ANDERSON & ASSOCIATES

ABN 77 213 426 093

# Industry Benchmarks For Trades

# Air Conditioning, Refrigeration & Heating Services

## Industry Overview

The main activities for businesses in this industry are installation, repair and maintenance of ventilation, air conditioning, heating and refrigeration systems. These activities can involve the construction of freezer and cool rooms and the installation of ducting.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for these businesses are labour and the cost of materials. The mix of repair, installation and maintenance work completed by a business will have an impact on how they compare to the benchmarks.

Larger businesses tend to report a lower percentage of labour costs and a higher cost of materials as they are more likely to work on larger, more complex and customised jobs such as cool rooms and ducting that require the supply of additional materials.

Businesses that mainly work as subcontractors may not report material costs as they only supply labour.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $600,000 | **High**<br>More than $600,000 |
| Labour*/ Turnover | 0% – 12% | 7% – 23% | 15% – 27% |
| Cost of materials/ Turnover | 31% – 47% | 38% – 54% | 47% – 59% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent cost

Sixty-four per cent of businesses have reported no rental expenses because they usually do not require a workshop or office space. The average rent reported for the other 36% of businesses is approximately 2% of total turnover. Rented space may be required to store equipment, conduct repairs or as an office for the businesses.

## Geographical trends

On average, there was no significant difference in percentage of labour, cost of materials and rent to turnover between the metropolitan and regional areas.

# Carpentry Services

## Industry Overview

The main activities for businesses in this industry are providing a wide range of carpentry services in the construction, commercial and domestic markets. These include:

- construction of structural framework and formwork
- installation of doors and partitions
- home building projects and renovation
- manufacturing and on-site building of kitchens, bathrooms, furniture and shop fittings.

These benchmarks do not apply to entities that manufacture pre-fabricated cabinets, wardrobes, joinery and shop-fittings or cabinet makers and installers.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for these businesses are labour, cost of materials and rent.

The key benchmark ratio for this industry is labour to turnover. The average ratios for cost of goods sold and labour increase as the turnover increases; however, the average ratio for rent decreases as the turnover increases.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Benchmark** | **Low**<br>$75,000 – $110,000 | **Medium**<br>$110,000 – $400,000 | **High**<br>$400,000 – $2,000,000 |
| Labour*/ turnover | 0% – 14% | 12% – 26% | 20% – 36% |
| Cost of materials/ turnover | 11% – 31% | 21% – 41% | 32% – 48% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent costs

Overall, 89% of carpentry services reported no rental expenses because they usually do not require a workshop or office space. A small number of businesses have reported minimal rental expenses for the storage of vehicle, stocks and equipment or a small office.

## Geographical trends

On average, there were no significant differences between metropolitan and regional businesses for the benchmarks and all business performance measures were consistent across states.

# Carpet Laying & Floor Coverings

## Industry Overview

The main activities for carpeting services businesses are carpet laying, carpet repairing and laying other kinds of floor coverings such as linoleum and cork tiles.

## Performance benchmarks

These performance benchmarks have has been developed from income tax and business activity statements lodged for the 2007–08 income year.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $600,000 | **High**<br>$600,000 – $2,000,000 |
| Labour* / Turnover | 0% – 10% | 15% – 33% | 19% – 37% |
| Cost of materials / Turnover | 12% – 22% | 16% – 32% | 27% – 43% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Cost of Material

The cost of materials to turnover ratio will vary depending on whether the business providing the service also supplies the carpet or other floor coverings. Other material costs which are usually supplied by the business include underlay, tack strips, joining tapes and adhesives.

## Rent Cost

Approximately 94% of carpeting service businesses report no rental expenses and the remaining 6% reporting a small amount compared to their sales. That is expected given the itinerant nature of the work done and the fact that they do not usually need a separate office space or retail area.

## Geographical trends

On average, there is no significant difference between regional and metropolitan areas in the average reported costs of labour and the cost of materials.

# Cement Rendering

## Industry Overview

The main activity for businesses in this industry is the rendering of cement on walls and surfaces for both residential and commercial buildings. Subcontractors normally supply and use their own hand tools. Some cement renderers also provide plastering and other similar construction services.

