

# Research Costing and Pricing Guideline

## Section 1 - Purpose

(1) This guideline outlines guiding principles and requirements for costing and pricing externally funded research projects undertaken at RMIT University. The direct and indirect costs of research will be calculated in accordance with this guideline to ensure the quality and value of University research and research services are appropriately accounted for. Prices that are at or below cost only serve to devalue these services and in some cases represent a practice which undermines industry in the same sector.

## Section 2 - Authority

(2) Authority for this document is established by the [Research Policy](#).

## Section 3 - Scope

(3) This guideline applies to research conducted by staff, students, visiting researchers and honorary and adjunct appointees of RMIT University. It does not include research undertaken by staff, students and affiliates of RMIT's controlled entities (RMIT Vietnam, RMIT Online, RMIT University Pathways (RMIT UP) and RMIT Europe).

(4) Research projects referred to in this guideline include competitive research grants, contract research, collaborative research and research tenders funded by an external body.

(5) In the case where a research project has received funding approval or an agreement has been entered into prior to this guideline being effective, this guideline will apply to any variations submitted after the effective date of this guideline.

## Section 4 - Guideline

### Principles

(6) The University seeks to standardise the costing and pricing of externally funded research projects.

(7) Project budgets for competitive research grants and all associated expenditure will comply with the specific funding body guidelines (including allowable costs) and all relevant University policies, procedures and guidelines.

(8) Where another institution sub-contracts part of a project to RMIT, the pricing (including any RMIT in-kind contributions) will comply with this guideline and all relevant University policies, procedures and guidelines.

(9) The pricing of external funded research projects will be approved by the Dean (or nominee) of each participating School prior to the University entering into an agreement with the funder.

## Direct Costs

(10) Direct costs are those costs that can be directly attributed to a specific project and are directly related to achieving the objectives and outcomes of the project. Direct costs include, but are not limited to:

- personnel costs (salary and on-costs);
- scholarships (stipend payments);
- data management;
- equipment;
- consumables/maintenance;
- travel;
- subcontracts;
- governance and collaboration costs.

(11) Personnel costs incurred by RMIT University employees on a research project will, where possible, be included in the price charged to the funder (e.g. in most research contracts and tenders, full cost recovery is required and no in-kind contributions for current staff will be permitted).

(12) All personnel costs charged to a project will include the appropriate Full Time Equivalent (FTE) rate, as well as on-costs. On-costs include expenses incurred in addition to standard salary payments such as superannuation, payroll tax, central leave levy and workers compensation. On-costs are automatically calculated within the Research Costing and Pricing Tool. On-costs rates in the Tool may be edited from time to time by the R&I Portfolio to ensure they reflect any changes to University on-cost rates.

(13) Where national and international competitive funding prohibits the inclusion of RMIT personnel costs in proposal budgets, they may be included as in-kind contributions, subject to the approval of the Dean or delegate.

(14) Annual indexation on any personnel costs in projects with multiple years, including in-kind contributions and stipends, will be included in the price charged to the funder where possible. Annual indexation is to be calculated as per the salary rates outlined in the RMIT Enterprise Agreements.

## Indirect Costs

(15) Indirect costs (or overheads) are the costs incurred by the University in support of a research project but which cannot be directly attributed to a specific project. Indirect costs include, but are not limited to:

- space;
- People team/HR;
- research administration;
- legal services;
- information technology;
- library services;
- university infrastructure;
- service maintenance;
- insurance;
- financial services;
- utility costs (water, gas, electricity).

(16) Indirect costs will be calculated against the total project direct costs of research projects.

(17) The minimum indirect cost applied for each College is set out in [Schedule A](#). The indirect cost rate may be increased based on the IP arrangements as per [Schedule A](#).

(18) For projects with external collaborators, RMIT will only cost for RMIT University's portion of indirect costs.

(19) For competitive research grant funding, if an indirect cost rate prescribed by the funder is lower than the rate set out in Schedule A, the lower rate will be applied. If a higher indirect cost rate is prescribed by the funder, the higher rate will be applied. Further information on the costing of Research Grants is outlined in [Schedule B](#).

