



Australian Government

**Department of Innovation
Industry, Science and Research**

**Sustainable Research Excellence (SRE) in Universities
2010 Guidance Paper**

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Table of Contents

1. SRE Guidance Paper Overview

- 1.1 Purpose**
- 1.2 SRE Background**
- 1.3 Objectives of the SRE program**
- 1.4 Key SRE program design features**
- 1.5 SRE further development**

2. The 2010 SRE Funding Methodology

- 2.1 Key design features**
- 2.2 Performance Factor Calculation**
- 2.3 Implementation assistance**
- 2.4 Use of SRE funds**
- 2.5 SRE funding profile and payment arrangements**

3. 2010 Transparent Costing (TC) Framework

- 3.1 Overview**
- 3.2 Key design principles**
- 3.3 Key design features**
- 3.4 2010 TC Framework**

4. 2009-10 SRE Timeline

Attachment A: 2010 SRE Funding Methodology

Attachment B: 2010 SRE Conditions of Grant

Attachment C: 2010 SRE TC Specification

Attachment D: SRE extract from Other Grants Guidelines (Research) 2009

1. SRE Guidance Paper Overview

1.1 Purpose

The purpose of this paper is to describe the Sustainable Research Excellence (SRE) administrative framework that will be implemented.

The 2010 SRE funding methodology and Transparent Costing (TC) method contained here will be key matters that universities will need to consider when deciding whether they will commit to the TC and Excellence in Research in Australia (ERA) processes in 2010 and will inform discussions between universities and the department as part of the Interim Agreement compacts process.

1.2 SRE Background

The SRE program is part of an integrated suite of reform measures for Australia's higher education system announced by the Australian Government as part of the 2009-10 Budget. The SRE program responds to key recommendations made in *Powering Ideas: An Innovation Agenda for the 21st Century*, the government's policy agenda for the reform of the Australian innovation system.

The SRE will be administered under the authority of the *Higher Education Support Act 2003* (HESA) and is established within the Other Grants Guidelines (Research) 2009.

Over the four years 2009-10 to 2012-13, \$510 million will be provided under the SRE program to support universities in meeting the indirect costs of their Australian Competitive Grant (ACG) research activities. The aim of the new program, which builds on but is distinct from the continuing Research Infrastructure Block Grants (RIBG) scheme, is to reward excellence in research and to secure its sustainability over the longer term.

SRE is an ongoing program, with approximately \$300 million (indexed) to be allocated annually from 2013-14. It is complemented by the Joint Research Engagement (JRE) measure and the Collaborative Research Networks (CRN) program. JRE will reward greater collaboration between universities and research end-users and CRN will support smaller and/or less research intensive universities to build on their research strengths through partnerships with other universities.

This Guidance Paper, in Section 1, describes the key design features of the SRE program and, in Section 2, outlines the 2010 SRE funding methodology.

1.3 Objectives of the SRE program

The dual objectives of the SRE program are to:

- (i) help address an identified shortfall in the funding available to meet the indirect costs associated with ACG research; and
- (ii) support universities to build and maintain research excellence through the implementation of best practice financial management, performance and reporting frameworks.

The first of these objectives reflects a need for additional support to universities to meet the project related infrastructure costs associated with ACG research and enhance the development and support of university research infrastructure more broadly.

The second objective, which distinguishes SRE from RIBG and other research block grant programs, recognises that achieving research excellence on a sustainable basis is dependent on universities' capacity to strategically manage their resources to meet costs associated with research activities. It also recognises a need for mechanisms and incentives to support universities to stretch their research performance over time.

1.4 Key SRE program design features

Key design features of SRE that will apply from 2010 are:

- Three elements; Base, Threshold 1 and Threshold 2
- A funding distribution between elements of 20%-13%-67%
- The primary funding driver for all elements is ACG income
- The primary funding driver will be moderated in Threshold 2 by a measure of indirect costs (when available) and a performance measure.

The split of funding between the three elements of SRE will ensure:

- A suitable level of indirect cost support per ACG dollar to all universities – At peak support, all universities will receive at least double their cents in the dollar allocation under the RIBG program alone. All universities will receive a level of indirect cost support consistent with international best-practice levels¹.
- An effective incentive for universities to make strategic investments in areas of research strength to allow continuous improvement of their research performance.

1.5 SRE further development

The implementation of the TC framework and performance factor which underpin SRE will also be phased, with 2010 and 2011 being transition years for the program.

¹ See: Allen Consulting Group 2009, *The indirect costs associated with university research through Australian Competitive Grants*, July 2009

This phased implementation recognises the need to trial the TC framework which underpins universities' indirect cost calculations in 2010 and to model and test the mechanism for incorporating ERA outcomes into funding allocations in 2011.

Data necessary for full implementation of the SRE model (TC and ERA) will not be available in time to drive 2010 funding therefore, interim arrangements have been made for this funding year and are described in the 2010 SRE Funding Methodology in Part 2.

In 2010, the Department of Innovation, Industry, Science and Research (DIISR) will establish appropriate consultative arrangements to support a trial of the 2010 TC framework (in those universities agreeing to participate in TC) and the evaluation of its outcomes, with a view to establishing a final TC framework for implementation in 2011.

In 2011, *Threshold 2* funding will be based on relative share of ACG funding moderated by the final results of the 2010 trial of TC and by the interim performance factor.

From 2012, it is expected that ERA outcomes will underpin the *Threshold 2* performance factor and/or threshold. The final TC framework adopted for universities' indirect cost calculations and the frequency with which these calculations are undertaken will be informed by the outcomes of the 2010 TC trial and will be applied to modify *Threshold 2* payments.

2. The 2010 SRE Funding Methodology

2.1 Key design features

As outlined in **Section 1**, 2010 will be a transition year for the SRE program.

The 2010 SRE funding allocation model will comprise three elements that align with SRE objectives as set out in **Table 1**.

Table 1: SRE 2010 Funding Methodology

SRE Element	Funding provided	Alignment with SRE objectives
Base (20% SRE)	Available to all universities in receipt of ACG funding. <i>Universities' share calculated according to the RIBG funding formula (Universities' relative share of ACG income)</i>	All universities receive enhanced support to meet the indirect costs of competitive research
Threshold 1 (13% SRE)	Universities eligible if participating in 2010 trial of TC and in ERA <i>Funding allocated based on the relative share of ACG income \leq \$2.5 million</i>	Aims to build capacity by rewarding universities for their commitment to ongoing improvement in their research management (through TC) and performance (through ERA) practices.
Threshold 2 (67% SRE)	Universities eligible if participating in 2010 trial of TC and in ERA and have ACG income $>$ \$2.5 million.. <i>Funding allocated based on the relative share of ACG income $>$ \$2.5 million, moderated by a performance factor based on the ratio of full time equivalent (FTE) Research Active staff to Weighted Publications.</i>	Aims to strengthen Australia's research performance by rewarding demonstrably world-class research activity.

By making access to the *Threshold 1* and *Threshold 2* components of SRE contingent on participation in ERA, in addition to TC, the program aims to promote excellence and make Australian universities more internationally competitive.

As outlined in **Table 1** above, in 2010 participation in ERA and TC will be an eligibility requirement for accessing 80% of SRE funds (*Threshold 1* and *Threshold 2*). Universities will be required to state their intention to participate (or not participate) in ERA and TC by mid-November 2009.

2.2 Performance factor calculation

Threshold 2 funding will be allocated in 2010 on the basis of universities' relative share of ACG income, moderated by a proxy performance factor based on the ratio of full time equivalent (FTE) Research Active staff to Weighted Publications.