## Performance Benchmark

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for these businesses are labour and cost of materials. Businesses that only work as subcontractors for builders, property developers or prime contractors will generally report little or no cost of materials. The cost of materials ratio for other entities will depend on the type and how frequently they are required to supply the materials for work done.

The key benchmark ratio for this industry is labour to turnover.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Benchmark** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $400,000 | **High**<br>$400,000 – $2,000,000 |
| Labour* / turnover | 0% – 23% | 18% – 36% | 25% – 43% |
| Cost of materials / turnover | 16% – 26% | 22% – 36% | 18% – 30% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent Costs

Overall, 87% of cement rendering businesses reported no rental expenses because they do not usually require office space or off site storage space. On average, the remaining businesses reported a rent expense less than 4% of turnover.

## Geographical Trends

On average, there were no significant differences between metropolitan and regional businesses for the benchmark. The benchmark did not vary significantly among states.

# Electrical Services

## Industry Overview

The main activities for businesses in this industry are installation, repair, maintenance, assembly, identification and design of electrical equipment and networks.

The majority of businesses are independently operated but there is a significant presence of larger organisations that provide electrical services on a contracting basis.

These benchmarks do not apply to auto electricians and air conditioning specialists.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for electrical services businesses are the cost of materials and labour. The cost of materials and labour percentages can vary depending on whether materials are supplied by the business for work undertaken. This is more common for electricians working on construction or building projects.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$75,000 – $200,000 | **Medium**<br>$200,000 – $500,000 | **High**<br>$500,000 – $3,000,000 |
| Labour* / Turnover | 0% – 13% | 11% – 25% | 20% – 32% |
| Cost of materials / Turnover | 27% – 39% | 31% – 41% | 34% – 44% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent Cost

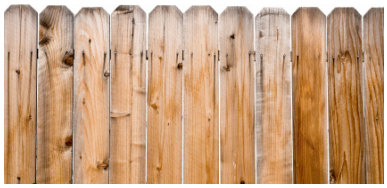
Eighty per cent of electrical services businesses have reported no rental expenses because they usually do not require a workshop or office space. On average, the remaining 20% of businesses reported a rental expense less than 3% of turnover.

## Geographical Trends

On average, electrical services businesses in metropolitan areas reported higher labour ratio compared to those in regional areas but this was offset by a lower reported cost of materials ratio.

# Fence Construction

## Industry Overview



The main activity for businesses in this industry is the supply and construction of fences. Additional services may include repairs and maintenance to fences.

This benchmark includes businesses involved in residential fencing construction. Industrial, farm and rural fencing businesses are not included in this benchmark.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for fence construction businesses are the cost of materials and labour. The cost of materials and labour percentage can vary depending on whether fencing materials are supplied by the business and the type of fence (wooden, metal, etc). Generally, businesses that report a high labour to turnover percentage will have a lower cost of goods percentage.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$50,000 – $250,000 | **Medium**<br>$250,000 – $500,000 | **High**<br>$500,000 – $2,000,000 |
| Labour* / Turnover | 0% – 12% | 8% – 18% | 14% – 26% |
| Cost of materials / Turnover | 37% – 55% | 42% – 56% | 44% – 58% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent

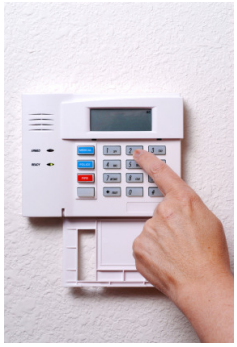
Seventy-six per cent of fence construction businesses have reported no rental expenses because they usually do not require a workshop or office space. The average rent reported by the remaining businesses was less than 3% of turnover.

## Geographical Trends

On average, there is no significant difference between metropolitan and regional businesses for the benchmarks.

# Fire & Security Alarm Installation Services

## Industry Overview



The main activities for businesses in this industry are the installation of fire alarm, smoke alarm and security systems. Both fire and security protection services are carried out by accredited operators under the national building codes required by their state regulations.

This benchmark does not cover the installation of motor vehicle alarms and security systems, video surveillance systems, or the importers and manufacturers of alarm and security systems.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for these businesses are the cost of goods sold and labour.

