Te Tāhuhu o te Mātauranga
Ministry of Education

Report: Performance-Based Research Fund – next steps

To:	Hon Dr Shane Reti - Minister for Universities		
Cc:	Hon Penny Simmonds, Minister for Vocational Education		
Date:	29/05/2025	Deadline:	5/06/2025
Security Level:	In-Confidence	Priority:	High
From:	9(2)(a) Senior Policy Manager	Phone:	9(2)(a)
Drafter:	9(2)(a)	METIS No:	1346352

Why are we sending this to you?

- The purpose of this report is to provide further advice on options for revising the Performance-Based Research Fund (PBRF), including potential replacements for the Quality Evaluation component, following the University Advisory Group's (UAG) final report.

What action do we need, by when?

- We are due to discuss the overall approach to replacing the PBRF with you on Wednesday 4 June 2025.
- Please return the signed paper by Thursday 5 June 2025.

Key facts, issues and questions

- The UAG recently submitted their final report, including recommending that the PBRF Quality Evaluation component be replaced by a citation-based metric, alongside a performance indicator dashboard.
- The Ministry is broadly supportive of using a citation-based metric as the main replacement to the Quality Evaluation component, but notes that it will not directly incentivise a focus on research impact or collaboration and provides a less appropriate proxy for research quality in areas such as the humanities and mātauranga Māori research.
- We suggest considering modifications to the UAG's proposal, alongside a research information mechanism, in order to support your broader objectives. A significant amount of further work will be required on the design of any changes, including on questions such as the applicability of a PBRF replacement for other providers.

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Alignment with Government priorities

1. A high-performing university system contributes to the Government's economic and social goals by delivering the skills, knowledge and innovation New Zealand needs to increase productivity and grow the economy.

Background

2. Research is a central feature of universities. In New Zealand, there is a statutory requirement that universities' research and teaching are closely interdependent and that most of their teaching is done by people who are active in advancing knowledge. Moreover, they must meet international standards of research.
3. Research is critical to universities as:
    3.1. it supports university teaching, ensuring that most teaching is shaped by research and delivered by people active in research who are engaged by the most recent developments in their field;
    3.2. it builds skills and human capital, especially in postgraduate teaching; and
    3.3. the knowledge created by university research has social and economic impacts that benefit society.
4. Other tertiary education organisations (TEOs) that do research and provide degree-level qualifications include the three Wānanga, some Institutes of Technology and Polytechnics (ITPs), and some Private Training Establishments (PTEs). Degree-awarding Wānanga, ITPs and PTEs are also obliged to ensure that a degree is "taught mainly by people engaged in research".
5. The main Government funding sources for research in TEOs include:
    5.1. direct research funding, such as the Marsden Fund or the Endeavor Fund;
    5.2. research capability funding, such as the Performance-Based Research Fund (PBRF); and
    5.3. research collaboration funding, such as for the Centres of Research Excellence (CoREs).
6. Most direct research funding is administered by the Ministry of Business, Innovation and Employment (MBIE), while the Ministry of Education and Tertiary Education Commission (TEC) are responsible for PBRF and CoREs funding.

The Performance-Based Research Fund (PBRF)

7. The PBRF was established in 2003 to replace the 'research top-ups' system, where TEOs received research funding calculated on the basis of learner volume. The key issue with the previous system was a lack of incentive for TEOs to improve the quality of their research, and there was no monitoring of research activity.
8. The PBRF was designed to improve the quality of research by allocating funding in ways that encourage and reward excellent research in degree-granting TEOs. It was intended to incentivise a focus on research capability across the tertiary education system and to create and disseminate *information* on research performance. The PBRF was not intended to steer or directly influence the focus of research activity. As a relatively stable mechanism that supports all research-led teaching and is somewhat insulated from changes in government priorities, it plays an important part in TEOs' long-term planning.
9. The PBRF comprises three components, all of which are designed as proxies for quality of research:

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10. **Research degree completions (RDC), worth 25 percent** of total funding, calculated annually. Counts the number of completions of post-graduate research qualifications, weighted for the length of the qualification and by the estimated cost of the subject area. This could also be viewed as a proxy for the development of human capital.

11. **External research income (ERI), worth 20 percent**, calculated annually. Based on the revenue generated by each TEO by way of research contracts and grants from firms, government research funds, philanthropists, and research funders outside New Zealand. It provides a proxy for research quality and could be viewed as a proxy for TEOs' engagement and impact.