(20) For Australian research tenders, a multiplier against the personnel costs will apply instead of an indirect cost rate, as set out in [Schedule B](#).

(21) A list of permitted variations from applying an indirect cost rate are set out in [Schedule B](#).

## **Costing and Pricing of Research Projects**

(22) The full cost of research projects, including direct and indirect costs, will be calculated by using one of the Research Costing and Pricing Tools accessible via the Researcher Portal. The Costing and Pricing Tool summary is to be uploaded as part of the Request Contract Approval and Project Creation (RCAPC) form.

(23) The Research Contracts Costing and Pricing Tool considers direct costs, indirect costs, third party costs, and where intellectual property may be either generated or transferred to an external party in research contracts.

(24) The Research Tenders Costing and Pricing Tool considers the requirements of any Commonwealth and State Government Panels where applicable. For Australian research tenders which aren't covered by Commonwealth and State Government Panels, a multiplier of two- or three-times salary will apply dependent on the market competition.

(25) For research tenders, project pricing will comply with the Victorian State Government's [Competitive Neutrality Policy](#).

(26) Wherever possible, the price charged to the funder will be adjusted in line with factors such as: market competition; access to project intellectual property; risk; and the uniqueness of the expertise, infrastructure or research capability, thereby recovering a margin on the project.

(27) Only the price, not the itemised budget, should be provided to the contracting partner.

## **RMIT Cash Contributions**

(28) Annual indexation may apply for RMIT University cash contributions, in line with the R&I Grant Co-funding Guidelines.

## **Distribution of Indirect Costs and Margins**

(29) All funding received from the application of the indirect cost rate and margins in research projects will be distributed to the College of the CI leading the research project, unless otherwise agreed upfront with endorsement by the College ADVC R&Is.

(30) All funding from applying the indirect cost rate and margins to externally funded research projects will go to supporting research and strategic research initiatives, not other aspects of university operations.

(31) Each College is responsible for administering the distribution of the recovered indirect cost funding and margins, including the associated governance and administrative workload.

## **Waivers**

(32) The indirect cost rate is not mandatory where the total direct project costs are less than AUD \$10,000.

(33) Where the total direct project costs are equal to or greater than AUD \$10,000, waivers can be requested when all three of the following circumstances apply, and require the approval of the ADVC R&I or delegate:

- Within the first 12 months of an early-stage collaboration opportunity with a new partner aligned to University/College strategic priority areas;
- Research projects funded by not-for-profit organisations where there is an allocated sum of funding to deliver the research; and
- Where an early career academic is developing a collaborative relationship with an industry partner and it's the first collaborative research agreement being entered into between the parties.

Other exceptional circumstances may also be considered by the ADVC R&I or delegate upon request.

(34) Applications for waivers of indirect costs will need to be approved/rejected by the College ADVC R&I or delegate prior to the project costing and pricing being approved by the Dean or delegate.

(35) To apply for a waiver, researchers need to complete and lodge a College Waiver Request form. The ADVC R&I or delegate will consider the application and the outcome will be communicated to the applicant via email. If approved the email response needs to be attached with the Costing and Pricing Tool summary as part of the Request Contract Approval and Project Creation (RCAPC) form.

(36) A waiver will automatically be provided for contracts which are exclusively for an HDR stipend or HDR internship program.

(37) Researchers are not permitted to solicit letters or instructions from funders on the status of overheads or indirect costs. The Research Proposals and Awards Management team are responsible for seeking any clarification on allowable grant inclusions or exclusions.

## Section 5 - Definitions

(Note: Commonly defined terms are in the RMIT Policy Glossary. Any defined terms below are specific to this policy document).

