898
Ministry of Health (MoH)	285	311	285	285	285
	126,048	115,713	136,683	126,183	126,183

Accounting Policy

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

Funding from the Crown

HRC is primarily funded from the Crown. This funding is restricted in its use for the purpose of HRC meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder. 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.

Joint Operations

HRC recognises its share of income and expenditure by Joint Operations it is involved in as the obligations under the contract are performed. Also refer note 5.

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 Crown Funding Agreement outlining the revenue receivable for the period from 1 July 2020 to 30 June 2023 remains in effect. In the absence of formal notification for FY 2024 and FY 2025, HRC has assumed that the funding detailed above will continue to be received from MBIE and MoH.

The funding forecast incorporates the impact of a schedule variation signed on 5 April 2022 transferring \$10.5m from FY 2022 to FY 2023.

Note 3 – Research Grant Costs

Note 3 - Research Grant Costs	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Health Research Contracts	112,202	121,893	130,557	122,426	117,262
Vision Mātauranga	944	433	1,067	1,895	2,127
Vote International Relationships	658	1,380	1,664	1,114	255
	113,804	123,706	133,288	125,435	119,644

Accounting Policy

Expenditure related to grants to researchers

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

Expenditure related to Joint Operations

HRC recognises its share of income and expenditure by Joint Operations it is involved in as the obligations under the contract are performed. Also refer note 5.

Expenditure related to funds committed to International Agencies

Expenditure and a provision are recognised when HRC has committed to an International Agency to undertake and fund a research project and deliver the research to the International Agency such that a constructive obligation is created, and the amount involved can be reliably measured. Related research costs are recognised against the provision as the obligations under the research contract are performed. 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 HRC.

Disbursements

Disbursements relate to amounts held for expenditure claims payable to career development applicants by the HRC upon submission of an approved claim. Disbursements payable are recognised as a liability at the end of the contract.

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 expenditure is in line with a strategy which will result in HRC public equity reserves levelling off at around \$5.0M. This will occur predominantly through management of applications approved via the main contestable round. Forecasting of research grant expenditure is modelled to account for a variation rate on both current and future contracts. Through COVID-19 this rate has increased. The modelling has been prepared to anticipate a reduction in this rate, albeit not to the levels experienced pre-COVID. Additional funding to emerging researchers to support them during the lockdowns of COVID-19 has had the effect of reducing the previously forecast equity balance by \$6.0m. 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.

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

Accounting policy

Cash and cash equivalents include cash on hand, and 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.

Short-Term Deposits – Held for Joint Operations

Short-Term Deposits – Held for Joint Operations are the short-term funds set aside to meet the commitments made by HRC to Joint Operations. These funds are interest bearing.

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 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 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.

Note 5 – Equity

Note 5 - Equity	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Retained Earnings (Research Contract Management)					
Balance 1 July	5,079	5,099	5,026	3,916	2,953
Surplus/(deficit) for the year	20	(73)	(1,110)	(963)	(1,127)
Balance 30 June	5,099	5,026	3,916	2,953	1,826
Future Committed Research Grants					
Balance 1 July	7,725	14,774	2,071	2,328	(1,974)
Surplus/(deficit) for the year	5,644	(15,338)	(2,364)	(5,065)	662
Transfer of Net Income from/(to) Joint Operations Reserve Fund	1,265	2,534	2,040	500	500
Transfer of Net Income from/(to) Foxley Reserve Fund	140	101	581	263	118
Balance 30 June	14,774	2,071	2,328	(1,974)	(694)
Joint Operations Reserve Fund					
Balance 1 July	7,925	6,660	4,126	2,086	1,586
Transfer of Net Income from/(to) Foxley Reserve Fund	(1,265)	(2,534)	(2,040)	(500)	(500)
Balance 30 June	6,660	4,126	2,086	1,586	1,086
Foxley Reserve Fund					
Balance 1 July	1,256	1,116	1,015	434	171
Transfer (to)/from Accumulated Surplus/(deficit)	(140)	(101)	(581)	(263)	(118)
Balance 30 June	1,116	1,015	434	171	53
Total Equity at 30 June	27,649	12,238	8,764	2,736	2,271

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) – Research Contract Management
- Future Committed Research Grants
- Joint Operations Reserve
- Foxley Estate Reserve Fund.

