

A Guide to Pricing Margin

When quoting a building project, it is important to ensure your margin covers:

- ✓ Offsite overheads - portion of the costs of running your business
- ✓ Onsite overheads / preliminaries - costs incurred in carrying out the works onsite not included in subcontract amounts
- ✓ Contingency - risks that may eventuate and be at your cost under the contract
- ✓ Profit.

Use our handy guide of typical overheads to consider when pricing a job, prepared for Master Builders by Mitchell Bradtman, with input from Master Builders members.

Overheads to consider including in your margin

TYPICAL OFFSITE OVERHEADS

- Business staff (administration, accounting/bookkeeper, management, etc.)
- Staff training
- Office expenses (rent/mortgage, water/rates, electricity, computers, phones, stationary, cleaning etc.)
- Estimating, tendering and procurement
- Management systems (Procore etc)
- Car lease and petrol
- Insurance of cars and buildings - not project specific
- Licensing fees
- Project/retention trust account costs including audits (annual audits of retention trust accounts as well as QBCC audits of project and retention trust accounts)
- Accountant fees for MFR compliance (including annual reporting) and taxation compliance
- Taxes and charges incurred by the business
- Miscellaneous legal fees, external accounting, consultants, etc.
- Bad debts
- Banking fees

TYPICAL ONSITE OVERHEADS / PRELIMINARIES

- Insurance
- Bank guarantees/retention
- Maintenance/defect liability
- Hoarding
- Gantries
- Temporary fencing
- Temporary Access
- Footpath closure work zone permits
- Site Offices/site shed
- Site amenities
- Site signage/noticeboards
- Temporary electricity/plumbing/water
- Site licences
- Site communication (radios/mobiles/internet etc)
- IT/computers

TYPICAL ONSITE OVERHEADS CONTINUED

- Photocopiers
- Printing
- Site survey
- Plant hire
- Hoist
- Builders lift
- Crane
- Mobile crane
- Forklift
- External scaffold
- Mobile scaffold/EWP/cherry picker
- Small tools/tool hire
- Safety
- First aid
- Environmental
- Site cleaning
- Waste disposal (skip hire, bins etc.)
- Site security
- Maintenance and warranty
- Project consultants
- QLeave
- Authority fees (e.g. QFES)
- Council fees
- Site staff/labour
 - Project Manager
 - Project Engineer
 - Design Manager
 - Contract Manager /Administrator
 - Construction Manager
 - Site Manager
 - Cadet/Graduate CA
 - Leading Hand/Junior Foreman
 - Foremen (Structures, Finishes etc.)
 - Labourer (1,2,3)
 - WHS Coordinator
 - Traffic Controller