Te Tāhuhu o te Mātauranga
Ministry of Education

Report: TREF Phase 1 – External Research Income

To:	Hon Dr Shane Reti - Minister for Universities Hon Penny Simmonds - Minster for Vocational Education		
Date:	10/10/2025	Deadline:	28/10/2025
Security Level:	In-Confidence	Priority:	Medium
From:	9(2)(a) Policy Director, Tertiary Policy	Phone:	9(2)(a)
Drafter:	9(2)(a)	METIS No:	1353422

Why are we sending this to you?

- This report provides you with advice on the redesign of the External Research Income (ERI) component of the Performance-Based Research Fund (PBRF). This change is part of the replacement of the PBRF with the Tertiary Research Excellence Fund (TREF).
- A parallel report provides options for the Investment Plan research component changes [METIS 1352338 refers].

What action do we need, by when?

- We are seeking your agreement on the proposed ERI component redesign.
- Please return the signed paper by Tuesday 28 October 2025.

Key facts, issues and questions

- Cabinet agreed to create stronger incentives for user-funded research that meets the needs of industry and other end-users via the ERI.
- We recommend retaining the current reporting categories and increasing the weighting for New Zealand public sector contract research to 3.0 and for New Zealand non-government income to 6.0.
- This weighting will signal that this is a priority without significantly deprioritising other categories of research or creating sharp fluctuations in revenue to TEOs.
- We recommend decisions on changes to overall component weightings are made once the metrics component design has been decided, to avoid unforeseen impacts.

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Alignment with Government priorities

1. This report aligns with the Government's *Going for Growth* agenda which informed the new Tertiary Education Strategy and recent Cabinet decisions in response to the University Strategy Group. This includes ensuring the higher education sector delivers knowledge, skills and research that will drive productivity and economic growth.

Background

2. On 25 August 2025, Cabinet agreed to replace the Performance-Based Research Fund (PBRF) with the Tertiary Research Excellence Fund (TREF) [CAB-25-MIN-0285 refers]. One of the decisions was to redesign the External Research Income (ERI) component to create stronger incentives for user-funded research that meets the needs of industry and other end-users.

3. We intend to make the change from PBRF to TREF using a phased approach, as previously advised [METIS 1350441; CAB-25-MIN-0285 refers]. This will ensure that workstreams requiring more complex policy and implementation work do not hold up the implementation of more straightforward changes:

    3.1. **Phase 1**: redesign of the ERI component and changes to the Investment Plan research component, alongside potential interim changes to overall weightings to increase emphasis on Research Degree Completions (RDC) and ERI and decrease the weighting of funding based on QE 2018 results (currently, the QE component is responsible for 55% of total funding, the ERI component 20%, and the RDC component 25%).

    3.2. **Phase 2**: replacing the QE component with the metrics component, any modifications for non-university Tertiary Education Organisations (TEOs), and overall decisions on final TREF design.

4. This report outlines the options and timeline required for the Phase 1 redesign of the ERI component. A parallel report provides options for the Investment Plan research requirement changes [METIS 1352338 refers]. We have engaged with the sector in developing this advice; a summary of their views is included in this report.

Current External Research Income component settings

5. The ERI component of the PBRF is calculated based on the past three years' worth of reported external research income and is weighted to incentivise privately funded contract research and overseas income. It comprises four reporting categories:

    5.1. **New Zealand government contestable funds** (weighting of 1.0), e.g. Ministry of Business, Innovation and Employment (MBIE)'s Science Innovation & Technology funding;

    5.2. **New Zealand public sector contract research** (weighting of 1.0), e.g. research commissioned by Government agencies;

    5.3. **New Zealand non-government income** (weighting of 4.0), e.g. research commissioned by industry, iwi or other non-Government organisations; and

    5.4. **overseas research income** (weighting of 3.5). TEOs are not required to differentiate between contract & contestable research income in this category.

