Te Tāhuhu o te Mātauranga
Ministry of Education

Report: Research Performance and Capability Funding – Project Approach

To:	Hon Dr Shane Reti - Minister for Universities Hon Penny Simmonds - Minister for Vocational Education		
Date:	5/08/2025	Deadline:	12/08/2025
Security Level:	In-Confidence	Priority:	High
From:	9(2)(a) Senior Policy Manager	Phone:	9(2)(a)
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Why are we sending this to you?

- We are providing this report to Minister Reti as the responsible Minister for Performance-Based Research Fund (PBRF) policy decisions, and to Minister Simmonds as the appropriation Minister and the Minister responsible for polytechnics and private training establishments. The report seeks joint agreement to:
  - our overall proposed approach to the phasing and delivery of Research Performance and Capability (RPC) funding for tertiary education organisations (TEOs), which you have agreed will replace the PBRF; and
  - establishing a technical advisory group and an approach to sector engagement that will ensure the detailed design of the new funding mechanism is informed by appropriate external expertise and sector input.

What action do we need, by when?

- We are seeking your agreement to the proposed approach by 12 August 2025 to inform planning ahead of Cabinet decisions on the high-level design on 18 August 2025.
- We would like to discuss this approach at Minister Reti's meeting with officials on 11 August 2025.

Key facts, issues and questions

- Minister Reti has agreed to replace the PBRF with a new research funding mechanism for TEOs, provisionally called Research Performance and Capability (RPC) funding. RPC funding will be accompanied by a strengthened research component of investment plans and a light-touch research performance information mechanism.
- Minister Reti and Minister Simmonds have also agreed that a modified version of RPC funding should be developed for participating non-university TEOs.
- This is a large, complex work programme, and external expertise and sector input will be necessary. In order to deliver changes as soon as possible, we recommend a phased approach to implementation and seek your agreement to a work programme on that basis.

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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. On 14 July 2025 Minister Reti agreed to high-level policy changes to replace the PBRF with the new RPC funding mechanism. The new mechanism will comprise the existing Research Degrees Completions (RDC) component, an amended External Research Income (ERI) component that will more strongly incentivise user-led (rather than investigator-led) research, and a metrics component that will replace the Quality Evaluation component. Alongside the RPC, the Minister also agreed to the introduction of a strengthened research plan element of investment plans and a light-touch research performance monitoring mechanism [METIS 1349184 refers].
3. The Minister agreed that the metrics component will comprise a field-weighted citations-based metric, supplemented by a small number of additional metrics aimed at recognising and incentivising applied research, commercialisation of research, and research activity which is not well-represented by a citations-based approach.
4. Joint Ministers received a report setting out analysis and options for research funding for non-university tertiary education organisations (TEOs), which have substantially fewer research staff and very different research profiles relative to the universities. Ministers agreed to explore modifications to the RPC for non-university TEOs, such as alternative metrics to support their research activity [METIS 1349212 refers].
5. There are a significant number of more detailed policy decisions that will need to be made to progress this work and finalise the design of the RPC. This paper seeks your agreement to our overall approach to these decisions.
6. This paper has been jointly developed with the Tertiary Education Commission (TEC), which will be closely involved in the work programme as the operational agency, and in consultation with the Ministry of Business, Innovation and Employment (MBIE).

Proposed approach to the RPC work programme

The design of RPC funding will require iteratively resolving complex policy and operational issues

7. The PBRF in its current form has remained structurally the same for over twenty years. As noted previously [METIS 1349184 refers], the proposed changes represent a major piece of tertiary policy reform. The proposed timeframe of implementation from 2027 is also ambitious: previous PBRF reviews, which have been much more modest, have taken typically between five to six years to implement.
8. As such it is important that the RPC funding mechanism is as robustly and transparently designed as possible for sector confidence and international credibility. This is also necessary s to ensure that the new mechanism is accurate, does not increase compliance

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costs for TEOs, is able to be implemented by the TEC, and does not produce unintended funding shocks to the sector.

9. **Annex 1** provides a table outlining the key policy and operational decisions required for each workstream, alongside our initial assessment of the degree of complexity.

10. The citations-based metric and the secondary metrics are particularly complex. In addition to obtaining external expert advice and sector views (discussed further below), design decisions will need to be worked through iteratively in close collaboration with TEC officials to ensure the design can be operationalised effectively and efficiently.

