Guide to HERDC research income

This guide aims to assist University staff to fulfil their responsibilities by identifying the key concepts and University processes relating to HERDC Research Income Return.

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**Background**

On an annual basis all Higher Education Providers (HEPs) must submit a comprehensive return on research income and publications data called the Higher Education Research Data Collection (HERDC). The return is submitted to the Department of Innovation, Industry, Science and Research (DIISR). Completion of the return is governed by the 2010 HERDC Specifications (PDF file, 418kb).

The return is divided into two parts:

- **Return 1 - Research Income Return**: coordinated by the Research Performance Monitoring (RPM) Team in Research and Innovation Services (RIS) in conjunction with the Finance Unit
- **Return 2 - Research Publications Return**: coordinated by the RPM Team with publications submitted to RPM by each division/institute

*Further information on these collections, current and historical data used in calculations, and other data* (DIISR Research Block Grants website)

The data collected, along with data from the Higher Education Student Data Collection, is used towards assessing the University's research performance, which in turn determines the University's share of Research Block Grant (RBG) funding. The general purpose of RBG
funding is to support the indirect costs of HEPs associated with conducting research activity. For UniSA this includes funding for institutes, centres and Division Performance Funds as well as many other initiatives funded from the research budget. It is therefore important that the University report all research income which it receives.

Maximising the University's research income - what should you do?

Both academics and administrative staff have a key role to play in ensuring the University maximises its HERDC research income. By maximising the University's HERDC income, we are able to maximise our share of key block grant funding items including RTS, JRE, RIBG, and SRE. This allows the University to invest more into supporting research activity across the University.

For academics it is vital that you are able to identify those projects that are research or may have a research component embedded in them. Useful things to consider in determining this are whether the project involves any analysis or evaluation of data/information which results in new knowledge, particularly where a publication (such as a journal article) is the end result. Where possible it is helpful to incorporate terms such as 'analysis' or 'evaluation' into any funding agreement made.

Also when requesting administrative staff to raise invoices, it is useful to indicate that the income needs to be billed to a research income item code. A link to the form used for raising invoices is included here (known as an FS19 - Request for Invoice).

For administrative staff, particularly Business Development Managers (BDMs), it is important when creating new projects in the Project Quality System (PQS), that the correct default income item code is used. Use the Finance Lookup Tool to look up item codes. If you have any questions regarding the correct item code to use, feel free to contact an accountant in the Finance Unit who will be able to assist you in your query.

A new Client/Industry Partner needs to be registered in Finance One and allocated a Debtors Code prior to being available for selection in the PQS. To set up a new Client/Industry Partner in the PQS, please complete this online form which will be forwarded to both Accounts Receivable in Finance and Clare Pike in Research & Innovation Services. The Client/Industry Partners details should be available for selection in the PQS within 24 hours. Request to add client to ResearchMaster form
In creating projects through the PQS it is useful to take advantage of the functionality inbuilt regarding milestone dates for projects. This functionality will help to ensure that invoices are raised in accordance with project milestones and in a timely manner.

While the following points are not definitive they may be useful to consider when assessing if income invoiced/received is for research:

- If the invoice is being raised in accordance with an agreement, check if the agreement includes a component classified as research. Even if the overall project is not considered research, it may be possible to include a component of income associated with the project if the work conducted is of a research nature.
- If the funding being invoiced is going to be spent on research (or has been already) then this would suggest it can be claimed as research income for HERDC purposes. Examples of this include salary reimbursements, materials, travel expenses associated with accessing a research program, etc.
- If the invoice is being raised to another Australian University, what is the original funding source? For example, if another University has sub-contracted us to perform research for them as part of an ARC project (or other funding body) then we can count the funds for HERDC purposes, but if the funds are from the University's own internal funding, then we can't.
- If the funding is not specifically excluded in the HERDC guidelines (refer to extract above) then the funds may be able to be included. [Full copy of the HERDC guidelines (specifications)](DIISR website)

At the conclusion of each year, representatives from RIS and the Finance Unit review most non-research item codes and cost centres, for possible mis-coding of research income. However given the number of possible places that research income can be mis-coded to, it is not possible to ensure that all mis-codings can be picked up and corrected. Therefore it is critical to ensure that research income is coded correctly in the first instance.

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With regard to the coding of invoices, it is important to code the invoice according to the original funding source, which may not be the same as the organisation the funding is received from. For example ARC funding received from another University should be coded to the ARC item code not as a transfer from another university.

Case studies - where the University cannot count research income

ARC/NHMRC grants

Where the University receives grant income from the ARC/NHMRC as a lead institution, and transfers some of that income to another institution for the purpose of research, then the University can only count the Net Receipted Income held by the University.

Equally, in any instance where we are a collaborating institution on an ARC/NHMRC grant and receive funding from another Institution for research, then the University can count this income in the HERDC Return.

Case Study 1 - NHMRC grant

Funds received from NHMRC: $433k
Funds transferred to another University: $107k

Required practice: To ensure the correct treatment for HERDC purposes, funds transferred to another University need to be transferred on the same Item Code as the funds were received on. This will ensure that only the net receipted income (in this case $326k) is counted for HERDC purposes.

