A trend in the employment of professional engineers is the increasing number opting to practice as contract engineers. Employers of professional engineers are making greater use of such arrangements as a means of meeting peak workloads or to engage contract professionals for specific projects or tasks.

The Australian Bureau of Statistics estimates that up to 20 per cent of the workforce is now engaged in non-standard work arrangements with professionals operating as independent contractors or consultants among the fastest growing group.

Ultimately, the hourly rate charged depends on the market for the service provided and there is no substitute for specific knowledge of the particular industry and the value of the service being offered to a client, but these rates can be used as a benchmark to ensure that contractors don’t undercharge for their services.

These hourly rates should be read in conjunction with Professionals Australia’s Standard Terms of Engagement and Professionals Australia’s Guide to Writing Contracts for Independent Contractors and Consultants. Both documents take account of important issues arising from changes to Personal Services Income rules effective July 2000. The changes will potentially impact on contractors and consultants engaged on an hourly basis. These documents are available to members from Professionals Australia’s website at www.professionalsaustralia.org.au.

The hourly rate for contract engineers takes into account the conditions of employment which apply to employee professional engineers, as contract professional employees must meet this cost themselves.

Professional engineer employees have access to the Australian Industrial Relations Commission and receive annual leave, sick leave, paid public holidays, long service leave, superannuation, jury leave, compassionate leave, family leave, professional development and retrenchment/redundancy provisions.

The contract engineer may be engaged on an hourly basis and generally does not have access to these provisions. The contract engineer must take such provisions into account when determining the hourly fee to be charged. Based on a 38 hour week, the hourly rate is calculated using a 1980 hour year (i.e. 38 hours by 52.1 weeks) and deducting from the year the following factors:

<table>
<thead>
<tr>
<th>Component</th>
<th>1210 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redundancy</td>
<td>770 hours</td>
</tr>
<tr>
<td>FinancialTermination</td>
<td></td>
</tr>
<tr>
<td>Professional Indemnity</td>
<td></td>
</tr>
<tr>
<td>Misc. leave (family, jury, etc)</td>
<td></td>
</tr>
<tr>
<td>Public Holidays</td>
<td></td>
</tr>
<tr>
<td>Annual Leave</td>
<td></td>
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<tr>
<td>Long Service Leave</td>
<td></td>
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<tr>
<td>Sick Leave</td>
<td></td>
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<tr>
<td>Salary Continuance</td>
<td></td>
</tr>
<tr>
<td>Superannuation</td>
<td></td>
</tr>
<tr>
<td>Prof. Indemnity (inc public liability)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>770 hours</td>
</tr>
</tbody>
</table>

Thus the hourly rate should be calculated on the basis of about 1210 hours (1980 - 770).
APPENDIX A – SURVEY QUESTIONNAIRE

RESPONSIBILITY LEVEL DEFINITIONS

LEVEL 1 Professional Engineer

The graduate engineer (as defined) commencement level.

The engineer undertakes initial professional engineering tasks of limited scope and complexity, such as minor phases of broader assignments, in office, plant, field or laboratory work.

Classification Level definition

Under supervision from higher-level professional engineers as to method of approach and requirements, the professional engineer performs normal professional engineering work and exercises individual judgement and initiative in the application of engineering principles, techniques and methods.

In assisting more senior professional engineers by carrying out tasks requiring accuracy and adherence to prescribed methods of engineering analysis, design or computation, the engineer draws upon advanced techniques and methods learned during and after the undergraduate course.

Training, development and experience using a variety of standard engineering methods and procedures enable the professional engineer to develop increasing professional judgement and apply it progressively to more difficult tasks at Level 2.

Decisions are related to tasks performed, relying upon precedent or defined procedures for guidance. Recommendations are related to solution of problems in connection to the tasks performed.

Work is reviewed by higher-level professional engineers for validity, adequacy, methods and procedures. With professional development and experience, work receives less review, and the professional engineer progressively exercises more individual judgement until the level of competence at Level 2 is achieved.

The professional engineer may assign and check work of technical staff assigned to work on a common project.

LEVEL 2 Professional Engineer

Classification Level definition

Following development through Level 1 he/she is an experienced engineer (as defined) who plans and conducts professional engineering work without detailed supervision, but with guidance on unusual features and who is usually engaged on more responsible engineering assignments requiring substantial professional experience.

LEVEL 3 Professional Engineer

Classification Level definition

A professional engineer performing duties requiring the application of mature professional engineering knowledge. With scope for individual accomplishment and co-ordination of more difficult assignments, the professional deals with problems for which it is necessary to modify established guides and devise new approaches.

The professional engineer may make some original contribution or apply new professional engineering approaches and techniques to the design or development of equipment or special aspects of products, facilities and buildings.

Recommendations may be reviewed for soundness of judgement but are usually regarded as technically accurate and feasible. The professional engineer makes responsible decisions on matters assigned, including the establishment of professional engineering standards and procedures, consults, recommends and advises in speciality engineering areas.

Work is carried out within broad guidelines requiring conformity with overall objectives, relative priorities and necessary co-operation with other units. Informed professional engineering guidance may be available.

The professional engineer outlines and assigns work, reviews it for technical accuracy and adequacy, and may plan, direct, co-ordinate and supervise the work of other professional and technical staff.

LEVEL 4 Professional Engineer

Classification Level definition

A professional engineer required to perform professional engineering work involving considerable independence in approach, demanding a considerable degree of originality, ingenuity and judgement, and knowledge of more than one field of, or expertise (for example, acts as his/her organisation’s technical reference authority) in a particular field of professional engineering.

The professional engineer:

• initiates or participates in short-range or long-range planning and makes independent decisions on engineering policies and procedures within an overall program;

• gives technical advice to management and operating departments;

• may take detailed technical responsibility for product development and provision of specialised engineering systems, facilities and functions;

• co-ordinates work programs; and

• directs or advises on use of equipment and material.

The professional engineer makes responsible decisions not usually subject to technical review, decides courses of action necessary to expedite the successful accomplishment of assigned projects, and may make recommendations involving large sums or long-range objectives.

Duties are assigned only in terms of broad objectives and are reviewed for policy, soundness of approach, accomplishment and general effectiveness.

The professional engineer supervises a group or groups including professional engineers and other staff, or exercises authority and technical control over a group of professional staff, in both instances engaged in complex engineering applications.

LEVEL 5 Professional Engineer

Classification Level Definition

A professional engineer usually responsible for an engineering administrative function, directing several professional and other groups engaged in inter-related engineering responsibilities, or as an engineering consultant. Achieving recognition as an authority in an engineering field of major importance to the organisation.

The professional engineer independently conceives programs and problems to be investigated and participates in discussions determining basic operating policies, devising ways of reaching program objectives in the most economical manner and of meeting any unusual conditions affecting work progress.

The professional engineer makes responsible decisions on all matters, including the establishment of policies and expenditures of large sums of money and/or implementation of major programs, subject only to overall policy and financial controls.

The professional engineer receives administrative direction based on organisation policies and objectives. Work is reviewed to ensure conformity with policy and co-ordination with other functions.

The professional engineer reviews and evaluates technical work; selects, schedules, and co-ordinates to attain program objectives; and/or as administrator, makes decisions concerning selection, training, rating, discipline and remuneration of staff.