Weighted Publications have been chosen to moderate SRE funding allocations in 2010 to provide:

- Fitness for purpose – Weighted Publications are an established proxy measure of research outputs consistent with the objectives of the *Threshold 2* element of SRE;
- Simplicity – data is already collected by universities as part of the annual HERDC return process; and
- Transparency – data is verifiable and publicly reported.

The use of raw publications would be a measure of size rather than performance and thus advantage larger institutions at the expense of their smaller (but potentially higher performing) counterparts. To address this, publications have been turned into a scale-independent performance factor generating a ratio of full time equivalent (FTE) Research Active staff to Weighted Publications.

The performance factor will be full time equivalent (FTE) Research Active staff per Weighted Publication, where the components of the performance factor are defined as:

- Research Active staff - Research Only and Teaching and Research FTE as reported to DEEWR in the annual Staff data collection, and
- Weighted Publications - weighting according to the RTS formula, where Books have a weighting of five and other publication types are unweighted.

The raw ratio will be adjusted to reflect a university's variance from the mean of ratios to ensure that those above average on the measure receive a relatively greater share of *Threshold 2* funding and those below average, a relatively smaller share.

Given that the final performance moderator is being used on an interim basis, it has not been scaled so that it is limited to generating movements in funding of approximately -0.5% - +1.5%.

2.3 Implementation Assistance

In 2010, in addition to the \$65 million allocated to *Base*, *Threshold 1* and *Threshold 2* elements, \$20 million will be distributed to eligible universities in recognition of potential additional costs arising from their participation in TC including development of financial management systems, supporting documentation and administrative resources.

The detailed 2010 SRE Funding Methodology, including the distribution of Implementation assistance is at **Attachment A**.

2.4 Use of SRE funds

SRE funds may be used to support any indirect costs associated with ACG research.

This increased flexibility in the use of SRE funds relative to the RIBG program reflects the broader objectives of SRE, which places additional emphasis on building excellence and sustainability.

In line with these objectives, in future years, a portion of SRE funds may additionally be set aside to be used by universities to meet identified priority areas of action by the Australian Government in the context of agreements reached in the compacts negotiation process.

More detailed information on use of SRE funds is provided in the 2010 Conditions of Grant at **Attachment B**.

2.5 SRE funding profile and payment arrangements

The funding for SRE will grow steadily from \$30 million in 2009-10 to \$300 million in 2013-14 and, like other research block grants; allocations will be determined on a calendar year basis and be paid through the Department of Education, Employment and Workplace Relations' (DEEWR) UniPay system.

Payments will be made in 2010 through a combination of periodic payments for the *Base* and *Threshold 1* elements and a lump sum in each half of the calendar year for the *Threshold 2* element and Implementation funding. This arrangement will continue until 2013 when the funding profile allows all SRE grants to be paid via periodic payment.

Table 2 details the funding profile and payment methods for SRE elements in 2010 through to 2013.

Table 2: SRE funding profile and payment methods for SRE elements

Financial Year	2009-10		2010-11		2011-12		2012-13		2013-14		
	0	30	55	65	55	105	50	150	150	150	
Half Yearly Amounts	0	30	55	65	55	105	50	150	150	150	
UniPay Periodic (20%)	0	6.5	6.5	12	12	15.5	15.5	30	30	30	
UniPay Periodic (13%)	0	4.225	4.225	7.8	7.8	10.075	10.075	19.5	19.5	19.5	
Unipay Single Pays (67%)	0	0	43.55	45.2	35.2	79.425	24.425	100.5	100.5	100.5	
UniPay Single Pay (Implementation)	0	19.275	0.725	0	0	0	0	0	0	0	
Half Yearly Amounts	0	30	55	65	55	105	50	150	150	150	
Calendar Year	0	85		120		155		300		300	
	2009	2010		2011		2012		2013		2014	

3. Transparent Costing (TC) Framework

3.1 Overview

By making access to the *Threshold 1* and *Threshold 2* components of SRE contingent on participation in TC, the program aims to:

- Increase transparency and accountability; and
- Ensure that resources are allocated more rationally and used efficiently.

International experience indicates that the development of such a framework and its implementation at an institutional level has wide-ranging benefits for both governments and individual universities and provides a central platform for securing financial sustainability and excellent research performance over the longer term.

As outlined in **Table 1** above, in 2010 participation in a trial of TC will be an eligibility requirement for accessing 80% of SRE funds but will not drive 2010 funding allocations. The results of the 2010 trial will, however, inform the design of the final TC framework to be adopted under the SRE program and form the basis for allocation of funding under the *Threshold 2* element of SRE in 2011.

3.2 Key design principles

The 2010 trial TC framework has been designed in accordance with the following principles:

- Fitness for purpose – to provide a robust basis for the allocation of SRE funds;
- Simplicity – to find an appropriate balance between precision and complexity;
- Cost efficiency – to promote consistent cost accounting practices with respect to TC;
- Transparency – to produce results that are verifiable, auditable, defensible and understandable to an independent observer;
- Equity of treatment – to support equitable treatment of indirect costs between different universities;
- Materiality – to avoid counting costs below a meaningful threshold; and
- Reasonableness – to ensure allowed indirect costs are defensible as real indirect costs of ACG research.

These principles seek to minimise the compliance burden on institutions and constraints on their autonomy while ensuring that funds are allocated on a fair and transparent basis.

The design of the trial TC framework also reflects international experiences in implementing TC systems which highlight the need for an appropriate balance between precision and the complexity of cost tracking and reporting processes.

3.3 Key design features

In line with the principles outlined above, the TC framework underpinning the *Threshold 1* and *Threshold 2* thresholds in 2010 will comprise two key components:

- (i) A set of allowable indirect costs, falling into one of four indirect cost categories; and
- (ii) A single indirect cost driver to support the calculation of the proportion of indirect costs incurred by universities attributable to ACGs.

These components are discussed in turn below and in more detail in the 2010 SRE TC Specification at **Attachment C**.

Allowable Indirect Costs

Four categories of indirect costs will be adopted in the 2010 trial TC framework: non-academic salaries and on-costs; costs of maintaining physical university infrastructure; finance and insurance costs; and other costs indirectly associated with research. Allowable indirect costs (for the purposes of attracting SRE funding) in each of these categories are outlined broadly in **Table 3**.

Table 3: Allowable Indirect Costs and Indirect Cost Categories

Indirect Cost Categories	Allowable Indirect Costs
Non-academic salaries and on-costs	Non-academic salaries; Contributions to Superannuation and pension schemes; Payroll tax; Workers' compensation; Other non-academic employee benefits
Costs of maintaining physical university infrastructure	Repairs to buildings, laboratories and research facilities; Repairs and maintenance to equipment and systems (including ICT); Security costs; Cleaning costs; Health and Safety costs; Utility Costs
Finance and insurance costs	Leasing and legal costs associated with external research facilities; External auditing expenses; Insurances
Other costs indirectly associated with research	Consumables and office supplies; Health and safety expenses; Advertising, marketing and promotions costs of research; Legal fees; Compliance costs; Publication costs not captured elsewhere

The choice of the indirect cost categories and allowable costs outlined in **Table 3** takes into account feedback from universities on the SRE Issues Paper and a targeted workshop which indicated that the inclusion of some indirect costs or categories of costs would conflict with the principles outlined in **Section 3.2**.

For example, the inclusion of depreciation costs and borrowing costs (proposed as part of the SRE Issues Paper) were considered problematic, given a diversity of

approaches currently adopted by universities and the difficulties associated with recognizing these costs in a fair and consistent manner.

Indirect Cost Driver

A single indirect cost driver will be adopted in the 2010 trial TC framework: the relative effort of academic staff on ACG research:

$$\frac{\% \text{ time spent on ACG research} * \text{FTE ACG associated staff}}{\text{total staff FTE}}$$

The choice of a single, FTE-based driver takes into account feedback from universities on the SRE Issues Paper which indicated a general acceptance that FTE-based drivers provide the simplest and most cost-effective approach to apportioning costs and a suitable starting point for the implementation of TC in Australia.

