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Health Research Council
of New Zealand

Te Kaunihera Rangahau Hauora o Aotearoa

Statement of Performance Expectations

2024 - 2025



**Te Kāwanatanga
o Aotearoa**
New Zealand Government

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Foreword from our Chairs

In 2024/25, the Health Research Council of New Zealand has a strong focus on working collaboratively and collectively to harness the skills and expertise of the health research sector to continue building the health research workforce, to strengthen the health system and the quality and accessibility of care, and to deliver health gains, innovation and excellent value for the New Zealand public.

The Minister of Health has set the overarching vision for the health system of timely access to quality health care. For the Health Research Council (HRC), this means building on our research investments that achieve health gains for people with the highest health needs; funding research that underpins the safety, quality, effectiveness and affordability of the health system; focusing research efforts on preventive strategies and early intervention; and investing in the skills and people New Zealand requires, which includes providing research opportunities for health professionals and new and emerging researchers. We will continue to work closely with the Ministry of Health and Health New Zealand to add value to the wider health system and identify where we can further give effect to the Government Policy Statement on Health (2024-2027), health targets and wider government priorities.

HRC's investment has an important role in creating value for New Zealand. It produces new knowledge and tools, develops evidence-based, cost-effective healthcare solutions that harness the potential of biotechnology, artificial intelligence (AI) and commercialisation, and creates high-value, knowledge-based jobs that grow capacity and capability for new and emerging technologies. This financial year, the HRC will launch a targeted initiative to support the government's strategic priorities in realising the potential role and benefits of AI in strengthening the health system.

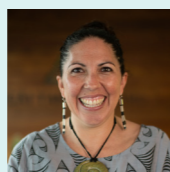
In 2024/25, we are committed to our ongoing programme of continuous improvement. We recognise the need to ensure that our funding opportunities and the processes that support them are accessible, effective, efficient and responsive to government priorities, while simultaneously reducing applicant burden and compliance. This is important for the overall cohesion and sustainability of the Science, Innovation and Technology (SI&T) system and core to our leadership role in providing a strong, connected, and stable environment for health research for New Zealand.

This also involves supporting the work initiated by the Minister of Science, Innovation and Technology, to strengthen the SI&T system and what it delivers for New Zealanders. This includes a renewed focus on the implementation of the New Zealand Health Research Strategy 2017-2027 (NZHRS) alongside our partners in the Strategy, the Ministry of Health and MBIE. Its implementation is critical for a flourishing health research and SI&T system that advances the health, social, cultural, environmental and economic wellbeing of New Zealanders.

The HRC is proud to be the principal funder and leader of health research for New Zealand. We are dedicated to investing in the people, ideas and priorities New Zealand needs, and look forward to working collaboratively and collectively with our stakeholders towards a healthier, fairer and more resilient future for all.



Dr Lester Levy, CNZM
Chair, Health Research Council



Professor Emma Wyeth
Chair, Māori Health Committee
Member, Health Research Council

Introduction

This Statement of Performance Expectations sets out the four Outputs that the Health Research Council will deliver in the 2024/25 financial year, with funding from Vote Business, Science and Innovation of approximately \$122 million and Vote Health \$0.29 million.

About Us

The Health Research Council (HRC) is the principal government funder of health research in New Zealand. We invest in excellence and innovation, funding the best ideas, targeting our biggest health priorities and supporting the people we need across the biomedical, clinical, public health, health services, and Māori health research and Pacific health research domains.

Our major activity is investing in health research:

- proposed by health researchers in response to health need and scientific opportunity (investigator-initiated research).
- through targeted funding initiatives that address priority health needs and urgent topics.
- through training, development and retention of the health research workforce in areas where greater capacity is needed (our Career Development programme).

All HRC-funded research has a direct line of sight to improving health outcomes for New Zealanders, with sustained focus on addressing the Ministers' five priority non-communicable diseases and five modifiable factors.¹

Our investment provides evidence that can make a difference to the health and productivity of New Zealanders and the economic prosperity of New Zealand. 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.

Key facts about the HRC

Crown Agent
(established through the 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 will benefit from an equitable world-leading health research system that contributes to positive health and wellbeing outcomes.

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 intentions:

- Foster excellence and innovation
- Connect for greater impact
- Strengthen the health research ecosystem
- Address the health needs of Māori and other ethnic groups

¹ The Government Policy Statement on Health identifies five non-communicable diseases: cancer, diabetes, respiratory disease, heart disease and poor mental health. The five modifiable factors are smoking, alcohol consumption, poor nutrition, lack of exercise, and adverse social and environmental factors.

The HRC plays an important strategic role that bridges the health sector and Science, Innovation and Technology (SI&T) system. We provide leadership, expertise and international connection in a highly specialised field and have established a strong, connected, and stable environment for health research in New Zealand.

As a Crown Entity, we respect and fulfil the Public Service Act 2020 which requires the public service to strengthen the Māori Crown relationship and develop and maintain capability to engage with Māori and to understand Māori perspectives. The HRC is committed to advancing Māori health outcomes through addressing health needs.

For a full description of the functions and operations of the HRC, please refer to our website, which 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. research policy and funding in New Zealand.²

About this document

This Statement of Performance Expectations (SPE) sets out our operating intentions for the financial year (1 July 2024 to 30 June 2025), key performance indicators and targets, and financial forecasts. It complements the HRC's Statement of Intent 2023 – 2027 which sets out our strategic direction and desired outcomes over the medium term.

The HRC's Statement of Intent and performance framework are based on three focus areas and five cross-cutting 'strategic intentions' that guide priority actions and help us to meet our aspiration – that every New Zealander will benefit from an equitable world-leading health research system that contributes to positive health outcomes. The schematic below shows our focus areas and strategic intentions and how they relate to the funding Outputs that we report against in this SPE. See 'How the HRC reports on strategy and performance – the documents' (page 51) for an overview of our accountability reporting.

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



² www.hrc.govt.nz

Our Strategic Directions

The aspiration of our Council is that every New Zealander will benefit from an equitable world-leading health research system that contributes to positive health and wellbeing outcomes.

Our contribution is to take a lead role in the health research sector, developing a skilled and diverse workforce and investing in excellent research to improve wellbeing and health equity.

In 2024/25, we will lead and work collaboratively with the health sector and wider SI&T system to achieve our Council's and government's strategic goals (page 11 – how we will address our Minister's expectations). This work also ensures our investments are:

- contributing to the vision of the New Zealand Health Research Strategy (NZHRS) 2017-2027, and
- aligned with the New Zealand Health Research Prioritisation Framework (the Prioritisation Framework).

For the year ahead our work programme is organised around our three focus areas to ensure that every investment decision made is focused on the HRC meeting its aspiration.

People:

- Strengthen and improve our existing career development investment opportunities and processes, to better develop, grow, and retain a thriving health research workforce.

Ideas:

- Strengthen and improve how we identify and support excellent, innovative and impactful investigator-led research.

Priorities:

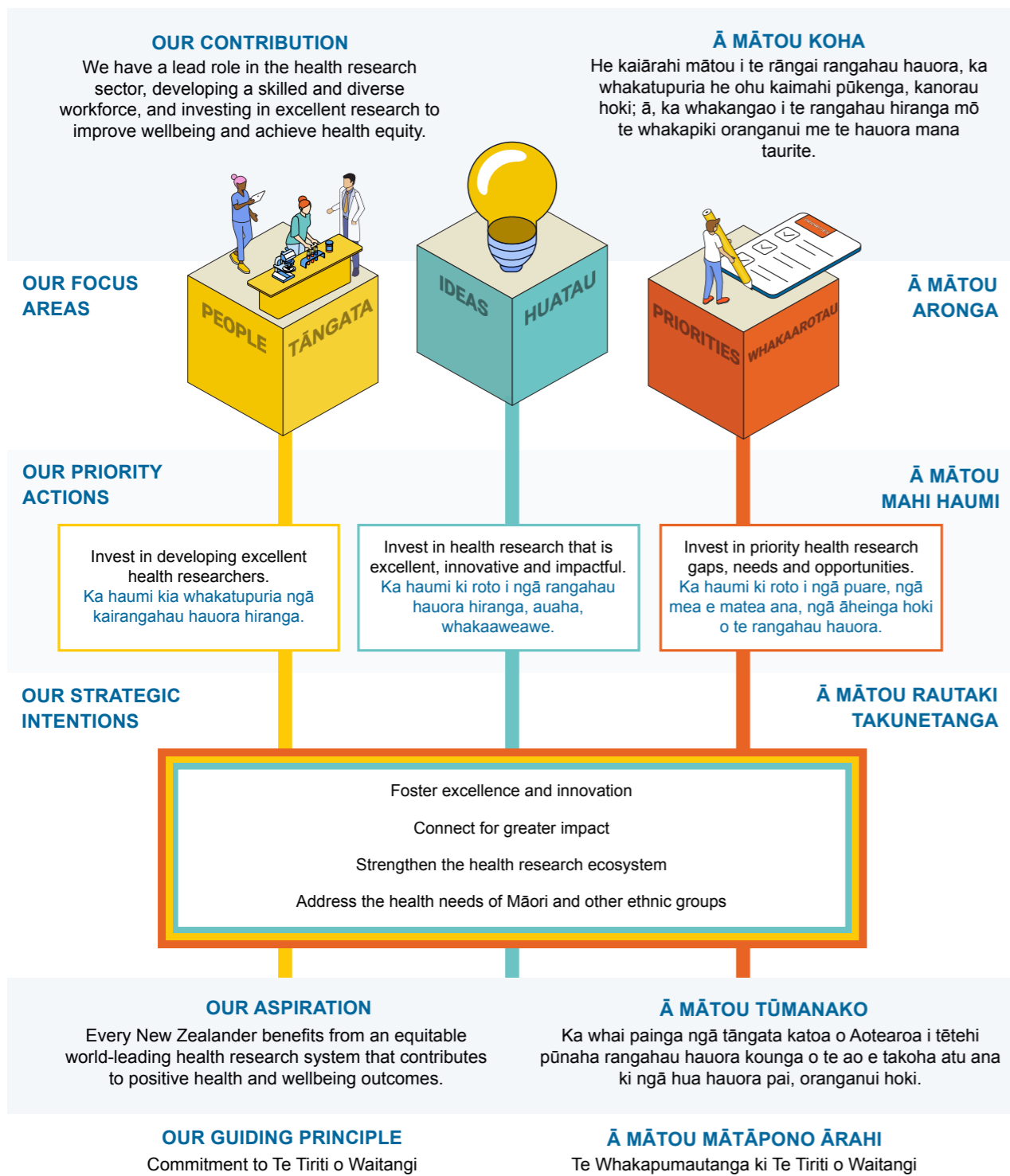
- Launch a targeted initiative to support the government's strategic priorities in realising the potential role and benefits of AI in strengthening the health system.

