

05

RELEASE

May 2011

 The Peoplebank Intermedium  
**FEDERAL ICT LABOUR HIRE INDEX**



# Introduction

## **Welcome to the fifth release of the Peoplebank Intermedium Federal ICT Labour Hire Index.**

The Index specifically measures the cost of a unit of labour hire creating an average unit of effort for Federal Government ICT labour hire resources.

The Index aims to track movements in the Federal Government ICT labour hire market through a statistical indicator that measures movement in average contract values, providing an overall snapshot of Federal Government demand for ICT services.

The Index has a 2003-04 baseline and is derived from ICT Labour Hire contracts reported in AusTender by Federal Government agencies.

It should be noted that, due to reporting deadlines for AusTender, the data reported is for the period 1st July 2010 to 31st December 2010 (Q1 & Q2) with some lead indicators taken from preliminary data for Q3 to form views for Q3 and Q4 expected results.

The Index was developed by Intermedium, a specialist government ICT market research firm in partnership with Peoplebank, Australia's largest ICT recruitment company.

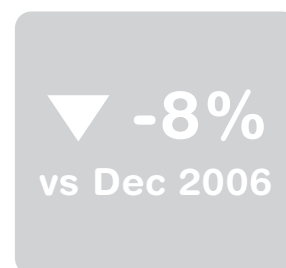
# 01 Key Numbers

The Federal Government's use of ICT contractors strengthened significantly during the first two quarters of 2010-11 (Jul-Dec) with preliminary data for the third quarter (Jan-Mar) indicating further increases.

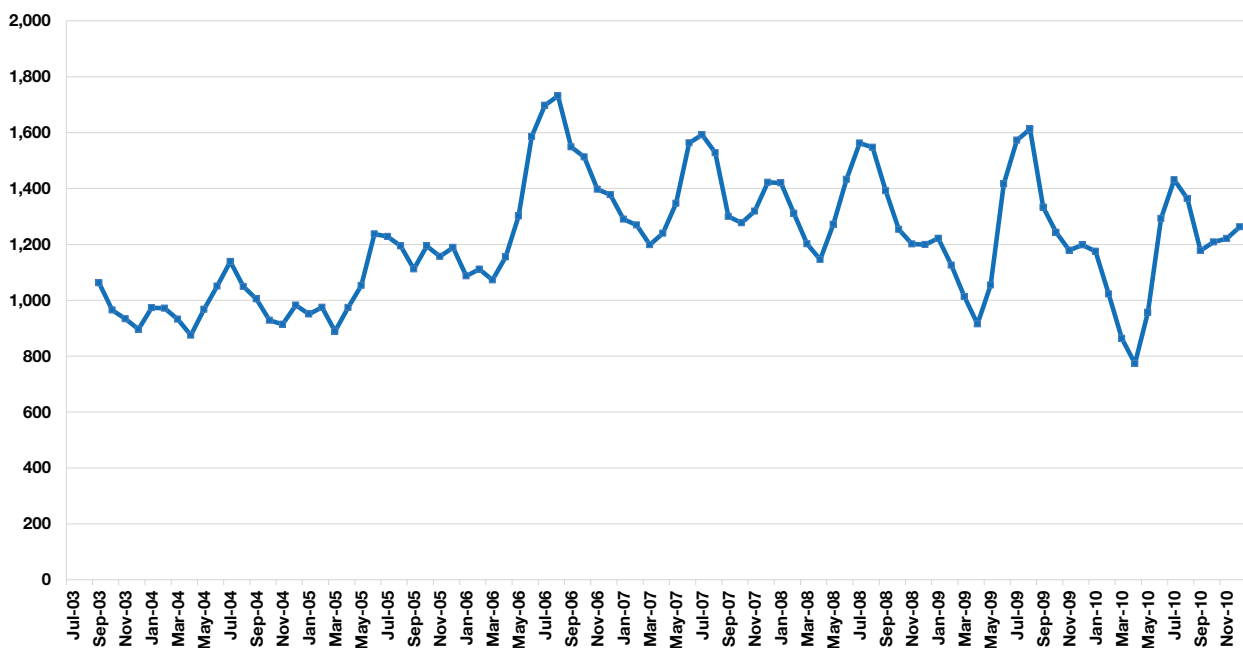
As at December 2010 the Index stood at 1,263 which represents a 5.4% improvement over December 2009.