The key benchmark ratio for this industry is the cost of goods sold to turnover.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Benchmark** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $600,000 | **High**<br>$600,000 – $2,000,000 |
| Cost of goods sold / turnover | 0% – 29% | 7% – 39% | 24% – 42% |
| Labour*/ turnover | 0% – 17% | 9% – 27% | 22% – 34% |

*This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Geographical Trends

On average, there were no significant differences between metropolitan and regional businesses for the benchmarks. There are no major differences in the benchmark ratio among states.

# Glazing Services

## Industry Overview

The main activities for businesses in this industry is the installation, maintenance and repair of glass windows, doors, partitions and structures in household and commercial premises.

These benchmarks do not apply to glazing product manufacturers, wholesalers and distributors or services provided to automotive industries.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for these businesses are labour, cost of materials and rent.

The key benchmark ratio for this industry is labour to turnover.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Benchmark** | **Low**<br>$75,000 – $200,000 | **Medium**<br>$200,000 – $600,000 | **High**<br>$600,000 – $2,000,000 |
| Labour * / turnover | 0% – 12% | 9% – 23% | 20% – 28% |
| Cost of materials / turnover | 20% – 40% | 35% – 49% | 41% – 51% |
| Rent ** / turnover | 3% – 7% | 2% – 6% | 2% – 4% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

** For entities that have a rent expense. Entities with no rent expenses will generally have higher profit or interest expenses to cover the return or cost for owning the premises.

## Geographical Trends

Overall, there were no significant differences between metropolitan and regional businesses for the benchmarks.

The benchmarks did not vary considerably between states, however the Northern Territory and Tasmania reported higher than average cost of materials ratios.

# Plasterboard Installation

## Industry Overview

The main activities for businesses in this industry are fixing and finishing of plasterboard sheets for buildings and other structures. The major products and services provided by plasterboard installers include the installation of plasterboard, cornices and ceiling roses.

These benchmarks do not apply to businesses providing solid or wet plastering, decorative plaster finishing and cement rendering of buildings.

## Input Benchmarks

You may find the input benchmarks useful in calculating the expected income based on the labour and materials used. They apply to plasterboard installers who purchase their own materials and work directly with household customers.

The benchmarks have been developed with advice from the Association of Wall and Ceiling Industries of Australia and New Zealand Inc (AWCI) and trade participants.

They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

## Input Benchmark Guide

The table below sets out input benchmarks for plasterboard installers. It is not relevant to plasterers who do solid plastering. You can use this benchmark to compare and check your business performance to the plasterboard installation industry average.

| Benchmark Guide | | |
|---|---|---|
| Coverage rate (square metres) for every 100 square metres of plasterboard ordered, allowing for wastage | | 95 |
| Cost of plasterboard and cornice as a percentage of the price charged to supply and install (varies depending on type and quality of plasterboard installed) | | 30 – 50 |
| Average job size | wall and ceiling (square metres) | 170 |
| | cornice (linear metres) | 60 |
| Days to complete average job, including cornices if required (add half-day to one day for installation of battens and back blocking) | two tradespeople | 4 |
| | three tradespeople | 3 |
| Price charged ($) per square metre | plasterboard install only | 8 – 16 |
| Price charged ($) per linear metre | cornice install only | 4 – 6 |
| Price charged ($) per square metre – supply and install (mid-range) | standard plasterboards | 15 - 20 |
| Price charged ($) per linear metre – supply and install (mid-range) | cornice | 5 – 10 |

**Notes:**

- All dollar amounts are GST inclusive.
- Prices charged may vary between states and regions.
- Add 10-20% for extra charges for installation of battens, back blocking and wet area or fire rated materials.

