

Policy: Indirect Costs of Research and Consultancies

Purpose

This Policy describes the principles to calculate the appropriate indirect cost recovery rate for Research Projects, Commercial Research Services and University Consultancies.

Overview

All research projects (and associated infrastructure), commercial research services and University consultancies have both direct and indirect costs associated with them. Whilst the University makes a substantial investment in supporting the costs of all externally funded research, it is important that all eligible costs be recovered from funders to support the University's world-class research environment.

Scope

This policy applies to all research projects, commercial research services and University consultancies. Education services are out of scope.

Definitions

Commercial Research Services is a contractual agreement between the University and a third party, undertaken to apply the existing stock of knowledge and known methods of analysis to problems specified by said third parties using University facilities. The activity is not intended to generate peer reviewed publications or new patentable inventions.

Costing is the process of determining the total costs of a project, and is separate from Pricing.

Cross subsidisation (or waiving) of Indirect Costs refers to the practice of not seeking some or all of the prescribed Indirect Costs associated with a project or activity from the Funder. In doing this, the University is effectively agreeing to cross-subsidise the project with funds from another source.

Delegate means the person holding the appropriate Delegation to sign the grant agreement or research contract - see ANU Delegations 327, 328, 329 and 330. (In the majority of cases, the Delegate will be a D3 delegations band holder such as a Research School Director.)

Direct Costs are all costs specifically incurred by undertaking a project that would not be incurred by the University if the project was not undertaken, including without limitation:

Salaries and on-costs (including without limitation superannuation contributions, payroll tax, worker's compensation insurance, annual leave loading, and provisions for long service leave) of research project staff (full and part-time);

Scholarships and stipends;

Computing and database charges;

Consumables, materials and supplies;

Equipment and components;

Brokerage, freight, customs and quarantine charges;

Large volume communication (new telephone, networks, courier, postage);

Photocopying, report production and dissemination/publication costs (open access charges, page charges, copyright licences etc.);

External consulting and subcontracted services;

Workshop, laboratory, and other technical services;

Site access charges;

Travel and living expenses;

Conference fees;

Training and development costs;

Directly incurred taxes;

Additional insurance costs;

Foreign currency exchange gains/losses; and/or

Allocated costs directly attributable to the project, for example under a project-specific shared service model for technical support, project management, or infrastructure access.

Education Services are those services offered to third party organisations by the ANU in the field of education and training.

Indirect costs are those costs that are not directly attributable to a project but are incurred by the University in carrying out its business. Indirect costs may be referred to as 'Overheads' or 'Facilities and Administration Costs'. These include but are not limited to:

- a. Provision, maintenance and refurbishment of buildings and physical infrastructure;

University provided information resources and technology;

University provided telecommunications;

Insurance and legal services;

Financial management services (external);

Security;

Central, College and School administrative services and academic management costs;
and/or

Utilities such as power, water, heating and cooling.

Indirect Cost Recovery Rate is a charge applied to projects to offset the Indirect Costs incurred by the University for conducting projects.

In-kind: payment in goods, commodities or services (as opposed to cash).

In-kind personnel costs include costs, such as, staff/student salary and on-costs that are already paid by a source of funding other than the project in question (i.e. ANU salary) but are being committed to the project being costed.

Pricing is the process of determining how much of the project is charged to the funder, and how much is borne by other parties.

Research and Experimental Development is defined by the Higher Education Research Data Collection Specifications as '*creating and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to devise new applications of available knowledge.*'

Research Project is a grant, contract or other agreement to undertake research and experimental development (R&D). Research projects may include synthesis and analysis of previous research to the extent that it leads to new and creative outcomes and advances. Research projects are expected to lead to publication, and/or other research output such as patentable inventions.

University Consultancies are contracts or agreements between the University (or its subsidiaries) and a third party undertaken to apply the existing stock of knowledge and known methods of analysis to problems specified by third parties. This includes providing expert advice, specialist knowledge or object review within a particular field. The activity is not intended to generate peer reviewed publications or new patentable inventions. The primary direct cost in a consultancy is staff time.

Policy statement

1. All externally funded Projects must be appropriately costed, including all Direct and Indirect costs.
2. The Price charged to the funder must take into account the Direct and Indirect costs, as well as:

- a. any rules or guidelines about what costs the funder does or does not support (including limits or mandatory indirect costs)
- b. the access to unique research expertise, infrastructure or personnel
- c. the provision of intellectual property
- d. the risk to the University in conducting the project
- e. the strategic importance or potential of relationships with funders
- f. the strategic alignment of the project to the goals of the University
- g. the capacity of the University to make cash or in-kind contributions
- h. the nature of the project (e.g. infrastructure-based or people-based); and
- i. the price for which similar services may be available on the commercial market.