11. The approach for non-university TEOs is potentially also complex, and, depending on high-level decisions about the appropriate metric/s, also highly interdependent with the secondary metrics design and weightings. Early engagement with this part of the sector, and with the Wānanga in particular, will be important 9(2)(g)(i)

Given the complexity of the metrics workstream, we recommend phasing the work programme to enable earlier implementation of other components

12. We seek your agreement to an overall approach to the work programme. We recommend a phased approach to ensure that workstreams requiring more complex policy and implementation work do not hold up implementation of more straightforward changes:

    12.1. **Phase 1**: Implementing changes to ERI categories and the investment plan research component from 2027, potentially alongside changes to overall weightings to increase RDC and ERI and decrease the weighting of funding based on Quality Evaluation (QE) 2018 results, as a step towards final RPC settings.

    12.2. **Phase 2**: Implementing the other RPC changes (the metrics component, replacing the QE funding, along with any modifications for non-university TEOs) from 2028, noting that this will be subject to further design work to develop the citation-based metric, secondary metrics, the relative metric weightings, and the approach for non-universities.

13. This approach is consistent with the proposal in your draft Cabinet paper, which states that changes will come into effect from 2027 onwards but will also reassure the sector that the proposed fast pace of change is achievable and will enable sufficient time for consultation. The sector has invested significant resource into recent PBRF reviews including the UAG process and has been keenly awaiting announcement.

14. While an amended funding mechanism and investment planning system could take effect from 2027 at the earliest, most of the required activity would need to take place in 2026, with TEC issuing investment guidance in early 2026 and providers submitting their investment plans in mid-2026. Updated guidance to providers on ERI would also be issued following an amended funding determination being issued early in the second half of 2026.

15. A consequence of this phased approach is that 2027 settings may need to evolve as the design of the metrics component is finalised. Modelling of the funding changes created by the metrics component will not be possible until the component has been designed, and it will be important to manage the scale and rate of funding changes. This could be managed through adjustments to the overall component weightings, and the research components of investment plans are likely to evolve over time. As long as the direction of travel is clearly

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signalled, however, the sector is likely to be supportive of an approach that allows for refinement in response to modelling, feedback, or outcomes.

16. Alternatively, we could implement the RPC funding mechanism and associated changes as a complete package once all design decisions have been made. However, based on the policy and operational work required, our assessment is that implementation would not be possible before 2028. This is because, as outlined in Annex 1, the metrics component and possibly the approach for non-university TEOs are significantly more complex than the other changes.

17. We do not recommend a synchronised implementation approach as it will not meet the timing proposals outlined in the draft Cabinet paper. An iterative approach to implementing changes has the additional advantage of enabling early signalling, ensuring greater transparency, and providing time for the sector to adapt and prepare for what are significant changes.

Phase 1 policy decisions will need to be an early priority

18. The design of the investment system in legislation and the need for operational changes for both the TEC and TEOs means that policy decisions on 2027 settings will need to be confirmed as a priority following Cabinet's approval of the overall changes. In particular, the TEC will need to provide advice to its board on investment guidance for 2027 by the end of 2025, and both the Ministry and TEC will need to ensure ERI changes are reflected in the funding determination and ERI reporting guidance by mid-2026.

19. We propose to provide you with advice in mid-September to confirm the following design settings for 2027:

    19.1. Decisions needed to implement your proposed changes to the ERI category from 2027, including new funding category definitions and weightings.

    19.2. The role that we would expect the research component of investment plans to play in 2027, including the types of information that would be provided by TEOs and how this would be assessed and how it would affect TEC plan approval decisions (noting that final requirements for investment plans are determined by the TEC's board). The role of the Prime Minister's Science and Technology Advisory Committee in setting overall Government research priorities would also be considered.

    19.3. Transitional weightings for each component (i.e. ERI, RDC and QE) for 2027, noting that you have signalled that ERI and RDC are likely to increase in weighting in final policy settings.

20. Decisions will need to be made on the amount of change that you are looking to make in 2027, both in terms of the research plan and changes to PBRF. We will provide you with options for different degrees of change, and modelling of the financial impacts of changes to the ERI categories and weightings (and overall component weightings) on different TEOs.

21. We propose to carry out brief engagement with the sector on these settings before providing you with advice, as part of discussing the overall direction and process for the reforms. This would include discussing the role that we would expect an investment plan to play in relation to research in 2027, including with the non-universities. The proposed approach to sector communication and engagement is set out in more detail below.

