

How much are you worth?

Shirley R Cowcher, Information Enterprises Australia Pty Ltd

As a profession, and as individuals, I think we have spent considerable time and energy considering our worth. Worth can be measured in many ways and we are encouraged to justify our worth and existence by the keeping of statistics and performance measures. My concern in this discussion is not, however, at the corporate level of justifying the worth of our profession, but at an individual level and particularly at the level of the freelance librarian.

I think we all acknowledge that our work environment is changing.

I have read articles from Phil Teece, through his *Work watch* page, about the changes to librarians' working conditions and the continuing use of contract and casual employees that has eroded the entitlements of people working within the profession. There are many library personnel today who work on a contract basis either through an agency or freelance and there are probably many more of us that have considered becoming freelancers. So if you are a freelance librarian/consultant have you truly considered your worth?

ALIA has released its *Salary Survey for 2000/2001* (<http://www.alia.org.au/employment/salary.scales/>) and has outlined the formula for librarians to use when considering their financial worth as a casual employee, but if you are freelancing as a registered sole trader or company with an ABN is this formula sufficient to fully cover the costs associated with you and your business and make sure you are earning an adequate income? The answer is no.

Let's use ALIA's formula (see below) for casual employees requiring twenty per cent loading on the annual salary to calculate an hourly rate for a librarian wanting to earn \$50 000 per annum. Remember the twenty per cent is to cover sick leave and annual leave entitlements, which you will not accumulate as a casual, and you certainly will not accumulate them as a freelancer. So using the formula you should be charging a minimum of \$30.25 per hour.

$$\frac{[\text{minimum annual salary}] \times 1.2}{52.2 \times [\text{hours in a standard week}]} = \frac{\$50\,000 \times 1.2}{52.2 \times 38} = \frac{\$60\,000}{1983.6} = \$30.25 \text{ per hour}$$

<http://www.alia.org.au/employment/salary.scales/casual.part-time.html>

Great, that covers your leave entitlements but what about the eight per cent superannuation contribution that employers make? (It is to go to nine per cent in July 2002). If you add that to your hourly rate you should now be charging \$32.67 per hour. Is that your worth as a freelancer?

How many unpaid hours do you put in to your business? Have you considered those when determining your worth? How much time do you spend on the administration of the work you do for your client/s? — timesheets, invoicing, chasing up payments, book-keeping and accounts. In my experience a freelancer generally can expect to add about ten to twenty per cent to their paid working time. In other words if I work (and I am paid for) a thirty hour week I can expect to actually work a thirty-three to thirty-six hour week, that is three to six hours of unpaid work to keep my accounts up-to-date. This may even be increased a little if you have got GST to worry about.

If you are working for more than one client have you taken into consideration the telephone conversations you may have with your clients that are not part of your paid working hours? Do you charge them for this time or give it them as good will? Again, if working for more than one client what kind of record keeping do you have in place to ensure that you are up-to-date with the client's requirements? Have you costed the time taken to maintain the records into your worth or do you perform these tasks as unpaid hours?

Now let's think about other requirements of freelancing. Do you have professional indemnity and public liability insurance? How much per year does it cost? Let us assume it costs \$1500 per annum — and that is conservative — it therefore costs \$28.74 per week. How many hours per week are you working? If you are working a 38-hour week, you need to add another 75 cents onto your hourly rate to cover your insurance cost. You are not covered by your client's workers compensation, so do you have income protection or workers

compensation insurance? How much does it cost? Do the same calculation as you did for public liability for your workers compensation and/or income protection and add it to your hourly rate. How much have you have invested in equipment that you use to support your business — PC, modem, printers, mobile telephone, and car? How much do you spend on consumables — paper, toner, electricity, telephone calls, postage, fuel?

Now think about what benefits you get from being a freelancer. I have had conversations with people who have said that the tax benefits of claiming their vehicle, equipment et cetera means that they can charge less. How does the new taxation system on personal services income affect you? The tax benefits may not be so good if you work for only one client. Also think about the quality of life benefits you get from being a freelancer — the ability to stay at home with sick children, choices of when to work — these benefits are hard to value in a monetary way but still have significant value to all of us.

I think you can see where I am going with all of this. Realistically, if you are a freelancer and you want to earn a wage equivalent to a person in a permanent position then you have to know what all your expenses and benefits are and charge accordingly. Why are many companies choosing to use freelance contractors over agencies and permanent placements? Because most freelance contractors do not know their worth and significantly undercharge. At the end of the day you think you are getting a good deal by invoicing at a rate of \$30.25 per hour but when you take all other costs into consideration you are more than likely earning less than \$20 per hour.

So how much are you really worth?

Shirley Cowcher is the director of Information Enterprises Australia Pty Ltd, a quality accredited library and records management consulting and employment service based in Western Australia. Shirley has worked in the library and records management professions since 1979 and established the employment service in 1986. Information Enterprises Australia Pty Ltd is also the publisher of the Australian records retention manual.