

Statement of Performance Expectations

2025/26



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Foreword from our Chairs

In 2025/26, the Health Research Council of New Zealand will sustain and enhance our vital contribution to improving health outcomes for all New Zealanders. We are focused on delivering outcomes that generate value by keeping our population healthy and productive, strengthening health system performance through new and innovative models of service delivery and care, and seeding innovations with commercial potential that will drive economic growth and prosperity.

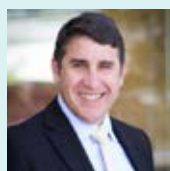
The Health Research Council's (HRC's) aspiration is that all New Zealanders benefit from our world-leading, high-impact, high-value health research. To achieve this the HRC invests in excellent research that is strongly aligned with our strategic intentions and will deliver the outcomes outlined in this Statement of Performance Expectations (SPE). This builds on work initiated in 2024, to ensure we clearly communicate and work with the health research community to respond to the HRC's strategic priorities. The HRC Council will continue to exercise discretionary decision making based upon the strength of a research application's alignment with our signalled investment priorities.

The HRC plays a vital strategic and stewardship role that bridges the health sector and science, innovation and technology system. We continue to work with Health New Zealand, the Ministry of Health and the Ministry of Business, Innovation and Employment (MBIE), with a shared focus and vision to strengthen the delivery of quality, timely and effective health services, to fuel the commercialisation pathway, and build stronger connections between researchers, innovators, and end-users to maximise health and economic outcomes.

We are committed to the work being done as part of the science system reforms to set a clear direction, lift economic growth and position New Zealand for the future. We will be working closely with the Minister of Science, Innovation and Technology and MBIE to implement any Cabinet endorsed recommendations to refocus the science, innovation and technology system.

As a Crown entity, and part of the wider public service, we strive to deliver the best value for public investment. Our programme of continuous improvement streamlines our operations and the lifecycle management of our contracts through simplification and innovation of our service design and delivery, enhancing the role of data in informing our operations, and where possible making better use of automation. This is a key way we ensure the HRC remains fit-for purpose and future-focused, delivering the best value and greatest impact for our stakeholders and the public.

Finally, we want to recognise that all HRC-funded health research has the potential to meet our priorities, help grow the economy and deliver real world outcomes for all New Zealanders. We thank the dedicated research community and our wider community of assessors and committee members who collectively, enable us to fund the impactful and innovative research that New Zealand needs most.



**Professor Lester Levy, CNZM
Chair**



**Professor Jeroen Douwes
Deputy Chair**

Introduction

This Statement of Performance Expectations sets out the four Outputs that the Health Research Council will deliver in the 2025/26 financial year, with funding from Vote Business, Science and Innovation of approximately \$110.4 million and Vote Health \$0.285 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 investing in the research skills and expertise New Zealand needs across the biomedical, clinical, health services and public 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 training the health research workforce in areas where capacity and capability are needed (our Career Development programme).
- through targeted funding initiatives that address priority health needs and critical gaps in evidence.

All HRC-funded research has a direct line of sight to improving health outcomes or the delivery of quality, timely and effective health services for all New Zealanders. Our investment provides high-quality evidence that supports progress on reaching the health targets and makes a difference to health, productivity and the economic prosperity of New Zealand. It generates new knowledge, solutions and innovations, and improves the quality, safety and cost-effectiveness of the healthcare system. We support research that results in innovative service delivery, new models of care and new products and processes with commercial value, making the health sector more efficient and effective.

We balance our investment portfolio 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, innovations, and economic benefits 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 Science, Innovation and Technology (funding and monitoring).

Aspiration:

All New Zealanders benefit from our world-leading, high-impact, high-value health research.

Principal statutory functions:

- Advise the Minister of Health on national health research policy.
- Advise on health research priorities for New Zealand.
- Initiate and support health research.
- Foster the recruitment, training and retention of health researchers in New Zealand.

Our strategic intentions from our Statement of Intent:

- Drive research impact, innovation and excellence.
- Focus on health need and improving health outcomes.
- Invest in the people and capability New Zealand needs now and for the future.
- Add value through connection and collaboration.
- Support the safe and ethical conduct of research.

The HRC plays both a strategic and stewardship role that bridges the health sector and science, innovation and technology system. We provide leadership and expertise in a highly specialised field and have established a strong, connected, and stable environment for health research in New Zealand.

As a Crown Entity, and part of the wider public service, we strive to deliver the best value for public investment through keeping New Zealanders' healthy and productive, supporting efficient and effective health service delivery, and investing in innovations with commercial value that all deliver stronger economic growth and greater resilience for New Zealand.

For a full description of the functions and operations of the HRC, please refer to our website¹, 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.

The HRC recognises the Māori Crown relationship as expressed through our Māori Health Committee, which under Section 22 of the HRC Act 1990² is to advise the Council on health research into health-related issues that affect Māori people, including how information is gathered, verified and validated.

About this document

This Statement of Performance Expectations (SPE) sets out our operating intentions for the financial year (1 July 2025 to 30 June 2026), key performance indicators (KPIs) and targets, and financial forecasts. It complements the HRC's Statement of Intent 2024 – 2028³ 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 all New Zealanders benefit from our world-leading, high-impact, high-value health research.

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. Please see 'How the Health Research Council reports on strategy and performance – the documents' (page 51) for an overview of our accountability reporting.



¹ www.hrc.govt.nz

² <https://www.legislation.govt.nz/act/public/1990/0068/latest/DLM213085.html>

³ https://www.hrc.govt.nz/sites/default/files/2024-11/Statement_Intent_2024_WEB.pdf

Our strategic directions

The aspiration of our Council is that all New Zealanders benefit from our world-leading, high-impact, high-value health research.

The Health Research Council's investment approach will prioritise research that improves health outcomes for all New Zealanders, strengthens the performance of the health and science, innovation and technology systems, supports pathways to commercialisation, and delivers value for public benefit.

Five strategic intentions guide our work:

- Drive research impact, innovation and excellence.
- Focus on health need and improving health outcomes.
- Invest in the people and capability New Zealand needs, now and for the future.
- Add value through connection and collaboration.
- Support the safe and ethical conduct of research.

In 2025/26, we will lead and work collaboratively with the health sector and wider science, innovation and technology system to achieve Government and Council's strategic goals (see page 11 – how we will address our Minister's expectations).

Our work ensures our investments are:

- advancing the vision and strategic goals of the New Zealand Health Research Strategy (NZHRS) 2017-2027⁴,
- aligned with the New Zealand Health Research Prioritisation Framework⁵, and
- investing in the people, ideas and priorities that have a clear line of sight to improving timely access to high-quality services delivered by a financially sustainable health system.

This year, the HRC will support the final recommendations of the science system reforms, initiated by the Minister of Science, Innovation and Technology, and carried out by the Science System Advisory Group (SSAG) and MBIE. The science system reforms seek to strengthen the science, innovation and technology system and what it delivers for New Zealanders. This includes changes to the architecture of the system to promote New Zealand's social, environmental and economic future. The HRC will work closely with

the Minister of Science, Innovation and Technology and MBIE to implement any Cabinet endorsed recommendations.

To enable the HRC to meet our strategic direction to more effectively and efficiently administer the funds we manage in line with our responsibilities as a Crown Agent, in the year ahead we will focus on continuous improvement, efficiency gains and sustainability through our system design work programme. We will enhance the HRC's systems, processes and capabilities across all aspects of our operations and the lifecycle of our contracts, from the integrity of the data we collect in our financial systems, to the contract information that we collect and utilise. This means simplifying and innovating our service design and delivery, enhancing the role of data in informing our operations, and where possible making better use of automation.

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 the public, and that our processes are sustainable, and able to be delivered within current funding envelopes.

