

Contract vs Permanent Software Engineers

Which hiring model makes sense for your tech team?

A guide for CTOs and Heads of Engineering, including current salary and rate benchmarks and ways to decide which hiring model fits your team best.

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The right people change everything.

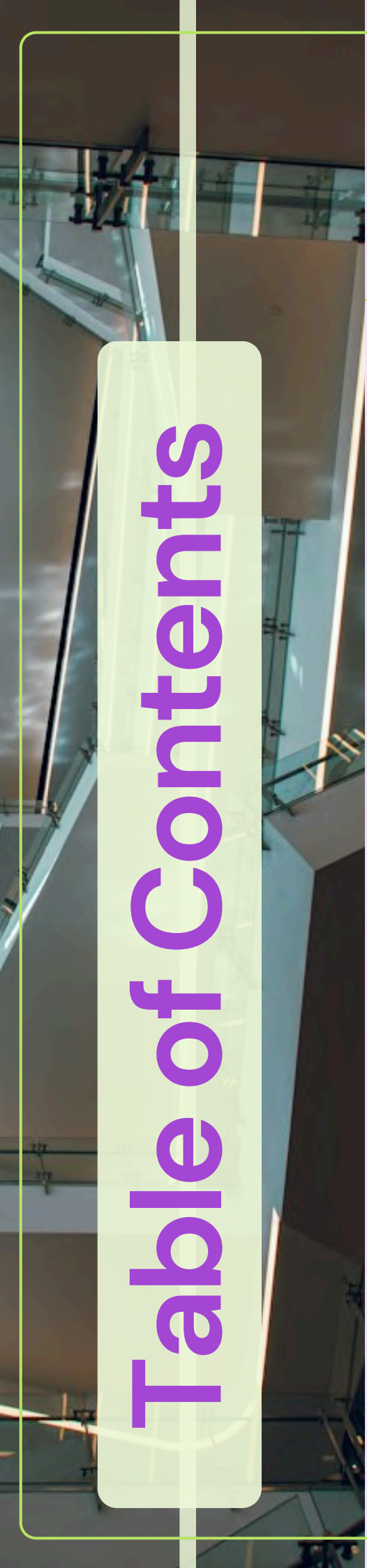


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Knowing where to start.



As a CTO or head of engineering, you know how much goes into building a good team. With deadlines to meet, budgets to manage and team of engineers who are probably already quite stretched, there's a lot to juggle.

You need people who can get the work done, understand your systems quickly and stick around to support what you're building long-term.

The reality is a senior contractor could cost you around R50,000 - R60,000 more a month than a permanent engineer. Over a year, that could roughly add up to R720,000.

It's a big difference, but depending on what your team needs and how quickly you need to get things done, the extra cost could be worth it. Ask these four questions to work out which route makes the most sense for your team.

Four questions to help steer your decision.

	A contractor hire	A permanent hire
How long do you need this skill for?	A programme with an end date, or a defined peak in delivery need	A platform or product you will run and evolve for years
Does this knowledge need to stay in the team?	Not long term, it's more focused work that needs to be done well once, with a clear handover	Yes. Core architecture, domain knowledge and custom code needs to stay in the team
How soon must this hire be productive?	Within days to weeks, to protect a deadline or key milestone	Within a quarter, with ample time to onboard properly
Is your hiring need & budget confirmed?	Programme / project budget approved, but longer-term demand is still unclear	Headcount signed off and the delivery roadmap is stable

THE BEST OF BOTH

Most strong engineering teams are a blend: a permanent core that owns the architecture and knowledge, with contractors adding capacity when delivery demands it.

The obvious hire isn't always the right one.

You wouldn't tackle an engineering problem without understanding what's causing it, hiring deserves the same thought. Even when the problem seems obvious, the best way to solve it might not be.

Here are a few common hiring scenarios worth testing before deciding between contract and permanent engineer hires.

01

An engineer in your team resigns and suddenly everything feels at risk

If one resignation puts your delivery at risk, think about how much critical knowledge could be walking out the door. A contractor can keep things moving in the interim, but a new hire won't immediately replace what that engineer knows.