Competitive Neutrality	Competitive Neutrality means principles designed to neutralise any net competitive advantage that a government or local government entity engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private business operating in the same market
Contract Research	Contract Research is research conducted at the request of an organisation external to RMIT University. The project is normally developed by the organisation, or jointly by the organisation and the RMIT investigator(s). Ownership of the intellectual property is negotiated between the parties. The research may involve confidentiality, publication and other restrictions.
Costing	Costing is an estimate of the actual financial requirements it takes to deliver a project, both in terms of current resources or cash purchases.
Direct Costs	Direct Costs are those costs that are directly attributable to the project/activity which includes salary and oncosts, scholarships, equipment, consumables, travel, sub-contracts and collaboration.
Full Cost of Research	Full Cost of Research is the total costs of undertaking research including both direct and indirect costs.
Funder	Funder refers to an external entity providing research funding in support of an RMIT research project, including funding agencies, government organisations, and industry partners.
Indirect Costs (overheads)	Indirect Costs (overheads) the cost of indirect support provided by an organisation. Indirect costs may include capital costs, human resources, research administration, legal, information technology, library, research infrastructure, service maintenance, insurance, financial, and utilities.
In-kind	In-kind refers to the non-cash costs (direct and indirect) contributed by the organisation and not included in the price.
Margins	The difference between what it fully costs to provide a service or produce a product and how much is charged above the costs.

Pricing	The act or an instance of setting a value for the purchase of goods or services that does not necessarily reflect the cost it takes to deliver them.
Contract price	Contract price is the total amount charged to the industry partner for undertaking the contract research or tender.
Research Projects	Research Projects include research grants, contract research, collaborative research and research tenders funded by an external body.

## Section 6 - Schedule A

### Indirect Cost Rates

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

Academic Unit	Minimum Indirect cost rate
College of Business and Law (COBL)	30%
College of Design and Social Context (DSC)	30%
STEM College	50%

### Intellectual Property

The indirect cost recovery rate will be increased based on IP arrangements as outlined below.

Intellectual Property Terms	Minimum Indirect cost rate
RMIT owns Project IP and partner is given rights for internal use or the first right to commercialise	STEM: 50%
	DSC / COBL: 30%
RMIT owns Project IP and partner is given the first right to commercialise with in-principle licence terms or a licence	STEM: 50%
	DSC / COBL: 30%
Partner owns Project IP and RMIT is given a licence for teaching and learning; research; and commercial activities which takes into consideration region, field and time	STEM: 70%
	DSC / COBL: 50%
Partner owns Project IP with no rights given to RMIT	STEM: 100%
	DSC / COBL: 100%

## Section 7 - Schedule B

### Permitted variations in applying the indirect cost rate:

#### A. Research tenders

- For Australian research tenders, the indirect cost rate will be varied to comply with the requirements of any Commonwealth and State Government Panels where applicable.
- For Australian research tenders not covered by Commonwealth and State Government Panels, a multiplier of two-

or three-times salary will apply dependent on the market competition.

- For international research tenders, the indirect cost rate will be calculated on a case-by-case basis, depending on the requirements specified in the tender document/guidelines.

## **B. Grant Proposals**

- International and national competitive grant schemes that explicitly exclude indirect costs in their funding rules or guidelines are exempt from applying the indirect cost rate. A list of competitive grant schemes in this category is available from the Research Proposals and Awards Management Team.
- For international competitive grant schemes, indirect cost rate will be applied in accordance with the funding rules of the relevant scheme.
- Travel-only grants awarded solely for research project related travel, such as AINSE awards and scholarships, Australian Academy of Science Travel Awards, Fulbright Fellowships or similar, are exempt from recovering the indirect cost rate.

## **C. Cash Contributions**

- Partner cash contributions to grant applications in which indirect costs are ineligible are exempt from indirect cost recovery (for example ARC Linkage Projects).
- University cash contributions are exempt from applying the indirect cost rate.

## **D. Donations**

- Where the research is not tied to specific deliverables or milestone payments, bona-fide donations from a registered charity (or as otherwise advised by the University's Philanthropic Development team) are exempt from indirect cost recovery.

## **E. Funding Transfers**

- External research funds transferred to RMIT University from another university when a new researcher commences employment at RMIT are exempt from indirect cost recovery unless such indirect costs already formed part of the project budget.

## Status and Details

<b>Status</b>	Current
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<b>Policy Owner</b>	Calum Drummond Deputy Vice-Chancellor Research and Innovation
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