Jan 2025

Employment Hero's

SmartMatch Employment Report

SmartMatch
by employmenthero

Contents

Median Hourly Wages

Median Total Hourly Rate
(Raw Median)
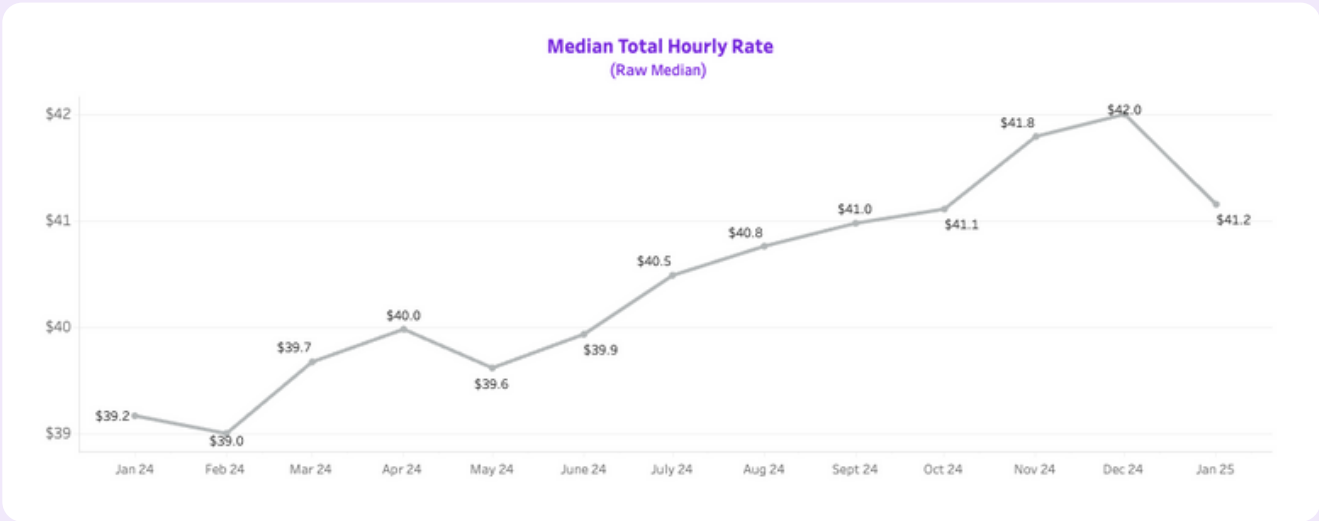
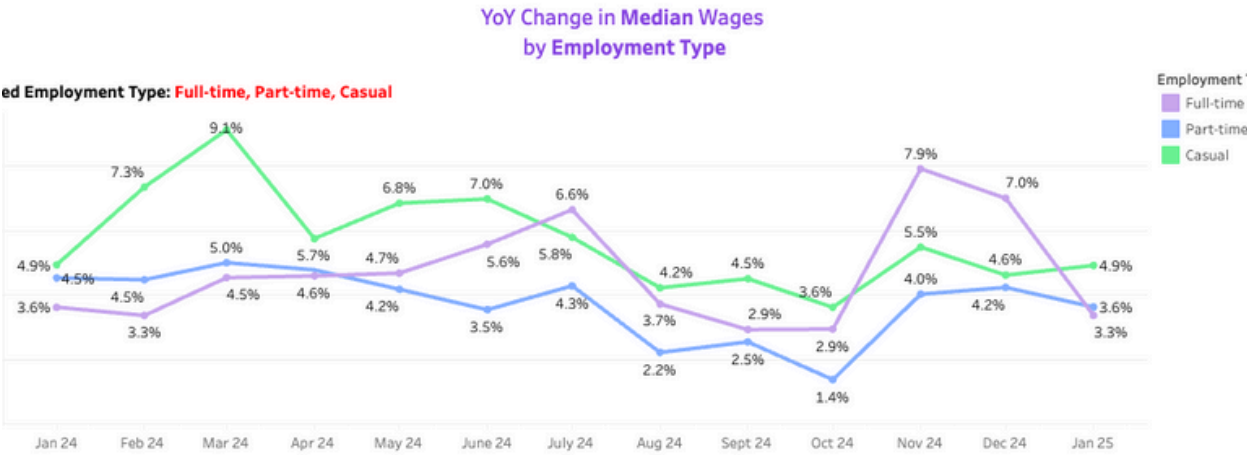| Monthly Change	Quarterly Change	Annual Change
vs. Dec 2024	vs. Oct 2024	vs. Jan 2024
▼ −2.0%	▲ +0.2%	▲ +4.3%