6. During 2025, TEOs will receive a total of $63 million through the ERI component of the total PBRF/TREF fund of $315 million. Of this, approximately 99% is allocated to the universities. Since the reporting categories were introduced in 2014, there has been a

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steady growth in Government contestable funds in real terms, but all other types of external research income have remained relatively flat (see Figure 1).

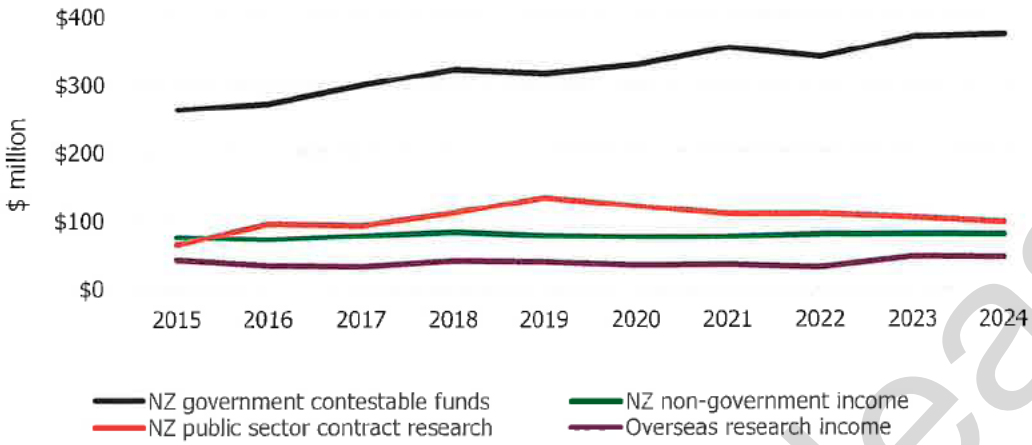


Figure 1. External Research Income (inflation-adjusted to 2015 dollars) reported by year and separated by category, for all providers with data.

Objectives of redesigning ERI

Proposed changes are intended to incentivise research benefitting end users

7. The purpose of the redesigned ERI component is to create stronger incentives for user-funded research that meets the needs of industry and other end-users, including Government agencies, iwi and communities. This is expected to encourage TEOs to expend more effort into developing partnerships that bring in research income from those sectors and create research that supports economic growth. In addition, through competition for end-user research contracts, it should encourage TEOs to continuously improve their research quality.

8. External research income does not include income from commercialising intellectual property. This is consistent with the Government's changes to intellectual property policy requirements for SI&T funded research, which seeks to provide researchers, rather than universities, with greater ownership over intellectual property rights. Opportunities to incentivise universities to support commercialisation will be explored as part of the secondary/complementary metrics included in the Phase 2 changes.

9. Several factors affect a TEO's ability to attract external research income. These include:
   - 9.1. TEO and researcher reputation,
   - 9.2. the size of TEO,
   - 9.3. the range of research subjects and expertise,
   - 9.4. organisational strategy,
   - 9.5. readiness to partner with industry and communities, and
   - 9.6. the quality of the TEO's research output.

10. The changes to the ERI component are anticipated to have the greatest influence on the final three factors, as the first three remain relatively fixed.

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Sector engagement

11. We have engaged with universities, Te Pūkenga, Wānanga, and PTE peak bodies about the potential redesign of the ERI component, as well as discussion with the Tertiary Education Commission and the Ministry of Business, Innovation and Employment.

12. TEOs have told us that they consider the incentives underlying PBRF at a strategic level and adjust their priorities accordingly at an organisational level. Several stakeholders expressed a concern that focusing on user-funded research implicitly devalues investigator-led research, which tends to realise its impacts over longer timeframes. There was also concern that social sciences and humanities may be devalued, particularly given the recent Marsden Fund changes.

