

# UNIVERSITY OF NEWCASTLE GUIDELINES FOR EXPENDITURE OF NHMRC FUNDS

## INTRODUCTION

As your Administering Organisation, the University of Newcastle enters into an agreement with the NHMRC to administer your research grant and comply with the conditions of the agreement. As the first named Investigator, you are responsible for complying with the University's administrative processes which have been set up to ensure the obligations of the funding agreement are met.

This information has been drawn from NHMRC Grant policies and NHMRC Funding Agreement. It is stressed that it is not comprehensive and that for direct research costs that are not included reference should be made back to the relevant guidelines and Agreement in the first instance.

## WHAT BUDGET ITEMS ARE SUPPORTED BY THE NHMRC?

NHMRC Funding is awarded under only two categories – Salary and Direct Research Costs (DRC). It is accepted by NHMRC that because of the nature of research there may be some reasonable departure from the budget as set out in the application for a grant.

Accordingly, there is flexibility to use the direct research costs allocation on cost incurred for that Research Activity that satisfies all of the following **DRC Principles**:

- The cost must be integral to achieving the objectives and outcomes of the Research Activity as set out in the Application for Funding for that Research Activity, as approved by NHMRC.
- The cost must be directly related to the grant proposal as set out in the Application for Funding for that Research Activity, as approved by NHMRC.
- The cost must not be for facility, administrative or other indirect costs that would be provided by an institution in the normal course of undertaking and supporting health and medical research (e.g. those costs often incurred for common or joint objectives, utilities and services, regulatory and research compliance and administration of research services).

On the following pages, you will find a general list of non-allowable items to be purchased with NHMRC funds with the suggested account codes included for each item. This is not a comprehensive list. Please always refer to the specific NHMRC Schedule/Funding Rules/Guidelines and/or Agreements, for confirmation on the full range of items allowed/not allowed

**FURTHER INFORMATION ON EXPENDITURE PROVIDED BY THE NHMRC:**  
[NHMCR Funding Agreement and Direct Research Cost Guidelines \(DRC\)](#)

**ANY QUESTIONS? EMAIL:** [research-grants@newcastle.edu.au](mailto:research-grants@newcastle.edu.au)

**BUDGET ITEMS THAT ARE NOT SUPPORTED BY NHMRC**  
**NHMRC Funds are not to be used to pay for these expenses.**

<b>ITEM</b>	<b>Account Code</b>	<b>Budget Line Item (BLI)</b>	<b>Comments</b>
<b>Employee Related Expenses</b>	6021 - Staff Training & Development 6022 - Membership Subscriptions 6024 - Employee Health & Wellbeing Costs	Restricted 009	The NHMRC does not permit expenditure on professional membership fees or other staff costs.
<b>Personnel Expenditure</b>	8102 - Academic Redundancies 8112 - Academic Casual Redundancies 8202 - Professional Redundancies 8212 - Professional Casual Redundancies 8502 - Fixed Redundancies 8512 - Casual Redundancies	Personnel 001 Fellowship 002 Teaching Relief 008	Severance and termination payments and extended leave payments (leave entitlements accrued on non-NHMRC Research Activities) are not DRCs and must not be paid for with NHMRC funding.
<b>Entertainment</b>	627X - Entertainment Costs	Restricted 009	Restaurant meals, alcohol and other hospitality are generally not DRCs. Refreshments for clinical trial participants are a DRC, as the refreshment relates directly to the achievement of the research aims for a Research Activity.
<b>Equipment</b>	6731 - Research Equipment purchases - over \$5,000 6705 - Hire, Repairs & Maintenance	Equipment 005 Maintenance 006	Funding cannot be applied for or used for equipment costing more than \$80,000, noting that annual indexation may be applied to equipment based on the Wage Cost Index. The equipment must be unique to the project and essential for the project. A written quotation must be received and held with the RAO of the Administering Institution to be available to NHMRC on request. The Administering Institution must meet all service and repair costs for the equipment funded.
<b>Computers</b>	6701 - Minor Equipment 6703 - Attractive and Portable items 6711 - Hardware Maintenance 6721 - Equipment Leasing	Equipment 004 Computers 013 Restricted 009 Restricted 009	Only specialised computing requirements that are essential to meet the specific research needs of a Research Activity would be considered DRCs, including where these are an integral component of a piece of laboratory equipment or are of a nature essential for work in the research field, for example, a computer which is dedicated to data collection from a mass spectrometer, or used for the manipulation of extensively large datasets (i.e. require special hardware). DRCs do not include personal computers, related peripherals or software needed for communicating, writing and undertaking simple analyses.
<b>External ethics committees' fees</b>		Maintenance 006 Payment to other organisation 012	External ethics committees' fees fall into the category of 'regulatory and research compliance' and accordingly may not be classified as DRCs