12. **Quality Evaluation (QE), worth 55 percent**, calculated approximately every six years. Involves peer assessment of each individual academic's evidence portfolio by an expert panel. It rewards excellence in research and confirms that most people teaching are active in research.

13. The QE component is fixed for multi-year periods, granting TEOs the scope to manage their strategy for research and build emerging areas. The annual value of the PBRF is $315 million. Over the six-year period (between QE assessments), it is responsible for the allocation of $1.83 billion.

14. A total of 22 TEOs currently receive PBRF funding; however, it is important to note that this figure includes Te Pūkenga (thus comprising multiple former ITPs). Participation is dominated by the eight universities (who receive around 97% of funding); however, it is a significant activity and revenue source for two of the Wānanga, most ITPs (particularly the metropolitan ITPs), and 10 PTEs. Several non-universities see the PBRF in an aspirational light and are working towards growing their research capability and activity in ways that will increase their PBRF scores and share of the funding pool.

Criticisms of PBRF focus largely on the QE component

15. The introduction of the PBRF and the associated renewed emphasis on research performance led to a significant lift in research quality in the initial years. However, over the last ten years, non-PBRF measures have shown that improvement in research performance has slowed. When added to the cost of the QE (the component intended to incentivise research excellence), this has led to questions about the value of the QE.

16. Peer assessment, a major part of the QE, is considered the gold standard for quality assessments, but has been described as the "least worst form of academic governance".[1] In addition, there is low support among academics for a system that assesses and grades each individual academic (except among those with strong track records).

17. Universities argue that the QE has very high compliance costs for them. For example, in 2013 universities estimated a total compliance cost of $40.2 million per QE round, primarily due to the staff time involved (the accuracy of this figure was not confirmed by the Ministry), alongside other costs for the TEC. While these costs are significant, we note that they should be considered in the context of the very large amount of funding associated with each QE round.

18. MBIE has longstanding concerns that, despite the QE being ostensibly a multi-modal assessment of research quality, the design of the PBRF has led to it largely incentivising individual academics to publish. The lack of clear proxies for the 'third mission' of universities (including industry collaboration and commercialisation of research findings)

[1] Wilsdon J et al (2015). *The metric tide: report of the independent review of the role of metrics in research assessment and management*. UK Research and Innovation. One study found that time pressures on peer review panels for the Research Excellence Framework in the UK made maintaining consistency and quality challenging [Stern N (2016) *Building on success and learning from experience: an independent review of the research excellence framework*. UK Government]

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means that those activities are not incentivised in the PBRF. MBIE also argues that the ERI provides only a weak proxy for commercialisation as much ERI comes from investigator-led projects funded from government research funds.

19. The PBRF has been reviewed and refined four times, each time involving intensive consultation processes with the tertiary sector and stakeholders. In every review, the reviewers recommended retaining a QE that assesses the research of individual academics but suggested minor changes. For example, one of the changes agreed in the most recent review in 2019/20 increased weighting for evidence portfolios submitted by Māori and Pacific researchers, due to be implemented in the 2026 QE round.

The University Advisory Group (UAG)

20. In March 2024, the Government cancelled the 2026 QE assessment, pending an independent review of universities by the UAG. The UAG was formed to consider the effectiveness of the current university system as a whole and advise the Government on how the universities can play a greater role in New Zealand's productivity and economic growth. To support the UAG, the Ministry and the TEC provided background reports on a variety of issues for the Group's consideration.

21. A key element to the UAG's Terms of Reference was to develop recommendations regarding the PBRF. The UAG's interim report did not cover the PBRF in any detail other than to reiterate the issue of large compliance costs, to suggest that a revised research funding scheme should perhaps only apply to universities, and that a simpler model was required [UAG interim report, pp 20 & 27].

Stakeholder feedback to the UAG

22. The tertiary education sector was consulted by the UAG as part of its work. Universities were extensively consulted, and there were three public consultations on a range of issues.

23. On the topic of the PBRF, universities and most other stakeholders agreed that the QE component was resource intensive and that a simpler system was required. The consistent message was that the QE has served its purpose and now represents heavy and unnecessary compliance costs. University feedback on changing the PBRF was varied, with some advocating for a lower cost QE process, some in favour of a plan-based approach focused on research impact and culture, and others arguing in favour of a metrics-based approach.