- Contribute in international forums to advance best practice and increase the value of New Zealand's investment in health research.
- Develop an international strategy that will enable the HRC to identify funding opportunities with international partners and help inform investment choices.

Collectively, this work will ensure that the HRC remains fit-for-purpose and future-focused, delivering the best value and greatest impact for our stakeholders, and that our processes are sustainable, and able to be delivered within current funding envelopes.

Any changes to our funding opportunities or assessment processes will be communicated ahead of time.

Our Performance Framework



What we will deliver in 2024/25: an overview

In 2024/25, we will work within our budget of approximately \$122 million³ to address the priorities of our Ministers, in addition to strengthening and improving our existing investment opportunities and processes.

Our Research Investment Plan 2023 – 2026⁴ provides signals about areas of focus and significance to the research community. New opportunities will be announced on the HRC website and through our e-newsletter, Update.

In 2024/25, we will invest our funds through the following Outputs, funded primarily through the Health Research Fund from the Vote Business, Science and Innovation appropriation:

- **Output 1:** Invest in developing excellent health researchers.
- **Output 2:** Invest in health research that is excellent, innovative and impactful.
- **Output 3:** Invest in priority health research gaps, needs and opportunities.
- **Output 4:** Keep the health research system ethical and safe.

These Outputs, which align with the HRC's performance framework (see page 10), are described in detail on pages 15-33.

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 a strong focus on HRC working collaboratively and collectively with government and health agencies to enhance the efficiency and performance of the health research sector, to continue building the health research workforce, and deliver health gains and excellent value for the New Zealand public.

Addressing health sector priorities

The Minister of Health has the overarching vision of achieving timely access to quality health care. This includes both mental and physical health. The

Government Policy Statement on Health (GPS) sets out in detail the Government's priorities and objectives for achieving this from July 2024 to June 2027.

Over the coming financial year, the HRC will contribute to the goals of the GPS by investing in the people, ideas and priorities that:

- **result in health gains** for people with the highest health needs, including Māori and Pacific peoples.
- **increase the access to and quality of healthcare services** with HRC-funded research underpinning the safety of health service delivery, the quality of care and the effectiveness and affordability of treatments, interventions, and services.
- **develop the health research workforce of the future**, by creating opportunities for research within the health workforce which are integral to delivering responsive, effective, quality health care, as well as contributing to patient and system-level innovations and improvements.
- focus on **preventative strategies and early intervention**, including the determinants of health and modifiable risk factors, to protect, promote and improve health and keep people well in the community.
- support **biomedical science** to advance knowledge and fuel discoveries that enable clinical advances and boost the economy.
- **develop** evidence-based, cost-effective **healthcare solutions**, particularly those that **harness the potential of biotechnology and artificial intelligence (AI) in healthcare** to support the effectiveness and sustainability of the health sector.
- Invest in the early stages of the health innovation pipeline and innovative ideas that may lead to the **commercialisation of research** by the relevant government and tertiary agencies, who are skilled at realising the commercial benefits of health research.

The government has reinstated health targets which are a mechanism for measuring health system performance and accountability. The five health targets are:

- **Faster cancer treatment** – 90 per cent of patients to receive cancer management within 31 days of the decision to treat.

³ This financial year the Health Research Fund appropriation from Vote Business, Science and Innovation includes \$7.5m deferred from 2023 as part of our Public Equity Management Plan. Funds have also been redirected from the Health Research Fund to MBIE, as per direction from the Minister of Science, Innovation and Technology and the Minister of Health, who will take over management of the research contract with the Malaghan Institute for Medical Research and support for longitudinal studies.

⁴ <https://hrc.govt.nz/sites/default/files/2023-07/HRC%20Investment%20Plan%202023-2026.pdf>

- **Improved immunisation for children** – 95 per cent of children to be fully immunised at 24 months of age.
- **Shorter stays in emergency departments (EDs)** – 95 per cent of patients to be admitted, discharged or transferred from an ED within six hours.
- **Shorter wait times for first specialist assessment** – 95 per cent of patients to wait less than four months for a first specialist assessment.
- **Shorter wait times for treatment** – 95 per cent of patients to wait less than four months for elective treatment.

HRC funds research to provide quality evidence that directly:

- informs improved access, and consistency and continuity of care for all New Zealanders.
- supports progress on reaching the health targets for faster cancer care, improved immunisation, shorter ED stays and shorter wait times for specialists, and
- develops innovative diagnostics, treatments and models of care that provide better health outcomes, cost-savings in the delivery of care, and economic returns on investment.

All HRC funded research has a line of sight to delivering health gains for New Zealanders, with particular focus for those with the highest health needs. HRC-funded research also has a specific focus on addressing the Minister's five priority non-communicable diseases and five modifiable behaviours.⁵

In 2022/23, our investments included over \$49 million to tackle the leading cause of death and disability in New Zealand:

- \$13.4 million for heart disease and stroke research.
- \$14.6 million for cancer research.
- \$8.0 million for mental health research.
- \$7.3 million for respiratory disease research.
- \$5.6 million for diabetes research.

These five priority non-communicable diseases create long-term health consequences and often result in the need for long-term, complex treatment and care, which is why efforts to prevent their development is a critical part of the evidence-solution.

In the same period, our investments included over \$10 million on ways to prevent harm, reduce exposure and risk, change behaviour, and boost protective factors, for modifiable factors:

- \$4.5 million for addiction research (including alcohol/ drugs/ gambling/ smoking).
- \$3.3 million for physical activity/exercise research.
- \$2.2 million for nutrition research.

We also invested \$13.8 million for infectious disease research, including research to inform and support pandemic preparedness, which meant New Zealand was well placed to contribute to, and benefit from, global efforts to combat COVID-19. This year, we will measure our sustained investment in these priority areas (Output 2, page 23) and expect that approximately 45% of the Projects and Programmes funded will address the five priority non-communicable diseases identified by the Minister.

In the year ahead, we will continue to offer our targeted opportunities for health delivery research, with up to 20 per cent of our annual budget invested in research that can deliver gains for the health sector within three to five years.

Since 2020, we have invested over \$71.5 million in health delivery research to improve the quality of healthcare through better policy, practice and systems, provide critical opportunities for health professionals to engage in health research, and contribute to a continuously improving health system. This includes:

- funding for 36 different host organisations, including 10 different Health NZ regions.
- involving over 290 collaborations with a wide range of health sector end-users.
- producing over 200 tangible outputs, including 70 new or improved clinical guidelines and health policies, 62 new technologies, interventions and models of care, and 22 new or improved public health interventions.
- successfully attracting over 240 new healthcare delivery professionals to engage with health research (who had not received funding from the HRC before).

Between 2018-2022, HRC supported over 1204 workforce positions held by individuals employed by Health New Zealand, representing almost 600 unique Named Investigators: 11.4% nurses, 11.4% allied health, 74.1% doctors. Part of timely access to quality healthcare is having the skilled, responsive, culturally capable workforce,

⁵ The GPS identifies five non-communicable diseases as accounting for around 90% of deaths from non-communicable diseases. These are cancer, diabetes, respiratory disease, heart disease and poor mental health. The five modifiable factors are smoking, alcohol consumption, poor nutrition, lack of exercise, and adverse social and environmental factors.

who can embed research into their practice. Having a research literate and engaged workforce is a critical enabler of the health system and integral to delivering safe and effective health care as well as contributing to patient and system-level innovations and improvements.

Our targeted investments made through Output 3 (page 26) also provides a mechanism for addressing our Ministers' expectations. In 2024/25 we expect to participate in the next Global Alliance for Chronic Diseases (GACD) funding call with the GACD, an alliance of the world's biggest public research funding agencies aimed at investing in implementation research focused on noncommunicable diseases. This will provide New Zealand researchers with the opportunity to form crucial international connections and collaborations that bolster our reputation on the world stage, and New Zealanders with access to the latest research generated solutions. We will continue to work collaboratively and collectively with the Ministry of Health and Health New Zealand to ensure we continue to add value to the wider health system and identify where we are able to further give effect to the health targets, Government Policy Statement on Health (2024-2027) and wider government priorities.

Addressing Science, Innovation and Technology (SI&T) system priorities

Health research is one of the highest-performing parts of the SI&T sector, with the HRC playing a highly specialised role providing leadership, and advice, and commissioning and coordinating health research in New Zealand.

HRC's investment creates value for New Zealand because it produces new knowledge and tools, and creates high-value, knowledge-based jobs that grow capacity and capability for new and emerging technologies. Health research contributes to New Zealand's economic goals in multiple ways:

- a healthier more productive population, which reduces the financial burden of ill-health.
- recruitment and retention of a highly skilled health research workforce who can use new and emerging technologies and leverage additional resources through international collaboration.
- improving the efficiency of the health system and generating commercial revenue.

- growing New Zealand's brand internationally and providing access to world-leading innovations and advances in health.

Fundamental to the HRC's impact is investing to fuel the innovation pipeline. We will continue to provide sustained funding opportunities for broad areas of research for which it may take longer time frames to realise the impact of our investment. In the coming year, the HRC will also sustain its support for targeted basic and applied research, that has the potential to generate new and beneficial discoveries that boost the economy and that power a thriving, collaborative health innovation ecosystem.

In the year ahead, we will invest in our world-first and internationally recognised⁶ innovative 'Explorer Grants'. This offers researchers support to push the boundaries of the known, and to foster unconventional ideas with transformative potential.

Commercialisation is another key pathway by which HRC-funded researchers can maximise the impact of their research. Twenty percent of current contracts have commercial potential, through the early-stage development of new screening or diagnostic tools, medical devices or implants, or drugs/biological therapies. This represents 63 contracts to the value of \$81M allocated in the last 5 years.

