MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Dr Shane Reti	**Portfolio**	Science, Innovation and Technology
Title of Cabinet paper	Transitioning health research funding from the Health Research Council to Research Funding New Zealand	**Date to be published**	9 April 2026

List of documents that have been proactively released

Date	Title	Author
November 2025	Transitioning Health Research Funding from the Health Research Council to Research Funding New Zealand	Offices of the Minister of Science, Innovation and Technology, and of the Minister of Health
12 November 2025	Transitioning Health Research Funding from the Health Research Council to Research Funding New Zealand ECO-25-MIN-0185 Minute	Cabinet Office
5 November 2025	Future of Health Research Funding: Decision Making and Allocation RIS	MBIE and MOH
5 November 2025	RIS Annex 2 - Cost Recovery for a Fast-track Research Ethics Review Process	MBIE and MOH
3 December 2025	RIS Quality Assurance Feedback Form and QA Criteria	MBIE and MOH
14 August 2025 – 5 November 2025	Briefings on the Future of Health Research Funding	MBIE and MOH

Information redacted **YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified and that would outweigh the reasons for withholding it.

Some information has been withheld under the grounds of commercial information, confidential advice to Government, and confidential commercial information (trade secret).

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Future of health research funding

Date:	14 August 2025	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0018891

Action sought		
	Action sought	**Deadline**
Hon Dr Shane Reti MP **Minister of Science, Innovation and Technology**	**Note** this briefing outlines options for transitioning health research funding into a domain-based pillar framework under a single funding decision-maker. **Discuss** with the Minister of Health the preferred transition pathway and implications for the Health Research Council.	14 August 2025

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Landon McMillan	Policy Director, Science System Policy	Privacy of natural persons	✓
Christine Viernes	Policy Advisor, Science System Policy		

The following departments/agencies have been consulted
Ministry of Health

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Future of health research funding

Date:	14 August 2025	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0018891

Purpose

To provide you with high-level options for transitioning health research funding into Research Funding New Zealand and the pillars framework.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** the options for transitioning health research funding to Research Funding New Zealand (RFNZ) and the pillar-based framework

Noted

b **Note** that the Health Research Council (HRC) also holds non-funding statutory functions that are important to the health and research system. As part of the transition process, we will need to find appropriate homes/set ups for these functions.

Noted

c **Note** that a legislative process will need to be taken to enable the transition, either by amending or repealing the HRC Act. If repealed, a replacement Act may not be necessary, but transitional legislation will be needed to manage the transfer of assets, liabilities, staff, and functions.

Noted

d **Note** that the Ministry of Health is preparing a separate briefing for the Minister of Health ahead of your engagement with him on the future of the HRC and broader system reform.

Noted

e **Agree** to discuss the options for transition with the Minister of Health.

Agree/Disagree

f **Agree** in principle that the HRC's funding functions will transition to RFNZ, and that this intention will be reflected in the September Cabinet paper, subject to further work on legislative and operational details.

Agree/Disagree

g **Agree** to seek Cabinet's in-principle agreement to the transition, and to request that Cabinet delegates authority to you and the Minister of Health to oversee detailed policy and legislative work including engagement with the HRC.

Agree/Disagree

Landon McMillan
Policy Director, Science System Policy
Labour, Science and Enterprise, MBIE

14 / 08 / 25

Hon Dr Shane Reti
Minister of Science, Innovation and Technology
.... / ..... / .....

Background

1. Cabinet has agreed to reforms aimed at creating a strategy-led Science, Innovation and Technology (SI&T) system with clear priorities that align with the Government's goals for growth (CAB-24-MIN-0504 and CAB-25-MIN-0187 refer). These reforms include a shift to a domain-based pillar framework (**Annex One**). To support these broader objectives, we are also progressing changes to the funding system.

2. MBIE has provided a series of advice to you, which will culminate in a Cabinet paper in September seeking agreement on the high-level design of the future funding system. This includes a shift from an instrument-led model to one that is strategy-led and organised around domain-based pillars, with the consolidation of funding decisions under a single funding decision-maker.

3. We discussed scope of RFNZ with you (BRIEFING-REQ-0017002 refers). You agreed in principle that the scope includes the HRC, Marsden and all MBIE research funds. There are options to transition the HRC to the new funding model and we need high-level decisions from you and the Minister of Health on the approach.

4. This briefing sets out:

    a. Current health research funding landscape and role of HRC within it.

    b. Opportunities, benefits and risks of shifting health research to RFNZ.

    c. High-level options for doing the shift.

