

## 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 nonresidential/commercial sites according to job instructions and workplace procedures using discretion, judgement and problem-solving to identify and resolve routine issues. They work with a high degree of self-direction under routine supervision, and they are responsible for their output.

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

### Unit Sector

General

### Elements and Performance Criteria

Elements	Performance Criteria
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 Set up the business according to regulatory requirements and obtain any licences and permits required to operate the business 1.2 Develop a business plan, including goals, financial projections, risks and activities to find and keep customers 1.3 Understand the business' obligations to authorities and subcontractors, including legislative, award, work health and safety, taxation and superannuation obligations 1.4 Put in place business processes and engage professionals as required to meet contractual, accounting, legal, taxation and recordkeeping requirements 1.5 Organise insurance against risks in the business plan, including risks related to income loss, public liability, vehicle operation and workers compensation 1.6 Investigate methods of acquiring motor vehicles and other equipment, including purchase, lease and hire purchase, and decide on the most suitable method 1.7 Determine business and contractual conditions including for deposits, payments, timeframes and variations
2. Cost and quote work	2.1 Implement activities in the business plan to find and keep 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 including 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 the 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

3.4 Provide timely, accurate financial information to a bookkeeper or accountant in line with their requirements.

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## Foundation skills

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

## Assessment Requirements

### 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:

- produce a business plan and set up a business
- estimate and provide quotes for at least 2 jobs with differing requirements for scope or type of product or service
- complete and finalise at least one contract
- keep 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
  - keep necessary business records
  - 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
  - customer surrogates with job requirements and with whom to discuss progress with job scenarios.

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

## Links

Companion Volume implementation guides are found in VETNet –

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