



MARKET INSIGHTS REPORT

AUSTRALIAN TECH SECTOR 2024-25





TALENTWEB MARKET INSIGHTS REPORT: AUSTRALIAN TECH SECTOR 2024-25

It's been a challenging business environment for Australian tech, but 2024 wasn't without its optimism. Hiring woes remain a major issue, but companies are still spending on their IT projects and this trend is expected to continue into 2025.

In this report, you will find a snapshot of how Australian tech has performed this past 12 months, drawn from a variety of research papers, data sheets and industry sources. You'll be able to compare salary bands with some common benchmarks, and learn more about important topics such as layoffs and jobs growth.

If you would like to discuss any of these insights, or you need help navigating the intricacies of hiring high-quality tech talent at your company, [give us a call.](#)

THE ECONOMY IN SHORT

The Australian economy, like the rest of the world, has had a rocky few years. After steady recovery from the COVID pandemic in 2020, Australia has performed well on the global stage – but a rapidly resurging economy tied with limited global movement left us with labour shortages that continue to haunt the technology sector in 2024.

Giving employers some breathing room, though, is the RBA holding the official cash rate steady since November last year. This has helped to enable a reasonable degree of IT spending, keeping the tech sector in the positives and economists optimistic about Australia's digital future.



INFLATION
3.8%



CASH RATE:
4.35%



GDP GROWTH:
0.2%
(June Q, 2024)



YOY NET MIGRATION GROWTH:
3.6%



**ECONOMIC CONTRIBUTIONS
OF THE TECH SECTOR:**
\$167 billion
(8.5% of GDP)

Sources (accessed September 2024):

RBA, *Inflation Overview*

ABS, *National, state and territory population*

ABS, *Australian National Accounts: National Income, Expenditure and Product*

TCA, *Road map to Deliver One Million Tech Jobs*



GROWTH IN TECH

Experts are predicting only modest growth for Australia's tech sector (about a 4% bump in tech spending by end of 2024), though demand for skilled professionals in this area is anticipated to stay strong as more companies look to adopt cloud, AI and other digital solutions. This will maintain pressure on hiring managers, as more companies in both the public and private sector compete for the best talent.

Source: Forrester, Australia And New Zealand: Navigating Business And Technology Priorities For 2024, accessed September 2024

The tech sector is being slowed by hiring woes, which are set to continue into 2025. Unfortunately, this is the double-edged sword of rapid economic resurgence after a global pandemic.

Occupations where people spend more than 50% of their time using digital skills are projected to grow at twice the rate of other occupations.

Expected Growth in Job Opportunities (to May 2033)



Source: Jobs and Skills Australia, Employment Projects, accessed September 2024

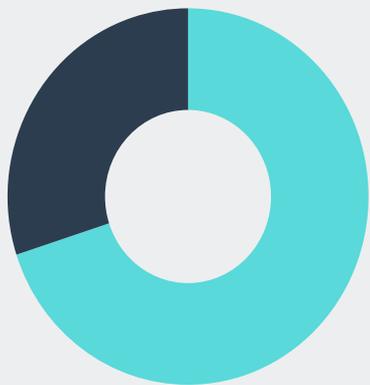


Australia is 4th in the world for digital talent shortages.

Most prevalent national talent deficits, technology

1. New Zealand
2. Canada, Portugal
3. UK
4. Australia, Chile
5. Ireland, the Netherlands, Switzerland, Poland

Source: Hays, The Workforce of the future: Navigating the skills disruption, accessed September 2024



70%
The number of ICT professional roles in shortage in Australia

Source: Jobs and Skills Australia, Annual Jobs and Skills Report 2023

Australia's Tech Council is pushing for more workers by 2030 – increased education opportunities and greater investment in businesses will be key to achieving this goal.

Target tech workers, 2021-2030

2021 | **861,000**

2030 | **1.2 million**

286,000 more workers are needed to meet 2025 targets.