HRC-funded research generates value from Intellectual Property (IP) and innovation:

- 73% of current HRC contracts meet the criteria of having potential to generate value from innovation through development of new or improved products, processes or services, or new use of existing products, processes or services.
- 20% of current contracts have commercial potential.
- 22% of our largest grants have a technology focus - including AI, bioengineering, computational modelling, genomics, implants/prosthetics, immunotherapy, medical technologies and devices, personalised medicine, pharmaceuticals and biologics. This represents 71 contracts to a value of \$92M allocated in the last 5 years.
- Over the last two years, 17 contracts have reported new patents awarded or pending, including 4 Patent Cooperation Treaty applications.

⁶ As the first major government funding agency to offer funding via lottery with our Explorer Grants in 2013, there has been keen interest in the process internationally. A paper published by the HRC in 2020 exploring applicants' acceptability of randomisation to allocate research funding has been accessed 14,000 times and over the last three years has been cited in 33 journal articles investigating the topic of random allocation of science funding. See: Liu, M., Choy, V., Clarke, P., Barnett, A., Blakely, T., & Pomeroy, L. (2020) *The acceptability of using a lottery to allocate research funding: a survey of applicants*. Research Integrity and Peer Review. Volume 5(3). <https://doi.org/10.1186/s41073-019-0089-z>.

As a small remote country, it is vital that New Zealand's researchers are connected to the international health research effort and can gain access to international expertise and resources. International collaborations raise the profile of New Zealand health research in the global arena, contribute to global research efforts, provide a forum for sharing best practice for improving health outcomes, maximise research impact and return on investment and enable New Zealand to be early adopters of the latest international evidence.

The HRC plays a pivotal role in facilitating international opportunities for New Zealand researchers to build partnerships and incentivises collaborative approaches, with New Zealand's health researchers well connected and contributing to the global research effort:

- 59% of HRC contracts include at least one international collaboration - with 15 different countries represented.
- The international collaboration rate in health research in New Zealand is 62%, greatly exceeding the world average.⁷

Since 2020, the HRC has run eight funding rounds with international partners. This financial year, the HRC will continue to ensure New Zealand health researchers are well connected internationally by developing an international strategy that will help inform future investment choices.

We're also responsible for supporting and sustaining the talented health research workforce that will seek and find and implement solutions to the complex health challenges facing us now and into the future. Developing and retaining the health research workforce is a core function, and long-standing strategic priority of the HRC.

Skilled people are also essential for ensuring the sustainability of the SI&T system. We will continue to build and strengthen the health research workforce, complementing and supporting the Ministry of Health, the lead health agencies and the Ministry of Business, Innovation and Employment (MBIE) as they develop and implement strategy in this area.

Our career development awards are designed to address career precarity and build specific capability and capacity where there are important gaps in the health research workforce, such as for:

- emerging researchers and leaders,
- clinician researchers,
- Māori and Pacific health researchers.

Our support for developing future leaders will this year be enhanced by providing opportunities for co-lead investigators on all our major grant types.

We will continue to monitor and enhance the diversity and skills and expertise of the research teams that we fund, our assessment committees and the HRC staff. In doing this, we will be aligning with the government's Diversity in Science Statement.

A key focus this year will also be to support the work initiated by the Minister of Science, Innovation and Technology, and carried out by MBIE, to strengthen the science, innovation and technology system and what it delivers for New Zealanders. This includes being partners alongside the Ministry of Health and MBIE, in the implementation of the New Zealand Health Research Strategy 2017-2027 (NZHRS). Its implementation is critical for flourishing health research and SI&T systems that advances the economic, social, cultural and environmental wellbeing of New Zealanders.

It is the expectation of our Ministers that over the coming year, we will continue to strengthen our governance and financial management. The HRC is working with Treasury, the Ministry of Health and MBIE to develop a public equity management plan, to maximise the amount of funding available to the research community in any one year.

Statement of Performance Expectations

We describe in detail the four Outputs that the HRC will deliver in 2024/25, and our performance measures and targets that link to our performance framework.

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. Invest in developing excellent health researchers	<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. Invest in health research that is excellent, innovative and impactful	<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>
3. Invest in priority health research gaps, needs and opportunities	<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> • Science & Innovation: <i>Vision Mātauranga Capability Fund</i>
4. Keep the health research system ethical and safe	<ul style="list-style-type: none"> • Vote Health 	<ul style="list-style-type: none"> • Health

⁷ The Centre for Science and Technology Studies at Leiden University in the Netherlands publishes the rate of collaboration identified through advanced open bibliometric data indexed across 1380 universities. Available from: <https://open.leidenranking.com/>.

Output 1

Invest in developing excellent health researchers

We develop and support the people who deliver excellent health research across New Zealand.

Cost 2024/25	\$000's
Prospective revenue: refer to Financial Statements:	12,996
Prospective cost: refer to Financial Statements:	15,239
Deficit funded from reserves:	(2,243)

Scope of the Output

This output covers our Career Development Awards, funded through the Vote Business, Science and Innovation: Health Research Fund.

The HRC is New Zealand's main provider of funding for health research careers, career path transitions and succession. We balance our total investment between career development for the research workforce, and the science itself. Health researchers are essential contributors to the health service ecosystem (service and treatment advancement and workforce generation) and the SI&T system.

Our career development awards are designed to address career precarity and build specific capability and capacity where there are important gaps in the health research workforce, such as support for our most promising emerging researchers and leaders, frontline clinicians and health sector professionals, and Māori and Pacific health researchers. Around 60 Career Development Awards will be offered.

In 2024/25 we will focus on how we better develop, grow, and retain a thriving health research workforce. Any new or revised opportunities will be communicated in advance.

Supporting emerging researchers

Emerging Researcher First Grants

Our Emerging Researcher First Grants provide support to early career researchers who have demonstrated excellent research capability, a desire to establish an independent health research career, and who are working in a supportive research environment.

Supporting future research leaders

Sir Charles Hercus Health Research Fellowship

We expect to offer between 5-8 of our prestigious Sir Charles Hercus Health Research Fellowships in the coming year. These advanced fellowships support researchers (6-10 years post PhD) with outstanding potential to lead and undertake world-class research in New Zealand. This includes those returning from overseas and is the way we support reestablishing our bright expatriates in this country and attracting new research talent to our shores.

Strengthening research skills in clinicians

Foxley Fellowship

Clinical Research Training Fellowship

Clinical Practitioner Research Fellowship

We will offer a range of targeted fellowships that provide frontline clinicians with the opportunity to gain a research qualification or to further their engagement in research. These opportunities are critical enablers for strengthening the health system's capacity to deliver timely, safe and effective services, supporting the application of evidence, enquiry and innovation within the health sector, and contributing to a culture of continuous learning. Clinical Fellowships are complemented by our Health Delivery Research Career Development Awards.

Advancing Māori and Pacific health through building the research workforce

<i>Health Research Masters Scholarships</i>
<i>Health Research PhD Scholarship</i>
<i>Health Clinical Research Training Fellowships</i>
<i>Health Research Postdoctoral Fellowships</i>
<i>Health Research Summer Studentship</i>
<i>Rangahau Hauora Training Grant</i>
<i>Health Research Development Grant</i>
<i>Health Research Knowledge Translation Grant</i>

The HRC provides career development opportunities to engage Māori and Pacific peoples in health research. These career development opportunities are critical to ensuring New Zealand has a skilled health research workforce that is representative of the people it serves, who can work with communities to achieve health gains, and deliver effective, appropriate and culturally competent services for Māori and Pacific peoples.

We will provide opportunities for seeding careers, through summer studentships; for launching careers through Master's and PhD scholarships; for establishing careers through postdoctoral fellowships; for clinicians to undertake an advanced research qualification; to develop emerging leaders; and for people working directly in and with their communities.

Our processes

All career development awards are contestable, and awardees will be chosen by expert review of the proposed research and the potential of the applicant.

Our investment opportunities

As part of our ongoing improvement and efficiency work, we will look to continuously improve how we support people through the opportunities we provide.

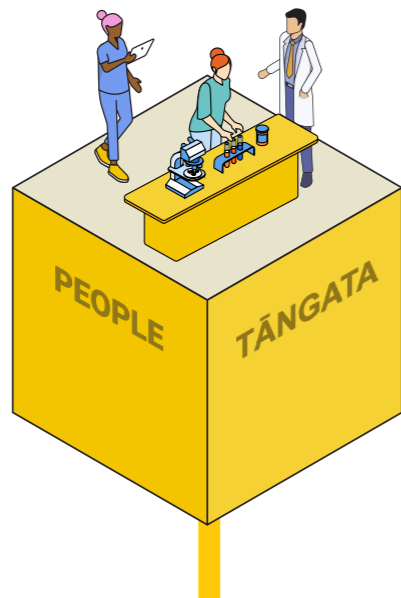
We are taking well-considered steps towards better supporting people and capability to reduce the reliance on project-to-project funding and significant loss of productivity in the system with time spent on applications. These changes are also aimed at providing sustainable and stable career opportunities for those who are underrepresented and underserved in the current system, who are from communities with high health needs, and areas where it has proven difficult to attract and retain the best talent.

Our focus is on better supporting our research talent across the career spectrum from emerging researchers to those in mid-career and our leaders.

We will communicate any changes to our people-focused opportunities well ahead of time.

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

The priority actions of the HRC's Statement of Intent that Output 1 delivers to:



OUR PRIORITY ACTIONS Ā MĀTOU MAHI HAUMI

Invest in developing excellent health researchers.
Ka haumi kia whakatupuria ngā kairangahau hauora hiranga.

OUR STRATEGIC INTENTIONS Ā MĀTOU RAUTAKI TAKUNETANGA

- Foster excellence and innovation** Provide research opportunities for our health research talent across the career spectrum.
- Connect for greater impact** Connect early career researchers with established teams by providing development opportunities within grants.
- Strengthen the health research ecosystem** Improve sustainability of career pathways for health researchers.
- Address the health needs of Māori and other ethnic groups** Provide a full suite of career development opportunities for Māori and Pacific health researchers, from early career to research leadership positions.

Output 1: Invest in developing excellent health researchers

The HRC's investment in career development is crucial to building and maintaining a healthy research ecosystem. We have chosen key performance indicators (KPIs) that focus on maintaining a skilled and connected workforce, strengthening the clinical research environment and the quality of healthcare, supporting our most promising mid-career researchers to develop into future leaders, and building capacity to address areas of high health need.

