NHMRC DIRECT RESEARCH COSTS GUIDELINES (DRCs)

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 in question (Research Activity). 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 postaward.management@nhmrc.gov.au.

The NHMRC Funding Agreement and Deeds of Agreement specify that from 1 January 2014, NHMRC grant funds can only be spent on the DRCs as described in these Guidelines.

DIRECT RESEARCH COSTS – Principles (‘the DRC Principles’). Funding provided by NHMRC for a Research Activity may be spent on a cost incurred in relation to 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; and
- The cost must not be for a facility or an administrative cost that would be provided by an institution in the normal course of undertaking and supporting health and medical research.

Direct Research Costs 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 Direct Research Cost.

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.
**DIRECT RESEARCH COSTS – Further guidance**

**Salaries and Salary on costs**
Salaries and salary on-costs by their very nature are DRCs.

NHMRC contributes to the cost of employing research personnel. The NHMRC salary contribution is usually calculated using a Salary Support Package (SSP) which is not designed to cover the full cost of employing the grant’s research personnel.

NHMRC funds provided for a Research Activity can be used for annual leave and long service leave entitlements that accrue in respect of research personnel during their employment on that Research Activity. However, 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.

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

It is recognised that because NHMRC does not fund the full cost of employing research personnel there is, in most cases, a gap between SSP rates and the institutions enterprise bargaining rate (or equivalent). Where this occurs, there is flexibility to use NHMRC Funds provided for Research Support Schemes to cover the gap between the SSP and the researcher’s part or total salary including on-costs. Such use of Funds, is to be the outcome of agreement between institutions and Chief Investigator A (CIA). (See note 1)

**Travel**
Travel costs are only DRCs for a Research Activity, such as field work, research collaborations or for use of facilities in other countries, if the travel costs are directly related to the approved research objectives of that Research Activity. 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.

**Conferences**
Conference costs are only DRCs for a Research Activity if the conference and related travel costs are directly related to the approved research objectives for that Research Activity and attendance at the conference is for the purpose of presenting the outcomes of that Research Activity.

**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.
Computers
Only specialised computing requirements that are essential to meeting the specific research needs of a Research Activity would be considered DRCs. DRCs do not include personal computers, related peripherals or software needed for communicating, writing and undertaking simple analyses.

The only exceptions to this are that Scholarship and Early Career Fellowship grant holders may purchase personal computers with NHMRC funding.

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.

Publications
NHMRC funds can only be used for reasonable publication costs where the publication has occurred as the result of the approved Research Activity.

Land, Buildings and Fixtures
These items are not DRCs and must not be paid for with NHMRC funds.

Inquiries and Clarifications
All inquiries are to be directed to NHMRC’s Research Administration Section postaward.management@nhmrc.gov.au

Note 1
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. Funds awarded through People Support Schemes are to be spent exclusively for the purposes provided for in the relevant Scheme’s Funding Policy (which includes the Funding Rules for that Scheme).