13. Another common concern, particularly among the smaller TEOs, was that it is difficult to increase external research income as it is, with more and more institutions competing for less money. Related to this, in their feedback, universities and Te Pūkenga suggested improving the incentives for businesses and industry to seek out collaboration with TEOs, such as with tax breaks or financial incentives. MBIE have noted the presence of the Research Development Tax Incentive and the recently established Invest NZ as initiatives aimed at growing investment in research.

14. Several stakeholders expressed concerns about any change in overall weighting of the TREF components resulting in funding shocks or decreased funding, and conservative options and/or gradual transitions were favoured as a result.

15. Most non-university TEOs (Wānanga, some PTEs and Te Pūkenga) commented that universities currently receive the overwhelming share of ERI (99%) due to the benefits of scale and reputation, as well as quality. Some have suggested establishing a minimum share of ERI funding to the non-university sector, normalised to institution size, to support research capability in these organisations. We will consider these issues as part of our advice on how Phase 2 of the TREF changes will apply to non-university TEOs.

16. Recent Cabinet decisions regarding mandating an Intellectual Property (IP) policy for the MBIE's Science Innovation & Technology funding seek to incentivise commercialisation activity without directly rewarding it financially. This differs from the purpose of this paper which seeks to financially reward organisations for research partnerships. However, while the method of incentivising differs, the desired outcome is the same – i.e. more externally focused research, including commercialisation, which means the two approaches are not in conflict. The Ministry is working with MBIE to explore options to expand the IP policy to broader TEO funding and consider incentives for commercialisation in phase 2 of the TREF when we consider metrics to replace the Quality Evaluation component.

Proposed changes for Phase 1

We recommend retaining the current ERI reporting categories

17. We have investigated whether there is benefit in changing the four existing categories underpinning the ERI component to just two: user-funded[1] and investigator-led. The case for changing is that this would more directly reflect the change of emphasis towards research that meets the needs of industry and other end-users, as agreed in the draft TES and the high-level decisions on the TREF design.

[1] Some sector stakeholders have noted that the term 'user-led' can have a narrower specific meaning relating to research methodology, which could lead to confusion in the future. This report uses the terms 'user-funded' and 'investigator-led' for clarity.

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18. However, not all research necessarily fits cleanly in either category and the two categories are not always mutually exclusive. Some mission-led research, for example from the Strategy Science Investment Fund, is responding to identified research needs so is not 'investigator-led', but is also not funded or led by the ultimate end beneficiary of the research. Te Pūkenga also noted some recent research activity that is both user-funded and investigator led.

19. These grey areas present a challenge for changing the categories to 'investigator-led' and 'user-funded' and introduce the possibility of gaming to where the weightings are highest. That issue is not present with the current categories which are purely based on the source of the funding as a proxy for type of research conducted. The current four categories largely reflect the split between investigator-led and user-funded activity but without the potential for grey areas between the two (see Table 1 below). In addition, retaining these categories means TEOs and TEC can retain the same reporting systems which reduces a potential compliance cost. As such, we recommend retaining the current four reporting categories.

Table 1. Mapping onto current reporting categories

Current reporting categories	Investigator-led or user-funded
New Zealand government contestable funds	Mostly investigator-led but some mission-led activity
New Zealand public sector contract research	User-funded
New Zealand non-government income	User-funded
Overseas research income	Primarily user-funded; small portion investigator-led

We recommend retaining the NZ government contestable funds category

20. We considered the option of removing NZ Government contestable funds from the formula altogether – essentially removing the reward for TEOs that successfully compete for and receive funding from these sources. MBIE suggests that there is sufficient incentive for TEOs to apply for these funds without it being rewarded through the ERI.

21. We consider two arguments for retaining this element of ERI:

    21.1. Signalling the importance investigator-led research; and

    21.2. Recognising quality research institutions that compete for and win funding.

22. TEOs we spoke to placed an emphasis on the first argument in our engagement. Contestable funds remain the largest source of external research income (see figure 1 on page 3) and note that it also leads to downstream societal and economic benefit. Removing it would place the emphasis solely a smaller source of funding with a narrower focus.

