Research Costing and Pricing Policy

Section 1 - Summary

(1) The purpose of this Policy is to:

a. establish principles and requirements for the costing and pricing of all externally funded research;
b. support sustainable research at Victoria University (VU) through appropriate, consistent, and transparent costing and pricing of research;
c. ensure transparency and accountability in the management of research costing and pricing;
d. ensure all costs are fully recovered and managed in accordance with the University's financial regulations; and in accordance with the funding rules of the granting body/funder/partner.

Section 2 - Scope

(2) This Policy applies to:

a. All applications and proposals for external research funding, including all research grants and contracts and commercial research and consultancy activities, undertaken at Victoria University;
b. All VU staff (including adjunct and honorary staff and Higher Degree by Research students) involved in research;
c. All VU campuses.

(3) This Policy does not apply to research funding applications and proposals submitted before January 1st, 2026, which are subject to the rules that applied at the time of the application.

(4) This Policy does not include outside paid work, covered under the Appropriate Workplace Behaviour Policy. Nothing in this Policy prevents delegation of authority in accordance with the Delegations and Authorisations Policy.

Section 3 - Policy Statement

(5) The University is committed to developing a sustainable financial model for the conduct of externally funded research projects, standardising the costing and pricing of externally funded research will support this objective.

(6) This Policy reflects the diversity of research conducted, whilst ensuring compliance with the relevant laws, regulations, and University policies and processes.

(7) All individuals involved in the preparation, approval, and conduct of externally funded research projects must comply with the University's Conflict of Interest Policy. Any actual, potential, or perceived conflicts of interest must be disclosed and managed in accordance with that Policy.

(8) The preparation and approval of external research project budgets and the associated expenditure should comply with Funder requirements and include, at a minimum, all the Direct costs of the research, and the allowable Indirect costs, and should be completed using the approved University Costing Model (UCM).

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(9) The submission of externally funded research project applications/proposals must be approved in advance by the relevant Approver (Institute Director/Centre Director, or their approved Delegate) and in accordance with the Delegations and Authorisations Policy.

(10) All internal approvals (including Costings, application/proposal and Coversheet) are required before submission to the external Funder and undertaken in accordance with the internal submission deadlines set by Research Services for each opportunity.

(11) Residual funds from completed externally funded projects will be distributed according to the Research Costing and Pricing - Treatment and Distribution of Indirect Costs, and Management of Research Cost Centres Procedure.

Costing

(12) All externally funded research project costings should be prepared using the approved and current version of the UCM.

(13) The University adopts a transparent methodology for costing research and research consultancy projects in alignment with the principles of the Victorian Government's Competitive Neutrality Policy.

(14) When preparing a costing for any external research projects both the Direct and the Indirect costs of a research project should adopt Full Cost principles. Direct Costs include the Salary for all staff working on the project (including the related Salary On-costs), and all other Direct Costs of research. Salary costs must incorporate projected overtime for any overtime eligible staff member whose responsibilities will require work beyond normal business hours or standard work schedules, in accordance with the provisions set out in the Victoria University Enterprise Agreement 2025.

(15) All Indirect costs and any Institute/Centre/University In-kind and/or cash contributions must also be clearly listed in the UCM.

(16) Indirect costs will be calculated by applying the approved minimum percentage set out in the UCM to the total Direct Costs of the project (including Salary Costs and all other fully calculated direct Research project costs).

(17) Indirect costs fees will not be applied to budgets from the National Competitive Grants Program, or to those which include contractual or regulatory restrictions to Indirect cost recovery. In cases where the terms and conditions of a funding scheme allow only limited cost recovery, applicants must request cost recovery to the maximum extent allowable by the Funder.

(18) All project budgets for externally funded research activities and consultancies (along with the final proposal and completed Coversheet) must be submitted to Research Services for compliance checking and internal approvals prior to submission to the external funder.

(19) Where the Funder allows the application of Indirect costs, the maximum prescribed amount by the Funder must be applied, or a minimum Indirect cost rate as set out in the UCM or higher on the total Direct costs of the project, must be applied if the Funder does not specify a rate. Any Indirect costs not recoverable from the Funder should be reflected in the project budget as a VU in-kind contribution.

(20) Annual salary increases and inflation adjustments should be incorporated into multi-year research projects.

(21) All travel must be conducted in accordance with Victoria University's Travel Policy, applicable funding guidelines, and specific research agreement terms.

(22) Equipment purchased with research funds must comply with Victoria University's Asset Policy, applicable funding agency requirements or agreement terms.

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(23) Project costings may include scholarship-related expenses for Higher Degree by Research students and other scholarship recipients working on the research. This includes stipends, allowances (including Overseas Student Health Cover), and tuition costs, with tuition fees either budgeted as direct expenses wherever possible, or approved in advance by the Dean, Graduate Research, prior to submitting the grant/proposal. Scholarship payments are treated as non-employment compensation and therefore excluded from standard employment on-costs including workers' compensation, payroll tax, superannuation, and leave provisions.

Pricing

(24) Unless prohibited by the funding rules, the Final Price of external research grant/application must be derived using the approved and current UCM, and at a minimum cover the:

a. Full Direct Cost of research including the costs of all University staff time in the research project and all other direct research project costs; and,
b. Indirect Costs of research (as outlined under Clause 15 & 16).

(25) The Final Price of a commercial research contract and consultancy activity should include all the Direct costs and the full Indirect costs (at the percentage rate prescribed in the current approved UCM) and a markup. The Final Price should ensure compliance with the Victorian Government's Competitive Neutrality principles, and at the same time appropriately reflect the high quality and value of the services provided by the University.