⁴ <https://www.health.govt.nz/publications/new-zealand-health-research-strategy-2017-2027>

⁵ <https://www.hrc.govt.nz/resources/new-zealand-health-research-prioritisation-framework>

Our Performance Framework



What we will deliver in 2025/26: an overview

In 2025/26, we will invest a budget of approximately \$110.4 million⁶ to address the priorities of our Ministers, improve health outcomes, contribute to the performance of the health system and science, innovation and technology sector, and bring health and economic benefits for all New Zealanders.

Our Research Investment Plan 2023 – 2026⁷ signals areas of focus and significance to the research community. Any new opportunities will be announced on the HRC website and through our e-newsletter, Update⁸.

In 2025/26, 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 research skills and expertise.
- Output 2: Invest in research, evidence, and solutions.
- Output 3: Target research 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 14 – 33.

How the Health Research Council will address our Ministers' expectations

The Letter of Expectations from our Ministers outlines key priorities for the upcoming year. The focus on the HRC's contribution to the health system and science sector ensures we will meet our strategic objectives in an effective, efficient and fiscally responsible manner, and continue to work with Health New Zealand, the Ministry of Health and MBIE to deliver maximum benefit and the best public value for New Zealand.

All HRC-funded health research has the potential to meet the priorities set for us by the Minister of Health and the Minister of Science, Innovation and Technology. Fundamental to the HRC's impact is how our investment fuels the innovation pipeline through sustained funding of the best people and research across the research continuum, alongside targeted funding in priority areas, such as through our initiative on artificial intelligence (AI)

in healthcare which will directly inform how innovation and technology can lift and strengthen performance of the health system.

We will continue to invest in research that improves health outcomes, enables timely access to high-quality and efficient services, and supports achievement of health targets⁹ for all New Zealanders.

We will work to strengthen how we identify, support and foster the innovative and commercial potential of HRC-funded research and explore opportunities to build stronger connections between researchers and innovators to maximise economic outcomes.

Changes implemented in 2024 to update our application guidelines for investigator-led opportunities (see Output 2, pages 21 – 25) ensure that applicants understand and respond to the HRC's strategic priorities. This financial year, we expect to see the ongoing impact of these changes to better focus HRC-funded research on the government's health and science system priorities. Key to demonstrating how we are delivering on our Ministers' priorities and reporting on the difference we are making, is the introduction of a prioritisation classification tool. The tool enables Council a greater degree of discretionary decision making based upon the strength of an application's alignment with our investment priorities.

The HRC also has targeted mechanisms through which we can directly respond to our Ministers' expectations, as outlined below.

Investing in research that maximises benefit for healthcare delivery and improves our health system

The HRC has a dedicated research funding stream focused on supporting excellent researchers and research whose work will make a tangible difference to health delivery policy, practice, and systems for the benefit of all New Zealanders.

This financial year, the HRC will dedicate up to 12 percent of our budget to support Health Delivery Projects (see Output 2, page 22) and Health Delivery Career Development Awards (see Output 1, page 15).

This year we are implementing changes to our Health Delivery Research Project funding investment signal. The HRC worked with Health New Zealand, the Ministry of Health, and the Health Workforce Directorate (formerly

⁶ In the previous financial year, an agreed amount was transferred from the Health Research Fund to MBIE's Strategic Science Investment Fund (SSIF) from which this financial year, the HRC will make payment of the HRC's Independent Research Organisation (IRO) Capability Fund contracts.

⁷ <https://www.hrc.govt.nz/sites/default/files/2023-07/HRC%20Investment%20Plan%202023-2026.pdf>

⁸ <https://www.hrc.govt.nz/news-and-events/newsletters>

⁹ The Government Policy Statement on Health 2024 – 2027 sets five health targets. The Government Policy Statement on Health is available from: <https://www.health.govt.nz/publications/government-policy-statement-on-health-2024-2027>.

Health Workforce New Zealand) to understand priorities for targeting investment towards the research, evidence and research workforce needs of the health sector. From 2025, the strengthened investment signal will come into effect ensuring stronger alignment with the strategic priorities of the health system and achievement of health targets. This includes a clearer line of sight to improving health outcomes; innovative and efficient models of care and treatments that improve patient outcomes and the effectiveness and efficiency of the health system; alignment with the wider goals of the health and science systems; and a focus on priority health issues and communities with the highest health needs.

Fostering the innovative potential of research and technological advancements in health services

Through Output 3: Targeting research needs and opportunities (see pages 26 – 30), the HRC specifically directs investment to boost support for the government's strategic priorities for health research.

This financial year, the HRC will continue to focus on fostering innovation, prioritising technological advancements in health services and facilitating international connection and collaboration.

We plan to do this through:

- Investing up to \$5 million on AI in healthcare to directly inform how innovation and technology can lift and strengthen performance of the health system.
- Investing in the New Zealand – China Biomedical Research Alliance funded through MBIE's Science and Innovation Catalyst Fund, to facilitate the development of international collaborations between New Zealand and China-based researchers.
- Utilising the HRC's recently developed international research strategy to guide decision making when considering investment choices and opportunities, with international partnerships core to fostering innovation in health delivery.
- Supporting New Zealand researchers' international collaborations through investment in investigator-initiated research so we can address complex and transboundary health research problems through coordination of global effort.

Enhance development of the clinician researcher workforce

Through Output 1: Invest in research skills and expertise (see pages 14 – 17) the HRC offers dedicated career

development opportunities for frontline clinicians and health sector professionals. Clinical researchers are a critical enabler for strengthening the health system's capacity to deliver safe, effective and appropriate services, for supporting the application of evidence, enquiry and innovation within the health sector, and contributing to a culture of continuous learning within the health system. Skilled clinician researchers also form a vital part of our clinical trials infrastructure, enabling New Zealand to participate in high-quality, internationally recognised clinical research and trials.

These awards strengthen the development of research skills for practising clinicians enabling them to obtain a research qualification and to further their engagement in research. The HRC also offers dedicated clinical training fellowships for those from communities with high health needs.

The HRC has a key performance indicator (KPI) under Output 1 that monitors the number of current career development contracts awarded to practicing clinicians and our performance over time. In the past five years, the HRC has successfully doubled the number of current career development contracts awarded to practicing clinicians.

Supporting the commercialisation pathway

The HRC's role in supporting the commercialisation pathway is to 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 university technology transfer offices, who are skilled at realising the commercial benefits of health research.

To maximise the opportunity for HRC-funded research to fuel the commercialisation pathway, the application guidelines for our investigator-led opportunities (see Output 2, pages 21 – 22) encourage applicants to consider how their research will drive economic transformation. The HRC identifies and tracks how well the Programmes and Projects we award align with this priority. Our progress and end of contract reporting and 2- and 5-year post contract surveys capture any researcher-reported commercial benefits that result from the HRC's investment.

Science system reforms

As outlined under our Strategic Directions (see page 9), this year the HRC will work alongside MBIE to implement any Cabinet endorsed recommendations that result from the ongoing work on the science system reforms.

Statement of Performance Expectations

We describe in detail the four Outputs that the HRC will deliver in 2025/26, 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. Investing in research skills and expertise	- Vote Business, Science & Innovation - Bequests & donations - Interest	Science & Innovation: <i>Health Research Fund</i>
2. Investing in research, evidence and solutions	- Vote Business, Science & Innovation - Bequests & donations - Interest	Science & Innovation: <i>Health Research Fund</i>
3. Targeting research needs and opportunities	- Vote Business, Science & Innovation - Interest	- Science & Innovation: <i>Health Research Fund</i> - Science & Innovation: <i>Catalyst Fund</i> - Science & Innovation: <i>He Ara Whakahirihiko Capability Fund</i>
4. Keep the health research system ethical and safe	Vote Health	Health

Output 1

Investing in research skills and expertise

We develop the health research skills and expertise New Zealand needs, now and for the future. We do this by supporting excellent researchers across a range of disciplines, with dedicated initiatives to sustain and retain capacity in areas critical to improving health outcomes for all New Zealanders.

