

FN: Procedure - Project Costing Principles

1. PURPOSE

- 1.1 The SmartSat Cooperative Research Centre (SmartSat) is committed to funding quality projects that contribute to SmartSat meeting its committed strategic goals, impacts and milestones. However, in order to do this, the SmartSat must ensure that its funds are being used within a framework which allows equity in funding projects and project participants in a fair and consistent manner.
- 1.2 The purpose of this document is to provide a set of principles for the activities and costs that will, and will not, be funded in SmartSat projects. In addition, the document also outlines the process that SmartSat will follow with relation to the capture and valuation of:
 - (a) Labour In-Kind Contributions in projects;
 - (b) Labour In-Kind Contributions outside of projects ; and
 - (c) Facility, Material and Software In-Kind Contributions in projects.

2. SCOPE

- 2.1 This procedure applies to all project activities undertaken within SmartSat.

3. REFERENCES

- 3.1 This procedure should be reviewed in conjunction with the following:
 - a) RP: Policy – Research Project Investment Criteria
 - b) RP - Template Expression of Interest
 - c) RP - Template Project Plan
 - d) RP – Proposal Budget Template

4. STATEMENT AND GUIDANCE

General Project Funding Principles

- 4.1 The following principles should also be considered when building the Project budgets:
 - a) SmartSat funding for projects is generally only available to SmartSat Partners (that is, organisations who have signed the Core or Supporting Participant Agreement with SmartSat).
 - b) Projects are subject to value-for money consideration, and the ‘reasonableness’ of requested funding in the context of the proposed project and stated outcomes. While specific items addressed in this policy deemed to be acceptable “funded activities” in their own right, this is weighted against the reasonableness of the overall budget.
 - c) Project budgets should identify the total resources required to undertake a project. This includes both in-kind inputs made available by project participants, as well as budget for resources proposed to be funded by SmartSat (using Commonwealth and Participant cash)

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(‘Project Cash’);

- d) It is expected that SmartSat Partners will provide in-kind contributions to projects, increasing the value proposition for project, and noting that Partners have made a commitment to provide in-kind to the overall CRC, and this is often provided on projects;
- e) Contributions made to projects by project partners (partner contributions, in-kind or additional, non-SmartSat cash) will be taken into account when determining access to, and conditions of use of intellectual property and outcomes of the project.
- f) Non-SmartSat organisations participating in a project are expected to commit resources (cash and/or in-kind) in cases where they are beneficiaries of the outcomes from the project;
- g) Projects are expected to be collaborative, and in general will involve two or more contributing partners. This may be waived in cases (e.g., where underpinning research is undertaken).
- h) It is expected that the majority of the cash funded project activity will be undertaken by research providers.
- i) Cash funding to support industry partners in research projects that meet the criteria below may be provided according to the following principles:
 - (i) Projects must have the potential to significantly accelerate SmartSat research progress against key performance targets and deliver high impact with a viable pathway to commercialisation and high TRL.
 - (ii) Full justification for industry cash requests is required, including evidence to support claims, aligned with one or more of the following principles:
 - (iii) Industry partner(s) provides specialist research expertise not available through research providers (e.g. owner of background IP)
 - (iv) Industry partner provides services that are essential for the project and/or utilisation plan, but are not beneficiaries of the project (i.e. will not directly benefit from commercialisation and utilisation of the Project IP). Justification is required as to why these services are critical to the success of the project.
 - (v) The project is focused on the procurement of future defence capability requirements, and meets the definition of a collaborative project to deliver game changing technologies and capability for defence and national security (i.e. the team has been approached by Defence, based on their expertise to contribute to a defence project that meets the definition of procurement of future defence capability). Justification is required as to why these services are critical to the success of the project.
 - (vi) The % of the budget to industry research salaries should not generally exceed 50% of the total project cash budget.
 - (vii) There is an appropriate staff in-kind contribution to the overall project, of not less than 1:1.
 - (viii) IP arrangements, and commercial royalties to SmartSat, must be favourable and in overall the interests of SmartSat and its partners.
- j) Non-SmartSat organisations participating on projects may only be funded using CRC funds where:

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- (ix) There is a demonstrated need;
 - (x) The necessary expertise does not exist within the existing SmartSat Partners (as reasonably determined by SmartSat);
 - (xi) The cash spend represents value for money;
 - (xii) An appropriate justification and/or process has been put into place to select the individual or organisation to undertake the task (as reasonably determined by SmartSat).
- k) The SmartSat Project Budget Template (Reference 3.1(a) above) must be used for estimating total project costs, be submitted with the project proposal, and be consistent with the project proposal.

