



Australian Government

MSFFDM4007 Identify and calculate production costs

Release: 1

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Modification History

Release 1. Unit code and Application changed. Elements and Performance Criteria changed. Range of Conditions removed and relevant content moved to Assessment Requirements. Assessment Requirements changed to remove duplication with Performance Criteria and clarify requirements. Supersedes and is not equivalent to MSFFT4010 Identify and calculate production costs.

Application

This unit describes the skills and knowledge required to gather and analyse information needed for the costing process and then estimate, calculate and document production costs in a commercial production environment.

This unit applies to individuals working in a role requiring estimation of end-to-end production costs, either alone or as part of an internal or external team.

No licensing or certification requirements exist at the time of publication. Relevant legislation, industry standards and codes of practice within Australia must be applied.

Competency Field

Project management and professional development

Elements and Performance Criteria

Elements	Performance Criteria
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
1. Gather and analyse information	1.1 Identify and collect information required to calculate production costs 1.2 Analyse information and extract relevant details 1.3 Convert required information to an appropriate format or software and store ready for retrieval and application
2. Estimate production costs	2.1 Estimate and accurately record types and quantities of materials required for production based on specifications 2.2 Estimate time requirements for production activities and other lead times based on specifications 2.3 Estimate and record labour requirements for direct production and handling operations based on specifications 2.4 Estimate and record costs associated with wastage (labour, materials,

Elements	Performance Criteria
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	consumables) based on specifications and previous project outcomes
3. Determine production costs	3.1 Calculate and document total production costs using required software in accordance with workplace procedures 3.2 Determine and document allowance for overheads and mark-up percentages in accordance with workplace procedures 3.3 Determine costs associated with transportation and packaging of product 3.4 Calculate and communicate final cost to customer through liaison with marketing/sales personnel and other personnel involved in financial decision-making
4. Document costing	4.1 Document details of costs in accordance with workplace procedures and formats 4.2 Check and verify costing details in accordance with workplace procedures 4.3 File and store costing information for future reference in accordance with workplace procedures 4.4 Respond appropriately and in accordance with workplace procedures to changes in scope and other requirements

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

- Numeracy skills to identify and interpret different data types, perform calculations including measurements and provide product and production estimates.
- Reading skills to interpret product and production costing information.
- Writing and oral communication skills to record and report on production costing processes and information accurately.

Other foundation skills essential to performance are explicit in the performance criteria of this unit of competency.

Unit Mapping Information

Release 1. Supersedes and not equivalent to MSFFT4010 Identify and calculate production costs.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=0601ab95-583a-4e93-b2d4-cfb27b03ed73>

Assessment Requirements for MSFFDM4007 Identify and calculate production costs

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Performance Evidence

There must be evidence the candidate has completed the tasks outlined in the elements and performance criteria of this unit, and demonstrated the ability to:

- identify and calculate production and product costs for two different products, and:
 - deliver documentation that identifies accurate costing information about all of the following:
 - materials
 - labour
 - overheads and percentage mark-ups
 - wastage
 - transport and packaging where relevant
 - produce reporting that shows the collection, organisation, and interpretation of information including procedures (in the context of cost), materials costings, payroll data, accounting records, costing matrices of other businesses and past production data
 - select suitable software or other means for documenting and communicating the production and product costs
 - adapt costings based on differences or changes in production scope, and report on the impact of those changes for one of the products.

Knowledge Evidence

There must be evidence the candidate has knowledge of:

- information required to establish production costs and what specific details are required:
 - product specifications
 - process specifications
 - production plan
 - labour unit costs
 - warehousing and distribution
 - logistic support contracts
 - supply agreements

- overhead costs:
 - rental/lease costs
 - utilities
 - non-production resources
 - depreciation of plant and equipment
 - warehousing margins
 - physical distribution unit costs
 - insurance
- workplace financial and costing policies and procedures for calculating and communicating costings
- how changes in product/production scope impact on costings
- features of software applications for calculating production costs to inform appropriate selection
- methods of communication relating to documenting production costs for both internal workplace and stakeholder/client consumption
- mathematical procedures used to calculate production costs:
 - estimation
 - the four basic mathematical operations: addition, subtraction, multiplication, and division
 - calculation of percentage mark-ups.

Assessment Conditions

Skills must have been demonstrated in the workplace or in a simulated environment that reflects workplace conditions and contingencies. The following conditions must be met for this unit:

- use of suitable facilities, equipment and resources, including:
 - product specifications
 - production process information
 - workplace costing policies and procedures
 - current information technology used for calculating and communicating costings.

Assessors must satisfy the NVR/AQTF mandatory competency requirements for assessors.

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