



Australian Government

MSFGN3007 Set up and operate a self-employed contracting business

Release: 1

MSFGN3007 Set up and operate a self-employed contracting business

Modification History

Release 1. New unit.

Application

This unit describes the skills and knowledge required to establish and operate a small-scale business as a contractor or subcontractor. It does not include employing other people.

Workers with this competency undertake routine tasks on residential and non-residential/commercial sites using discretion, judgement and problem-solving to identify and resolve routine and some non-routine issues. As self-employed contractors they work with a high degree of self-direction.

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

General

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. Set up a contracting business	1.1. Identify and assess the ownership, taxation and liability aspects of relevant business models and determine an appropriate business structure 1.2 Identify licences and permits required to operate the business and assess one's ability to meet license/permit requirements 1.3 Identify and document the business' legislative, work health and safety, taxation superannuation and other obligations to authorities and subcontractors 1.4 Identify and communicate with professionals required to meet contractual, accounting, legal, taxation and recordkeeping requirements 1.5 Identify required insurances for risks related to income loss, public liability, vehicle operation and workers compensation 1.6 Investigate methods of acquiring motor vehicles and other equipment, and decide on the most suitable method

Elements	Performance Criteria
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
	1.7 Determine the business' policy about deposits, payments, timeframes and variations based on information reviewed 1.8 Follow processes of relevant agencies and businesses to put in place required arrangements
2. Cost and quote work	2.1 Identify opportunities to find customers 2.2 Identify the customer's requirements in sufficient detail for accurate costings 2.3 Document job instructions according to the customer's requirements 2.4 Cost the job by estimating materials, labour and fixed costs, allowances for contingencies and profit margin and goods and services tax 2.5 Prepare a quotation and contract conditions according to business procedures and submit it to the customer within the agreed timeframe
3. Manage and finalise contracts	3.1 Maintain records to monitor costs as a job progresses 3.2 Identify variations from contractual conditions and communicate with the customer to negotiate outcomes 3.3 On completion of the job, produce and submit an invoice to the customer for final payment. 3.4 Compare the predicted to the actual financial outcome and modify quoting methods and profit margin for future quotations 3.5 Provide timely, accurate financial information to a bookkeeper or accountant in line with their 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.

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

Unit Mapping Information

No equivalent unit.

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 MSFGN3007 Set up and operate a self-employed contracting business

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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:

- research, identify and action required processes to plan to set up a business
- estimate and provide quotes for at least two jobs with differing requirements for scope or type of product or service
- complete and finalise at least one basic contract
- set up accurate financial records and comply with tax and other regulatory requirements.

Knowledge Evidence

There must be evidence the candidate has knowledge of:

- relevant Commonwealth, state, territory and local government legislative requirements relating to operating a small business including business registration, licensing and taxation requirements
- the most common issues that can arise when setting up and operating a self-employed contracting business and how to avoid and respond to them
- basic business processes essential for successfully setting up and operating a self-employed contracting business including how to:
 - successfully communicate with customers and suppliers
 - cost and quote work
 - keep necessary business records
 - establish and use basic contracts
 - set and achieve quality benchmarks for completed work
 - improve business processes by evaluating past outcomes
 - plan work and manage time effectively.

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:
 - information about relevant business models

- information about legislative requirements relating to operating a small business including business registration, licensing and taxation requirements
- customers with job requirements and with whom to discuss progress with job scenarios.

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

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