23. We consider the second argument to be stronger – that it provides an incentive for TEOs to attract and retain high quality researchers that can compete for and win funding. This means it forms another recognition of research quality in the TREF which aligns with its overall objectives.

24. In addition, as the largest source of external research income currently measured, removing this element altogether would introduce sharp swings in TEO funding. Whilst not necessarily significant as a proportion of their overall funding, this could cause losses of over $1 million per annum in ERI funding for some universities.

25. The indicative weightings discussed later in this paper retain NZ Government contestable funds in their calculations but reduce its weighting in relative terms. Officials can provide additional modelling on the impact of removing this requirement alongside Ministers preferred weighting options and provide options for mitigating the impact in the short term.

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We recommend retaining the overseas research income reporting category

26. We considered the option of removing overseas research income in the new ERI component weightings. The argument for removing the weighting for overseas research income is that while it is mostly user-funded, the users in question are not (by definition) New Zealand-based, meaning the direct benefit to the domestic economy is likely to be less than New Zealand-based user-funded categories.

27. However, supporting international research partnerships is a priority in the draft TES and retaining this category supports that objective. International partnerships are important to TEOs international reputation and reflect the quality of research provided. For example, New Zealand has an internationally competitive edge in indigenous studies, meaning that continuing to prioritise overseas research funding may have a positive effect on mātauranga Māori and outcomes for ngā Wānanga by both rewarding their current achievements and incentivising the work towards further achievement.

28. In addition, overseas research income has greater potential to grow than domestic sources of research income as it is not dependent on the size of the domestic economy.

29. As such, we recommend retaining a standalone overseas research income category to signal the importance of research activity that attracts international support. As above regarding Government contestable funds, all three proposed changes reduce the weighting of overseas research income in relative terms.

Indicative options for changes to the weightings in ERI

30. We recommend focusing the ERI redesign on updating the weightings for New Zealand public-sector contract research and New Zealand non-government income, and retaining the status quo for the New Zealand government contestable funds and overseas research income categories. Incentivising these categories best reflects the Cabinet decisions to incentivise user-led research and the priorities of the TES.

31. The exact weighting for each category is an inexact science – each benefits some TEOs slightly more than others but increasing a weighting by one or two points generally doesn't create significant swings when compared to overall funding.[2] The most important impact is the signal they sent to TEOs about where to target their research activity to reflect the Government's priorities. The options proposed in this section, and modelled in **Annex 1**, are indicative and officials can discuss the exact balance desired by Ministers.

32. We considered three options for increasing the incentive for user-funded research:

    32.1. **Option 1:** increasing the weighting for New Zealand public-sector contract research to 4.0, to match non-government income.

    32.2. **Option 2 (recommended)**: increasing the weighting for New Zealand public-sector contract research to 3.0 and New Zealand non-government income to 6.0,

    32.3. **Option 3**: increasing the weighting for both New Zealand public-sector contract research and New Zealand non-government income to 8.0.

33. **Option 1 – Conservative option.** The draft TES and recent Cabinet decisions emphasised government focus on ensuring the higher education sector delivers knowledge, skills and research that will drive productivity and economic growth, and prioritised end-user impacts and funding. This

Option 1 proposed weightings	
NZ government contestable funds	1.0
NZ public sector contract research	**4.0**
NZ non-government income	4.0
Overseas research income	3.5

[2] The exception to this is NZ Government contestable funds which, as the largest source of ERI by some margin, creates greater swings in funding for TEOs if removed or changed significantly.

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option aligns with this goal by strengthening incentives for user-funded research income without drastically decreasing emphasis on investigator-led income.

34. This option would not cause any sharp funding shocks during the transition period. Moreover, remaining agnostic on source of user-funded income for ERI component purposes would equally incentivise all user-funded research. Both public contract-funded research and commercial research deliver important benefits for the nation.