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.
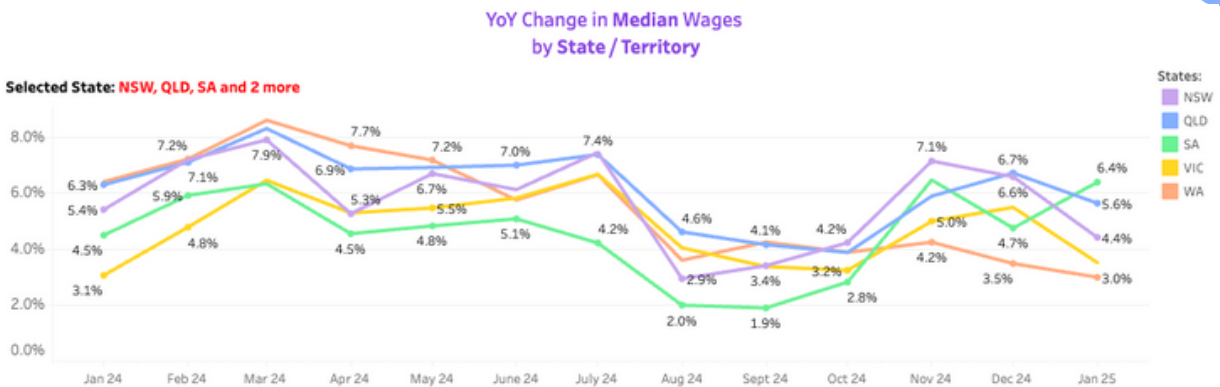
The median hourly rate rose by 4.3% year-on-year, reaching $41.2 in January 2025. Quarter-on-quarter growth was modest at 0.2%, while month-on-month, there was a notable decline of 2.0%. This drop from the December 2024 peak aligns with historical trends as the economy cools after the holiday season.

Median Hourly Wages (Breakdowns)

Employment Type Breakdown

YoY Change in **Median** Wages by **Employment Type**

Selected Employment Type: **Full-time, Part-time, Casual**

Employment Type: Full-time, Part-time, Casual

State Breakdown

YoY Change in **Median** Wages by **State / Territory**

Selected State: **NSW, QLD, SA and 2 more**

States: NSW, QLD, SA, VIC, WA
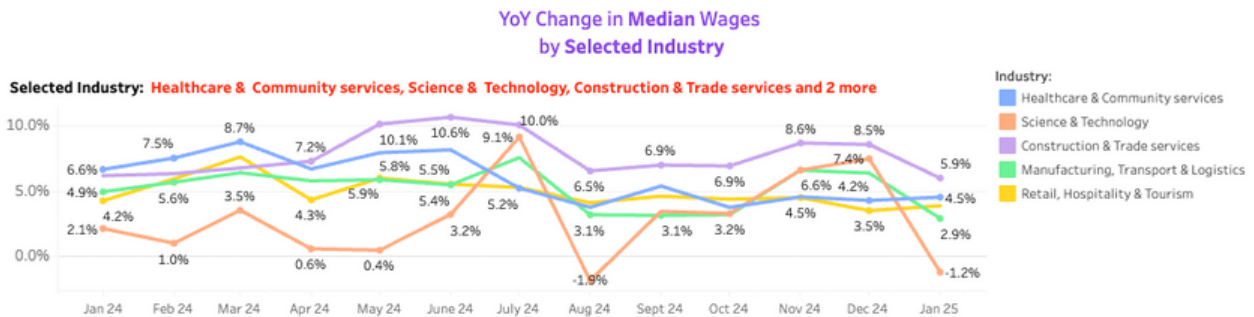
Employment Type Breakdown

