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## 1 Wage and Charge Rates

### 1.1 Employment Contracts

The coming into force on 15th May 1991 of the Employment Contracts Act 1991 caused most building contractors to enter into individual employment contracts with their employees. This Act was replaced by the Employment Relations Act 2000, effective 2 October 2000. The terms and conditions of all existing individual or collective employment contracts remained the same on 2 October 2000.

Any new collective or individual employment agreement after this date needs to comply with the requirements of the Employment Relations Act. For more information, [Refer to page 11-583](#).

### 1.2 Sample Calculations

The following calculations are an indication only of a build-up of typical wage rates. Due to prevailing economic conditions these may be subject to large fluctuations as actual paid rates will vary between employers, building sites and localities. The local availability of construction work will also affect, to a lesser extent, actual paid hourly wage rates, and to a greater extent, tender rates and daywork rates.

For the purposes of this publication the following terms apply to the different types of hourly rates:

- Hourly paid wage rate (employment contract)
- Labour only paid rates (negotiated contract)
- Tender or contract rates (net)
- Daywork or charge out rates (includes overhead and profit)

These tables are examples of wage rate calculations. Actual rates will vary throughout the country.

### 1.3 Hourly Paid Wage Rates

Hourly paid wage rates of pay payable to operatives in accordance with collective agreement. Note, these are indicative rates only. Rates have moved considerably over the last few years.

- carpenter hourly rate \$20.00
- labourer hourly rate \$16.00

### 1.4 Labour Only Paid Rates

Labour only paid rate of pay established as a flat rate per hour worked, without any other payments for holidays, sick leave, etc. This means that the worker gets paid for each hour worked and nothing else. Under this heading the employer is responsible for workplace accident and public liability insurance premiums which will add to the rates stated.

- carpenter hourly rate \$25.00
- labourer hourly rate \$20.00

### 1.5 Tender or Contract Rate

Tender or contract rate per hour cost to a building contractor. This is used for tender calculations and is calculated separately for each trade. It includes leading hand supervision only. Foreman's and other supervision is normally costed in the Preliminary and General. For tendering purposes a weighted average of carpenters and labourers is used, as calculated below.

#### Average Contract Rate

For tenders or quotations, for gang	No of staff	Hourly Rate	Total Cost
Carpenter ( <a href="#">see calculation Table on page 7-494</a> )	5 @	\$32.93	\$164.63
Labourer ( <a href="#">see calculation Table on page 7-494</a> )	1 @	\$26.07	\$26.07
Total gang cost per hour, divided by number of staff	÷6		\$190.70
Gives <b>Average Contract Rate</b> (net)		=	\$31.78

Note: Profit and overhead added is added on at the end of the estimate to produce a quotation or tender amount.

### 1.6 Productive Hours

The **contract rate** is derived from the total weekly cost of employing an operative, divided by the productive hours actually worked. These productive hours are less than the paid worked hours, due to a paid morning and afternoon break, plus starting and stopping, totalling 8 times a day. Wet time is also included as an average allowance.

#### Productive Hours

Item	Minutes	Times per day	Days per week	Total Minutes	Hours
Standard available hours per week					45.00
Deduct					
Tea break	10 mins x	2 x	5	100 =	-1.67
Lost time	5 mins x	8 x	5	400 =	-3.33
Wet time allowance (this allows for 4 hours per week wet weather, divided by 2 to allow for 50% of under cover work.)					-2.00
<b>Productive Hours Per Week</b>				=	<b>38.00</b>

### 1.7 Daywork or Charge Out Hourly Rates

Daywork or charge out hourly rates are used for variations that cannot be measured and rated, and for "charge up" type contracts. An applicable profit and overhead percentage is added.

Because daywork or charge out rates cover the entire working day, the total weekly cost is divided by the paid working hours.

#### Charge out rate for variations

On a daywork basis		Carpenter	Labourer
Weekly Gross cost ( <a href="#">see calculation Table on page 7-494</a> )		1,251.21	\$990.55
Divided by hours charged (incl. tea break, lost time and wet time)	÷45 hrs	\$27.80	\$22.01
Profit and Overhead			
(During the contract period 33%)	33%	\$9.18	\$7.26
(Post practical completion 50%)			
(Jobbing work 60%)			
<b>Charge Out Rate</b>		<b>\$36.98</b>	<b>\$29.28</b>

### 1.8 Labour Rate Build Up

A typical employment contract is incorporated in the calculations below to produce the contract and the daywork rates. If desired, some of the costs can be separately included in the preliminary and general trade. The following calculations are on a weekly basis. Other methods involve calculating on a daily or annual basis.