Current health research funding landscape and the role of the HRC

Overview of the Health Research Fund (HRF)

5. Health research funding in New Zealand is primarily delivered through the Health Research Fund (HRF) under Vote Business, Science and Innovation. It is administered by MBIE and devolved to the HRC, the Government's main health research funder. Since 1997, this appropriation has been aligned with the broader science, innovation and technology (SI&T) system.

6. In 2025/26, $107.6 million is allocated to the HRC following a fiscally neutral adjustment from $115.5 million, reflecting transfers to other research initiatives and post-budget reprioritisation affecting both HRF and Research Contract Management (RCM) funding.

HRC's structure, legislation and responsibilities

7. The HRC is a Crown agent governed by the HRC Act 1990, with both funding and strategic leadership roles across various health research areas, managing around 1,000 active contracts annually involving over 5,000 researchers. It has approximately 38 permanent staff.

8. Its statutory functions include advising on health research policy, investing in system-improving research, supporting researcher development, and ensuring a safe and ethical research environment, including oversight of clinical trials.

9. The HRC Act is widely viewed as outdated, particularly due to its emphasis on contestable funding, which limits the HRC's ability to make strategic, long-term investments and respond effectively to emerging health challenges.

10. Note that Professor Sunny Collings stepped down as Chief Executive of the HRC on 12 August 2025. Acting chief executive duties are currently being shared by the HRC executive team until a successor is appointed.

Ministerial responsibilities

11. HRC operates under a dual-governance model, where the Minister of Health oversees legislative and ownership matters, and the Minister of SI&T manages funding.

12. A 2016 Memorandum of Understanding between Ministers outlines joint responsibilities, reflecting health research's dual role in supporting both health outcomes and the SI&T system.

Other functions and governance

13. HRC supports four statutory and four standing committees that promote transparency, accountability, and excellence in health research funding and oversight. Further detail on the committees is provided in **Annex Two**, and the non-funding statutory functions of the HRC are outlined in **Annex Three**.

14. These committees are jointly supported by MBIE and the Ministry of Health (MoH), with the MoH contributing approximately $285,000 annually to support functions related to ethics and biomedical research.

Opportunities, benefits and risks of shifting health research to RFNZ & new funding model

15. Transitioning health research funding to RFNZ supports the broader reform of the SI&T system by enabling a more coordinated, coherent, and impact-driven approach to public investment in research.

16. The shift to a single funding decision-maker and a pillar-based framework will:

    a. Improve strategic alignment with system-wide priorities through a unified investment strategy.

    b. Enable better coordination across pillars and funding streams, reducing duplication and fragmentation.

    c. Support larger-scale programmes (e.g. fellowships, contests) and cross-disciplinary collaboration.

d. Reduce the administrative burden on researchers by streamlining funding rules, processes, and assessment criteria.

17. Health research would be integrated into the proposed Health and Society pillar, allowing it to connect more effectively with other domains and national missions. This integration strengthens the role of health research in delivering outcomes beyond the health sector, such as innovation, workforce development, and system resilience, while avoiding isolation from the broader SI&T system.

18. The new model will retain a diverse mix of funding mechanisms, including strategic, capability, institutional, and competitive funding, to support both long-term priorities and emerging ideas. Investment will be guided by a System Investment Plan (SIP) and Pillar Investment Plans (PIPs), informed by the Prime Minister's Science, Innovation and Technology Advisory Council (PMSITAC), to ensure balance, responsiveness, and alignment with national goals.

19. Strategic platforms, such as mission-led initiatives, will also be expanded to encourage co-investment and international collaboration, further enhancing the system's reach and impact.

20. This transition presents a timely opportunity to modernise health research funding and better align it with the Government's vision for a future-focused, strategy-led SI&T system. It will also require careful planning to ensure the non-funding statutory functions of the HRC are retained and appropriately supported. However, it also introduces several risks that will need to be carefully managed.

Risks and considerations

21. This consolidation and system alignment includes the potential for reduced responsiveness to specific health sector needs, particularly Māori, Pacific, community-led, and health delivery research which is clinically based. To mitigate this, the model specifically designs a Health and Society pillar, and RFNZ will need to include representation from these communities and areas of expertise to ensure continued relevance and impact. We will also consult with the MoH on the development of the Health and Society Investment Plan to ensure its priorities are aligned with the needs of the health sector.

22. There is also a risk of losing the integrated 'council' functions of the HRC that combine funding and non-funding roles. Mapping these functions and their interactions will be essential to inform legislative reform and ensure continuity.