The UAG's final recommendations on the PBRF

24. The UAG's final report was recently completed and presented to you. We provided you with our initial advice in response to the report on 2 May 2025 [METIS 1344897 refers]. The UAG's recommendations for the PBRF were as follows:

    24.1. The PBRF should be continued and the name of the PBRF should be changed to the Research Intensity Component for Universities (RICU) and focused solely on incentivising research intensity.

    24.2. Individual portfolio assessment should be abandoned and the PBRF calculated on the basis of research degree completions, research income, and citation rates of the institution noting that any significant changes from the current allocations should not be abrupt.

    24.3. The New Zealand Universities Council should consider a dashboard approach to assist its strategic analysis and review of the system.

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25. The UAG also suggested a change in the process for adjusting the weightings across the research funding system and a modification of the present classifications of the categories of the ERI, that is grouping ERI by purpose instead of type of funder.

26. In reaching these conclusions, the UAG argued that the primary role of the PBRF is to incentivise a focus on research intensity (i.e. the level and quality of research activity) and that there continues to be a need for a fund focused on incentivising research intensity in universities (rather than reverting to a system of 'research top-ups' or similar).

27. The UAG rejected the idea that a replacement to the PBRF should seek to directly incentivise research "impact" or research "environment and culture". Citing the UK experience, the UAG argued that assessing these factors is either highly subjective or adequately captured by citation rates as a proxy. The UAG also dismissed concerns that citation-based funding does not work well in fields such as humanities and creative arts, where outputs may not be in the form of publications, as a minor factor that could be addressed over time as other proxies for research performance emerge.

28. The UAG argued that the replacement to the PBRF should be limited to universities, arguing that the inclusion of other institutions in the fund confuses matters and that alternative support for the research activities of these institutions should be designed to meet their specific characteristics.

The UAG's recommendations should be considered against alternative options

29. While our initial advice on the UAG's interim report broadly agreed with the direction of the UAG's PBRF recommendations, we note that there are a range of alternative options for reform that should be considered.

Objectives for reform

30. There are trade-offs between the different options and the preferred approach will depend significantly on the weight that you place on the different objectives. Whichever direction is chosen for revising the PBRF, the existing ERI and RDC components are generally considered valuable and should be retained in some form. The main consideration is how to replace or revise the QE component.

31. The options outlined below have been assessed against the following objectives and design criteria in **Annex 1**:

    31.1. Reduce compliance costs and complexity for providers and government.

    31.2. Maintain an incentive for institutions to support research quality.

    31.3. Incentivise greater alignment with government research priorities (e.g., impact, specialisation, collaboration).

    31.4. Ensure transparency and accountability, linking funding outcomes clearly to research measures.

    31.5. Achieve sector buy-in and credibility.

    31.6. Recognise the full breadth of research activity in the New Zealand environment (e.g., humanities, mātauranga Māori).

Considering the Alternatives for QE Replacement

32. The key alternative approaches considered for replacing the QE component include:

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ERI + RDC + Citation-Based Metric (UAG's Preferred Option)

33. **Description:** This approach, recommended by the UAG, would retain the ERI and RDC components and replace the individual peer review-based QE with a system primarily based on institutional citation rates (e.g., using a field-weighted citation impact measure).

34. **Merits:** This option is expected to reduce compliance costs and complexity for the sector compared to the current QE, particularly in the long term (although TEC set-up costs are anticipated). It aims to maintain an incentive for research quality by providing an approximation of peer review assessment through quantitative data. It offers a high degree of transparency and accountability due to its quantitative nature. There is some existing sector support for this direction, particularly from universities seeking simplification.

35. **Drawbacks:** A citation-based metric may be less comprehensive than the QE in capturing all dimensions of research quality and diverse research outputs (e.g., creative works, policy advice, mātauranga Māori research and other research that is significant to New Zealand but not highly cited internationally).

    It also risks putting too much focus on traditional academic outputs (journal publications) and could lead to unintended behavioural changes (e.g. "citation chasing," devaluing non-publication outputs). This approach may not strongly incentivise broader government goals like industry collaboration, commercialisation, or research specialisation.

    There is also potential implementation complexity regarding data quality, stability of bibliographic datasets, and initial set-up costs for the TEC.

