



Executive Director's authorisation:

A handwritten signature in black ink, appearing to read "Peter White".

Effective date: 22 January 2016

TABLE OF CONTENTS

1.	PURPOSE	2
2.	RESPONSIBILITY.....	2
3.	DEFINITIONS AND ACRONYMS	2
4.	RISK CATEGORY.....	2
5.	RELEVANT DOCUMENTATION	2
6.	PUBLICATION	2
7.	BACKGROUND.....	3
8.	POLICY.....	4
9.	ATTACHMENTS.....	4

1. PURPOSE

The purpose of this policy is to ensure that the FRDC has established controls and procedures for ensuring that RD&E funds are not spent on marketing.

2. RESPONSIBILITY

Responsibility for this policy resides with Manager Corporate Services who will maintain the *Cost allocation policy*, the *Cost allocation procedure*, and the *Cost allocation model* (currently and Excel spreadsheet), ensuring the documents adhere to the requirements of the Funding Agreement.

3. DEFINITIONS AND ACRONYMS

Definitions - follow link to [Definitions](#)

Acronyms – follow link to [Acronyms](#)

4. RISK CATEGORY

Strategic	Operational	Financial	ICT	People
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. RELEVANT DOCUMENTATION

Primary procedure	Document location or web address
Cost allocation procedure	TBA

Other	Document location or web address
Public Governance, Performance and Accountability (PGPA) Act 2013	PGPA Act
Funding Agreement with the Commonwealth	
Code of conduct	NEMO-29-1899
Risk policy	NEMO-29-1807
Risk register	NEMO-29-1806

6. PUBLICATION

This policy is to be made available on the FRDC website.

This policy is not to be made available on the directors' website.

7. BACKGROUND

The FRDC is a statutory authority under the *Primary Industries Research and Development Act 1989* (PIRD Act) and is a *corporate commonwealth entity* under the PGPA Act.

The board, as the accountable authority, is required by the PGPA Act to establish and maintain systems of risk and control to create an operating environment that promotes the proper use and management of public resources, in pursuit of both the public good and the purposes of the entity for which it is responsible.

The Funding Agreement established under the PIRD Act requires establishment of necessary accounting systems, procedures and controls in accordance with the PGPA Act and the Funding Agreement, including a Cost Allocation Policy.

The Funding Agreement established under the PIRD Act defines “Cost Allocation Policy” as FRDC’s policy for allocating direct and indirect costs across its Research and Development and Marketing programs. (Noting that the FRDC’s Marketing program is yet to be established, but will be, once industry marketing levies or voluntary contributions start being collected.)

FRDC has the following types of expenditure:

Type	Description
Direct research and development program costs	External spend that is directly attributable and can be associated with RD&E in a particular project and/or program(s).
Direct research and development employment and other costs	Internal spend that can be directly attributable to a RD&E project and/or program(s)
Direct marketing program costs	External spend that is directly attributable and can be associated with marketing in a particular project and/or program(s) (currently zero)
Direct marketing employment costs	Internal spend that can be directly attributable to a marketing project and/or program (currently zero)
Corporate costs	Core services spend to support operations, including non-research and development direct employment costs, e.g. corporate employees.
Expenditure that is ineligible for Commonwealth Government matching	Some expenses are not allocated to either the RD&E or marketing programs as they are not eligible expenses for the Government Matching Payments claim. They include: <ol style="list-style-type: none"> 1. prior year project funds 2. levy collection fees and associated legal costs

8. POLICY

The FRDC will ensure that RD&E funds are not spent on marketing and conversely marketing funds are not spent on RD&E.

Costs will be allocated as follows:

- Direct research, development and extension (RD&E) *project costs* will be allocated to RD&E
- Direct marketing *project costs* will be allocated to marketing
- *Employee* costs will be allocated individually to RD&E and marketing based on the percentage of time they spend on each. Where this is not practical to measure (e.g. “corporate” staff members) their costs will be allocated on the basis of RD&E and marketing’s share of total project expenditure
- Corporate costs (both *Supplier* costs and *Depreciation and amortisation costs*) will be allocated on the basis of RD&E and marketing’s share of total project expenditure. [For example, if direct RD&E expenditure is 70% of total project expenditure (RD&E plus Marketing project expenditure); then 70% of corporate costs will be allocated to RD&E program expenditure.]

The *Cost allocation policy*, the *Cost allocation procedure*, and the *Cost allocation model* will be reviewed when there are changes to the Funding Agreement to ensure that the documents remain relevant and in line with the Funding Agreement.

9. ATTACHMENTS

#	Description
1	Nil