



Office of Research Services

UNIVERSITY INDIRECT COSTS POLICY

301 Sandy Bay Road, Sandy Bay Tasmania 7005

Private Bag 01

Hobart Tasmania 7001

1. OVERVIEW

It is important that all universities seek, wherever possible, to identify the real costs of research and request the appropriate level of funding. This will include not only salaries, salary on-costs, travel, equipment and consumable costs, but the indirect costs incurred by the School/Institute/Centre and central University. The indirect costs are genuine costs that the University incurs, and include such expenditure as rates, building maintenance, energy, etc. Any decision to waive such costs in particular cases means that there is a cost shifting from one academic unit to the University as a whole. While there may be strategic reasons for such cost transfers it is clear that we need to monitor this carefully.

The University requires that all budget areas contribute appropriately to the overall costs of running the University. Waivers of indirect costs mean that a greater share of funding for University costs will have to come from the Commonwealth research performance related block funding like the RTS, IGS and RIB with the net result being that everyone subsidises particular groups whose indirect costs is waived.

Similarly the University in its pricing of contract research abides by National Competition Policy (NCP). Waiving of indirect costs means that public funds are being used to offer a subsidised service, potentially below rates charged by a private provider. It may be helpful if we develop some clearer explanations for both internal and external use so that the significance of indirect costs is more widely understood.

2. IMPLEMENTATION

The revised method for calculating indirect costs (effective September 2009) on individual projects is based upon the funding category:

Category 1 funding (i.e. for schemes listed on the Australian Competitive Grants Register - ACGR) does not attract indirect charges as the Commonwealth distributes funding to Universities through its various funding mechanisms.

Categories 2-4 (i.e. not on the Australian Competitive Grants Register) indirect cost is to be calculated at the time of application submission as follows:

- 35% on the salary component
- 15% all others components

There will be a review of the charges when an offer is received, as it may be necessary to make adjustments to the project and the indirect costing, depending on the level of support being offered. Failure to add indirect costs to projects at application stage will result in these costs being passed on to your school if the contract is accepted.

Exemptions will only apply:

- For research scholarship stipends and limited funding to support RHD students (maximum of e.g. \$5K pa). Funds in excess of this, or large grants that contain a scholarship, would not be exempt.
- Grants and donations from charitable foundations, provided: (1) they will not cover infrastructure/indirect costs, and (2) the total amount of funding from such sources in any calendar year is not greater than \$250K, in which case the School will be charged 5% on all such income.

The policy allows for some measure of flexibility, but also signals that exemptions will be the exception and not the norm.

3. USE OF INDIRECT FUNDS

Funds marked as a contribution to indirect funding are divided equally between the organisational unit responsible for the project and a central account. The Head of School/Director of Institute/organisation unit have responsibility for expenditure and disbursement of the organisation unit's component. Planning and Resources manage the expenditure of those funds marked for the central component of the indirect funds.