

WHITE PAPER – AUG 2014

## Australia's information communications technology sector workers: trends & opportunities



**ABSTRACT:** As with many other professions, those who work in Australia's ICT sector are often time poor and postpone financial decision making. Yet, strong employment and remuneration trends indicate that this group could see significant benefit from advice about strategies that enhance wealth creation.

Research indicates that 67.8 percent of those working in the ICT industry are aged between 25 and 44 years of age in comparison to 45.5 percent for all occupations. But, with the aging population and skilled migration this average will most likely increase over the coming years.

This white paper explores current employment and remuneration trends for the ICT sector, and it also explores the benefits of adopting strategies that

address current and future financial needs. In speaking with those employed in the ICT sector, it appears that lack of time and too much information influences their decision to engage or consider financial issues. Yet, at the same time, we can see that those employed in this sector could substantially benefit from greater consideration of their future requirements.

### About Australia's ICT sector

While employment in the Australian information and communications technology sector (ICT) grew rapidly from 1994 to 2004 it has subsequently fallen into line with cyclical employment trends across the broader economy.i

Austrade reports that Australia's ICT sector is worth nearly AU\$100 billion, employing approximately 400,000 Australians both through ICT occupations and businesses.ii

Australians are employed across a wide variety of ICT roles including analysts, developers, managers, quality specialists, technical and engineering roles, end user and tech support roles as well as individual specialty roles and sales and marketing.

This white paper explores current trends and issues affecting both individuals and business owners working in the ICT sector, as well as broader demographic trends and opportunities related to the benefits of financial planning.

The issues raised in this paper have been developed through independent research and interviews that were conducted with several ICT workers.

### Current state of Australia's ICT workforce

Australian government research predicts that the demand for ICT workers is expected to increase over

the coming years. At present, workers employed in the sector account for 4.1% of Australia's total workforce.<sup>iii</sup>

Over the past few years there has been a substantial increase in the number of ICT professionals granted 457 visas to work in Australia. In 2009-10 there were 5,327 visas granted. In 2011-12 the number of professionals granted 457 visas to work in the ICT sector increased 75 percent to 9,271.<sup>iv</sup>

A salary guide and market report produced by the IT recruitment firm Greythorn provides an up to date snapshot of sector trends. In 2012-2013 Greythorn surveyed 2663 IT&T professionals and their research found that Australia's ICT sector remained fairly resilient.<sup>v</sup>

Of the respondents that participated in the Greythorn research 82 percent were male and 18 percent were female. The vast majority of respondents to the Greythorn survey were classified as Gen X (40-49) at 71 percent and Baby Boomers at 22 percent. While 62 percent of respondents were employed in permanent roles, 38 percent were employed in temporary roles or fixed term contracts.

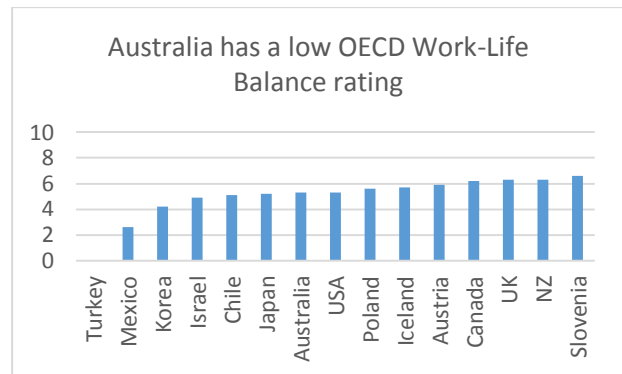
The report indicates that the majority of people who responded to this survey have been employed between 10 and 15 years, with 18 percent indicating that they had been employed 16-20 years. Research also shows that 16 percent had been employed for more than 25 years. The majority of respondents have been in their current roles for three to five years.<sup>vi</sup>

### ICT sector working longer hours

The ICT industry has experienced an increase in hours worked from 2011. The Greythorn research highlights that while less than 1 in 6 respondents worked over 45 hours per week in 2011, that figure had increased to 1 in 4.5 or 22% over the ensuing period.

Overall, Australia does not fare well in relation to achieving a work-life balance. The OECD Better Life Initiative research recently highlighted that while Australia ranks at the top in civic engagement and above average for environmental quality, health status, housing, personal security, jobs and earnings, education and skills, subjective well-being, social connections and income and wealth, it ranks in the bottom 20 percent in terms of work-life balance.<sup>vii</sup>

Time poor ICT sector workers often have less time to consider financial planning decisions and that may in turn affect their current and future lifestyles.



When speaking with ICT professionals, we found that not only did they have a limited amount of time for financial planning and decision making, they also felt that there was too much information in the marketplace, especially online. They also believed that rather than just conducting a Google search for financial information, there was definite benefit in engaging the services of a financial planner.

### Remuneration

Research shows that in 2013 salaries for those working in the ICT industry varied from an average of \$58,000 for helpdesk staff to above \$120,000 per annum for consultants, network engineers, project managers and infrastructure architects.

Sydney salaries for permanent ICT staff working in the finance and insurance industry also vary widely according to seniority and experience. For example, the salary for an algorithmic developer working in the finance and insurance industry currently ranges from an average of \$130,000 at the intermediate level to \$170,000 for senior ICT staff.

### Demographic details

The Australian Computer Society Report, *Improving Age Diversity in the ICT Workforce*, notes that 'in Australia the average age for an ICT worker is 39, as it is in the EU and UK and in Germany the vast majority are under 44.'<sup>viii</sup>

It is common knowledge that more men than women are employed in the ICT sector. Australian Computer Society research highlights that, while there are multiple estimates available in the marketplace, one estimate indicates that females make up 23.5% of the ICT industry.<sup>ix</sup>

The Australian Workforce and Productivity Agency notes that 67.8 percent in the ICT industry are aged between 25 and 44 years of age in comparison to 45.5 percent for all occupations.<sup>x</sup> As Australia's general population ages, we can presume that the percentage of those employed in the ICT industry who are over 45 will continue to rise.