As of January 2025, wage growth remained relatively stable for part-time and casual workers at 3.6% and 4.9% year-on-year, respectively. However, growth for full-time employees slowed significantly from 7.0% in December 2024 to 3.3% in January 2025. This cooling trend is common at the start of the year due to factors such as new budget cycles, contract and agreement resets, and the end of seasonal hiring.

State Breakdown

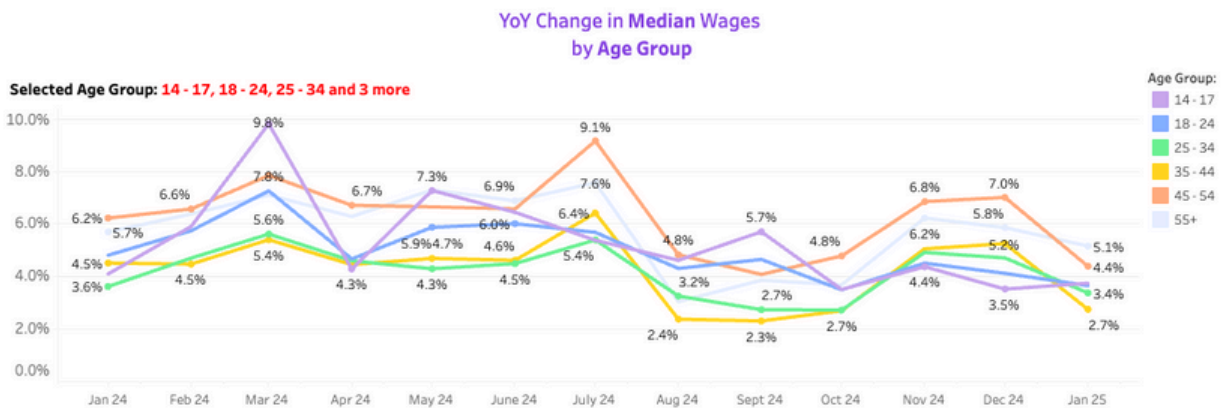Slightly negative momentum in wage growth was observed across all states in January 2025, except for SA, which now leads at 6.4% year-on-year. NSW and VIC saw the largest contractions, both dropping by 2.3% from their strong performance in December 2024. This is likely due to the high proportion of full-time employees in these states, who experienced a significant slowdown in growth momentum this month.

Median Hourly Wages (Breakdowns)

Industry Breakdown

YoY Change in **Median** Wages
by **Selected Industry**

Selected Industry: **Healthcare & Community services, Science & Technology, Construction & Trade services and 2 more**

Industry:
- Healthcare & Community services
- Science & Technology
- Construction & Trade services
- Manufacturing, Transport & Logistics
- Retail, Hospitality & Tourism

Age Breakdown

YoY Change in **Median** Wages
by **Age Group**

Selected Age Group: **14 - 17, 18 - 24, 25 - 34 and 3 more**

Age Group:
- 14 - 17
- 18 - 24
- 25 - 34
- 35 - 44
- 45 - 54
- 55+

Industry Breakdown

Year-on-year wage growth in Science & Technology dropped significantly in January 2025, now sitting at the bottom of the rankings with a 1.2% decline compared to January 2024. Manufacturing, Construction, and Trade Services also saw a decline of more than 2.5% in growth momentum. In contrast, industries dominated by casual employees, such as Healthcare & Community Services and Retail & Hospitality, remained relatively stable, with a slight uptick of 4.5% and 4.3% YoY, respectively.