ERI + RDC only

36. **Description:** This option involves removing the QE assessment entirely and reweighting the remaining two components (ERI and RDC) to account for the full funding allocation.

37. **Merits:** This would offer the most significant reduction in direct compliance costs and complexity associated with the QE. ERI and RDC are established, relatively low-cost measures that provide proxies for aspects of research human capital development and engagement.

38. **Drawbacks:** This approach would weaken the direct incentive for research quality beyond what ERI and RDC capture. It could disproportionately affect funding for disciplines with typically low ERI (e.g., humanities, mātauranga Māori) and does not directly support broader government objectives such as research impact or collaboration.

Group-assessment QE

39. **Description:** Under this approach, the QE assessment would shift from evaluating individual researchers to assessing the research quality of groups or departments within institutions, similar to systems used in some other countries (e.g., the UK).

40. **Merits:** This might offer a marginal reduction in complexity compared to assessing every individual researcher and encourage a more collaborative view of research performance within a department.

41. **Drawbacks:** It is unlikely to significantly reduce overall compliance costs for institutions or address fundamental concerns about the subjectivity, potential for gaming, or selection bias inherent in peer review processes. This option has mixed sector support and has been rejected in previous PBRF reviews.

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Multiple additional metrics – 'Metric Basket'

42. **Description:** This option would replace the QE with a collection of diverse quantitative metrics, potentially including a citation-based measure alongside others like outputs by early career researchers, publications with industry co-authors, or patents.

43. **Merits:** This approach could be more strongly aligned to specific Government priorities (e.g., commercialisation, industry collaboration, impact) by selecting appropriate metrics. It offers the potential for high transparency and accountability if metrics are well-defined.

44. **Drawbacks:** There is a risk of increased complexity and administrative load, depending on the number and nature of the chosen metrics. It could lead to undesirable "metric-chasing" or strategic gaming by institutions. It may also not fully capture the breadth of research activity and quality compared to a more holistic (though costly) QE.

A research investment plan

45. **Description:** In this model, universities would develop research investment plans outlining their strategies and Key Performance Indicators (KPIs). This could potentially be done as part of the existing investment plan process. Funding, or a portion of it, could be allocated based on these plans and subsequent performance against them.

46. **Merits:** This allows for strategic alignment of funding with institutional strengths or national priorities. It could foster greater differentiation and focus within the research system.

47. **Drawbacks:** There is inherent subjectivity in assessing the quality of plans and subsequent performance against them, which may not have credibility with the sector especially if significant funding is tied directly to these assessments. This creates a risk of overstatement or manipulation of plans and reporting. It may lack the transparency of purely quantitative measures and could be resource-intensive for both institutions and the TEC to manage effectively.

A volume-based research grant

48. **Description:** This would revert to a system where universities receive research funding based on their size, possibly determined by the number of academic full-time equivalent staff or learner volumes, similar to the pre-PBRF 'research top-ups' system.

49. **Merits:** This is the simplest system to administer, offering predictable funding based on institutional size (e.g., staff or student numbers).

50. **Drawbacks:** It removes any direct incentive for research quality or performance, reverting to a system that was previously found to be problematic for driving research excellence in New Zealand. It does not align with performance-based funding principles.

The Ministry's Recommended Path Forward

Suggested approach to replacing the QE

51. The Ministry sees merit in the UAG's core recommendation to replace the current QE with a citation-based metric, alongside retaining the ERI and RDC components. In our view, the PBRF needs to support a broad base of research quality and outputs across the system to support research-led teaching. The UAG's proposed approach would do so while reducing compliance costs and complexity and maintaining an incentive for research quality.

52. However, we acknowledge that a heavy reliance on citation-based metrics alone has notable downsides and potential risks. These include:

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52.1. **Alignment with broader objectives:** A citation-based metric alone is unlikely to directly incentivise or reward activities central to the Government's broader objectives for the tertiary education and research system, such as research impact, commercialisation, industry engagement, or research specialisation. In our initial engagement with MBIE, they raised concerns that a citation-only approach may disincentivise industry collaboration (as this research is often not published) and does not sufficiently promote research specialisation.

52.2. **Impact on certain research areas:** Citation-based metrics are often a less appropriate proxy for research quality in disciplines such as the humanities, creative arts, and mātauranga Māori research, where outputs are diverse and may not be well-represented in international citation databases.