2025/26	\$000
Prospective revenue: refer to Financial Statements:	7,405
Prospective cost: refer to Financial Statements:	16,891
Deficit funded from reserves:	(9,486)

Scope of the Output

This Output covers Career Development Awards funded through Vote Business, Science and Innovation: Health Research Fund. A core function of the HRC and statutory responsibility under the HRC Act 1990, is that we foster the recruitment, education, training, and retention of New Zealand's health research workforce. We balance our total investment between career development for the research workforce, and the science itself. Our remit covers not only building research skills and expertise in academia but also in healthcare settings and within communities, with our career development opportunities available through Output 1 reflecting this.

Our career development awards are designed to address specific skills and expertise gaps in the health research workforce where most needed to improve health. We provide opportunities from early careers through to supporting emerging leaders, including:

- our most promising emerging researchers and leaders
- frontline clinicians and health sector professionals, and
- those who engage with, and respond to, communities with highest health need.

In 2025/26 we plan to offer around 35 Career Development Awards. The actual number awarded varies and depends on the number and quality of applications received in any given year and is subject to affordability.

Supporting emerging researchers

Emerging Researcher First Grants

We expect to offer around 5-8 of our Emerging Researcher First Grants in the coming year. 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 around 1-3 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

<i>Foxley Fellowship</i>
<i>Clinical Research Training Fellowship</i>
<i>Clinical Practitioner Research Fellowship</i>

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. We expect to offer around 5 - 8 of our targeted fellowships in the coming year.

These opportunities are a critical tool for strengthening the translation and uptake of research by embedding research in the places that healthcare is delivered and developing clinician researchers who can deliver timely, safe and effective services. This supports the application of evidence, enquiry and innovation within the health sector, contributing to a culture of continuous learning.

Clinical Fellowships are complemented by our Health Delivery Research Career Development Awards.

Support for Health Delivery researchers

Health Delivery Research Career Development Awards

In 2025/26, we will continue to offer our Health Delivery Research Career Development Awards. This year we shift from offering these bi-annually to annually to align them with our other career development opportunities which run annually. We expect to offer around 4-6 of these awards in the coming year.

These awards attract more people with relevant skills to engage with health delivery research. They involve a funded placement within a health delivery research team or health sector setting and are positioned as an alternative pathway into health research.

We have established relationships with the Ministry of Health and Health New Zealand to ensure career development opportunities and processes support building the health research skills and expertise needed within the health system, now and in the future.

Advancing Māori 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 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 people and communities to achieve health gains, and deliver effective, appropriate and culturally competent services for all.

We provide opportunities across the career development pipeline from establishing careers through to supporting emerging leaders. Opportunities include summer studentships, Master's and PhD scholarships, postdoctoral fellowships and clinical training fellowships. We expect to offer around 5 – 10 Māori health career development awards in the coming year. Due to the range of grant types offered and associated budgets, the number of Māori health career development awards we expect to offer is an indicative guide only.

Advancing 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>Health Research Knowledge Translation Grant</i>

The HRC provides career development opportunities to engage 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 people and communities to achieve health gains, and deliver effective, appropriate and culturally competent services for all.

We provide opportunities across the career development pipeline from establishing careers through to supporting emerging leaders. Opportunities include summer studentships, Master’s and PhD scholarships, postdoctoral fellowships and clinical training fellowships. We expect to offer around 5 – 10 Pacific health career development awards in the coming year. Due to the range of grant types offered and associated budgets, the number of Pacific health career development awards we expect to offer is an indicative guide only.

Research medals

Alongside our suite of career development awards that build and sustain New Zealand’s health research workforce, the HRC also recognises researchers and teams for achieving impact, innovation and excellence. Our annual research medals incentivise high-quality, high-impact research, which have seen New Zealand’s outstanding scientists recognised for their contributions to health.

This year the HRC is introducing two new awards: the Catalyst in the Community award and the Te Ata Hāpara award, to sit alongside our Liley, Beavan and Te Tohu Rapuora medals. Our five medals celebrate the full spectrum of research careers. Further information about each of the medals, how to apply and previous recipients is available on the HRC website¹⁰.

Liley Medal

The Liley Medal recognises a research team or individual for a specific piece of outstanding work that has produced a significant breakthrough and a lead contribution in health research that is internationally recognised. The medal honours the outstanding contributions made by Sir William Liley while at the National Women’s Hospital in Auckland.

Beaven Medal

The Beaven Medal recognises an individual or research team for excellence in translational health research, that has had high impact on clinical practice and patient health. The medal commemorates the work of the late Professor Sir Donald Ward Beaven and his interest in translating research into clinical settings, as part of the pathway to positive health outcomes.

Te Tohu Rapuora Medal

The Te Tohu Rapuora Medal recognises an individual, research team or community group, whose work has demonstrated leadership, excellence, and contribution to advancing Māori health and/or knowledge. It may be awarded for a specific piece of research, an accumulated body of research, or a life-time contribution that has advanced Māori health. The recipient(s) will have worked in partnership with iwi or hapū, community, or other Māori health stakeholders in making their contribution to Māori health.

Catalyst in the Community Award

The Catalyst in the Community award recognises an individual or research team whose recent research has supported local, transformative, and cross-disciplinary research in health for any specific community in New Zealand, in partnership with that community, over a 5-year period.

Te Ata Hāpara Award

The Te Ata Hāpara award is an individual award to recognise an emerging Māori researcher who has a promising research trajectory and is responding to the needs of, and working in partnership with, Māori stakeholders and communities to advance Māori health through research.

Our investment processes and opportunities

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

As part of our ongoing improvement and efficiency work, we look to continuously improve how we support people through the opportunities we provide. We will communicate any changes to our career development opportunities ahead of time.

¹⁰ <https://www.hrc.govt.nz/making-difference/celebrating-excellence>

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:



RESEARCH SKILLS AND EXPERTISE

OUR PRIORITY ACTIONS

Invest in research skills and expertise

OUR STRATEGIC INTENTIONS

Drive research impact, innovation and excellence

We will recognise people and teams for achieving impact, innovation and excellence.

Focus on health need and improving health outcomes

We will develop a workforce that can engage with and, respond to, communities with highest health needs.

Invest in the people and capability New Zealand needs now and for the future

We will provide research development and leadership opportunities for health researchers.

Add value through connection and collaboration

We will work collaboratively to support health research workforce development and retention.

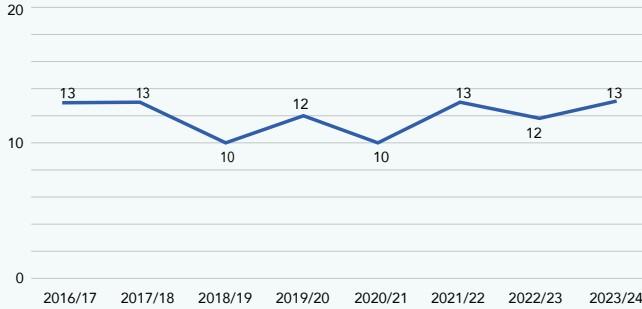
Support the safe and ethical conduct of research

We will provide project opportunities for early career health ethicists to support the safe and ethical conduct of health research.

Output 1: Invest in developing excellent health researchers

The HRC's investment in career development is crucial to the health research ecosystem. We have chosen key performance indicators (KPIs) that focus on our efforts to sustain and retain workforce capacity, particularly in healthcare settings and within communities.

