

VET MANDATED FEES AND COMMERCIAL REVENUE PRICING POLICY AND PROCEDURE



CONTENTS

1	PURPOSE.....	1
2	SCOPE.....	2
3	POLICY STATEMENT	2
4	PROCEDURE	2
	Roles and responsibilities	2
5	METHODOLOGY FOR COMMERCIAL TRAINING REVENUE.....	4
	Costing tool	5
	Direct expenses - VET educators	5
	Direct Expenses – Non-Salary.....	5
	Goods and Services Tax (GST).....	6
	Indirect expenses - nominal overhead percentage.....	6
	Cost mark up.....	7
6	METHODOLOGY FOR MANDATED PRICES (Published Course Fees)	7
	Existing courses	7
	New courses on scope of registration.....	7
7	MARKET ADJUSTMENT	7
8	CANCELLATION FEES	8
9	RESPONSIBILITIES	8
	Compliance, monitoring and review.....	8
	Reporting.....	8
	Records management.....	8
10	DEFINITIONS	8
	Terms and definitions.....	8
11	RELATED LEGISLATION AND DOCUMENTS.....	9
12	FEEDBACK.....	9
13	APPROVAL AND REVIEW DETAILS.....	10

1 PURPOSE

- 1.1 This policy and procedure establishes an accountable and transparent framework for all stages of development and management of Vocational Education and Training (VET) agreements and the associated methodologies, to assist in setting approved fees and charges for goods and services provided by the VET operations of CQUniversity.
- 1.2 This policy and procedure will:
 - strengthen the governance and controls in place for each stage of VET Commercial Training Agreements so that any agreement which accesses government funding is undertaken only after having considered and worked through a process of due diligence that considers reputational, financial, governance and other risks, and
 - improve the internal segregation of duties such that they ensure appropriate governance and oversight of the related processes and procedures by addressing the roles and responsibilities of each internal CQUniversity contributor to a new or amended VET Commercial Training Agreement.
- 1.3 Any agreement developed under this policy and procedure must also meet the compliance and contractual requirements within the [Standards for Registered Training Organisations \(RTOs\) 2015](#) (Cwlth), [Pre-Qualified](#)

[Supplier Agreement](#) and [Pre-Qualified Supplier Procedures and Guidelines](#), and any other relevant contract conditions whereby CQUniversity receives funding from State, Commonwealth and/or Industry sources.

2 SCOPE

2.1 This policy and procedure applies for all VET fees and charges, including:

- mandated fees for full courses
- mandated Government/University policies or agreements that define specific alternate fees and charges, and
- short courses, training services agreements and third-party agreements, defined as VET Commercial Training Agreements within this policy and procedure, developed by CQUniversity.

3 POLICY STATEMENT

3.1 CQUniversity will not enter into any VET Commercial Training Agreement that accesses VET Student Loan funding. The only exception to this will be if the Executive Management Committee (EMC) has reviewed and approved an internal proposal, and where CQUniversity has applied to the Commonwealth – and received approval for – such an arrangement.

4 PROCEDURE

Roles and responsibilities

Initiators

- 4.1 When initiating a new VET commercial training agreement, through the Contract Management System (CMS) that includes an accredited course as part of the agreement, the initiator must ensure the VET course is on CQUniversity's 'scope of registration'. For courses and units not on the CQUniversity's scope of registration, the Initiator will follow the appropriate procedures for approval of adding the course through the [Academic Information Management System \(AIMS\)](#).
- 4.2 Where the accredited course is already on CQUniversity's scope of registration, the Initiator will enter information into the 'My Agreement Proposals' section of the CMS to commence the workflow. The CMS will activate the below workflows:
- the initiator will discuss the training plan, client's requirements and the need for any market adjustments, with the appropriate VET Manager and Qualifications Coordinator. These School representatives will advise if the course is meeting the volume of learning and the amount of training required and if they have Human Resources available to cover the requirements
 - in the 'Agreement Proposal Documents' set, the initiator will complete the costing tool and document within the costing tool, how the training will be delivered and include all direct, indirect expenses and market adjustments (commercial training revenue) associated with the training plan as discussed with the VET Manager and Qualifications Coordinator, and/ or
 - where a third party deliver on CQUniversity's behalf – all compliance documentation must be uploaded under the appropriate folder within the 'agreement proposal documents' set including the trainer's qualifications and currency, company insurances, training resources, training and assessment strategy plan, then
 - VET Contract Services Team will review the documentation with the VET Manager/Director, College of Trades to ensure compliance with the [Standards for Registered Training Organisations \(RTOs\) 2015](#) and CQUniversity's policies.