Key performance indicators (KPIs) for Output 1	Baseline	2023/24 Actual	2024/25 Target																
Number of current career development contracts awarded to practising clinicians	41 in 2018/19	99	>60																
<p>Why this KPI? HRC provides targeted career development opportunities so practising clinicians can engage in and undertake research. Our career development opportunities are critical enablers for strengthening the health system's capacity to deliver safe, effective and appropriate services, supporting the application of evidence, enquiry and innovation within the health sector, and contributing to a culture of continuous learning. The success of these opportunities is based on demand and the health delivery sector seeing the value of staff engaging in research. In 2023/24 we increased the target from >30 to >60 due to increased demand for these awards despite additional pressures on the health sector.</p>	<p>Trend</p> <table border="1"> <caption>Trend Data for Career Development Contracts</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>2016/17</td><td>30</td></tr> <tr><td>2017/18</td><td>34</td></tr> <tr><td>2018/19</td><td>41</td></tr> <tr><td>2019/20</td><td>50</td></tr> <tr><td>2020/21</td><td>88</td></tr> <tr><td>2021/22</td><td>84</td></tr> <tr><td>2022/23</td><td>89</td></tr> </tbody> </table>			Year	Value	2016/17	30	2017/18	34	2018/19	41	2019/20	50	2020/21	88	2021/22	84	2022/23	89
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2017/18	34																		
2018/19	41																		
2019/20	50																		
2020/21	88																		
2021/22	84																		
2022/23	89																		
Number of Māori Health Research Scholarships awarded (including, Masters, PhD and postdoctoral awards)	10 in 2018/19	12	>8																
<p>Why this KPI? HRC has established a career development programme to grow and maintain capacity and capability for Māori health research. A health research workforce that is representative of the people it serves will generate new knowledge and strengthen the health system's capacity to deliver effective and appropriate services for and with Māori and advance Māori health.</p>	<p>Trend</p> <table border="1"> <caption>Trend Data for Māori Health Research Scholarships</caption> <thead> <tr> <th>Year</th> <th>Value</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> <tr><td>2021/22</td><td>13</td></tr> <tr><td>2022/23</td><td>12</td></tr> </tbody> </table>			Year	Value	2016/17	13	2017/18	13	2018/19	10	2019/20	12	2020/21	10	2021/22	13	2022/23	12
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2017/18	13																		
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2019/20	12																		
2020/21	10																		
2021/22	13																		
2022/23	12																		
Number of Advanced Post-Doctoral Fellowships awarded	7 in 2022/23 (new measure)	7	5-12																
<p>Why this KPI? As part of our mandate to advance leadership across the spectrum of health research, we offer advanced post-doctoral awards to attract and retain future health research leaders and build our capacity to conduct world-leading research in New Zealand. These prestigious grants of up to \$600,000 over four years include the Sir Charles Hercus Health Research Fellowships and the Sir Thomas Davis Te Patu Kite Rangī Ariki Health Research Fellowships.</p>																			

Key performance indicators (KPIs) for Output 1	Baseline	2023/24 Actual	2024/25 Target
Pilot a stakeholder survey for Assessing Committee members	Not applicable	New measure	Baseline survey results to be reported
<p>Why this KPI? The members who populate HRC's Assessing Committees have a broad range of experience and expertise and are well placed to provide valuable feedback on the strengths and weaknesses of our current assessment processes. This year we plan to develop and implement a survey for Assessing Committee members to capture and report levels of satisfaction with HRC processes. The survey will provide a baseline measure to track progress in subsequent years, as well as capture suggestions for refinements to assessment processes that can inform our work programme for continuous improvement.</p>			

Output 2

Invest in health research that is excellent, innovative and impactful

We invest in the best ideas and innovations proposed by researchers, designed to improve health outcomes and contribute to New Zealand's economic growth.

Cost 2024/25	\$000's
Prospective revenue: refer to Financial Statements:	110,413
Prospective cost: refer to Financial Statements:	113,821
Deficit funded from reserves:	(3,408)

Scope of the Output

This Output covers research contracted through funding rounds for investigator-initiated research, and investment in New Zealand health delivery research (Activation Grants and Projects). These contracts are supported from the Vote Business, Science and Innovation: Health Research Fund.

Our investment is directed at excellence, impact and innovation and developing people and ideas. It encompasses distinct opportunities to target areas with the highest health needs and ensuring that the evidence and solutions are effective and appropriate for people and communities.

This output covers five different contract types:

Projects <ul style="list-style-type: none"> Open / Māori / Pacific 	Up to 3 years, \$1.2M max
Programmes <ul style="list-style-type: none"> Open 	Up to 5 years, \$5M max
Health Delivery Research Activation Grants	Up to 1 year, \$30k max
Health Delivery Research Projects	Up to 5 years, \$1.4M max
Explorer Grants	Up to 2 years, \$150k max

Our Project and Programme Grants are offered across the full spectrum of health research disciplines.

Our Explorer Grants support higher-risk projects with transformative potential.

Health Delivery Research Activation Grants provide support for researchers to establish health delivery research evidence needs before applying for further funding.

Our Health Delivery Research Project Grants support research that is connected to healthcare delivery at a practice, policy or system-level.

All grants are awarded in keeping with our robust contestable processes.

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

Our investment opportunities

As part of our ongoing improvement and efficiency work, we will look to continuously improve our investigator-initiated research funding opportunities. We will focus on streamlining our funding opportunities and processes, making them more accessible, effective, efficient and responsive to government priorities, while simultaneously reducing applicant burden and compliance.

We will work in a collaborative and coordinated way with our Ministries to ensure the remit and responsibilities of each organisation are clear, to limit duplication across the system and increase alignment. We are currently working with MBIE to ensure our fellowship opportunities and contracting processes are aligned, and with the Ministry of

Health on strengthening the environment for clinical trials and ensuring we have the capabilities needed to conduct them.

This is important for the overall cohesion and sustainability of the SI&T system and supports work the Minister of Science, Innovation and Technology has initiated to strengthen the system.

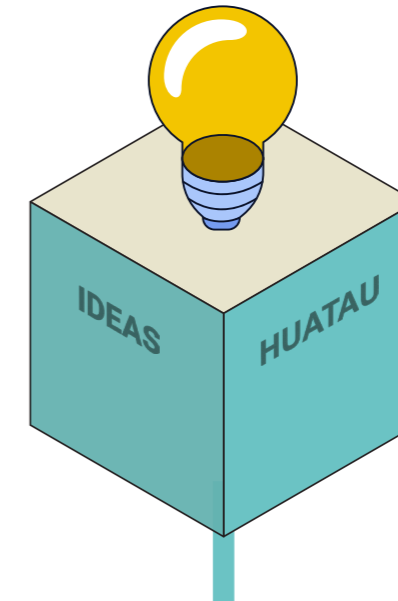
The HRC will also consider the balance of funding and assessment process that supports each opportunity so that it matches the scope, purpose and intended outcomes.

This contributes to the HRC's remit to lead and coordinate health research across the SI&T system and health sector, providing a strong, connected, and stable environment for health research for New Zealand.

We will communicate any changes to our excellent research ideas-focused opportunities well ahead of time.

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

The priority actions of the HRC's Statement of Intent that Output 2 delivers to:



OUR PRIORITY ACTIONS Ā MĀTOU MAHI HAUMI

Invest in health research that is excellent, innovative and impactful.
Ka haumi ki roto i ngā rangahau hauora hiranga, auaha, whakaaweawe.

OUR STRATEGIC INTENTIONS Ā MĀTOU RAUTAKI TAKUNETANGA

Foster excellence and innovation	Identify and fund excellent and innovative health research.
Connect for greater impact	Assess research applications on the quality of stakeholder engagement and potential to achieve meaningful impact.
Strengthen the health research ecosystem	Ensure our funding process is robust, transparent, equitable, and designed to identify excellent and innovative research with the potential for meaningful impact.
Address the health needs of Māori and other ethnic groups	Identify and fund excellent research with a focus on improving health need for Māori and other ethnic groups.

Output 2: Invest in health research that is excellent, innovative and impactful

The HRC invests in competitive funding rounds designed to identify excellent and innovative, investigator-initiated research ideas that will deliver the greatest impact. We have chosen KPIs that focus on transformative research, research that contributes to high priority health issues, research outputs that demonstrate technological advances generated from our investment, and our management of contracts to ensure value is delivered for the public's investment.

Key performance indicators (KPIs) for Output 2	Baseline	2023/24 Actual	2024/25 Target																
Number of Explorer Grant contracts funded in the previous financial year that meet the HRC's definition of 'transformative' research	10 in 2018/19	17	15 - 25																
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. 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.	<p>Trend</p> <table border="1"> <caption>Explorer Grant Contracts Trend</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> <tr><td>2021/22</td><td>15</td></tr> <tr><td>2022/23</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	2021/22	15	2022/23	17
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2018/19	10																		
2019/20	15																		
2020/21	17																		
2021/22	15																		
2022/23	17																		
Percentage of Projects and Programmes funded in the previous financial year that address five priority non-communicable diseases	45% in 2022/23 (new measure)	45%	40-65%																
Why this KPI? Heart disease, respiratory diseases, diabetes, poor mental health and cancer have been identified to be major causes of morbidity and mortality in New Zealand and as such are priority health issues to address. HRC provides support across the spectrum from targeted basic research to experimental development, to generate, develop, test and translate solutions to reduce the burden of ill-health from these five non-communicable diseases.																			
Number of new or upgraded therapies, tools, devices, or technologies reported from HRC research	35 in 2022/23 (new measure)	35	>28																
Why this KPI? The benefits of health research are many and wide-ranging, and while there is often a time lag for impacts to be realised, HRC researchers can report on a variety of tangible outputs generated by their research within a shorter term. Our KPI includes research outputs to capture the level of innovation and value generated within the term of HRC contracts from new technologies, products and tools, highlighting the vital role that HRC support plays in fuelling the research and development pipeline in New Zealand. The outputs for our measure can include new or improved use of drugs and biologics; patent applications pending and awarded, and technological advances to generate solutions and better tools for prevention, screening, diagnosis and clinical management.																			