35. However, in practise the increase in ERI component share from New Zealand public sector contract research income results in a decreased share from (and thus an implicit decrease in 'value' of) New Zealand non-government income.

36. **Option 2 – Balanced option (recommended**Error! Reference source not found.**).** This option counterbalances the decrease in share of New Zealand non-government income accompanying the increase in share of New Zealand public sector contract research, by increasing both by the same amount, but preserving the difference in weighting between public sector and non-public sector income. This option provides the least short-term disruption to the sector and aligns with government goals to strengthen incentives for user-funded research income.

Option 2 proposed weightings	
NZ government contestable funds	1.0
NZ public sector contract research	**3.0**
NZ non-government income	**6.0**
Overseas research income	3.5

37. While investigator-led income is deprioritised to a slightly greater extent than option 1, it retains a sufficient share of the total ERI income. This option also retains the existing preference for non-government user-funded research. However, it would continue prioritising private over public sources, which are both important for end-user outcomes, and both align with government priorities.

38. **Option 3 – Strong signal.** This option would send a strong signal to the sector about Government objectives and ensures that both New Zealand user-funded categories resulted in an increased share of the ERI component compared with their current share.

Option 3 proposed weightings	
NZ government contestable funds	1.0
NZ public sector contract research	**8.0**
NZ non-government income	**8.0**
Overseas research income	3.5

39. However, it would also result in higher levels of fluctuation to sector funding during the transition period than the other options. Moreover, it would be associated with a significant de-emphasis of investigator-led research. This could lead to TEOs investing more energy in user-funded research and significantly less on investigator-led. As outlined below, investigator-led contestable research funding is vital to support fundamental research that has concrete long-term impacts on the New Zealand economy and society in and of itself, as well as underpinning commercialisable and user-led research.

Assessment of options

40. Annex 2 provides a multi-criteria analysis of these options based on the following criteria:

    40.1. Alignment with the draft Tertiary Education Strategy (TES) and government goals;

    40.2. Potential to support growth in ERI;

    40.3. Degree of financial and administrative costs;

    40.4. Support for a broad range of research activity; and

    40.5. Initial degree of sector disruption, during the transitional period.

41. On balance the Ministry considers option 2 to strike the right balance between increasing the incentives in priority areas while avoiding significant fluctuation in funding for TEOs. Our stakeholder engagement suggests that a change in weightings of this size is sufficient to shift their priorities to reflect that of the Government.

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42. However, if Ministers wish to send a stronger signal to the sector then option 3 is also feasible. It carries a larger change in funding for TEOs. It is important to emphasise, as MBIE has during engagement with this paper, that the funding changes are still small as a total proportion of each institution's funding. See Annex 2 for a breakdown of the impact on the most affected TEOs.

We will provide advice on the overall weighting of ERI

43. Cabinet agreed the overall weighting of the ERI component in TREF should increase from its current weighting of 20% as part of phase 1 changes for 2027. This is in addition to changes to increase the incentive for user-funded research within the ERI component itself, discussed earlier in the paper.

44. Increasing the weighting of the ERI component as a whole amplifies the effect of the changes to incentivise user-funded research in line with the Government's policy expectations. However, increasing the ERI component at the expense of the Quality Evaluation component will provide more funding to 4 TEOs with a high proportion of ERI and a decrease to the other 32 TEOs receiving TREF funding, including all ITPs.

45. Officials will provide advice in early 2026 on options to implement this as part of the final advice confirming overall TREF design. The reason for providing advice on this change later is that the replacement of the Quality Evaluation component will likely cause further changes to each TEO's share of TREF funding. We recommend making decisions on the overall weighting of the ERI component alongside decisions about the replacement for the Quality Evaluation component to avoid a scenario where a TEO has to plan for a decrease in TREF funding in Phase 1 (2027) before receiving an increase in Phase 2 (2028 and ongoing) – and vice versa.