The accumulated funds of the Health Research Council have been disaggregated to illustrate the distinction between reserves that have been contractually committed to grant payments with future payment dates versus the underspend on Research Contract Management arising from savings that have been achieved through lower spend on travel and staffing costs. It is important to note that the former category does not represent value that remains available for granting but has already been awarded and will be paid out as milestones are met.

Joint Operations Reserve

Accounting policy

HRC recognises its share of jointly controlled assets, liabilities, expenses, and income. The joint operations reserve represents HRC's interest in assets and liabilities of jointly controlled operations at balance date.

The HRC regularly enters joint funding arrangements with various parties. The HRC generally enters into an overall agreement with another party whereby the main terms and format of the research funding agreement are agreed ("Umbrella Agreement"). The parties then agree on the research initiatives under that Umbrella Agreement.

Under these research agreements HRC and the other party generally agree to

1. Jointly contribute an amount (committed funds) to pursue research activities ("the research initiative"); and
2. Have equal decisions making rights as to how those monies are spent.

HRC accounts for its joint operations by recognising its share of the jointly controlled assets, liabilities and expenses and income as these are incurred.

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.

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

Note 7 - Reconciliation of Operating surplus (deficit) to net cash flow from operating activities	Actual 2021 \$000	Forecast 2022 \$000	Plan 2023 \$000	Plan 2024 \$000	Plan 2025 \$000
Surplus/(Deficit) for year	5,664	(14,070)	(3,474)	(6,028)	(465)
Add non-cash items					
Depreciation and Amortisation expense	73	83	82	72	61
Joint Venture Management Fees Earned	(200)	(77)	(150)	(150)	(150)
Rent recovered	(21)	(95)	0	0	0
Add/(deduct) movements in provisions					
	(1,326)	214	0	0	0
Add/(deduct) movements in working capital items					
Receivable (increase)/decrease	182	38	180	0	0
Payables increase/(decrease)	1,457	(956)	1,071	4	2
Net cash flow from operating activities	5,829	(14,863)	(2,291)	(6,102)	(552)

How the HRC reports on strategy and performance - the documents

Te āhua o tā HRC pūrongo i ngā rautaki me ngā putanga – ngā kōnae



Glossary of Abbreviations and Terms

He kuputaka mō ngā Whakarāpopototanga me ngā Kupu

- **HRC:** The Health Research Council of New Zealand
- **HWNZ:** Health and Wellbeing in New Zealand Research Investment Stream
- **IOACC:** Improving Outcomes for Acute and Chronic Conditions Research Investment Stream
- **IRO:** Independent Research Organisation
- **MBIE:** Ministry of Business, Innovation and Employment
- **MoH:** Ministry of Health
- **NZHD:** New Zealand Health Delivery Research Investment Stream
- **NZHRPF:** New Zealand Health Research Prioritisation Framework
- **NZHRS:** New Zealand Health Research Strategy
- **Outcomes:** The benefits that our Impacts will ultimately bring for New Zealand society. These are not directly measurable and so we track our progress through surrogate measures against our Impacts
- **Outputs:** The principal services that we provide and the functions we fulfil, which are linked to our funding
- **PP:** Partnership Programme
- **RHM:** Rangahau Hauora Māori Research Investment Stream
- **RIS:** Research Investment Stream(s)
- **RPNZHD:** Research Partnerships for New Zealand Health Delivery
- **Sol:** Statement of Intent
- **SPE:** Statement of Performance Expectations



Health Research Council
of New Zealand

Te Kaunihera Rangahau Hauora o Aotearoa

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PO Box 5541, Victoria Street West, Auckland 1142
Telephone 09 303 5200. Email info@hrc.govt.nz

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