Source: TCA, Road map to Deliver One Million Tech Jobs

Top 5 in-demand tech roles

01	Project/ Programme Manager
02	Software Engineer
03	Systems Engineer
04	DevOps Engineer
05	Data Analyst/ Scientist

Source: Hays, *The Workforce of the future: Navigating the skills disruption*, accessed September 2024

Factors which increase the shortage of tech talent

GENDER IMBALANCE

An imbalance between male and female workers is more common in skills shortage areas.

Our advice:

Working to increase your hiring diversity opens up significantly more talent options. Check for unconscious bias, as it may be holding your team back.

Source: Jobs and Skills Australia, *Current skills shortages*

BEING REGIONAL

Skills shortages are more pronounced in regional areas.

Our advice:

It's hard to find good talent in regional areas – utilising a specialist recruiter who can help you source remote talent, or talent willing to relocate, can contribute to hiring success in tech.

WAGES

Higher wages do not solve the problem on their own.

Our advice:

Companies can't just offer higher wages to skip the tech talent shortage – it may not work. People want a variety of benefits from their employer, including work-life balance and career advancement too.



Talent shortages aren't the only issue limiting tech growth - meaning growth strategies can't focus solely on hiring.

MOST COMMON ICTS USED BY AUSTRALIAN BUSINESSES

1. Cyber security
2. Cloud technology
3. Internal digital platforms
4. Public digital platforms
5. CRM

TOP 5 FACTORS PREVENTING BUSINESSES FROM USING TECH

1. Insufficient internal skills or capabilities
2. Uncertainty around cost/benefit
3. Lack of understanding, or lack of available products
4. Technology issues
5. Lack of access to additional funds

TOP 5 BARRIERS TO ACCESSING FINANCE

1. Uncertain economic conditions
2. Insufficient cash flow/sales
3. Insufficient collateral/security
4. Business debt
5. Aversion to risk

Source: ABS, Characteristics of Australian Business, accessed October 2023



SALARY TRENDS

On average, technology workers are some of the highest paid in the country, and have recently seen good levels of wage growth despite flattening sector growth. Technology companies emulating the Silicon Valley style (i.e. 'New Tech' below) tend to pay the highest, with the gaming sector tending to pay the lowest.

Average earnings, Australian tech sector

<p>Median hourly rate: \$58.20 YOY growth: 0.9%</p>	<p>Median base salary: \$112,500 YOY growth: 4.75%</p>
<p>Wage growth, all industries: 4.1%</p>	<p>Inflation: 3.8%</p>

Median salaries by tech sector

GAMES	OTHER TECH & PUBLIC SECTOR	TRADITIONAL TECH	NEW TECH
\$85,500	\$125,500	\$144,000	\$159,000

Median salaries by role level

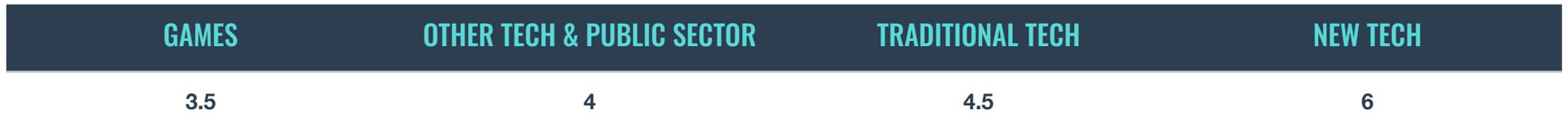
LEVEL 1 ENTRY-LEVEL	LEVEL 2 EARLY INTERMEDIATE	LEVEL 3 EXPERIENCED INTERMEDIATE	LEVEL 3 EXPERIENCED INTERMEDIATE
\$89,500	\$112,500	\$137,500	\$158,500

The estimated gender pay gap between men and women in tech is 11%.
This is smaller than the Australia-wide wage gap of 21.7%.