### Input Benchmark – Sales Turnover

You can use this benchmark to:

- estimate your income
- compare your income against the plasterboard average
- check that your records accurately reflect your income.

| Income guide | Two Tradespeople | Three Tradespeople |
|---|---|---|
| Amount of plasterboard installed per year (square metres) | 9,350 | 12,410 |
| Amount of cornice installed per year (linear metres) | 3,300 | 4,380 |
| Price charged ($) per square metre install plasterboard – labour only | 8 – 16 | 8 – 16 |
| Price charged ($) per square metre supply and install plasterboard (mid-range) | 15 – 20 | 15 – 20 |
| Price charged ($) per linear metre install cornice – labour only | 4 – 6 | 4 – 6 |
| Price charged ($) per linear metre supply and install cornice (mid - range) | 5 – 10 | 5 – 10 |
| Sales turnover range ($) install plasterboard and cornice – labour only | 88,000 – 169,400 | 116,800 – 224,840 |
| Sales turnover range ($) including supply and install plasterboard and cornice (mid-range) | 156,750 – 220,000 | 208,050 – 292,000 |
| Average labour charge ($) per day | per tradesperson | 200 to 350 |
| Average job size | plasterboard (square metres) | 170 |
| | cornice (linear metres) | 60 |
| Jobs completed per year | 55 | 73 |
| Days to complete average job | 4 | 3 |
| Days worked per year | 220 | 220 |

**Notes:**

- All dollar amounts are GST inclusive.
- Add extra charges for installation of battens, back blocking and wet area or fire rated materials.
- Add a further 5% if charging client for excess plasterboard ordered to cover wastage.

### Input Benchmark Examples

**Example 1**

Samuel runs a plasterboard installation business and has one sub-contractor working for him. They work on household jobs only. Samuel normally charges $20 per square metre for supply and installation of basic plasterboard and $5 per linear metre for cornice. Samuel reviews the statements from his supplier which show that he has purchased 9,800 square metres of plasterboard, allowing for 5% wastage he determines that he installed 9,310 square metres of plasterboard. His records show 3,200 linear metres of cornice installed.

As his supply and installation charges are consistent with the benchmarks he uses the benchmark guide to calculate that his total sales should have been $202,200.

Samuel's records show reported income of $201,000, which is within the benchmarks and close to his estimate. This leaves him confident in his record keeping.

**Example 2**

Karen has a plasterboard business and uses a three person crew on each job. She installs only. Karen normally charges $15 per square metre for plasterboard and $5 per metre for cornice. Her crew can install 180 square metres of plasterboard and 60 linear metres of cornice every three days to earn $3,000 ($1,000 per day). This is close to the installation rate benchmark.

Checking her business records Karen finds she has recorded income of $160,000 for the year. Using her benchmark earnings of $1,000 per day, Karen estimates she would have worked 160 days to earn $160,000. However Karen has had a busy year and is sure she worked more than that.

She reviews her quote books and finds 20 jobs where she was paid cash and she charged $60,000 for these jobs. With these additional jobs Karen calculates that she worked for about 220 days and she recalculates her income for the year at $220,000 which is consistent with the benchmarks.

Karen asks her bookkeeper for advice on keeping better records.

# Plastering & Ceiling Services

## Industry Overview

The main activities for businesses in this industry are installation of plasterboard sheets and solid (or wet) plastering. Generally, solid plastering requires more skill and is paid at a higher rate.

These benchmarks do not apply to cement renderers, property developers, businesses that offer other services on a regular basis or businesses with a turnover of less than $75,000.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year. The key benchmark ratio is labour cost to turnover.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low** $75,000 – $300,000 | **Medium** $300,000 – $1,000,000 | **High** $1,000,000 – $2,000,000 |
| Labour* / Turnover | 0% – 24% | 27% – 43% | 31% – 47% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Cost Of Materials

Many plastering businesses do not supply the materials for their work. Materials may be purchased directly by the prime contractor, property developer or building owner.

Businesses that usually complete jobs under this arrangement will have lower turnover per full time employee and higher percentage of labour costs to turnover.

The average cost of materials was 33% of total turnover for businesses that reported a cost of materials on their income tax return. For individual jobs, this can be higher if special materials are used such as acoustic and fire resistant plaster.

## Rent

Ninety percent of plastering and ceiling services businesses have reported no rental expenses. They usually do not require a workshop or office space. The average rent reported for the other 10% of businesses is approximately 2% of total turnover. Rented space may be required to store equipment and vehicles or as an office for the businesses.