Key performance indicators (KPIs) for Output 1	Baseline	2023/24 Actual	2025/26 Target																		
Number of active current career development contracts awarded to practising clinicians	41 in 2018/19	120	>90																		
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. This measure counts all active contracts; note that since 2020, the average number of <u>new</u> career development awards allocated per year to practicing clinicians has been 22. We have increased the target for this KPI to better reflect our investment in recent years.	<table><thead><tr><th>Year</th><th>Number of contracts</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>99</td></tr><tr><td>2023/24</td><td>120</td></tr></tbody></table>			Year	Number of contracts	2016/17	30	2017/18	34	2018/19	41	2019/20	50	2020/21	88	2021/22	84	2022/23	99	2023/24	120
Year	Number of contracts																				
2016/17	30																				
2017/18	34																				
2018/19	41																				
2019/20	50																				
2020/21	88																				
2021/22	84																				
2022/23	99																				
2023/24	120																				
Number of mid-career Post-Doctoral Fellowships awarded	7 in 2022/23	8	3-10																		
Why this KPI? As part of our mandate to advance leadership across the spectrum of health research, we offer mid-career Fellowships for those with 6 – 10 years post-doctoral experience 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 Rangi Ariki Health Research Fellowships. We have reduced our target for this KPI to consolidate our investment in larger, longer-term investments (Projects and Programmes) that support multiple named investigators and have more direct health and economic impacts. These mid-career Fellowships are complemented by early-career Māori and Pacific Health Research Post-Doctoral Fellowships for researchers with up to six years post-doctoral experience.																					

Key performance indicators (KPIs) for Output 1	Baseline	2023/24 Actual	2025/26 Target
Number of Māori Health Research Scholarships awarded (including, Master's, PhD and postdoctoral awards)	10 in 2018/19	13	>6
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. We have reduced our target for this KPI to consolidate our investment in larger, longer-term investments (Projects and Programmes) that support multiple named investigators and have more direct health and economic impacts.			
Implement a stakeholder survey for Assessing Committee members	Baseline to be reported in Annual Report 2025	Measure introduced in 2024/25	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. In 2024/25, we developed and piloted a survey for Assessing Committee members to capture and report levels of satisfaction with HRC processes. In 2025/26 we will continue to implement the survey to track progress, as well as capture suggestions for refinements to assessment processes that can inform our work programme for continuous improvement.			

Output 2

Investing in research, evidence and solutions

We invest in the best ideas and innovations proposed by researchers, focused on improving health outcomes for all New Zealanders.

2025/26	\$000
Prospective revenue: refer to Financial Statements:	101,250
Prospective cost: refer to Financial Statements:	112,265
Deficit funded from reserves:	(11,015)

Scope of the Output

This Output covers research contracted through funding rounds for ideas and innovations proposed by researchers (investigator-initiated research). Research funded through this Output leads to improved health outcomes or timely access to high-quality services delivered by a financially sustainable health system for all New Zealanders and fuels innovations with a clear pathway to commercialisation. These contracts are supported from the Vote Business, Science and Innovation: Health Research Fund.

A core function of the HRC and statutory responsibility under the HRC Act 1990, is that we initiate and support health research. Most of our investment is directed at impactful, innovative and excellent health research that has a clear line of sight to improved health or health system outcomes, such as improving timely access to high-quality health services and providing quality evidence that supports progress on reaching the health targets.

Generating health innovations that will grow the economy is an important aspect of how the HRC makes a difference through publicly funded research. Research funded through this Output supports the early stages of the health innovation pipeline and has the potential to produce economic outcomes through commercialisation, delivering real world outcomes for New Zealanders.

The HRC achieves this by investing in the full pipeline of health research, fuelling discoveries with both shorter-term and longer-term health gains and across all health issues and disciplines from biomedical, clinical, health services and public health research, with the HRC guiding investigators to effectively respond to health needs and desired outcomes.

Our research grants complement our career development awards offered through Output 1. The Output helps to develop and retain the health research workforce who are part of high-performing New Zealand research teams supported by these grants.

Programme grants

Duration: up to 5 years
Value: \$5M max

Programme grants support high-performing teams to undertake a programme of health research in an area of importance and priority that will tangibly contribute to improved health outcomes for New Zealanders or make a significant breakthrough within a field of research. Our Programme grants are offered across the full spectrum of health research disciplines. As Programmes are investigator-initiated the breadth of research disciplines supported varies in any given year in response to the number and quality of applications received. We expect to offer around 3-5 Programmes in the coming year.

Projects grants

Duration: up to 3 years
Value: \$1.2M max or up to \$1.44M for randomised control trials

Our Project grants support research that has the potential to improve the health of all New Zealanders across the full spectrum of health research disciplines, including biomedical, clinical, health services and public health research.

Early and mid-career researchers who have not previously been a lead researcher on a Project are able to apply as co-lead researchers alongside a more experienced researcher. This forms part of our focus on building the health research workforce of the future and to provide more stable and sustainable career development opportunities.

We expect to offer around 40-50 Projects in the coming year.

Health Delivery Research Project grants

Duration: up to 5 years
Value: \$1.4M max

Our Health Delivery Research Project Grants support research that directly impacts healthcare and health outcomes for New Zealanders and is connected to healthcare delivery at a practice, policy or system level. Members of the research team must be based in a healthcare delivery setting and able to shape the research questions, undertake the research, and identify translational potential. We expect to offer around 5-8 Health Delivery Research Project grants in the coming year.

Explorer grants

Duration: up to 2 years
Value: \$150,000 max

Our Explorer grants provide seed support for researchers with transformative, innovative, exploratory or unconventional research ideas that have a good chance of making novel changes to health outcomes or services in New Zealand. We expect to offer around 8-10 Explorer grants in the coming year.

Our investment processes and opportunities

This year we are implementing changes to our Health Delivery Research Project funding investment signal. From 2025, it will be strengthened to ensure research has stronger alignment with the HRC's strategic priorities and that of the health system. This includes a clearer line of sight to improving health outcomes; innovative and efficient models of care and treatments that improve patient outcomes and the effectiveness and efficiency of the health system; alignment with the wider goals of the health and science systems; and a focus on priority health issues and communities and people with the highest health needs.

In the previous financial year, we piloted a stakeholder survey for assessing committee members to capture and report levels of satisfaction with HRC processes. The pilot survey provided a baseline measure to track progress going forward and captured suggestions for refinements to assessment processes that will inform our work programme for continuous improvement. This year we plan to report our baseline survey results and continue to implement the stakeholder survey for assessing committee members.

All grants are awarded in keeping with our robust contestable processes. All contracts are monitored to ensure that they deliver on contracted objectives including reporting requirements.

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

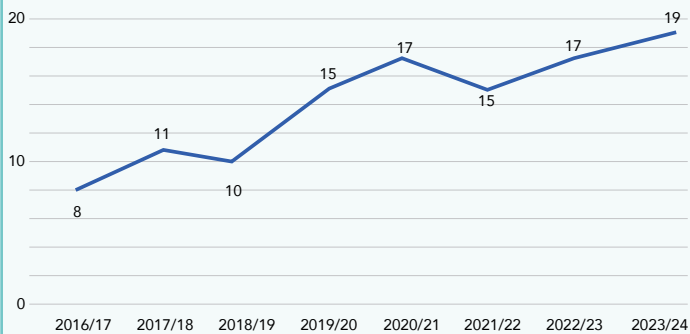
Our performance indicators for Output 2 and how they fit our Statement of Intent

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



Output 2: Investing in research, evidence and solutions

The HRC invests in ideas proposed by researchers (investigator-initiated research) that are excellent, innovative and impactful with a clear line of sight to improved health or health system outcomes for all New Zealanders. We have chosen KPIs that focus on innovative and transformative research, research that contributes to addressing the five priority non-communicable diseases, 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	2025/26 Target																		
Number of Explorer Grant contracts funded in the previous financial year that meet the HRC’s definition of ‘transformative’ research¹¹	10 in 2017/18	19	8-12																		
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. Supporting transformative, and often higher risk research, increases the chances of achieving breakthroughs with significant impact and possible economic returns for New Zealand. While this funding stream is important, we have reduced our target for this KPI to consolidate our investment in larger, longer-term investments (Projects and Programmes) that have more direct health and economic impacts.	 <table><tr><th>Financial Year</th><th>Number of Contracts</th></tr><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><tr><td>2023/24</td><td>19</td></tr></table>			Financial 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	2023/24	19
Financial Year	Number of Contracts																				
2016/17	8																				
2017/18	11																				
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2019/20	15																				
2020/21	17																				
2021/22	15																				
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2023/24	19																				
Percentage of Projects and Programmes funded in the previous financial year that address five priority non-communicable diseases	45% in 2022/23	49%	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	34	>40 outputs																		
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.																					

