

August 2024

Employment Hero's

SmartMatch Employment Report



Foreword

Welcome to Employment Hero's August SmartMatch Employment Report; the second report in our new monthly series, focused on revealing the true state of employment in Australia.

For the August 2024 period, we've seen the continued increase in wages, while working hours have notably decreased, leaving many businesses feeling the pinch. Small and medium-sized businesses are bearing the brunt of these challenges, with wages rising faster than inflation and new industrial relations legislation adding to their burdens.

To ensure everyone understands the true state of employment, we've added in a new metric this month which is the 12-month moving average (as per below). We believe the relentless pressure on SMEs to continually raise wages is driving wageflation. This wage-cost spiral threatens the very survival of businesses, potentially leading to closures, job losses, and a broader economic impact that harms both employers and employees alike.

Employment Hero data shows the hourly median total rate has now climbed to \$41.80, equating to a 6.2% 12-month moving average uptick in wages – a stark difference from the official 4.1% figure reported by the ABS WPI in June.

This, combined with a 2.4% reduction in median monthly working hours from July 2024, translates to a significant drop in productivity, with businesses forced to manage this worsening 'wageflation' issue.

Businesses are grappling with balancing rising wages against declining productivity, with last quarter's GDP indicating productivity per hour dropped 0.8% while the average unit cost of labour increased by 1.3%.

This data reveals some alarming trends. We may be seeing early signs of 'labour hoarding', strong indicators that inflation is more persistent than expected, ballooning job insecurity and asymmetrical economic growth on a national level.

As was the case in the inaugural SmartMatch Employment Report we released last month, wage growth patterns and their impact on inflation remain a significant concern that is not being addressed fast enough.

As Australians grow increasingly anxious about when the RBA will issue its first rate cut in this post-hiking cycle economy, our jobs data indicates that inflation may be even stickier than first thought. Our data has consistently demonstrated that wage rises are outpacing inflation.

Foreword

Wageflation is particularly harsh on small and medium-sized enterprises (SMEs), as they're forced to cut back employee hours in tandem with climbing wage costs in an environment where the increased 'cost of doing business' already presents a challenge. Further compounding this pressure, Aussie SMEs are starting to deal with the raft of industrial relations legislation coming into effect.

While some of these factors may actually seem like a positive for workers in the short term, job insecurity, and pay predictability is also worsening – especially for younger Australians working casual jobs in the Retail, Hospitality and Tourism sectors. . Our latest data shows casual employment has surged by 9.8% YoY while hours worked have declined by 3.9%.

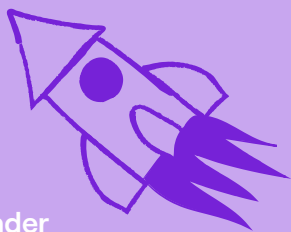
The good news? These issues can be resolved – but regulators, government and business must move fast.

Employment Hero's monthly SmartMatch Employment Reports are vital because the discrepancies between our findings and official reports highlight a major concern of ours; a lack of timely, transparent data from key agencies in Australia means our leaders in Canberra are making economic decisions without the whole picture. This creates setbacks on the path to curbing inflation, improving GDP growth and getting our economy back on track, but it also means Australian businesses are left in the dark about the macroeconomic environment they need to deftly navigate to survive.

Australia can be a greater place to work and do business. We believe every job matters. Jobs provide confidence, self-sufficiency, and opportunity, and we're working to ensure every possible job that could be created – is created. But it's not possible without better data. Our goal is for the insights provided in Employment Hero's SmartMatch Employment Reports to help build a stronger, more productive nation for both sides of the workforce.



Ben Thompson,
CEO and Co-Founder
Employment Hero



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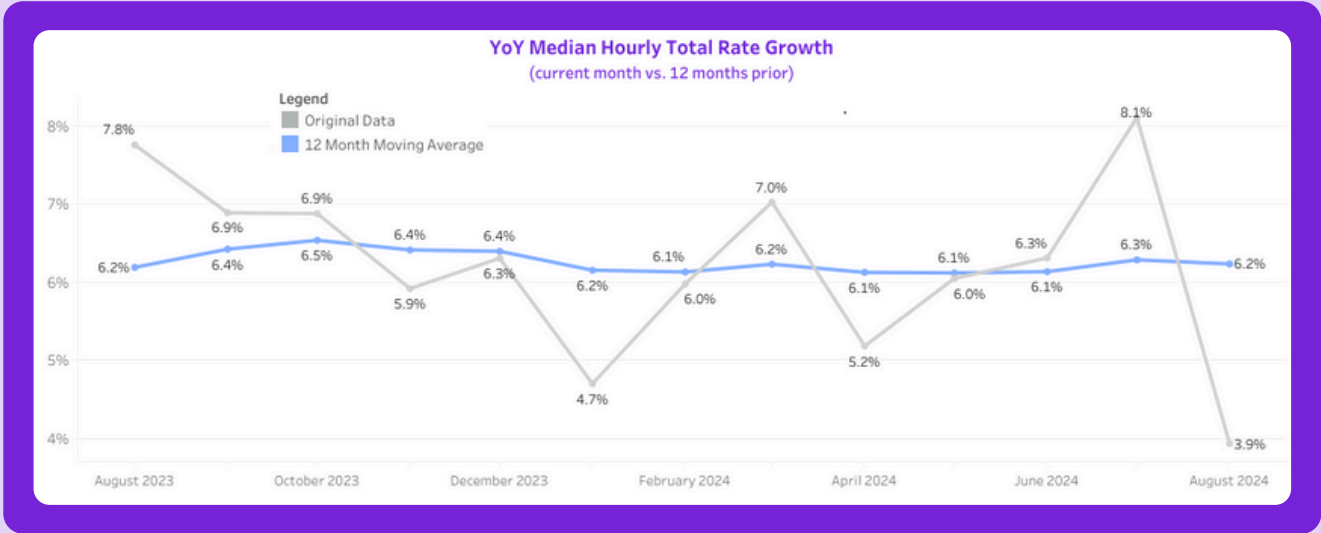
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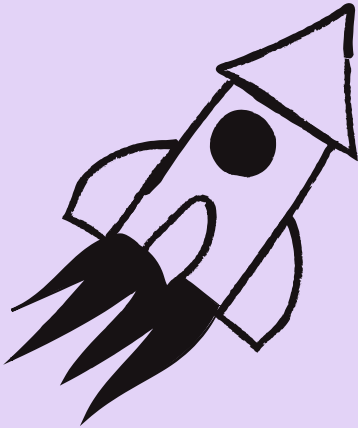
Median Hourly Wages (12 Month Moving Average)



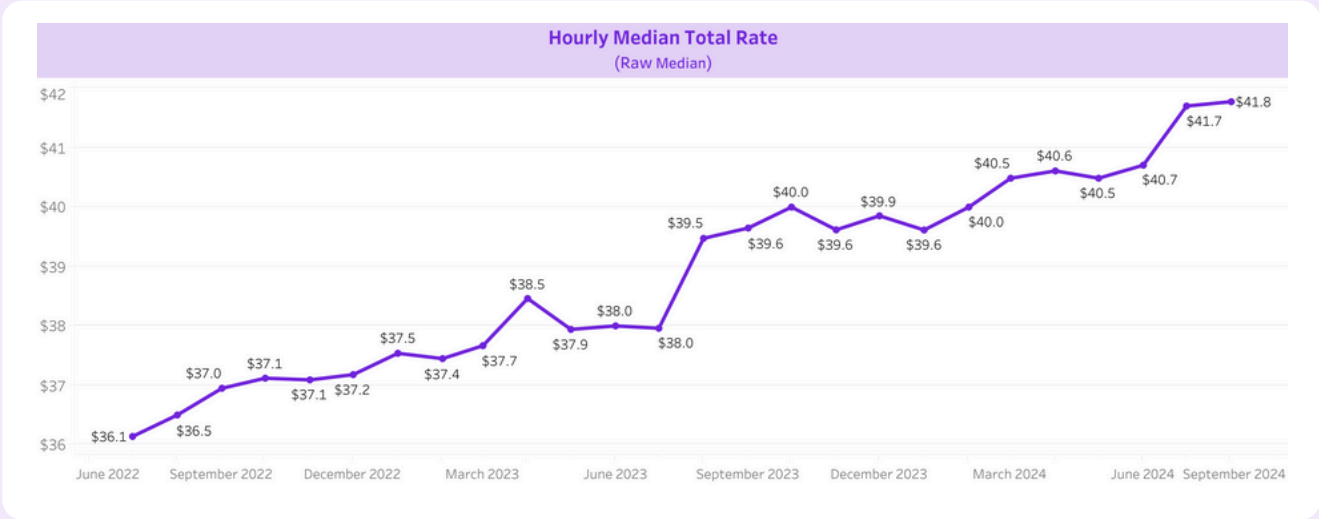
Why this metric matters

Our 12-Month Moving Average hourly rate measures the average year on year increase in salaries, and the average rate of growth observed across the most recent 12 month period.

In the 12 month period leading to August 2024, the average salary growth rate among SMEs was 6.2%, which is higher than the 4.1% in June 2024 reported by the ABS based on surveys of companies of all sizes.



Median Hourly Wages



Monthly Change	Quarterly Change	Annual Change
vs. Jul 2024	vs. May 2024	vs. Aug 2023
+0.3%	+3.0%	+3.9%

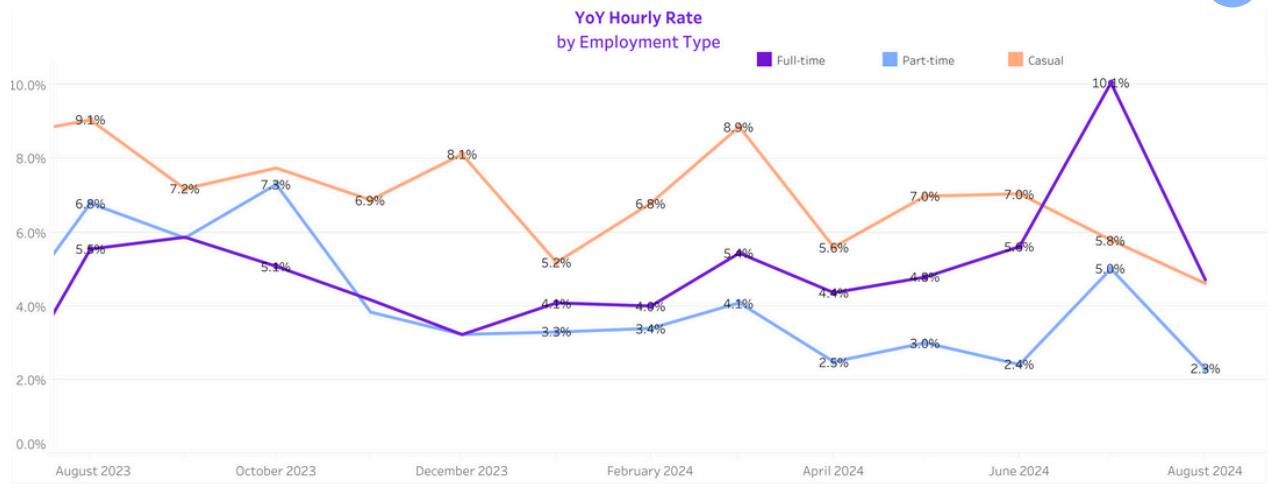
Why this metric matters

The hourly median total rate measures the median hourly rate of both Employment Hero HR and Payroll users and the % change overtime for the preceding 12 months. This includes other pay components beyond the base rate, such as allowances, bonuses and penalty rates. It provides a measure of the typical wage that AU workers earn per hour and helps to shed light on labour market trends.