52.3. **Behavioural changes:** Over-emphasis on any single metric can lead to unintended consequences, such as universities focusing on maximising citation counts at the expense of other valuable research activities or outputs. Our modelling shows a high correlation between 2018 QE results and a Field-Weighted Citation Index (FWCI) distribution, but actual TEO behaviour would likely change if bibliometrics carried a high weighting in the funding formula.

52.4. **Implementation challenges:** The TEC has highlighted that more work needs to be done to explore the set-up costs for bibliometrics, issues around data quality and stability, and implementation timelines.

52.5. **Impact on smaller TEOs:** It is currently unclear how a citation-based approach would function for a small TEO, for example a PTE with only one or two researchers.

53. Given these concerns, we recommend that the detailed design phase actively explore the inclusion of the following modifications to the UAG's proposed approach:

53.1. **A small number of additional, secondary metrics:** These would be carefully selected to complement the primary citation-based measure and target specific areas not well captured by citations alone, such as industry collaboration, commercialisation, or outputs by early career researchers. The aim would be to add value without unduly increasing complexity.

53.2. **A potential role for a light-touch research investment plan:** This could provide a qualitative element, allowing institutions to articulate strategic priorities and for the TEC to engage with them on these, perhaps linked to the UAG's suggestion of a performance indicator dashboard. This would not necessarily need to be linked to the total level of funding that an institution receives. Any changes in this area would need careful design to avoid excessive burden or undermining funding stability and transparency by introducing significant levels of judgement into funding allocations.

53.3. **Careful consideration of the weighting of all components:** The relative weighting given to ERI, RDC, the primary citation-based metric, and any additional secondary metrics or components will be crucial for balancing incentives and ensuring the system appropriately values diverse contributions.

54. It is important to acknowledge that while these potential modifications – particularly the addition of multiple metrics or a substantive investment plan component – could create a more nuanced and targeted system, they would also introduce greater complexity. This would necessitate more extensive design and testing, potentially extending the timeline for implementing the changes.

55. The tertiary education sector will expect significant input into the detailed design of any revised system. While there is likely to be support for reducing compliance costs, TEOs will be concerned about overly rapid or large changes, funding impacts, the specific metrics chosen, and new compliance burdens. Combining bibliometrics with other measures to address the limitations of citations alone is likely to be more widely accepted.

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Research information mechanism

56. We also recommend exploring the **addition of a robust research information mechanism**, building on the UAG's suggestion of a performance indicator dashboard. This could complement the funding mechanism by providing richer data and analysis on system performance, supporting planning and the monitoring of government objectives.

57. A key consideration in the design of any such mechanism would be how to make sure that the information provided is useful in informing decision making about the research system. There has been criticism of similar mechanisms in other jurisdictions, such as the UK, on the basis that they do not provide a useful picture of research performance and are not necessarily seen as aiding in decision making about the research system.

58. We would also want to minimise the compliance costs associated with the collection of new data and look at opportunities to collect this data using existing systems and processes (noting that changes to data collection systems may come with costs to agencies and providers). One option we would want to explore is collecting information as part of any research investment plan process and using this to produce regular performance reports (rather than necessarily creating a 'dashboard' as such).

Impacts on Specific Groups and Research Areas

59. **Effects on non-university TEOs:** The UAG suggested restricting the revised PBRF to universities. This would significantly impact non-university TEOs' research culture and ability to meet their statutory obligations. It could also implicitly devalue degrees from these institutions, which would have flow-on impacts. For Wānanga, exclusion without a clear alternative research funding proposal is problematic given Treaty of Waitangi | Te Tiriti o Waitangi (Treaty) obligations and their legislated role as kaitiaki of mātauranga Māori within the tertiary education sector.

60. Consideration should be given to addressing research funding for these TEOs outside the revised PBRF (e.g. a Wānanga-specific fund) and/or allowing non-university TEOs to opt into the main performance-linked system if they meet certain criteria. Like other developed countries, we need a dynamic tertiary education system that allows institutions to develop over time; lowering the barriers to movement between subsectors would be an important mechanism to allow this.

61. Wānanga, in particular, will want to be closely involved in any design process. They are unlikely to see a citation-based system as meeting their needs and may consider that it does not meet the Crown's obligations under the Treaty to support mātauranga Māori and the role of the Wānanga more generally. While some of the Wānanga may welcome the opportunity to have an alternative research funding system (if it is sufficiently well funded), others are likely to prefer to be in the same system as universities and argue that it should be better designed to meet their needs.