Age Breakdown

Wage growth generally cooled across most age brackets in January 2025. The 45–54 and 35–44 age groups, both heavily composed of full-time employees, experienced the most significant slowdown, with the 35–44 group falling to the bottom of the rankings at just 2.7% YoY. The youngest workers (14–17), who predominantly work on a casual basis, were the only group to see an increase in wage growth, rising to 3.8% YoY and surpassing all other younger age brackets.

Median Hourly Wages (Breakdowns)

Employment Type

% Change	Full-Time	Part-Time	Casual
Median Hourly Rate	$47.70	$35.90	$37.90
Monthly	-6.6%	-1.5%	1.1%
Quarterly	-1.6%	1.3%	1.6%
Annual	3.3%	3.6%	4.9%

State Breakdown

% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hourly Rate	$42.30	$42.30	$41.70	$40.90	$40.00	$36.3	$40.90	$40.90
Monthly	-2.7%	-2.1%	0.9%	-2.1%	1.1%	-2.1%	-2.7%	-1.0%
Quarterly	-2.1%	0.1%	2.9%	0.0%	3.0%	0.7%	-0.2%	1.1%
Annual	3.7%	4.4%	1.8%	5.6%	6.4%	3.0%	3.5%	3.0%

Median Hourly Wages (Breakdowns)
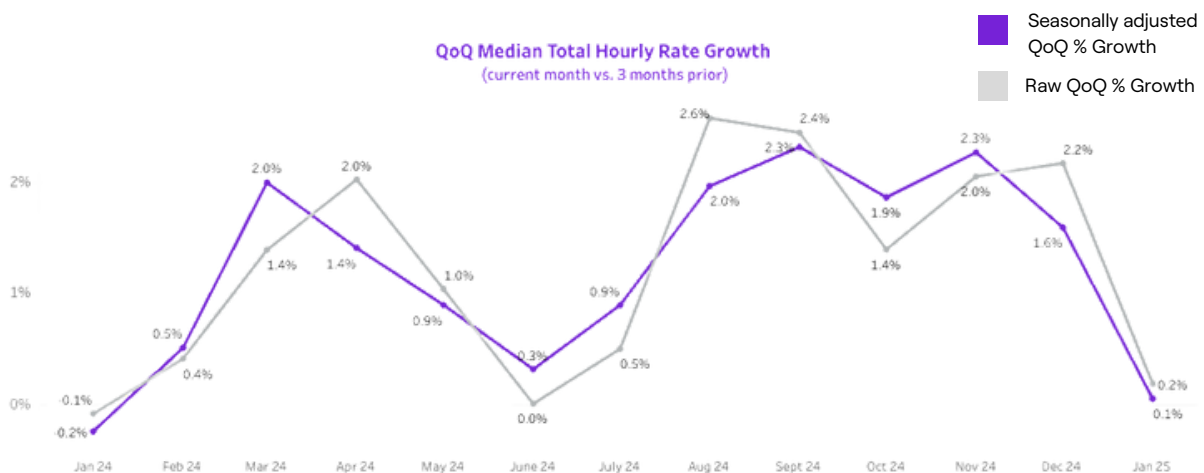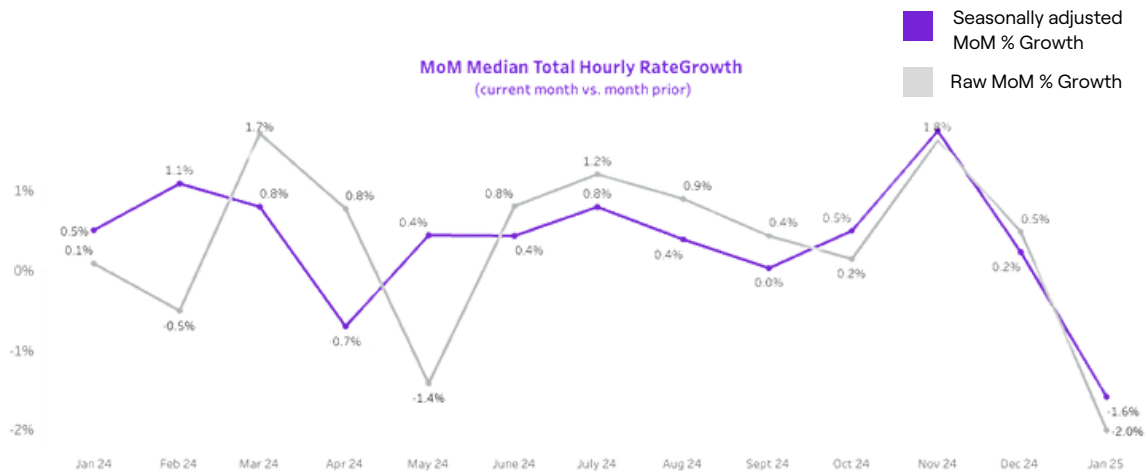
Industry Breakdown

% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hourly Rate	$48.10	$48.50	$38.80	$34.80	$56.4
Monthly	-4.7%	2.6%	-5.2%	1.5%	-10.8%
Quarterly	-2.0%	2.7%	-0.9%	1.3%	-5.0%
Annual	5.9%	4.5%	2.9%	3.8%	-1.2%

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	$19.40	$34.30	$41.10	$49.10	$48.70	$43.90
Monthly	0.8%	-0.1%	-1.9%	-3.0%	-3.7%	-1.7%
Quarterly	0.4%	0.8%	0.1%	-0.8%	-0.8%	0.8%
Annual	3.7%	3.6%	3.4%	2.7%	4.4%	5.1%

Raw vs. Seasonally Adjusted Median Hourly Wages

MoM Median Total Hourly RateGrowth
(current month vs. month prior)

Legend:
- Seasonally adjusted MoM % Growth
- Raw MoM % Growth

QoQ Median Total Hourly Rate Growth
(current month vs. 3 months prior)

Legend:
- Seasonally adjusted QoQ % Growth
- Raw QoQ % Growth

In January 2025, seasonally adjusted month-on-month growth in median hourly wages was -1.6%, compared to a raw decline of -2.0%, indicating only a slight upward adjustment due to seasonal factors. Similarly, seasonally adjusted quarter-on-quarter growth was 0.1%, slightly lower than the raw growth of 0.2%.

These adjustments suggest that seasonal factors, such as the end of holiday hiring, had a minimal impact on January's wage trends. This may warrant a deeper analysis of other potential influences, such as contract and wage revisions.

Average Employee Growth
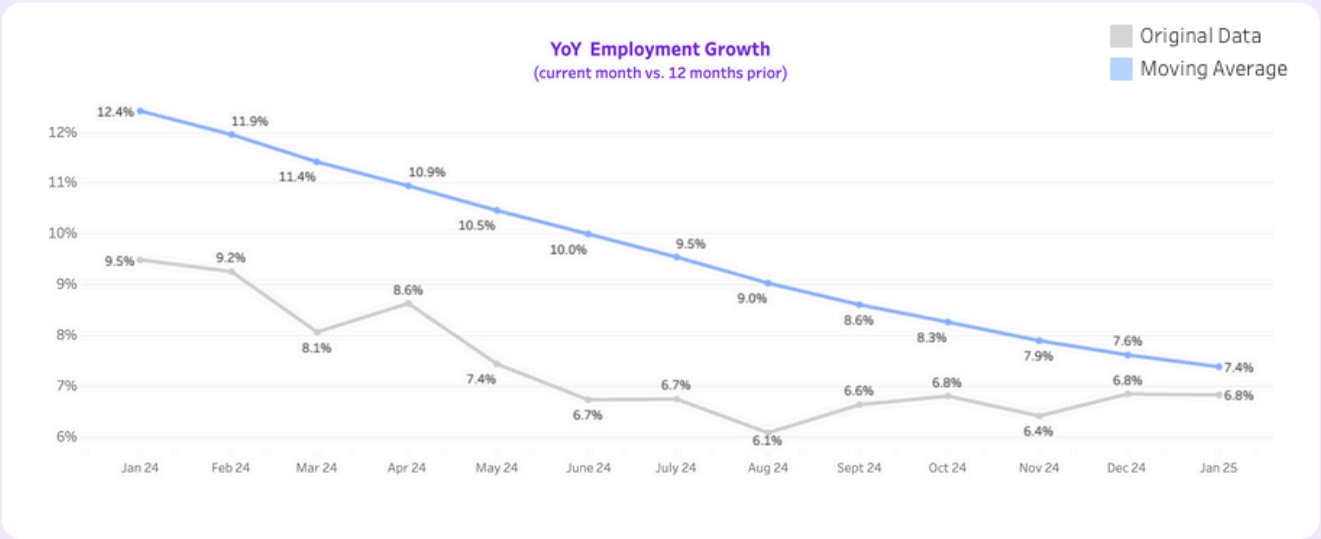
YoY Employment Growth
(current month vs. 12 months prior)

