

INDIRECT COSTS OF RESEARCH – COST RECOVERY (INFRASTRUCTURE)

Conducting research is an expensive proposition for Universities – for every \$1 of research income (grants, etc.), the University has to spend another \$1 to support the research. Research Block Grants from the Federal government only return about \$0.25 of that \$1 to the University, so there is a sizable gap between funds received and the actual cost of undertaking the work.

The University covers this gap partly by subsidising research through teaching, primarily of international students. In certain cases (research contracts), indirect costs are met by what has been known as the infrastructure charge, which is currently 35%.

Not all research activities are subject to this charge; exemptions are:

- Australian Competitive grants (NHMRC, ARC, etc.) – see the [ACGR](#) for this list
- Bona-fide donations
- Projects funded by charitable trusts/charities/Foundations
- Funds received specifically for a student stipend
- Honoraria (small amounts generally around \$1,000)

Activities to which the 35% charge applies:

- Consultancies
- Research grants from schemes not on the ACGR and research contracts
- Sponsored clinical trials not funded by schemes on the ACGR

Isn't there a 15% option if the company signs over their IP to the University?

This option is no longer available; however you may apply for a reduction in the charge (see below).

Where does this money go?

- 68% goes to the School to meet local costs
- 32% is retained centrally

How do I add this charge to research contracts?

- Add a line at the end of the budget specifying indirect costs, or note that it has been added in to the other costs; legally we have to be transparent
- If the budget includes salaries, you can (1) itemise that at your UWA hourly rate and then apply the 35% across all budget components, OR (2) use the UWA charge out rates (salary + 127%) for the salaries and apply the 35% rate to the other components
- The UWA charge out rates are:
 - Level A: \$139/hr
 - Level B: \$173/hr
 - Level C: \$206/hr
 - Level D: \$237/hr
 - Level E: \$277/hr
- Salary+on-costs+35% will be lower cost than salary+127% - but if you're working with a large company they will expect the higher rate, and your School (or you) can use the extra funds for other purposes
- Confused? Talk with Di Arnott *early in the process* for assistance with the budget. There is considerable assistance available with budgeting, and flexibility in how infrastructure is charged.

How do I add this charge to a consultancy?

Consultancies should be charged at the UWA charge out rate as indicated above.

The company/agency/government department I want to work with refuses to pay the 35%. Now what?

If the University has signed a contract stipulating a different infrastructure rate, then that rate will be honoured.

What if I feel my research activity should have infrastructure either reduced, or waived?

Applications seeking exemption from an infrastructure charge should submit the [Request for Variation to Indirect Costs Recovery \(Infrastructure\) form](#).

If your Head of School agrees to waive the School component (68% of the 35%) then the infrastructure charge will be 11.2%. There may be other reasons to lower/waive the infrastructure charge as well (i.e. a small project that you expect will lead to an ARC Linkage grant), but you need to justify this.

Who can I discuss this with?

Rob Roche in the Office of Research Enterprise – Robert.roche@uwa.edu.au

or

Di Arnott, Research Development Officer for HMS (diane.arnott@uwa.edu.au)

For further information, please see the [University Policy on Indirect Cost Recovery](#).