62. **Effects on university-based Māori researchers and research:** There is a risk that Māori researchers and research could be negatively affected if their work is not adequately recognised by a citation-heavy formula. Mitigation strategies, such as specific metrics, weightings, or elements within research investment plans, will be needed to ensure mātauranga Māori research is supported, consistent with the Crown's Treaty obligations.

Issues for Further Consideration

63. As we move forward with designing a revised PBRF, a number of significant policy and design questions will need to be addressed. These include:

    - **Funding Allocation**: Should funding be directly attached to the new citation-based metric, and if so, how much?

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- **Metric Selection**: Which specific citation-based metric is most appropriate? What secondary metrics should be included and how can they be robustly measured?
- **Investment Plans**: If a qualitative research plan component is included, should funding be tied to it? If so, how, and what proportion? How would such plans be assessed to ensure fairness and avoid excessive compliance burden?
- **Avoiding Gaming**: If additional metrics are proposed, how can we design them to minimize opportunities for strategic gaming and avoid undue administrative load?
- **Component Weightings**: What relative weighting should the ERI, RDC, primary citation-metric, and any other components have in the overall funding formula? What, if any, weighting differences or categories within components should exist?
- **Scope of Application**: Will the PBRF replacement be available across the entire tertiary sector, or will it be limited to universities? If limited, how will research in non-university TEOs (especially Wānanga) be supported adequately, considering the Crown's Treaty obligations and their statutory requirements?

64. Detailed analysis, including modelling of different options, development and testing of metrics, investigation of implementation costs, and design of information tools, will be required. Engagement with the sector throughout this process will be critical to ensure the credibility and success of the reformed system.

Next Steps

65. Your upcoming meeting with officials on Wednesday 4 June 2025 is a opportunity to discuss your objectives for PBRF reform, explore the options presented in this paper, and provide direction on your preferred way forward. We have attached a suggested annotated agenda for this discussion as **Annex 2**.

Indicative Work Programme (to end of 2025):

Timeline	Milestone
4 June 2025	Discussion with officials on PBRF
19 June 2025	Any follow-up PBRF advice and draft Cabinet paper on UAG response
26 June – 10 July 2025	Ministerial consultation
17 July 2025	Final Cabinet paper to Minister
28 July 2025	UAG response, including PBRF in-principle approach, considered by Cabinet
July-September 2025	Undertake initial policy design work, including • further analysis of metric options, • potential role and design of research plans, • implementation planning, and • consultation with key stakeholders on high-level design features
September 2025	Ministerial policy decisions on the key features of the revised PBRF system
November 2025	Cabinet paper on the final key design decisions for the revised PBRF

66. Following the policy decisions later this year, we expect to include final changes in a funding determination drafted in 2026, to be implemented in 2027. There is likely to be significant implementation work for the TEC to make these changes in time; we will provide you with further advice on this.

Budget 2026

67. The trade-offs and challenges associated with reforming PBRF would be significantly mitigated if the Government was willing to increase its investment into the replacement fund/s. The size of the current fund has not increased since 2017 and has therefore decreased in value in real terms by almost 25 percent.

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68. We suggest considering an investment in this area as part of your priorities for Budget 2026. Subject to your feedback, we will provide you with further advice on what this could look like as part of our initial Budget strategy advice.

Annexes

The following are annexed to this paper:

Annex 1: Options analysis

Annex 2: Annotated agenda for PBRF deep dive

Recommended Actions

The Ministry of Education (the Ministry) recommends you:

a. **note** that:

i. the Ministry supports the UAG's recommendation as the starting point for reforming the PBRF (retaining ERI and RDC and replacing the QE with a citation-based metric)

ii. a purely citation-based research quality component would come with a risk of driving counterproductive behaviour

iii. we suggest also exploring modifications, such as a secondary metrics and a role for research plans, to mitigate downsides and enhance alignment with broader objectives

iv. careful consideration will have to be given to the effects of a revised funding system on non-university TEOs and on Māori research and researchers

Noted

b. **discuss** your objectives and the broad direction you would like to progress at your meeting with officials on Wednesday 4 June 2025

Yes / No

Proactive Release:

c. **agree** that the Ministry release this paper once Cabinet has considered and approved your proposed approach, with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Agree / Disagree