Key performance indicators (KPIs) for Output 2	Baseline	2023/24 Actual	2024/25 Target
Implement a contract monitoring and management regime scalable to risk	Risk profiles for contracts developed	Contract risk monitoring has been implemented and targets met.	Implement a risk-based monitoring regime to include all active contracts and introduce a new 'traffic light' framework to improve contract management.
Why this KPI? Good contract management practices are key to ensuring that the excellent research that the HRC supports will be completed on time, have the desired impact and deliver good value for the public's investment. Identifying risks and issues early so they can be proactively managed, and instituting the appropriate level of monitoring, is an important part of this. We have developed a risk-based monitoring regime and with the appointment of a dedicated risk manager will develop risk profiles for all active research contracts and report bi-annually to the Risk Management Assurance Committee on the summary of findings, with an emphasis on contracts with the highest risk. This year, we will also implement a new 'traffic light' rating framework to support both contract risk profiling and contract management. This will strengthen our ability to monitor achievement of contract milestones and direct action to preserve value of HRC's investment where necessary, ultimately reducing the HRC's contract management risk profile.			
Pilot a stakeholder survey for Assessing Committee members	Not applicable	New measure	Baseline survey results to be reported
Why this KPI? The members who populate HRC's Assessing Committees have a broad range of experience and expertise and are well placed to provide valuable feedback on the strengths and weaknesses of our current assessment processes. This year we plan to develop and implement a survey for Assessing Committee members to capture and report levels of satisfaction with HRC processes. The survey will provide a baseline measure to track progress in subsequent years, as well as capture suggestions for refinements to assessment processes that can inform our work programme for continuous improvement.			

Output 3 Invest in priority health research gaps, needs and opportunities

We invest in priority health issues to respond to important research and evidence needs and address urgent and emerging priorities, critical gaps and cross-sectoral challenges.

Cost 2024/25	\$000's
Prospective revenue: refer to Financial Statements:	5,658
Prospective cost: refer to Financial Statements:	4,854
Surplus added to reserves:	804

Scope of the Output

Investments through this Output are supported from the Vote Business Science and Innovation: Health Research Fund, Catalyst Fund and Vision Mātauranga Capability Crown Fund.

This output covers a range of targeted funding mechanisms, such as our:

- targeted initiative to support the government's strategic priorities in realising the potential role and benefits of AI in strengthening the health system.
- long-term stable support for Independent Research Organisations (IROs),
- international co-funding relationships through MBIE's Science and Innovation Catalyst Fund, and
- Ngā Kanohi Kitea Community Advancement Fund research contracts, supported from the Science and Innovation Vision Mātauranga Capability Crown Fund.

Targeting investment to priorities

The HRC seeks to support the government's strategic priorities by aligning our investment in critical areas. This financial year, the HRC will develop a request for proposals (RFP) to support the strategic priority of realising the potential role and benefits of AI in strengthening the health system.

The potential for AI to support clinical decision making to improve health outcomes for all New Zealanders is significant. However, there are issues to consider in

terms of the effective, ethical, and safe implementation of AI in healthcare⁸. This targeted initiative provides an opportunity to support research focused on the risks and benefits of AI, and data to support improved safety and quality of its application at the point of implementation in the health system.

Support for Independent Research Organisations

As part of our focus on developing and supporting health researchers who deliver excellent health research, the HRC will continue to provide long-term stable support for IROs that exist outside of the Crown Research Institute and university sector.

In 2022, four IROs were allocated a total of \$40.6 million, spread over a maximum period of seven years. This long-term funding has been invested to build and retain critical research capability which contributes to improving 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:

- Medical Research Institute of New Zealand
- Malaghan Institute for Medical Research
- Whakauae Research for Māori Health and Development

- Te Atawhai o te Ao: Independent Māori Institute for Environment & Health.

In 2024, management of the research contract with the Malaghan Institute for Medical Research will transfer to MBIE, with funding redirected from the Health Research Fund, as per direction from the Minister of Science, Innovation and Technology and the Minister of Health.

International Research Strategy

In 2024/25, the HRC will develop an international research strategy. Health research is situated within the context of the wider, global health and SI&T systems. International connectivity is important at a research, people, infrastructure, and policy level. International collaboration strengthens the quality, impact and reach of HRC's investment, develops the health research workforce, and gives researchers the ability and opportunity to address complex and transboundary health research problems through coordination of global effort – as demonstrated through the recent pandemic.

New Zealand researchers are already well connected to the international health research effort, in part due to the facilitation and coordination role the HRC plays, with 59% of HRC contracts including at least one international collaboration. The development of an International Research Strategy will strengthen the international position of New Zealand health research, by helping to further identify priorities and inform investment choices and opportunities. The strategy will support broader implementation of the NZHRS, which recognises the importance of connecting and collaborating internationally and building on our existing high international standing, reputation, and credibility, particularly as "science, health, social and environmental challenges are growing in complexity."⁹

An international research strategy will enhance the many vital connections and contributions the HRC already makes to international forums to advance best practice and increase the value of health research, such as the:

- Asia-Pacific DORA (Declaration on Research Assessment) funder discussion group on fair and responsible research assessment.
- Ensuring Value in Research Funders' Forum (EViR) for international standards, best practice and value for money.
- Heads of International Research Organisations (HIROs) where leaders of international government

and philanthropic funders of health research come together to address complex, global health research issues and opportunities.

- The Research on Research Institute (RoRI) where researchers, funders, publishers, and data providers work together to improve research systems and cultures.

International Partnerships

We fund international partnerships which provide New Zealand researchers with collaborative opportunities in areas of national and international priority.

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 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 funds implementation science to target chronic diseases, such as heart disease, diabetes, certain cancers, and lung diseases. In 2020, we provided funding for implementation research for the primary and/or secondary prevention of cancer within Māori and/or Pacific populations. This financial year, we expect to participate in the GACD funding call to be released in 2025.

The HRC, the Australian 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 agreement is set to be renewed this financial year, after being paused in 2020 to allow participating funding agencies to prioritise provision of support to local indigenous researchers and their communities who were among the most impacted by COVID-19.

⁸ Gerrard, J., Town, I., Benson, R., Brown, E., & Varughese, C. (2023). *Capturing the benefits of AI in healthcare for Aotearoa New Zealand*. Office of the Prime Minister's Chief Science Advisor. PMCSA-AI-healthcare-LONG-REPORT-FINAL-pdf-version-v3.pdf (bpb-ap-se2.wpmucdn.com)

⁹ <https://www.health.govt.nz/system/files/documents/publications/nz-health-research-strategy-jun17.pdf>

Vision Mātauranga Capability Fund

Through this Output, on behalf of MBIE we provide targeted support to increase Māori health research participation at a grassroots level, enabling iwi, hapū and Māori community groups to undertake research that addresses self-identified issues while upholding rangatiratanga, advancing Māori knowledge, resources, and people.

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) on behalf of MBIE, 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.

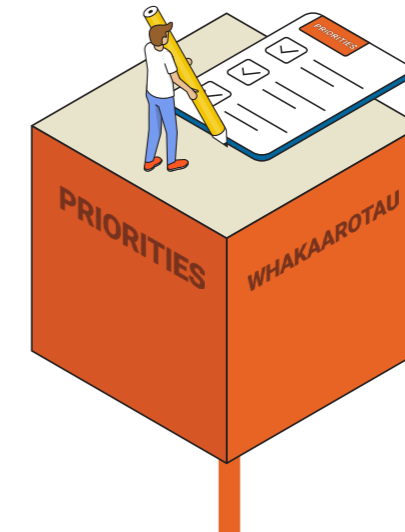
The HRC's investment mechanism for the VMCF, the Ngā Kanohi Kitea Community Advancement Fund, has been redesigned to make research funding more accessible and meaningful for Māori communities. The fund provides greater scope to develop research skills and enable communities to identify and investigate issues that matter to them most.

The scope of this funding initiative covers three distinct opportunities:

- establishing or elevating capability within Māori communities; (development grants, training grants)
- responding to self-identified evidence need, (project grants), and
- enhancing the uptake of community knowledge (knowledge mobilisation grants).

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

The priority actions of the HRC's Statement of Intent that Output 3 delivers to:



OUR PRIORITY ACTIONS Ā MĀTOU MAHI HAUMI

Invest in priority health research gaps, needs and opportunities.
Ka haumi ki roto i ngā puare, ngā mea e matea ana, ngā āheinga hoki o te rangahau hauora.

OUR STRATEGIC INTENTIONS Ā MĀTOU RAUTAKI TAKUNETANGA

Foster excellence and innovation	Fund excellent and innovative research focused on addressing research and capability gaps in high priority areas.
Connect for greater impact	Connect and partner with key stakeholders to fund research in priority areas.
Strengthen the health research ecosystem	Work across the health and SI&T sectors to identify and fund critical evidence gaps; and promote systems, policies and practices that enhance the value of health research for New Zealand.
Address the health needs of Māori and other ethnic groups	Work with Māori and other ethnic groups to identify health need research priorities.

Output 3: Invest in priority health research gaps, needs and opportunities

The HRC's investments through domestic and international initiatives are key to addressing priority health research gaps, needs and opportunities, both locally and globally. This year, we will launch a new initiative focused on the priorities of our Ministers and develop an international strategy that will identify where we can add and derive the greatest benefit through international research collaboration and engagement for New Zealanders. Our KPIs reflect this.

Key performance indicators (KPIs) for Output 3	Baseline	2022/23 Actual	2024/25 Target
Launch a targeted initiative in the area of Artificial Intelligence (AI) in healthcare.	Not applicable	New measure	Release an RFP on AI in healthcare.
Why this KPI? The use of AI in healthcare has great potential to improve health outcomes for all New Zealanders but the risks and benefits must be carefully considered. By releasing an RFP and commissioning high quality research in this area we will support the government's strategic priorities in realising the potential benefits of AI to strengthen the health system.			
Develop an international strategy to target and guide our investment	Not applicable	New measure	HRC International Strategy approved by HRC Council
Why this KPI? HRC involvement and investment in international funding opportunities has evolved over recent years, and future investment must take into account updated national and international contexts. The development of an international health research strategy for HRC would serve to identify priorities, inform investment choices and opportunities, and provide direction and clarity for the different threads of HRC-supported international research activity.			

Output 4 Keep the health research system ethical and safe

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

Cost 2024/25	\$000's
Prospective revenue: refer to Financial Statements:	285
Prospective cost: refer to Financial Statements:	375
Deficit funded from reserves:	(90)

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 is ethically sound

The work of our ethics and regulatory committees

In 2024/25 our committees will provide the services outlined below.

The HRC Ethics Committee

In 2024/25 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 provides 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 continue to assess whether 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.

This year, the HRC will also continue work initiated in 2021 to review the implementation of SCOTT's mandate according to Section 30 of the Medicines Act 1981.