The calculation of time spent by academic staff on ACG research will be informed by a survey of all academic staff which collects data at a minimum of two points in time in the first half of the 2010 academic year. Universities will additionally be required to produce a robust calculation of their academic FTE (defined in accordance with the specifications outlined in **Attachment C**) at each point in time surveyed.

Universities will have the flexibility to develop their own survey instruments to collect data from staff in accordance with the specifications in **Attachment C**. Universities will also have autonomy with respect to how they administer surveys within their institution but will be required to demonstrate the statistical validity of their methodology and the results it produces.

3.4 2010 TC Framework

Universities will need to commit to participation in both TC and ERA to be eligible for *Threshold 1* and *Threshold 2* funding.

This commitment will be gained through a combination of existing administrative processes and the Interim Agreement process. Currently the annual Commercialisation Training Scheme (CTS) participation process includes written confirmation that they wish to participate in that scheme. This process will be expanded to also gain a similar commitment from universities in relation to SRE.

This approach will allow detailed discussion through the Interim Agreement process of universities' intentions regarding the strategic use of SRE funding, while also meeting the timing requirements for calculating the 2010 SRE entitlements. It is expected that all universities will have confirmed their participation or otherwise by mid November 2009.

Participating universities will be expected to work co-operatively with DIISR in a trial of the 2010 TC framework outlined in this paper over the 2010 calendar year.

2010 TC:- Implementation Support

\$20 million will be distributed to universities participating in TC. A one-off payment will be made in January 2010 to assist universities to develop their financial management systems and supporting documentation to support the ongoing implementation of TC.

Implementation funding will only be available in 2010, however, costs of TC are explicitly acknowledged by DIISR as an indirect cost of ACG research and as such can be funded from SRE funds, including during 2010.

The \$20 million will be allocated to universities on the following basis:

- A flag-fall allocation to all universities participating in TC of \$200,000; and
- The remaining funding will be distributed based on universities' relative share of 2010 SRE funding from the *Base, Threshold 1* and *Threshold 2* elements.

The provision of the fixed, flag-fall payment recognises that all participating universities are likely to incur costs in establishing TC, irrespective of scale and/or research intensity.

The distribution of remaining funds recognises that some costs will scale with the number of university staff and complexity of financial arrangements.

2010 TC:- Trial Governance Arrangements

A Technical Expert Group, comprising university, independent and government officers with relevant expertise in data and financial management and statistical methods, will be established by DIISR to advise on the 2010 trial of TC and support the evaluation of its outcomes.

In addition to advising on the implementation of the 2010 trial, the Technical Expert Group will assist DIISR in refining the 2010 trial framework to support TC implementation in subsequent years.

DIISR will seek nominations for higher education representation on this group in late 2009 with a view to establishing the group in January 2010.

2010 TC:- Trial Key Steps

The TC trial will be conducted in two phases between January and June 2010 (see **Figure 2** below).

In the initial phase, universities will undertake a survey of staff time and calculate indirect costs in accordance with advice provided by DIISR in the 2010 TC Specification (**Attachment C**). Data will be submitted to DIISR in early April and reviewed by DIISR, in consultation with the Technical Expert Group, with a view to identifying any inconsistencies and/or other issues which need to be addressed through refinements to the model and/or associated guidance to universities.

The second phase of the trial will commence in May 2010 with universities conducting a second survey and calculation of indirect costs associated with ACG research. Data will be submitted to DIISR by the end of June 2010 to enable it to inform 2011 SRE funding allocations.

Following completion of the second phase, DIISR, in consultation with the Technical Expert Group, will review the TC specifications for 2010 and associated implementation process with a view to developing a final model to support funding allocations from 2012 onwards. The potential inclusion of costs excluded from the 2010 trial and the use of alternative drivers are examples of some issues which might be considered in this context.

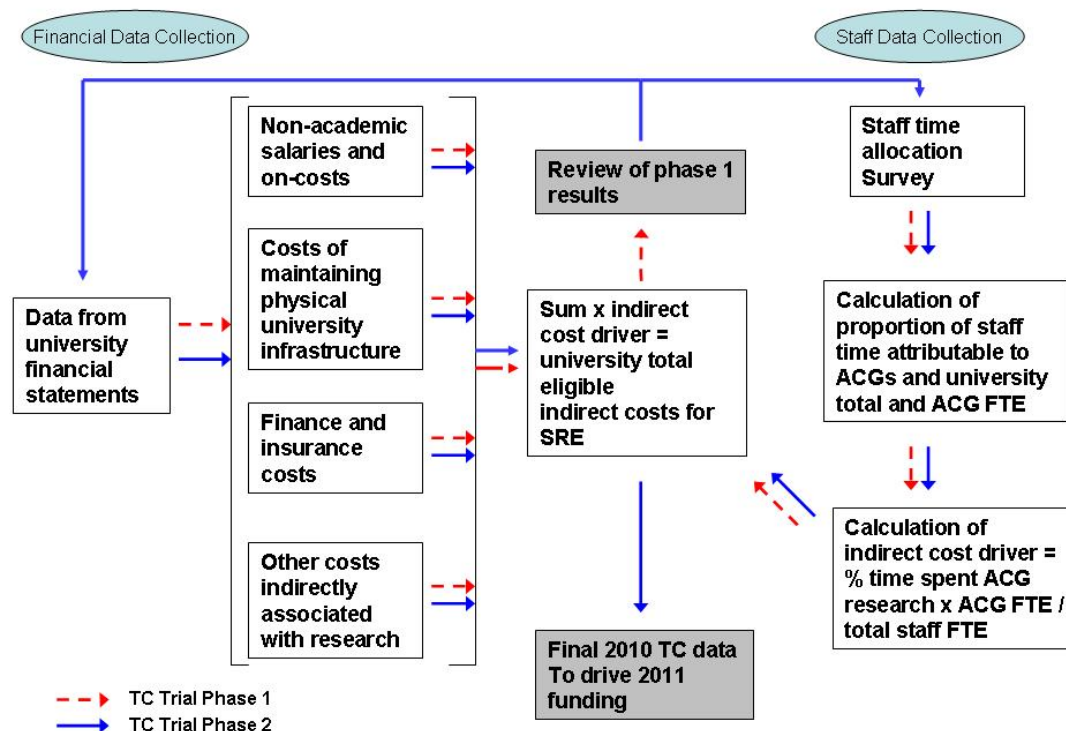
2010 TC:- Trial Reporting Arrangements

Universities will be required to report final TC data in 2010 by 30 June, the same reporting date for all other research block grant reporting obligations such as the Higher Education Research Data Collection (HERDC).

While universities will be required to report only high-level costs and data to DIISR (for example, total indirect costs incurred in each of the indirect cost categories, value of the indirect cost driver, and institutional-level survey results) they will need to certify that costs reported are robust and have been calculated in accordance with the 2010 TC Specification (**Attachment C**). Spot audits of university data may also be conducted to ensure compliance with the TC specification.

DIISR will provide a template to universities to facilitate consistent reporting of TC costs in early 2010.

Figure 2: 2010 TC:- Trial Process for universities



4. 2009-10 SRE Timeline

Table 4 below summarises the key milestones for the 2010 SRE Model and their implications for universities.

The most immediate milestone for universities outlined in this timeline is communication of their intention to participate (or not participate) in TC and ERA. SRE will also be considered as part of Interim Agreement discussions for mission-based compacts.