9(2)(a)

Senior Policy Manager
Te Pou Kaupapahere

29/05/2025

Hon Dr Shane Reti
Minister for Universities

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Annex 1 – Options analysis

	Cost/complexity	Incentivises quality research	Promotes research impact and integration	Transparency and accountability	Sector buy-in	Supports breadth of research activity
ERI + RDC + citation-based metric (UAG recommendation)	+ Replaces complex component with a simpler one; cheaper for the sector and the TEC long-term, but will require TEC set-up costs	0 Provides approximation of peer review assessment but may be less comprehensive; doesn't cover all dimensions of research quality	- Somewhat reflective of government goals; but puts the focus on traditional research outputs, and citations are not affected by government goals	++ Purely quantitative approach so less nuanced	+ Some universities have previously advocated for this and have largely responded positively to the UAG recommendations. Some concerned about purely metrics-based approach	- Citations are not a good measure for some disciplines, including Mātauranga Māori
ERI + RDC alone	++ Simpler, as it involves removing a component and not replacing it with anything	- While ERI and RDC somewhat account for quality, need a more specific measure	0 ERI provides a limited proxy for research impact	++ Purely quantitative approach so less nuanced	0 Retention of ERI/RDC advocated by some universities; may not be seen as a credible measure of quality on their own	- Would lead to TEOs receiving less funding based on humanities activity; would negatively affect some universities
ERI + RDC + group assessment QE	+ Relatively minor reduction in cost and complexity	- Concerns about gaming/selection bias	0 Little change. May promote internal collaboration	- Concerns about gaming and selection bias	0 Universities have opposed this shift in the past, although some support from UAG submissions	0 Little change
ERI + RDC + multiple additional metrics	+ Replaces one complex component with several simpler ones. Complexity will depend on the number of metrics; will require TEC set-up costs	0 Provides approximation of peer review assessment. May provide a more well-rounded view of quality, but with possible risk of gaming	+ Possibility of metrics that are better proxies for research impact and capability building	+ Additional metrics may reduce transparency and promote gaming	+ Proposed by some universities. Some concern about purely metrics-based approach	0 Possibility of including metrics that better support this activity
Research investment plan	0 Less costly and complex than the QE component for the sector; will require TEC set-up costs	- Concerns about effectiveness of a 100% plan-based system; not a strong proxy for research performance	+ Potential to send stronger signals on government expectations but effectiveness unclear	– Qualitative results can be manipulated for more positive outcomes; subjective measure open to interpretation	0 Proposed by some universities, but not widely supported	- Depending on expectations, a focus on priority areas may not support breadth of delivery
Size-based research grant	++ Simpler, single calculation for TEC	– May incentivise increased learner volume instead	– Does not promote government goals, will not shift behaviour	– Volume-based funding is not directly linked to research activity	- Some support for this, but learner volume-based funding hasn't worked in the past	+ Aligned with university teaching delivery

ERI External Research Income; **QE** Quality Evaluation; **RDC** Research Degree Completions

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Annex 2 – Annotated agenda for PBRF deep dive

Wednesday 4 June 2025, 11.30am-12.30pm

Purpose
This meeting provides an opportunity to discuss options for the Performance-Based Research Fund (PBRF) with officials, following the University Advisory Group (UAG)'s final report and our advice on proposed next steps [METIS 1346352 refers]. *This will enable us to start designing a work programme.*
Meeting participants
• *Hon Dr Shane Reti, Minister for Universities* • *Katrina Sutich, General Manager, Tertiary Policy, Ministry of Education* • *James Campbell, Senior Policy Manager, Tertiary Policy, Ministry of Education* • *Tim Fowler, Chief Executive, Tertiary Education Commission* • *Gillian Dudgeon, Deputy Chief Executive, Delivery, Tertiary Education Commission* • *Roger Smyth, Independent Advisor and Consultant*

TOPIC A: UAG PBRF RECOMMENDATIONS

1. A key element of the UAG's Terms of Reference was to develop recommendations regarding the revision of the PBRF. The UAG's final report included their recommendation on the PBRF, as follows:
    a. The PBRF should be continued and the name of the PBRF should be changed to the Research Intensity Component for Universities (RICU) and focused solely on incentivising research intensity.
    b. Individual portfolio assessment should be abandoned and the PBRF calculated on the basis of research degree completions, research income and citation rates of the institution noting that any significant changes from the current allocations should not be abrupt.
    c. The New Zealand Universities Council should consider a dashboard approach to assist its strategic analysis and review of the system.