#### Labour Rate Build Up—Weekly Basis—Carpenter

Description	Hours	Rate	Amount	Sub-Total
Taxable payments				
Ordinary time	40	\$20.00	\$800.00	
Time and ½	5	\$30.00	\$150.00	
Weekly Taxable Pay				\$950.00
Holiday pay and sick leave etc. (see calculation, <a href="#">Refer to page 7-495</a> )		13.50%	\$128.25	\$1,078.25
Public liability insurance, ACC premiums and residual levy, and first week liability (see calculation, <a href="#">Refer to page 7-495</a> )		5.07%	\$54.67	\$1,132.92
Redundancy provision (optional)		4.00%	\$45.32	\$1,178.23
Non taxable payments				
Tool, clothing & footwear allowance	45	\$0.28	\$12.60	\$1,190.83
Add costs of supervision by Leading Hand				
Total of carpenters costs as calculated			\$1,190.83	
Plus charge allowance	47.5	\$0.45	\$21.38	
<b>Leading Hand</b> cost: Assume control of 5 operatives for 25% of the time, i.e., 25% divided by 5, gives 5% loading.			\$1,207.46	
Add leading hand cost to Carpenter rate		x 5%	=	\$60.37
Total weekly cost				\$1,251.21
Divide by productive time (38 hrs) gives <b>Nett Contract Rate</b>			÷38 =	\$32.93

#### Labour Rate Build Up—Weekly Basis—Labourer

Description	Hours	Rate	Amount	Sub-Total
Taxable payments				
Ordinary time	40	\$16.00	\$640.00	
Time and ½	5	\$24.00	\$120.00	
Weekly Taxable Pay				\$760.00
Holiday pay and sick leave etc. (see calculation)		13.50%	\$102.60	\$862.60
Public liability insurance, ACC premiums and residual levy, and first week liability (see calculation, <a href="#">Refer to page 7-495</a> )		5.07%	\$43.73	\$906.33
Redundancy provision (optional)		4.00%	\$36.25	\$942.59
Add costs of supervision by Leading Hand				
Total of labourers costs as calculated			\$942.59	
Plus charge allowance (hours)	47.5	\$0.35	\$16.63	
<b>Leading Hand</b> cost: Assume control of 5 operatives for 25% of the time, i.e., 25% divided by 5, gives 5% loading.			\$959.21	
Add leading hand cost to Labourer rate		x 5%	=	\$47.96
Total weekly cost				\$990.55
Divide by productive time (38 hrs) gives <b>Nett Contract Rate</b>			÷38 =	\$26.07

## 1.9 Holidays and Sick Leave

### Holidays, sick leave

Working time = total weeks less non working time	Days/days in week	Weeks
Total weeks in year (total days in year, divided by 7)	365/7	52.14
less:		
Annual holidays (total, divided by 5 working days)	15/5      3.00	
Statutory holidays	11/5      2.20	
Sick leave	5/5      1.00	
Total non-working time	=      6.20	6.20
Time worked in weeks	=      45.94	45.94
Percentage Calculation	$\frac{6.2}{45.94} \times \frac{100}{1} = 13.5$	=13.5%

## 1.10 Insurances and Levies

Public liability premium is usually based on taxable wages paid. 1% is allowed, but the rate will vary according to the risk involved.

Accident compensation premium and residual claims levies. For more information, [Refer to page 7-496](#). For the purposes of this example, use the percentages given below. Note that the Residual Claim levy percentage used is that for Classification Unit 42420, Carpentry Services.

### Insurances, levies

Type of insurance and/or levy	%	Total %
Public liability insurance—say	1.00%	
ACC Residual Claim (RC) levy, <a href="#">Refer to page 7-497</a>	0.65%	
Accident Compensation Levy, <a href="#">Refer to page 7-497</a>	2.92%	
1st week (employer)	0.50%	
Percentage addition for insurances & levies etc.		5.07%

## 2 **Accident Compensation**

### 2.1 **IRPC Act 2001**

The Injury Prevention, Rehabilitation and Compensation Act 2001 (IRPC) came into effect on 1 April 2002, and replaced the Accident Insurance Act 1998.

