

A Guide to Pricing Margin

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

- An appropriate portion for the costs of running your business ('offsite overheads')
- Risks that may eventuate and be at your cost under the contract ('contingency')
- Profit.

It is important that you also adequately price in the costs incurred in carrying out the works onsite that are not included in subcontract amounts ('onsite overheads' or 'preliminaries')

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

Overheads typically required to be priced

TYPICAL OFFSITE OVERHEADS

- Offsite staff costs (admin, accounting, cleaner, management etc)
- Management systems (Procore etc)
- Head office rental/mortgage
- Car lease
- Petrol
- Mobile phones
- Head office computers/licences
- Head office stationary
- Insurances of cars and buildings - not project specific
- Licensing fees
- Head office water/rates/electricity
- Misc. legal fees, accounting
- Bad debts
- Any 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
- Banking fees

TYPICAL ONSITE OVERHEADS

- Site staff/labour*
- Insurance
- Bank guarantees/retention
- Maintenance/defect liability
- Hoarding
- Gantries
- Temp fencing
- Temporary Access
- Footpath closure work zone permits
- Site Offices/site shed
- Site amenities
- Site signage/noticeboards
- Temp electricity
- Temporary plumbing/water
- Site radios & licences
- Site communications/mobiles
- Site internet

TYPICAL ONSITE OVERHEADS CONTINUED

- IT/computer
- 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 (and skip hire)/bins
- Site security
- Maintenance and warranty
- Project consultants
- QLeave
- Authority fees (e.g. QFES)
- Council fees

Labour List *

- Project Manager
- Project Engineer
- Design Manager
- Contract Manager
- Construction Manager
- Site Manager
- Cadet/Graduate CA
- Leading Hand/Junior Foreman
- Finishes Foreman
- WHS Coordinator
- Bookkeeper
- Staff training
- Labourer (1,2,3)
- Traffic Controller
- Estimator

Have a question?

Call our Building Services team on **1300 30 50 10**