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Approach to developing advice on Phase 2

22. In parallel with confirming 2027 settings, we will need to advance policy design work on the citations-based metric, secondary metrics, and the approach for non-universities, in order to give the TEC time to operationalise those decisions and the sector time to prepare for 2028 implementation. We propose to focus on the citation-based metric in the first instance as this is the most complex element.

We propose to seek external technical expertise to inform the design of the metrics component

23. External technical advice on the metrics component design will be necessary to ensure the new mechanism is robust and has sector and international credibility.

24. The proposed citation-based metric is an entirely new approach to measuring research activity and performance in New Zealand, and there is limited expertise within agencies to draw on. We therefore propose to establish a Technical Advisory Group (TAG) to provide advice to the Ministry and the TEC, with a focus on the citations metric as well as secondary metrics.

25. We propose that membership of the TAG comprise independent bibliometrics experts including an international member (ideally a member of the advisory group for the Australian Research Council's new research assessment approach), experts from within the university sector (nominated by Universities New Zealand), and officials from the Ministry and MBIE with relevant technical expertise.

26. If you approve this approach, we will look to commence appointments as soon as possible so that the TAG process can form part of sector communications following Cabinet decisions, with the expectation that its appointment would run until the end of the year. This would align with the period in which we intend to develop the metrics component design as outlined in the indicative timeline for 2025 below. Independent TAG members would be remunerated in line with the Cabinet Fees Framework, and secretariat support for the TAG would be provided by the Ministry and the TEC.

27. We propose to begin discussions with Universities New Zealand on the establishment of the TAG ahead of Cabinet decisions, as part of early engagement with the sector (discussed below). We consider this is necessary in order to stand up the TAG as soon as possible following Cabinet decisions, which in turn is necessary to ensure the major policy decisions on the metrics component are made by the end of the year. Delays to this timeframe will likely impact on whether the metrics component can be implemented in the intended timeframe.

28. We propose to have the TAG established by the end of August and to focus our attention on working through options in September.

Work on secondary metrics and our approach to non-university TEOs will require significant engagement

29. Following the establishment of the TAG, we propose to engage with the sector on options for secondary metrics that will measure and incentivise commercialisation and collaboration activity; counterbalance some of the known limitations of bibliometric data (particularly for arts and humanities research and practice-led or applied research); and

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measure and reward the kinds of research activity that non-universities tend to focus more on.

30. We propose to identify a range of options for secondary metrics that could apply to universities and/or to non-university TEOs. The secondary metrics have not been defined at this stage but may require research data collection and assessment methodologies that have not been used by agencies before (noting that Minister Simmonds has expressed a preference towards simpler metrics for non-university TEOs).

31. While we would expect to test options with the TAG (in relation to the university sector), we expect that this will involve significant engagement with the sector and will be the main focus of our engagement with non-university TEOs. Our approach to this engagement is discussed below.

Proposed approach to sector communications and engagement

32. We will provide your office with a draft communications plan later this week for the announcement of your 'Strengthening the University System' reforms following Cabinet decisions. Public communications will focus on your overall priorities for the university system and what difference these will make to students, employers and the Government's overall *Going for Growth* agenda.

33. The replacement of PBRF with RPC funding will be a key area of interest for sector stakeholders, many of whom will be interested in the detailed design of the new funding mechanism and how and when these changes will come into effect. TEOs are building a key part of the future research workforce; their positive engagement in these changes will be critical to successful implementation. In addition, the sector has been keenly awaiting the publication of the UAG report and any associated decisions.

34. As noted above, we propose to undertake some early engagement with the universities via Universities New Zealand, both to help ensure their buy-in to the overall reforms and to seek nominations for sector experts for a TAG. Your meeting with University Vice-Chancellors on 21 August 2025 is also an opportunity to discuss these changes. We also recommend that officials have an in-confidence discussion with the chief executives of the Wānanga and Te Pūkenga ahead of announcements, particularly on the implications for PBRF.

35. Following announcements, we propose to commence initial engagement with TEOs on the overall direction of these reforms. As part of that initial engagement, we propose testing TEOs responses to the proposed ERI and Investment Plan changes, and to the direction of travel for overall weightings. That feedback will then inform the advice we provide you in September on Phase 1 changes.