Indicative data for the third quarter shows the Index already 3.7% ahead of the same period 12 months ago.

Furthermore, preliminary data for March 2011 (1,024) represents a 18.7% improvement on the 863 level recorded in March 2010.



## The Peoplebank Intermedium Index



Index: 2003-04 = Base 1,000

# 02 Commentary

**With the Index likely to rise by 25% or more as further Federal Government Q3 contract details are reported and the traditional June-July peak (as long-term contracts are renewed) ahead, all signs are pointing to 2011 being a strong year for ICT contractors in the Canberra market.**

This contrasts to the caution shown through much of 2010. For example, the July 2010 Index figure of 1,431 was the lowest July figure recorded since the Index began in 2003. It followed the Index reaching an all-time low of just 773 in April 2010.

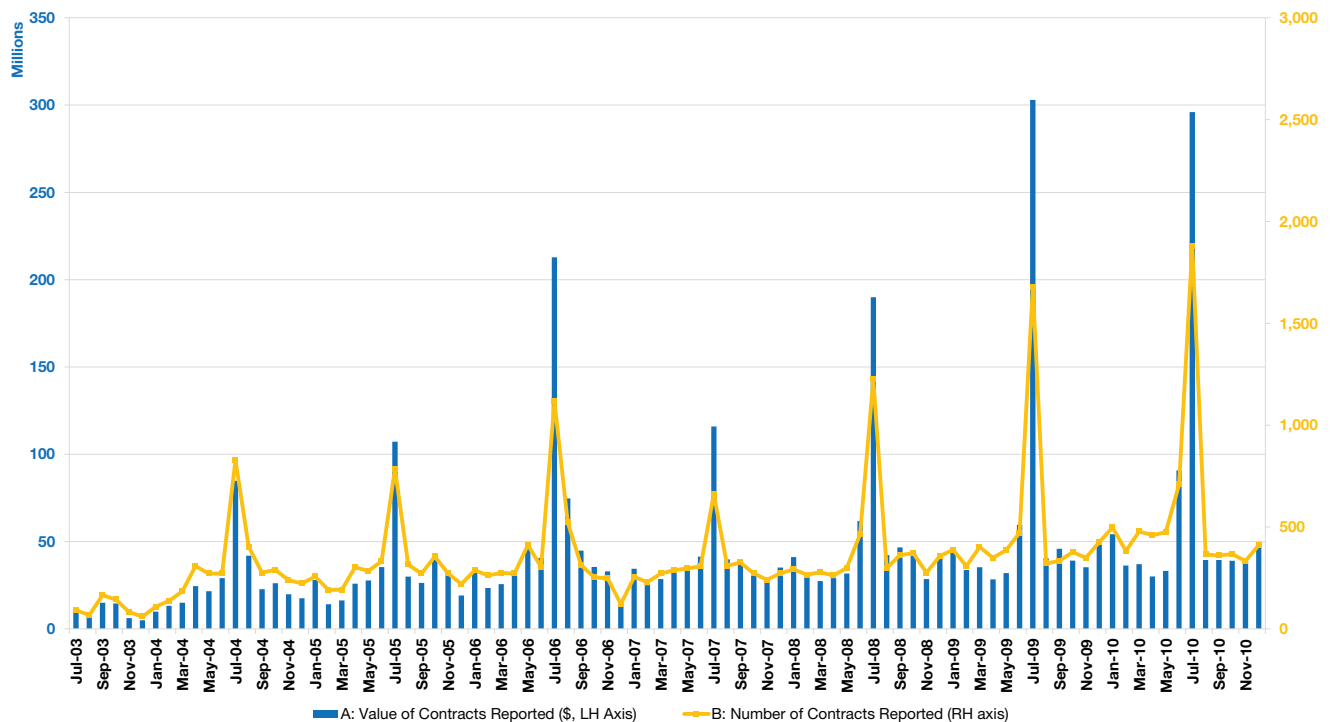
With the uncertainties associated with the 2010 Federal Election and the long caretaker Government period now concluded, the Canberra market is recording a large increase in demand.

Once final data is released, January 2011 is likely to represent the highest start to a calendar year since the boom years of 2006-7.