Table 4: Key Milestones – 2010 SRE Model

Date	SRE
September 2009	SRE Guidance Paper released Interim Agreement process commences discussing universities' intentions regarding the strategic use of SRE funding (to be completed by mid December)
Mid November 2009	Universities advise on their 2010 participation status for TC and ERA as well as the Commercialisation Training Scheme (CTS) in a combined process. Call for nomination to TC Technical Experts Group
End 2009	Universities advised of funding allocations for SRE for 2010
January 2010	TC Technical Expert Group established Universities receive one-off payment for Implementation Periodic payments commence for <i>Base</i> and <i>Threshold 1</i> elements
February 2010	2010 TC trial commences (Phase 1)
April 2010	Initial set of 2010 TC data provided by universities participating in trial to DIISR
May 2010	Phase 2 TC trial commences
30 June 2010	Final set of 2010 TC data provided by universities participating in trial to DIISR
July 2010	One-off payment for <i>Threshold 2</i> element
July/August – November	TC trial reviewed by DIISR and TC Technical Expert Group and 2011 TC specifications finalised. TC outcomes tested, modelled and incorporated in 2011 SRE funding methodology.
End 2010	Universities advised of funding allocation for SRE for 2011

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SRE Guidance Paper

Attachment A

Attachment A: The Process for Determining Sustainable Research Excellence (SRE) Scheme Grant Amounts

This document provides a comprehensive description of the SRE Funding Methodology outlined within the SRE Guidance Paper. Universities will need to consider this document prior to advising the department of its participation in TC and ERA in 2010.

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The Process for Determining Sustainable Research Excellence (SRE) Scheme Grant Amounts

Purpose

This document sets out the process by which the Department of Innovation, Industry, Science and Research (DIISR) determines grant amounts for eligible higher education providers (HEPs) under the Sustainable Research Excellence (SRE) Scheme.

The SRE Scheme is a program under which grants can be paid for the purpose of supporting research by, and the research capability of, HEPs. The process for determining SRE grant amounts is set out in this document.

Guidelines for the SRE Scheme are contained in Chapter 1 of the Other Grant Guidelines (Research) and can be downloaded from the Federal Register of Legislative Instruments at:

<http://www.comlaw.gov.au/> [full address will be included once registered]

The SRE Final Grant Amount is comprised of three elements, each of which has a funding amount set as a percentage of the SRE total funding for the Grant Year:

- SRE Base (20%)
- SRE Threshold 1 (13%)
- SRE Threshold 2 (67%)

The funding amount calculations for each element will be unrounded. The amounts for 2010 are:

- SRE *Base* (\$13.0m)
- SRE Threshold 1 (\$8.45m)
- SRE Threshold 2 (\$43.55m)

In addition to the above amounts, Implementation funding of \$20 million is available in 2010 only.

Calculating a Performance Index

A performance index is a list of the relative performances of a group of providers defined for a particular purpose. The relative performances are expressed as a percentage of the sum of all performances within the defined group. Each provider's percentage is known as a share.

Calculate Base element

All HEPs are eligible for inclusion in the Base performance index. DIISR determines each HEP's SRE Base amount on the basis of the Base performance index applied against the Base SRE funding for the year.

The Base performance index will be based on Australian Competitive Grant Income (Category 1) only. The income data will be unweighted.

Income is the average of the most recent two years for which data is available and is sourced from the Higher Education Research Data Collection.

For all providers, their allocation for the Base element is rounded down to the next whole dollar. The difference between a provider's rounded and unrounded SRE Base Amount is the remainder. The sum of all remainders is the unallocated dollars of the Base element.

Each provider's remainder is ranked in descending order based on its remainder's closeness to one. One dollar is assigned to each provider according to its ranking until all unallocated dollars are exhausted.

Each HEP's Base Amount is equal to the rounded Base Amount plus any whole dollars assigned.

Calculate Threshold 1 Element

Only providers that agree to participate in Transparent Costing of the indirect costs of research and the Excellence in Research for Australia processes in a manner required by DIISR are eligible to be included in the Threshold 1 performance index.

DIISR determines each HEP's Threshold 1 amount on the basis of the Threshold 1 performance index applied against the Threshold 1 funding for the year.

The Threshold 1 performance index will be based on Australian Competitive Grant Income (Category 1) Income only up to and including the Threshold 1 threshold of \$2,500,000. The income data will be unweighted.

Income is the average of the most recent two years for which data is available and is sourced from the Higher Education Research Data Collection.

For all providers, their Threshold 1 Amount remains unrounded.

Calculate Threshold 2 Element

Only providers that agree to participate in Transparent Costing of the indirect costs of research and the Excellence in Research for Australia processes in a manner required by DIISR are eligible to be included in the Initial Threshold 2 performance index.

DIISR determines each HEP's Initial Threshold 2 Amount on the basis of the Initial Threshold 2 performance index applied against the Threshold 2 funding for the year.

The Initial Threshold 2 performance index will be based on Australian Competitive Grant Income (Category 1) Income in excess of the Threshold 1 threshold of \$2,500,000. The income data will be unweighted.

Income is the average of the most recent two years for which data is available and is sourced from the Higher Education Research Data Collection.

For all providers, their Initial Threshold 2 Amount remains unrounded.

Calculate Threshold 2 Moderator

The Threshold 2 Ratio is calculated by dividing each HEP's Research Active staff numbers by the HEP's Weighted Publications.

Research Active staff are defined as Research Only and Teaching and Research staff (EFTSU) as reported in the Higher Education Staff Collection administered by DEEWR. Weighted Publications are as defined in the method of calculation document for RTS and collected in the Higher Education Research Data Collection.

The Threshold 2 Difference for a HEP is the mathematical mean of all HEPs' Threshold 2 Ratios less that HEP's Threshold 2 Ratio.

The Threshold 2 Moderator is calculated by adding 1 to the Threshold 2 Difference.

Calculate the Moderated Threshold 2 Amount

The Moderated Threshold 2 Amount is calculated by multiplying the Initial Threshold 2 Amount by the Threshold 2 Moderator.

Calculate the Final Threshold 2 Amount

DIISR determines each HEP's Final Threshold 2 amount on the basis of the Final Threshold 2 performance index applied against the Threshold 2 funding for the year.

The Final Threshold 2 performance index will be based on HEPs' Moderated Threshold 2 Amounts.

For all providers, their allocation of SRE Threshold 2 remains unrounded.

Calculate SRE Grant Amount

The SRE Grant Amount is calculated according to the following formula:

SRE Grant Amount = Base Amount + Threshold 1 Amount + Final Threshold 2 Amount.

For all providers, their SRE Grant Amount is rounded down to the next whole dollar. The difference between a provider's rounded and unrounded SRE Grant Amount is the remainder. The sum of all remainders is the unallocated dollars of SRE Grant Amount.

Each provider's remainder is ranked in descending order based on its remainder's closeness to one. One dollar is assigned to each provider according to its ranking until all unallocated dollars are exhausted.

Each HEP's SRE Grant Amount is equal to the rounded SRE Grant Amount plus any whole dollars assigned.

Calculate Implementation Amount

Only providers that agree to participate in Transparent Costing of the indirect costs of research and the Excellence in Research for Australia processes in a manner required by DIISR are eligible for an Implementation Amount.

Each eligible provider will receive a Flagfall amount of \$200,000. The Flagfall Remainder is equal to total Implementation funding less the sum of Flagfall amounts.

All participating HEPs are eligible for inclusion in the Implementation performance index. DIISR determines each HEP's portion of the Flagfall Remainder on the basis of the Implementation performance index applied against the Flagfall Remainder.

The Implementation performance index will be based on 2010 SRE Grant Amounts. The SRE Grant Amounts will be unweighted.

A HEP's Implementation Amount is the sum of its Flagfall Amount and share of the Flagfall Remainder.

For all providers, their Implementation Amount is rounded down to the next whole dollar. The difference between a provider's rounded and unrounded Implementation Amount is the remainder. The sum of all remainders is the unallocated dollars of Implementation.