Discussion topic
Any further feedback or questions you have on the UAG's final recommendations

TOPIC B: OBJECTIVES AND OPTIONS

2. Whether the UAG's recommended approach is the right one will depend on which objectives you want to prioritise for the reforms.
3. We would like to discuss what priority you would like to put on different objectives for the reforms and which options would be most likely to deliver on these.

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4. The UAG's recommended approach would reduce compliance costs for providers and maintain an incentive for institutions to support research quality, but would not directly incentivise a greater focus on research impact, integration or collaboration. It would also not adequately measure research quality and outputs in a number of disciplines.
5. Our view is that we use the UAG's recommended approach as the starting point for a reformed PBRF, but that we should also investigate options to mitigate its weaknesses and place more of a focus on research impact. We are proposing to explore:
    a. The use of additional secondary metrics that might send a more balanced set of incentives.
    b. The option of using research investment plans (potentially as part of the Tertiary Education Commission [TEC]'s main investment plans) to require providers to set out their approach to issues such as building research capability and supporting research impact.
    c. Reweighting the components of the PBRF so that the incentives associated with growing citations do not become the overwhelming focus for institutions.
6. There may also be opportunities to use research, science and innovation levers to drive collaboration and commercialisation.
7. Initial advice from the Ministry of Business, Innovation and Employment suggests that they would prefer a different model that more directly drives research specialisation and impact, for example through the use of negotiated research agreements with each university.

Discussion topic
Your objectives for the reforms and which options (or combinations of options) you would like us to progress/explore

TOPIC C: RESEARCH INFORMATION MECHANISM

8. The UAG recommended considering setting up a 'dashboard' of research performance indicators for universities that would support monitoring of the overall research performance of the system.
9. We agree that this is an idea that is worth exploring, particularly as a part of monitoring the impact of any changes to the PBRF, but would want to make sure that the information is useful and that it outweighs the costs associated with collecting and publishing it.

Discussion topic
Your views on exploring a research information mechanism such as a dashboard

TOPIC D: NON-UNIVERSITY PROVIDERS

10. A key issue that we will need to consider in reforming the PBRF is the extent to which it should apply to non-university providers and, if it does not, what alternative funding mechanisms might be available to support research-led teaching at these providers.
11. This will be a particularly contentious issue for the Wānanga, with Te Whare Wānanga Awanuiārangi in particular placing a high value on being able to participate in the PBRF alongside universities and other providers. Te Wānanga o Raukawa, on the other hand,

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does not participate in PBRF and has advocated for a specific funding mechanism that supports its role in relation to mātauranga Māori.

12. There will also be questions regarding funding for the Institutes of Technology and Polytechnics (ITP) and private training establishment sector. While the total funding that these providers receive from the PBRF is comparatively small, it is important for some providers.
13. One option would be to allow other providers the option of an alternative funding mechanism to support research-based teaching. We would want to consider how such funding could be distributed in a way that is both straightforward and provides appropriate incentives to these providers. Minister Simmonds has previously signalled that she would like to replace the PBRF for ITPs with a fund that incentivises industry engagement, although we have not undertaken any work on the detailed design of such a fund.

Discussion topic
Any initial direction or questions you have on the application of PBRF to non-university TEOs

TOPIC E: NEXT STEPS

14. Subject to your direction, we suggest:
    a. that the July Cabinet paper set out a way forward on the PBRF, including whether the Quality Evaluation component will be replaced by a citation-based metric as well as any other changes that are being explored.
    b. we would then work with the sector to develop the detailed policy design of the PBRF, with a view to this being finalised by the end of 2025 and in place from 2027.
15. While the UAG's recommended approach would be lower cost and less complex to providers, it could be relatively complex to implement for the TEC, at least in the first instance. This would need to be explored as part of this work.
16. The trade-offs and challenges associated with reforming PBRF would be significantly mitigated if the Government was willing to increase its investment into the replacement fund/s. The size of the current fund has not increased since 2017 and has therefore decreased in value in real terms by almost 25 percent. We suggest considering an investment in this area as part of your priorities for Budget 2026.

For Discussion
Any direction, comments or questions you have on the process for progressing these changes

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