46. Taking a decision on the overall ERI weighting in early 2026 will not impact the timeframe for implementation of Phase 1.

Timing of weighting changes

47. The Cabinet paper signalled that the Phase 1 change, including changes to ERI, would come into effect from 2027. Our earlier advice indicated that we interpreted this as being income *earned* in 2027 and reported in 2028.

48. We are currently exploring whether it would be possible to implement this earlier – meaning it applies to income earned in 2026 and reported in 2027. [redacted] We will provide further advice before the end of October 2025 on the degree of risk and our recommended approach.

Next Steps

49. We are seeking direction from Ministers on whether they are comfortable with adopting our proposed weightings (option 2), or would like to consider another option (or a variation on these options). We propose to discuss these options with Ministers at upcoming officials meetings.

50. After Ministers have made final decisions on 2027 weightings, these will be communicated to the sector and the TEC will develop operational guidance and criteria, alter data systems and funding formulae, and test any changes with the sector. Reporting by TEOs to the TEC is unlikely to significantly change, as categories are unchanged.

51. Amended weightings and other policy changes will ultimately be reflected in amended funding determinations for the TEC (which will be issued in 2026 for 2027).

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Annexes

The following are annexed to this paper:

Annex 1: A3: External Research Income (ERI) component – weighting options

Annex 2: Multi-criteria analysis of the three options for increasing emphasis on user-funded research income

Recommended Actions

The Ministry of Education recommends you:

a. **agree** that the current reporting categories for the ERI component of the TREF are retained

Hon Dr Shane Reti — **Agree / Disagree**

Hon Penny Simmonds — **Agree / Disagree**

b. **agree** to retain both income from contestable funds and overseas income within the calculation of external research income, albeit at reduce relative weightings.

Hon Dr Shane Reti — **Agree / Disagree**

Hon Penny Simmonds — **Agree / Disagree**

c. **indicate** your preferred option for the weightings of ERI components:

Option	Contestable	Public contract	Non-government	Overseas	Hon Dr Shane Reti	Hon Penny Simmonds
Conservative	1	4	4	3.5	Yes / No	Yes / No
Balanced (preferred)	1	3	6	3.5	Yes / No	Yes / No
Strong signal	1	8	8	3.5	Yes / No	Yes / No

OR

request further advice or analysis on a different combination of weightings

Hon Dr Shane Reti — **Yes / No**

Hon Penny Simmonds — **Yes / No**

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d. **note** that we will provide you with further advice on overall PBRF/TREF component weightings alongside decisions on the metrics component

Hon Dr Shane Reti — Hon Penny Simmonds

Noted — **Noted**

e. **note** we will provide further advice will on the timing of weighting changes to the ERI

Hon Dr Shane Reti — Hon Penny Simmonds

Noted — **Noted**

Proactive Release:

f. **agree** that the Ministry of Education release this paper once Cabinet has approved the final design details of the new TREF in April 2026 with any information needing to be withheld done so in line with the provisions of the Official Information Act 1982.

Hon Dr Shane Reti — Hon Penny Simmonds

Agree / Disagree — **Agree / Disagree**

9(2)(a)

Policy Director, Tertiary Policy
Te Pou Kaupapahere
10/10/2025

Hon Dr Shane Reti
Minister for Universities
13/10/2025

Hon Penny Simmonds
Minister for Vocational Education
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Annex 1: External Research Income (ERI) component – weighting options

Status quo

Weightings incentivise NZ non-government income and overseas research income

NZ government contestable funds	1.0
NZ public sector contract research	1.0
NZ non-government income	4.0
Overseas research income	3.5

Proportions of actual ERI component funding allocated by category



- New Zealand government contestable funds
- New Zealand public sector contract research
- New Zealand non-government income
- Overseas research income