VET Contract Services Team

- 4.3 The VET Contract Services Team is responsible for:
- reviewing information and documents submitted within CMS before allocating the delegate/s for approval
 - ensuring the approval process follows the [Delegation of Authority Policy \(FMPPM\)](#)

- confirming delegations where employees are allocated a higher delegation for the authority to sign for both receipt of income and expenditure agreements and contracts via an annual email to [FSD Security](#), and
- where CQUniversity is seeking to enter into a third-party training agreement, coordinating and completing appropriate external due diligence on the proposed partner, before the agreement can be signed. This will include:
 - an internet search
 - an Australian Securities and Investments Commission (ASIC) search
 - a discussion with the relevant government department about the proposed partner, if the proposal includes accessing government funds to ascertain if there are any reservations about this partner, and
 - notifying the relevant government department, formally, of the proposed partnership through the monthly update (once signed).

4.4 Where a third party is delivering/assessing under the University's scope registration, the VET Contract Services Team is also responsible for working with the Qualifications Coordinator and the Dean of School/VET Manager/Director, College of Trades to ensure due diligence is completed for all VET commercial training agreements specifically:

- ensuring trainers have the minimum requirements noted under the [Approved Teaching Qualifications for VET Educators Procedure](#), [Central Queensland University Enterprise Agreement 2017](#) and Standards for Registered Training Organisations (RTOs) 2015 to deliver and assess the stated VET course
- teacher industry and vocational currency meet the minimum requirements
- when using the University's training and assessment resources, the current version is provided by the VET School, or
- when using the third party's training and assessment resources, upload a copy of all unit resources into CMS and schedule a Validation Panel Review through the Educational Quality and Standards Assurance Team.
- conduct five monitoring meetings with all VET Commercial Agreements over the 12 month period of the agreement
- formally minute monitoring meetings, and
- review and register all marketing by the third party under a VET Commercial Training Agreement to ensure they are compliant and do not breach the [Standards for Registered Training Organisations \(RTOs\) 2015](#) or the funding agreements.

Approvers

- 4.5 To ensure separation of responsibilities and duties, approvers of VET Commercial Training Agreements cannot be the initiators of the same agreement.
- 4.6 There can be more than one Approver per agreement, which may also include the authority within the School (e.g. Dean of School/VET Manager/Director, College of Trades), however the final approver must have delegation of authority as per section 4.3. Refer to Appendix 1.
- 4.7 Where market adjustment has occurred, the Pro Vice-Chancellor (VET Operations and Growth) and/or the Dean of School will provide commentary surrounding the reasons for the offer of price variation. Refer to section 6.
- 4.8 Where CQUniversity enters into a third-party agreement with another organisation, the authority in the School (e.g. Dean of School/VET Manager/Director, College of Trades) and the Pro Vice-Chancellor (VET Operations and Growth) must be approvers.

Qualification Coordinators

- 4.9 Qualification Coordinators will often, but not always, be the initiator of a new AIMS proposal.

- 4.10 Where the proposed VET commercial training agreement is delivered/assessed by a third party, the Qualification Coordinator will review all aspects of the proposed third party's compliance with the [Standards for Registered Training Organisations \(RTOs\) 2015](#), including third party teacher qualifications, currency, learning materials, marketing, etc.
- 4.11 Qualification Coordinators will provide the training information and complete the costing tool found in CMS, with the assistance of the VET Contract Services Team.
- 4.12 Qualification Coordinators are responsible for the availability of the Human Resources to deliver the course and their inclusion in the budget. Where a new position is required, the Qualification Coordinator will follow the appropriate process and include this in the costing tool.

Deans of Schools/VET Managers/Director, College of Trades

- 4.13 The Dean of School/VET Managers/Director, College of Trades have the overarching responsibility for the VET commercial training agreement regarding all aspects of the educational delivery and assessment and its finances.
- 4.14 The Dean of School/VET Managers/Director, College of Trades:
- will be involved in the discussion of how the training is delivered and the methodology used within the costing tool, including any market adjustments
 - is responsible for approving and signing VET commercial training agreements, not including third party agreements, within their delegation level. Agreements which include third party agreements, must be authorised and signed the Pro Vice-Chancellor (VET Operations and Growth) due to the increased risk to CQUniversity
 - meet with school representatives to monitor the progress of initiatives through AIMS and CMS processes where the proposed VET commercial training agreement is delivered/assessed by a third-party, and
 - meet with the VET Contract Services Manager to review documentation and compliance prior to approval for the VET commercial training agreement, including the methodology in pricing.