Transfers to other organisations

Where the University receives grant income and some or all of the work associated with the project is subcontracted to another organisation (which does not need to be a University), and the subcontracted work amounts to research, then any funds transferred to that organisation must be subtracted from the HERDC Return, notwithstanding the fact that funding may have been received in a prior year.
Case Study 2 - State Government funding

Funds received: $500k
Funds transferred to other organisations: $500k

Required practice: To ensure the correct treatment for HERDC purposes, funds transferred to other organisations as part of a sub-contract for research purposes must be transferred on the original Item Code that funds were received on. This ensures the correct treatment (in this case $0) is counted for HERDC purposes.

What is research?

Definition of research taken from the 2010 HERDC Specifications

- creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications
- any activity classified as research which is characterised by originality; it should have investigation as a primary objective and should have the potential to produce results that are sufficiently general for humanity's stock of knowledge (theoretical and/or practical) to be recognisably increased. Most higher education research work would qualify as research
- pure basic research, strategic basic research, applied research and experimental development.

Activities that support research and meet this definition of research include

- provision of professional, technical, administrative or clerical support and/or assistance to staff directly engaged in research
- management of staff who are either directly engaged in research or are providing professional, technical or clerical support or assistance to those staff
- activities of students undertaking postgraduate research courses
- development of postgraduate research courses
- supervision of students undertaking postgraduate research courses.

Activities that do not support research must be excluded, such as

- preparation for teaching
- scientific and technical information services
- general purpose or routine data collection
What is research income?

Research income is income that is provided specifically to undertake or support research. This may be provided in the following forms:

- agreed payments for completed milestones,
- salary recharges where the salary is for staff undertaking or supporting research,
- expense reimbursement, where the expenses are incurred for research purposes,
- travel reimbursement, where the travel is for the purposes of conducting research or accessing a program of research, but not if the travel is to attend a meeting, workshop or conference.

The 2010 HERDC Specifications (PDF file, 418kb) provide some general rules around research income that can and cannot be included in the HERDC.

Research income which can be included in the Research Income Return - Return 1

- income received in 2008 in respect of the year 2009
- stipends and scholarships for higher degree research students, unless explicitly excluded (see below)
- interest on donations, bequests and foundations which have been provided specifically for research
- travel grants where funds are provided specifically for the purpose of travel and used to enable access to a program of research
- funds provided for the purpose of clinical trials provided the purpose of the trial meets the definition of research (see definition above)
- research infrastructure grants unless explicitly excluded below
- income from overseas Higher Education Providers (HEPs) provided specifically for research purposes
- income used to manage staff directly engaged in research or providing professional, technical or clerical support or assistance to those staff
• income received in support of:
  o professional, technical, administrative or clerical support staff directly engaged in research
  o the activities of students undertaking postgraduate research courses
  o the development of postgraduate research courses
  o the supervision of students undertaking postgraduate research courses
  o research and experimental development into applications software, new programming languages and new operating systems (such R&D would normally meet the definition of research).

Research income which *cannot* be included in the Research Income Return - Return 1

• income received in 2009 in respect of the year 2010
• any research income received by the HEP from its subsidiaries
• any research income received by the HEP from any other Australian HEP or its subsidiaries (including organisations owned, controlled or funded by a HEP or HEPs) except in respect of shared grants or transfers
• in-kind contributions
• capital grants
• National Collaborative Research Infrastructure Strategy (NCRIS) and ARC LIEF grants
• grants from the Higher Education Endowment Fund (HEEF) or the Education Investment Fund (EIF)
• funds received through the ARC's Research Networks Scheme
• funds managed on behalf of third parties
• omissions from previous Research Income Returns-Return 1
• income provided for general or other purposes, even if that income is spent on research purposes
• funds provided specifically for the purpose of hosting, organising or attending a conference or workshop
• funds provided specifically for the purpose of producing research publications (that is, for publishing research rather than conducting it)
• consultancy fees for projects that do not meet the definition of research (as defined above)
• funds provided specifically for travel to conferences/workshops and/or meetings
• interest income accruing to research grants and contract research grants
• research income received by independent operations which do not meet the definition of a subsidiary
• income from the High Performance Computing and Communications Program, to or through the Australian Partnership for Advanced Computing
• income provided for preparation for teaching
• funds used for:
  o scientific and technical information services
  o general purpose or routine data collection
  o standardisation and routine testing
- feasibility studies (except into research and experimental development projects)
- specialised routine medical care
- commercial, legal and administrative aspects of patenting, copyright or licensing activities
- routine computer programming, systems work or software maintenance
- grants from the following DIISR programs:
  - Research Training Scheme (RTS)
  - Institutional Grants Scheme (IGS)
  - Joint Research Engagement (JRE)
  - Research Infrastructure Block Grants Scheme (RIBG)
  - Australian Postgraduate Awards (APA)
  - Commercialisation Training Scheme (CTS)
  - International Postgraduate Research Scholarships Scheme (IPRS)
  - Sustainable Research Excellence (SRE)
  - Regional Protection Scheme (RPS).

Further resources

- Starting Research @ UniSA: a Quick Guide for academics (PDF file)
- Supporting Research @ UniSA: a Quick Guide for research administrators (PDF file)

Contacts

The University's Business Development Network is the first contact point for customers and partner organisations wanting to do business with the University. Each division has their own Business Development Managers who, if unable to answer an enquiry, will forward it to the relevant staff member.

Further information on the Higher Education Research Data Collection (HERDC) Specifications can be obtained from Ms Sally Carpenter, Manager: Research Performance Monitoring.

If you have any queries regarding invoicing or other finance administration matters, please contact your division or institute accountant.