



Australian Government

MSFFT4010 Identify and calculate production costs

Release: 1

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Modification History

Release 1 - New unit of competency

Application

This unit of competency covers estimating materials, labour and time requirements, and establishing costs for the provision of products, including all overheads in a significant mass production environment. It may involve referral of matters to other enterprise personnel.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Pre-requisite Unit

Competency Field

Unit Sector

Furnishing Technology

Elements and Performance Criteria

Elements describe the essential outcomes.

Performance criteria describe the performance needed to demonstrate achievement of the element.

1	Gather information	1.1	Details of the particular product and competition products are obtained
		1.2	Details of the proposed production operation are obtained and analysed
		1.3	Labour unit cost projections are obtained and agreed
		1.4	Logistic support contracts, supply agreements or equivalent are obtained and analysed
		1.5	Details of proposed warehousing and physical distribution systems and related cost factors are obtained
		1.6	Information is converted to usable form and stored ready for retrieval and application
2	Estimate materials	2.1	Types and quantities of materials required for production

	and labour		are estimated and recorded
		2.2	Time requirements for production activities and other lead times are estimated
		2.3	Labour requirements for direct production and handling operations are estimated and recorded
3	Determine and calculate overheads	3.1	Components contributing to overhead costs are identified
		3.2	Overhead costs to be attributed to work in accordance with commercial and enterprise procedures are identified
4	Calculate production costs	4.1	Total materials costs and labour costs are calculated in accordance with enterprise procedures
		4.2	Total production cost is calculated, including overheads and mark-up percentages
		4.3	Final cost to customer is calculated in conjunction with marketing/sales personnel
5	Document details and verify, where necessary	5.1	Details of costs and charges are documented in accordance with enterprise practice
		5.2	Costs, calculations or other details are verified by other enterprise personnel, as required
		5.3	Details are documented for future reference in accordance with enterprise practices

Foundation Skills

Foundation skills essential to performance are explicit in the performance criteria of this unit of competency. Detail on appropriate performance levels for each furnishing unit of competency in reading, writing, oral communication and numeracy utilising the Australian Core Skills Framework (ACSF) are provided in the Furnishing Training Package Implementation Guide.

Range of Conditions

Specifies different work environments and conditions that may affect performance. Essential operating conditions that may be present (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) are included. Range is restricted to essential operating conditions and any other variables essential to the

work environment.

- Unit context includes:**
- work health and safety (WHS) requirements, including legislation, building codes, material safety management systems, hazardous and dangerous goods codes, and local safe operating procedures or equivalent
 - work is carried out in accordance with legislative obligations, environmental legislation, relevant health regulations, manual handling procedures and organisation insurance requirements
 - work requires individuals to demonstrate organisational and administrative ability, discretion, judgement and problem solving
 - work is undertaken in accordance with established procedures involving a range of products, equipment and installation sites
 - interaction with customers and other personnel from the operator's workplace
- Tools, equipment and resources include:**
- measuring equipment
 - product sales literature
 - product samples
- Overhead costs include:**
- rental/lease costs
 - utilities
 - non-production resources
 - depreciation of plant and equipment
 - warehousing margins
 - physical distribution unit costs
 - insurance
 - other costs incurred by doing business
- Personal protective equipment includes:**
- that prescribed under legislation, regulations and enterprise policies and practices
- Information and procedures include:**
- enterprise production plan and schedule
 - enterprise financial management policy and procedures
 - enterprise policy and procedures for cost and apportioning overheads
 - labour employment costs (awards, enterprise bargaining agreements and contracts)
 - material/supply costs (contracts, standing agreements, market rates and warehousing margins)
 - physical distribution contracts or arrangements
 - Australian, international and enterprise quality standards and procedures

Unit Mapping Information

Supersedes and is equivalent to LMFFT4010B 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>