

FEES AND CHARGES PRICING METHODOLOGY PROCEDURE (VET)



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1 PURPOSE

- 1.1 The purpose of this procedure is to detail the pricing methodology and formulas utilised in setting approved fees and charges for goods and services provided by Vocational Education and Training (VET) operations of CQUniversity.

2 SCOPE

- 2.1 This procedure applies for all fees and charges not covered by regulated fees or where mandated Government/University policies or agreements define specific alternate fees and charges.
- 2.2 For any clarification on applying this procedure, refer to the Administrator (in the Approval and Review table below).

3 PROCEDURE

- 3.1 The Pro Vice-Chancellor (VET Operations and Growth) is responsible for ensuring the methodology is implemented across the VET operations of CQUniversity through the provision of advice and, where required, pricing tools.
- 3.2 The relevant Dean is responsible for approving, in accordance with this procedure, individual non-training, goods and services package fee/charge requests and maintaining a register of pre-approved non-training, goods and services package fees and charges.

- 3.3 The Data Services Manager is responsible for uploading pre-approved course and unit fees, and maintaining a register of pre-approved delivery package fees and charges in accordance with this procedure.
- 3.4 Managers are responsible to ensure that all goods and services provided by their teams utilise prices set in accordance with this procedure.
- 3.5 Fees and charges must be set in line with the relevant legislation and policies.
- 3.6 Fees and charges for goods/services provided by the VET operations of CQUniversity will usually fall into one of the following categories:
- VET course unit costing
 - fee for service (including international)
 - resources/materials
 - facility hire
 - training facility operations (restaurant, hair/beauty salon)
 - class exercises
 - miscellaneous goods or services
 - specific exceptions.
- 3.7 The below sections provide the methodology and formulas to utilise for these categories.

Overheads

- 3.8 CQUniversity overhead percentage is for all fee and charges as per 3.6, with the exception of VET course unit costing, which has overheads incorporated into the pricing methodology. The CQUniversity overhead percentage is primarily informed from CESD analysis of prior year's expenditure. Current analysis indicates overheads comprise 42% of total expenditure.

Thus: $\text{Direct Cost} + (\text{Total} * 42\%) = \text{Total Cost}$
Therefore, Total Cost is calculated using the formula:
 $\text{Total Cost} = \text{Direct Cost} / (1 - 0.42)$

Goods and Services Tax (GST)

- 3.9 When calculating the pricing, the costs used must be the GST exclusive cost. If you only have a GST inclusive cost from a supplier, then this can be converted to a GST exclusive cost by dividing by 1.10.
- 3.10 In regard to final pricing to clients, GST must be added on top of the below formulas where applicable. GST is applied by multiplying the calculated price by 1.10.
- 3.11 Note that whether the CQUniversity has paid GST or not on goods/services purchased has no bearing on whether we charge our clients GST when on-selling. The purchase and sale are treated as completely separate, unrelated transactions from a GST standpoint.
- 3.12 The absence of a comment relating to GST within the below categories should to be taken to mean the transaction is GST free. Refer to GST Taxation or the Financial Services Team for guidance on when GST is applicable.

Review

- 3.13 Pricing should be reviewed at least annually, and may involve fresh cost quotations and pricing calculations, or indexation via CPI. Refer to the relevant legislation and policies as to which method is applicable for particular charges.

Course unit costing

- 3.14 VET course units will be priced using the VET course unit costing methodology. The methodology calculates the cost of a VET unit of competency and includes:
- development, delivery, overhead and equipment costs
 - a 20% profit margin.
- 3.15 The course price is the aggregate of the number of units.

Fee for service (including international)

- 3.16 Fee for Service pricing will be based upon full cost pricing, incorporating competitive neutrality adjustments in line with the relevant policies and incorporate a 10–20% profit margin. Reduction below this margin requires approval of the approval authority. Refer to the [Delegation of Authority Policy \(FMPPM\)](#).
- 3.17 A template to calculate costs and pricing is available from Contracts and Industry Services and at a minimum is reviewed and updated annually.

Resources/materials internally produced resources

- 3.18 Produced by the Publishing Unit or Campus Copy Centres.
- 3.19 Production Cost (as advised by IPU) + CQUniversity Overheads, calculated using formula: $\text{cost} / (1 - 0.42)$.