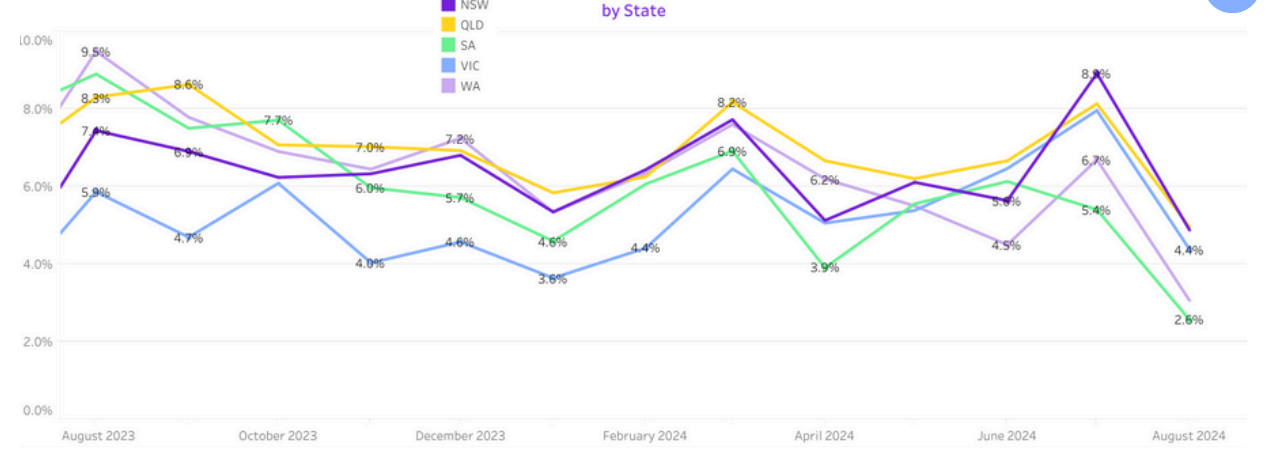
Month-on-month, the % change since Jul 2024 is +0.3% across our dataset, while the annual change since Aug 2023 is +3.9%. Additionally, the median hourly rate for Jul 2024 is currently at a peak of \$41.80, the highest monthly rate for the past 12 months.

Median Hourly Wages (Breakdowns)

Employment Type Breakdown



State Breakdown



Employment Type Breakdown

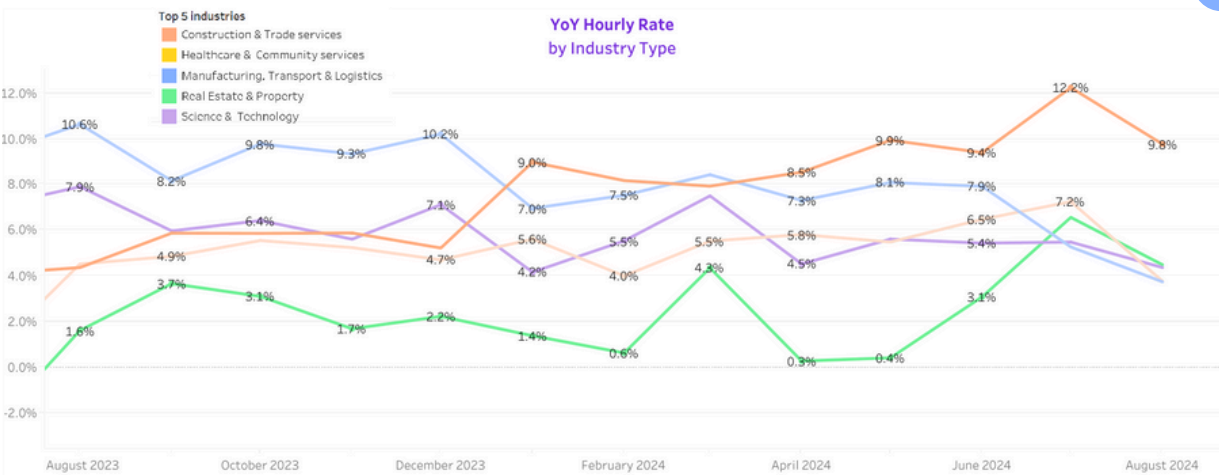
Across all employment types, year on year growth rates were lower in August 24 than in July 24, with Full-time employees seeing the largest decrease from 10.1% in July 2024 to 4.7% in August 2024.

State Breakdown

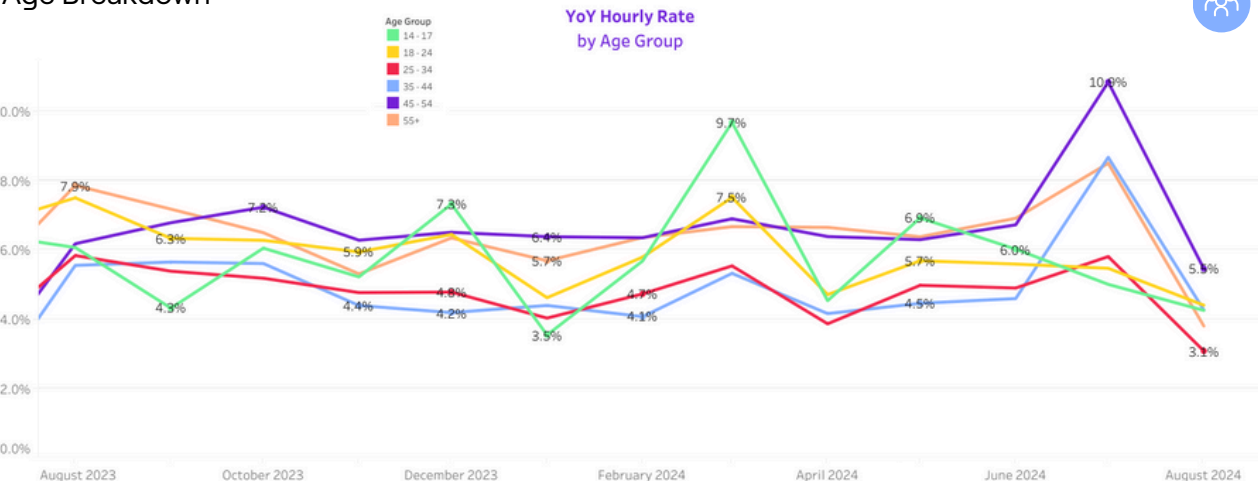
Across all states, there was an overall decrease in Median Hourly Wages YoY % growth from July 2024 to August 2024. Employees in NSW saw a decrease, from an all-time peak of 8.9% in July 2024, to 4.9% in August 2024.

Median Hourly Wages (Breakdowns)

Industry Breakdown



Age Breakdown



Industry Breakdown

Across all industries, there has been an overall decrease in Median Hourly Wages YoY % growth from July 2024 to August 2024. The Construction & Trade Services industry saw a decrease from 12.2% in July 2024 to 9.8% in August 2024.

Age Breakdown

Across all age groups, there has been an overall decrease in Median Hourly Wages YoY % growth from July 2024 to August 2024. For employees aged 45-54, there has been a decrease from 10.9% in July 2024 to 5.5% in August 2024.

Median Hourly Wages (Breakdowns)

Employment Type



% Change	Full-Time	Part-Time	Casual
Median Hourly Rate	\$50.50	\$35.60	\$37.50
Monthly	0.2%	-0.5%	0.7%
Quarterly	2.1%	1.9%	3.6%
Annual	4.7%	2.3%	4.6%

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hourly Rate	\$43.40	\$43.30	\$42.10	\$41.70	\$39.30	\$35.90	\$41.40	\$40.70
Monthly	-0.2%	0.1%	4.0%	0.6%	-0.3%	-1.0%	0.4%	0.2%
Quarterly	1.8%	2.9%	4.3%	3.1%	3.7%	2.0%	2.3%	1.2%
Annual	6.9%	4.9%	-0.2%	5.0%	2.6%	3.5%	4.4%	3.1%

Median Hourly Wages (Breakdowns)