**Main triggers for thinking about financial advice: *“children, sudden death of a friend or family member, reaching a certain age and thinking about retirement”***

When thinking about financial planning we found that there were a number of trigger points that prompted ICT professionals to seek out financial advice. These trigger points included having children, the sudden death of a friend or family member or reaching a certain age and considering how they would survive in retirement.

While the age of 45 is usually the peak time for earning, the current average age of retirement in Australia is currently 63.3 years for men and 59.6 years for women.<sup>xi</sup> It is in the forties age group that financial planners can add most value.

## Financial literacy

Financial Literacy Foundation research shows:

- 93 percent of people aged under 65 who are not yet retired recognise the importance of saving for

retirement, though 21 percent believe that retirement is too far away to think about, and 16 percent believe that financial planning is only important for those who have a lot of money.

- As few as 11 percent of Australians in full time employment have given retirement a lot of thought and made preparation.

At the same time the report noted that:

- 86% of people do not believe that the aged pension and 73% did not believe that employer funded superannuation alone would meet their retirement needs.

In April 2014, Stirling Financial Consulting met with some ICT professionals to determine their thoughts about financial planning.

While the people we spoke to were considering implementing wealth management strategies, many had not taken steps or made decisions due to limited time and also a general lack of knowledge in relation to the benefits of relevant advice.

We put the following questions to interviewees who responded:

### How could a financial planner help you?

The main thing I need is to get some time back. I know I should be thinking about the future in relation to getting wealth and putting protection strategies in place, but I'm too busy. I probably need someone I can trust to manage things on my behalf.

### Why haven't you considered income protection, what would happen if you couldn't earn an income?

It's not top of mind, there are times when I have thought about it, but then I know I've got insurance cover in my super.

*What Stirling Financial Consulting says: While it's true that most superannuation has income protection, it is usually not adequate for what people need. Ultimately the main objective should be to get out of debt or to ensure that the surviving party can stay in the family home and have an income stream.*

### **Where do you get your financial information from now?**



I know how to source information but I'm often overwhelmed with the amount of information out there and I get confused about news reports that focus on doom and gloom.

*What Stirling Financial Consulting says: There is a plethora of information on the internet as well as specific websites and newspapers. Rather than focusing on long terms trends the reportage and analysis that surrounds financial markets usually focuses on current information. It does not take into account longer trends. News organisations often promote a sense of fear in the community and people sometimes make rash and unnecessary decisions in an environment of uncertainty. That's why it's important to form a trusted relationship with an experienced*

*financial adviser who will focus on achieving the best outcome for clients.*

### **The benefits of financial advice**

As an ICT professional you work hard to achieve personal and professional growth for you and your family. But, while you are focusing on either growing your business or furthering your career it's often impossible to have the headspace or time to deal with the overload of financial information and marketing material that is available online.

That's where our experience working with clients and their families comes into play. We work as a team to help you plan to successfully accumulate, preserve and manager your wealth over time.

Now is the time to think about your financial future so [contact us](#) today.

### **About Jarad Stirling and Stirling Financial Consulting**

Jarad Stirling is the Principal Financial Consultant and Authorised Representative with Total Financial Solutions Australia. Jarad has 15 years' experience and is a Certified Financial Planner™ with a Master of Applied Finance. He holds the Specialist Adviser designation with the SMSF Professional Association of Australia (SPAA).



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### References

<sup>i</sup> Australian Workforce and Productivity Agency, ICT Workforce Issues Paper, January, 2013

<sup>ii</sup> <http://www.austrade.gov.au/Buy/Australian-Industry-Capability/ICT/default.aspx>

<sup>iii</sup> Australian Workforce and Productivity Agency, ICT workforce Study, July 2013

<sup>iv</sup> *ibid*

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<sup>v</sup> Greythorn, Australian Salary Guide and Market Report 2012-2013

<sup>vi</sup> ibid

<sup>vii</sup> <http://www.oecdbetterlifeindex.org/countries/australia/>

<sup>viii</sup> [http://www.iss.net.au/acs/ageism/Improving Age Diversity in the ICT Workforce Report 0710.pdf](http://www.iss.net.au/acs/ageism/Improving_Age_Diversity_in_the_ICT_Workforce_Report_0710.pdf)

<sup>ix</sup> [http://www.acs.org.au/\\_\\_data/assets/pdf\\_file/0004/28570/Australian-ICT-Statistical-Compendium-2013.pdf](http://www.acs.org.au/__data/assets/pdf_file/0004/28570/Australian-ICT-Statistical-Compendium-2013.pdf)

<sup>x</sup> Financial Literacy Foundation, Financial literacy: Australians understanding money,

Commonwealth of Australia, Canberra <http://www.awpa.gov.au/publications/Documents/ICT-STUDY-FINAL-28-JUNE-2013.pdf>

<sup>xi</sup> [www.abs.gov.au/AUSSTATS/abs@.nsf/mediareleasebyReleaseDate/FA701E410A126C43CA2573D700161420?OpenDocument](http://www.abs.gov.au/AUSSTATS/abs@.nsf/mediareleasebyReleaseDate/FA701E410A126C43CA2573D700161420?OpenDocument)

### **Important Information**

Whilst every effort has been made to ensure the information in this paper is correct, we cannot guarantee its accuracy and/or be held responsible for any loss by any party in relying on this information.