THE UNIVERSITY OF MELBOURNE

Nov 2025

Sustainable Research Management - Costing and Pricing Policy

Policy Change Reference
Uni-Wide Consultation

Key New Policy Terms

THE UNIVERSITY OF MELBOURNE

New definitions:

- **At Cost -** The total of all direct and indirect costs in the price of a research project represents a project 'at cost' amount, exclusive of margin, including in-kind contributions.
- **Cost Share** - arrangement where a Faculty or Department provides a *cash* or *in-kind* contribution to a project to enable a price at *below at-cost.*
- **Cost Recovery** - means the amount of funding sought to cover the direct and indirect costs of the research. The University's approach to cost recover is set out within the Research Cost Recovery procedure.
- **Margin** - percentage applied to the 'at cost' amount of the project representing the profit of the project.
- **Discount** - refers to an amount deducted from the 'commercial margin' applied to a project.

Terms removed:

- **Full Cost Recovery Multiplier** & **Minimum Cost Recovery Multiplier** – a new methodology of calculating indirect costs has been developed and is automatically calculated to all Direct project costs to establish the **At-Cost** amount of the project. **Cost Share** is the way cash and in-kind can be allocated to projects to *cost-share* the research investment. All cost-share arrangements require approval.

Existing terms refined to improve clarity:

- **Direct costs** can be directly attributed to a specific project and are directly related to achieving the aims, objectives and outcomes of the research endeavour. Direct costs include but are not limited to: □ Personnel costs (salary and salary on-costs) □ Scholarships & stipend payments □ Equipment □ Data management □ Consumables and maintenance □ Travel □ Hospitality □ Platform access costs □ Other direct project costs
- **Indirect costs** are the costs incurred by the University in support of the research project, but which cannot be directly attributed to a specific project. Indirect costs include but are not limited to: - Faculty research support, Governance and management - Shared Services (incl HR, Finance, IT and Library Services) - University Governance Space charges applied pending project type Indirect cost recovery means the amount of indirect cost incurred by undertaking the activity. Indirect cost recovery is applied to all direct costs and cannot be discounted. In some circumstances cost-share can be applied to these costs.

Summary of policy changes

Section	Summary of changes
1. Objectives	• Refined definition for costing and pricing by capturing full costs, applying recovery principles, and setting clear pricing for externally funded grant
2. Scope	• Application of policy now defined (Policy applies to anyone undertaking research projects on behalf of the university • The scope of exclusions under this policy has been refined ('This Policy does not apply to grants, contracts and projects that are not research related.')
3. Authority	No material changes
4. Policy – Agreements	Removed section 4.1 *does apply to research grants offered by philanthropic bodies and/or research contracts negotiated with philanthropic bodies*. This policy relates to **all externally funded** with cost-share or discounts available where applicable and approved by the relevant approval authority.
4. Policy – Cost Calculations (4.3 – 4.5)	• Costing must include all direct and **indirect costs** in calculating the full cost of research the 'at-cost' amount exclusive of margin. • The updated policy improves readability expanding existing content into seven requirements from two. • It specifies that multiyear projects must apply relevant indexation to capture forecast cost changes
4. Policy – Price Calculations (4.6 – 4.11)	• The revised document outlines that pricing should seek to recover all **direct** and **indirect costs, including in-kind contributions** and may include a margin to ensure alignment with market-based pricing and competitive neutrality. It also allows for pricing below the 'at cost' amount with necessary approvals • Reference to the **Minimum Cost Recovery Multiplier** has been removed from policy • Inclusion of IP considerations when pricing • Waivers removed and replaced with options in some cases to '**Cost share**' or **'discount**' proposal in accordance with defined terms
5. Procedural principles – **Application** (5.1)	• New Application section with one item. All costing and pricing activity must be determined using the approved University's Research Pricing Tool (new tool in development).
5. Procedural principles – **Approval** (5.2 – 5.6)	• DVCR responsibility for review and approval to the minimum cost multiplier rate in **Schedule A** removed. • 5.4 refers to section 4.9 of the policy for Dean or an appropriate delegated officer as the approver.
5. Procedural principles – **Indirect Cost Recovery & Margin** (5.7 – 5.9)	• New section detailing indirect cost recovery application, when a margin should be sought and distribution of indirect and margin.
5. Procedural principles – **Support and Review** (5.12 – 5.13)	• Included reference to procedures, Best Practice Guide & Training (in development)
5. Procedural principles – Compliance	No material changes
7. Definitions	• **New definitions:** At Cost, Cost Share, Discount, Margin, Cost Recovery • **Terms removed:** Full Cost Recovery Multiplier; Minimum Cost Recovery Multiplier • **Existing definitions refined**: Direct costs and indirect costs both now more clearly defined
SCHEDULE A: Cost Model	• Removed. Indirect cost definition now included within policy definitions.

Feedback

Policy feedback:
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Research Funding, Costing & Pricing Policy Review

A project aimed at reviewing our current approach to costing and pricing research activity to explore opportunities for a renewed policy.