List what only this engineer can run. Use their notice period to share that knowledge with at least 2 people.

02

Hiring has been paused but engineering demand has increased

A freeze on permanent hiring doesn't mean the work stops, and contractors can still be expensive. If you only need someone for a short period, a contractor could make sense. But if the work is likely to continue, it's worth comparing what 12 months of contractor support would cost against hiring someone permanently in order to challenge the freeze.

Compare 12 months of contractor cost with a permanent hire on page 6. If the work will outlast the freeze, take those numbers to finance.

03

The deadline cannot shift, will another engineer actually help?

When a deadline tightens, adding people can seem like the obvious fix. But if the problem is unclear, it could slow things down further. Start by working out what's causing the bottleneck first.

A contractor could make sense if your team is short on skills or capacity, and someone is available to onboard them. If bringing someone in will slow the team down, it's worth re-looking at your priorities first.

04

The market demands more than you're willing to pay

You keep finding the right people, but their salary expectations are higher than your budget. Could you be asking too much from one role? If you need the skills long-term, it might be worth reviewing the salary or narrowing what you're looking for. A contractor could also help fill the gap until you're ready to hire permanently.

Separate essential skills from nice-to-haves, then check the role against page 5. Adjust the salary or scope, or use a contractor as a bridge should your budget allow.

You can set the budget, but the market will ultimately set the price.

Before you post a job advert, check what engineers with the skills you're looking for earn today. It shows whether your budget is realistic and whether your expectations fit the salary.

Salary benchmark

LEVEL Seniority	PERMANENT Cost to company, per year	PERMANENT per month
Junior	R600k - R750k	R50k - R63k
Intermediate	R900k - R1.3m	R75k - R108k
Senior	R1.4m - R1.6m	R117k - R133k
Lead or principal	R1.7m - R2.3m	R142k - R192k

CONTRACTOR MONTHLY COST BASED ON AVE MARKET RATE	Mid-level	Senior	Lead orPrincipal
	1.5 x	**1.6 x**	**1.4 x**

Rates benchmark

LEVEL Seniority	CONTRACTOR Per hour, excl. VAT	CONTRACTOR per month
Junior	NA	NA
Intermediate	R750 - R950	R120k - R152k
Senior	R1,100 - R1,350	R176k - R216k
Lead or principal	R1,350 - R1,600	R216k - R256k

WHAT THE NUMBERS TELL US.

Typically a contractor will cost you 30% - 40% higher than the equivalent counterpart.

These are indicative market rates based on Acuity Consultants' placements across South Africa. Actual costs vary by experience, specialist skills, industry and location. Contract rates exclude VAT and assume 160 billable hours per month. Data set as of July 2026.

What each hiring model really costs.

On cost alone, a permanent hire becomes the cheaper option after about three to six months. While a contractor costs more each month, the gap grows for as long as the engagement runs. Speed, commitment and delivery risk decide whether that matters for your role or not.

The break-even point

Weigh these figures against possible costs of delay (see page 7) and the cost of making a permanent hire. Each row shows how much more a contractor costs than a permanent engineer at the same level, based on the median of our market rates. Find the level you're hiring at, and compare the difference across the length of time the skill is required.

EXTRA COST OF A CONTRACTOR OVER A PERMANENT ENGINEER HIRE

Level	Median monthly difference	Difference over 3 months	Difference over 6 months	Difference over 12 months
Intermediate	R44.3k	R133k	R266k	**R532k**
Senior	R71k	R213k	R426k	**R852k**
Lead or principal	R69.3k	R208k	R416k	**R832k**

EXAMPLE: a senior contractor for 6 months costs about R426k more than a permanent engineer. If 6 months of delay would cost you more than that, the contractor pays for themselves.

The trade-offs when priorities shift or delivery is under pressure

	PERMANENT	CONTRACTOR
COMMITMENT	If priorities change, you may need to move someone into another role or restructure your team.	Extend or end the contract on agreed terms as your needs change.
DELIVERY RISK	The wrong hire can be expensive (in time and money) and could put delivery at risk.	Growing scope can push up extension costs.