Educational Quality and Standards Assurance Team

- 4.15 The Educational Quality and Standards Assurance Team will conduct regular audits of all VET commercial training agreements delivered/assessed by a third party, as follows:
- an annual internal audit for the VET commercial training agreement
 - on-site audits scheduled as part of the terms and conditions within the VET commercial training agreement, and
 - as requested by the Pro Vice-Chancellor (VET Operations and Growth) and VET Contract Services Manager.

Pro Vice-Chancellor (VET Operations and Growth)

- 4.16 The Pro Vice-Chancellor (VET Operations and Growth) is responsible for:
- approving the costing tool and/or the percentage of funding for payment to the third party
 - approving and signing VET commercial training agreements within delegation level, and
 - approving for the VET commercial training agreements delivered/assessed by a third party to commence execution.

5 METHODOLOGY FOR COMMERCIAL TRAINING REVENUE

- 5.1 When completing a costing for a commercial training revenue project, following the methodology herein, the initiator must take into consideration the mandated prices for a full qualification or short course which are found on the [VET Student Fees](#) website.

Costing tool

- 5.2 The costing tool is designed to assist employees develop a training quote for potential CQUniversity VET clients. The costing tool, along with this policy and procedure, is the foundation to commercial VET costings.
- 5.3 It is understood not all commercial costings can be completed in the costing tool due to the specific project, however, employees must follow the methodology within this policy and procedure.
- 5.4 The costing tool will be reviewed annually by the VET Contract Services Manager to ensure that:
- the nominal overhead percentage is reviewed and adjusted by the Senior Management Accountant
 - salary on-costs are updated, and
 - salary rates are updated as per the [Enterprise Agreement](#), including casual, permanent and overtime rates.

Direct expenses - VET educators

On-cost and reflection and professional preparation leave (RPP)

- 5.5 All continuing VET Educators shall be allocated 15 days RPP on fully pay for each calendar year of service. Part-time employees or employees who have been engaged for less than a complete calendar year of service shall be granted RPP calculated on a pro rata basis.
- 5.6 On-cost percentage will be advised by the Management Accountant and updated annually.
- 5.7 RPP leave will be factored at 0.05769 for VET Educators only, as advised by the Management Accountant.

Contact and non-contact time calculation

- 5.8 There are 52 weeks in the year less the following [Enterprise Agreement](#) entitlements:
- six weeks annual leave
 - three weeks Reflection and Professional Preparation (RPP)
 - two weeks professional development, and
 - two weeks (10 days) of public holidays includes the show holiday.
- 5.9 VET Educators have 22 contact hours per week x 39 weeks = 858 contact hours available per year.
- 5.10 The per annum VET Educators salary is divided by the 858 contact hours to get the contact/non-contact time hourly rate.
- 5.11 Where training and assessment materials are written specifically for the cohort, this will be calculated at the VET Educator's hourly rate plus RPP and on-costs.

Direct Expenses – Non-Salary

- 5.12 Non-salary expenses include but are not limited to:
- specific equipment (e.g. forklift), hiring training facilities or consumables (e.g. gas, welding rods)
 - printing expenses of learning and assessment materials
 - stationery kits, text books and other learning materials purchased for the cohort, and
 - where the trainer needs vaccinations or to complete an induction course.

Travel expenses (includes domestic and international)

- 5.13 Where the client does not provide accommodation, meals etc for employees to travel to site or another campus, these expenses must be included in the VET commercial training agreement.

- 5.14 Employee travel time will be included for both VET Educators and Academics. VET Educators have a specific rate in the [Enterprise Agreement](#) for outside work hours travel. Academics will be costed at their normal salary rate.
- 5.15 Accommodation and meals will be costed as per the [Australian Taxation Office](#) unless the accommodation is known to cost more than listed. Also refer to the [Travel Policy and Procedure](#) for organisational guidelines.
- 5.16 International travel expenses can include, visas, vaccinations, travel insurance, airport taxes, and employee travel time.

Goods and Services Tax (GST)

- 5.17 When calculating the pricing, the costs used must be the GST exclusive cost. A GST inclusive cost can be converted to a GST exclusive cost by dividing by 1.10.
- 5.18 Regarding the final pricing to clients, GST must be applied to the price after calculation of all costing elements set out in the methodology below. GST is calculated as an additional 10% or by multiplying the calculated price by 1.10 to arrive at the GST inclusive price of providing the commercial training agreement.
- 5.19 Paying GST on goods/services purchased will have no bearing on whether the University will charge clients GST when on-selling. The purchase and sale will be treated as completely separate, unrelated transactions from a GST standpoint.
- 5.20 The absence of a comment relating to GST within the below categories (nominal overhead percentage and cost mark-up) should be taken to mean the transaction is GST free. Refer to GST Taxation or the Finance and Planning Division for guidance on when GST is applicable.
- 5.21 Accredited training is considered exempt of GST and non-accredited training must be GST exclusive cost.