Each provider's remainder is ranked in descending order based on its remainder's closeness to one. One dollar is assigned to each provider according to its ranking until all unallocated dollars are exhausted.

Each HEP's Implementation Amount is equal to the rounded Implementation Amount plus any whole dollars assigned.

Calculate SRE Final Grant Amount

SRE Final Grant Amounts is the sum of SRE Grant Amount and Implementation Amount.

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SRE Guidance Paper Attachment B

Attachment B: Part A and Part B of the Annexure to the 2010 SRE funding determination.

This document will establish the full conditions of grant, including expenditure and reporting conditions. Universities will need to consider this document prior to advising the department of its participation in TC and ERA in 2010.

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PART A OF ANNEXURE: DETAILS OF GRANT

1. The Recipient is a higher education provider, as listed in Table A or Table B in section 16-15 or section 16-20 of HESA (the Act).
2. Year
 - 2.1. The year in respect of which the Grants are made is 2010.
 - 2.2. The Grants are made under a program known as the Sustainable Research Excellence Scheme (“**SRE**”), as specified in chapter 1 of the Other Grants Guidelines (Research) 2009 (made under section 238-10 of the Act).
3. Grant Amounts
 - 3.1. The SRE Grant Amounts are specified in the second cell, respectively, of the row in the following table in which the Recipient’s name appears:

Name of Provider	Amount Granted for Year
	SRE
Australian Catholic University	
Batchelor Institute of Indigenous Tertiary Education	
Bond University	
Central Queensland University	
Charles Darwin University	
Charles Sturt University	
Curtin University of Technology	
Deakin University	
Edith Cowan University	
Griffith University	
James Cook University	
La Trobe University	
Macquarie University	
Melbourne College of Divinity	
Monash University	
Murdoch University	
Queensland University of Technology	
Royal Melbourne Institute of Technology	
Southern Cross University	
Swinburne University of Technology	
The Australian National University	
The Flinders University of South Australia	
The University of Adelaide	
The University of Melbourne	
The University of Notre Dame Australia	
The University of Queensland	
The University of Sydney	
The University of Western Australia	
University of Ballarat	
University of Canberra	
University of New England	
University of New South Wales	
University of Newcastle	
University of South Australia	
University of Southern Queensland	
University of Tasmania	
University of Technology, Sydney	
University of the Sunshine Coast	
University of Western Sydney	
University of Wollongong	
Victoria University	

Reporting

4.1 The items specified in the table below are required in the form and by the dates specified in the table, and must be delivered to:

**Manager
Funding and Data
Research Funding and Policy Branch
Department of Innovation, Industry, Science & Research
GPO Box 9839,
Canberra ACT 2601**

Details concerning the “Request for Rollover of Unspent Grant Amount” (including a proforma that the Recipient may use for making a request under clause 2.6 of Part B of this Annexure) and the Higher Education Research Data Collection (“HERDC”) requirements may be found via the following URL:http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Pages/About_RBG.aspx

The Transparent Costing Specification available at:

[http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Pages/SustainableResearchExcellence\(SRE\).aspx](http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Pages/SustainableResearchExcellence(SRE).aspx)

Description	Form	Due Date
Request for Rollover of Unspent 2009 Grant Amount ¹	Electronic Submission ²	30 June 2010 (unless otherwise advised by the department)
HERDC Research Income Return-Return 1 ³	Electronic Submission ²	30 June 2010
HERDC Research Publications Return-Return 2 ³	Electronic Submission ²	
HERDC Audit Certificate	Hard Copy	
HERDC Vice-Chancellor’s Certification Statement	Hard Copy	
Transparent Costing Data Return ⁴	Electronic Submission ²	30 June 2010(unless otherwise advised by the department)
Transparent Costing Vice Chancellor’s Certification ⁴	Hard Copy	
Excellence in Research for Australia (ERA) Data returns. ⁴	As specified by the Australian Research Council	As specified by the Australian Research Council

Notes:

1. Refer also to clause 2.3 of part B of this Annexure.

2. To be made in accordance with details notified by the Department from time to time.
3. This item is a “**Report**” for the purposes of part B of this Annexure.
4. Only required if a HEP commits to Transparent Costing to become eligible for the Threshold 1 and Threshold 2 elements of SRE as defined in the Other Grants Guidelines (Research) 2009.

PART B OF ANNEXURE: CONDITIONS OF GRANT

MEANING OF WORDS

In this part B of the Annexure:

“**Act**” means the *Higher Education Support Act 2003*;

“**Annexure**” means the annexure to the Minister’s determination referred to in clause 1.3, of which the Conditions of Grant comprise Part B;

“**Auditor-General**” means the office established under the *Auditor-General Act 1997* and includes any other entity that may, from time to time, perform the functions of that office;

“**Australian Competitive Grant Research**” means research funded by schemes listed on the Australian Competitive Grants Register, administered by the Department;

“**Commonwealth Material**” means any Material provided to the Recipient by the Commonwealth of Australia

“**Conditions of Grant**” means these conditions of grant;

“**Department**” or “**DIISR**” means the Commonwealth Department of Innovation, Industry, Science and Research;

“**Grant**” means any grant referred to in Part A;

“**Grant Amount**” in relation to any particular Grant, means the amount specified in item 3.1 of Part A for that Grant;

“**Guidelines**” means the Department’s Other Grants Guidelines (Research) 2008, made under section 238-10 of the Act;

“**higher education provider**” has the same meaning as it does in the Act;

“**Intellectual Property Rights**” or “**IPRs**” means all intellectual property rights, including:

- (a) copyright, patents, trademarks (including goodwill in those marks), designs, trade secrets, know how, rights in circuit layouts, domain names and any right to have confidential information kept confidential;
- (b) any application or right to apply for registration of any of the rights referred to in paragraph (a); and
- (c) all rights of a similar nature to any of the rights in paragraphs (a) and (b) which may subsist in Australia or elsewhere,

whether or not such rights are registered or capable of being registered;

“**Material**” includes property, information, software, firmware, documented methodology or process, documentation or other material in whatever form, including any reports, specifications, business rules or requirements, user manuals, user guides, operations manuals, training materials and instructions, and the subject matter of any category of Intellectual Property Rights;

“**Minister**” means the Commonwealth Minister for Innovation, Industry, Science and Research;

“**Moral Rights**” means the right of integrity of authorship (that is, not to have a work subjected to derogatory treatment), the right of attribution of authorship of a work, and the right not to have authorship of a work falsely attributed, as defined in the *Copyright Act 1968* (Cth);

“**Part A**” means Part A of the Annexure;

“**personal information**” has the same meaning as it does in the Privacy Act;

“**Pre-existing Material**” means Material owned or created by a party independent of the research or work conducted under receipt of a Grant;

“**Privacy Act**” means the *Privacy Act 1988*;

“**Program**” means any program specified in item 2.2 of Part A;

“**Recipient**” means the party specified in item 1 of Part A;

“**Report**” means any item designated as a “Report” to be provided in item 4.1 of Part A;

“**Secretary**” means the Secretary of the Department;

“**Third-party IPRs**” means the IPRs in any Third-party Material;

“**Third-party Material**” means any Material owned by a third party that is:

- (a) included, embodied in or attached to the Agreement Material; or
- (b) used in undertaking the Project.; and

“**Year**” means the year specified in item 2.1 of Part A.