Option 1 - Conservative

Increase weighting for NZ public-sector contract research to 4.0, to match NZ non-government income

NZ government contestable funds	1.0
NZ public sector contract research	**4.0**
NZ non-government income	4.0
Overseas research income	3.5

Option 2 - Balanced

Increase weightings for NZ public-sector contract research to 3.0 and NZ non-government income to 6.0

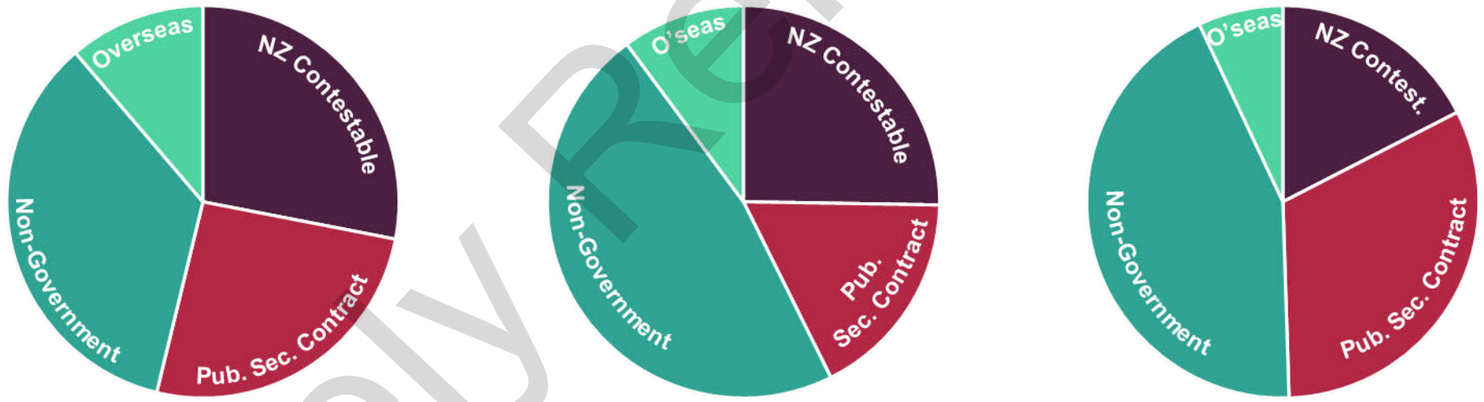
NZ government contestable funds	1.0
NZ public sector contract research	**3.0**
NZ non-government income	**6.0**
Overseas research income	3.5

Option 3 – Strong signal

Increase weightings for both NZ public-sector contract research and NZ non-government income to 8.0

NZ government contestable funds	1.0
NZ public sector contract research	**8.0**
NZ non-government income	**8.0**
Overseas research income	3.5

Modelled proportions of actual ERI component funding allocated by category



Modelled funding changes

By subsector →

	Change in ERI funding NZD	Change in ERI funding (%)	Change in Vote TE funding (%)
Universities	-443,427	-0.71%	-0.02%
ITPs	+66,880	+18.46%	+0.01%
PTEs	-38,135	-22.94%	-0.07%
Wānanga	+414,681	+139.68%	+0.22%

	Change in ERI funding NZD	Change in ERI funding (%)	Change in Vote TE funding (%)
Universities	-259,024	-0.42%	-0.01%
ITPs	+46,209	+12.75%	+0.01%
PTEs	-23,849	-14.35%	-0.05%
Wānanga	+236,664	+79.72%	+0.13%

	Change in ERI funding NZD	Change in ERI funding (%)	Change in Vote TE funding (%)
Universities	-625,161	-1.01%	-0.03%
ITPs	+107,850	+29.77%	+0.01%
PTEs	-58,545	-35.22%	-0.11%
Wānanga	+575,856	+193.97%	+0.31%