# 03 Number & Value

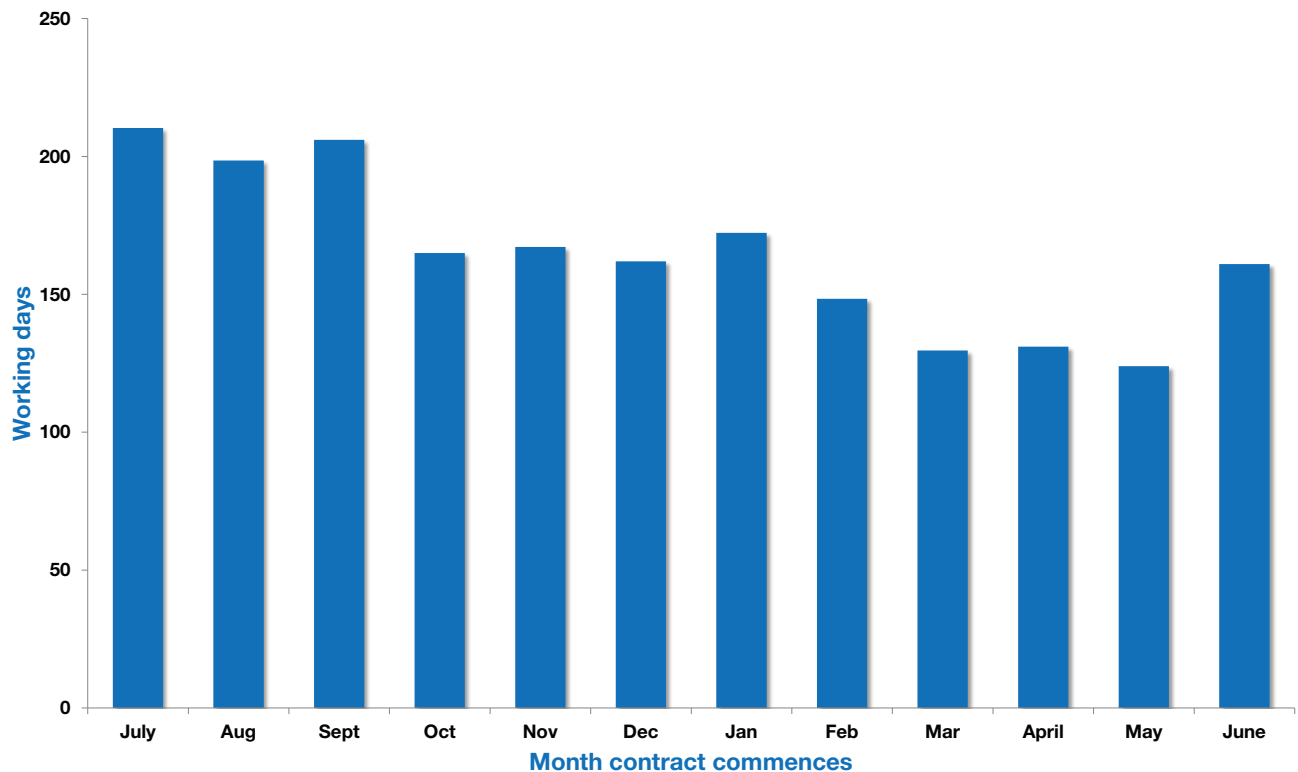
The number and value of contracts in late 2010 was consistently below comparative figures for 2009.

A contributing factor was uncertainty in the Canberra market as a result of Government departments being unable to move forward with key projects during the long period in which the Government was in caretaker mode prior to the August 2010 election.



# 04 Contract Duration

## Average Contract Duration (2003-04 to 2009-10)



Contract duration is typically driven by the standard June 30th contract end date. This results in contract durations peaking in July, and diminishing by approximately 25 percent for each quarterly period thereafter.

Contracts are typically for periods of three, six, nine or 12 months.

As a result, contracts written in July are typically for 12 months (or approximately 210 working days), while contracts written in October are generally for three or nine months, to take the contract through to the half or full year. January contracts are usually written for six months and contracts signed after this period are usually through to June 30th.

As a result of relative uncertainty with regard to ICT contractors and the intent to replace contract resources with permanent APS staff, agencies have moved to offer shorter term contracts.