1. PREAMBLE

- 1.1. Under Division 41 of the Act, the Commonwealth may make grants to the higher education provider referred to in item 1 of Part A.
- 1.2. Under subparagraph 41-25(b)(i) of the Act, where the Other Grant Guidelines (Research) 2008 (which are defined in section 41-5 of the Act) do not specify conditions that apply to a grant, the grant is made on such conditions as are determined in writing by the Minister (or the Minister's delegate)
- 1.3. The Minister (or the Minister's delegate) has determined that these Conditions of Grant are the conditions on which the Grants are made to the Recipient.
- 1.4. The Recipient acknowledges that:
 - 1.4.1. the SRE Grant Amount is determined by the Minister (or the Minister's delegate) using the method described in the document entitled: "The Process for Determining Sustainable Research Excellence (SRE) Grant Amounts", a copy of which may be found by following the links for each program at:
[http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Pages/SustainableResearchExcellence\(SRE\).aspx](http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Pages/SustainableResearchExcellence(SRE).aspx)

CONDITIONS OF GRANT

2. THE GRANTS

- 2.1. Each Grant is made in respect of the Year, and must be spent in accordance with these Conditions of Grant and the objectives of the Program under which it is made, as specified in the Guidelines.
- 2.2. Payments will be made by instalments in the manner and at the times determined by the Minister and the Secretary, respectively, under subsections 164-5(1) and (2) of the Act.

Sustainable Research Excellence Scheme (SRE)

- 2.2.1. The SRE Grant is made to support the Recipient's Australian Competitive Grant Research. The Recipient has discretion in the way it spends its SRE Grant. The SRE Grant may be used to fund any activity related to the indirect costs of Australian Competitive Grant Research.

Rollover of Unspent Grant Amounts

- 2.3. If the Recipient fails to spend an amount of a Grant (the "**Unspent Amount**"), the Recipient may request in writing to the Secretary, or the person specified in item 4.1 of Part A, in accordance with requirements for the "Request for Rollover of Unspent Grant Amount" specified in item 4.1 of Part A, that the Secretary:
 - 2.3.1. determine under paragraph 41-40(1)(b) of the Act that section 41-40 of the Act applies to the Recipient in respect of the Grant;
 - 2.3.2. specify under subsection 41-40(1) of the Act a part of the Unspent Amount that is taken to be granted to the Recipient under Part 2-3 of

the Act in respect of the year next following the Year (the “**Rollover Grant**”); and

- 2.3.3. determine under paragraph 41-40(3)(b) such other conditions under which the Rollover Grant is taken to be made.
- 2.4. The Recipient must not spend any of the Unspent Amount for any purpose without first receiving written notice from the Secretary (or a delegate of the Secretary) giving details of the Secretary’s determinations and specification referred to in clauses 2.6.1 to 2.6.3, above.
- 2.5. The Recipient must:
 - 2.5.1. notify the Minister (or the Minister’s delegate) in writing of any event that may significantly affect the Recipient’s capacity to meet these Conditions of Grant; and
 - 2.5.2. provide the Minister (in the form required by the Minister and at such times specified by the Minister) with such other information that the Minister by notice in writing requires from the Recipient in respect of the Grant or compliance by the Recipient with these Conditions of Grant.

3. REPORTING

- 3.1. The Recipient must provide DIISR with the Reports and other information in accordance with the requirements specified in item 4.1 of Part A.
- 3.2. If requested in writing by the Commonwealth, the Recipient will provide the Commonwealth with access to review Material at the Recipient's premises.
- 3.3. Reports must be in the form of the approved templates available from the ‘About Research Block Grants’ website page: http://www.innovation.gov.au/ScienceAndResearch/programs_funding/Page/s/About_RBG.aspx . The Recipient can include additional information on the Project in Reports at the Recipient's discretion.

4. DISSEMINATION

- 4.1. The Commonwealth reserves the right to publicise the award of any Grant to the Recipient and information about any aspect of these Conditions of Grant at any time, in such manner and to such parties as it sees fit.

5. ACKNOWLEDGMENTS, PUBLICATIONS AND PUBLICITY

- 5.1. The Recipient must acknowledge the contribution made by the Commonwealth to all projects, having a value greater than \$5 million and funded from the SRE Grant, in all related promotional material. In particular, the Recipient should ensure that:
- 5.1.1. the acknowledgment is prominently recorded and commensurate with that given to state or local government, corporate or other sponsors;
 - 5.1.2. any formal statement issued in relation to any aspect of the project, including speeches, media releases, brochures, should make reference to the Commonwealth contribution;
 - 5.1.3. any signs and plaques erected in association with a project must acknowledge the Commonwealth's assistance; and
 - 5.1.4. where an official opening or launch is proposed for a project the Commonwealth Minister is to be invited to attend or to send a representative.

6. DISCLOSURE OF INFORMATION

- 6.1. DIISR gives no undertaking to keep confidential the Conditions of Grant or any information contained in the Reports.

7. INDEMNITY

- 7.1. The Recipient must indemnify the Commonwealth against any:
- 7.1.1. loss or liability incurred by the Commonwealth;
 - 7.1.2. loss of or damage to Commonwealth property; or
 - 7.1.3. loss or expense incurred by the Commonwealth in dealing with any claim against the Commonwealth, including legal costs and expenses on a solicitor/own client basis and the cost of time spent, resources used, or disbursements paid by the Commonwealth;
- arising from:
- 7.1.4. any act or omission by the Recipient, or any of the Recipient's employees, agents, or subcontractors in connection with these Conditions of Grant, where there was fault on the part of the person whose conduct gave rise to that liability, loss, damage, or expense;
 - 7.1.5. any breach by the Recipient or any of the Recipient's employees, agents, or subcontractors of obligations or warranties under these Conditions of Grant;
 - 7.1.6. any use or disclosure by the Recipient, or its officers, employees, agents or subcontractors of personal information held or controlled in connection with these Conditions of Grant; or
 - 7.1.7. the use by the Commonwealth of the Reports, including any claims by third parties about the ownership or right to use Intellectual Property Rights (including moral rights, as defined in the *Copyright Act 1968*) in the Reports.

- 7.2. The Recipient's liability to indemnify the Commonwealth will be reduced proportionally to the extent that any fault on the part of the Commonwealth contributed to the relevant loss, damage, expense, or liability.
- 7.3. The Commonwealth's right to be indemnified is in addition to, and not exclusive of, any other right, power, or remedy provided by law, but the Commonwealth is not entitled to be compensated in excess of the amount of the relevant loss, damage, expense or liability.
- 7.4. In this clause 7, "**fault**" means any negligent or unlawful act or omission or wilful misconduct.

8. ACCESS TO PREMISES AND RECORDS

- 8.1. The Recipient must at all reasonable times give:
 - 8.1.1. the Auditor-General;
 - 8.1.2. the Privacy Commissioner (meaning the Office of the Privacy Commissioner, established under the Privacy Act, including any other entity that may, from time to time, perform the functions of that Office);
 - 8.1.3. the person occupying the position of General Manager, Research Policy & Funding Branch in DIISR;
 - 8.1.4. or any person authorised in writing by the Secretary:
 - (i) reasonable access to:
 - A. the Recipient's employees;
 - B. premises occupied by the Recipient;
 - C. Material; and
 - (ii) reasonable assistance to:
 - A. locate and inspect Material;
 - B. make copies of Material and remove those copies, relevant to any Grant.
- 8.2. The rights referred to in clause 8.1 are subject to:
 - 8.2.1. the provision of reasonable prior notice to the Recipient; and
 - 8.2.2. the Recipient's reasonable security procedures.
- 8.3. If a matter is being investigated which, in the opinion of any person authorised in writing by the Secretary, may involve an actual or apprehended breach of the law, clause 8.2.1 will not apply.
- 8.4. The requirement for access specified in clause 8.1 does not in any way reduce the Recipient's responsibility to perform its obligations under these Conditions of Grant.

9. INTELLECTUAL PROPERTY RIGHTS

9.1 Pre-existing Material and Third Party Material

The ownership of the Intellectual Property Rights in any Pre-existing Material or Third Party Material is not affected by the provisions of this clause 9.