¹¹ 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.

Key performance indicators (KPIs) for Output 2	Baseline	2023/24 Actual	2025/26 Target
Progress a contract monitoring regime scalable to risk	Contract monitoring regime has been implemented	New measure	Evaluate 100% of received progress reports against the 'traffic light' framework and contact host organisation within one month in 100% of cases where a "red" rating is issued.
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, and instituting the appropriate level of monitoring, is an important part of this. We have developed and implemented 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 extend our regime to evaluate 100% of all received progress reports against the 'traffic light' rating framework to support both contract risk profiling and contract management. We will focus on ensuring those progress reports issued with the highest rating in the framework (red) are promptly addressed by raising the issue with the host organisation and reaching agreement on action to be taken to mitigate risk as required. This will strengthen our ability to monitor achievement of contract milestones and direct action to preserve value of the HRC's investment where necessary, ultimately reducing the HRC's contract management risk profile.			
Implement a stakeholder survey for Assessing Committee members	Baseline to be reported in Annual Report 2025	Measure introduced in 2024/25	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. In 2024/25, we developed and piloted a survey for Assessing Committee members to capture and report levels of satisfaction with HRC processes. In 2025/26 we will continue to implement the survey to track progress, as well as capture suggestions for refinements to assessment processes that can inform our work programme for continuous improvement.			

Output 3

Targeting research needs and opportunities

Where priority health issues, gaps and opportunities are identified we target investment to meet evidence needs.

2025/26	\$000
Prospective revenue: refer to Financial Statements:	12,839
Prospective cost: refer to Financial Statements:	1,984
Surplus added to reserves:	10,855

Scope of the Output

Investments through this Output are supported by the Vote Business Science and Innovation: Health Research Fund, Catalyst Fund and the He Ara Whakahihiho Capability Fund.

This output covers a range of funding mechanisms, namely our:

- targeted initiative to support the government’s strategic priorities in realising the potential role and benefits of artificial intelligence (AI) in strengthening the health system
- the New Zealand – China Biomedical Research Alliance funded through MBIE’s Science and Innovation Catalyst Fund
- Investment of approximately \$2 million from MBIE’s He Ara Whakahihiho Capability Fund
- support for Independent Research Organisations (IROs).

Targeting investment to priorities

In February 2025, the HRC released a targeted request for proposals (RFP) to invest in health research centred on the use of AI as a potentially transformative technology to support delivery of timely access to high quality health services delivered by a financially sustainable health system for all New Zealanders.

The key objectives of the RFP are to:

- fund high-quality health research that uses AI to support timely access to high-quality health services and contributes to improved health outcomes for New Zealanders

- directly address government priorities and targets for the healthcare system as identified in the Government Policy Statement on Health 2024 – 2027
- enhance collaboration with health system
- generate timely and actionable evidence with potential for economic benefit to the health system.

This financial year, the HRC will invest in the best proposals and research collaborations received in response to the RFP with research to commence from August 2025 onwards.

International research strategy

Health research is situated within the context of the wider, global health and science, innovation and technology systems. International connectivity is important at research, people, infrastructure, and policy levels. 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.

The HRC has recently developed an international research strategy to help target and guide our investment by identifying priorities, informing investment choices and opportunities, and providing direction and clarity for the different threads of HRC-supported international research activity.

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. In the financial year 2023/24, 54% of our larger grant opportunities included at least one international

collaboration (with 15 countries represented). The international research strategy strengthens the international position of New Zealand health research, by helping to further identify priorities and inform investment choices and opportunities. The strategy supports 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.”¹¹

The international research strategy enhances 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 for international standards, best practice and value for money.
- Heads of International Research Organisations where leaders of international government and philanthropic funders of health research come together to address complex, global health research issues and opportunities.
- Research-on-Research Institute where researchers, funders, publishers, and data providers work together to improve research systems and cultures.

This financial year, the HRC will begin to utilise the international strategy to guide decision making when considering investment choices and opportunities. This will further support investment decisions that benefit New Zealanders.

Catalyst Fund

The HRC invests in the New Zealand – China Biomedical Research Alliance funded 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.

MBIE’s Science and Innovation Catalyst Fund was reviewed and updated in 2024, to ensure alignment with the new Catalyst Fund Investment Plan 2024 – 2028.¹² The HRC’s New Zealand – China Biomedical Research Alliance 2025 investment round is well aligned to the new policy settings.

He Ara Whakahihiho Capability Fund

Through this Output, on behalf of MBIE, we provide targeted support to develop skilled people and organisations to undertake research to improve health outcomes, and research with a focus on enabling commercialisation and economic outcomes from research.

The aim of MBIE’s 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 He Ara Whakahihiho Capability Fund (formerly the Vision Mātauranga Capability Fund (VMCF)) on behalf of MBIE for health research that supports the Hauora/Oranga research theme of the Vision Mātauranga policy.

The HRC’s investment mechanism for the He Ara Whakahihiho Capability Fund is being developed to align with the purpose and scope of the fund’s investment plan. The HRC will communicate further information to the research community ahead of time.

¹¹ <https://www.health.govt.nz/system/files/2017-06/nz-health-research-strategy-jun17.pdf>

¹² <https://www.mbie.govt.nz/science-and-technology/science-and-innovation/funding-information-and-opportunities/investment-funds/catalyst-fund/catalyst-fund-investment-plan-2024-2028>

Support for Independent Research Organisations

In 2022, as part of our focus on developing and supporting health researchers who deliver excellent health research, the HRC committed support for independent research organisations (IROs) that exist outside of the Crown Research Institute (CRIs)¹³ and university sector through to 2029. This 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.

A total of \$40.6 million was allocated, spread over a maximum period of seven years to the following organisations:

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

In 2024, management of the HRC's research contract with the Malaghan Institute for Medical Research transferred to MBIE, with funds redirected from the Health Research Fund, as per direction from the Minister of Science, Innovation and Technology and the Minister of Health.

From this financial year, the HRC will administer existing IRO Capability Fund contracts from the Strategic Science Investment Fund (SSIF).

The SSIF supports strategic investment in research programmes and scientific infrastructure that have long-term beneficial impact on New Zealand's health, economy, environment and society. The HRC's contracts with the MRINZ, Whakauae Research for Māori Health and Development and Te Atawhai o te Ao: Independent Māori Institute for Environment & Health will remain under management of the HRC but will be required to meet additional reporting requirements aligned with the SSIF.

