

Research Costing and Pricing Policy

Section 1 - Key Information

Policy Type and Approval Body	Administrative - Vice-Chancellor
Accountable Executive - Policy	Deputy Vice-Chancellor (Research and Industry Engagement)
Responsible Manager - Policy	Executive Director, Research Office
Review Date	4 July 2028

Section 2 - Purpose

- (1) To establish principles and requirements for Costing and Pricing of all externally funded research.
- (2) To establish principles for the management of Research Income under any Research Contract or Funding Agreement.

Section 3 - Scope

- (3) This Policy applies to:
- a. all externally funded research at all La Trobe University campuses and external research locations using University infrastructure and resources; and
 - b. all La Trobe University staff members including honorary staff, visiting staff and students involved in La Trobe University research.
- (4) This Policy does not include work conducted under the [Outside Work Policy \(Academic\)](#).

Section 4 - Key Decisions

Key Decisions	Role
Approval for any changes to the Indirect Cost rate, Margin rates and fund dispersion model in Appendix A.	Deputy Vice-Chancellor (Research and Industry Engagement)
Approval of all research proposals and budgets.	School Dean(or delegate)
Approvals of use of Indirect funding disperse to School.	School Dean (or delegate)

Section 5 - Policy Statement

(5) Standardising the costing and pricing of externally funded research across the University supports a sustainable financial model for research. This model offers flexible pricing options to accommodate the diverse types of research conducted, while also ensuring compliance with relevant policies, procedures, and guidelines, including the principles of Competitive Neutrality.

(6) Research project budgets and all associated expenditure will comply with the specific Funder rules (including allowable Indirect Costs) and all relevant University policies, procedures and guidelines.

(7) The following exclusions apply to this Policy:

- a. National Health and Medical Research Council (NHMRC), Australian Research Council (ARC) and other competitive grants that define how projects must be costed, including where a Funder's budget tool must be used;
- b. Externally funded research conducted under Affiliation arrangements; and
- c. Research Contracts or Grant Agreements is equal to or under the value of \$5,000 (GST exclusive), however Costing and Pricing principles should still be applied.

(8) Project budgets for Research Collaborations and Research Consulting will include pricing that covers all costs and market-appropriate margins. This pricing will reflect the University's staff expertise, resources, and infrastructure, while ensuring compliance with Competitive Neutrality principles.

(9) The Pricing of externally funded research must be approved by the School Dean (or nominee) of the Project Lead's School prior to submission to the Funder.

(10) Research Income will be distributed in accordance with the guidelines outlined in Part D: Distribution of Research Income.

(11) Externally funded research must:

- a. be managed in accordance with the Research Contracts and Grants Policy (updated link to be added when approved);
- b. be governed by a Research Contract or Grant Agreement in accordance with the [Contracts Policy](#) and signed in accordance with the [Contract Signing Delegations](#);
- c. abide by [Australian Competition and Consumer Law](#) for tender proposals. See the University's [Factsheet](#) on Australian Competition and Consumer Law, the University's [Contracts Policy](#), and the [ACCC website](#), for further information.

Section 6 - Procedures

Part A - Costing

(12) The costs of a research project must be fully calculated, including all Salary Costs of La Trobe University staff and students working on the project including on-costs, equipment use, other expenses including any In-kind and cash contributions.

Part B - Pricing

(13) Unless prohibited by the funding conditions, the Pricing of external research must, at a minimum:

- a. cover the full Direct Cost of research including the costs of all University staff time in the research project and other direct research project costs; and
- b. cover the Indirect Costs of research by applying a percentage set out in Appendix A to the Direct Costs including Salary Costs and other fully calculated direct Research project Costs.

(14) Where a University staff member collaborates on a Research Contract or Grant Agreement administered by an external party, Clause 13 applies in full.

(15) Clause 13 does not apply where full cost recovery is expressly prohibited by the terms and conditions of ARC, NHMRC, other competitive grant schemes or the Funders' rules. In cases where the terms and conditions of a funding scheme allow only limited cost recovery, applicants must request cost recovery to the maximum extent allowable.

(16) In addition to the costs outlined in Clause 13, Pricing for Research Collaborations and Research Consulting will include a market appropriate Margin added to both Direct Costs and Indirect Costs as calculated by the University's Research Budget Tool at a rate set out in Appendix A.

(17) Before sharing the Price with the Funder, a completed University Budget Tool or equivalent instrument including all Direct Costs, Indirect Costs and proposed Pricing must be submitted with Project Proposals in PRIME prior to the Funder for approval by the School Dean (or nominee) of the Project Lead's School.

(18) The staff member may propose a "Recommended Price" which is different to the "Target Price" being the sum of direct costs and indirect cost (and margin if applicable).

