



## Education Report: Proposed change in the timing of the next PRBF Quality Evaluation

<b>To:</b>	Hon Chris Hipkins, Minister of Education		
<b>Date:</b>	7 July 2022	<b>Priority:</b>	Medium
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1290268
<b>Drafter:</b>	Donna McKenzie	<b>DDI:</b>	9(2)(a)
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### Purpose of Report

The purpose of this paper is for you to:

**Note** that the university sector has proposed the next Quality Evaluation (QE) exercise for the Performance-Based Research Fund (PBRF) be delayed.

**Agree** that the next QE be extended by a year to 2026.

### Summary

In July 2020, as part of the recent PBRF review, the then Associate Minister of Education, Hon Jenny Salesa, agreed to delay the next QE by a year to 2025 [METIS 1234894 refers]. Although our previous advice included the option to delay the QE by two years, it was assumed that our domestic COVID-19 situation was not likely to worsen, and a year's delay would be appropriate. Universities New Zealand (UNZ) has now written to the Tertiary Education Commission (TEC) on behalf of the university sector proposing that the next QE be extended by a further year to 2026. By implication, this would mean that the QE assessment period would also be extended by a year. You have indicated that you are open to considering this proposal.

The TEC has now canvassed other TEOs participating in the PBRF for their views on the proposed delay. While most were in support, three expressed some concerns. We believe these concerns can be largely mitigated through the TEC backdating funding changes to 2026.

A delay of a year would involve some additional work by the TEC to rearrange its PBRF work programme, but the impact in terms of additional costs is likely to be cost neutral. Based on the continued disruption and ongoing effects of the pandemic, as well as what we have heard in our recent interactions with the sector and through the PBRF Sector Reference Group (SRG) consultation process, we recommend scheduling the next QE in 2026 with an equivalent extension to the assessment period, as well as a backdating of funding changes to 2026 to mitigate any potential unfairness and meet the policy objectives of changes to the PBRF.

If you decide to further delay to the date of the next QE and back-date funding changes, a one-year extension to the funding period of the 2026 QE will be needed. The results will then be used to determine funding for a seven-year funding period from 2026 to 2032. This transitional seven-year funding period will allow a return to the standard arrangement for Quality Evaluation 2032 of a six-year assessment period which will then inform a six-year funding period.

## Recommended Actions

The Ministry of Education and the Tertiary Education Commission recommend you:

a. **agree** that the next Quality Evaluation will be:

i. in 2025 as currently scheduled

Agree / Disagree

OR

ii. in 2026, a delay of 12 months (**recommended**)

Agree / Disagree

b. **agree**, subject to your agreement to rec a (ii), that the Tertiary Education Commission backdate funding so that any funding changes can take effect from 2026

Agree / Disagree

c. **agree** that the assessment period for the next Quality Evaluation:

i. remain as currently scheduled

Agree / Disagree

OR

ii. be extended by a year to cover the eight-year period from 1 January 2018 to 31 December 2025 (**recommended**)

Agree / Disagree

d. **note** that, subject to your agreement to rec a (ii), the Ministry of Education will provide you with further advice should any amendments to the PBRF funding determination be necessary

Noted

## Proactive release

- e. **agree** that the Ministry of Education release this briefing in full once it has been considered by you and the sector has been advised of your decision

☒ Agree / ☐ Disagree



Katrina Sutich  
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Ministry of Education

07/07/2022



Gillian Dudgeon  
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Tertiary Education Commission