## Geographical Trends

There was no significant difference in the reporting patterns of businesses based on geographic location.

# Plumbing Services

## Industry Overview

The main activity for businesses in this industry are the installation, maintenance and repair of pipe fittings, hot water systems, gas fittings/plumbing, drainage and sewerage in bathrooms and kitchens. These services are mostly completed by an individual who may be an employee, contractor or business owner.

Industrial/commercial plumbing works include the installation, repair and construction of stormwater drainage, sewerage and water piping for industrial buildings, plants, streets and larger residential developments. These services are provided by larger scale businesses that employ experts, experienced staff and contractors to complete the project.

## Performance Benchmarks

These performance benchmarks have been developed from income tax and business activity statements lodged for the 2007–08 income year.

The main expenses for plumbing services businesses are labour and the cost of materials. While most businesses will have these costs and can compare themselves against the benchmark, some plumbing businesses only supply skilled labour. Businesses that mainly supply labour will generally report little or no cost of materials and a higher labour to turnover ratio.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $600,000 | **High**<br>$600,000 – $2,000,000 |
| Labour* / Turnover | 0% – 6% | 9% – 21% | 19% – 29% |
| Cost of materials / Turnover | 29% – 41% | 33% – 43% | 35% – 45% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Rent Cost

Ninety-three per cent of plumbing businesses reported no rental expenses because they do not usually require office space or off site storage space. On average, the remaining businesses reported a rental expense approximating 2% of total business turnover.

## Geographical Trends

There was no significant difference in the average reported labour, cost of materials and rent ratios between the metropolitan and regional areas.

## Comparison of 2007–08 Returns to 2006–07 Returns

There was no significant change in the average reported labour, cost of materials and rent to turnover ratios from the 2006–07 to 2007–08 financial years.

# Roof Guttering Installation

## Industry Overview

The main activity for businesses in this industry is the installation of guttering. Other services may include the repair and maintenance of roof gutters.

## Input Benchmarks

You may find the input benchmarks useful in calculating the expected income based on the labour and materials used. They apply to tradespeople who work directly with household customers and are responsible for purchasing their own materials. The benchmarks have been developed in consultation with the Metal Roofing and Cladding Association of Australia.

They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

## Input Benchmark Guide

The table below sets out input benchmarks for tradespeople in the roof guttering industry. You can use this benchmark to compare and check your business performance to the roof guttering industry average.

| Benchmark Guide | | |
|---|---|---|
| Installation rate – two tradesmen (linear metres per day) | | 40 – 50 |
| Cost of materials as a percentage of the price charged to the customer | | 45 – 55 |
| Whole house – typical job size (linear metres) plus four downpipes | | 70 |
| Days to complete typical whole house job – two tradesmen | | 2 – 3 |
| Price charged ($) per metre | aluminium or zinc coated steel | 30 – 45 |
| | colour coated steel | 35 – 55 |

**Notes:**

- All dollar amounts are goods and services tax (GST)-inclusive.
- Add extra for scaffolding when used.

## Input Benchmark – Sales Turnover

You can use this benchmark to estimate your income, compare your income against the roof guttering industry average and check that your records accurately reflect your income.

| Income Guide | | |
|---|---|---|
| Roof guttering installed per year (linear metres plus downpipes) – two tradesmen | | 11,000 |
| Price charged ($) per square metre | aluminium or zinc coated steel | 30 – 45 |
| | colour coated steel | 35 – 55 |
| Sales turnover range ($) | | 330,000 – 605,000 |
| Days worked per year | | 220 |

**Notes:**

- All dollar amounts are GST-inclusive.
- Add extra for scaffolding when used.

## Input Benchmark Examples

**Example**

Mark has a roof guttering business with one employee. He does household work only, including extensions and replacement of old guttering.

Mark installs both aluminium or zinc coated steel and colour coated steel guttering and charges an average of $50 per metre. To be competitive with other businesses in his area, Mark offers discounts for customers paying in cash.

Mark uses his bank statements to record income. His records show income of $255,000 for the year. This is less than the benchmarks, so Mark decides to review his records.