(19) If a staff member recommends a price below the Target Price) they must provide a justification highlighting specific benefits to the University. Approval for a Price below the Target Price must be provided by the School Dean, (or nominee) of the Project Lead's School.

Part C - Approval of Budgets

(20) Prior to the submission to the Funder, budgets for all externally funded research proposals must be:

- a. completed on the University's Research Budget Tool or equivalent; and
- b. submitted with a Project Proposal through PRIME for approval.

(21) Approvals for externally funded research budgets must be made by the the School Dean (or nominee).

(22) When a Price, different to the Target Price is approved by the Dean, the difference will be added or subtracted from the margin, then the indirect cost, then the direct cost.

Part D - Distribution of Research Income

(23) External Research income must be paid into the University's bank account and managed in a research account (WBS), in accordance with the University's business procedures and the Research Contract or Grant Agreement's terms and conditions pertaining to use of funds.

(24) A share of Indirect Costs (see Appendix A) will be retained to cover central overhead costs. The remainder of the Indirect Cost and Margin will be dispersed to Project Lead's School upon receipt of funds, to be reinvested into research.

(25) Unless prohibited by the Research Contract or Grant Agreement or Funder's rules, any remaining balance will be transferred to the School account of the Project Lead after the Research Contract or Grant Agreement end date and managed as follows:

- a. the School will manage residual funds in accordance with the School's Costing and Pricing Guidelines to recover the costs associated with conducting the research project; and
- b. after recovery of research costs, the School may transfer any remaining funds, to the Project Lead's or Research Centre's outside earnings account for use in research or teaching. Any surplus funds will remain with the University if the staff member leaves or ends their employment.

Section 7 - Definitions

(26) For the purpose of this Policy and Procedure:

- a. **Affiliation:** Affiliates are independent research organisations affiliated to La Trobe through a formal legal relationship that outlines alignment of strategic research objectives, specifies management of costs and funding agreements, and constitutes part or all of the affiliate within La Trobe's organisational structure.
- b. **Competitive Neutrality:** requires the University to ensure that the Price it charges for research is not unreasonably low and is not being subsidised by the use of public assets. Competitive Neutrality means that state-owned and private businesses compete on a level playing field. Competitive neutrality, a concept that was originally established in Australia under the National Competition Policy, is based on the principle that significant government businesses should not enjoy any net competitive advantages over private businesses operating in the same market simply because they are publicly owned.
- c. **Costing:** The process of determining and calculating all the expenses associated with conducting a research project. This includes both Direct Costs and Indirect Costs. The purpose of costing is to accurately assess the total financial requirements for completing the research and to ensure that the project is financially viable.
- d. **Delegate:** School Dean or Head of Administrative Division of the Project Lead, or a person to whom they have delegated a responsibility under this policy in writing.
- e. **Direct Costs:** means costs that are directly attributable to undertaking the project including salaries and salary on-costs (payroll tax, WorkCover, superannuation, leave) of staff employed on the project, consumables, specialised laboratory and facility user charges, travel, equipment purchases and other maintenance costs.
- f. **Final Price:** the Price approved by the Dean (or delegate) and submitted to the Funder as the official project Price.
- g. **Funder:** Funder refers to an external entity providing research funding or payment for a research project including funding agencies, government organisations, community and industry partners.
- h. **Indirect Costs (also known as "overhead costs")** means costs incurred by the University in support of research, including but not limited to existing facilities and equipment (including laboratory and office space), La Trobe platforms, administrative support (eg. finance, human resources, legal, research office), library services, information services, technical support telecommunications, electricity, and building maintenance.
- i. **Indirect Cost Rate:** The percentage rate applied to Direct Costs to cover Indirect Costs as outlined in Appendix A.
- j. **In-kind:** The non-cash costs (direct and indirect) contributed by the University or collaborator and not included in the Price.
- k. **Margin:** The difference between the total cost (Direct and Indirect Costs) of delivering a research project and the price charged to the Funder. It represents the intended surplus that remains after covering all direct and indirect costs associated with the project. This margin ensures that the University can sustain its operations by reinvesting funding into research and contributing to its financial goals while delivering the research services.
- l. **Outside Earnings Account:** an individual staff account or Research Centre account within the University's