Most common non-cash benefits among tech employers



Average number of non-cash benefits offered by tech sector



51.7%
The percentage of tech workers who are satisfied with their pay.

Higher salaries and higher satisfaction rates are not always correlated. In fact, we're seeing groups with lower average salaries (i.e. Games) with relatively high satisfaction. This suggests that other factors are also important, like wage growth and benefits.

Sources, accessed October 2024
Professionals Australia, Employment and remuneration trends for tech, software and IT professionals.
Note: Salary medians taken from across sectors and skill levels.
Employment Hero, The Employment Hero SME Index
ABS, Wage Price Index, Australia
WGEA, WGEA Data Explorer



LAYOFFS

Tech workers around the globe and in Australia have seen significant job cutbacks these past years, with hundreds of thousands of jobs affected. In Sydney, Melbourne and Brisbane alone, layoffs to date exceed 3,700 jobs, not including any Australia-based remote workers.

3,673 Estimated number of tech jobs laid off in Sydney, Melbourne & Brisbane since 2020

Source: Layoffs.fyi, accessed September 2024

But this isn't the whole story..

Australia's tech sector might have flattened in recent years, but it's still growing. Last year it grew 8%, this year the expectation is 4% as noted earlier. Layoffs have made major headlines, but they aren't indicative of sector-wide shrinkage.

For every job lost in early 2023, 20 were created
Tech is Australia's 7th largest sector

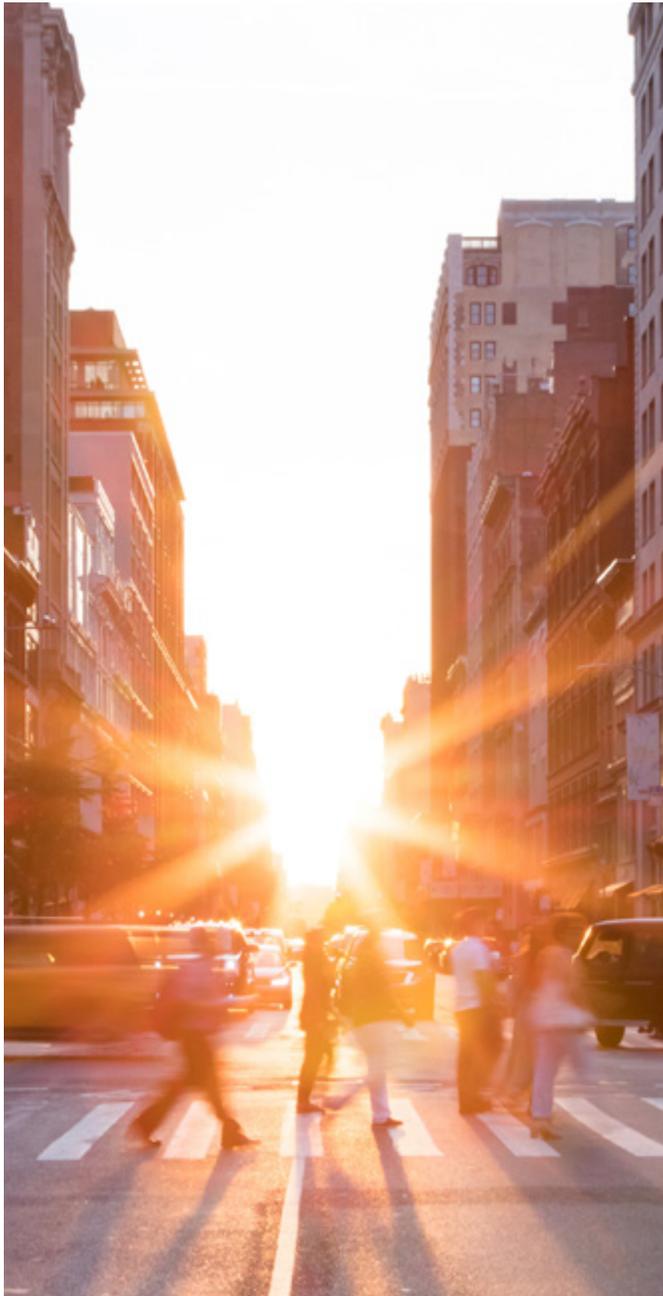
1 IN 16 The number of Australians working in a tech role