Miscellaneous page counts

- 3.20 Loose leaf or stapled/bound pages printed or copied by teams on MFD's/team printers/copiers – limited to no more than 50 pages per student. Large volume printing must be undertaken through the IPU/Copy Centres to ensure cost efficiencies are achieved for both CQUniversity and its clients.
- 3.21 Black & White 1 – 50 pages \$12.50 flat fee
Colour Copying \$1.15 per page.

Facility hire

- 3.22 Facility Hire incorporates short-term hire and longer-term lease arrangements. Refer to the [Hire and Use of University Facilities and Equipment by External Parties Procedure](#).

Training facility operations (restaurant, hair/beauty salon)

Restaurant operations

- 3.24.1 Restaurant operations must be priced to ensure full cost recovery over the short term (preferably per trading period, but no longer than an individual semester), rather than necessarily full cost recovery on individual meals/drinks.
- 3.24.2 To achieve this, costing must be prepared to establish the breakeven price (input costs + CQUniversity overheads) with profit margins applied where possible considering market prices, competitive neutrality and client expectations in relation to being a training environment as opposed to a commercial restaurant. As indicated above, where necessary, certain individual items may be reduced below breakeven.
- 3.24.3 Prices are to be submitted to Contracts and Industry Services for approval, in line with this procedure, prior to provision of service.

Hair/beauty salon services

- 3.24.4 Salon operations must be priced to ensure full cost recovery over the short term (preferably per trading period, but no longer than an individual term), rather than necessary full cost recovery on individual services.
- 3.24.5 To achieve this, costing must be prepared to establish the breakeven price (input costs + CQUniversity overheads) with profit margins applied where possible considering market prices, competitive neutrality and client expectations in relation to being a training environment as opposed to a commercial salon. As indicated above, where necessary certain items may be reduced below breakeven.
- 3.24.6 Prices are to be submitted to Contracts and Industry Services for approval, in line with the above, prior to provision of service.

Hair/beauty salon products

- 3.24.7 The greater of:
- recommended retail price, or
 - cost (including Freight) + CQUniversity Overheads, calculated using formula: $\text{cost} / (1 - 0.42)$.
- 3.24.8 Prices are to be submitted to Contracts and Industry Services for approval.

Class exercise

- 3.24.9 Materials used in class exercises, where students wish to take home their class exercises.
- 3.24.10 Cost (including Freight).

Miscellaneous goods or services

Stationery, miscellaneous and sundry item (for examples, calculators, pens, other items for student use)

- 3.25.1 Cost (including freight) + CQUniversity Overheads (plus GST), calculated using formula: $\text{cost} / (1 - 0.42)$ (plus GST).

University TAFE publishing unit services – external client

- 3.25.2 Cost (including Freight) + CQUniversity Overheads + 10% Profit Margin (plus GST), calculated using formula:
- $\text{cost} / (1 - 0.42) * 1.1$ (plus GST).

Goods/services not otherwise specified

- 3.25.3 Cost (including Freight) + CQUniversity Overheads, calculated using formula: $\text{cost} / (1 - 0.42)$.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Administrator is responsible for ensuring compliance with and monitoring implementation of the procedure and to undertake reviews as required.

Reporting

- 4.2 No additional reporting is required.

Records management

- 4.3 Staff must maintain all records relevant to administering this procedure in a recognised University recordkeeping system.

5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University [glossary](#).

6 RELATED LEGISLATION AND DOCUMENTS

[A New Tax System \(Goods and Services Tax\) Act 1999 \(Cwlth\)](#)

[Financial Accountability Act 2009 \(Qld\)](#)

[Financial and Performance Management Standard 2009 \(Qld\)](#)

[Financial Management Practices Manual](#)

[Full Cost Pricing Policy, Queensland Treasury, October 1994](#)

[Hire and Use of University Facilities and Equipment by External Parties Procedure](#)

[Principles for Fees and Charges, Queensland Treasury, January 2006](#)

7 FEEDBACK

- 7.1 University staff and students may provide feedback about this document by emailing policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Vice-Chancellor and President
Advisory Committee to Approval Authority	Executive Management Committee
Administrator	Pro Vice-Chancellor (VET Operations and Growth)
Next Review Date	25/05/2019

Approval and Amendment History	Details
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Notes	