



# NHMRC Direct Research Costs Guidelines

A definitive list of Direct Research Costs (DRCs) is in many instances not appropriate, therefore core principles have been developed to be used to determine whether particular expenses are DRCs for the NHMRC funded Research Activity<sup>1</sup>. The principles recognise that the aims and objectives of the Research Activity are a key factor in the decision to classify an expenditure item as a DRC.

These guidelines also set out a small number of expenses that are not DRCs and on which Funds must not be spent. When deciding if expenditure is a DRC or not, reference should be made to these guidelines. If clarification is required please contact your Administering Institution's Research Administration Officer (RAO) in the first instance. If required, they may then contact [postaward.management@nhmrc.gov.au](mailto:postaward.management@nhmrc.gov.au).

The NHMRC Funding Agreement specifies that NHMRC grant Funds<sup>2</sup> can only be spent on the DRCs as described in these guidelines. The DRC Guidelines should be read in conjunction with the terms and conditions of the NHMRC Funding Agreement.

## 1. DRC Principles

Funding provided by NHMRC for a Research Activity may be spent on a cost incurred for that Research Activity that satisfies all of the following requirements:

- The cost must be integral to achieving the objectives and outcomes of the Research Activity as set out in the Application for Funding for that Research Activity, as approved by NHMRC.
- The cost must be directly related to the grant proposal as set out in the Application for Funding for that Research Activity, as approved by NHMRC.
- The cost must not be for facility, administrative or other indirect costs that would be provided by an institution in the normal course of undertaking and supporting health and medical research (e.g. those costs often incurred for common or joint objectives, utilities and services, regulatory and research compliance and administration of research services).

DRCs include costs that the Research Activity's Funding Policy expressly states may be paid for with NHMRC funding. Conversely, a cost that the Research Activity's Funding Policy expressly states may not be paid for with NHMRC funding, will not be a DRC. Guidance on research cost expenditure in a Research Activity's Funding Policy will supersede the NHMRC Direct Research Costs Guidelines in the event that there is any inconsistency between the policies.

Fixed funding durations and amounts may be prescribed in some NHMRC funding schemes to provide certainty and continuity in research. Where a fixed funding level or duration is not specified in the Funding Policy for the scheme, applicants must provide justification on how the proposed research costs and their duration are directly associated with achieving the outcomes of the research; this justification will be considered by NHMRC.

These guidelines replace all previous guidance material on DRCs. These guidelines do not apply to the Independent Research Institutes Infrastructure Support Scheme (IRIISS) Grants or Equipment Grants.

<sup>1</sup> Refer to definitions outlined in the NHMRC Funding Agreement.

<sup>2</sup> Funds means the amount payable under the Funding Agreement by NHMRC for the Research Activities specified in the Schedules, being the Grants and any Co-Funding administered through the Medical Research Endowment Account (or other NHMRC funding account) for those Research Activities.

## 2. Guidance on DRCs

### 2.1 Salaries and Salary On Costs

#### Salary Support Packages

An NHMRC Postgraduate Scholarship stipend and a salary contribution for Investigator Grant Chief Investigator A (CIA) or an NHMRC Fellow are provided as Salary Support Packages (SSP) at a fixed rate, and may only be expended for that purpose. SSPs may be expended on salary and any salary on costs. NHMRC Funds provided to conduct a Research Activity cannot be used to supplement the SSP. Annual indexation may be applied to SSPs, based on the Australian Government Wage Cost Index.

#### Personnel Support Packages

Salary costs on Research Support grants are provided as Personnel Support Packages PSPs (except for Investigator Grant CIAs, which are provided as an SSP as described above).

The level of PSP applied for must align with the roles and responsibilities of the required position, not the expertise of the person appointed to the position. PSP category definitions and values are available on the NHMRC website [here](#). Annual indexation may be applied to PSPs, based on the Australian Government Wage Cost Index. In limited circumstances, such as engagement of staff on short-term contracts, salary costs can be requested as other research costs, rather than PSPs.

NHMRC recognises that there could be a gap between PSP rates and the institution's enterprise bargaining rate (or equivalent). Where this occurs, other research funds awarded for Research Support Schemes<sup>3</sup> (except for Investigator Grant CIAs) can be used to cover the gap between the PSP and the researcher's part or total salary including on costs<sup>4</sup>, but applicants cannot request additional Funds in their application to cover this cost. Such use of Funds is to be the outcome of agreement between the Administering Institution and CIA.

#### On costs

NHMRC Funds can be used for on costs such as annual leave and long service leave entitlements that accrue in respect of research personnel during their employment on that Research Activity. Severance and termination payments and extended leave payments (leave entitlements accrued on non-NHMRC Research Activities) are not DRCs and must not be paid for with NHMRC funding.

#### Excess salary

Salary support for Specified Personnel (CIs and Fellows) must not exceed 100% across all grants held. Applicants should agree on the management of excess salary with the CIs/Fellows on all grants if there is potential for a Specified Person to be in receipt of excess salary. Applicants should explicitly explain in their application how excess salary will be managed. Should grants be funded that result in a CI being awarded/holding more than 100% salary support across multiple grants, the excess salary for the CI can be re-directed to other DRCs against the grant where the excess salary exists, in accordance with the DRC Principles. Alternatively, the CIA on the affected grant can advise NHMRC via their RAO, of those grant(s) that should have the salary component of their budgets reduced.