Illustrative figures compare contractor cost with permanent cost to company, using the midpoints of the ranges on page 5 and 160 billable contractor hours a month. They exclude VAT, recruitment costs, notice periods, onboarding, equipment and leave.

Getting your hires approved.

You've found the engineer and now you have to get them past finance. A contractor's rate looks steep next to a salary, and a permanent hire looks like a long commitment in a tight year, be prepared for both routes to be questioned.

Use this page as your working blueprint for a hire request that's set up to get a yes.

01

How much more will it cost the business?

Roughly R44,000 a month more at intermediate level, and R70,000 at senior and lead level. See figures on page 6.

02

The cost of a one-month delay.

Running behind? Add up lost or delayed revenue, contract penalties and extra engineering costs. Count only what you can support, and count each cost once.

03

How long you need the skill for.

The shorter the need, the stronger the case for a contractor. The longer it runs, the more a permanent hire saves.

CONTRACTOR

POSITION IT AS A COST THAT ENDS

A contractor is a project cost with an end date.

You can agree a fixed term, clear exit terms and no permanent headcount once the work is done.

That matters most when headcount is frozen but the budget isn't.

PERMANENT

SELLING THE INVESTMENT

If the skill is needed long-term (years), show finance the annual cost to company. A permanent hire usually costs less over time, and keeps IP in the business.

Senior contractor R2.1m - R2.6m a year



Senior permanent R1.4m - R1.6m a year



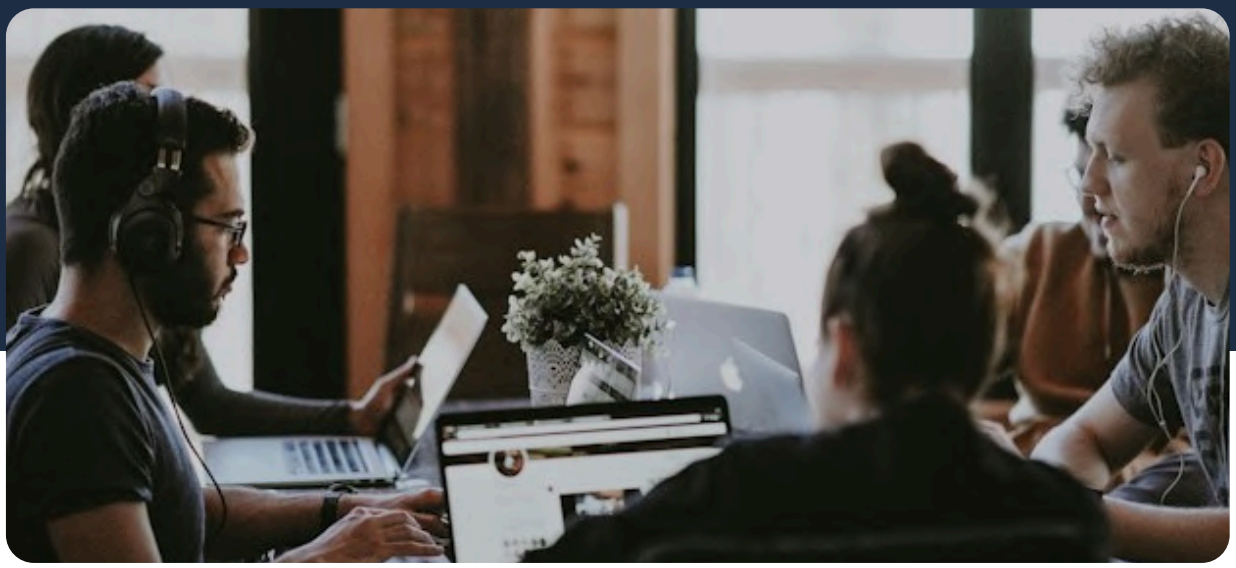
Contractor figures assume 160 billable hours a month for 12 months.

WHAT TO INCLUDE IN YOUR REQUEST

Role & seniority	Recommended route	How long you need the skill
Total cost for that period	Monthly cost of delay	Decision needed by

Four ways to engage a contract engineer.

There are typically four ways to engage a contract software engineer. Each route carries different responsibilities, so agree who owns what from day one.