Indirect expenses - nominal overhead percentage

- 5.22 The nominal overhead percentage represents the contribution towards other overheads incurred by the University in the delivery of VET education that are not able to be identified for each agreement, unit or course of delivery. The Senior Management Accountant will advise nominal overhead percentage and include an analysis of the University's VET overhead expenses that are in addition to the direct costs of delivery of VET courses and units. These expenses typically comprise of salary and non-salary expenses (including corporate contracts) for:
- Finance and Planning Division supporting VET including Accounts Receivable, Accounts Payable, Budget Team and Business Intelligence and Analytics Team.
 - Student Experience and Governance Division including student support, enrolments and awards and
 - International and Services Division including People and Culture, Marketing, Information and Technology Division, Facilities Management Division including utilities, building maintenance and services.
- As the overheads include all the above, internal facility usage, vehicle hire, and fuel are included as indirect expenses.

- 5.23 Nominal overheads will be calculated as the accounting formula for unknown indirect expenses for International and Domestic markets. The overhead percentage is 40%:

The total direct expenses (salary and non-salary) divided by (1 minus nominal overhead percentage) multiplied by the nominal overhead percentage equals the indirect expenses (nominal overhead) dollars.

For example: total direct expenses (salary and non-salary) equals \$4,405.00. The nominal overhead percentage is 40%. The formula is:

$$(\$4,405.00 / (1-40\%)) * 40\%$$

$$(\$4,405.00 / 0.6) * 40\%$$

$$\$7,341.6666 * 40\%$$

$$\$2,936.67 - \text{This figure is your indirect expenses (nominal overhead) in dollars.}$$

$$\text{The direct and indirect expenses now total } \$4,405 + \$2,936.37 = \$7,341.67.$$

- 5.24 Where the delivery occurs off campus and the VET Educator/Academic's travel expenses are covered by the client, the overhead percentage can be reduced to 35%, as facilities are not utilised.

Cost mark up

- 5.25 Cost mark-up will be applied after the direct and in-direct expenses and the nominal overhead percentage. Percentage of cost mark-up is set at:
- 20% for domestic VET commercial training revenue, and
 - 30% for VET commercial training revenue incorporating international students either on-shore or off-shore, to account for additional risk.

6 METHODOLOGY FOR MANDATED PRICES (Published Course Fees)

Existing courses

- 6.1 A percentage increase will be developed, annually, by the Deputy Vice-Chancellor, Finance and Planning in consultation with the Pro Vice-Chancellor (VET Operations and Growth).
- 6.2 Deans of Schools, VET Managers and Director, College of Trades will review suggested increase for their specific courses, search market value of closest competitors and provide feedback to the Pro Vice-Chancellor (VET Operations and Growth), particularly where there is a need to deviate from the proposed percentage increase.
- 6.3 The Pro Vice-Chancellor (VET Operations and Growth) will table the proposed annual mandated courses fees at the EMC for the scheduled annual review meeting.

New courses on scope of registration

- 6.4 Pricing will be incorporated within the AIMS system based on the training plan and consideration where funding is available.
- 6.5 Market research on the course, looking at other competitors and providing a justification on the suggested pricing by the Dean of School, VET Manager, or Director, College of Trades will also be captured in the AIMS system.
- 6.6 The Pro Vice-Chancellor (VET Operations and Growth) will table the new course fees at the EMC during the scheduled annual review meeting, or where a new course is developed out-of-sync with the annual process, at other EMC meetings, as required.

7 MARKET ADJUSTMENT

- 7.1 It is acknowledged that, at times, market conditions and competition in the market dictate a need to adjust the methodology for commercial training revenue specified in this policy and procedure, in order to secure the VET commercial training agreement.
- 7.2 Where a commercial training revenue project has been costed using the methodology in this policy and procedure or in the costing tool and the price is higher than the market will bear, then a market adjustment may be necessary.
- 7.3 In the instances under sections 7.1 and 7.2, the Pro Vice-Chancellor (VET Operations and Growth) can adjust the cost mark-up percentage, provided there is justification and commentary covering the reason/s for the variation documented within the CMS file.
- 7.4 The Pro Vice-Chancellor (VET Operations and Growth) may approve discounted rates under section 7 for corporate organisations and commercial contracts, as follows:
- A reduction of the mandated cost mark-up rate being 20% for domestic students and 30% for international students to a minimum of 10% and 20% respectively. Further discounts will need approval of the Provost.