(26) Victoria University maintains its reputation through high-quality, high-value research services, and pricing policies must support this positioning. Staff are required to establish market-competitive pricing for consultancy and contract research that includes value-based margins beyond cost recovery. Margin calculations should reflect market conditions, competitive factors, intellectual property arrangements, risk assessment, and the specialised nature of available expertise, infrastructure, and personnel. Additional margins may not be incorporated into projects where indirect cost rate modifications are under consideration.

(27) Before sharing the Final Price with the Funder, the proposal, UCM and Coversheet should be approved according to Clause 9. In exceptional circumstances only, may the Approver or their Delegate (under Clause 9) approve pricing below full cost as defined within Policy definitions. Where approved, the deficit (difference of amount) must be met from the internal research budget of the relevant Institute/Centre and listed in the proposal and in the agreement as in-kind.

(28) The Deputy Vice-Chancellor, Research & Impact is responsible for approving any changes or updates to the minimum Indirect /overhead charge rate. The University's Indirect Cost percentage rate will be reviewed annually.

(29) Where the University leads a shared research project with an external research organisation; the University's maximum allowable Indirect cost rate must be applied to VUs portion of the project. External organisations should apply their own Indirect cost rate, or, where the organisation does not have an Indirect cost rate or has a rate lower than VU's standard rate, they should apply and retain VU's standard Indirect cost rate for their portion of the project.

(30) For research projects where VU is not the lead organisation, the maximum allowable Indirect cost rate should be applied for the VU's portion of the project, with VU's standard Indirect cost rate as set out in the UCM applied as a minimum.

Section 4 - Procedures

(31) Research Costing and Pricing - Treatment and Distribution of Indirect Costs, and Management of Research Cost Centres Procedure

Section 5 - HESF/ASQA/ESOS Alignment

(32) HESF: Standard 4.1 Research; 6.2 Corporate Monitoring and Accountability; 6.3 Academic Governance.

Section 6 - Definitions

(33) Approver: The Approver will be the relevant Institute Director/Centre Director to approve the submission to the Funder (including the final research/consultancy application/proposal, the Final Price and the Coversheet) in accordance with the Delegations and Authorisations Policy.

(34) Competitive Neutrality Policy (Victorian Government): The Victorian Government's Competitive Neutrality Policy is to ensure that significant government businesses compete fairly in the market. The University will adopt the principles of the Policy to ensure that the Price it charges for research is not unreasonably low and is not being subsidised using public assets. Competitive Neutrality means that state-owned and private businesses compete on a level playing field.

(35) Coversheet: Pre-award coversheet document issued by Research Services, to be completed and accompany any application for internal approvals prior to the application's submission to external parties.

(36) Delegate: The nominated senior research leader to perform approvals for external submissions, on behalf of the Approver, and must be documented in advance of leave/absence by the Approver.

(37) Direct Costs: Cost that can be easily attributed to a specific research project and would not have been incurred if the project was not undertaken. These include but are not limited to: salaries for academic, professional and technical staff (including salary oncosts), subcontractor costs, consumables, materials and supplies (including laboratory supplies and animals), project specific equipment, travel and other fieldwork expenses, fees and subscriptions, and laboratory usage.

(38) Final Price: The Final Price for a research project or consultancy approved by the Approver (or Delegate) and submitted to the external Funder .

(39) Full Cost: The full cost of completing the (research or consultancy) project. This should include both the Direct and Indirect costs associated with completing the project.

(40) Funder/Funding Body: Funder/Funding Body refers to an external entity providing research funding or payment for a research project /or consultancy including funding agencies, government organisations, community and industry partners.

(41) Indirect Costs: Also known as overheads, are costs borne by the University in carrying out its business, to deliver research but are not directly attributable to the research project. These include but are not limited to: office space, information and communications technology, equipment and support; services such as research administration, P&C, IT, legal, security, finance and insurance; and other University costs such as management, shared buildings, grounds and utilities.

(42) In-kind: Non-monetary contributions, such as goods, services, or staff time, provided by the University to support the research project's execution.

(43) Margin: The amount that is charged to the Funder/Funding body based on the value of the work and is in addition to both Direct and Indirect costs.

(44) National Competitive Grants Program: Are funding schemes that provide competitive research grants to Higher Education providers in Australia.

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(45) Pricing: Pricing is the process of determining the amount of money that is charged for a product or service. It involves setting a value (“Final Price”) based on various factors such as costs, market demand, competition, and perceived value and may not always reflect the actual cost of producing or delivering the product or service.

(46) Research: As defined in the Commonwealth’s Higher Education Research Data Collection specifications as amended from time to time.

(47) Salary Costs: Amount paid to a staff member in return for work performed (base salary) and includes all Salary Oncosts, e.g. leave provision superannuation, payroll tax, workers compensation).

(48) Salary On-Costs: Are those costs that are a legal employment obligation. These include, but are not limited to, leave provision, payroll tax, work cover insurance, and superannuation.

(49) Surplus/Deficit: Funds remaining upon completion of a research project after all allowable direct costs, indirect costs, and committed expenditures have been paid or accrued. May include unspent budget allocations originally designated for markup recovery and academic salary support not fully utilized during the project period.

(50) University Costing Model: Costing tool that accurately estimates and calculates costs associated with research projects and consultancies to provide a comprehensive breakdown of expenses, both Direct and Indirect, required to conduct a specific research project or consultancy, and facilitates pricing decisions.

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Status and Details

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Accountable Officer	Andrew Hill Deputy Vice-Chancellor, Research & Impact andy.hill@vu.edu.au
Responsible Officer	Beverley Baugh Executive Director, Research Services +61 3 9919 5827
Enquiries Contact	Beverley Baugh Executive Director, Research Services +61 3 9919 5827

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