Independent contractor

You hire a self-employed engineer, or their company, to deliver an agreed service. They manage their own business and generally aren't entitled to employee benefits, provided they're genuinely working independently.

Fixed-term

You employ the engineer directly for a specific period or project. They're your employee, so your business is responsible for PAYE, UIF, leave and other employment protections.

Contractor sourced by Acuity

We find the specialist, you still own the delivery. Acuity places the engineer with your team and handles PAYE and SARS administration. Your may still have legal obligations, depending on how the arrangement is structured.

Contractor on Acuity's payroll

You find the contractor and we handle the rest. For contractors you've already sourced, Acuity handles PAYE processing, payslips and administration, with no recruitment engagement required.

WORTH KNOWING

Understanding personal service provider types.

A contractor's company can be classed as a personal service provider if any one of these three tests applies:

- The contractor would be treated as your employee if you hired them directly.
- They work mainly at your premises, under your control or supervision.
- More than 80% of the company's service income comes from one client.

If the company is a personal service provider, you withhold 27% from each payment, or 45% for a trust, unless SARS issues a directive for a lower rate. If that tax isn't withheld, SARS can recover it from your business, with a 10% penalty and interest.

Before your contractors start.

Hiring a contractor might seem straightforward, but there are a few essentials to check off before they start. From clarity on the employment rights and tax obligations to who actually owns the code, here are some helpful questions to ask and have answered before they start.

01

Is your contractor actually an employee?

Calling someone a contractor doesn't automatically make them one. What matters is how they work with your business. Do you set their hours? Do they use your equipment? Do they work exclusively for you? Will there be a contract extension?

02

How will you control access and AI tools?

Agree upfront which systems the contractor can access, where code lives and which AI tools they can use. Be very clear about what can go into those tools and who owns AI-assisted work during and after the work is completed.

03

Do you actually own the code you're paying for?

Imagine paying a contractor to build part of your platform, only to discover later that your business doesn't fully own what they've created. Paying for development doesn't automatically give you copyright ownership. Get a written, signed assignment of all code and documents, and agree how pre-existing code and third-party tools are treated.

CHECKLIST: BEFORE YOUR CONTRACTOR BEGINS

- [ ] Engagement structure agreed, contract terms outlined and drawn up
- [ ] Signed contract, including termination and notice terms
- [ ] Defined scope, end date and handover plan
- [ ] Written, signed assignment of all code and documents to your business
- [ ] Confidentiality and data protection terms, with system access limited to what the work needs
- [ ] Pre-existing code, open-source use and AI tools agreed in writing
- [ ] PAYE and personal service provider status confirmed (see page 8)
- [ ] A dedicated team member who owns the work, approved timesheets and receives the handover

Making the hire work.

When an engineer leaves your team, how much of what they've learned leaves with them? It's something worth thinking about, especially when you're working with a mix of permanent employees and contractors.

Over time, permanent engineers develop a deep understanding of your business, from systems to how and why certain decisions get made. Contractors bring experience from a variety of businesses, and often spot opportunities and solve problems your team hasn't encountered before.

From day one, give everyone clear ownership, always involve your permanent engineers in the work and make knowledge sharing a non-negotiable. When a contract ends, your team should have everything they need to pick up where the contractor left off, without losing momentum.



INTEGRATING A CONTRACTOR INTO YOUR TEAM

FIRST TWO WEEKS IN

Prep their first two weeks to ensure productivity:

- Access, hardware and accounts ready on day one
- A named permanent engineer to connect with for context
- An achievable deliverable in week one, so you can judge their work early
- An invitation to every team meeting from the start: stand-ups, reviews and retros

EVERY MONTH

Each month, take stock by answering these questions

- Could the team run what they've built if they left tomorrow?
- Are they making the team faster, or adding hours?
- If you could, would you hire them permanently or extend their contract?

FINAL TWO MONTHS

In the last two months of their contract period consider:

- **Extension:** if your work has grown, is the need still temporary?
- **Convert to perm:** has the skill become a perm necessity?
- **Close:** when completed, ensure there is ample time for handover

Could your team maintain and deploy this work tomorrow?