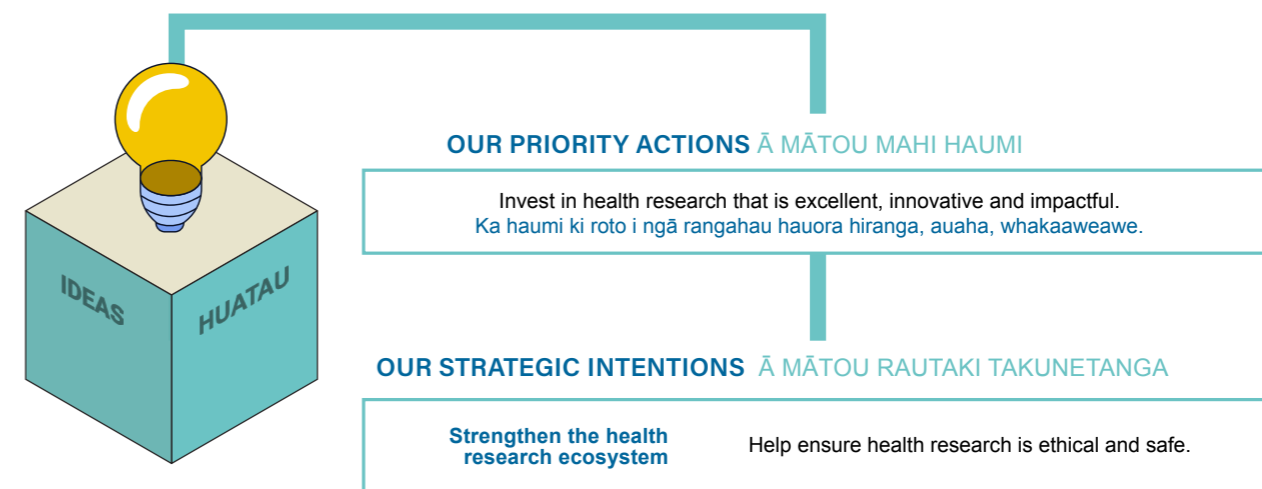
Section 30 of the Medicines Act 1981 authorises the Director-General of Health to approve the use of a medicine (as defined in section 3 of the Act) for the purposes of a clinical trial on the recommendation of the HRC. The independent review was completed in late 2023 with recommendations made to enhance the delivery of the mandate. In 2024 the HRC is progressing the design of new processes, procedures, and principles for consideration of applications by the SCOTT Committee, in consultation with both Medsafe and SCOTT committee members, who hold expertise on safe conduct of clinical trials with new medicines that is limited within New Zealand.

In the year ahead, the HRC expects to:

- Conduct public consultation on the draft new processes, procedures and principles for the SCOTT committee.
- Approve, publish and implement new processes, procedures and principles for the SCOTT committee.

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

The priority actions of the HRC's Statement of Intent that Output 4 delivers to:



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	2022/23 Actual	2024/25 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 2024/25 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) and Institutional Ethics Committees (IECs) reviewed & approved by HRC annually	4 HDEC 2017/18	4 HDECs*	4 HDEC 12 IEC
Why this KPI? Approving HDECs and IECs is an important role for the HRC in keeping the health research system ethical and safe and so we continue to set targets. *Note, the target for 2022/23 included HDECs but not IECs.			
Strengthen the role of the Standing Committee of Therapeutic Trials (SCOTT)	New measure	New measure	Adopt revised Terms of Reference, informed by public consultation, and implement.
Why this KPI? The HRC is progressing a workstream to improve the processes, procedures and principles for consideration of applications for clinical trials with new medicines by the SCOTT Committee. This will be done in consultation with both Medsafe and SCOTT committee members and will result in updated Terms of Reference for SCOTT. In this way we will strengthen SCOTT's mandate according to Section 30 of the Medicines Act 1981 and HRC's role in ensuring the safe conduct of health research in New Zealand.			

Our team and organisation

The HRC maintains appropriate and effective systems and processes and has the capability needed to deliver on our functions as set out in our Act and achieve our strategic intentions.

Governance

The HRC is governed by a 10-member Council. The Minister of Health, in consultation with the Minister of Science, Innovation and Technology, appoints members¹⁰.

Membership consists of five persons who are or have been actively engaged in health research and five persons who have skills and experience in areas such as community affairs, health administration, law, commercial expertise, management, or knowledge of health issues from a consumer perspective.

The Council's governance responsibilities include:

- Communicating with the Minister of Health and Minister of Science, Innovation and Technology and other stakeholders to ensure their views are reflected in the HRC's planning.
- Delegating responsibility for achievement of specific objectives to the chief executive.
- Monitoring organisational performance towards achieving objectives.
- Accountability to the Ministers for plans and progress.
- Maintaining effective systems of control.

The Council maintains an interests register and ensures Council members are aware of their obligations to declare interests. The Council is committed to ensuring that all its activities are conducted in a manner which meets the highest ethical standards.

The criteria for membership of the Council is outlined in Sections 8 to 11 of the Health Research Council Act 1990¹¹. Sections 6, 31 and 34 of the Act sets out the statutory responsibilities of the HRC, which relate to the functions of the Council, consideration of applications, and liaisons with other organisations.

Statutory and Standing Committees

The HRC also has eight Statutory and Standing Committees¹² that play a vital role in the assessment of research applications, advise on funding, and keep health research ethical and safe.

Our Biomedical, Public Health, and Māori Health Statutory Committees (members of Council chair these committees), and the Pacific Health Research Committee play a vital role in the assessment process and advise the Council on the assignment of funds for health research within the remit of their respective Committees.

The Māori Health Committee has additional functions specified by the HRC Act 1990, namely that the Committee shall advise the Council on health research into issues that affect Māori people, with particular reference to research impinging on cultural factors affecting the Māori people, including those that affect the gathering of information, and the verification and validation of information.

Our ethics and regulatory committees are a key national resource and integral to ensuring New Zealand's health research is ethical and safe. We advise the Minister of Health on the safe uptake of new health technologies and conduct of clinical trials (refer to Output 4, 31 for further information).

Our people and organisational capability

We are a team of 37 dedicated and diverse fulltime and part-time staff, with 10 ethnicities represented.

Leadership takes a proactive approach to developing and maintaining the skills and capabilities needed to deliver on our functions as set out in our Act and to individually and collectively be accountable for the HRC delivering to its strategic intentions.

Health, safety and wellbeing

The HRC is committed to maintaining the health and safety of all employees, and we support the aim of the Health and Safety at Work Act, 2015.

We have a Health and Safety Committee comprised of staff members who work closely with our executive leadership team, and report back to the HRC's Council and Risk Management Assurance Committee (RMAC). The committee has a range of functions, including:

- Organising annual health and safety training updates for staff, such as hazard identification training, warden refresher training, and first-aid training.
- Reviewing fire drill reports and making recommendations on evacuation procedures based on lessons learned.
- Reporting at every HRC Council meeting, and on a quarterly basis to the Risk Management and Assurance Committee.
- Providing staff with timely health and wellbeing updates including reminding them of HRC-supported access to EAP services, workspace set up services, and continued provision of COVID-19 protections such as air purifying and filtration systems within the office space.
- Ensuring grab bags in case of emergencies, are available for all staff members.

HRC staff are offered annually on-site flu vaccinations with a nurse or vouchers for off-site vaccination. Staff have continued access to face masks, and hand sanitisers to manage the risk of COVID-19.

Information technology systems and security

The HRC takes seriously the need to keep the information we hold safe and is aware of the risk a potential cyber security threat poses. We have robust systems and processes in place that focus on preventing breaches or unauthorised access, including multifactor authentication. We have an external service provider who performs penetration tests of our network. Network users undertake continuous cyber security training aimed at enhancing awareness and capability across and are tested frequently. All systems and processes are regularly reviewed and revised as necessary to ensure they remain fit for purpose.

Environmental sustainability

Sustainability for the HRC means leading with integrity to improve outcomes for the environment and health of all New Zealanders. Stepping up to address the challenge that climate change presents takes courage and the HRC strives to demonstrate transparency in achieving our sustainability goals and being accountable to the New Zealand public.

In 2019, the HRC introduced its sustainability framework¹³ which sets out our sustainability commitments:

- **Our people:** to create a culture of organisational sustainability and a workforce of environmental champions and stewards.
- **Our place:** to create a work environment that enhances the wellbeing of HRC staff and minimises our impact on the environment.
- **Our policies and procedures:** to become an environmental leader within the sector through a whole systems approach to sustainability and sharing best practice.

The HRC is proud to have become a Toitū net carbonzero certified organisation. Meaning we have:

- measured our emissions in accordance with ISO 14064-1:2018.
- committed to managing and reducing our emissions
- compensated for our remaining unavoidable emissions through purchasing carbon credits.

¹⁰ The HRC is accountable to the Minister of Health (our ownership minister) and the Minister of Science, Innovation and Technology (our funding minister). A Memorandum of Understanding (MoU) governs the relationship and outlines the HRC's responsibilities and describes how Ministers will work in partnership to set the high-level strategic direction for health research and support the HRC via funding arrangements and appointments to the Council.

¹¹ <https://www.legislation.govt.nz/act/public/1990/0068/latest/DLM213085.html>

¹² **Statutory Committees:** Māori Health Committee; Biomedical Research Committee; Public Health Research Committee; Ethics Committee. **Standing Committees:** Pacific Health Research Committee; Data Monitoring Core Committee (DMCC); Standing Committee on Therapeutic Trials (SCOTT); Gene Technology Advisory Committee (GTAC).

¹³ https://hrc.govt.nz/sites/default/files/2021-12/HRC%20Sustainability%20Framework_2021.pdf

¹⁴ Launched in 2020, the CNGP aims to make organisations within the public sector carbon neutral from 2025, including the HRC. CNGP participants must measure, verify and report their emissions annually; set gross emissions reduction targets and longer-term reduction plans; introduce a plan to reduce their organisation's emission; offset remaining gross emissions from 2025 to achieve carbon neutrality.

- continue to implement our Sustainability Framework that sets out our commitments and forms the basis for our emissions reduction plan.

The HRC has adopted science-based reduction targets using a simplified method, which sets gross emissions reduction targets in line with a global emissions pathway that limits warming to no more than 1.5°C. This is in line with our Carbon Neutral Government Programme (CNGP)¹⁴ and Toitū net carbonzero programme requirements. We have set the following emission reduction targets:

- **2025 target:** Gross emissions (all categories) to be no more than 219.62 tCO₂-e, or a 21% reduction compared to base year 2019.
- **2030 target:** Gross emissions (all categories) to be no more than 161.24 tCO₂-e, or a 42% reduction compared to base year 2019.