#### Funding for postgraduate students

Students undertaking research based postgraduate degrees may be supported on NHMRC research grants in line with the conditions of the Administering Institution. Responsibility for taxation and other issues associated with their classification as a postgraduate student are entirely between students and their institutions.

---

<sup>3</sup> The Research Support Package component of an Investigator Grant cannot be used to supplement the salary of the Investigator Grant CIA, but may be used for salary costs to employ research staff.

<sup>4</sup> NHMRC Funding Agreement Clause 7 Use and Accountability for Funds and Other Contributions.

The flexibility to choose the particular DRC on which the Funds may be spent does not apply to People Support schemes (see exceptions below). Funds awarded through People Support schemes are to be spent exclusively for the purposes provided for in the relevant scheme's Funding Policy.

The only People Support schemes that allow Funds to be used flexibly are the NHMRC-ARC Dementia Research Development Fellowship scheme and the Boosting Dementia Research Leadership Fellowship scheme. These schemes have a funding condition which allows Funds to be used flexibly in accordance with the provisions of a Research Support scheme, e.g. to cover gap in salaries.

Students should seek professional advice from qualified taxation advisors to clarify their personal taxation responsibilities. The student must not be named as being in receipt of an NHMRC Postgraduate Scholarship, as this is a specific category of competitively awarded NHMRC grant funding. Refer to the relevant Research Activity Funding Policy for any scheme-specific requirements pertaining to postgraduate research students.

## **2.2 Other Research Costs**

### **Biospecimens and associated data**

Biospecimen and associated data costs must be a direct requirement of the Research Activity and they must be based upon published cost recovery schedules of biobanks or similar accredited bodies (e.g. pathology services).

Any proposal for prospective funding of a new biobank must specify why the samples cannot be sourced from an existing biobank. Any proposal to establish a new biospecimen collection should seek to use infrastructure or services provided by biobanks or similar accredited bodies. Comprehensive justification for not using one of these must be provided.

### **Conferences**

Conference costs are not to be included in the application budget. When investigators apply for research funding, it is not possible to predict where and how knowledge translation and knowledge transfer of their work will occur (because the research is yet to be undertaken). Thus, the costs of conference attendance are not to be included as DRCs in grant application budgets. However, over the grant lifetime, Funds can be used to support conference attendance for the purpose of presenting the research outcomes, provided that the expenditure is in accordance with the DRC Principles.

### **Clinical Trials**

Refreshments for clinical trial participants are a DRC, as the refreshment relates directly to the achievement of the research aims for a Research Activity.

### **Entertainment, Meals, Hospitality**

Restaurant meals, alcohol and other hospitality are generally not DRCs.

### **Equipment**

Funding cannot be applied for or used for equipment costing more than \$80,000, noting that annual indexation may be applied to equipment based on the Wage Cost Index. The equipment must be unique to the project and essential for the project. A written quotation must be received and held with the RAO of the Administering Institution to be available to NHMRC on request. The Administering Institution must meet all service and repair costs for the equipment funded.

#### *Computers*

Only specialised computing requirements that are essential to meet the specific research needs of a Research Activity would be considered DRCs, including where these are an integral component of a piece of laboratory equipment or are of a nature essential for work in the research field, for example, a computer which is dedicated to data collection from a mass spectrometer, or used for the manipulation of extensively large datasets (i.e. require special hardware).

DRCs do not include personal computers, related peripherals or software needed for communicating, writing and undertaking simple analyses.

### **Fringe Benefits Tax**

Fringe Benefits Tax (FBT) is specifically excluded as a DRC and NHMRC Funds are not to be used to pay for this expense.

### **Land, Buildings and Fixtures**

These items are not DRCs and must not be paid for with NHMRC Funds.

## **Publications and Open Access Costs**

Publication and open access costs are not to be included in the application budget. When investigators apply for research funding, it is not possible to predict where and how knowledge translation and knowledge transfer of their work will occur (because the research is yet to be undertaken). Thus, the costs of publications and open access are not to be included as DRCs in grant application budgets. However, over the grant lifetime, Funds can be used to support reasonable costs associated with publications and open access which are the result of the Research Activity and which are in accordance with the DRC Principles.

## **Supplies, Postage, Telephones**

For supplies, postage and telephone expenses to be considered DRCs, their usage for a Research Activity must be significantly greater than the routine level for such items provided by Administering Institutions and must be used specifically for the research purposes of the Research Activity rather than to support administrative or clerical efforts. Examples include a Research Activity that requires significant data collection through an extensive mail survey or a Research Activity that requires the provision of paper notebooks to a large number of workshop participants.

## **Travel**

Travel costs are only DRCs if directly related to the approved research objectives of the Research Activity, such as field work, research collaborations to conduct the Research Activity or for use of facilities in other countries. Airline membership, health insurance and travel insurance are generally not considered to be DRCs.

All travel, accommodation, meals and incidentals must be in accordance with the relevant travel policies and procedures of the Administering Institution.

Overseas travel must be formally approved and documented by the relevant Faculty Research Committee (or equivalent) prior to the travel being undertaken.

## **Inquiries and Clarifications**

All inquiries are to be directed to the Administering Institution RAO in the first instance, who may then contact NHMRC's Research Administration Section via [postaward.management@nhmrc.gov.au](mailto:postaward.management@nhmrc.gov.au) for further clarification.