By top ten affected TEOs →

VUW	+1,139,922	+14.09%	+0.55%
UO	-666,430	-5.09%	-0.18%
UC	-603,329	-13.93%	-0.26%
UA	+441,507	+2.07%	+0.08%
TWWoA	+414,451	+139.78%	+1.31%
AUT	-399,302	-15.40%	-0.19%
UW	-340,285	-12.04%	-0.30%
LU	-304,419	-9.84%	-0.58%
MU	+288,909	+4.22%	+0.13%
EIT	+115,938	+134.31%	ND

UC	-539,634	-12.46%	-0.23%
VUW	+416,043	+5.14%	+0.20%
UA	+378,674	+1.78%	+0.07%
UW	-367,148	-12.99%	-0.32%
AUT	-318,037	-12.27%	-0.15%
TWWoA	+236,567	+79.79%	+0.74%
MU	+167,650	+2.45%	+0.07%
LU	+156,535	+5.06%	+0.30%
UO	-153,107	-1.17%	-0.04%
EIT	+66,211	+76.70%	ND

VUW	+1,337,075	+16.53%	+0.64%
UC	-1,022,768	-23.61%	-0.44%
UO	-655,708	-5.01%	-0.18%
UW	-639,608	-22.64%	-0.56%
AUT	-611,626	-23.59%	-0.29%
UA	+588,124	+2.76%	+0.11%
TWWoA	+575,574	+194.12%	+1.81%
MU	+419,329	+6.12%	+0.19%
EIT	+161,277	+186.83%	ND
NZCETB	-42,040	-42.77%	-1.00%

AUT Auckland University of Technology; **EIT** Eastern Institute of Technology; **ITPs** Institutes of Technology & Polytechnics; **LU** Lincoln University; **MU** Massey University; **NZCETB** the New Zealand Chiropractic Education Trust Board; **PTEs** Private Training Establishments; **TEO** Tertiary Education Organisation; **TWWoA** te Whare Wānanga o Awanuiārangi; **UA** University of Auckland; **UC** University of Canterbury; **UO** University of Otago; **UW** University of Waikato; **VUW** Victoria University of Wellington.

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Annex 2: Multi-criteria analysis of the three options for increasing emphasis on user-funded research income

Criteria	Option 1 - conservative *New Zealand public sector contract research* 4.0; *New Zealand non-government income* 4.0	Option 2 - balanced *New Zealand public sector contract research* 3.0; *New Zealand non-government income* 6.0	Option 3 – strong signal *New Zealand public sector contract research* 8.0; *New Zealand non-government income* 8.0
Alignment with the draft Tertiary Education Strategy (TES) and government goals	**+** Signals overall intent; but decreased emphasis on non-government income	**++** Strongly signals intent; growth for both categories in ERI share	**++** Strongest signal of intent; growth for both categories in ERI share
Potential to support growth in ERI	**0/+** May increase growth of TEO share of public contract income	**+** May increase growth of TEO share of public and private contract income	**+** May increase growth of TEO share of public and private contract income
Degree of financial and administrative costs	**0** Very little administrative cost for TEC (updated guidance, some systems)	**0** Very little administrative cost for TEC (updated guidance, some systems)	**0** Very little administrative cost for TEC (updated guidance, some systems)
Support for a broad range of research activity	**0** Minimal disruption of share of total ERI component for investigator-led research (blue skies, more likely to be humanities etc); may support current trends of mātauranga Māori research	**0** Minimal disruption of share of total ERI component for investigator-led research (blue skies, more likely to be humanities etc); may support current trends of mātauranga Māori research	**0/-** Proportionally decreases share of total ERI component for investigator-led research (blue skies, more likely to be humanities etc); however, may support current trends of Wānanga research
Minimises sector disruption	**0** Low disruption in overall Vote Tertiary Education funding	**0** Least disruption in overall Vote Tertiary Education funding	**-** Some disruption in overall Vote Tertiary Education funding

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