Indirect Costs Principles

3. Persons carrying out projects to which this Policy applies, and the delegates that approve them, must seek to recover all Indirect Costs as determined by the Indirect Cost Recovery Rate Calculation.
4. Delegates must only approve projects to which this policy applies when they are assured that appropriate Indirect Costs are recovered as determined by the Indirect Cost Recovery Rate Calculation.
5. The Indirect Cost Recovery Rate must be calculated for all projects to which this policy applies.
6. The Indirect Cost Recovery Rate, and distribution of funds under this policy, will be reviewed by the Deputy Vice-Chancellor (Research and Innovation), annually before 31 January.
7. The Indirect Cost Recovery Rate is based on all Direct Costs attributed to the project excluding any in-kind personnel costs.
8. The Indirect Cost Recovery Rate represents the minimum recovery rate. Seeking an amount greater than the Indirect Cost Recovery Rate is encouraged.
9. For projects where the primary purpose is to provide stipends of scholarships for students the Indirect Cost Recovery Rate is 0%.
10. For projects that are classified as Philanthropic research (see the [Philanthropic income checklist](#)) the Indirect Cost Recovery Rate is 0% (unless prescribed by the funder).
11. For projects where the total Direct Costs of the project (excluding in-kind personnel costs) are less than \$50,000 (GST exclusive) the minimum Indirect Cost Recovery Rate is 0%. Local Area policies may still apply.

12. For Research Projects where the total Direct Costs of the project (excluding in-kind personnel costs) are equal to or greater than \$50,000 (GST exclusive) the Indirect Cost Recovery Rate is based on the current approved indirect cost recovery rate calculation.
13. The amount calculated by application of the appropriate Indirect Cost Recovery Rate must be fully recovered from the funder, unless:
 - a. The respective delegations to approve any reduction of the charged indirect costs are exercised, as follows:
 - * the School Director has the right to reduce a portion of or all of the Indirect Costs ordinarily distributed to the School;
 - * the Dean has the right to reduce a portion of or all of the Indirect Costs ordinarily distributed to the College; and
 - * the Deputy Vice-Chancellor (Research and Innovation) has the right to reduce a portion of or all of the Indirect Costs ordinarily distributed to university central funds.
 - b. The funder has an explicitly defined overhead policy that must be applied and which can be evidenced; or
 - c. The amount of Indirect Costs recovered is reduced due to cross-subsidisation.

Distribution of funds recovered as Indirect Costs up to and including the Indirect Cost Recovery Rate

14. Funds recovered as Indirect Costs up to and including the Indirect Cost Recovery Rate will be distributed by default as follows:
 - a. 25% to University central funds
 - b. 25% to the College
 - c. 50% to the School
15. Colleges and Schools may make arrangements to alter the distribution of funds going to them (total 75%), including distribution of funds directly to support Departments, Centres or research teams.
16. Any funds distributed by arrangement to research teams are to be administered by the Chief Investigator and used to support research activities by agreement with team members.

Distribution of funds recovered as Indirect Costs over and above the Indirect Cost Recovery Rate

17. Funds recovered as Indirect Costs over and above the Indirect Cost Recovery Rate will be retained by the School

18. Schools are encouraged to enter into arrangements to use a fraction of these recovered funds to provide additional research support to the research teams.

Cross-subsidising Research Projects

19. Research Projects may be cross-subsidised, reducing the amount of Indirect Costs to be recovered from the funder.

20. The following persons may choose to cross-subsidise the Research Project to the stated maximum percentage of the Indirect Cost Recovery Rate:

- a. For the School, the Research School Director or equivalent, or a person with formally delegated financial responsibility for the School – 50%
- b. For the College, the Dean or a person with formally delegated financial responsibility for the College – 25%
- c. For the University, the Deputy Vice-Chancellor (Research and Innovation) or their delegated officer – 25%

21. For clarity, where an area has reduced the amount of indirect costs they would otherwise receive, the distribution percentages will be adjusted to reflect that reduction.

22. In the interests of transparency, the University's Indirect Costs of Research and Consultancies should be raised with potential funders early in discussions with them.

Document information

Title	Indirect Costs of Research and Consultancies Policy
Document Type	Policy
Document Number	ANUP_010410
Version	
Purpose	This Policy describes the principles by which externally funded Research Projects, University Consultancies and Commercial Services are costed and priced.
Audience	Staff-Academic-Research
Category	Administrative
Topic	Research
Subtopic	Grants & Consultancies
Effective Date	3 May 2021
Review Date	3 May 2026
Responsible Officer	Chief, Research and Innovation services (douglas.robertson@anu.edu.au)
Approved By	Vice-Chancellor (eo.vc@anu.edu.au)
Contact Area	Research Services (douglas.robertson@anu.edu.au)
Authority	Australian National University Act 1991 Public Governance, Performance and Accountability Act 2013
Printed On	28 May 2024

Please ensure you have the latest version of this document from the Policy Library website before referencing this.