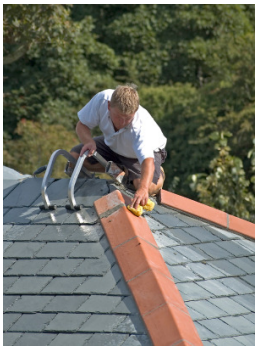
Purchase statements from his suppliers show that Mark purchased 11,000 metres of guttering. Using the benchmarks, he estimates his income should be around $550,000.

Mark checks his diary and finds several cash jobs which he has not recorded. This is an additional $250,000 in income.

Recalculating his figures, Mark has income of $505,000 for the year. This is within the benchmarks and accounts for cash discounts offered to some friends. Mark is confident that he has recorded all income for the year. However, he asks his bookkeeper for advice on how to keep better records so that he has all the information he needs for his next business activity statement.

# Roof Painting & Repair

## Industry Overview



The main activity for businesses in this industry is the repair and restoration of existing roofing materials. The major products and services provided include replacing broken tiles, securing flashings, repairing capping with cement or acrylic mortar, cleaning roof tiles and painting roof sealer.

## Input Benchmarks

You may find the input benchmarks useful in calculating the expected income based on the labour and materials used. They apply to tradespeople in the domestic market and who are responsible for purchasing their own materials.

The benchmarks have been developed in consultation with the Master Painters Association of Australia, various state roof tiling associations and industry participants. They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

## Input Benchmark Guide

The table below sets out input benchmarks for tradespeople in the roof painting and repair industry. You can use this benchmark to compare and check your business performance to the roof painting and repair industry averages.

| Benchmark Guide – Roof Painting | | |
|---|---|---|
| Coverage rate – sealer or primer (square metres per litre) | low spread rate | 4 – 8 |
| | high spread rate | 9 – 16 |
| Coats applied | sealer or primer | 1 |
| | base coat | 0 – 1 |
| | paint top coat | 1 – 2 |
| Cost of paint as a percentage of the price charged to the customer | 20 – 40 | |
| Average job size (square metres) – whole house | 180 | |
| Tradespeople per job | 2 | |
| Days to complete average job including preparation clean and water blasting – add one day for safety rail set up and pull down if necessary | paint only | 2 – 3 |
| | paint with minor repairs | 3 – 4 |
| Price charged ($) per house – add safety railing or scaffolding charge if used | 2,000 – 4,000 | |

**Notes:**

- All dollar amounts are goods and services tax (GST) inclusive.
- Add safety rail costs if applicable, usually $10 – $20 per metre.
- Input benchmark – sales turnover

**You can use this benchmark to:**

- estimate your income
- compare your income against the roof painting and repair industry average
- check that your records accurately reflect your income.

# Tiling Services - Floor & Wall

## Industry Overview

The main activities for businesses in this industry are laying floor and wall tiles on internal and external floors and walls. Services may also include laying ceramic, clay, slate, marble and glass tiles.

Some businesses may also offer floor sanding services.

## Performance Benchmarks

These performance benchmarks have has been developed from income tax and business activity statements lodged for the 2007–08 income year.

| Annual Turnover Range | | | |
|---|---|---|---|
| **Ratio** | **Low**<br>$75,000 – $150,000 | **Medium**<br>$150,000 – $600,000 | **High**<br>$600,000 – $2,000,000 |
| Labour* / Turnover | 0% – 10% | 15% – 33% | 19% – 37% |
| Cost of materials / Turnover | 12% – 22% | 16% – 32% | 27% – 43% |

* This excludes payments to associated parties. This means that the labour percentage reflects payments made for work done by people unrelated to the owners of the business.

## Cost of material

The cost of materials to turnover ratio will vary depending on whether the business providing the service also supplies the tiles. Other material costs which are usually supplied by the business include adhesives and cement.

## Rent cost

Approximately 94% of tiling businesses report no rental expenses and the remaining 6% reporting a small amount compared to their sales. That is expected given the itinerant nature of the work done and the fact that they do not usually need a separate office space or retail area.

## Geographical trends

On average, there is no significant difference between regional and metropolitan areas in the average reported costs of labour and the cost of materials.