- financial management and accounting system used to capture and report on revenue and expenditure associated with funding received by a staff member that is not University research or operational funding.
- m. Pricing: Pricing is the process of determining the amount of money that is charged for a product or service. It involves setting a value ("Price") based on various factors such as costs, market demand, competition, and perceived value, and may not always reflect the actual cost of producing or delivering the product or service.
 - n. PRIME: the University's Research Management Platform to support the review, approval, milestones and financial management of research proposals and projects.
 - o. Project Lead: Staff member of the University responsible for leading and managing research proposals and projects.
 - p. Proposal: a draft research proposal that is presented to a delegate for approval prior to it being presented to the prospective external party for whom it is ultimately intended.
 - q. Recommended Price: the Price proposed by the researcher, which may be above or below the Target Price, and requires Dean (or delegate) approval.
 - r. Research: as defined in the Commonwealth's Higher Education Research Data Collection specifications as amended from time to time.
 - s. Research Collaboration: research projects that are initiated by the University, or developed/undertaken collaboratively with the Funder. These projects should have mutual benefits in addition to receiving research income and/or generating research findings (e.g. strategic partnerships).
 - t. Research Consulting: research projects initiated by a Funder. The University's specialised expertise is purchased in order to deliver an output for, and on behalf of, the Funder.
 - u. Research Contract and/or Grant Agreement: means a University contract relating to research including research grant, Research Consulting, funding agreement, Research Collaboration Agreement or other related contract to be managed in accordance with the Contracts Policy.
 - v. Research Consulting: research projects initiated by a Funder. The University's specialised expertise is purchased in order to deliver an output for, and on behalf of, the Funder.
 - w. Research Contract and/or Grant Agreement: means a University contract relating to research including research grant, Research Consulting, funding agreement, Research Collaboration Agreement or other related contract to be managed in accordance with the Contracts Policy.
 - x. Research Income: as defined in the annual Higher Education Research Data Collection Specifications. I. Staff member: any employee of the University.
 - y. Salary Costs: base salary and all on-costs, including superannuation, workers compensation, leave loadings etc.
 - z. Student: a student enrolled at the University.
 - aa. Target Price: comprises Direct Costs, Indirect Costs and Margin.
 - ab. University Consulting: fee-for-service work or performed by a staff member through the [Outside Work Policy \(Academic\)](#). University Consultancy which is over and above an employee's workload allocation and/or University duties unless otherwise agreed, but does not include research or the development or delivery of subjects and courses both award or non-award.

Section 8 - Authority and Associated Information

(27) This Policy is made under the [La Trobe University Act 2009](#) and supports compliance with the [Australian Competition and Consumer Act 2010 \(Cth\)](#).

(28) Associated information includes:

- a. [Contracts Policy](#)
- b. [Delegations and Authorisations Policy](#)

- c. [Research Contracts and Grants Policy](#)
- d. [Outside Work Policy \(Academic\)](#)

Appendix A

Indirect Cost Rate

(29) Indirect costs are calculated by applying an Indirect Cost Rate of 50% to all Direct Costs, including staff time and project costs.

Margin Rate

(30) Market appropriate Margin rates, to be applied to Direct and Indirect costs, are as listed below.

Percentage margins in accordance with the Costing and Pricing Policy Part B – Pricing, clause 13 to 19, example charge out rates and a budget are provided below as follows:

Table 2 - percentage margins, by selecting the type of Funder and type of funding.

Table 2 – Margins

Funder Type		Grant (not applicable)	Research Collaboration	Research Consultancy
Government	An Australian government department, a division of government that is responsible for a particular area of public policy, government function, or service delivery or a body or entity that is created by the government to provide services, administer laws, or manage various public responsibilities. These departments or organisations can be at the federal, state, or territory level and are typically funded by public money.	0%	0%	60%
Not-for-Profit	An entity that is established for purposes other than generating profit for its members or shareholders. Any surplus income generated by a not-for-profit organisation is reinvested back into the organization's activities or used to further its social, charitable, or community goals, rather than being distributed as profit.	0%	0%	60%
Small business	A small business generally employs less than 20 employees and has an aggregated turnover (excluding GST) of less than A\$10m. For example, small manufacturers.	0%	0%	60%
Medium/Large corporate	Medium to large corporates employ between 20 to 200+ employees with an annual turnover (excluding GST) of more than A\$10m.	0%	20%	100%

Distribution of Indirect Cost funding

A share of Indirect Costs, equal to 50% of the Indirect Cost of the Price, will be retained to cover Central overhead costs. The remainder of the Indirect Cost will be dispersed to Project Lead's School upon receipt of funds, to be reinvested into research.

Status and Details

Status	Current
Effective Date	4th July 2025
Review Date	4th July 2028
Approval Authority	Vice-Chancellor
Approval Date	4th July 2025
Expiry Date	Not Applicable
Responsible Manager - Policy	Alistair Duncan Executive Director, Research Office
Enquiries Contact	Office of the Deputy Vice-Chancellor (Research and Industry Engagement)