- Where the client can potentially bear a cost that is above what the costing tool generates, the Pro Vice-Chancellor (VET Operations and Growth) can approve this higher rate.

8 CANCELLATION FEES

8.1 Where a VET commercial training agreement has been accepted and/or a purchase order or Authority to Invoice Form has been received:

- there will be no refund of monies for specific cohort training requested by the organisation if the cancellation is made within five working days of the start of the program. All direct expenses already incurred will be covered by the organisation.

8.2 Where the mandated prices are utilised and the invoice is raised in the University's student management system, Student One:

- once a student commences training there will be no refund, or
- where a student has not commenced the unit, a full refund is applicable.

9 RESPONSIBILITIES

Compliance, monitoring and review

9.1 The Pro Vice-Chancellor (VET Operations and Growth) is responsible for implementing, monitoring, reviewing and ensuring compliance with this policy and procedure.

Reporting

9.2 No additional reporting is required.

Records management

9.3 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping system.

9.4 University records must be retained for the minimum periods specified in the University Sector Retention and Disposal Schedule on the [Queensland State Archives website](#).

10 DEFINITIONS

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

Terms and definitions

Accredited VET course: A course approved by the National VET regulator, ASQA, or by another State-based accrediting body

Cost mark up: an additional percentage applied to the costs of executing the course or unit referred to in section 5.25 above that represents a commercial return to the University for the development and delivery of the course or unit.

Contract Management System (CMS): the SharePoint system developed by the University to store all documentation and correspondence in relation to a specific third-party service or commercial activity. This system provides a transparent and compliant workflow to ensure separation of duties.

Initiator: person who has initial discussions and contact with the third party who is interested in VET services the University can provide. The initiator includes, but is not limited to:

- Business Development Team
- Director College of Trades
- Qualification Coordinators
- VET Business Development Consultants
- VET Managers, and

- VET Strategic Business Officer.

Market adjustment: adjustment to a commercial VET quote to make the quote more competitive within the market.

Mandated fees: VET student fees set and charged annually for mainstream, accredited VET courses at CQUniversity.

Proposals section: the area within CMS where a workflow in SharePoint moves through various reviews, monitoring and approvals required to meet relevant legislation and documents.

Third party: an organisation external to the University with whom the University has an agreement, particularly (but not exclusively) where Government subsidies are involved.

VET commercial training agreement an agreement with a company, business, Government department or organisation for the provision of training and associated services, typically to their employees or select third party cohorts. Agreements are primarily on a full fee paying basis, although may incorporate government subsidy for individual students, subject to meeting eligibility requirements. Pricing is typically customised to reflect the client's specific service delivery requirements, commonly including a fixed minimum price regardless of the number of students who enrol (e.g. \$10,000 for up to 14 students). There are instances when the organisation's employees are eligible for subsidy and the fees and invoices are raised in Student One and not based on a 'fixed minimum price' however, it is expected the organisation meets the minimum numbers if conducting face-to-face workshops. Associated revenue is recorded in the University's finance system under a variety of categories including student fees, commercial and Government subsidy.

VET commercial training revenue: training and associated delivery provided by the University under an agreement with a company, business, Government department or organisation, on a full fee basis (no subsidy is paid by the State or Commonwealth). Training may involve nationally accredited or non-accredited qualifications, short courses or workshops. Revenue is recorded in the University's finance system as VET training commercial revenue.

11 RELATED LEGISLATION AND DOCUMENTS

[Australian Taxation Office – Taxation Determinations](#)

[Central Queensland University Enterprise Agreement 2017](#)

[Delegations of Authority Policy \(FMPPM\)](#)

[Pre-Qualified Supplier Agreement \(Department of Employment, Small Business and Training\)](#)

[Pre-Qualified Suppliers Procedures and Guidelines \(Department of Employment, Small Business and Training\)](#)

[Standards for Registered Training Organisations \(RTOs\) 2015](#) (Cwlth)

[Approved Teaching Qualifications for VET Educators](#)

[Travel Policy and Procedure \(FMPPM\)](#)

12 FEEDBACK

12.1 Feedback about this document can be emailed to policy@cqu.edu.au.

13 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	24/09/2022

Approval and Amendment History	Details
Original Approval Authority and Date	Vice-Chancellor and President 24/09/2019
Amendment Authority and Date	
Notes	This document consolidated and replaced the Fee-For-Service Pricing and Cancellation Fees Policy (VET) (25/05/2016), Fee-For-Service Commercial Pricing Fees Procedure (VET) (25/05/2016) and the Fees and Charges Pricing Methodology Procedure (VET) (25/05/2016).

Appendix 1 - Approval Workflow