23. As part of the transition to RFNZ, consideration must be given to the future of ethics approvals and clinical trial oversight. These functions are essential to the integrity of research and must be maintained. Given their specialised nature and current funding by the MoH, close consultation with MoH will be required to determine the most appropriate organisational home for these responsibilities.

24. The transition may also create complexity and uncertainty for researchers and institutions, as well as HRC staff. A phased approach, supported by clear communication, consultation with the HRC, and careful mapping of funding and non-funding roles, will help ensure a smooth and effective transition.

High-level Options for transitioning funding to new decision maker

Legal professional privilege

26. There are two key decisions for transitioning health research funding to RFNZ and the pillars funding framework.

    a. Legislative approach

    b. Funding transition approach

27. Funding allocation is one of the statutory responsibilities for the HRC under the HRC Act. To shift funding allocation functions to RFNZ, the HRC Act must be either repealed or amended. Tables 1 and 2 set out the options and pros and cons of each.

Table 1 - Legislative change options

Option	Pros	Cons
1. Repeal the HRC Act and disestablish HRC. Transfer non-funding related functions to MoH, MBIE and other appropriate places in the health and research systems.	• Clean and comprehensive approach that forces detailed planning for function and staff transfers to optimal 'homes'. • Enables redistribution of functions into existing legislation (e.g. Pae Ora, Privacy Act, Human Tissue Act), helping streamline regulatory responsibilities and remove redundancies.	• Slower to implement due to complexity of transition planning, including employment implications and the transfer of assets, liabilities, and staff. • Requires detailed policy work to determine appropriate destinations for functions, especially under the Pae Ora Act.

2. Amend the HRC Act to retain only non-funding functions in a smaller organisation.	• Can serve as an interim step while determining appropriate housing and funding for remaining functions.	• Still involves legal complexity and transitional planning (e.g. repealing provisions, consequential changes, and transfer of assets, liabilities, and staff). Not clear how much faster this would be. • Misses opportunity to fully reassess optimal placement for non-funding functions (unless used as a transitional/interim step). • Retaining a non-funding entity limited solely to ethics approvals and clinical trial oversight is not cost effective. The narrow scope does not justify the operational costs, particularly as these functions could be absorbed by the Ministry of Health, which already funds and supports them. • Changes the purpose of the HRC, whose primary function is to fund health research.

28. Transition of funding to RFNZ and the pillars system can happen in two ways regardless of the legislative option taken.

Table 2 - Funding transition options [1]

Option	Pros	Cons
A. Full transition after legislative change	• Reduces the chance of legal and reputational risks • Avoids loss of expertise during the transition period. • Ensures the funding transition is legally sound and aligned with the updated/new legislation	• Prolongs the full implementation of the strategic funding model being sought through the reforms.
B. Phased transition: Shift some funding to RFNZ/pillars and leave sufficient funding for HRC to maintain existing contracts and bespoke funding rounds until legislative changes take place.	• Enables earlier alignment with the new pillar model without waiting for legislative change – including beginning to transition some HRC funding from contests to strategic platforms in the health space. • Allows HRC to maintain operational continuity, avoiding sudden changes to roles or redundancies.	Legal professional privilege • Operating two funding bodies in parallel may create confusion or inefficiencies in decision-making and communication. • Extended transition period may impact HRC staff

Legal professional privilege

		retention and create uncertainty. • Public perception could be negative, especially if the process appears fragmented or legally contested.

29. For the funding transition, the approach may depend on outcomes of the initial conversations with HRC and their positioning with regard to the changes.

30. The approach to repealing the HRC Act will require detailed policy work to determine where the HRC's non-funding functions should be placed, and to plan for the transfer of those functions. Following legislative change, further consideration will be needed regarding the future of the HRC as a Crown agency.

Opportunities for improvements in health research funding

31. There is a desire from the SI&T system reforms for greater commercialisation, economic impact, and adoption of advanced technology and innovative research, creating opportunities to strengthen health research funding.

32. For example, a report by former Prime Minister's Chief Science Advisor Juliet Gerrard and Ian Town, Chief Science Advisor at MoH, highlights how AI can improve diagnostics, efficiency, and equity in healthcare, reinforcing the case for investment in capability, governance, and safe deployment.

33. MoH will provide more detail on opportunities to improve health research funding in their upcoming briefing to the Minister of Health.

