Research Funding Costing Procedure

Version 4 – Approved 14 November 2024

Contents

Purpose

This procedure describes how the University costs research grants, contract research and research consultancies.

Applicable governance instruments

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Procedure

1. Introduction

1.1. The University is a provider of high quality and high value research and consultancy services. The costs of research to the University must be calculated in accordance with this Procedure to ensure the quality and value of University services, including in-kind contributions, are appropriately accounted for. Prices that are at or below cost only serve to devalue these services and, in some cases, represent an undermining practice to industry in the same sector.

1.2. This procedure applies to all University researchers, professional staff and their Academic or Divisional Unit who are involved with or in receipt of externally awarded funds for the following purposes:

a. Research grants - involving a research project that is funded by an external funding agency via a competitive application process (includes tenders).

b. Contract Research – involving a research project that uses skills and expertise of University staff and equipment providing mutually beneficial research outcomes to the University and its partners through a direct offer of funding.

c. Research consultancies – a fee for service arrangement where University staff deliver expertise, advice, specialist knowledge or objective review within a particular field.

1.3. This Procedure does not apply to education consultancies, or consultancies undertaken by University staff in a private capacity.

2. General Principles

2.1. Research grants, contract research and consultancy projects will be priced at full commercial rates.

2.2. Where permissible, the University will seek to recover, as a minimum, all direct and indirect costs associated with a project from funding bodies and collaborators in accordance with this procedure.

2.3. A Chief Investigator should discuss any proposed subsidy or discounting of direct and/or in-direct costs within their Academic or Organisational Unit as a first step (this may include Head of School/Institute/College) (see Section 5).

2.4. Where any part of the project is subcontracted to, or is done in collaboration with, another research group within the University, the pricing (including any in-kind contributions) of that part must comply fully with this procedure.

2.5. The costing of research grants, contract research and consultancy projects must be calculated using the Research Administration System (RAS)'s budget tool.

2.6. Project budgets and all associated expenditure must comply with the specific funding body guidelines (including allowable costs) and all relevant University policies and procedures.

2.7. Academic Units have the discretion to specify higher rates of indirect costs than specified within this procedure. Where a Chief Investigator or Academic Unit negotiates a price for a project in excess of the cost recovery rates, the additional funds will be allocated to the Academic Unit.

3. Direct costs

3.1. Direct costs are directly incurred or allocated costs specific to achieving the objectives or outcomes of the research grants, contract research or consultancy project.

3.2. Direct costs may include personnel costs (incl. salary on-costs), University infrastructure, data management, laboratory consumables, maintenance, travel, partner costs, equipment and any other cost that can be directly attributed and charged to a project.

3.3. All personnel costs charged to a project must include the appropriate Full Time Equivalent (FTE) rate as well as on-costs. On-costs include expenses incurred in addition to standard salary payments and include superannuation, payroll tax, central leave levy and workers compensation. On-costs are automatically calculated within the [Research Administration System (RAS)]'s budget tool.

3.4. All travel costs must be in accordance with the University *Procurement Policy* and consistent with the University's *Travel Procedure*.

4. Indirect costs

4.1. Indirect costs (overheads) are those incurred by the University in supporting a project, through the provision of services and facilities. Indirect costs are substantial costs to the University and should always, where allowable, be recovered through the funding body.

4.2. Indirect costs can include, but are not limited to, University physical space, Information Technology (IT) equipment and resources, administration services (i.e. Human Resources, Legal Services, Research Services, Campus Services), University utilities (i.e. water, gas, electricity) and general University infrastructure including libraries, laboratories and research facilities. Where indirect costs or overheads are not able to be recovered via the funding body, the program of research is then being subsidised by the University, as an in-kind contribution (see section 6).

4.3. Research grants, contract research and consultancy budgets must be calculated following a comprehensive assessment of the direct and indirect costs associated with the relevant project, taking into consideration any relevant University policy or procedure as well as the conditions of funding as outlined by the relevant funding body.

4.4. Indirect cost rates are calculated as a percentage of direct costs as follows:

Type of funding	**Percentage of Direct Costs**
Research grants and contract research (Category 1, 2 and 3)	35%
Research consultancy and other commercial projects	55%
Clinical trials	35%*
Collaborative Research Centre (CRC) income (Category 4)	exempt

*If trial is industry sponsored (eg by a pharmaceutical company), the project should be budgeted using the 55% rate as appropriate for commercial projects.

4.5. For projects managed through the University, funds recovered for indirect costs will be allocated to the College or Academic Unit based on the organisational unit split in the Research Administration System's project record to fund ongoing overhead costs as outlined in Section 3.2.

5. Variations and exemptions

5.1. Where a funding body (for example, National Institutes of Health (NIH) or National Science Foundation (NSF)) has indirect cost recovery limits, the project should recover the maximum indirect cost amount available under the funding guidelines or rules.