9.2 Third Party Material

The Recipient must obtain all necessary Intellectual Property Rights or Moral Rights permissions before making any Third Party Material available for use and/or exploitation.

9.3 Intellectual Property Rights in Material

- (a) All Intellectual Property Rights in Material created by the Recipient as a result of a Grant vest in the Recipient on creation.
- (b) Unless otherwise specified to the extent that:
 - (i) the Commonwealth needs to use any of the Reports, the Recipient grants to, or must arrange for the grant to, the Commonwealth a permanent world-wide, royalty free, non-exclusive licence (including the right to sublicense) to use, reproduce, adapt, modify and communicate:
 - (A) the Report; and
 - (B) Material provided by the Recipient, to the extent that such Material is included in, forms part of, or is attached to a Report; or
 - (ii) the Recipient needs to use any of the Commonwealth Material for the purpose of performing research or work pursuant to the receipt of a Grant, the Commonwealth grants to the Recipient, and any direction by the Commonwealth, a world-wide, royalty-free, non-exclusive, non-transferable licence (including the right to sublicense) to use, reproduce, adapt, modify and communicate such Commonwealth Material solely for the purpose of undertaking the Project.
- (c) The licence granted to the Commonwealth under clause 9(b)(i) does not include a right to exploit the Pre-existing Material or Third Party Material for commercial purposes.
- (d) The Recipient must not provide to the Commonwealth, in connection with the receipt of a Grant, any Material (including in Reports) which it considers:
 - (i) to be confidential; or
 - (ii) the disclosure of which would jeopardise the Recipient's ability to obtain registrable Intellectual Property Rights in respect of any Pre-existing Material or Material created by way of a Grant.

- (e) Despite clause 9.3(d), if requested in writing by the Commonwealth, the Recipient will provide the Commonwealth with access to review the Material described in clause 9.3(d)(i) or 9.3(d)(ii) at the Recipient's premises.
- 9.4 The Recipient agrees that the Commonwealth may disclose the contents of Reports to third parties
- 9.5 The Recipient warrants that it:
- 9.5.1 is entitled, or will be entitled at the relevant time, to deal with the Intellectual Property Rights in the Reports (including Third-party IPRs) in accordance with this clause 9; and
 - 9.5.2 will obtain valid written consents from all authors (including any authorised subcontractors under these Conditions of Grant) involved in creating Reports and Third-party Material so that the Commonwealth's use of the Reports or Third-party Material in any way will not infringe any author's moral rights under the *Copyright Act 1968*.

10. COMPLIANCE WITH LAWS AND POLICIES

10.1. The Recipient must:

- 10.1.1. comply with the “**Information Privacy Principles**” (as defined in the Privacy Act) when doing any act or engaging in any practice in relation to personal information for the purposes of these Conditions of Grant as if the Recipient were an agency as defined in the Privacy Act; and
 - 10.1.2. deal with personal information received, created or held by the Recipient for the purposes of these Conditions of Grant only to fulfil its obligations under these Conditions of Grant; and
 - 10.1.3. ensure that any contractor engaged by the Recipient to perform any of the Recipient's obligations under these Conditions of Grant are contractually bound to comply with the Information Privacy Principles.
- 10.2. The Recipient acknowledges that where it is required to give information to DIISR, giving false or misleading information is a serious offence under the Criminal Code.

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SRE Guidance Paper

Attachment C

Attachment C: Transparent Costing for SRE - 2010 Specification

This document is a stand-alone, comprehensive explanation of the method that universities will be required to use for Transparent Costing in 2010. Universities will need to consider this document prior to advising the department of its participation in TC and ERA in 2010.

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Australian Government

**Department of Innovation
Industry, Science and Research**

**Sustainable Research Excellence (SRE)
2010 Transparent Costing Specification**

September 2009

Transparent Costing for SRE - 2010 Specification

Purpose

This Specification describes the obligations and requirements for universities participating in the 2010 transparent costing (TC) process for Sustainable Research Excellence in Universities (SRE).

Universities will be eligible for funding from the *Threshold 1* and/or *Threshold 2* pools of SRE funding in 2010 if they participate effectively in the trial process to be conducted in that year.

Effective participation in the TC process means participating fully in the two key elements of work: submitting an indirect cost statement certified by the Vice-Chancellor; and, administering a staff time-use survey.

TC applies only to indirect costs of ACG research

Transparent costing relates only to the indirect costs associated with Australian Competitive Grant (ACG) funding.

Direct costs, irrespective of their inclusion or otherwise in ACG funding are excluded from consideration. Direct costs include, but are not necessarily limited to:

- salaries and on-costs of researchers and research assistants involved in a research project – which include, for example, the salary costs associated with Chief Investigators;
- project related consumables (such as specialised equipment, chemicals, project specific-licenses and/or subscriptions);
- access to university equipment and services directly charged to ACGs (such as high performance computers and mass spectrometers);
- other costs specific to the project (such as travel to present a conference paper on the research); and,
- salaries of ACG funded research technicians.

Indirect costs relate to goods and services which contribute to research but are not directly associated with any particular research project. For the purposes of a trial of TC in 2010, indirect cost categories and allowable costs that will be included in the process are specified below.

Basic description of trial framework

The 2010 TC process will involve two key elements of work to derive: the quantum of allowed indirect costs for ACG research for each institution; and, the cost driver to determine the share of total indirect costs to be attributed to ACG activity.

Individual costs, sub-totals and totals, should be consistent with each institution's audited accounts for 2009. There is a mechanism (described below) for universities to describe if any differences exist and their reasons.

For the purposes of the 2010 TC process, one cost driver, the FTE proportion of staff time engaged in ACG research as a proportion of all university FTE staff (not including adjunct staff) time will be determined by a time-use survey.

Allowable costs and cost categories

The table below shows the cost categories and allowable indirect costs which will be used during the 2010 TC process. Participants will report against each of these costs (where applicable).

Where costs shown for the TC trial purposes are not consistent with the university's audited financial statements, for example, where direct government payments have already covered some costs, the institution should supply a statement, indicating the magnitude of the difference and reconciliation between the two measures.

Universities are allowed to report on individual costs that are a disaggregation of those listed below (e.g. reporting separately on water, gas, electricity and sewerage costs under utilities) or to employ other aggregations of costs as long as the alternative presentation is: reasonable, repeatable, relates only to allowable costs and is explained with their submissions.

Indirect Cost Categories	Allowable Indirect Costs
Non-academic salaries and on-costs	<ul style="list-style-type: none"> -Non-academic salaries (excluding salaries for technical staff included in ACG funding); -Employer contributions to superannuation and pension schemes; -Payroll tax; -FBT associated with non-academic salaries; -Workers compensation contributions; -Other non-academic employee benefits (e.g. health insurance, training expenses).
Costs of maintaining physical university infrastructure (including ICT systems)	<ul style="list-style-type: none"> -Repairs and maintenance to buildings, laboratories, research facilities and other built infrastructure (includes repairs and maintenance to experimental farms and reserves) excluding repairs and maintenance to infrastructure operated for commercial purposes (student residences, business concessions, sporting facilities, catering services, conference facilities, fee-paying car parks etc.); -Repairs and maintenance to equipment and systems (including ICT) with equivalent inclusions and exclusions to physical infrastructure above; -Security costs; -Cleaning costs; -Health and safety costs associated with infrastructure; -Net utility costs (e.g. net of feed-in tariffs).