¹³ Note, New Zealand's seven current Crown Research Institutes will be refocussed to form three Public Research Organisations (PRO). A fourth, new PRO will be established to focus on advanced technology. See MBIE's website for more information: <https://www.mbie.govt.nz/science-and-technology/science-and-innovation/agencies-policies-and-budget-initiatives/refocusing-the-science-innovation-and-technology-system>

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:



Output 3: Targeting research 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 begin to see the impact of initiatives launched the previous financial year with research commencing that centres on the use of AI as a potentially transformative technology to support delivery of timely access to quality healthcare for New Zealanders and utilisation of our international strategy to guide decision making and 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	2023/24 Actual	2025/26 Target
Invest through a targeted initiative in Artificial Intelligence (AI) in healthcare.	Not applicable	New measure	Commence funding for at least five high-quality research contracts that will potentially transform use of AI to improve healthcare for New Zealanders.
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. In February 2025, we released a Request for Proposals (RfP) to invest in health research centred on the use of AI as a potentially transformative technology to support delivery of timely access to quality healthcare for New Zealanders. A total funding pool of up to \$5 million (excluding GST) is available to fund a range of collaborative research projects. By 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.			
Utilise the international research strategy to guide decision making.	Not applicable	New measure	HRC international research strategy decision-making framework applied to 100 percent of HRC Council papers that require consideration of international investment opportunities.
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 research strategy for HRC will serve to identify priorities, inform investment choices and opportunities, and provide direction and clarity for the different threads of HRC-supported international research activity. The HRC’s international research strategy includes a decision-making framework that will be used to provide consistent information to guide Council’s consideration of opportunities for international co-funding partnerships.			

Output 4
Keep the health research system ethical and safe

Our ethics and regulatory committees are 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.

2025/26	\$000
Prospective revenue: refer to Financial Statements:	285
Prospective cost: refer to Financial Statements:	388
Deficit funded from reserves:	(103)

Scope of the Output

Through the work of our ethics, monitoring and regulation committees, the HRC plays a critical role in ensuring the health research conducted in New Zealand is safe and ethically sound. This is fundamental to a world-leading science, innovation and technology system. This output is funded through Vote Health.

The HRC has a statutory role in ethics under Section 25 of the HRC Act 1990¹⁴ and a regulatory function under Section 30 of the Medicines Act 1981¹⁵ which requires the HRC to convene the Standing Committee on Therapeutic Trials (SCOTT) and the Gene Technology Advisory Committee (GTAC). 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 Medicines Act 1981) for the purposes of a clinical trial on the recommendation of the HRC.

This includes regulatory activities, safety monitoring and providing advice on ethical issues affecting health research. This service is integral to the New Zealand health research ecosystem and can vary in focus from year to year. These activities are provided primarily through the work of several HRC statutory and standing committees.

The work of our ethics and regulatory committees

In 2025/26 our committees will provide the services outlined below.

The HRC Ethics Committee

In 2025/26 our statutory Ethics Committee (HRC EC) will continue to deliver one of our key functions under the HRC Act 1990 to:

- review health research ethics applications of national importance or great complexity, and
- provide independent advice on ethical issues in relation to health research, especially those emerging through the development of new areas of health research and/or ethical issues that may arise in any area of health research.

The HRC EC will continue to:

- oversee the monitoring and approval of all health and disability (HDECs) and accredited institutional ethics committees (IECs) in New Zealand,
- consider appeals on disputed HDEC decisions, as authorised by the Minister of Health, for research involving human participants and on the ethics of introducing innovative practices, and
- produce guidelines on ethical research conduct.

This financial year, the HRC EC will also continue to develop its community of practice established in 2024. The community of practice is for members of Ethics Committees in New Zealand, to share knowledge and better support the safe and ethical conduct of health research.

¹⁴ <https://www.legislation.govt.nz/act/public/1990/0068/latest/DLM213017.html>
¹⁵ <https://www.legislation.govt.nz/act/public/1981/0118/latest/DLM53790.html>

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 relatively inexperienced.
- The study integrity could be enhanced by the independence of the DMCC.

The Gene Technology Advisory Committee (GTAC)

GTAC assesses 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.

This financial year, the HRC will initiate a review into the implementation of GTAC's mandate according to Section 30 of the Medicines Act 1981. This is with a view to modernise and enhance the delivery of the GTAC's mandate through enhanced processes, procedures and principles for the committee.

The Standing Committee on Therapeutic Trials (SCOTT)

The role of SCOTT is 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 financial year, the HRC continues work initiated in 2021 to review the implementation of SCOTT's mandate according to Section 30 of the Medicines Act 1981. An independent review was completed in late 2023 with recommendations made to enhance the delivery of the mandate. In 2024 the HRC consulted on draft new processes, procedures and principles for SCOTT with revised Terms of Reference approved by the Health Research Council in September 2024. Work is ongoing to embed the updates in the Medsafe systems and application form. The Terms of Reference:

- establish a new more efficient low-risk pathway for clinical trials where full SCOTT review may not be required; and
- provide further information as to the role and responsibilities of SCOTT; and
- provide clarity on the review of clinical trials in New Zealand.

In the year ahead, the HRC expects to:

- bring the administration of SCOTT to be managed in house by the HRC
- work continuously on system improvement in conjunction with Medsafe.

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:

RESEARCH, EVIDENCE AND SOLUTIONS



OUR PRIORITY ACTIONS

Invest in research, evidence and solutions

OUR STRATEGIC INTENTIONS

Strengthen the health research ecosystem

Help ensure health research is ethical and safe.

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	2023/24 Actual	2025/26 Target
Number of <i>Ethics Notes</i> 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 2025/26 is one issue 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.			
Timeliness of feedback provided on annual reports and applications for re-approval or new approval submitted by Health and Disability Ethics Committees (HDECs) and Institutional Ethics Committees (IECs)	100% 2024/25	New measure	100% of annual reports and applications receive feedback within four months of submission
Why this KPI? Approving HDECs and IECs is an important role for the HRC in keeping the health research system ethical and safe. Submissions for annual reports and new approvals or re-approvals of HDECs and IECs are carefully reviewed by HRC EC to ensure that all requirements are met. We aim to provide feedback on these submissions from HDECs and IECs within a timeline that allows for any issues to be addressed and standards met before the term of each approval lapses. In this way we meet our Minister's expectations to deliver public value by expediting the processes of our ethics committees, to enable timely advancement and implementation of crucial health research projects, while maintaining robust ethical standards.			

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 the HRC Act 1990 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 members.¹⁶

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

The criteria for membership of the Council are outlined in Sections 8 to 11 of the Health Research Council Act 1990¹⁷. Sections 6, 31 and 34 of the Act set 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 Committees¹⁸ 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, page 31 for further information).

Our people and organisational capability

We are a team of 38 dedicated and diverse fulltime and part-time staff, with 16 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.

¹⁶ 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.

¹⁷ <https://www.legislation.govt.nz/act/public/1990/0068/latest/DLM213017.html>

¹⁸ **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).

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 Work Act 2015.¹⁹

We have a Health and Safety Committee consisting of staff members who work closely with our executive leadership team, and report back to the HRC's Council and Risk Management Assurance Committee. 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 Employee Assistance Programme (EAP) services and workspace set up services.
- Ensuring grab bags in case of emergencies are available for all staff members.
- HRC staff are offered annually on-site flu vaccinations or vouchers for off-site vaccination.

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 and are tested frequently. All systems and processes are regularly reviewed and revised as necessary to ensure they remain fit for purpose.

Environmental sustainability

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 framework²⁰ 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.
- 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 the Carbon Neutral Government Programme (CNGP)²¹ and Toitū net carbonzero programme requirements. We have set the following emission reduction target:

- **2030 target:** Gross emissions (all categories) to be no more than 161.24 tCO₂-e, or a 42% reduction compared to base year 2018/19.

¹⁹ <https://www.legislation.govt.nz/act/public/2015/0070/latest/DLM5976660.html>

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

²¹ 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.

The HRC is currently exceeding this target, with an 88% reduction in gross emissions since we began measuring our emissions. Our emission reductions are primarily driven by our reduction in air travel due to ways of working initially developed in response to COVID-19 restrictions. In our base year (2018/19), our staff and the committees we are responsible for, took flights equating to 264.35 tCO₂e. In the 2023/24 reporting period, our staff and the committees we are responsible for generated 21.82 tCO₂e in air-travel related emissions, a reduction of over 92% since our base year. In 2022, we switched electricity providers to Ecotricity, New Zealand's first and only Toitū climate positive certified 100% renewable electricity from wind, hydro and solar.