Industry Breakdown



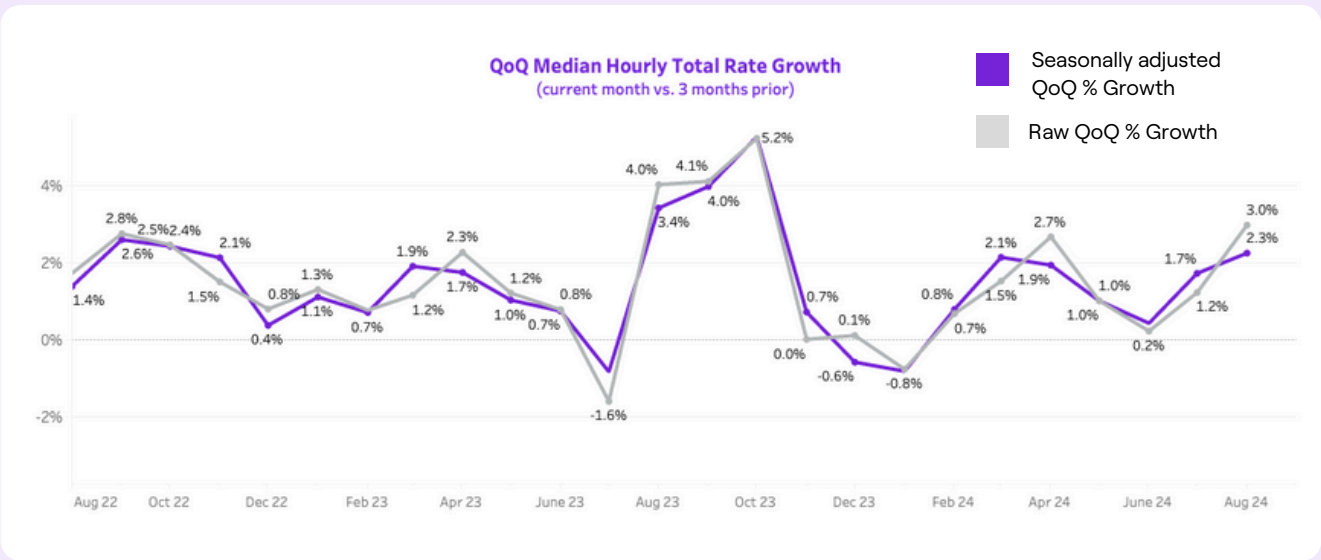
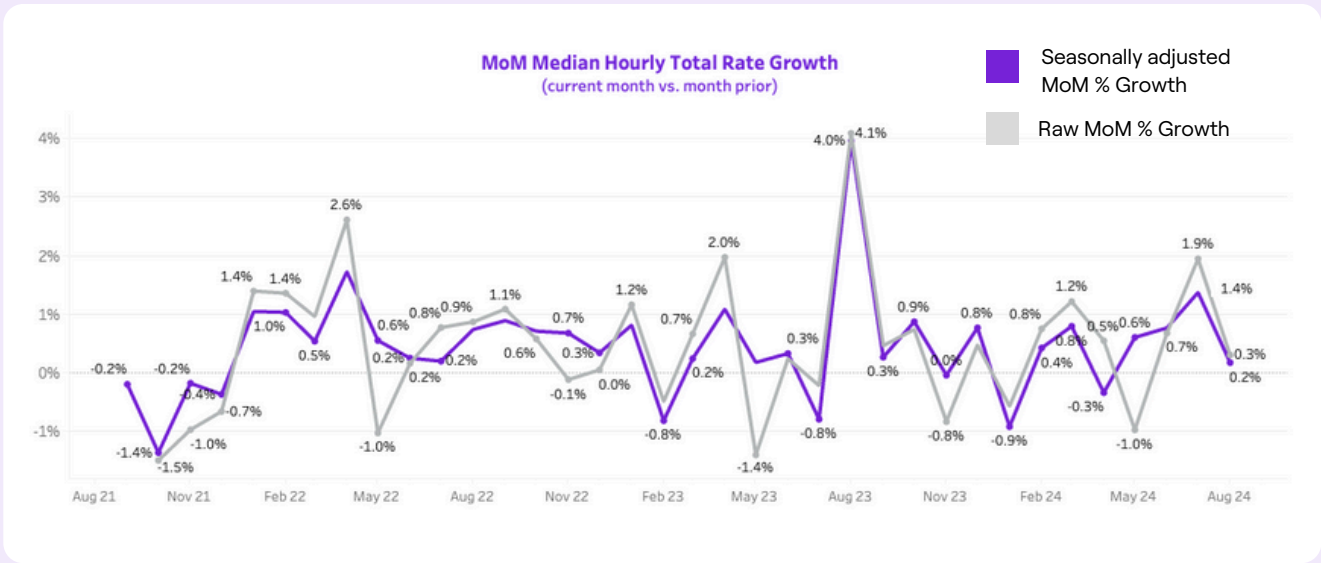
% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hourly Rate	\$50.50	\$46.30	\$40.40	\$34.90	\$59.50
Monthly	0.0%	0.6%	0.4%	0.7%	0.9%
Quarterly	4.1%	1.9%	1.7%	2.9%	2.0%
Annual	9.8%	3.7%	3.8%	4.4%	4.5%

Age Breakdown



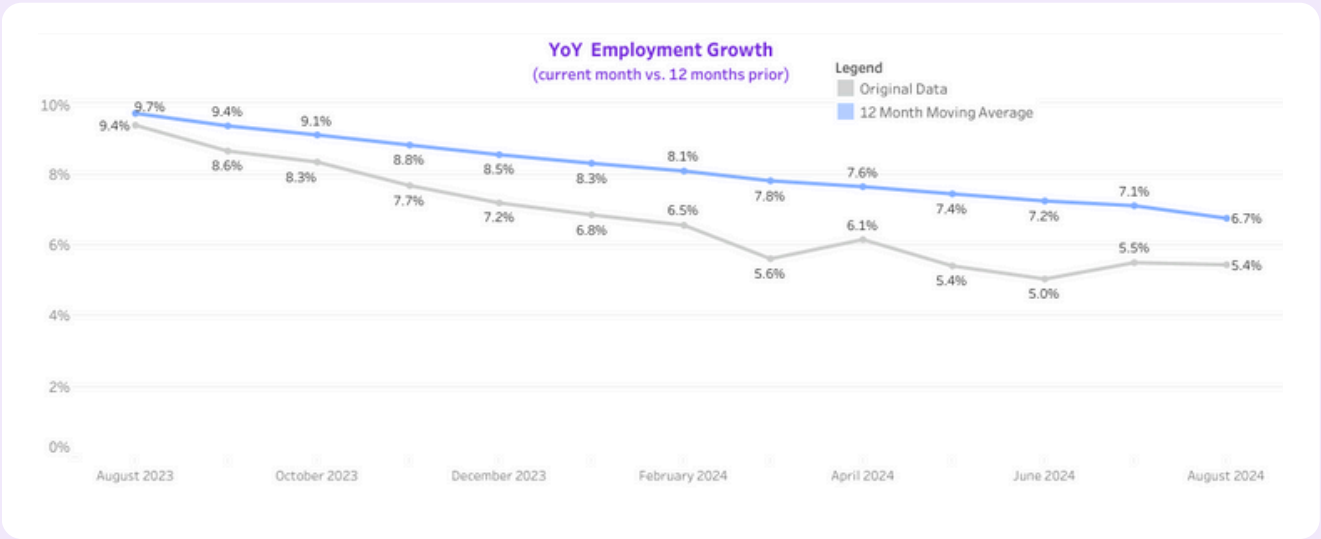
% Change	14-17 year olds	18-24 year olds	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
Median Hourly Rate	\$19.50	\$34.30	\$41.70	\$50.50	\$50.00	\$44.00
Monthly	2.1%	0.8%	0.8%	0.3%	0.1%	0.2%
Quarterly	3.0%	3.3%	3.1%	2.1%	2.2%	2.5%
Annual	4.3%	4.4%	3.1%	4.3%	5.5%	3.8%

Raw vs. Seasonally Adjusted Median Hourly Wages



The seasonally adjusted rate of growth for the Median Hourly Rate month on month from July 24 to August 24 was 0.2%, while the quarterly growth leading to August 24 was 2.3%.

Average Employee Growth



Monthly % Change

vs. Jul 2024

+0.6%

Quarterly % Change

vs. May 2024

+1.5%

Annual % Change

vs. Aug 2023

+5.4%

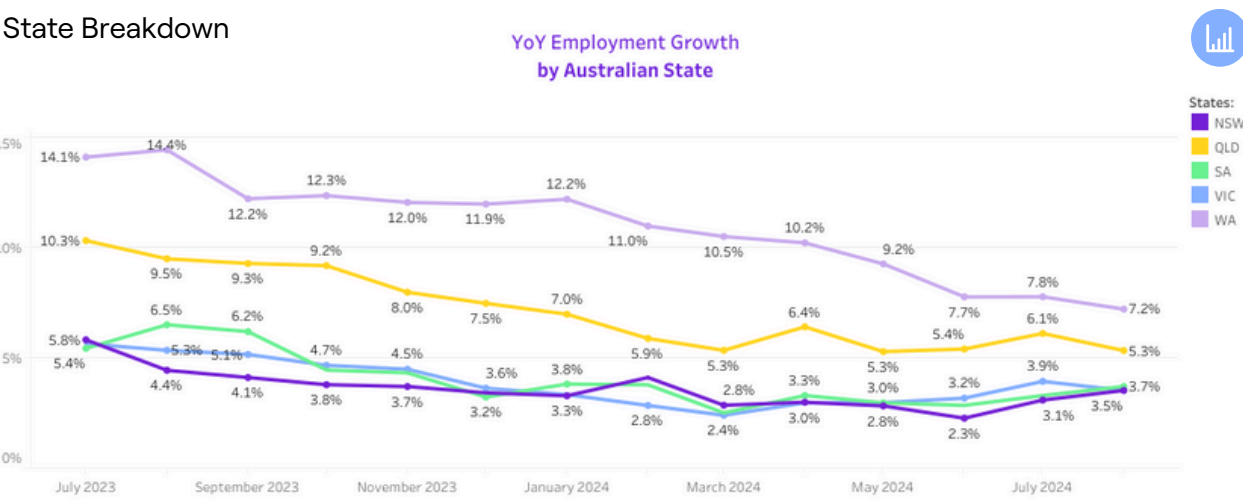
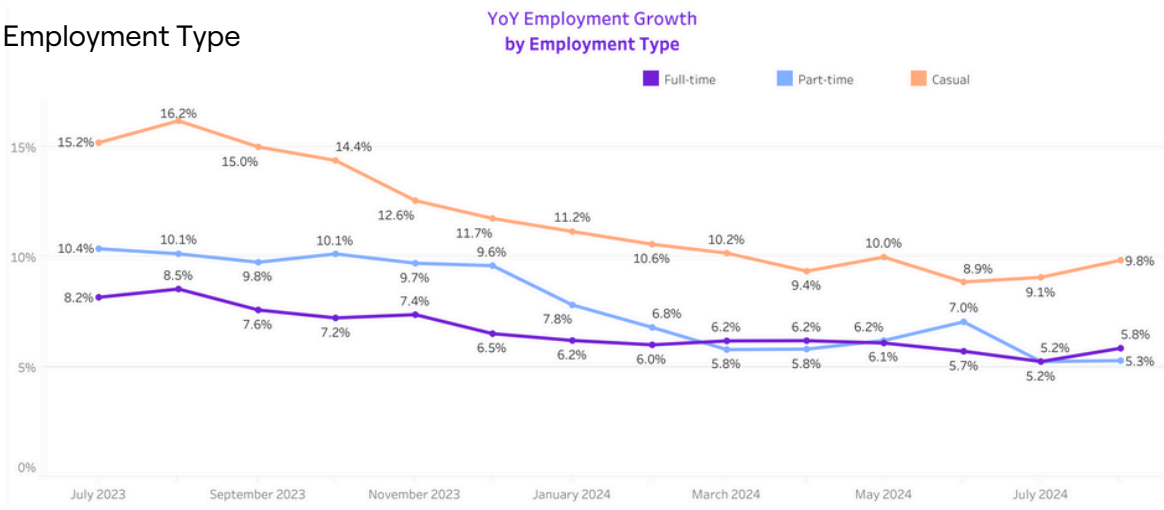


Why this metric matters

The average employment growth metric is a crucial economic indicator that measures the rate at which employment is increasing or decreasing across our dataset for the past 12 months.

Despite the overall average employment growth trending downwards in the past 12 months, Aug 2024 shows a moderate YoY % Employment Growth of 5.4%.

Average Employee YoY % Growth (Breakdowns)



Employment Type Breakdown

Across all employment types, the YoY % Average Employment Growth increased slightly, with Casuals seeing the largest increase from 9.1% in July 2024 to 9.8% in August 2024.