## Input benchmarks

You may find the input benchmarks useful in calculating the expected income based on the labour and materials used. They apply to tilers in the domestic market and who are responsible for purchasing their own materials. The benchmarks have been developed with advice from the Australian Tile Council and trade participants. They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

### Input Benchmark Guide

The table below sets out input benchmarks for tilers. You can use this benchmark to compare and check your business performance to the tiling industry average.

| Benchmark Guide | | |
|---|---|---|
| Coverage rate (square metres) for every 100 square metres of tiles ordered allowing for wastage | | 90 – 95 |
| Materials charge ($) per square metres (grout, glue and incidentals) | | 10 – 15 |
| Average job size (square metres) | | 50 |
| Average completion rate (square metres) per day | one tradesperson | 7 – 10 |
| Days to complete average job* (including grout, glue, cutting, measuring and set up) | one tradesperson | 5 – 7 |
| | two tradespeople | 3 – 4 |
| Price charged ($) per square metre – labour only | | 30 – 55 |

* Add one day for large tiles.

**Notes:**

- All dollar amounts are GST inclusive.
- Prices charged may vary between states and regions.

### Input Benchmark – Sales Turnover

You can use this benchmark to:

- estimate your income
- compare your income against the tiling industry average
- check that your records accurately reflect your income.

| Income Guide | One Tradesperson | Two Tradespeople |
|---|---|---|
| Square metres installed per year | 2,200 | 3,650 |
| Price charged ($) per square metre – labour only | 30 – 55 | 30 – 55 |
| Price charged ($) per square metre – labour and materials (grout, glue etc) | 40 – 70 | 40 – 70 |
| Sales turnover range ($) – labour install only | 66,000 – 121,000 | 109,500 – 200,750 |
| Sales turnover range ($) – labour and materials | 88,000 – 154,000 | 146,000 – 255,500 |
| Average labour charge ($) per day | per tradesperson | 250 – 550 |
| Average job size (square metres) | 50 | 50 |
| Jobs completed per year | 44 | 73 |
| Days to complete average job | 5 | 3 |
| Days worked per year | 220 | 220 |

**Notes:**

- All dollar amounts are GST inclusive.
- Includes charges to client to supply excess tiles ordered to cover wastage.
- If sales turnover includes labour and material, add $40 to $100 per square metre for cost of tiles.

## Input Benchmark Examples

**Example 1**

Cyrus runs a tiling business and has one sub-contractor working for him. They work on household jobs, supplying labour and materials (including glue, grout and incidentals).

Cyrus normally charges $65 per square metre for basic wall and floor tiling, which includes $50 per square metre for labour and $15 per square metre for materials. Cyrus reviews his quote books and finds he has laid about 3,600 square metres of tiles.

Cyrus calculates he has charged his clients $54,000 for materials and $180,000 for labour. This is a total income of $234,000

Cyrus's records show reported income of $230,000, which is within the benchmarks and close to his estimate. He is happy with his record keeping.

**Example 2**

Lachlan, a sole trader, has a wall and floor tiling business and installs only. He normally charges $50 per square metre for his labour and $10 per square metre for materials. Lachlan usually lays 10 square metres per day which is gross sales of $600 per day on average.

Checking his business records, Lachlan finds he has recorded income of $96,000 for his labour and materials for the year.

Using his benchmark earnings of $600 per day, Lachlan estimates he would have worked 160 days to earn $96,000. However, Lachlan has had a busy year and is sure he worked more than that.

He reviews his quote books and finds 12 jobs where he was paid cash. He charged $36,000 for these jobs. Lachlan recalculates his income for the year to $132,000 which is within the benchmarks. Lachlan asks his bookkeeper for advice on keeping better records.

# Timber Floor Installation

## Industry Overview

The main activities for businesses in this industry are installation of solid hardwood, floating and parquetry timber floors and site preparation for the installation of timber floors.