- Source code and repository access transferred
- Architecture decisions recorded
- Documentation updated
- Tests and CI/CD pipelines run without the contractor
- Operational runbooks in place
- Credentials and system access removed
- A named permanent owner for the work

Helpful hiring checklist

Use this full hiring checklist to help you review and decide which route works best for your need.

DECIDE — WEEK 1 • PAGES 3 - 4

- [ ] Define the delivery or hiring problem you need to solve
- [ ] Confirm how long you need the skill you're looking for
- [ ] Confirm how soon the hire must be productive
- [ ] Choose contract, permanent or a blended team
- [ ] Engagement structure agreed, contract terms outlined and drawn up.
- [ ] Signed contract, including termination and notice terms.
- [ ] Defined scope, end date and handover plan.

BUDGET — WEEK 1 - 2 • PAGES 5 - 7

- [ ] Separate essential skills from 'nice-to-haves'
- [ ] Cost each option over the expected term
- [ ] Identify the main risk if the hire isn't approved
- [ ] Check salaries and rates for the skills needed
- [ ] Put a Rand value on a one-month delay
- [ ] Send finance your request and decision deadline and secure written approval

HIRE — CONTRACT: day - weeks | PERMANENT: within the quarter • PAGES 8 - 9

- [ ] Write the brief and measures of success
- [ ] shortlist, assess and check references
- [ ] Agree interview and approval structure

CONTRACT

- [ ] Choose your contract type
- [ ] Confirm employment status and PSP
- [ ] Sign the contract, incl termination and notice
- [ ] Sign the contract, incl termination and notice
- [ ] Get written , signed assugment of all code and documents
- [ ] Agree pre-existing code, open-source use and AI tools

PERMANENT

- [ ] Make your offer and agree a start date
- [ ] Sign the employment contract, including IP and confidentiality terms
- [ ] Prepare onboarding pack and access
- [ ] Assign a dedicated team member to manage the onboarding process

DELIVER — FROM DAY 1 • PAGE 10

- [ ] Have access, hardware and accounts ready
- [ ] Set a deliverable for week one

CONTRACT - FINAL TWO MONTHS

- [ ] Extend, convert or close contract - decide
- [ ] Handover code, documentation and runbooks
- [ ] Test that your team can maintain and deploy the handover work.
- [ ] Remove credentials and system access

PERMANENT FIRST THREE MONTHS

- [ ] Agree goals for first 90 days
- [ ] Review fit and progress before probation ends

Acuity, your partner for every engineering hire.

One more permanent engineer, a team of contractors, or a compliant home for contractors you've already found. Every route starts with one conversation, and one senior consultant stays with you from brief to placement.

3	1	2 - 6 weeks	2 - 3 weeks
High-caliber candidates per role	Senior consultant, brief to placement	Brief to accepted offer for perm	Brief to start, for contractors

CHOOSE YOUR ROUTE

ACUITY BUILD
Specialist contractors

Tech specialists who deliver from day one.

- Experienced contractors matched to your project and requirements
- Market-aligned rates and pre-screened candidates
- Payroll, compliance & ongoing administration handled by Acuity

For projects, skills gaps & changing capacity needs.

Explore build >

ACUITY BUILD +
Payroll only

You found the contractor, we handle the rest.

- Contract set-up & compliance checks
- Monthly payroll, PAYE, payslips and SARS administration
- Ongoing record-keeping & one point of contact throughout

No placement fee

You've found the talent. We handle the admin to ensure they are compliant, transparent and managed to protect your business.

ACUITY SCALE
Permanent hiring

Build a team that stays and grows with your business.

- Access to specialist tech talent across our markets
- Market insights, salary guidance & a shortlist of screened high-caliber talent
- Interviews, negotiations & placement handled from start to finish

For long-term hiring needs.

Explore Scale >

Have a hiring challenge? We'd love to talk.

Talk to a senior consultant

Tell us what you need

The right people change everything.

Acuity helps ambitious businesses make better people decisions at every stage of growth.



17+ years
in specialist tech recruitment

90%
Client return rate

Level 2
B-BBEE contributor

1130+
professionals placed

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