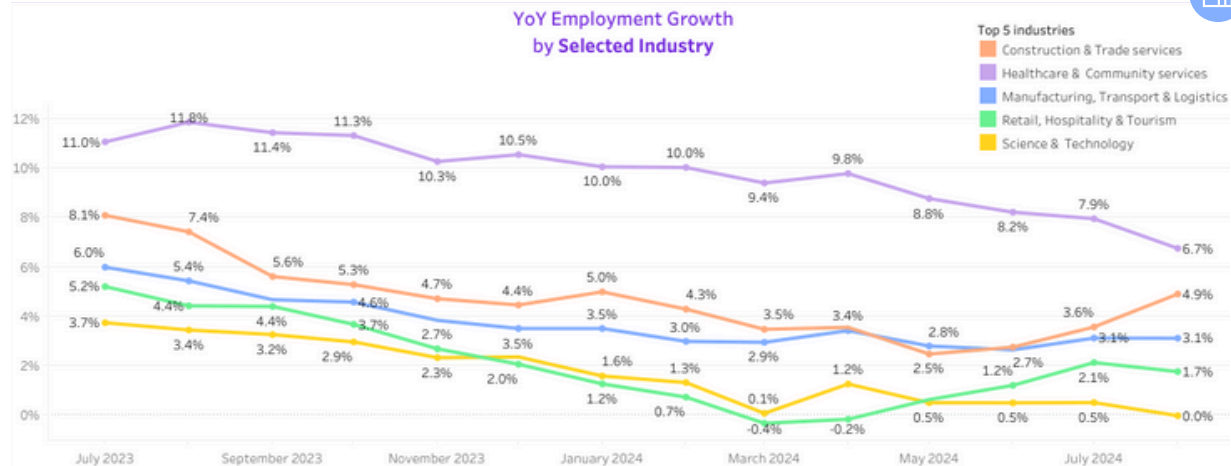
State Breakdown

On a YoY % growth basis for Average Employment Growth, WA, QLD and VIC have seen decreases in August 2024 when compared with the annual YoY % growth in July 2024, while NSW and SA have seen slight increases.

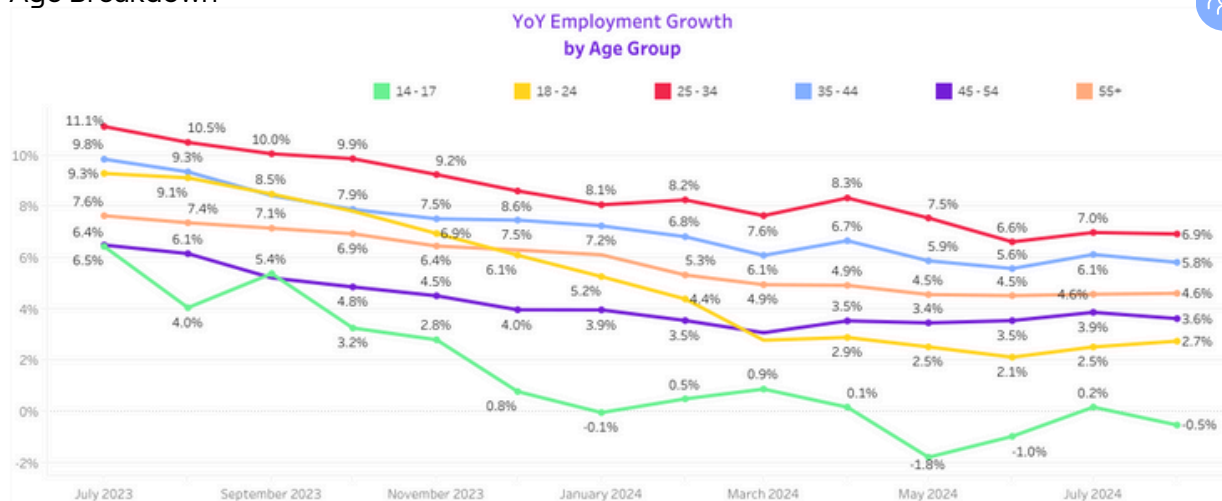
Looking at the YoY % growth across the past one year, all states have seen a downward trajectory on growth.

Average Employee YoY % Growth (Breakdowns)

Industry Breakdown



Age Breakdown



Industry Breakdown

From July 2024 to August 2024, most saw a slight decrease in YoY % Employment Growth, with Manufacturing, Transport & Logistics maintaining the same growth from July 2024. However, the Construction & Trade Services industry saw an increase from 3.6% in July 2024 to 4.9% in August 2024.

Age Breakdown

Most age groups saw slight increases or decreases (+/-0.3%) to their YoY % Employment Growth, with employees aged 14-17 seeing the largest decrease from 0.2% in July 2024 to -0.5% in August 2024.

Average Employee Growth (Breakdowns)

Employment Type



% Change	Full-Time	Part-Time	Casual
Monthly	0.9%	0.4%	0.2%
Quarterly	2.1%	0.7%	1.6%
Annual	5.8%	5.3%	9.8%

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Monthly	0.4%	0.5%	-0.9%	0.0%	0.7%	-0.7%	0.1%	0.3%
Quarterly	1.1%	1.3%	3.4%	1.8%	1.5%	-2.7%	0.6%	0.9%
Annual	2.8%	3.5%	4.1%	5.3%	3.7%	-4.8%	3.6%	7.2%

Industry Breakdown



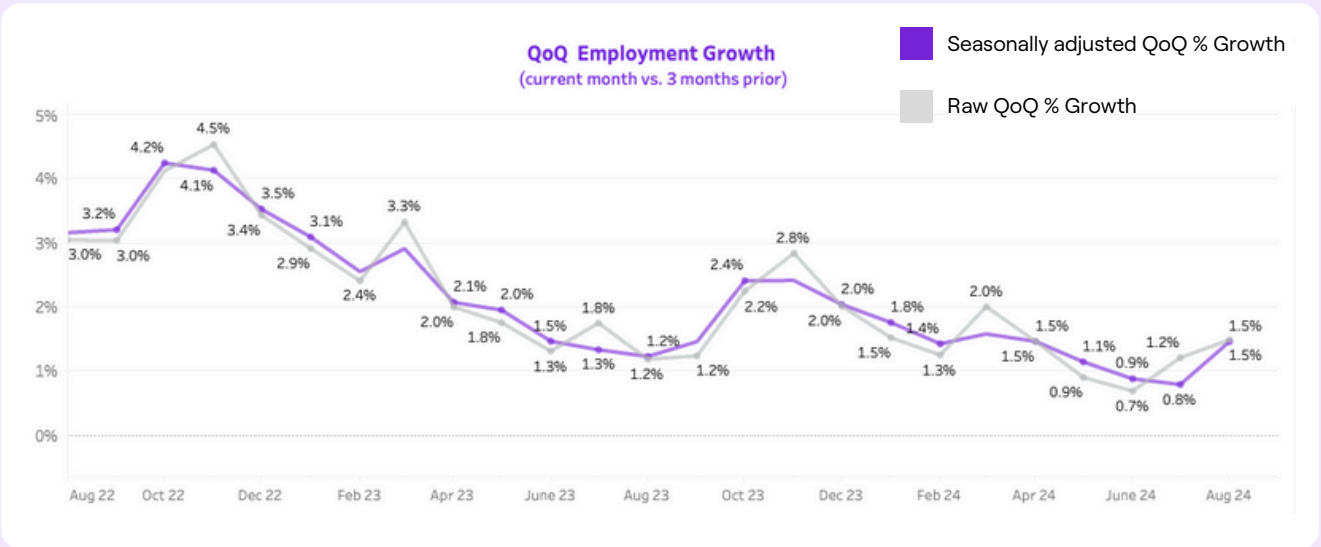
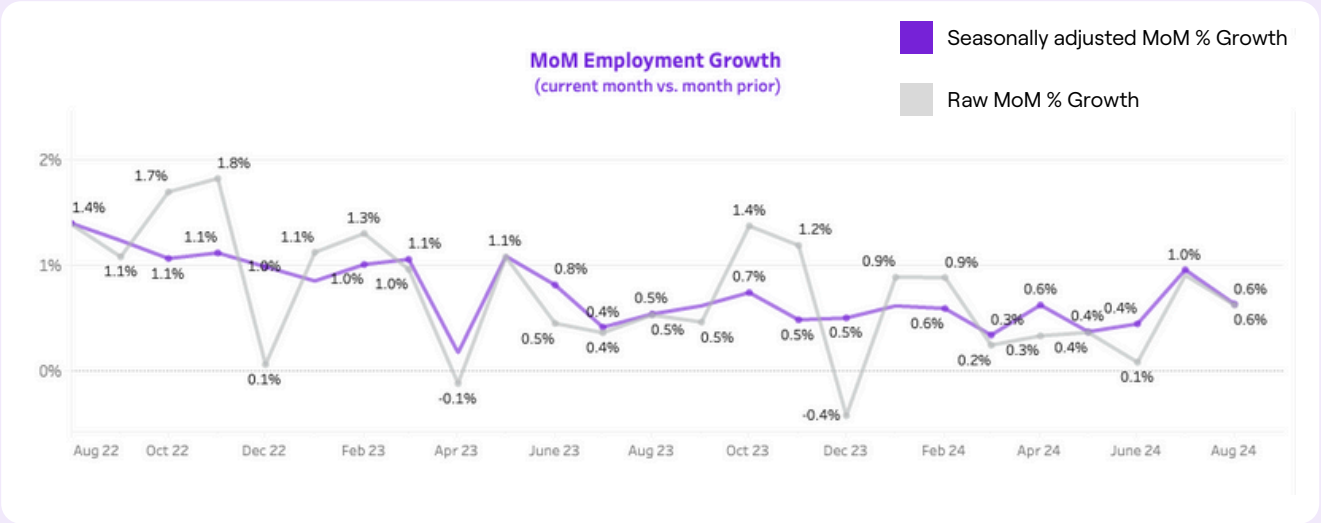
% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Monthly	2.3%	0.1%	0.3%	0.9%	-0.3%
Quarterly	3.7%	0.5%	1.4%	0.8%	1.2%
Annual	4.9%	6.7%	3.1%	1.7%	0.0%

Age Breakdown



% Change	14-17 year olds	18-24 year olds	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
Monthly	0.9%	0.3%	0.2%	0.3%	0.3%	0.3%
Quarterly	1.9%	0.4%	1.2%	1.7%	1.1%	1.3%
Annual	-0.5%	2.7%	6.9%	5.8%	3.6%	4.6%