07/07/2022



Hon Chris Hipkins  
Minister of Education

12/7/2022

## Background

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- 1 The Quality Evaluation (QE) exercise for the Performance-Based Research Fund (PBRF) usually takes place every six years. All tertiary education organisations (TEOs) participating in the PBRF must take part in a QE to qualify for funding.
- 2 In July 2020, due to delays caused by the COVID-19 pandemic and before proposed changes following the PBRF review were consulted on, we proposed a delay to the timing of the next QE.
- 3 Our advice included three options: confirming the planned QE date of 2024; delaying the QE by one year to 2025 (recommended option); or delaying the QE by two years to 2026. Our recommended option assumed that the domestic situation regarding the pandemic was not likely to worsen. A delay by a year to 2025 for the next QE was confirmed by the then Associate Minister of Education, Hon Jenny Salesa [METIS 1234894 refers].
- 4 Since 2020, the tertiary education sector has experienced further disruption because of the pandemic. From what we have heard in our recent interactions with the sector and through the PBRF Sector Reference Group (SRG) consultation process, it has had a significant impact on the wellbeing of academic staff in TEOs, particularly early career researchers – a cohort where women, Māori and Pacific researchers are over-represented.
- 5 We understand that universities are particularly concerned about the health and wellbeing of their people, especially researchers at campuses in the Auckland region who were disproportionately affected by the extended period in high COVID-19 alert levels. Last year, the Tertiary Education Union (TEU) wrote to you raising similar concerns about the impact of the pandemic on its members. Universities also report they have concerns about their ability to engage effectively with the ongoing SRG consultation process.
- 6 At the end of May, Universities New Zealand (UNZ) wrote to the TEC on behalf of the university sector proposing that the next QE be extended by a further year, to 2026. You have indicated that you are open to considering this proposal.

## Feedback from other TEOs participating in the PBRF

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- 7 After receiving UNZ's request, the TEC made an in-confidence request to non-university TEOs seeking their views on a potential delay. Responses were received from 9(2)(ba)(i) participating in the PBRF.
- 8 Although responses were mixed, the majority supported the proposal. Those organisations expressing some concerns were: 9(2)(ba)(i)
- 9 9(2)(ba)(i) were worried that any delay to the introduction of funding changes would unfairly benefit universities. 9(2)(ba)(i) suggested a partial round as an alternative way to recognise the impact of COVID-19. Similarly, 9(2)(ba)(i) suggested a 2025 round in which only non-universities took part. 9(2)(ba)(i) was concerned that a delay would have a negative impact on its research programme.

## Options to delaying the next Quality Evaluation

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- 10 There is a risk that non-university TEOs may perceive a delay as the universities receiving an unfair advantage, but a partial round would be likely to raise other kinds of issues around fairness and we do not consider this is a viable option. Due to the changes Cabinet has agreed to (e.g., the definition of research, changes to Evidence Portfolio design, and new funding weightings) as well as the competitive funding model used for the PBRF, implementing a partial round would compromise the integrity of the QE exercise.
- 11 In essence, it would undermine the soundness of all funding allocations and the reporting of results as a mixing of 2018 and 2025 results would be very difficult to implement fairly and effectively. Holding two partial rounds would also mean a significant increase in implementation costs for the TEC.
- 12 Although a partial round was held in 2006 (not long after the PBRF was introduced in 2003), this was essentially a second chance for all TEOs to submit if they wanted to do so, with the same settings in place that were used in the first round in 2003.
- 13 We therefore consider you have two workable options: to retain the current scheduled timing of the QE of 2025 or to delay the QE by a year to 2026 (recommended).

### **Option 1: confirm the planned QE date of 2025**

- 14 Although confirming the planned QE date would have an impact on all participating TEOs, the impact for the eight universities would be felt by the greatest number of people. Universities continue to be the biggest stakeholders in the PBRF in terms of numbers of researchers, administrative effort, and funding allocations for the foreseeable future.
- 15 Running a 2025 QE will continue to place pressure on all TEOs to adequately engage with the PBRF Sector Reference Group consultation process which they have told us they are finding challenging due to the impact of COVID-19. No matter their size or how much PBRF funding they receive, tertiary providers have all had to deal with the effects of the COVID-19 pandemic on their staff, students, and operations.
- 16 The overall response from TEOs participating in the PBRF has been to support a delay to the next QE.