Legend: Original Data, Moving Average

Moving Average values: 12.4%, 11.9%, 11.4%, 10.9%, 10.5%, 10.0%, 9.5%, 9.0%, 8.6%, 8.3%, 7.9%, 7.6%, 7.4%

Original Data values: 9.5%, 9.2%, 8.1%, 8.6%, 7.4%, 6.7%, 6.7%, 6.1%, 6.6%, 6.8%, 6.4%, 6.8%, 6.8%

Months: Jan 24, Feb 24, Mar 24, Apr 24, May 24, June 24, July 24, Aug 24, Sept 24, Oct 24, Nov 24, Dec 24, Jan 25

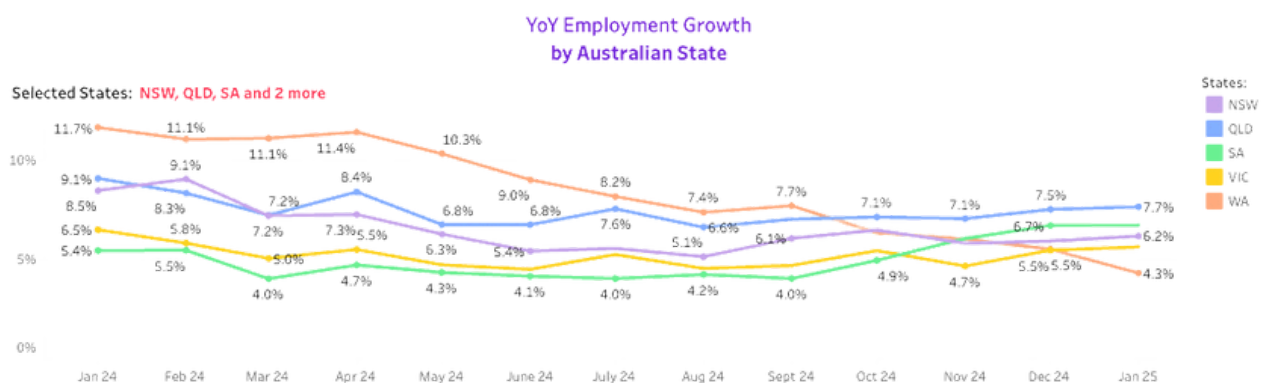| Monthly % Change	Quarterly % Change	Annual % Change
vs. Dec 2024	vs. Oct 2024	vs. Jan 2024
▲ +1.1%	▲ +2.0%	▲ +6.8%

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. In Jan 2025, YoY employment growth stood at +6.8%, continuing its relatively steady trend during the last 6 months.

On a seperate note, MoM growth saw a slightly increase to +1.1%, and QoQ growth reached +2.0%, hinting at a relatively stable labour market. While employment levels remain higher than last year, the pace of growth has notably slowed, signalling a cooling labor market.