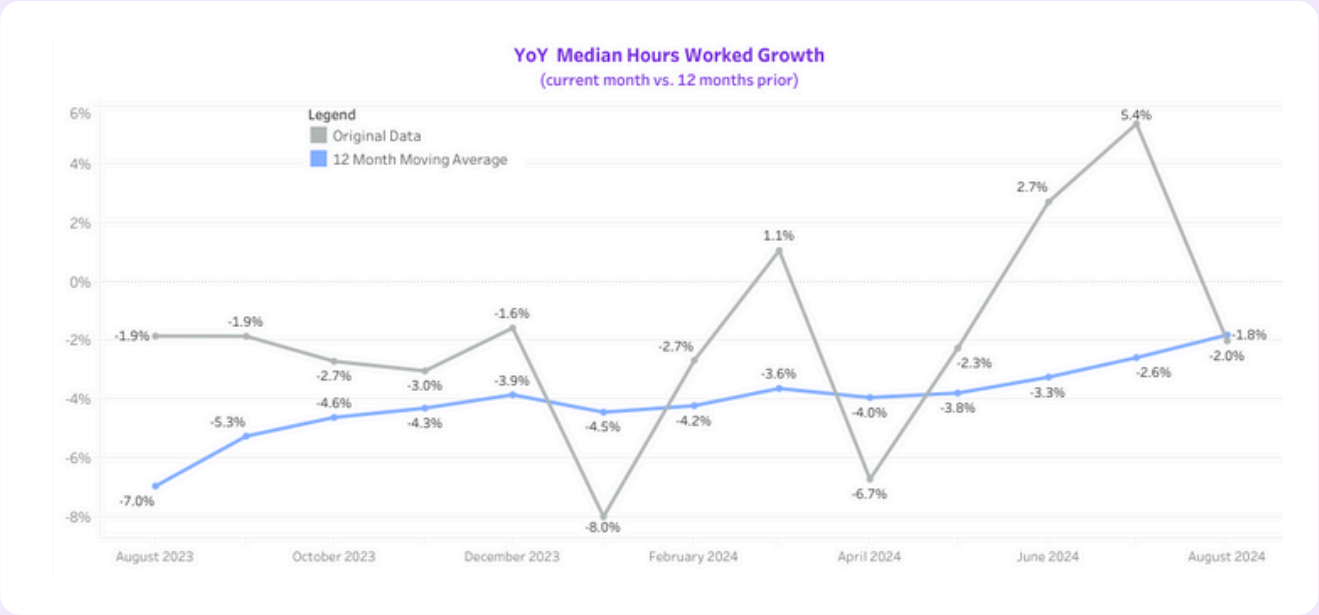
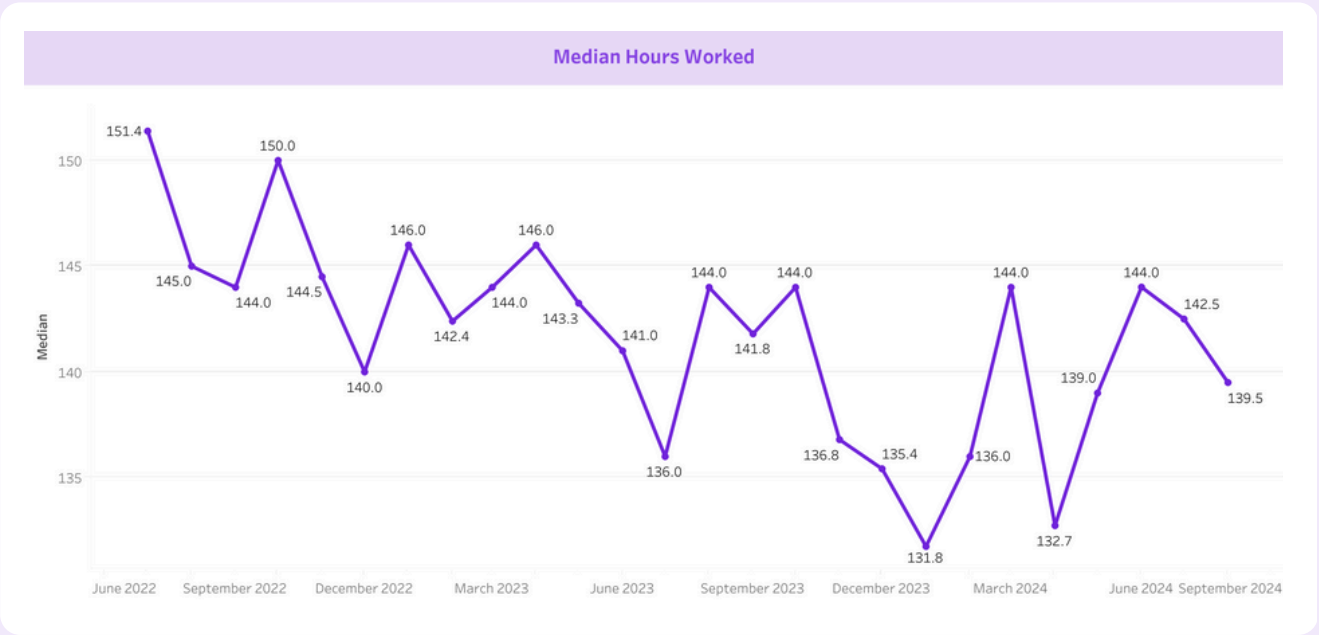
Raw vs. Seasonally Adjusted Average Employment Growth

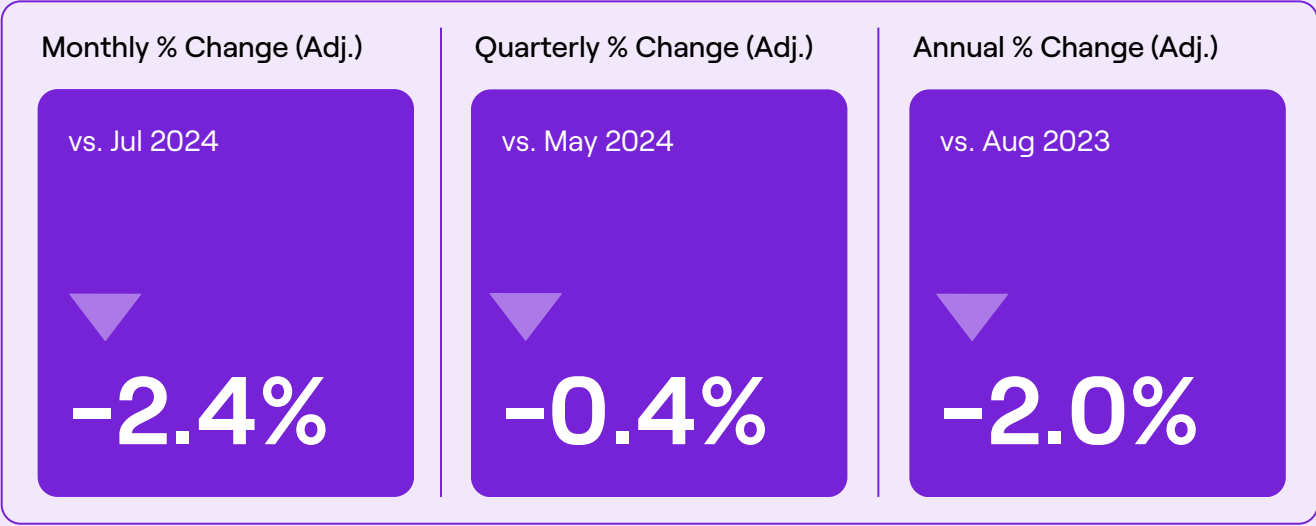


The seasonally adjusted MoM% growth and QoQ% growth for Average Employment Growth in August 2024 is 0.6% and 1.5% respectively, mirroring that of the raw MoM% growth and raw QoQ% growth.

The seasonally adjusted MoM% growth has decreased slightly from 1.0% in July 2024 to 0.6% in August 2024, but at a quarterly level, QoQ% growth has increased from 0.8% in July 2024 to 1.5% in August 2024, showing a reversal in the downward-sloping trend that has been present in previous months.

Median Hours Worked





Why this metric matters

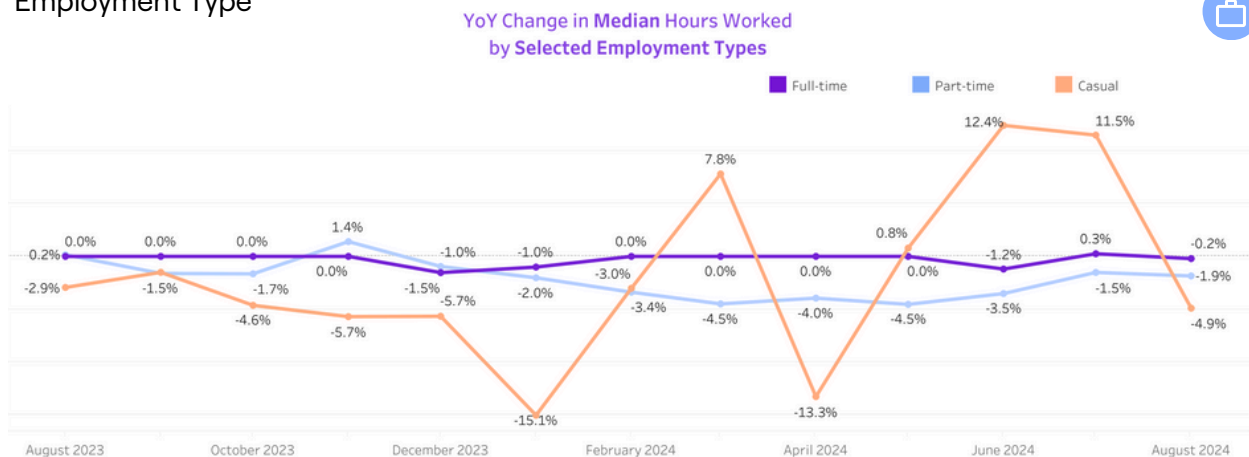
The median hours worked metric measures the raw median hours worked of both Employment Hero HR and Payroll users and the % adjusted change overtime for the preceding 12 months (please see methodology section for more details on the adjusted % change overtime). It is a key indicator of economic productivity and workforce utilisation.

Month-on-month, the adjusted % change of median hours worked has dipped slightly by -2.4% versus Jul 2024, and has decreased year-on-year by -2.0%.

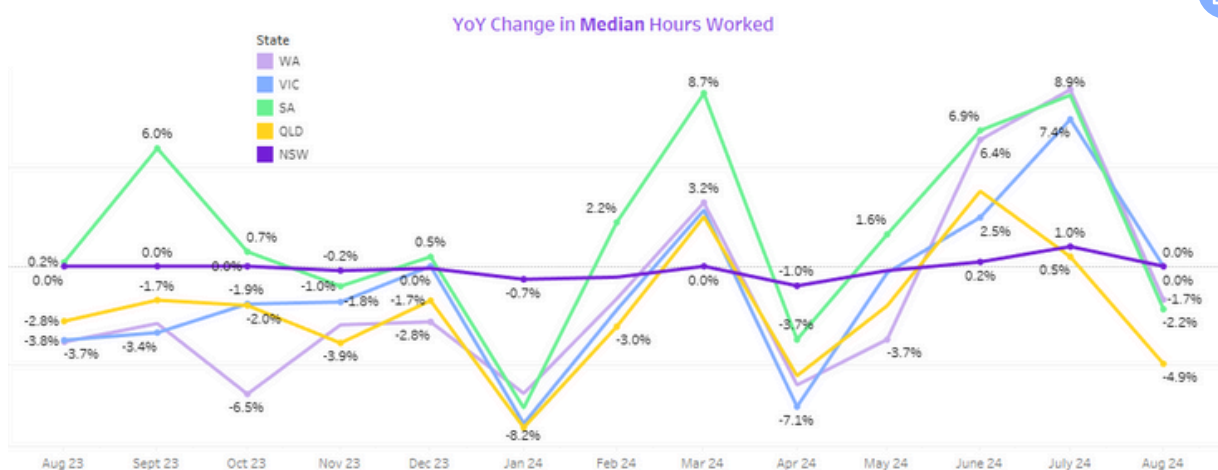
In contrast with the MoM increase in median hourly rate of +0.3%, Australians are working lesser hours (-2.4%) for slightly more wages in Aug 2024.