36. We propose to take different approaches to university and non-university TEO engagement given the different issues at play:

37. **Universities:** Following your meeting with University VCs we propose to engage multilaterally with the universities via the relevant UNZ committees. While UNZ would nominate experts to take part in the TAG process, we would also want to use these forums to test the evolving approach and the direction coming out of the TAG.

38. **Non-university TEOs:** This engagement would focus on options for modifying RDC settings so that they are workable for these providers. We propose to engage with each

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subsector individually. Engagement with all three wānanga will be important given their different aspirations for building their research capabilities. We will discuss with Te Pūkenga how best to manage engagement with the future polytechnic sector, with a view to identifying a group of key individuals across the sector who could provide a polytechnic perspective.

Next steps

We will provide you with further advice as the work progresses

39. If you agree to the above phased approach, we propose the following key milestones/decisions, noting that TEC operational design and implementation work will commence following decisions on Phase 1 and Phase 2. **Annex 1** summarises the workflow across all streams. **Table 1** shows a list of expected advice and preliminary dates when we expect to provide you with each report.

Table 1. Expected advice as the RPC workstreams progress

Advice	Preliminary date
Update on TAG establishment	28 August 2025
Phase 1 policy decisions	11 September 2025
Citations metric design decisions	November 2025
Secondary metrics	December 2025
Metrics for non-university TEOs	December 2025
Phase 2 wrap-up advice, including final component weightings and any additional metrics component decisions needed	February 2026

Alignment with Science, Innovation and Technology (SIT) funding reforms

40. We are conscious of the need to ensure that changes to the tertiary research funding system align with and support the parallel reforms of the science and innovation funding system. We are working closely with MBIE to ensure that the RPC design aligns with the proposed changes as outlined in their briefing to you [BRIEFING-REQ-0017002 refers]. In particular, we are considering the role of the Prime Minister's Science, Innovation and Technology Advisory Council in both the development and the ongoing operation of these reforms.

41. We will provide you with joint advice with MBIE on our overall approach to strengthening alignment across agencies and ensuring that the design of the RPC complements and supports the strategic objectives of your SIT funding reforms, including promoting research impact and commercialisation.

Annex

The following is annexed to this paper:

Annex 1: Key RPC policy and operational design decisions

Annex 2: RPC work programme and timelines

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Recommended Actions

The Ministry of Education (the Ministry) recommends you:

a. **agree** to progress with a phased approach to the replacement of PBRF with RPC funding

Agree / Disagree

b. **agree** that the Ministry should establish a Technical Advisory Group to provide expert advice on the metric component

Agree / Disagree

c. **authorise** the Ministry to undertake initial engagement with Universities New Zealand, Wānanga and Te Pūkenga ahead of public announcements

Yes / No

d. **discuss** the overall approach towards developing and implementing the policy as outlined in the paper at your next meetings with officials

Yes / No

Proactive Release:

e. **agree** that the Ministry of Education release this paper once Cabinet decisions have been released 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)	Hon Dr Shane Reti	Hon Penny Simmonds
Senior Policy Manager	**Minister for Universities**	**Minister for Vocational Education**
Te Pou Kaupapahere		
05/08/2025	11 / 8 / 2025	__/__/____

