



Happy New Year! We hope you, your whānau & friends have enjoyed the break and that you're ready for an uplifting 2023!

As we kick off an exciting New Year we've been reflecting on the market trends from 2022 and anticipating what changes we might see over the coming year.

Is now a good time to consider contracting with talks of a recession on the horizon?

Over the last few months there has been a strong focus on inflation increasing, a recession projected for the second half of 2023, and alongside this an election in October 2023. What impact do all of these things have on the job market and is now the time to consider contracting?

In the last 12 months we've experienced more candidates moving into the contracting market than ever before due to demand for contract resource in a candidate tight market. While a lot of this work has had a project focus there has been demand for contract resource to backfill permanent roles for business as usual work. Whether this will continue remains to be seen. When we've previously experienced market downturn, the demand for contractors has typically continued across the following disciplines:

- Change Management
- Organisation Design / Operating Model Design
- Project/Programme Management & Coordination
- Employment Relations/Industrial Relations
- HR practitioners with change experience
- Change Communications Specialists
- Analyst roles



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There are several factors why candidates have made the transition to contracting:

- They've reached a point in their career where they are able to specialise and see an opportunity to share this experience in a variety of organisations
- Lifestyle – they are seeking greater work life balance and see this as an opportunity to draw on their specialist skills and work 8-9 months of the year
- They have set themselves up financially to account for periods without work (rule of thumb is to have 3 months of savings)
- While there are risks associated with contracting, they recognise the opportunity to earn more than they currently are in a permanent role. Time to make hay while the sun shines!

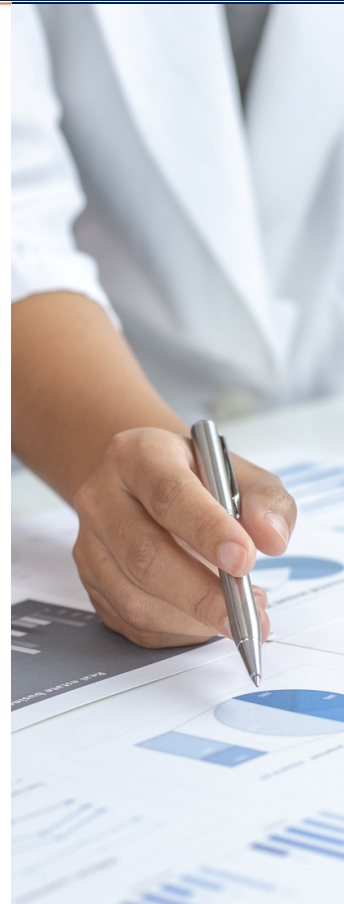
What is a contractor?

Being a contractor means you:

- are self-employed
- can be more selective around what work you sign up to
- choose how — and sometimes where — to do your work
- are responsible for paying your taxes

There are many things to consider before embarking on this change and moving into the space of contracting:

- How comfortable are you not necessarily having back to back work?
- Will it suit your personality – can you adapt quickly & easily to new situations?
- Have you set yourself up financially to be able to support yourself for several months of the year if there is a market downturn?
- Are you confident that there is demand in the market for your skillset?
- During an election year the contracting market will slow down for Government organisations in the lead up to the election (usually 6-8 weeks beforehand). Elections where there has been a change in government often results in a slow pick up in the contracting space post-election. Some of our more seasoned contractors will set themselves up to ride through this period where there may be fewer opportunities available, while others may consider a fixed term contract to provide stability during that quieter period.



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How do I work out my hourly rate?

- Often the market will set the rates for different disciplines, and this can vary across the regions e.g. Wellington contractor rates tend to be higher than Auckland rates. It's easier to settle on your rate when you have been contracting for a while and have a better feel for the market. An experienced recruiter will be able to guide you on market rates too.
- To work out your hourly rate and what to consider please check out: <https://www.h2r.co.nz/h2r-consulting/services/contractors/salary-vs-hourly-rate/>

Things to ask an accountant or Hnry before you start

You have thought through the pros and cons of becoming a contractor and want to get started. You'll want to make sure you set yourself up correctly, so unless you're a financial expert, it's a good idea to talk to an accountant or the team at Hnry (<https://hnry.co.nz/h2r>). Questions to ask them might include:

- Should I work under my own name — as a sole trader — or as a company?
- Is it worth me registering for GST?
- How much should I put aside for GST and income tax?
- How should I pay my tax?
- What records do I need to keep?
- What expenses can I claim?

Common Mistakes

- Not putting aside enough money for tax and ACC — you should save this from every invoice that's paid to you.
- Leaving it too late to pay your tax — whether it's GST or income tax, not paying on time could cost you more in penalties.
- Not getting advice up front — getting the right advice at the right time is crucial for contractors. Experts can help you to set yourself up so you don't keep making the same mistakes, e.g. saving the right amount for provisional tax.
- Not sending timesheets/invoices in on time — if you don't send a regular timesheets/invoice, you won't get paid. Send it as soon as you can, e.g. at the end of your working week if you're invoicing weekly.
- Not setting your hourly rate high enough — it should cover all your expenses, your cost of living and things paid for by an employer in a salaried job.
- Not making time for record keeping and administration — if your records are a mess it's easy to miss key dates and lose documents Inland Revenue may need.
- Lining up your next contract. About 4 weeks out from your assignment finishing you should be having conversations with the organisation/your recruiter to check whether there is an opportunity to extend or if you should be looking out for your next role.
- If you are working through a recruitment agency it's also in their best interests to help you line up that next role.
- Utilise LinkedIn and your networks to let them know if you have capacity for work and when you're available for your next contract.



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If you are interested in having a confidential discussion about contracting and opportunities in the market, please feel free to get in touch on 09 368 7300 with one of the following contracting consultants.



Josh Armitt - Contracting Consultant



El Ferriera - Contracting Consultant



**Oshin Robertson - Senior Consultant -
Permanent and Contract Finance,
Accounting, Projects, Programme,
Analysts**



**Rachael O'Sullivan - Principal Consultant -
Permanent and Contract Specialist across
GM, C-Suite, HR, Communications, Sales,
Marketing, Operations**

Other exciting news!

- We'd like to welcome El Ferriera, our newest Contracting Consultant to the Auckland H2R team
- Rachel Insley has also joined us as our Recruitment and Assessment Co-ordinator
- Lucy McLernon our Auckland Regional Manager has just gone on maternity leave and will be welcoming her first child in February

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