Median Hours Worked YoY % Adjusted Growth (Breakdowns)

Employment Type



State Breakdown



Employment Type Breakdown

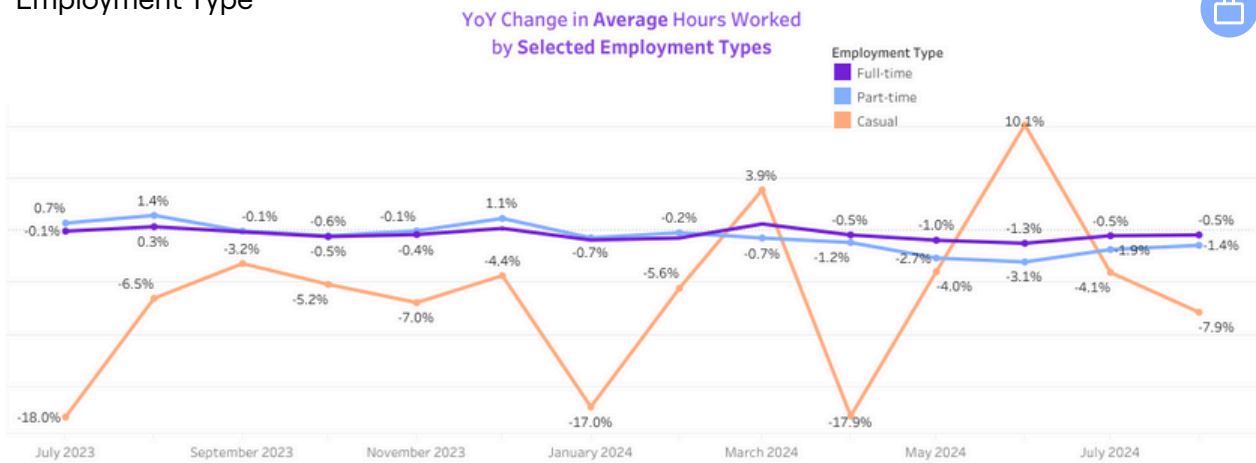
Across all employment types, there was a decrease in YoY % growth in Median Hours Worked, with Casuals seeing the largest decline from 11.5% in July 2024 to -4.9% in August 2024.

State Breakdown

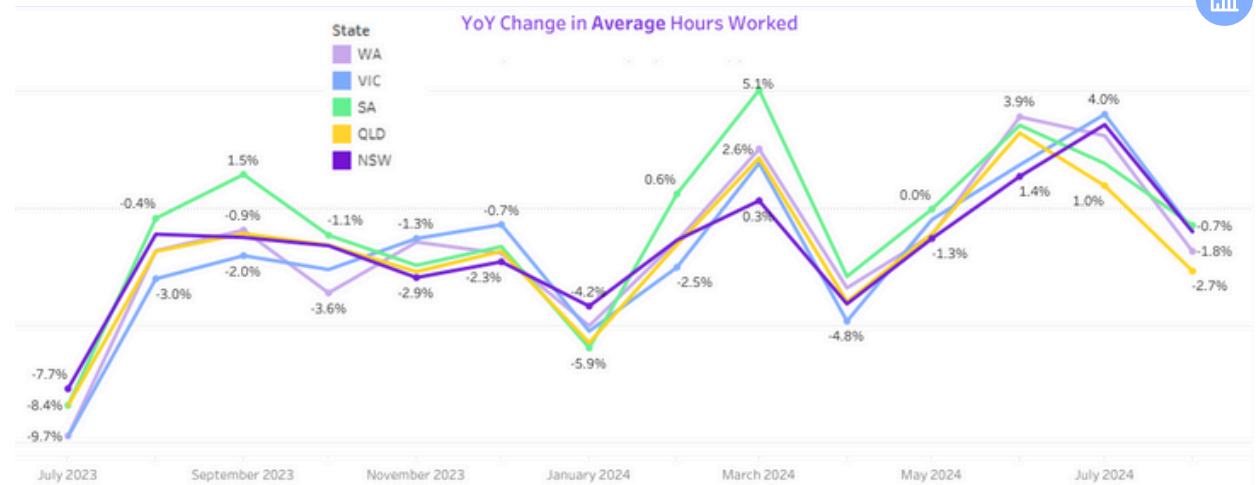
From July 2024 to August 2024, all states saw a decline in median hours worked, with SA seeing the largest decline from 8.6% in July 2024, to -2.2% in August 2024, followed by WA seeing the second largest decline from 8.9% in July 2024 to -1.7% in August 2024.

Average Hours Worked YoY % Adjusted Growth (Breakdowns)

Employment Type



State Breakdown



Employment Type Breakdown

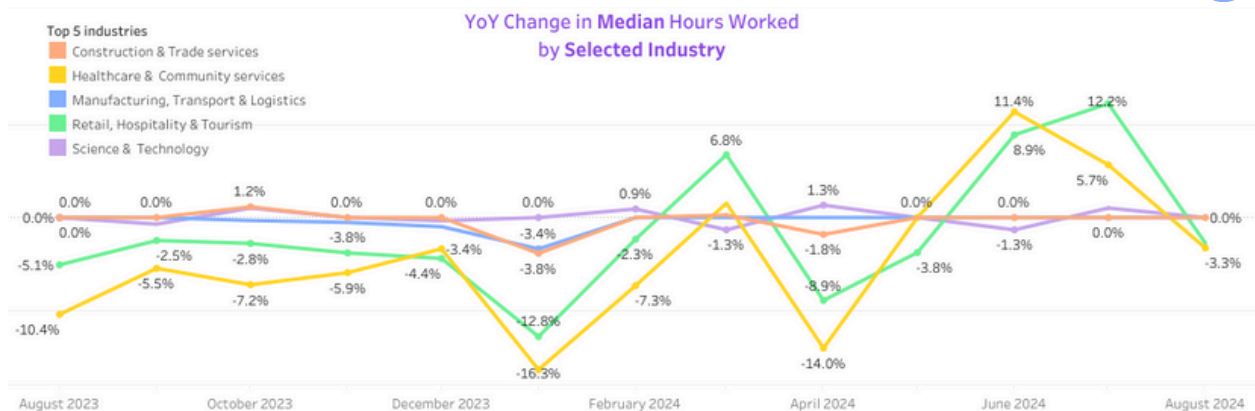
While full-time employees continued with the same -0.5% decrease in YoY % Average Hours Worked from July 2024 to August 2024, Casuals saw a larger decrease of -4.1% to -7.9% from July 2024 to August 2024.

State Breakdown

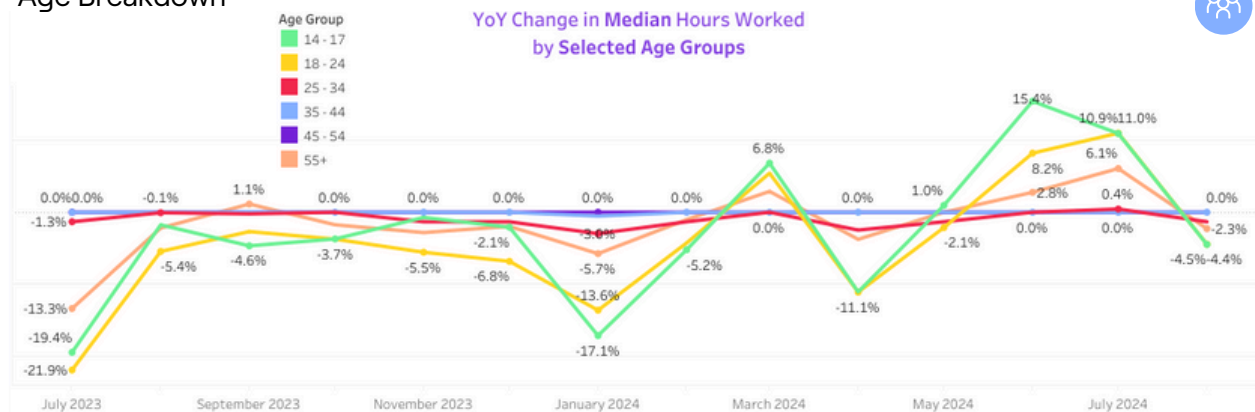
From July 2024 to August 2024, all states saw a decline in average hours worked, with Victoria seeing the largest decrease from 4.0% in July 2024 to -0.7% in August 2024.

Median Hours Worked YoY % Adjusted Growth (Breakdowns)

Industry Breakdown



Age Breakdown



Industry Breakdown

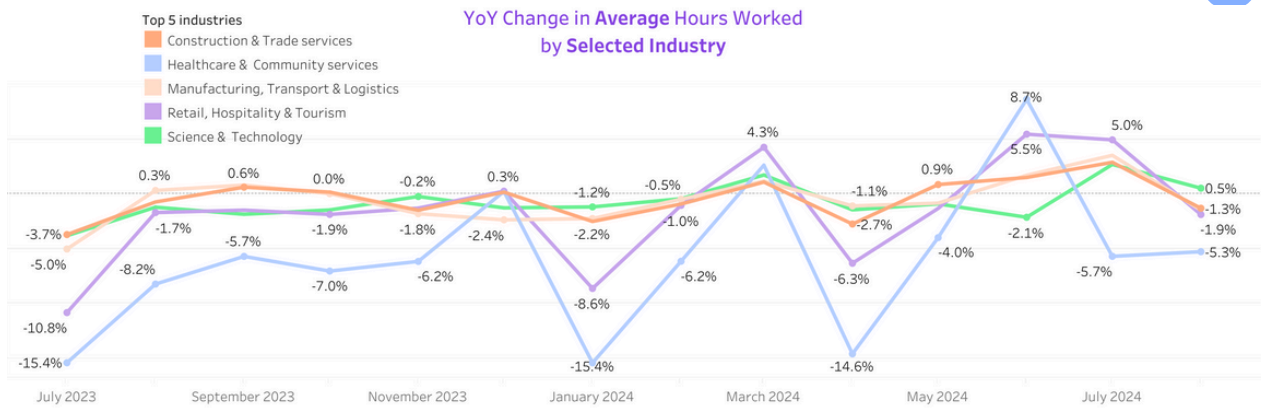
From July 2024 to August 2024, the Retail, Hospitality & Tourism industry saw a substantial decrease in median hours worked, from 12.2% YoY Growth in July 2024 to -2.7% YoY Growth in August 2024, followed by the Healthcare & Community Services industry, from 5.7% YoY Growth in August 2024 to -3.3% YoY Growth in August 2024.