Next steps and sequencing considerations

Ministerial agreement and Cabinet decision

34. Your meeting with the Minister of Health will confirm joint support for transitioning HRC's funding functions to RFNZ. MoH is preparing a separate briefing to support this engagement.

35. Subject to Ministerial agreement, a Cabinet paper (September 2025) will seek in-principle agreement for the transition and delegated authority for you and the Minister of Health to oversee detailed policy and legislative work, including engagement with the HRC.

36. Following Cabinet agreement, officials will begin work to determine the most appropriate legislative pathway, informed by decisions on the future of the HRC's non-funding functions.

Policy development and stakeholder engagement

37. Early engagement with the HRC (by the end of August 2025) will be critical to discuss implications for its statutory functions and explore options for retaining or relocating them. Broader consultation will follow with universities, Health New Zealand, and the wider sector, particularly regarding the future of the four statutory committees and their potential integration into RFNZ or other entities.

38. Officials are seeking input from the MoH on whether HRC's non-funding functions have natural homes within existing health regulatory frameworks and legislation, and whether any functions lack a clear destination. Should the HRC Act be repealed, it is possible that ethics and other non-funding functions may need to be distributed across multiple legislative instruments or may no longer require statutory status. This will be explored through detailed policy work.

Timing and legal considerations

39. The transition is proposed to align with the end of the current New Zealand Health Research Strategy in 2027, allowing RFNZ to develop a new strategy aligned with the SI&T system reforms. Timing may be adjusted based on Ministerial priorities and system readiness.

Legal professional privilege

Annexes

Annex One - Illustrative funding mix of pillars - Proposed Health and Society pillar

Annex Two - Current health research funding landscape and the role of the HRC

Annex Three - The role of the HRC beyond funding heath research

Annex One: Illustrative funding mix of pillars - Proposed Health and Society pillar

[redacted]

Annex Two – Current health research funding landscape and the role of the HRC

Overview of the Health Research Fund (HRF)

41. Health research in New Zealand is primarily funded through the HRF appropriation in Vote Business, Science and Innovation, administered by MBIE. This appropriation is limited to research and research applications with the primary purpose of improving the health and wellbeing of New Zealanders. The HRF is devolved to the HRC, which is the Government's principal funder of health research.

42. $107.6 million is allocated to the HRC in 2025/26, following a fiscally neutral adjustment from $115.5 million in 2024/25. The adjustment reflects transfers to support longitudinal studies and Independent Research Organisation capability via the Strategic Science Investment Fund. Further reprioritisation has occurred post budget impacting both the HRF and the Research Contract Management funding the HRC receives. The tables below outline those changes.

Table 3 Health Research Fund reductions

Health Research Fund	2025/26	2026/27	2027/28	2028/29 onwards
Original allocation	107,660,000	107,512,000	102,559,000	102,558,886
Budget 2025 Reduction	Nil	(1,439,000)	(405,000)	(120,000)
Post-Budget Reduction	Nil	Nil	Nil	(11,487,000)
Final Allocation	**107,660,000**	**106,073,000**	**102,154,000**	**90,951,886**

Table 4 Research Contract Management Fund reductions

Research Contract Management	2025/26	2026/27	2027/28	2028/29 onwards
Original allocation	5,896,000	5,896,000	5,896,000	5,896,000
Budget 2025 Reduction	Nil	Nil	Nil	Nil
Post-Budget Reduction	Nil	(590,000)	(590,000)	(590,000)
Final allocation	**5,896,000**	**5,306,000**	**5,306,000**	**5,306,000**

Governance and statutory functions of the HRC

43. HRC supports four statutory and four standing committees that promote transparency, accountability, and excellence in health research funding and oversight.

Table 5 – HRC's four statutory and four non-statutory standing committees

Committee	Function

❖ Indicates this is a statutory committee	
Research committees ❖ Biomedical Research ❖ Public Health Research	Assess funding proposals and advise the Council on funding decisions and performance monitoring.
❖ Māori Health • Pacific Health Research	Advise on culturally grounded research priorities and workforce development.
❖ HRC Ethics Committee (HRCEC) • Therapeutic Trials (SCOTT) • Gene Technology Advisory Committee	These provide oversight on ethics, gene technology, and clinical trials. SCOTT plays a key role in the regulatory process under Section 30 of the Medicines Act 1981, advising the Director-General of Health on whether such trials should be approved.
• Data monitoring core committee	Independently monitors HRC-funded clinical trials and provide advice to HRC

Annex Three – The role of the HRC beyond funding health research

(attached separately)