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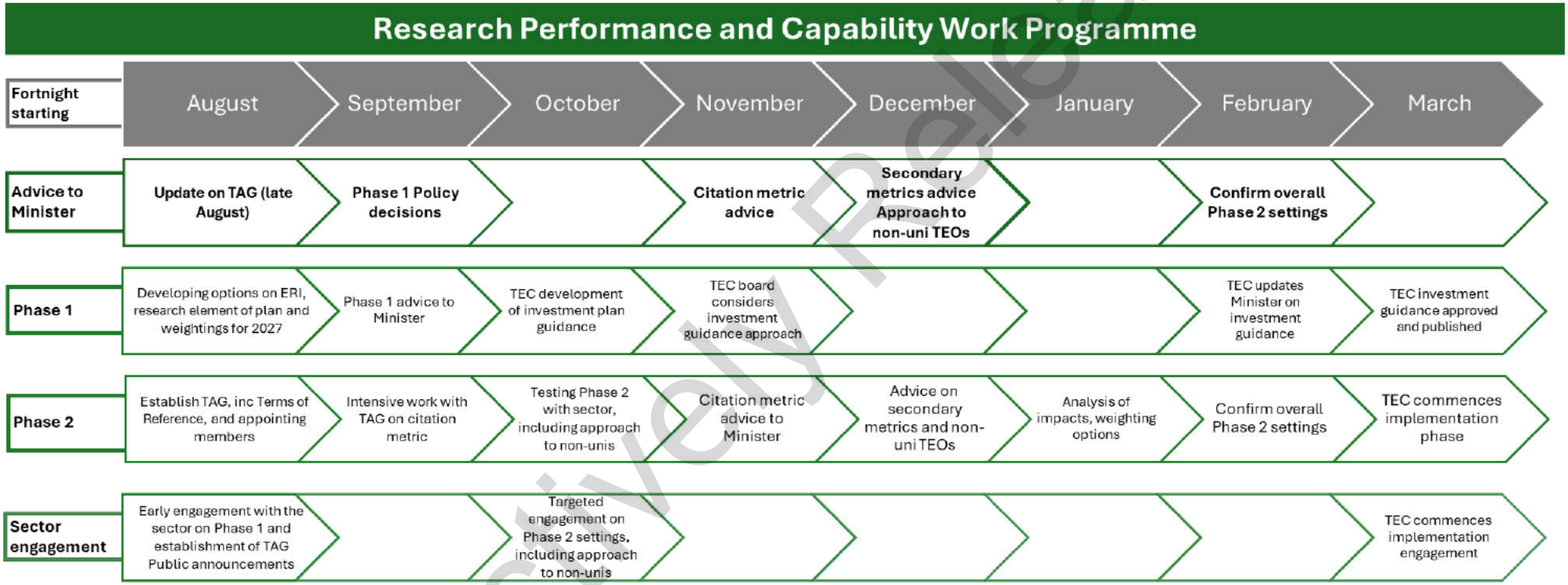
Annex 1: Key RPC policy and operational design decisions

Workstream	Complexity	Policy design work and Ministerial decisions	TEC operational work following Ministerial decisions
Research element of Plan	**Low complexity; limited interdependencies** Investment Plan content and assessment design are TEC responsibility; only high-level decisions required.	Decisions on: • Purpose of using Plan levers in relation to research • Whether any funding should be tied to the research component of plans in future • Whether requirements are the same for all types of TEO 43. Role of PMSITAC in informing expectations	• Plan requirements gazette notice and guidance • Assessment design and processes
ERI changes	**Low complexity, limited interdependencies** Small number of standalone issues. Clear TEC hand-off point following policy decisions.	• Sector engagement to ensure new categories are relevant and can be reported on Decisions on: • Definition of research for this purpose • Reporting categories and weightings	• Sector engagement on operational design and guidance • Technical category definitions • Audit guidance • Sector guidance & templates • Funding formula changes
Citations metric (universities only)	**High complexity; medium potential interdependency** Approach is new to New Zealand; very limited agency expertise. Significant policy & operational details to be developed iteratively with TEC.	• Propose establishing external Technical Advisory Group (TAG) to advise on design • Early sector engagement necessary to ensure design is meaningful and can be implemented by TEOs Decisions on: • Exercise methodology and design • Staff eligibility criteria, census period, and staff category weightings • Exercise frequency and assessment period length • Funding weighting of citations and secondary metrics (universities only)	• Sector engagement on operational design & guidance • Operational process including external research data expertise and IT products • TEO verification of data • Audit process • Sector guidance • Funding formula
Secondary metrics	**High complexity; high potential interdependency** Significant policy & operational details to be developed iteratively with TEC. Potential interdependency with non-university approach.	• Early sector engagement necessary to ensure metrics meet objectives & can be implemented by TEOs Decisions on: • Number & definitions of metrics • Exercise frequency & assessment period length • Weighting of citations & secondary metrics (for universities only)	• Sector engagement on operational design & guidance • TEO provision of data • Audit process • Sector guidance • Funding formula
Non-university TEO approach	**Medium complexity; high potential interdependency** Significant policy & operational details to be worked through	• Engagement with wānanga & participating ITPs and PTEs to ensure approach aligns with their needs/aspirations Decisions on:	• Sector engagement on operational design & guidance • TEO provision of data

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	including interdependency with university approach.	• Metrics design & alignment with main secondary metrics • Exercise frequency & assessment period length	• Audit process • Funding formula

Annex 2: RPC work programme and timelines



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