Age Breakdown

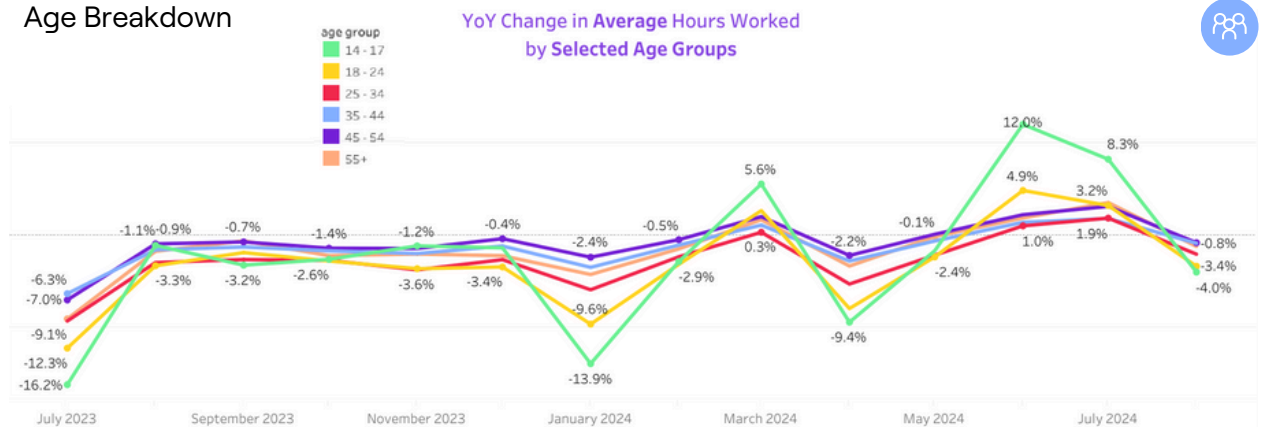
From July 2024 to August 2024, those between the ages of 14-17 saw the largest decrease in median hours worked, from 10.9% in July 2024 to -4.4% in August 2024.

Average Hours Worked YoY % Adjusted Growth (Breakdowns)

Industry Breakdown



Age Breakdown



Industry Breakdown

From July 2024 to August 2024, most industries except Healthcare & Hospitality saw a decrease in average hours worked, with the Retail, Hospitality & Tourism industry seeing a decrease in average hours worked, from 5.0% in July 2024 to -1.3% in August 2024.

Age Breakdown

From July 2024 to August 2024, all age groups saw a decrease in average hours worked. For those aged 14-17, they saw a decrease in average hours worked from 8.3% in July 2024 to -4.0% in August 2024.

Median Hours Worked (Breakdowns)

Job Type



% Change (Adj.)	Full-Time	Part-Time	Casual
Median Hours Worked	162.5	106.0	60.0
Monthly	0.0%	-3.0%	-2.8%
Quarterly	0.0%	-0.3%	-1.1%
Annual	-0.2%	-1.9%	-4.9%

State Breakdown



% Change (Adj.)	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hours Worked	105.5	151.2	117.0	134.0	118.9	118.5	141.3	120.0
Monthly	-11.0%	-0.3%	-5.4%	-4.3%	-2.3%	-5.1%	-1.3%	-3.6%
Quarterly	-5.3%	0.0%	-0.9%	-1.9%	0.4%	-2.6%	0.1%	0.0%
Annual	-3.8%	0.0%	6.3%	-4.9%	-2.2%	-0.6%	0.0%	-1.7%

Industry Breakdown



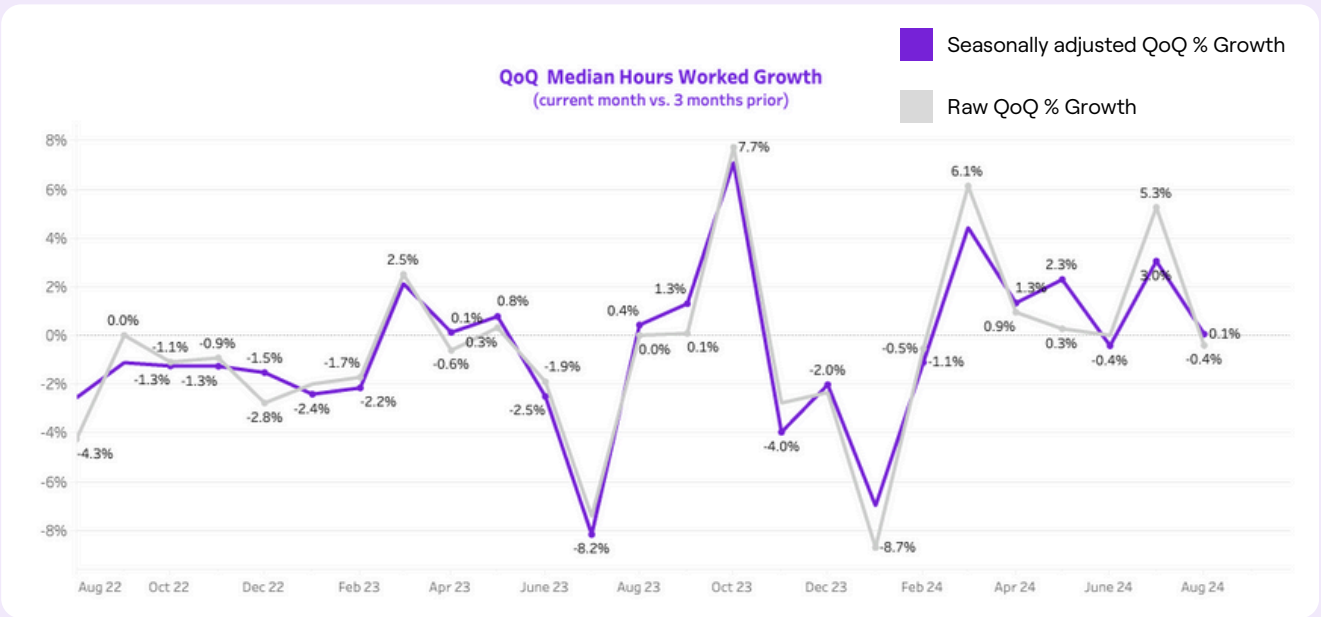
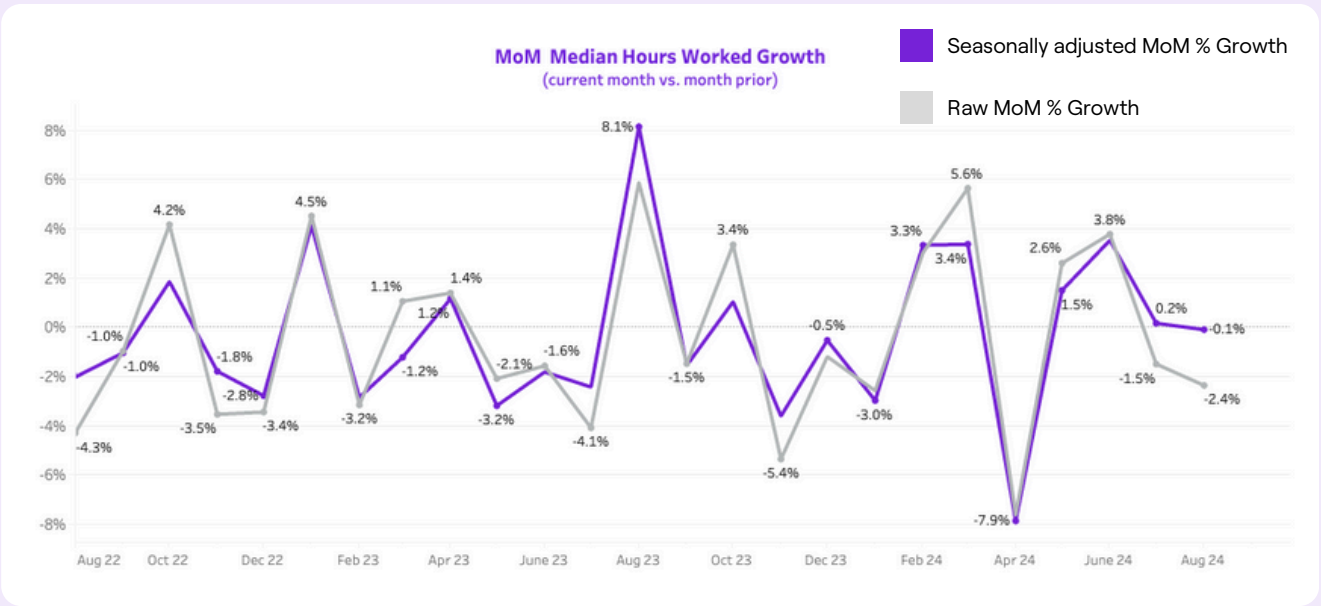
% Change (Adj.)	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hours Worked	152.0	74.5	152.0	98.0	164.7
Monthly	0.0%	-6.3%	0.0%	-3.7%	0.0%
Quarterly	0.0%	-1.3%	0.0%	1.4%	0.0%
Annual	0.0%	-3.3%	0.0%	-2.7%	0.0%

Age Group Breakdown



% Change (Adj.)	14-17 year olds	18-24 year olds	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
Median Hours Worked	25.2	80.0	148.3	152.0	152.0	135.4
Monthly	-18.5%	-6.7%	-1.1%	0.0%	0.0%	-1.8%
Quarterly	-5.8%	-1.2%	-0.3%	0.0%	0.0%	-0.2%
Annual	-4.5%	-4.4%	-1.3%	0.0%	0.0%	-2.3%