### **Option 2: delay the next QE to 2026 (recommended)**

- 17 This option agrees to the request made by UNZ on behalf of the university sector.
- 18 Although a delay to the next QE will require the TEC to reconfigure its work programme and a rephrasing of its budget, overall, we consider this will be a cost neutral exercise.
- 19 The QE guidelines will still be produced in 2023 as currently planned, with a small delay to the publication date to allow for more extensive consultation. We understand that this would be welcomed by all TEOs and other stakeholders with an interest in the PBRF process.<sup>1</sup>
- 20 Whilst the proposed change would delay rather than reduce the workload of TEOs and their staff in preparing for the next QE, it will allow them more time to prepare. Similarly,

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<sup>1</sup> For example, in September 2021, the Tertiary Education Union wrote to you proposing a delay to the next PBRF QE [METIS 127506 refers].

a delay will allow everyone more time to adapt to the new PBRF changes and for the TEC to work through the consultation process more fully with the SRG.

- 21 Although the issue of funding wasn't addressed by UNZ in its request to delay the next QE (as noted above) some non-university TEOs were concerned that delaying the introduction of funding changes would unfairly benefit universities. Indicative modelling of the changes to the PBRF agreed to by Cabinet showed (subject to several caveats) that there may be increases in funding for some institutions, particularly wānanga, that represent significant growth in funding compared to their current allocations.<sup>2</sup>
- 22 To mitigate any potential unfairness, as well as any impacts on the policy objectives of an updated PBRF, we recommend that the TEC backdate any changes in funding. This would mean that funding changes calculated in 2027 based on the new results would be backdated to take effect for the 2026 funding year onwards, as currently planned.

### ***The impact of backdating funding on the updated PBRF***

- 23 Because there is always an element of uncertainty about PBRF funding due to the annual indicative allocation process, even if the QE is not delayed, indicative funding for 2026 will be calculated in September 2025 using 2018 results, as the final QE results won't be available until 2026. A key assumption is that the QE results, even if there are shifts for some TEOs, are likely to be relatively stable overall, i.e., organisations like universities that employ over 90 percent of eligible researchers will continue to receive most of the available funding.
- 24 As previously advised, the SRG has taken the view that there will be a whole of QE COVID-19 impact assessment toward the end of the consultation process and before the draft guidelines are issued.
- 25 We are aware that there are other factors in addition to the impact of the pandemic that may affect the funding allocation smaller TEOs receive from the PBRF. If we become aware of any detrimental effect of the QE delay on smaller TEOs, we will work with them on a plan to resolve any issues.

### ***Extending the QE assessment period***

- 26 The impacts of COVID-19 that have affected TEOs have also affected their people. Delaying the QE without extending the assessment period may mitigate the impact for institutions but will not help individuals who have experienced several years' disruption to their research activities.
- 27 By implication therefore, a delay to the QE also means that the QE assessment period would be extended by a year, to eight years (i.e., from 1 January 2018 to 31 December 2025). Subject to your agreement to the proposed delay of the next PBRF QE to 2026, we recommend that the assessment period also be extended.
- 28 To return the PBRF to its standard six-year assessment and funding periods, it is also necessary to extend the funding period currently based on 2026 by a year, to seven years (covering 2026 to 2032). This will avoid the situation in which there would be no new QE results available to determine 2032 funding. This also partially mitigates a situation where an eight-year assessment period (2018-2025) only determines six

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<sup>2</sup> Note that the modelling was indicative only and based on the individual TEOs participating in the 2018 QE and their 2018 scores.

years' funding (2026-2031). The TEC considers that implementing an extension to the funding period would be straightforward.

### Next steps

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- 29 Subject to your agreement to our recommended approach:
- a. the TEC will implement the necessary changes to its work programme and ensure all participating TEOs and relevant stakeholders are advised of this further change to the next QE. However, should you wish to publicly advise your decision, we will work with your office to make the necessary arrangements, and
  - b. the Ministry of Education will prepare advice on any amendments to the PBRF funding determination which may be necessary.
- 30 If you wish to retain the status quo, the TEC will inform UNZ and relevant stakeholders that the current QE timeframes have been confirmed.