Compared to our baseline year (2018/19), our electricity-related emissions have reduced from 10.37 tCO₂e to 5.68 tCO₂e in 2023/24, representing a 55% reduction. The HRC is committed to maintaining these reductions.

However, we expect our emissions may grow over the next three financial years due to fluctuations in air travel, the addition of staff-reported commuting being introduced from the 2024/25 financial year onwards, 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 2026 and the outlook or plan for the two years beyond are set out. These were prepared in May 2025.

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 2025/26 to 2027/28 included in this Statement of Performance Expectations have been authorised by the HRC Council Members for issue on 10 June 2025.

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 2023/24, year-end forecast for 2024/25 and plans for years 2025/26 to 2027/28.

The forecast financial statements have been prepared based on actual events, transactions and financial results up to 31 March 2025 and assumptions about future events that are reasonably expected to occur or 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 some level.

The Health Research Council has a critical role to play in supporting 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 approximating the levels achieved over the last three years, acknowledging that we will continue to adapt to evolving circumstances. The Covid-19 related slowdown of the pace of research appears to be largely resolved and the financial catch up is well under way. Payment of the higher levels committed during Covid-19 impacted years is a factor in this budget. We believe that this is the most credible approach to take in the circumstances.

As we become less reactive and more strategic and our adaptations become better 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 \$14.9m at 30 June 2024 (\$13.6m at 30 June 2023). 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 of which was received in 2023/24 and the remaining \$7.5m in 2024/25. This build-up 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 was fully expended during the year as was the second tranche of \$7.5m received in 2024/25.

As we look ahead to the next twelve months, we expect this catch-up to be complete by year end and, accordingly, by 2026/27 we anticipate returning to investment levels better aligned with the funding received without the need to utilise some of those appropriations for commitments made previously.

Forecast Statement of Comprehensive Revenue and Expense

for the year ending 30 June

	Note	Actual 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Revenue						
Funding from the Crown	2	133,609	128,916	121,142	119,555	115,636
Interest Revenue		1,381	1,248	277	421	460
Other Revenue		905	380	360	360	360
Total Income		135,895	130,544	121,779	120,336	116,456
Expenditure						
Research Grant costs	3	126,874	125,495	123,763	107,095	107,361
Operational costs						
Assessment and Statutory Committee costs		1,059	1,072	1,111	1,114	1,116
Personnel costs		5,058	4,695	5,501	5,677	5,849
Depreciation and amortisation		86	80	80	51	23
Fees to Audit New Zealand		103	113	10	10	10
Other costs		920	743	1,063	1,065	1,104
Total operational costs		7,226	6,703	7,765	7,917	8,102
Total Expenditure		134,100	132,198	131,528	115,012	115,463
Surplus/(Deficit)		1,795	(1,654)	(9,749)	5,324	993
Other comprehensive Revenue and Expenses		0	0	0	0	0
Total Comprehensive Revenue and Expense		1,795	(1,654)	(9,749)	5,324	993

Statement of Changes in Equity

for the year ending 30 June

	Note	Actual 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Equity at the beginning of the year		14,605	16,400	14,746	4,997	10,321
Total comprehensive revenue and expense for the year		1,795	(1,654)	(9,749)	5,324	993
Equity at the end of the year	5	16,400	14,746	4,997	10,321	11,314
Retained earnings		5,162	5,217	4,132	2,965	1,634
Funds committed for Research Grants		7,683	7,204	(1,263)	5,265	7,533
Joint Operation Reserve		2,135	820	574	489	497
Public Equity at the end of the year	5	14,980	13,241	3,443	8,719	9,664
Foxley Estate Reserve		1,420	1,505	1,554	1,602	1,650
Total Equity at the end of the year	5	16,400	14,746	4,997	10,321	11,314

Forecast Statement of Financial Position

as at 30 June

	Note	Actual 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Current Assets						
Cash at Bank		3,375	1,725	3,965	2,172	2,231
Short-term Deposits	4	15,161	14,891	3,167	10,585	11,562
Funds held on behalf - Other Agencies	4	6,204	2,289	1,259	926	942
Funds held on behalf - Joint Operations	4	2,135	820	574	489	497
Funds held on behalf - Foxley Trust		1,419	1,472	1,479	1,477	1,477
Owing to HRC		1,132	247	129	131	139
		29,426	21,444	10,573	15,780	16,848
Non-Current Assets						
Fixed Assets		96	50	83	50	26
Intangible Assets		84	50	17	0	0
		180	100	100	50	26
Total Assets		29,606	21,544	10,673	15,830	16,874
Current Liabilities						
Payables		665	178	323	364	314
Contract Retentions		5,090	3,361	3,361	3,361	3,361
Provision for Committed Grant		34	55	55	55	55
Employee Entitlements		1,009	915	678	803	888
Funds held on behalf of other agencies	4	443	700	658	300	0
		7,241	5,209	5,075	4,883	4,618
Non-Current Liabilities						
Provision for Committed Grant		204	0	0	0	0
Funds held on behalf of other agencies	4	5,761	1,589	601	626	942
		5,965	1,589	601	626	942
Total Liabilities		13,206	6,798	5,676	5,509	5,560
Net Assets		16,400	14,746	4,997	10,321	11,314
Equity						
Public Quity		14,980	13,241	3,443	8,719	9,664
Foxley Reserve Fund		1,420	1,505	1,554	1,602	1,650
Total Equity	5	16,400	14,746	4,997	10,321	11,314

Forecast Statement of Cash Flow

for the year ending 30 June

	Note	Actual 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Cash flows from operating activities						
<i>Cash was provided from</i>						
Receipts from the Crown		133,609	128,916	121,142	119,555	115,636
Interest received		1,343	1,306	408	424	457
Other Revenue		348	515	360	360	360
		135,300	130,737	121,910	120,339	116,453
<i>Cash was applied to</i>						
Payments to suppliers		(127,885)	(129,272)	(126,292)	(109,432)	(109,752)
Payments to employees		(4,688)	(4,560)	(5,601)	(5,403)	(5,609)
GST		648	(87)	311	34	(48)
		(131,925)	(133,919)	(131,582)	(114,801)	(115,409)
Net cash flow from operating activities		3,375	(3,182)	(9,672)	5,538	1,044
Cash flows from investing activities						
<i>Cash was provided from</i>						
Funds held on behalf of other agencies		405	0	0	0	0
Maturing Term Deposits		77,970	61,500	29,500	9,000	15,000
Sale of Assets		0	0	0	0	0
		78,375	61,500	29,500	9,000	15,000
<i>Cash was applied to</i>						
Funds paid on behalf of other agencies		(1,837)	(3,968)	(1,022)	(331)	15
Reinvestment of Term Deposits		(79,926)	(56,000)	(16,500)	(16,000)	(16,000)
Purchase of Property, Plant & Equipment		(21)	0	(66)	0	0
		(81,784)	(59,968)	(17,588)	(16,331)	(15,985)
Net cash flow from investing activities		(3,409)	1,532	11,912	(7,331)	(985)
Net increase (decrease) in cash held						
		(34)	(1,650)	2,240	(1,793)	59
Opening Cash at Bank						
		3,409	3,375	1,725	3,965	2,172
Closing Cash at Bank		3,375	1,725	3,965	2,172	2,231

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 issued and not early adopted as at 30 June 2025, that have been identified.

Standards issued and effective as at 30 June 2025

Disclosure of Fees for Audit Firms’ Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity’s audit or review firm.

This is effective for the year ended 30 June 2025.

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 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 2025/26 we plan to increase FTE numbers by 1.3 to 42.2 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 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Ministry of Business, Innovation and Employment (MBIE)	133,324	128,631	120,857	119,270	115,351
Ministry of Health (MoH)	285	285	285	285	285
	133,609	128,916	121,142	119,555	115,636

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 Crown Funding Agreement for the years 1 July 2024 to 30 June 2029 outlining the revenue receivable is in effect.