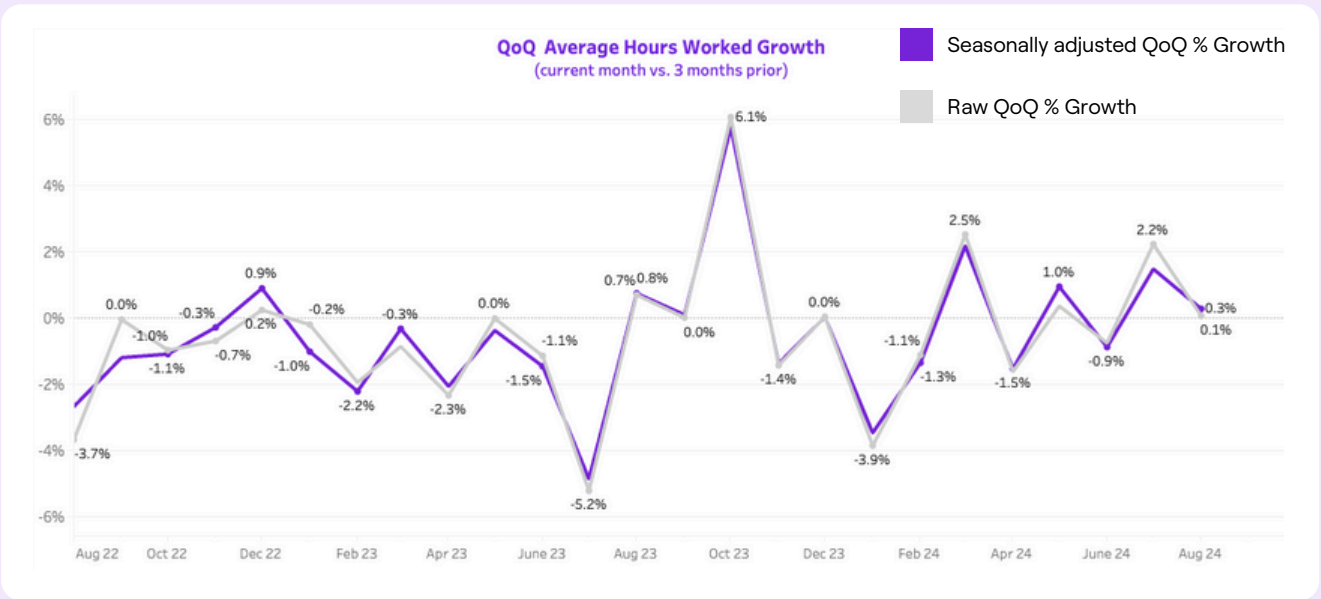
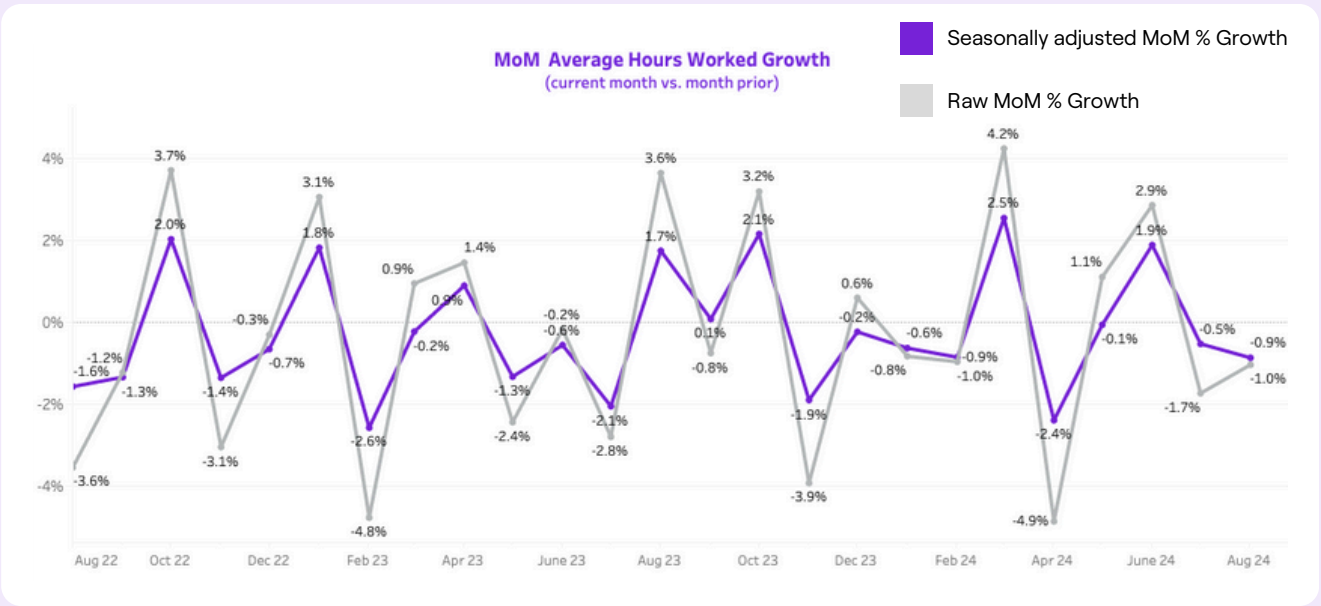
Raw vs. Seasonally Adjusted Median Hours Worked



The seasonally adjusted MoM % growth and QoQ % growth for Median Hours Worked in August 2024 is 0.1% and -0.4% respectively.

The seasonally adjusted MoM % growth has decreased slightly from 0.2% in July 2024 to 0.1% in August 2024, while at a quarterly level, QoQ % growth has decreased moderately from 3.0% in July 2024 to 0.1% in August 2024, showing an overall decrease in median hours worked at both the monthly and quarterly intervals.

Raw vs. Seasonally Adjusted Average Hours Worked



The seasonally adjusted MoM % growth and QoQ % growth for Average Hours Worked in August 2024 is -0.9% and 0.3% respectively.

The seasonally adjusted MoM % growth has decreased slightly from 0.2% in July 2024 to 0.1% in August 2024, while at a quarterly level, QoQ % growth has decreased moderately from 3.0% in July 2024 to 0.1% in August 2024, showing an overall decrease in median hours worked at both the monthly and quarterly intervals.

Methodology



Overview

The Monthly SmartMatch Employment Report is powered by data directly drawn from the Employment Hero platform, reflecting the labour market activity of Australia's resident population aged 14 years and over. The report is designed to provide estimates of employment across Australia, focusing on the following core metrics:

- Employment Growth: Measured as the change in the average number of active employees per billed business
- Median Hours Worked
- Median Hourly Rate

Each of these metrics is further broken down by:

- State: Based on the employee's designated work address
- Industry: Generalised from the organisation's profile
- Employment Type: Based on tax file declarations
- Age Group



Scope and coverage

The scope of the report is verified, active employees recorded on the Employment Hero platform who are aged 14 years and over and are eligible as Australian residents for tax purposes. Since employees are uniquely identified by employee IDs on the platform, the likelihood of a person being counted at two separate dwellings is considered insignificant. To ensure data reliability, the calculations are restricted to billed businesses only, which covers over 1.1 million active employees in the reporting month.

For an individual to be considered in the calculation for the hours worked and hourly rate, at least one genuine payslip ended within the reporting month must be available.

Furthermore, due to the potential presence of extreme outliers and errors introduced by human factors, additional rules have been applied in calculating the median hours worked and median hourly rate. Specifically, exclusions have been applied to employees:

- Whose hourly rate is below \$1 or over \$2,000
- Whose total hours worked within the month is less than 1 hour or exceeds 744 hours (31 days x 24 hours)

The sample size for the two metrics are therefore reduced to approximately 400,000 for the reporting month.

Methodology

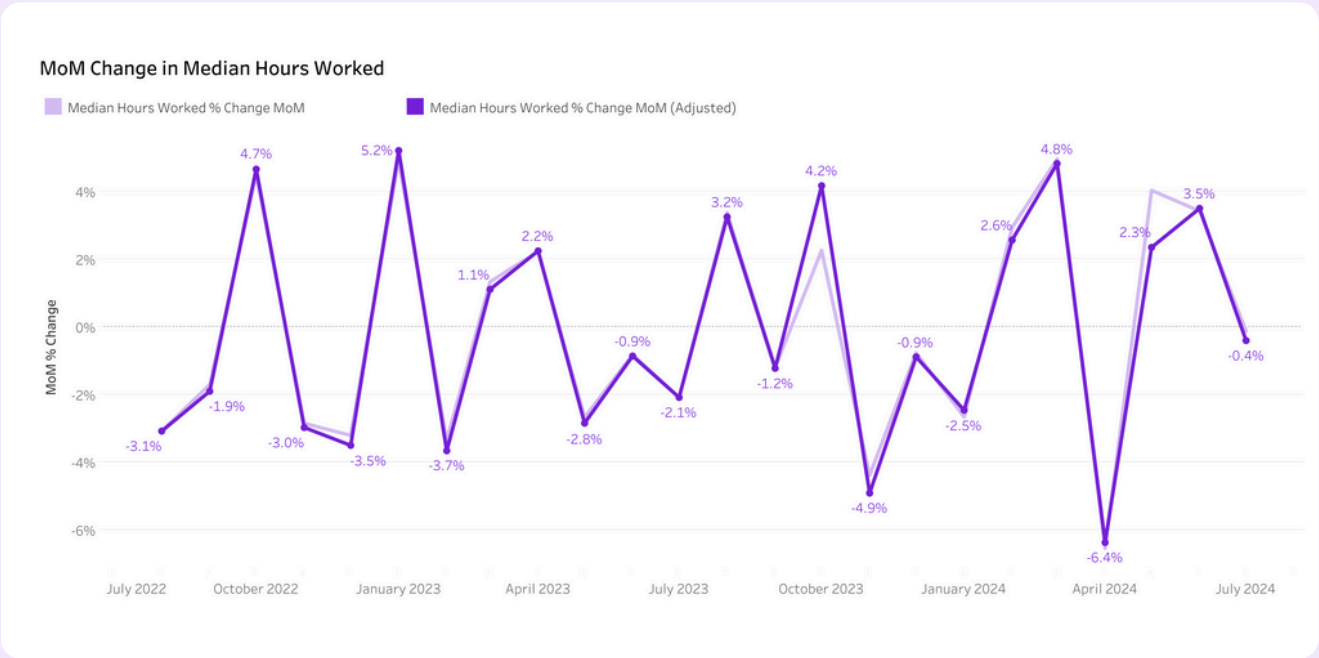


Metrics Computation

Cohort Growth Rate

To minimise the impact of business strategy on the calculation of estimates, a cohort correction has been applied to the sample to ensure accurate growth rate generation. Specifically, for month-on-month growth, only organisations that were billed in both the reporting month and the month prior are included in the computation.

A similar approach is applied to quarter-on-quarter growth rates (organisations that were billed in both the reporting month and three months prior) and year-on-year growth rates (organisations that were billed in both the reporting month and twelve months prior). An example of the nominal Month-on-Month (MoM) growth in median hours worked versus the adjusted cohort growth is demonstrated below.



Methodology



Normalisation of payslips

The methodology for calculating hours worked and hourly rates is based directly on Employment Hero's payroll system. First, an aggregation is made at the employee level for all payslips finalised within the reporting month. The average length of the pay period is calculated and combined with information from tax file declarations to determine the employee's pay frequency. To account for variations in the number of pay runs across different months, a normalisation process is applied to the hours worked and base pay of all full-time and part-time employees, based on their pay frequency, using the following formula:

Normalised base compensation/hours = (Aggregated compensation/hours from all payslips this month) ÷ (number of unique payruns the employee was involved in during the reporting month) x N

Where N is determined by the pay frequency, namely

- Weekly frequency : N=4
- Biweekly frequency : N=2
- Monthly frequency : N=1

Additional considerations:

- No normalisation is applied to casual workers or labour hires.
- Additional remunerations, such as one-off bonuses or commissions, are added on top of the normalised base compensation to calculate the total monthly compensation.
- Compensated, ordinary leaves—including annual leave, sick days, or rostered days off—are counted as valid hours worked.

With above assumptions, the calculations of each metrics are as below:

1) Employment Growth

% of Cohort growth in Average Number of Employees per Business

2) Hours Worked

Normalised Hours Worked

3) Hourly Rate

Total monthly compensation ÷ Normalised Hours Worked

Methodology



Seasonality Adjustment

Data often fluctuates due to regular, seasonal patterns (for example, retail sales usually go up during Christmas). To account for these patterns, we apply a seasonality adjustment. This helps us understand the underlying trends without the seasonal spikes or dips.

We chose the X13-ARIMA method for this adjustment because it is a robust and widely accepted technique. It allows us to separate regular seasonal changes from actual, meaningful trends. However, it's important to note that X13-ARIMA was primarily designed to handle monthly or quarterly seasonal adjustments, not Year-over-Year (YoY) seasonality.

Adjusting for these patterns provides more accurate insights that help inform decision-making.