

## Indirect cost recovery

When preparing your budget is it important to take into consideration aspects of your project that will not be paid for under the terms of your grant.

**Make sure you include Indirect Cost Recovery in your budget. This money must be paid regardless if they are originally included in your budget or not.**

### Why this is in place

The Indirect Cost Recovery fee recognises that there are real indirect costs to the University in undertaking these activities:

- use of buildings;
- services;
- facilities;
- administration;
- libraries and
- insurance etc.

[Universities Australia](#) has estimated that this cost is at least 125% of direct costs for laboratory based research and 92% for non-laboratory based research.

The University's Indirect Cost Recovery fee recovers only a portion of these costs.

Organisations which fund research at Universities should be prepared to pay the Indirect Cost Recovery fee. These organisations include industry, government organisations and others. If the fee is not included, the Universities is effectively subsidising the work from its own resources.

### Activities to which this applies

1. research contracts and grants
2. consultancy work conducted on behalf of the University
3. provision of services on behalf of the University
4. postgraduate student stipends
5. any other work that involves the use of University facilities and resources.

## **General principles for calculating indirect cost recovery fee**

For the activities listed above, the contract sum must cover, as a minimum, all direct costs including salary on-costs. An indirect cost recovery fee is then added to the contract sum.

The indirect cost recovery fee for these activities is set at up to 35% of the contract sum.

Where appropriate, salary (including on-costs) for the principal investigator and other members of University staff should be included in the contract sum, prior to calculation of the indirect cost recovery.

The indirect cost recovery fee applies regardless of whether or not the activity is also classified as a commercial activity and therefore also subject to the commercial guidelines.

The Head of School decides on the use of School's Indirect Cost Recovery fee, and may consult with the chief investigator on the use of such funds.

## **Exceptions, waivers and reductions**

The only research income routinely exempt from Indirect Cost Recovery fee is that income from agencies and schemes listed on the [Australian Competitive Grants Register](#).

This exclusion is possible because the University receives infrastructure support for these projects in the form of the [Research Infrastructure Block Grant](#).

University Foundations and Centres carrying out contract or sponsored research for outside organisations are not exempt from the Indirect Cost Recovery fee.

Further, there is no provision to waive or reduce the Indirect Cost Recovery fee on Activities covered by the policy that are also classified as Commercial Activities, such as consultancy work, testing and other professional services.

There is some flexibility to allow for exceptional circumstances, such as expensive equipment purchases. In such circumstances, the Director of the Research Branch (with matters that are managed by their office) have the authority to approve a reduction of the Indirect Cost Recovery to below 35% .

Refer to the University of Adelaide '[Research Grants, Contracts and Consultancies Policy](#)' with particular reference to Attachment 1.