<b>ITEM</b>	<b>Account Code</b>	<b>Budget Line Item (BLI)</b>	<b>Comments</b>
<b>Fringe Benefits Tax</b>	6807 - Fringe Benefits Tax	Restricted 009	Fringe Benefits Tax (FBT) is specifically excluded as a DRC and NHMRC Funds are not to be used to pay for this expense.
<b>Land, Building &amp; Fixtures</b>	65XX - Property/Maintenance 6702 - Fixtures & Fittings	Restricted 009 Equipment 004	These items are not DRCs and must not be paid for with NHMRC Funds.
<b>Supplies, Postage, Telephones</b>	6101 - Office Supplies 6102 - Photocopy charges 6103 - Postage 6611 - Telephone calls 6612 - Internet Charges 6704 - Mobile Phone Purchase	Restricted 009 Maintenance 006 Restricted 009 Computers 013	For supplies, postage and telephone expenses to be considered DRCs, their usage for a Research Activity must be significantly greater than the routine level for such items provided by Administering Institutions and must be used specifically for the research purposes of the Research Activity rather than to support administrative or clerical efforts. Examples include a Research Activity that requires significant data collection through an extensive mail survey or a Research Activity that requires the provision of paper notebooks to a large number of workshop participants. Mobile phones cannot be purchased from NHMRC funds.
<b>Airline Membership, Health Insurance, Travel Insurance</b>	6402 - Overseas Student Health Care	Restricted 009	Airline membership, health insurance and travel insurance are generally not considered to be DRCs.
<b>Motor Vehicles</b>	6321 - Motor Vehicle costs	Restricted 009	Not appropriate against research funding
<b>University Overhead Charges</b>	6981 - Research Overheads	Overheads 010	Category 1 (HERDC) funding is exempt from indirect costs (overheads).

## BUDGET ITEMS REQUIRING ADDITIONAL SCRUTINY

Some budget items will require additional scrutiny to be applied by the first named Investigator. The following budget items will only be allowed by NHMRC if they comply with the general DRC principles.

ITEM	Account Code	Budget Line Item (BLI)	Comments
Conferences	6023 - Conference/Seminar costs	Travel 007	The costs of conference attendance are not to be included as DRCs in grant application budgets. However, over the grant lifetime, Funds can be used to support conference attendance for the purpose of presenting the research outcomes, provided that the expenditure is in accordance with the DRC Principles.
Travel	63XX - Travel	Travel 007	Travel costs are only DRCs if directly related to the approved research objectives of the Research Activity, such as field work, research collaborations to conduct the Research Activity or for use of facilities in other countries. Airline membership, health insurance and travel insurance are generally not considered to be DRCs. All travel, accommodation, meals and incidentals must be in accordance with the relevant travel policies and procedures of the Administering Institution. Overseas travel must be formally approved and documented by the relevant Faculty Research Committee (or equivalent) prior to the travel being undertaken.
Publications and Open Access Costs	6104 - Printing	Restricted 009	Publication and open access costs are not to be included in the application budget. When investigators apply for research funding, it is not possible to predict where and how knowledge translation and knowledge transfer of their work will occur (because the research is yet to be undertaken). Thus, the costs of publications and open access are not to be included as DRCs in grant application budgets. However, over the grant lifetime, Funds can be used to support reasonable costs associated with publications and open access which are the result of the Research Activity and which are in accordance with the DRC Principles.

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