



Australian Government

National Health and Medical Research Council

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.

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.
- 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.

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.

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

Guidance for the use of DRCs

Salaries and Salary on costs

Salary costs are to be requested in the application budget under Salaries/Personnel Support Packages (PSPs). In limited circumstances, such as engagement of staff on short-term contracts, salary costs can be requested under DRCs. Whilst Funds awarded for Research Support schemes can be used to cover the gap in salaries, applicants cannot request additional Funds in their application to cover this cost.

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 pay for 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-costs¹. Such use of Funds is to be the outcome of agreement between institutions and Chief Investigator A (CIA).

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 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, if the application is successful grant 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.

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 (see exceptions below). Funds awarded through People Support schemes are to be spent exclusively for the purposes provided for in the relevant schemes Funding Policy (including the scheme-specific Funding Rules).

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.

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 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, if the application is successful, grant 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.

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 via postaward.management@nhmrc.gov.au.