### 2.2 **Before the IRPC**

1999-2001: Accident Insurance Act 1998, with some aspects amended by Accident Insurance Amendment Act 2000, Accident Insurance (Transitional Provisions) Act 2000. ACC (the Accident Compensation Corporation) restored as the sole provider of workplace accident insurance.

1998-1999: Accident Insurance Act 1998. Employers must have workplace accident insurance cover for employees.

1992-1998: Accident Rehabilitation and Compensation Insurance Act 1992.

### 2.3 **Levy Year**

Under the IRPC, all payments to ACC for accident cover are called levies (previously premiums). Accident cover is provided for a levy year, which is a 12-month period running from 1 April to 31 March. ACC Workplace Cover levies pay for the current and future cost of work-related injury claims that occur in the levy year.

The average levy rate for 2003/2004 is \$0.90 per \$100 of liable earnings. At \$2.92 per \$100, the building rate is well above the average rate.

### 2.4 **Invoicing for Levies**

From 1 April 2002, ACC collects levies directly, instead of via Inland Revenue. Employers are invoiced from July 2002, and the self-employed from October 2002.

Levies will be invoiced in two parts, firstly a provisional invoice for the current levy year, 1 April 2003–31 March 2004 for the Workplace Cover levy. Secondly, an adjustment invoice for the previous levy year, 1 April 2002–31 March 2003 for the Residual Claims levy, incorporating the HSE levy, \$0.05 per \$100 of liable earnings (Health and Safety in Employment).

### 2.5 **Earners Levy**

All employees must pay an ACC earner levy to cover the cost of non-work injuries, plus an earners' account residual levy—to fund the cost of non-work injuries claimed from 1 April 1992 to 30 June 1999. These levies are incorporated into the PAYE tables, and collected by Inland Revenue on behalf of ACC. The maximum amount of earnings—per individual—liable for the combined earner levy deduction is \$87,185.

- Earner levy—\$1.166 per \$100 of earnings
- Earners' account residual levy—\$0.034 per \$100 of earnings

### 2.6 **Self Employed Persons**

Self employed persons may choose between ACC CoverPlus or ACC CoverPlus Extra for all work and non-work injuries except those relating to motor vehicle accidents which will remain covered by the ACC.

## 2.7 Employer Levy Rates Industrial Activity

(see next page for rates from previous years)	Class Unit	2002/3		2003/4	
		LR	RCL	LR	RCL
Air Conditioning installation and servicing	42330	1.39	0.33	1.73	0.23
Alarm systems installation	42341	1.20	0.33	1.41	0.23
Architectural metal fixtures	27490	2.77	0.89	3.70	0.81
Architectural services	78210	0.21	0.25	0.15	0.16
Bituminous Products	25200	1.13	0.42	0.94	0.46
Boilermaking (installation and repair)	27690	1.71	0.53	1.49	0.46
Brick (clay) manufacturer	26210	0.99	0.43	0.97	0.35
Bricklaying/block laying/stonework	42220	2.92	0.81	2.92	0.65
Bridges/road construction	41210	2.08	0.55	2.14	0.42
Carpentry Services	42420	2.92	0.81	2.92	0.65
Commercial property operators	77120	0.40	0.34	0.43	0.27
Concreting services	42210	2.92	0.81	2.92	0.65
Construction services not elsewhere classified	42590	2.92	0.81	2.92	0.65
Consulting engineering services	78230	0.30	0.25	0.30	0.16
Dams, culverts/jetties construction	41220	2.08	0.55	2.14	0.42
Demolition of buildings or other structures	42100	2.08	0.55	2.14	0.42
Drainage or sewer system construction (41220)	37020	2.08	0.55	1.96	0.30
Drilling contracting	42100	2.08	0.55	2.14	0.42
Earthmoving	42100	2.08	0.55	2.14	0.42
Electrical wiring installation	42320	1.20	0.34	1.41	0.23
Elevator installation	28650	1.04	0.43	0.92	0.21
Fire sprinklers installation	42340	1.39	0.53	1.73	0.42
Floor coverings, laying/floor sanding/tiling	42430	2.84	0.76	2.95	0.65
Glazing	42450	2.84	0.76	2.95	0.65
House construction	41110	2.92	0.81	2.92	0.65
Joinery work on construction projects	42420	2.92	0.81	2.92	0.65
Joinery, manufacturing	23230	2.02	0.60	2.01	0.46
Landscaping services	42510	2.53	0.56	2.91	0.42
Non-residential building construction	41130	2.92	0.81	2.92	0.65
Painting and decorating services	42440	2.84	0.76	2.95	0.65
Pile driving	41220	2.08	0.55	2.14	0.42
Plaster work on construction projects	42410	2.84	0.76	2.95	0.65
Plumbing services	42310	1.82	0.53	2.45	0.42
Quantity surveying	78230	0.30	0.25	0.30	0.16
Residential building construction	41120	2.92	0.81	2.92	0.65
Residential property operators	77110	0.40	0.34	0.43	0.27
Roofing services	42230	2.92	0.81	2.92	0.65
Scaffolding construction	42590	2.92	0.81	2.92	0.65
Structural steel erection	42240	2.92	0.81	2.92	0.65
Structural steel fabrication	27410	2.77	0.89	3.70	0.81
Surveying services	78220	0.40	0.34	0.43	0.27
Welding work on construction projects	42240	2.92	0.81	2.92	0.65

