

Policy Title: Pricing

Policy Owner: Chief Financial Officer

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1. INTENT

This policy provides direction on the pricing of goods and/or services for Commercial or Research activities at ECU. For the avoidance of doubt, this policy does not apply where ECU is pricing for internal purposes, including wholly-owned or controlled entities nor to student tuition fees which are covered by the Tuition Unit and Incidental Fee Setting (PL085/ad062) policy.

2. ORGANISATIONAL SCOPE

All ECU staff.

3. DEFINITIONS

TERM	DEFINITION
Associate	An entity over which ECU has significant influence but not control. Investments in associates are accounted for using the cost method or equity method.
Commercial Activity	An Activity will be considered to be Commercial if: (i) ECU charges purchasers for goods and/or services (including <i>inter alia</i> research services, consultancies, tender responses, course materials for non-ECU students, intellectual property) in a competitive market, and (ii) ECU has a degree of independence in relation to the production or supply of the good and/or service and the price at which it is provided.
Direct Costs	Costs that can be directly attributed to the provision of specific goods and/or services by

TERM	DEFINITION
	ECU. Direct Costs include staffing costs, stationery, catering, venue hire, travel etc.
Indirect Costs	Costs incurred by the University that cannot be attributed to any single activity or process. These costs, at times, are shared across many activities or are fixed costs regardless of the provision of the goods and/or services being priced. Indirect Costs are generally administrative support and overhead costs may also be included in the University Services Charge.
Infrastructure Costs	Cost of providing facilities such as office space, laboratories and equipment that are not otherwise recovered through the application of Direct Costs, Indirect Costs or University Services Charge.
Price	The amount charged for the provision of goods and/or services.
Research Activity	<p>An Activity will be considered to be Research if it creates new knowledge and/or enables the use of existing knowledge in a new and creative way so as to generate new concepts, methodologies and understandings. This could include synthesis and analysis of previous research to the extent that it leads to new and creative outcomes.</p> <p>Research Activities are managed through the Office of Research and Innovation (ORI) and include the commercialisation of Intellectual Property (IP) which receives support from the Finance and Business Services Centre.</p>
Risk Margin	An additional amount added to the price of goods and/or services as a contingency to cover unforeseen increases in costs or service delivery.
University Services Charge (USC)	Charge levied on approved income sources to ensure that externally funded activities contribute to the Indirect Costs of supporting these initiatives and that the University complies with Competitive Neutrality principles.

4. POLICY CONTENT

4.1 Principles

Pricing shall consider all costs associated with the provision of goods and/or services.

The Price should include a Risk Margin and, where relevant, acknowledge any University in-kind contribution.

The following pricing strategies should be considered when pricing goods and/or services:

- Full Cost Recovery - sets the price to recover Direct Costs and Indirect Costs associated with the service.
- Grant Cost Recovery – sets the price to recover all costs allowable under any relevant grant conditions.
- Commercial Pricing - sets the price at a Risk Margin above the Full Cost Recovery point.
- Market Pricing – when providing goods and/or services to the general public in markets where there are active private sector competitors, prices are set according to equivalent standards in the market place.
- Associate Pricing – when providing goods and / or services to an Associate, prices are set to recover applicable Direct and Indirect costs and any applicable agreed Infrastructure costs.

Approval of goods and/or services contract prices shall be in accordance with Financial Limits as per the Delegations Manual.

Pricing of goods and/or services shall be consistent with the interests of ECU and will consider the requirements of the Competition and Consumer Act =and Competitive Neutrality principles.

The competitive cost advantages (subsidies) or disadvantages (burdens) that result from ECU's government funded entity status should be considered when pricing a good and/or service, especially for commercial tenders. Refer to the Competitive Neutrality and Anti-Unconscionable Behaviour Procedure for more information.

4.2 Determination of Cost

All underlying costs must be identified and considered when determining the Price. These will consist of Direct Costs, Indirect Costs, Infrastructure Costs and corporate overhead costs as well as any instances of public sector cost advantages or disadvantages.

4.3 Determination of Price

To maintain financial sustainability for the University, pricing of goods and/or services conducted using University resources must be set appropriately to ensure Full Cost Recovery plus a Risk Margin.

The determination of a Price should consider the following factors:

- the type of good and/or service;
- the presence of private sector competitors;
- the relevant pricing strategy; and
- any contractual and regulatory requirements.

Commercial pricing is determined by applying a Risk Margin on top of all Direct Costs and Indirect Costs incurred, with a recommended minimum rate of 20%. For more details on pricing, refer to the Pricing Policy Guidelines.

The pricing criteria for research grants are contained within the Research Grant Management Policy (ac092).

Associate pricing is determined by considering the Direct and Indirect costs that the activity will incur and applying any applicable Infrastructure costs.

4.4 Responsibilities

Schools and Service Centres shall be responsible to ensure that:

- pricing for a good and/or service is set in accordance with the principles above;
- pricing is compliant with the Competition and Consumer Act and Competitive Neutrality principles;
- Staff comply with the Delegations Manual when entering into contracts or arrangements to sell goods and/or services of the University.

5. ACCOUNTABILITIES AND RESPONSIBILITIES

In relation to this policy, the following positions are responsible for the following

Policy Owner

The Chief Financial Officer has overall responsibility for the content of this policy and its operation in ECU.

6. RELATED DOCUMENTS:

6.1 The policy is supported by the following Guidelines:

- Pricing Policy Guidelines

http://www.fpsc.ecu.edu.au/site/html/finance_procedures.cfm

Other documents which are relevant to the operation of this policy are as follows:

- University Delegations and Authorities

<http://intranet.ecu.edu.au/staff/centres/office-of-governance-services/our-services/delegations>

- Research Grant Management Policy (ac092)

http://www.ecu.edu.au/GPPS/policies_db/tmp/ac092.pdf

- Competitive Neutrality and Anti-Unconscionable Behaviour Procedure

http://www.fpsc.ecu.edu.au/site/html/finance_procedures.cfm

7. CONTACT INFORMATION

For queries relating to this document please contact:

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APPROVAL HISTORY

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