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GENERAL QUESTIONS AND ANSWERS ABOUT THE FULL-COST POLICY

1. WILL THE POLICY APPLY TO ALL THIRD-STREAM INCOME?

While the University believes that it is advantageous for every researcher and research environment to estimate the full costs of a research project beforehand, the policy does make provision for research, and research related projects, that cannot be carried out on a full-cost basis. In cases where the funder/client, for example *The National Institutes of Health* (NIH) or the European Union, is prescriptive as to which direct and indirect costs they will or will not cover, the environment concerned will have to determine which costs they themselves will carry and not pass on to the funder. In such cases, the funder should also be made aware that it is no longer possible to negotiate with SU over the intellectual property rights outside the terms of the Act on Intellectual Policy. In cases where private entities are only able to partially fund a research project (thus not on a full-cost basis), researchers are encouraged to apply for extra funding (from THRIP, for example) so that the project can be done on an approximate full-cost basis. Once again, the funder/client should be made aware that the distribution of intellectual property rights is prescribed by law and will be applied accordingly.

2. WHEN IS THE FULL-COST APPROACH NOT NEGOTIABLE?

If a funder/client wishes to negotiate with SU over the intellectual property rights of a project, then the full-cost approach must be followed. Otherwise the negotiation process is prescribed in the Act and the negotiation process will be subject to government approval.

3. WHAT IS FULL-COST GIVEN THE ICRR POLICY?

Full-cost is when all the direct and indirect costs related to a research project have been budgeted for. The total ICRR must be included in the budget to recover the indirect cost for the University. If the Department or Faculty has additional indirect costs (such as support costs within the faculty) that should be recovered, then it must also be included in the full-cost calculation.

4. MUST THE SPACE LEVY STILL BE COST SEPARATELY?

No, the ICRR that was approved by the Council on 30 September 2013 includes the space and facility management fees related to third-stream activities which were not the case earlier.

5. RECOVERY OF SALARIES – WHAT WILL HAPPEN TO THESE FUNDS?

The total full-cost amount will be paid directly into a unique cost entity earmarked for that particular research contract. VAT, the research and the space levies will be deducted first. The remaining amount is for the research. The researcher's salary will still be covered by the general university budget, although the client will be paying SU for the specific time the researcher will work on the project. The so-called salary component will remain in the designated cost entity and may be used to fund further student training and basic research, or it may be disbursed to the researcher.

6. WHAT EXACTLY IS INTELLECTUAL PROPERTY ACCORDING TO THE ACT ON INTELLECTUAL PROPERTY?

Intellectual property, according to article 1(c) of Act no. 51, 2008, 'Intellectual property rights from publicly financed research and development' (IPR), includes the following:

- Trademarks
- Patents

- Copyrights (including reports)
- Plant breeders' rights
- Development rights.

7. WHAT IS NOT AFFECTED BY THE IPR ACT?

Copyright items that are normally associated with conventional academic work, such as theses, dissertations, articles, textbooks or any other publication (Art. 1 (c) of Act no.51, 2008).

8. WHAT IS THE MINIMUM AMOUNT FOR PERSONNEL COSTS?

The minimum tariff per hour is based on the basic levels of remuneration (BLR) of Human Resources.

9. SHOULD ENGINEERS USE THE BLR OR THE ECSA FEES?

The BLR is the minimum tariff that may be used, but it is quite acceptable to budget at a higher rate.

10. WHAT IS THE MINIMUM THAT SHOULD BE BUDGETED FOR STATIONERY OR TELEPHONE EXPENSES?

There is no minimum.

11. WHAT IS THE DEPARTMENTAL LEVY?

This is set by each department/faculty. The Departmental margin is to recover the support cost that the faculty/department is funding. This cost was not included in the calculation of the ICRR.

12. WHAT IS THE FACULTY LEVY?

Contract research that has no or inadequate academic footprint may be taxed with an additional faculty levy (at the discretion of the faculty) to promote contract research with a sufficient academic footprint.

13. WHERE DOES THE MONEY GO THAT IS RECOVERED FROM THE FACULTY LEVY?

The money flows to the faculty and may be used to incentivise research with good academic output.

14. WHAT ASSISTANCE WILL BE AVAILABLE TO RESEARCHERS IN DRAWING UP A FULL-COST BUDGET?

A Full-cost Accountant will be available to assist researchers in drawing up a full-cost budget. In addition, a full-cost template is available on the web.

15. WHAT IS THE IP TRANSFER FEE?

The IP transfer price is only applicable when the client wants to own the IP and after consultation with InnovUS. It is levied on top of full-cost.

16. WHAT IS THE HOURLY RATE FOR A POSTGRADUATE STUDENT WHO WORKS ON THE PROJECT?

There is no fixed tariff. The researcher should determine the level at which the student will be doing the research and apply the equivalent BLR post-level tariff of Human Resources.

17. IF STUDENTS ARE BURSARY RECIPIENTS, SHOULD THE HOURS THEY WORK ON A PROJECT ALSO BE INCLUDED IN THE BUDGET?

If a student is a bursary recipient *and will not be paid for his work on a project*, only the following should be included:

1. The student bursary must be shown on the full cost budget – it is exempt from VAT and the research levy. The bursary must cover at least the tuition-fee for the period.

If a student is a bursary recipient *and will also be paid for his work on a project*, the following should be included:

1. The student bursary must be shown on the full-cost budget – it is exempt from VAT and the research levy.
2. The hours that the student will work must be included in the personnel costs at the relevant BLR level.

18. WHAT AMOUNT SHOULD BE BUDGETED FOR AUDIT FEES?

If it is a requirement (as stipulated by some funders/clients) for a project to be audited, the audit fee must be included in the budget. If the researcher will require an audit report from the auditors to certify that the project is a full-cost project, this fee must also be included in the budget.

19. ADDITIONAL INSURANCE REQUIREMENTS OF THE CLIENT

In some cases, funders/clients require additional insurance, over and above the cover provided by SU's insurance policy. In such cases, the additional insurance premium must be listed as a line item in the budget and deducted from the project expenses.

20. IS THERE ANY BENEFIT FOR THE RESEARCHER?

Yes, a key focus is increasing the income to researchers, departments, faculties and the university. Researchers' time has traditionally been under-budgeted. The full-cost approach will mean more accurate estimates of the time researchers invest in a contract, and thus has the potential to create additional income for the department/faculty or individual researchers or their research funds.

21. WILL BURSARY SUPPORT BE ACKNOWLEDGED?

Yes, bursary support will be recognised, but as contracts involving bursaries are not all the same, they will be handled individually.

22. IS THIS UNIQUE TO SU?

No. As a result of the IPR Act, all the other universities are now also required to begin working on a full-cost basis wherever intellectual property may be involved. University of Cape Town(UCT) has been working on a full-cost basis for some time already.