Finance and insurance costs	<ul style="list-style-type: none"> -Leasing and legal costs associated with external (to the university) research facilities; -External auditing expenses; -Insurances.
Other costs indirectly associated with research	<ul style="list-style-type: none"> -Consumables and office supplies (excluding items used or supplied for use in commercial activities); -Consumables associated with major university research facilities, animal houses, research farms and research vehicles; -Other health and safety costs; -Advertising marketing and promotional costs of research; -Legal costs; -Library acquisitions (including licences and subscriptions); -ICT licence and subscription costs (not captured elsewhere); -Compliance costs (not already mentioned); -Publication costs (not captured elsewhere).

Costs which are not allowed

Costs associated with commercial activities of the university, its subsidiaries and/or joint venture entities are not to be included as indirect costs of research. Commercial activities include, but are not necessarily limited to: student residences, business concessions, catering services, sporting facilities, conference facilities and fee-paying car parks, however, clinics and medical facilities used primarily for student instruction or practice are not counted as commercial activities

Costs that are wholly or in part funded directly by the Commonwealth can only be included to the extent of the non-Commonwealth contribution. For example, if the Commonwealth made a direct contribution to the cost of repairing a fire-damaged facility, the Commonwealth contribution must be excluded from the total cost claimed.

Staff time use survey

A staff time-use survey will be conducted over a minimum of two time periods during early to mid 2010. Each participating institution will be responsible for administering the survey and ensuring the statistical reliability of results. To ensure the robustness of the staff time use survey results, participating institutions will need to achieve an overall response rate of 2/3rds. If an institution is unable to achieve this response rate, it will need to provide an explanation to the department.

The survey will be administered to all university academic staff, including casual and contract staff paid by the university, and staff on paid leave (including sabbatical) and to all technical staff attached to academic and/or research sections of the university.

The survey will not be administered to holders of emeritus, adjunct or honorary positions, unless they are on the university payroll during the survey period.

Each participating institution will also conduct a count of actual FTE for all paid staff during the survey period, including casual and contract employees and those on paid leave. This number will be an actual count, derived from payroll or other data during each survey period, and must be verifiable.

DIISR, with advice from the Technical Expert Group (TEG), to be established by the department, will examine all results for consistency and reasonableness, and may ask institutions to justify survey results and methodology.

Institutions must take the following principles into account when designing and administering their time-use surveys:

- Each survey response will have sufficient demographic data to allow DIISR, with input from the TEG, to review them should the need arise;
- Data supplied to DIISR will not include name or staff ID information.
- While there will be flexibility in the method for collecting survey data by institutions, it will be necessary to ensure that survey data for staff members is collected in a rigorous way during the full survey period;
 - If a staff member is absent, the staff member's supervisor and/or a designated HR staff person may need to complete the survey on his/her behalf.
- Each survey period will have a duration of at least one week;
- Time records will be captured as a proportion of a normal working day;
- The survey periods will be representative of a full year (i.e. will contain both teaching and non-teaching periods);
 - suggested times for the survey are February/March and May/June, but individual institutions are better placed to decide this.
- Time-use is to be divided into sufficiently detailed categories to capture all usual staff activities;
- For research staff the survey will collect (as a minimum):
 - time spent on ACG and other research, separately identified.
 - time spent on supervision of HDR candidates.
 - time spent on preparing research grant applications.
- For technical staff working in academic and or research facilities or sections of the institution, the survey will collect (as a minimum):
 - Time spent on tasks directly associated with research.
 - Time spent on tasks associated with teaching.
 - Other time use
- The results will be verifiable (notwithstanding privacy provisions, the TEG must be able to identify and question outliers and/or cases where data irregularities may have occurred);
- Response rates among sub-categories of staff should not be widely disparate;
- Time records for health discipline based staff should identify clinical work and time spent in private practice or when remunerated through the health system.

Data analysis

At the end of each survey period, institutions will supply confidentialised aggregated data for each participant (including staff on paid leave), together with a summary of responses and the full institutional FTE count.

After review and possible verification, the survey data will be aggregated to determine the ACG proportion of time as a proportion of all staff time. This single measure will normally constitute one component of the TC cost driver.

The final TC cost driver will be determined by DIISR, with input from the TEG, but will normally be the arithmetic average of the ACG proportion of total staff time obtained from the staff surveys.

Reporting

Indirect costing data will be reported to DIISR in accordance with Attachment A: Details of Grants

Survey data will be reported to DIISR within four weeks of the end of each survey period

Dissemination

Dissemination of reported information will be in accordance with part 4 of Attachment B: Conditions of Grant

Acknowledgements, Publications and Publicity

Acknowledgements, publications and publicity in relation to reported TC information will be in accordance with part 5 of Attachment B: Conditions of Grant

Disclosure of Information

Disclosure of information in relation to reported TC information will be in accordance with part 6 of Attachment B: Conditions of Grant

Access to Premises and Records

Access to premises and records in relation to reported TC information will be in accordance with part 8 of Attachment B: Conditions of Grant

Intellectual Property Rights

Intellectual property rights in relation to reported TC information will be in accordance with part 4 of Attachment B: Conditions of Grant

Compliance with Laws and Policies

Compliance with laws and policies in relation to reported TC information will be in accordance with part 4 of Attachment B: Conditions of Grant

SRE Guidance Paper

Attachment D

Attachment D: SRE extract from Other Grants Guidelines (Research) 2009

This document includes the sections relevant to the SRE program that form part of the Other Grants Guidelines (Research) 2009. Universities will need to consider this document prior to advising the department of its participation in TC and ERA in 2010.

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SUSTAINABLE RESEARCH EXCELLENCE (IN UNIVERSITIES)

1.50 SRE Description

1.50.1 From 1 January 2010, the *SRE* program will provide block grants on a calendar year basis to eligible *HEPs* to ensure that these institutions are better placed to meet the indirect cost of research activities that are not entirely met by the various competitive grant programs.

1.52 SRE Objectives

1.52.1 The *SRE* will ensure that institutions are better placed to meet the cost of research activities that are not entirely met by the various grant programs listed on the ACGR. In addition, it will contribute to the sustainability of current research strategies within universities over the longer term.

1.52.2 Specifically, the objectives of the *SRE* are to:

- (1) Address an identified shortfall in the funding available to meet the indirect costs associated with Australian competitive grant research; and
- (2) Support universities to build and maintain research excellence through the implementation of best practice financial management, performance and reporting frameworks.

1.54 Conditions that Apply to SRE Grants

1.54.1 Conditions that apply to *SRE* grants will be determined in writing by the Minister, or his or her delegate, under section 41-25(b)(i) of *the Act*.

1.56 Extra Conditions of Eligibility for SRE Grants

1.56.1 The *SRE* will have three separate funding elements:

- (1) Base
- (2) Threshold 1
- (3) Threshold 2

1.56.2 Every *HEP* is eligible for funding under the Base element.

1.56.3 Only those *HEPs* that agree to participate in transparent costing of the indirect costs of research and the *ERA* process will be eligible for funding under Threshold 1.

1.56.4 Only those *HEPs* that agree to participate in transparent costing of indirect costs of research and the *ERA* process will be eligible for funding under Threshold 2.

1.56.5 The process for undertaking transparent costing process will be determined by the *Transparent Costing Specification* and the process will occur annually or at some lesser frequency as determined by *DIISR*.

1.56.6 For each year where *DIISR* determines that the transparent costing process is required, *DIISR* will, before the end of the year immediately preceding that year, contact all *HEPs* to seek written confirmation of their intention to participate in the process in accordance with the *Transparent Costing Specification*. The process for seeking confirmation and its timing will be determined by *DIISR*.

1.56.7 Only HEPs that confirm their intention will be eligible for funding under the *SRE* Threshold 1 and Threshold 2 elements in respect of all Grant Years to which the transparent costing process outcomes apply.

1.58 SRE Grant Amounts

1.58.1 The *SRE* grant amounts will be determined in writing by the Minister, or his or her delegate, under section 41-30(b) of *the Act*.