The Crown Funding Agreement includes the redirection of \$5.5m to MBIE for them to administer directly from 2024/25. This represents a reduction in the Government funding for the HRC from July 2024 onwards and is one reason for the reduction in spend on research grants. In Budget 2024, the HRC were advised of a funding reduction of \$4.91m per annum with effect from 2027/28. In Budget 2025 further reductions were announced (2026/27 \$1.439m, 2027/28 \$405k, 2028/29 onwards \$120k) In addition to these reductions, the HRC is also now planning 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 Expenditure

	Actual 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Health Research Contracts	123,052	117,629	117,745	101,377	101,256
Strategic Science Investment Fund	0	4,457	4,457	4,457	4,457
Vision Mātauranga Capability Fund	200	271	1,091	897	1,469
International Collaborations	3,622	3,138	470	364	179
	126,874	125,495	123,763	107,095	107,361

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 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Retained Earnings (Research Contract Management)					
Balance 1 July	5,055	5,162	5,217	4,132	2,965
Surplus/(deficit) for the year	107	55	(1,086)	(1,167)	(1,331)
Balance 30 June	5,162	5,217	4,132	2,965	1,634
Future Committed Research Grants					
Balance 1 July	5,154	7,683	7,203	(1,264)	5,265
Surplus/(deficit) for the year	1,688	(1,709)	(8,664)	6,491	2,324
Transfer of Net Income from/(to) Joint Operations Reserve	1,296	1,315	245	86	(8)
Transfer of Net Income from/(to) Foxley Reserve	(455)	(86)	(48)	(48)	(48)
Balance 30 June	7,683	7,203	(1,264)	5,265	7,533
Joint Operations Reserve					
Balance 1 July	3,431	2,135	820	575	489
Transfer (from) / to accumulated surplus / (deficit)	(1,296)	(1,315)	(245)	(86)	8
Balance 30 June	2,135	820	575	489	497
Public equity					
	14,980	13,240	3,443	8,719	9,664
Foxley Reserve					
Balance 1 July	965	1,420	1,506	1,554	1,602
Transfer (to)/from accumulated surplus/(deficit)	455	86	48	48	48
Balance 30 June	1,420	1,506	1,554	1,602	1,650
	16,400	14,746	4,997	10,321	11,314

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.

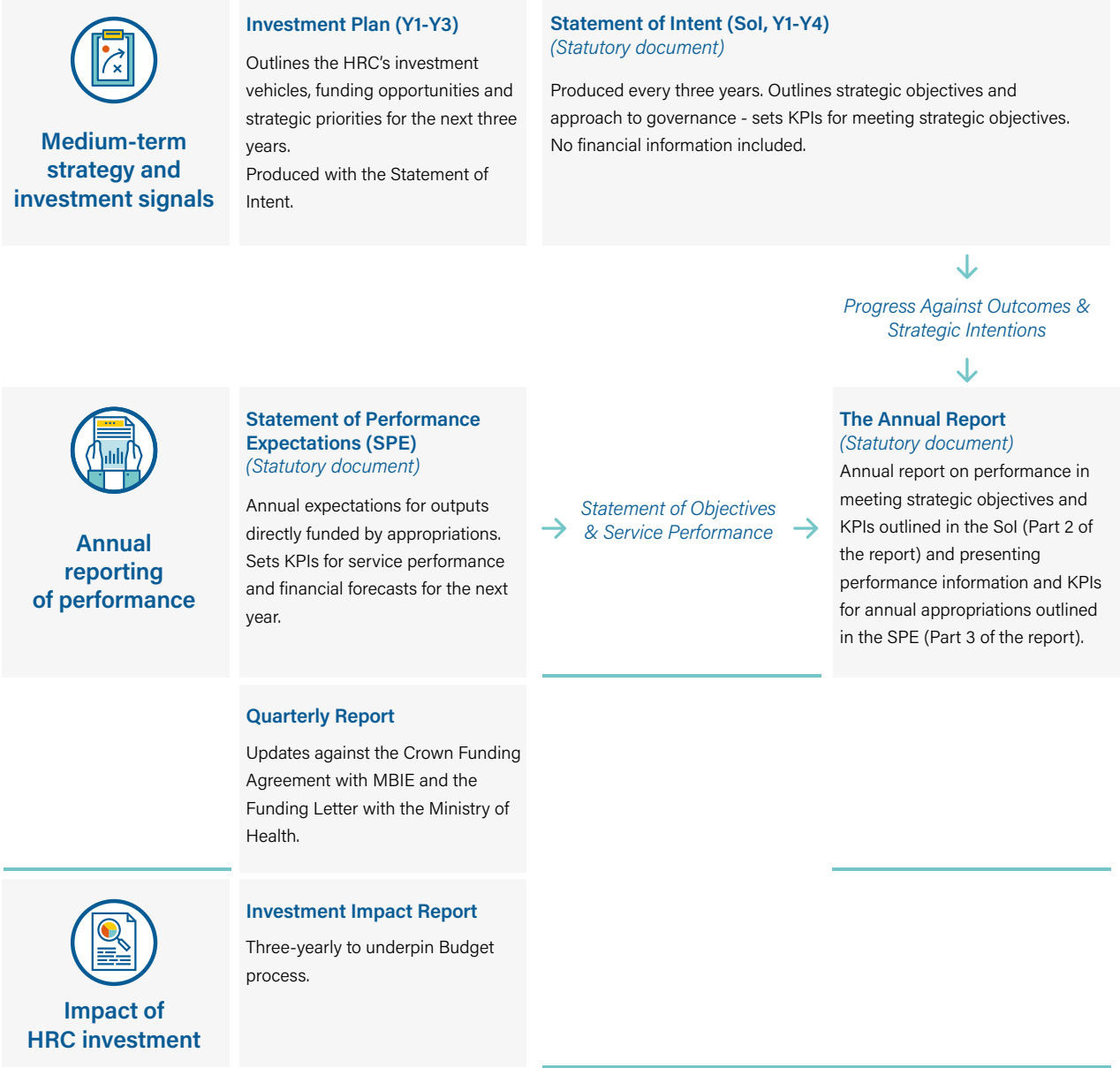
Note 6 - Capital management

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 2024 \$000	Forecast 2025 \$000	Budget 2026 \$000	Plan 2027 \$000	Plan 2028 \$000
Surplus /(Deficit) for year	1,795	(1,654)	(9,749)	5,324	993
Add non-cash items					
Depreciation and Amortisation expense	86	80	80	51	23
Add/(deduct) movements in provisions					
	1,237	(1,905)	32	58	69
Add/(deduct) movements in working capital items					
Receivable (increase)/decrease	134	767	91	(7)	(8)
Payables increase/(decrease)	123	(470)	(126)	112	(33)
	3,375	(3,182)	(9,672)	5,538	1,044

How the HRC reports on strategy and performance - the documents



Glossary of abbreviations and terms

- **AI:** Artificial intelligence
- **DMCC:** Data Monitoring Core Committee
- **DORA:** Declaration on Research Assessment
- **GPS:** Government Policy Statement on Health
- **GTAC:** Gene Technology Advisory Committee
- **HDECs:** Health and Disability Ethics Committees
- **HRC:** The Health Research Council of New Zealand
- **IECs:** Institutional Ethics Committees
- **IRO:** Independent Research Organisations
- **KPI:** Key performance indicator
- **MBIE:** Ministry of Business, Innovation and Employment
- **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
- **PRO:** Public Research Organisations
- **SCOTT:** Standing Committee on Therapeutic Trials
- **SPE:** Statement of Performance Expectations
- **SSAG:** Science System Advisory Group
- **VMCF:** Vision Mātauranga Capability Fund



Health Research Council
of New Zealand

Te Kaunihera Rangahau Hauora o Aotearoa

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