# 05 Outlook

**Anecdotal evidence from the Canberra IT market indicates that contract demand is likely to continue strengthening through 2011 underpinned by the commencement of many new projects, which had been delayed in 2010 when the Government entered caretaker mode.**

In addition, the commitment to a large increase in IT spending outlined in the 2010 Budget is finally flowing through to the market, as these projects (especially in the Departments of Immigration and Defence, and in the ATO) are readied for implementation.

Peoplebank is currently seeing increased demand for roles associated with the commencement of projects – Business Analysts and Project Managers – as well as for ICT contractors with in-demand skills such as in Sharepoint Developers and Network Engineers.

Many agencies are reaching the final phase of initiatives to convert contract ICT to permanent roles, in line with the recommendations of the Gershon Review.

Achieving conversion targets could be a challenge for some Federal agencies, as signs emerge of an ICT skills shortage in the Canberra market evidenced by rising salary levels – as employers compete for skilled workers – presenting contractors with the choice of trading contract roles at increased rates against the security of permanent Public Service employment.

## **Skills shortage to deepen in 2011**

The skills shortage is being somewhat offset by the return of interstate ICT workers to the Canberra market. Some of these are Canberra or NSW residents who had left the ACT market, following the slowdown in ICT activity in recent years, and who are now attracted back by the stronger contract rates.

The market may slow again in the wake of a number of Commonwealth budget announcements. But in the short term, Canberra is experiencing a very welcome increase in demand with the increased number of roles available and increased contractor rates, attracting experienced ICT candidates to the Federal market.

# 06 About The Index

**The data used in calculating the Index is derived from AusTender, which is part of the Federal Government tender and contracting information management system.**

Federal Government agencies subject to the Financial Management and Accountability Act 1997 (known as the FMA Act) are required to record details of all contracts worth more than \$10,000 as part of the Department of Finance and Deregulation AusTender system.

The data relating to ICT procurement is further classified by Intermedium into six broad categories and 48 sub-categories to reflect market segments.

Labour hire is a sub-category of IT services, a large volume of IT Services contracts are reported annually, by virtually all agencies. The large, consistent annual volume of contracts and their relative homogeneity allows for detailed statistical analysis.

The Index specifically measures the cost of a unit of labour hire providing an average unit of effort, derived by Intermedium from ICT labour hire contracts reported by Federal Government against a 2003/04 baseline.

# 07 About Intermedium

**Intermedium specialises in Australian government and public sector information and communication technology (ICT) research.**

Our government ICT market services include:

- An online portal offering subscribers access to a range of current and highly relevant information resources including articles on key topics and events, latest published contracts, latest published tenders, leader boards, market snapshots, links to the ICT industry press and more.
- A highly regarded free weekly newsletter (the medium).
- A series of annual and quarterly reports on the Federal Government ICT market. The data for this suite of reports is sourced from AusTender. The suite includes an Annual Overview Report and annual Hardware, Software, IT Services, Telco Equipment and Telco Services Reports.
- Commissioned (primary) research. Intermedium has performed major research projects for agencies including DOCITA, DIISR, Defence and Finance.

Intermedium is on Centrelink's Panel for ICT Research and Advisory Services. Centrelink's Deed of Standing Offer with Intermedium can be utilised by other Australian Government agencies to efficiently and effectively procure Intermedium's research services.

Intermedium's Labour Hire report is a valuable adjunct to this Labour Hire Index. It enables readers to:

- Understand trends in the labour hire market;
- Identify areas of potential skill set demand or shortage;
- Monitor spending by agencies; and
- Benchmark their activities and performance against other agencies.

The report is an annual subscription and released quarterly (January, April, July and October).

For more information about any of Intermedium's research services, please go to [www.intermedium.com.au](http://www.intermedium.com.au) or contact Intermedium on 02 9955 9896.

# 08 About Peoplebank

**Peoplebank is Australia's largest ICT recruitment company and the largest supplier of ICT talent to the Federal Government.**

Peoplebank finds you the best talent in the market place. We listen, understand and then deliver the right people to your organisation.

We have done this consistently for over 20 years with Australia's leading corporate, government and commercial organisations.

To learn more about Peoplebank call [02 6245 1700](tel:0262451700) or visit our website at [www.peoplebank.com.au](http://www.peoplebank.com.au)

## 09 Enquiries

### Media Enquiries

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### General Enquiries

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