## Input Benchmarks

You may find the input benchmarks useful in calculating the expected income based on the labour and materials used. They apply to timber floor installers in the domestic market and who are responsible for purchasing their own materials. The benchmarks have been developed with advice from the Australian Timber Flooring Association and trade participants. They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

## Input Benchmark Guide

The table below sets out input benchmarks for timber floor installers. It is not relevant to installers who do their own floor sanding. You can use this benchmark to compare and check your business performance to the timber flooring installation industry average.

| Benchmark Guide | | |
|---|---|---|
| Coverage rate (square metres) for every 100 square metres of timber ordered allowing for wastage | | 90 – 95 |
| Cost of timber as a percentage of price charged to the customer to supply and install (varies depending on type/quality of timber installed) | | 50 – 70 |
| Average job size (square metres) | | 80 |
| Days to complete average job | two tradespeople | 4* |
| Price charged ($) per square metre - install only | | 23 – 40 |
| Price charged ($) per square metre - supply and install (standard and top grade timbers) | tongue and groove | 65 – 140 |
| | parquetry | 100 – 180 |
| | plywood and particle board – sub floor preparation included | 35 – 50 |

* Add half a day for installation of skirtings for rooms of 70 square metres or more.

**Notes:**

- All dollar amounts are goods and services tax (GST) inclusive.
- Prices charged may vary between states and regions.

## Input Benchmark – Sales Turnover

You can use this benchmark to:

- estimate your income
- compare your income against the timber flooring industry average
- check that your records accurately reflect your income.

| Income Guide | | Two Tradespeople |
|---|---|---|
| Amount of timber flooring used per year (square metres) | | 4,631 – 4,889 |
| Square metres installed per year | | 4,400 |
| Price charged ($) per square metre install only | | 23 – 40 |
| Price charged ($) per square metre supply and install (mid-range) | | 100 – 140 |
| Sales turnover range ($) install - labour only | | 101,200 – 176,000 |
| Sales turnover range ($) including materials | | 145,200 – 242,000 |
| Sales turnover range ($) including supply and install (mid-range) | | 440,000 – 616,000 |
| Average labour charge ($) per day | per tradesperson 230 – 400 | 460 – 800 |
| Average job size (square metres) | | 80 |
| Jobs completed per year | | 55 |
| Days to complete average job | | 4 |
| Days worked per year | | 220 |

**Notes:**

- All dollar amounts are GST inclusive.
- Add extra day for installation of skirtings and plywood or particle board base.
- Refer to floor sanding and polishing benchmarks for sanding work.
- Most timber flooring work is usually completed by two person teams. You will need to adjust the rates to your specific situation if required.

## Input Benchmark Example

**Example**

Rob runs a timber floor installation business and has one sub-contractor working for him. They work on household jobs only.

Rob normally charges $110 per square metre for supply and installation of tongue and groove flooring. Rob reviews the statements from his supplier which show that he has purchased 4,700 square metres of flooring. Allowing for 5% wastage, he determines that he installed 4,465 square metres of flooring. As his price per square metre and the amount of timber installed are consistent with the benchmarks he uses the benchmark guide to calculate that his total sales should have been $491,150.

Rob's records show reported income of $490,000, which is within the benchmarks and close to his estimate. He is confident with his record keeping.

# Disclaimer

The information and commentaries contained in this e-booklet are of a general nature, and neither purport or intend to be advice.

The content is based on information extracted from the Australian Tax Office website. While every effort has been made to ensure the information is error free, the authors and publisher offer no warranty as to the accuracy, adequacy or completeness of the information. The information has been prepared without taking into account your objectives, financial situation or needs. The reader or user acknowledges that it has not made known to the author any particular purpose for which this e-booklet is required and that it has not relied in the author's skill or judgment.

The taxation position described is a general statement and should only be used as a guide. It does not constitute tax advice and is based on current tax laws and their interpretation. Readers and users should not act on any matter in this publication without first obtaining professional accounting and/or legal advice with due regard to their own particular circumstances.

This disclaimer shall extend both to the user and to any client of the user who may suffer loss as a result of the use of this booklet and it shall apply even though the author may have been negligent in the publication or preparation of these papers.

ANDERSON ASSOCIATES

Certified Practising Accountants
ABN 77 213 426 093

t | [03] 8873 2000
f | [03] 9872 5588
e | frontdesk@anderson-assoc.com.au

PO Box 438 Ringwood VIC 3134

Suite 102, 17 Heatherdale Road
Ringwood VIC 3134