5.2. There are a limited number of exceptions to the application of indirect costs, with them not being charged to:

a. donations received through the University of Tasmania (UTAS) Advancement Office;

b. University internal grants;

c. project funds for grants where the funding body's guidelines expressly disallow indirect costs;

d. project funds paid to collaborators or industry partners who are named on an original application or proposal;

e. Higher Degree by Research candidate stipends; and

f. Higher Degree by Research Projects involving a thesis in which income for project costs does not exceed $10,000 per annum.

5.3. There may be circumstances that occasionally justify a reduction in indirect cost recovery. These may include projects which provide for provision of large-scale, specialised equipment that would remain in the possession of the University at the end of the project and would be fully available to support further research by the University.

5.4. Only in certain circumstances can indirect costs be waived. All requests for indirect costs to be waived (full or partial) must be submitted to the Research Hub and approved by the Chief Investigator's Head of Academic Unit or College or approved nominee).

5.5. Approval for a reduction in indirect cost recovery must be obtained before a research grant is submitted or a contract research or consultancy contract is signed with the client.

5.6. In the case of unapproved reductions of indirect costs (where formal approval has not been obtained in accordance with section 5.4), the correct indirect cost amount will be deducted from the project.

6. In-kind

6.1. University in-kind contributions account for any non-cash costs (direct and indirect) provided by the University but not charged to the funding body (for example, a portion of Chief Investigator salary).

6.2. All University in-kind contributions must be endorsed by the appropriate Head of Academic Unit or College. Researchers can seek assistance from the Research Hubs in obtaining endorsement.

6.3. University in-kind contributions to research and consultancy projects should be minimal and must be considered in accordance with what is necessary for the successful completion of the project or in line with funding body expectations (for example the Australian Research Council expects a minimum commitment of 0.2 FTE for lead Chief Investigators across many of its schemes).

6.4. It is encouraged that where indirect costs are not eligible to be covered by the funding scheme they be declared as in-kind and reflected as such in the Research Administration System (RAS)'s budget tool.

7. Research Block Grant Funding

7.1. Research Block Grants (RBG) provide funding to eligible Australian higher education providers for research and training.

7.2. Funding is provided by the Australian Government through two programs:

a. The Research Training Program - this provides funding to the University to support the training of domestic and international students undertaking Research Doctorate and Research Masters courses (i.e., Higher Degree by Research).

b. The Research Support Program – this provides funding to support the systemic costs of university research such as such as libraries, laboratories, consumables, computing centres and the salaries of support and technical staff not funded through any other means.

7.3. The funding is allocated to the University on a calendar year basis, calculated using a program specific formula and rewarded based on the relative performance of each higher education provider in attracting research income and supporting students to complete Higher Degree by

Research programs. The RBG allocation takes into account a rolling average of performance over a two-year period, with a two-year lag before funding is allocated (due to reporting timeframes and research metrics).

7.4. The University uses this same methodology to allocate the funding to each College or Academic Unit within the University based on the Academic Unit (or Organisational Unit) split approved in the project's Research Administration System (RAS) record. College and Academic Units are allocated funding on an as earned basis, which allows areas to benefit from the share of RBG funding they contributed according to their individual performance. At the application submission stage, allocation of RBG is indicated and approved via the percentage splits against Academic Unit on the Research Administration System (RAS) project record. In determining the percentage split, Academic Units must take into consideration cash and in-kind contributions (including but not limited to, FTE commitments of named Chief Investigators, resource and equipment use and allocated PhD stipends, Chief Investigator leadership and project carriage).

8. Academic Resource Accounts

8.1. Academic Resource Accounts (ARAs) are available, on request and approval by the Academic Unit, to all University academics.

8.2. While ARAs are an available resource, their use and management are at the discretion of the College/Academic Unit. Chief Investigators should consult with their Academic Unit prior to requesting an ARA.

8.3. If required, a single account, in the individual researcher's name, will be opened in the University's financial system. The relevant Finance Hub can assist with the opening of an ARA on project completion.

8.4. ARAs provide a mechanism for all University academics to have access to research funds that can be used to enhance research outputs, performance and impact. The funds can be generated by the researcher when managing their existing research projects with financial efficiency, creating surplus funds that are available at the end of the project (where the relevant funding agreement does not have a return of funds clause), or by performing consultancy or commercialisation projects.

Related procedures

Management of Research Funding Procedure
Collaborative Research Procedure
Conflicts of Interest and Gifts and Benefits Declarations Procedure
Travel Procedure

Versions

Version	Action	Approved By	Business Owner/s	Approval Date
Version 1	Approved	Deputy Vice-Chancellor (Research)	Executive Director (Research)	7 December 2021
Version 2	Approved	Deputy Vice-Chancellor (Research)	Executive Director (Research)	6 December 2022
Version 3	Approved	Deputy Vice-Chancellor (Research)	Executive Director (Research)	17 November 2023
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