**2.8 Employer Levy Rates—Historic  
Industrial Activity**

	Class Unit	1995	1996	1997	1998	1999	R/C 2000	R/C 2001	2001
Air Conditioning installation and servicing	42330	2.92	2.85	2.92	2.37	1.36	0.63	0.32	1.04
Alarm systems installation	42341	2.92	2.85	2.92	2.37	1.36	0.63	0.32	1.04
Architectural metal fixtures	27490	2.60	3.74	4.64	4.07	2.13	1.23	0.91	2.80
Architectural services	78210	1.10	1.42	1.30	1.17	0.55	0.36	0.24	0.35
Bituminous Products	25200	1.91	2.23	2.09	1.84	1.00	0.54	0.42	1.24
Boilermaking (installation and repair)	27690	2.60	3.26	3.30	2.71	1.81	0.84	0.54	1.74
Brick (clay) manufacturer	26210	4.39	4.31	4.41	3.51	2.06	0.95	0.43	0.93
Bricklaying/block laying/stonework	42220	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Bridges/road construction	41210	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Carpentry Services	42420	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Commercial property operators	77120	1.10	1.57	1.95	2.42	0.73	0.51	0.34	0.60
Concreting services	42210	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Construction services not elsewhere classified	42590	5.55	7.82	6.80	5.94	3.98	1.75	0.83	3.68
Consulting engineering services	78230	1.10	1.57	1.88	1.45	0.73	0.51	0.24	0.35
Dams, culverts/jetties construction	41220	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Demolition of buildings or other structures	42100	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Drainage or sewer system construction	41220	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Drilling contracting	42100	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Earthmoving	42100	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Electrical wiring installation	42320	2.92	2.85	2.92	2.37	1.36	0.63	0.34	1.62
Elevator installation	28650	2.60	2.66	2.54	2.22	1.37	0.66	0.43	1.18
Fire sprinklers installation	42340	5.55	5.92	5.21	4.29	3.12	1.30	0.54	2.04
Floor coverings, laying/floor sanding/tiling	42430	2.92	4.21	5.21	4.29	3.12	1.30	0.78	3.12
Glazing	42450	5.55	5.92	5.21	4.29	3.12	1.30	0.78	3.12
House construction	41110	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Joinery work on construction projects	42420	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Joinery, manufacturing	23230	3.43	3.77	3.73	3.11	2.02	0.91	0.61	2.36
Landscaping services	42510	2.72	3.92	4.89	4.29	3.12	1.30	0.57	2.49
Non-residential building construction	41130	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Painting and decorating services	42440	2.92	4.21	5.21	4.29	3.12	1.30	0.78	3.12
Pile driving	41220	5.55	5.68	5.68	4.37	2.30	1.17	0.56	2.51
Plaster work on construction projects	42410	5.55	5.92	5.21	4.29	3.12	1.30	0.78	3.12
Plumbing services	42310	5.55	5.92	5.21	4.29	3.12	1.30	0.54	2.04
Quantity surveying	78230	1.10	1.57	1.88	1.45	0.73	0.51	0.24	0.35
Residential building construction	41120	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Residential property operators	77110	1.10	1.57	1.95	2.42	0.73	0.51	0.34	0.60
Roofing services	42230	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Scaffolding construction	42590	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Structural steel erection	42240	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68
Structural steel fabrication	27410	2.60	3.74	4.64	4.07	2.13	1.23	0.91	2.80
Surveying services	78220	1.10	1.57	1.88	1.45	0.73	0.51	0.34	0.60
Welding work on construction projects	42240	5.55	7.83	6.80	5.94	3.98	1.75	0.83	3.68