

Charge Out Calculation [example]

| Firstly setting up the data. | Overheads | Working example |
|---|-----------|-----------------|
| 1) How much are you paying the staff member per hour? | | 25 \$/hour |
| 2) How many hours per week are they contracted to work? | | 45 hrs/week |
| 3) How many days a week will they be working? | | 5 days/week |
| 4) How many weeks per year for paid sick leave? | | 1 week/year |
| 5) How many weeks per year for paid annual leave? | | 4 weeks/year |
| 6) How much non-taxable allowance per week? (Toolbox allowance etc) | | 30 \$/week |

| Holiday pay calculation | Overheads | Working example |
|--|-----------|-----------------|
| 8) Number of weeks in a year? | | 52 weeks |
| 9) Number of annual leave weeks? | | 4 weeks |
| 10) How many statutory holidays weeks per year? | | 2.2 weeks |
| 11) How many sick weeks per year? | | 1 weeks |
| 12) Allowance for offsite training, discretionary leave etc? | | 0.4 week |
| | | <u>7.6</u> |
| 13) Deduct the total of these weeks off the weeks per year | 52 - 7.6 | weeks |
| 14) This is how many productive weeks per year for this staff member | | 44.4 weeks/year |
| 15) To work out what percentage this is, divide the total weeks per year, by the total productive weeks per year, then minus 1. (52/44.4)-1= | | 17.12 % |

| Your insurance calculation | Overheads | Working example |
|---|-----------|-----------------|
| 16) What percentage of wages are paid to ACC? | | 7.80 % |
| 17) What percentage of wages for public liability insurance | | 1.00 % |
| 18) Plus extra for first week of ACC payment | | 1.00 % |
| 19) Totalled together, this is how much to add on for insurances [Add employer Kiwisaver contribution if applicable] | | <u>9.80 %</u> |

Total weekly pay using the information gathered

| | | |
|--|--|---------------------|
| 20) Weekly pay will be the hourly rate you pay the staff member, times the amount of hours they work per week. | | |
| | $\$25/\text{hr} \times 45\text{hrs}/\text{week} =$ | <u>1125</u> \$/week |

If you also regularly pay time and a half or double time, ensure this is added to the calculation.

| | | |
|------------------------------------|------------------------------|----------------------|
| 21) Add the holiday pay percentage | $\$1125.00 \times 17.12\% =$ | 192.57 \$ (round up) |
| 22) New weekly sub total | $\$1125.00 + \$192.57 =$ | 1,317.57 \$ |
| 23) Add the insurance percentage | $\$1317.57 \times 9.80\% =$ | 129.12 \$ |
| 24) New weekly subtotal total | $\$1317.57 + \$129.12 =$ | 1,446.69 \$ |
| 25) Add the non taxable allowance. | $\$1446.69 + \$30.00 =$ | 1,446.69 \$ |

You now have a total weekly pay 1,476.69 \$

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Working out the total productive hours

| | | |
|--|----------------|--------------------------|
| 26) Pull through the total hours worked per week | 45.00 | hours/week |
| 27) Less tea breaks, e.g. two per day at 10 minutes each 2 breaks @ 10 min (20 mins/60mins) x 5days = | 1.67 | hours |
| 28) Less lost time, running to and from jobs, toolbox talks, general non-productive time not on the tools For example - Eight five-minute allowances per day, (ensure you adjust accordingly) 8 allocations @ 5 min (5min/60mins) x 5 days = | 3.33 | hours |
| 29) Now include for wet days, this will be adjusted depending on your location, but take an average over a year. Example - one hour per week as our average | 1.00 | hour |
| This is | | |
| Total of unproductive hours per week | <u>6.00</u> | unproductive hrs/week |
| Deduct this from your total hours per week | 45hrs - 6hrs = | 39 Productive hours/week |

Final calculation, minimal charge out rate required to cover identified casts for employee

- 30) Take total weekly pay calculation and divide it by the total productive hours. This is your bottom line of how much the employee costs you per hour.
- $$\text{\$1476.69} / 39\text{hrs} = \text{\$37.86 per hour}$$

Ensure you are charging them out at more than this **\\$37.86**

This hourly rate does not include margin

This example is base on a hourly wage of \\$25.00



An excel document with formulas is available if you would like it at no cost
Please email Victoria Harrison at Red Quantity Surveying for a copy
<mailto:victoria@redgroup.co.nz>

*Please note, this is a guide only. Any calculations made by an individual are their own responsibility for accuracy.



