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Benefits to contractors	Breakdown of benefits per year	Total hours of benefits
Public holidays	11 days a year	88
Annual leave	20 days a year	160
Sick leave	5 days a year	40
Superannuation	5% of total hours a year	104
Professional indemnity	3% of total hours a year	62
Miscellaneous leave (e.g. family, jury duty)	3 days a year	24
Professional development	5 days a year	40
<b>Total</b>		<b>518</b>

#### Long-term Contracts:

To account for all of these factors in a contractor's hourly rate – this would be based on 2,080 hours per year - 518 hours of benefits = 1,562 hours.

#### Short-term Contracts:

To factor downtime into a short-term contract – let's say 15% - a contractor would divide the number of hours a year they're factoring into their rate by one, plus their downtime factor. So the rate would be based on 1,562 hours / (1 + 0.15) = 1,358 hours.

To work out a contractor's hourly rate, you would take the target salary and divide it by the total number of hours of benefits and work in a year.

For a target salary (before tax) of \$50,000 a year:

- For a full-time permanent employee, the hourly rate is \$50,000 / 2,080 hours = \$24.04.
- For a long-term contract, the hourly rate is \$50,000 / 1,562 hours = \$32.01.
- For a short-term contract, the hourly rate is \$50,000 / 1,358 hours = \$36.81.

Based on all these factors, the hourly rate for a long-term contract is about 137% of a permanent employee's and 157% of a permanent employee's rate for a short-term contract.

Bearing in mind, some contractors can charge a premium for their skills.