The HRC is currently exceeding both these targets, with over 90% reduction in gross emissions since we began measuring our emissions. However, we expect our emissions may grow over the next three financial years due to an increase in our domestic and international travel, increased working from home flexibility, and an ongoing data improvement project, which may result in additional sources being added in future reporting.

Forecast Financial Statements

In this part of the Statement of Performance Expectations, the HRC's financial performance plan for the year ending 30 June 2025 and the outlook or plan for the two years beyond are set out. These were prepared in May 2024.

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 2024/25 to 2026/27 included in this Statement of Performance Expectations have been authorised by the HRC Council Members for issue on 23 May 2024.

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 2022/23, year-end forecast for 2023/24 and plans for years 2024/25 to 2026/27.

The forecast financial statements have been prepared based on actual events, transactions and financial results up to 30 April 2024 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 ongoing impact of geopolitical tensions and inflation 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

National and global impacts of inflation, labour shortages and geopolitical tension mean we are operating in an environment characterised by:

1. A high degree of uncertainty in respect of the future course and effects of a predicted recession 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;
3. that the research and innovation sector will be regarded as a critical part of economic recovery, and therefore

4. it is likely that we will continue to receive the appropriations at least at the current levels.

The HRC has a critical role to play in supporting Aotearoa/ New Zealand through our investment in the research workforce, health sector and investigator led research.

A pragmatic approach to budgeting

We have framed the budget with a bottom-up approach anticipating that we will land somewhere between pre-Covid-19 levels and that achieved over the last two years, with the certainty that we will adapt to the evolving situation. We believe that this is the most credible approach to take in the circumstances.

We will become less reactive and more strategic so that our adaptations become aligned 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 recent years has been managing our reserves.

The HRC has reserves in its balance sheet, excluding the Foxley reserve fund, totalling \$13.6m at 30 June 2023 (\$13.0m at 30 June 2022). The value has remained within the Public Equity cap of \$15.0m as a result of the rescheduling of \$15.0m of funds receivable from the Crown into future years (\$7.5m into 2023/24 and \$7.5m into 2024/25). This build-up has occurred for several reasons.

1. Research is, even in normal circumstances, unpredictable in its execution and outcome. This results in changes in planned research schedules, and this has never been more evident than under Covid-19.
2. During the year to 30 June 2023, reserves further increased as a result of these delays and the HRC Council contracted with MBIE to reschedule funding from 2021/22 and 2022/23 forward to 2023/24 and 2024/25 to align with the expected timing of the cash outflow on research contracts that have been delayed.

As the impact of the restrictions experienced under Covid-19 continue to ease, the inevitable catch-up is now occurring. In 2023/24 the HRC received the first tranche of the deferred revenue of \$7.5m from MBIE. This has been fully expended during the year. It is expected that the same will occur with the second tranche in 2024/25 bringing the payments back into line with the receipts.

Managing the accumulated public equity requires a deficit budget, or overspend, in order to reduce the balance. This has been achieved in this budget, largely with the flow on impacts of higher awards made in the preceding two years in the knowledge that it would ultimately have the desired effect.

Forecast Statement of Comprehensive Revenue and Expense

for the year ending 30 June

	Note	Actual 2023 \$000	Forecast 2024 \$000	Plan 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Revenue						
Funding from the Crown	2	121,678	133,744	128,318	120,953	120,953
Interest Revenue		974	1,418	734	864	1,103
Other Revenue		429	667	300	300	300
Total Income		123,081	135,829	129,352	122,117	122,356
Expenditure						
Research Grant costs	3	115,363	128,943	126,782	112,801	109,885
Operational costs						
Assessment and Statutory Committee costs		922	1,008	1,063	1,070	1,077
Personnel costs		4,667	4,894	5,269	5,438	5,606
Depreciation and amortisation		89	86	92	85	51
Fees to Audit New Zealand		134	103	9	9	9
Other costs		1,296	988	1,074	1,086	1,163
Total operational costs		7,108	7,079	7,507	7,688	7,906
Total Expenditure		122,471	136,022	134,289	120,489	117,791
Surplus/(Deficit)		610	(193)	(4,937)	1,628	4,565
Other comprehensive Revenue and Expenses		0	0	0	0	0
Total Comprehensive Revenue and Expense		610	(193)	(4,937)	1,628	4,565

Statement of Changes in Equity

for the year ending 30 June

	Note	Actual 2023 \$000	Forecast 2024 \$000	Plan 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Equity at the beginning of the year		13,995	14,605	14,412	9,475	11,103
Total comprehensive revenue and expense for the year		610	(193)	(4,937)	1,628	4,565
Equity at the end of the year	5	14,605	14,412	9,475	11,103	15,668
Retained earnings		5,055	5,110	4,451	3,677	2,804
Funds committed for Research Grants		5,154	5,934	2,021	4,830	10,399
Joint Operation Reserve		3,431	2,177	1,744	1,269	1,071
Public Equity at the end of the year	5	13,640	13,221	8,216	9,776	14,274
Foxley Estate Reserve		965	1,191	1,259	1,327	1,395
Total Equity at the end of the year	5	14,605	14,412	9,475	11,103	15,669

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

Forecast Statement of Financial Position

as at 30 June

	Note	Actual 2023 \$000	Forecast 2024 \$000	Plan 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Current Assets						
Cash at Bank		3,409	1,648	3,098	2,446	3,001
Short-term Deposits	4	10,934	13,669	7,473	10,442	14,791
Funds held on behalf - Other Agencies	4	7,635	6,154	5,783	5,289	5,138
Funds held on behalf - Joint Operations	4	3,431	2,177	1,744	1,269	1,071
Funds held on behalf - Foxley Estates		963	1,001	1,214	1,211	1,211
Owning to HRC		1,266	350	207	138	162
		27,638	24,999	19,519	20,795	25,374
Non-Current Assets						
Fixed Assets		127	92	117	65	33
Intangible Assets		118	84	51	18	0
		245	176	168	83	33
Total Assets		27,883	25,175	19,687	20,878	25,407
Current Liabilities						
Payables		543	171	259	284	325
Contract Retentions		3,185	3,322	3,322	3,322	3,322
Provision for Committed Cost		725	206	206	206	206
Employee Entitlements		986	910	642	674	748
Funds held on behalf of other agencies	4	1,874	700	658	300	0
		7,313	5,309	5,087	4,786	4,601
Non-Current Liabilities						
Provision for Committed Grant		204	0	0	0	0
Funds held on behalf of other agencies	4	5,761	5,454	5,125	4,989	5,138
		5,965	5,454	5,125	4,989	5,138
Total Liabilities		13,278	10,763	10,212	9,775	9,739
Net Assets		14,605	14,412	9,475	11,103	15,668
Equity						
Public Quity		13,640	13,221	8,216	9,776	14,273
Foxley Reserve Fund		965	1,191	1,259	1,327	1,395
Total Equity	5	14,605	14,412	9,475	11,103	15,668

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 2023 \$000	Forecast 2024 \$000	Plan 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Cash flows from operating activities						
<i>Cash was provided from</i>						
Receipts from the Crown		121,678	133,744	128,318	120,953	120,953
Interest received		831	1,367	816	937	1,084
Other Revenue		954	667	300	300	300
		123,463	135,778	129,434	122,190	122,337
<i>Cash was applied to</i>						
Payments to suppliers		(117,877)	(131,827)	(129,300)	(115,132)	(112,324)
Payments to employees		(4,277)	(4,551)	(5,375)	(5,231)	(5,348)
GST		(891)	473	358	16	40
		(123,045)	(135,905)	(134,317)	(120,347)	(117,632)
Net cash flow from operating activities		418	(127)	(4,883)	1,843	4,705
Cash flows from Investing activities						
<i>Cash was provided from</i>						
Funds held on behalf of other agencies		517	0	0	0	0
Maturing Term Deposits		87,595	56,000	50,000	46,000	44,000
Sale of Assets		59	0	0	0	0
		88,171	56,000	50,000	46,000	44,000
<i>Cash was applied to</i>						
Funds paid on behalf of other agencies		(2,691)	(1,634)	(605)	(495)	(150)
Reinvestment of Term Deposits		(83,575)	(56,000)	(43,000)	(48,000)	(48,000)
Purchase of Property, Plant & Equipment		(125)	0	(62)	0	0
		(86,391)	(57,634)	(43,667)	(48,495)	(48,150)
Net cash flow from investing activities		1,780	(1,634)	6,333	(2,495)	(4,150)
Net increase (decrease) in cash held		2,198	(1,761)	1,450	(652)	555
Opening Cash at Bank		1,211	3,409	1,648	3,098	2,446
Closing Cash at Bank		3,409	1,648	3,098	2,446	3,001

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.

Standards issued and not yet in effect and not early adopted

There are no standards and amendments, issued but not yet effective, that have been identified.

Statement of compliance

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

Presentation currency and rounding

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

Use of estimates and judgements

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

Research Grant Expenditure

Planning of research grant expenditure is challenging in the current environment however the HRC have assumed a strategy which will result in public equity reserves levelling off at less than \$15m. This strategy is necessary to ensure that we are not levied a capital charge by the Crown. This will occur predominantly through management of application approvals. 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. Significant new and increased expectations have arisen since the HRC was established in 1990. Management is consistently reviewing and, where appropriate, reconfiguring staff focus and priorities to ensure that HRC goals and objectives are achieved as effectively and efficiently as possible. In 2024/25 we plan to increase FTE numbers by 3 to 40.9 to fill roles that have been vacated and to address capability gaps.

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 and Intangible Assets

All property, plant and equipment (PP&E), and intangible assets (IA) are stated at cost less accumulated depreciation or amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the items. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the 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.

Office and computer equipment	3 to 5 years	20 - 33%
Leasehold improvements	5 years	20%
Acquired computer software	3 years	33%
Developed computer software	5 years	20%

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

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

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. The 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

The 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

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

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

i) Critical accounting estimates and assumptions

In preparing these financial statements, the 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. The HRC has determined no lease arrangements are finance leases.

Research Grant Expenditure

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

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

	Actual 2023 \$000	Forecast 2024 \$000	Budget 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Ministry of Business, Innovation and Employment (MBIE)	121,393	133,459	128,033	120,668	120,668
Ministry of Health (MoH)	285	285	285	285	285
	121,678	133,744	128,318	120,953	120,953

Accounting Policy

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

Funding from the Crown

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

Grants Received

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

Interest revenue

Interest revenue is recognised using the effective interest method.