Cash Funded Activities

4.2 SmartSat will generally consider cash funding the following project activities:

- a) Base salary (level and band specific) + direct on costs (allowing for superannuation and other direct employment on-costs) for specified research and professional personnel;
- b) Travel as specified in the project plan to deliver the project. This incorporates economy class travel, accommodation, ground transport and meals (generally in line with ATO rates);
- c) Purchase and maintenance of project specific equipment, hardware or software (the project should initially aim to source these from partners as an in-kind contribution, where available);
- d) Direct costs associated with the access to, and maintenance of, project specific facilities;
- e) Direct costs associated with running project workshops;
- f) Fees for patent applications (where approved by SmartSat);
- g) Costs associated with access to project-specific information and data;
- h) Scholarships, valued at \$30,000 p.a. stipend for full scholarships, and \$15,000 for top-up scholarships. The breakdown between Stipend and Operational allowance for the top-up scholarship will be at the discretion of the project leader.
- i) The purchase of capital items/assets (valued at over \$20,000) will not normally be supported under the standard funding model unless there is a compelling case that demonstrates that it is critical for the work to be undertaken, available for use extensively – on this and future planned projects (commensurate with the amount spent), and represents value for money;
- j) Travel costs associated with dissemination of project outputs, but noting specific conference(s) or visit(s) need to be identified and justified. Note that where overseas travel is proposed, this would normally be limited to 1 person travelling economy class for up one week per year, unless a compelling case is demonstrated.

Non-Funded Activities

4.3 Certain items, listed in Section 4.4 below, will not generally be funded by existing SmartSat cash funds (i.e., existing Commonwealth or Partner funds), unless a compelling case is put forward (as determined by SmartSat). Note that this may be possible where additional, non-SmartSat funds are applied to the project, and by agreement with SmartSat.

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4.4 The following items will not generally be funded by SmartSat funds:

- a) Cost of salary for the Project Leader;
- b) Overhead or indirect support costs in addition to salary and on-cost rates for specified research and professional personnel (refer 4.2(a) above);
- c) Costs associated with the purchase of 'generic' employee assets such as (but not limited to) computers, desks and chairs;
- d) Teaching relief;
- e) Capital works or for the purchase or construction of facilities such as buildings or laboratories, or general infrastructure costs;
- f) Access to 'generic' facilities as required in the course of normal employment;
- g) Costs not directly related to the research activities such as (but not limited to) professional membership fees, professional development costs, equipment for presentations, visas, relocation costs, insurances, phone charges, internet charges, print charges and entertainment costs;
- h) Costs of research and/or project activity conducted outside of Australia; and
- i) Fees for hosting seminars, conferences and other activities outside of the Education and Training activities of the SmartSat.

In-kind contributions

Labor in-kind contributions in projects

4.5 Labour In-Kind contributions are valued using principles supplied by the CRC Program Office whereby the per annum value of an In-Kind FTE is valued at \$250,000. This rate is to be used regardless of the actual level of seniority of the nominees position.

Facility, Material and Software In-Kind Contributions in Projects

4.6 SmartSat, or the CRC Program Office, does not prescribe a specific formula to determine the value of non-staff in-kind contributions. The value of non-staff in-kind is determined by the Participant in conjunction with the Project Leader of a project and SmartSat.

4.7 Valuations must be realistic, justified and in Australian dollars.

4.8 Valuations of non-staff in-kind contributions provided as access to large capital items must be valued proportionally to the usage by the Project and based on the running costs and depreciation of the capital item. Valuations may include fee for access but must not be for the total cost of the resources.

4.9 The following table lists the various types of contributions SmartSat may (generally) receive and, summarises the intended approach to valuation and minimum valuation evidence as agreed between SmartSat its Auditors.

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Contribution Type	Valuation Methodology	Minimum Valuation Evidence ¹
Provision of specialist computing hardware ** excludes desktop computers and laptops	Annual depreciation/amortisation based on useful life x SmartSat % use; or Market Rental/leasing rate if appropriate.	Depreciation: evidence of cost base and useful life from Participant, estimate of SmartSat usage % from Project Participant. Market Rental: in writing from Participant along with basic evidence of charge rates.
Software Licences	Commercial/ market value of licence per annum	In writing from Participant.
Training Services	Market rate per day of training reasonably charged to independent third parties.	In writing from Participant, reasonableness reviewed by the SmartSat COO.
Provision of specialist computing facilities/ infrastructure	Market rate reasonably charged to independent third parties and valued proportionally to the usage by the project and based on the running costs and depreciation of the item	In writing from Participant, reasonableness reviewed by the SmartSat COO.
Facilities, large Capital items, specialist equipment.	Market rate reasonably charged to independent third parties and valued proportionally to the usage by the project and based on the running costs and depreciation of the item.	In writing from Participant, reasonableness reviewed by the SmartSat COO.
Other	Market value preferred wherever possible.	In writing from Participant, reasonableness reviewed by SmartSat COO.

¹ Where possible, to show evidence of 'market rate', Participants can provide a sanitised copy of a previous invoice to a third party.