

Hon Dr Ayesha Verrall

Minister of Health
Minister of Research, Science and Innovation



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Tēnā koe Lester

Letter of Expectations 2023/24 for the Health Research Council of New Zealand (HRC)

As Minister of Health and Minister for Research, Science and Innovation, I want to thank the HRC for your commitment over the past year to delivering your agreed objectives during a period of significant change in the Health System. This letter sets out my expectations to you as Chair of the HRC for 2023/24.

I am confident your organisation will deliver on these expectations as part of the reformed health system. The HRC's role as the government's primary funder of health research is well-established, as are the roles that it plays in strengthening the health research workforce and monitoring ethics and safety within the health research sector. Although the HRC's functions are not directly affected by changes made under the Pae Ora (Healthy Futures) Act, I expect you to continue to maintain and improve your good performance of those functions, in keeping with the aspirations of the reforms. You have an important role to support the health system to meet the obligations under Te Tiriti o Waitangi, achieve equitable health outcomes, be accessible, cohesive, and whānau-centred. Approaches that are focused on quality, learning, and continuous improvement will support improved health outcomes.

The code of expectations for health entities' engagement with consumers and whānau was approved in August 2022. Although the Pae Ora (Healthy Futures) Act does not require you to act in accordance with the code, I would like you to consider how the principles and intent of the code can be built into your work when engaging with consumers and whānau.

I would like to make you aware of the 3 immediate priorities I have signalled for Te Whatu Ora so that you are aware of these as you engage with them. My priorities are support and develop the health workforce, address ongoing planned care challenges and plan for winter resilience.

While Te Whatu Ora and Te Aka Whai Ora are primarily responsible for delivering against the interim Government Policy Statement (iGPS), the HRC should also consider how it can contribute to the iGPS priorities of:

1. achieving equity in health outcomes
2. embedding Te Tiriti o Waitangi across the health sector
3. keeping people well in their communities

4. developing the health workforce of the future
5. ensuring a financially sustainable health sector, and
6. laying the foundations for the ongoing success of the health sector.

Further detail is available on the iGPS at: www.health.govt.nz/publication/interim-government-policy-statement-health-2022-2024

It will be important for you to think about the valuable insights into wider system performance that the HRC could provide. In the spirit of the reforms, I expect you to identify and pursue any opportunities to work collaboratively and collectively with other entities where this will result in health gains.

I expect that your reporting, and the monitoring undertaken by Manatū Hauora and MBIE, will enable me to assess both the performance of your entity, and how you are contributing and collaborating with others towards overall system performance. Both Ministries will engage with you further on the proposed approach to monitoring collective and system performance as work in these areas develops.

The free flow of information between parties is a core principle of monitoring that I expect both your organisation, MBIE and Manatū Hauora to follow. It is critical that the advice I receive from MBIE and Manatū Hauora about the HRC's performance is well informed. Please continue collaborating and sharing information with both Ministries so that they have the information they need to assess your financial and non-financial performance.

As part of that sharing of information, I am requesting that you now provide copies of HRC meeting agendas, minutes, and associated papers as agreed with Manatū Hauora. This will ensure Manatū Hauora, as my agent, has an understanding of the quality of information the HRC is receiving and can see how risks are effectively identified, managed, and reported to the HRC. This requirement will be reflected in your 2023/24 Output Agreement.

To inform planning for Budget 24, please continue to raise any current or future financial pressures you may face with MBIE. Further guidance on Budget 24 processes will be made available to you closer to the time. Given the Government's shift to multi-year budgets, you should focus on strengthening your longer-term financial planning and forecasting.

HRC-specific expectations

In the year ahead, please focus on building a strong strategic relationship between the HRC as primary funder of health research, Manatū Hauora as overall health system leader, and Te Aka Whai Ora as system lead for hauora Māori. In particular, I would like you to jointly consult with Manatū Hauora and Te Aka Whai Ora on research priorities for the sector and ensure that your funding streams enable a consistent flow of research that will address these priorities. Please work in partnership with these agencies and with MBIE when considering changes that may have a material impact on the health research sector, such as the review of and decisions around your investment mechanisms/funding streams.

Building a strong relationship with Te Whatu Ora, with clear and regular lines of communication, will also be important. It has been good to see the increase in health delivery research that the HRC has funded since the Health Delivery Research funding stream was introduced. At the same time, I acknowledge that researchers within the health system have not always had the support or time available to them to take up the opportunity. Te Whatu Ora is currently establishing a dedicated unit to oversee research activity across the

health system, and I ask that you engage closely with them to increase the quality and quantity of research in the health system in line with sector priorities.

For our health research sector to thrive, we will need collective efforts to build and strengthen the health research workforce from multiple directions. Please work with Manatū Hauora, Te Aka Whai Ora, Te Whatu Ora and MBIE as they develop and implement strategy in this area. Given the challenges facing the health workforce overall, I expect you to bring creative solutions that will enable more health professionals and others to become part of the health research workforce and contribute to research activities. Please also continue to support the development of researchers throughout their careers, especially Early Career Researchers and those who identify as Māori and Pacific.

I recently published the Te Ara Paerangi – White Paper that sets the Government’s direction for reforming New Zealand’s RSI system. You have an important role to play in supporting this process as a major funder of health research. By working together, we can create an RSI system that will advance the economic, social, cultural, and environmental wellbeing of New Zealanders, now and into the future. Thank you for your engagement with this process so far, and I ask you to continue working with MBIE to develop and implement the policy directions set out in the White Paper.

This coming year, Manatū Hauora will begin two programmes of work that will require your close involvement, one of which is Manatū Hauora’s intended refresh of the New Zealand Health Research Strategy. While the vision for the current strategy is still relevant, much has changed in both our country’s health system and globally since it was released. Please engage fully with the refresh process, working closely with Manatū Hauora and other agencies to produce an updated strategy that reflects both the RSI sector and health sector’s aspirations in relation to its current state. The refreshed strategy must also properly reflect the Crown’s Te Tiriti obligations.

The other is to prepare for a review of the HRC Act 1990, which was noted in last year’s Letter of Expectations. The purpose of the review is to modernise the provisions of the Act to better reflect the health research environment and to enable the Council and Chief Executive to be more flexible about committee structures and decision making. I understand that Manatū Hauora officials have briefed you about this intention. I have asked them to work with your Council and HRC management to prepare for a formal review in 2024. Please ensure the HRC has appropriate representation to effectively contribute this process.

We have now reached the point in the accountability cycle where your Statement of Intent needs to be refreshed. Accordingly, I ask you to provide a draft Statement of Intent for the period 2023/24 to 2026/27, alongside a Statement of Performance Expectations for 2023/24.

Drafts of both documents should be provided to Manatū Hauora no later than 30 April 2023 in line with the requirements of the Crown Entities Act.

I know that HRC has had difficulties remaining below the public equity amount of \$15.0 million at which you are liable to pay capital charge. In last year’s Letter of Expectations I requested that you develop a public equity management plan, can you please ensure this is completed by June 30 2023 and provided to MBIE officials. I understand that you have been working closely with officials from the two Ministries and the Treasury on ways to manage public equity. Please continue that collaborative work. I do not want funding available for health research to be reduced by payments of another capital charge.

Thank you for your dedication to working together to support our reformed health system in meeting its goals.

Ngā mihi nui



Hon Dr Ayesha Verrall

Minister of Health and Minister of Research, Science and Innovation

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