Source, accessed October 2024:

TCA, Australia Set to Deliver 1.2 Million Critical Tech Workers by 2030 to Drive Productivity Across the Australian Economy

TCA, How to Deliver One Million Tech Jobs by 2025

So, while mass layoffs overseas might seem alarming, Australia's technology industry has shown resilience in the face of uncertain economic conditions and is increasingly becoming one of its most important contributors to GDP. Lost jobs are being replaced, so workers aren't left without employment for long.



LOOKING AHEAD TO 2025

Digital investment is an increasingly important topic among Australian organisations of any shape and size. In fact, we've seen significant growth in tech roles in non-traditional tech industries, showing us that IT skills are becoming vital across every facet of the national economy.

Moving into 2025, experts around Australia anticipate that, despite not seeing the growth we'd like in tech, budgets will still increase and investments will still go ahead. There is a lot of optimism across the country about how things are going, and anticipation for the potential of what is to come next.

Six predictions for Australia's tech sector in 2025

- 1** Impatience with ROI may cause some businesses to pull back on last year's spontaneous investments, such as generative AI tools.
- 2** Cyber security, generative AI and cloud computing will play a major role again in 2025, as they did in 2024.
- 3** Technology risk is considered one of the highest business risks moving into 2025, and IT leaders are going in facing moderate to high levels of tech debt.
- 4** Developers will remain in short supply, as local employers compete with overseas entities hiring remote workers. Employee experiences will play an important role in improving satisfaction in this area and bumping both retention rates and productivity after slumps in 2024.
- 5** IT budgets will likely increase next year despite a challenging business environment. However, experts predict the majority of digital transformations will fail – highlighting the continued importance of not rushing into any major projects without appropriate strategic planning.
- 6** IT services will comprise the largest spending category in Australia next year. Companies are being driven by a need to minimise risk and ensure compliance through the use of IT consultancies and IaaS.

Sources, accessed October 2024:
Gartner, Gartner Forecasts IT Spending in Australia to Grow 8.7% in 2025
Forrester, Forrester's 2025 predictions reveal mixed trends in AI & tech
Deloitte, Tech Trends 2024, An Australian Perspective



ADVICE TO EMPLOYERS

1. SEEK RECRUITMENT HELP

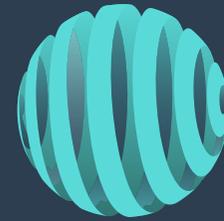
While hiring isn't the only factor holding back technological success, it's still the biggest single factor. But, as the tech sector continues to grow it's likely that skills shortages will remain. Employers should seek help from specialist IT recruitment consultants to find assistance sourcing and vetting the best local candidates, in addition to candidates from other markets who might be willing to work remotely or relocate (this is particularly important for regional companies).

2. INVEST IN THE EMPLOYEE EXPERIENCE

Employee job satisfaction and productivity are critical to business success, because there are always other job offers out there – your company must do what it can to retain its best people. This should involve increased investment in the talent experience, fostering a winning company culture that promotes two-way communication, honest feedback, employee recognition and clear career pathways.

3. DON'T BE AFRAID TO INVEST IN TECH

Even in a tricky business environment, strategic investments in tech are often the key to moving forwards as a business, improving efficiencies and optimising processes. Better tech tools can also contribute to employee satisfaction, replacing hard-to-use legacy software with advanced, streamlined alternatives (better yet, cloud-based alternatives that enable flexible working). Just be careful not to rush into anything, and take time to carefully plan each digital transformation to increase the chances of success. It won't happen overnight.



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