Provision of services

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

Joint Operations

The 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 MoH. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

Planning for Revenue from the Crown

A one-year extension to the Crown Funding Agreement for the fiscal years 2020 to 2023 has been received and signed for 2024. Negotiations are still underway for the Crown Funding Agreement which will apply for five years from July 2024. The HRC has planned revenue at the same levels as has been included in the draft agreement.

The funding forecast incorporates the impact of schedule variations transferring \$15.0m from FY 2023 to FY 2024 (\$7.5m) and FY 2025 (\$7.5m).

Prior to receiving the draft Crown Funding Agreement, the HRC were advised by the Ministers that \$5.5m was to be redirected to MBIE for them to administer directly. This represents a reduction in the Government funding for the HRC from July 2024 onwards and is the reason for the reduction in spend on research grants. In addition to this reduction, the HRC is also now having to plan for a lower level of spend as we emerge from the period of overspend required to manage the Public Equity balance within the cap of \$15.0m. Through Covid-19 and beyond, researchers were unable to complete their research in the originally contracted timeframes. This led to contract variations and slowed the rate at which the funds were dispersed. To compensate for this, more awards were made. As the impact of the contract variations is now coming to a close, the additional awards are utilising funds only now being received. This was an expected outcome of the strategy as the HRC elected to fund research in preference to paying a capital charge to the Crown.

Note 3 – Research Grant Costs

	Actual 2023 \$000	Forecast 2024 \$000	Budget 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Health Research Contracts	113,667	125,325	123,627	110,023	106,845
Vision Mātauranga Capability Fund	186	3,138	2,463	2,518	2,856
International Collaborations	1,510	480	692	260	184
	115,363	128,943	126,782	112,801	109,885

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

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

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

Accounting policy

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

Funds held for Joint Operations

Funds held for Joint Operations are the short-term funds set aside to meet the commitments made by the 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 the HRC and other partners to joint venture projects. These funds are interest-bearing. Where funds have been committed to research contracts, payment terms are dependent on the individual underlying contracts. Uncommitted funds are held with no payment terms. The release of those funds to research projects are approved jointly by the HRC and partners.

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

Funds held on behalf of Foxley Estate

Funds held on behalf of the Foxley Estate are pursuant to an HRC resolution to hold the bequeathed funds to support the Foxley Fellowship from the interest earned by the fund. During 2024, the HRC received two further bequests amounting to \$400k. The Council resolved to add these funds to the Foxley reserve.

Note 5 - Equity

	Actual 2023 \$000	Forecast 2024 \$000	Budget 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Retained Earnings (Research Contract Management)					
Balance 1 July	5,566	5,055	5,110	4,451	3,677
Surplus/(deficit) for the year	(511)	55	(659)	(774)	(874)
Balance 30 June	5,055	5,110	4,451	3,677	2,804
Future Committed Research Grants					
Balance 1 July	2,023	5,154	5,934	2,021	4,830
Surplus/(deficit) for the year	1,121	(248)	(4,278)	2,403	5,439
Transfer of Net Income from/(to) Joint Operations Reserve	1,980	1,254	433	474	198
Transfer of Net Income from/(to) Foxley Reserve	30	(226)	(68)	(68)	(68)
Balance 30 June	5,154	5,934	2,021	4,830	10,399
Joint Operations Reserve					
Balance 1 July	5,411	3,431	2,177	1,744	1,270
Transfer (from) / to accumulated surplus / (deficit)	(1,980)	(1,254)	(433)	(474)	(198)
Balance 30 June	3,431	2,177	1,744	1,270	1,072
Public equity	13,640	13,221	8,216	9,777	14,274
Foxley Reserve					
Balance 1 July	995	965	1,191	1,259	1,327
Transfer (to)/from Accumulated Surplus/(deficit)	(30)	226	68	68	68
Balance 30 June	965	1,191	1,259	1,327	1,395
	14,605	14,412	9,475	11,104	15,669

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);
- Future Committed Research Grants
- Joint Operations Reserve
- Foxley Estate Reserve

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

The HRC recognises its share of jointly controlled assets, liabilities, expenses, and income. The joint operations reserve represents the 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, the 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.

The 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. A further \$400k was added to the reserve in 2024 following the receipt of two further unrelated bequests. Grants made for research sabbaticals are charged against the reserve.

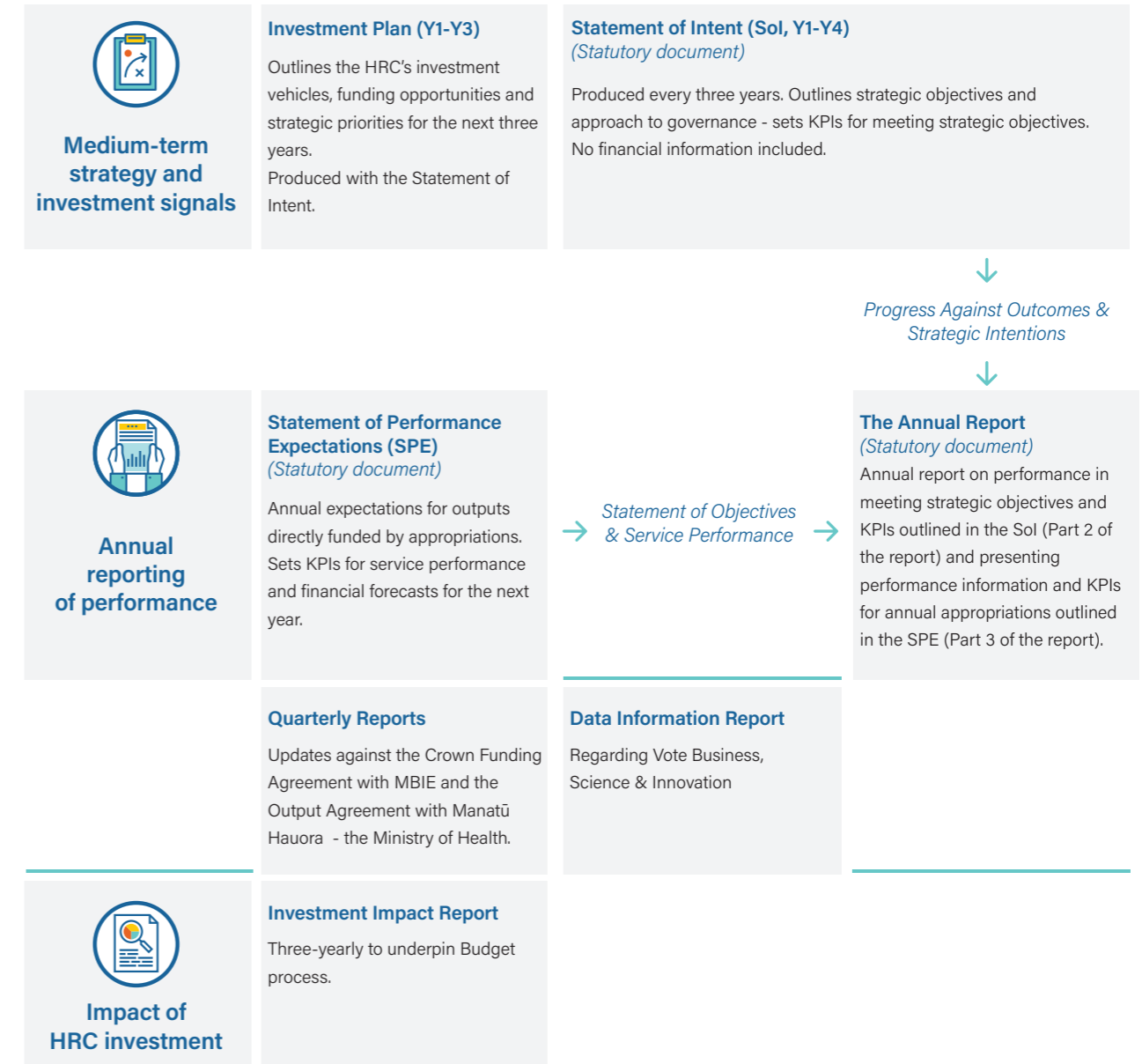
Note 6 - Capital management

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

	Actual 2023 \$000	Forecast 2024 \$000	Budget 2025 \$000	Plan 2026 \$000	Plan 2027 \$000
Surplus /(Deficit) for year	610	(193)	(4,937)	1,628	4,565
Add non-cash items					
Depreciation and Amortisation expense	89	86	92	85	51
Add/(deduct) movements in provisions	228	620	12	32	58
Add/(deduct) movements in working capital items					
Receivable (increase)/decrease	(590)	(104)	143	69	(24)
Payables increase/(decrease)	81	(536)	(193)	29	55
	418	(127)	(4,883)	1,843	4,705

How the HRC reports on strategy and performance - the documents



Glossary of Abbreviations and Terms

- **AI:** Artificial Intelligence
- **CIHR:** Canadian Institutes of Health Research
- **DMCC:** Data Monitoring Core Committee
- **DORA:** Declaration on Research Assessment
- **EVIR:** Ensuring Value in Research Funders' Forum
- **ED:** Emergency Department
- **GACD:** Global Alliance for Chronic Diseases
- **GPS:** Government Policy Statement on Health
- **GTAC:** Gene Technology Advisory Committee
- **HDACs:** Health and Disability Ethics Committees
- **HIROs:** Heads of International Research Organisations
- **HRC:** The Health Research Council of New Zealand
- **HRCEC:** HRC Ethics Committee
- **IECs:** Institutional Ethics Committees
- **IP:** Intellectual Property
- **IRO:** Independent Research Organisations
- **KPI:** Key Performance Indicator
- **MBIE:** Ministry of Business, Innovation and Employment
- **NHMRC:** National Health and Medical Research Council (Australia)
- **NKK:** Ngā Kāwhiri Kitea Community Advancement Fund
- **NZHRPF:** New Zealand Health Research Prioritisation Framework
- **NZHRS:** New Zealand Health Research Strategy
- **Outputs:** The principal services that we provide and the functions we fulfil, which are linked to our funding
- **SCOTT:** Standing Committee on Therapeutic Trials
- **SI&T:** Science, Innovation and Technology
- **SPE:** Statement of Performance Expectations
- **VMCF:** Vision Mātauranga Capability Fund



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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