Average Employee YoY % Growth (Breakdowns)

YoY Employment Growth
by Employment Type

Selected Employment Types: **Full-time, Part-time, Casual**

Full-time   Part-time   Casual

YoY Employment Growth
by Australian State

Selected States: **NSW, QLD, SA and 2 more**

States:
NSW
QLD
SA
VIC
WA

Employment Type Breakdown

Year-on-year employment growth in January 2025 was positive across the board. Casual employment continued to lead, reaching a six-month peak of 13.8% YoY growth, while full-time employment saw a slight increase to 5.4% YoY. Part-time roles experienced the lowest growth at 4.1% YoY, potentially impacted by a squeeze between the rising demand for casual flexibility and the security of full-time work.
These trends highlight a labor market adapting to shifting business needs and employee preferences for both flexibility and stability.

State Breakdown

QLD continues its dominance in YoY Employment Growth rates in Jan 2025, recording +7.7% YoY. SA followed closely with a stable 6.7% YoY growth. Momentum continued to slow in WA, recording +4.3% YoY growth. Coming from the middle of the pack last month, VIC and NSW saw similar, modest increase at 6.1% and 6.2% respectively.

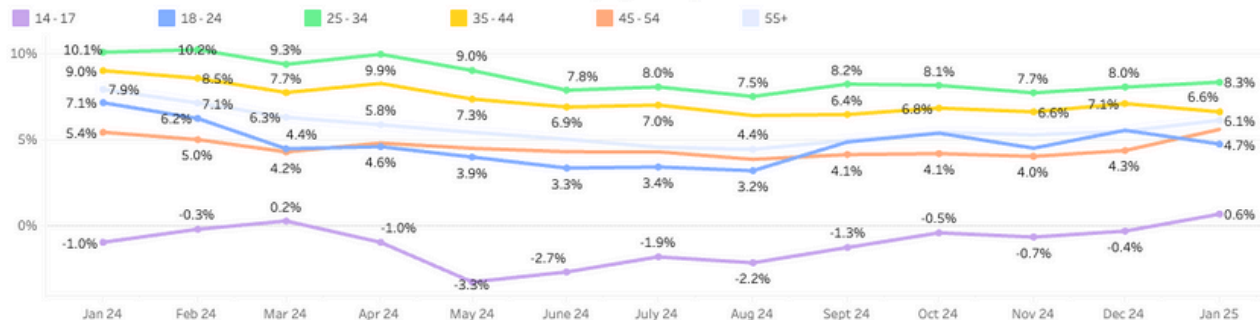# Average Employee YoY % Growth (Breakdowns)

YoY Employment Growth by Selected Industry

Selected Industry: Healthcare & Community services, Science & Technology, Construction & Trade services and 3 more

Legend:
- Healthcare & Community services
- Science & Technology
- Construction & Trade services
- Manufacturing, Transport & Logistics
- Retail, Hospitality & Tourism

YoY Employment Growth by Age Group

Legend: 14 - 17, 18 - 24, 25 - 34, 35 - 44, 45 - 54, 55+

Industry Breakdown

Year-on-year employment growth in January 2025 remained stable across all industries. Construction & Trade Services continued to lead at 6.3% YoY, despite year-end project pauses, signalling strong performance in the sector.

On the other hand, Retail, Hospitality & Tourism lagged behind with 4.1% YoY growth as the holiday season wound down. All other industries showed similar growth, ranging between 4.5% and 4.7% YoY.

Age Breakdown

The 25–34 age group continued to lead year-on-year growth at 8.3%, followed by the 35–44 group at 6.6%. Workers aged 55+ recorded 6.1%, while the 45–55 age group saw a significant uplift, also reaching 6.1%, reflecting steady contributions from senior demographics.

Among younger workers, the 14–17 age group experienced moderate growth of 0.6%, marking a notable improvement from last year. Meanwhile, the 18–24 group saw a decline to 2.5% YoY, possibly indicating a market shift toward more experienced workers.

Average Employee Growth (Breakdowns)

Employment Type

% Change	Full-Time	Part-Time	Casual
Monthly	0.9%	0.7%	1.8%
Quarterly	1.4%	0.8%	5.4%
Annual	5.4%	4.1%	13.8%

State Breakdown

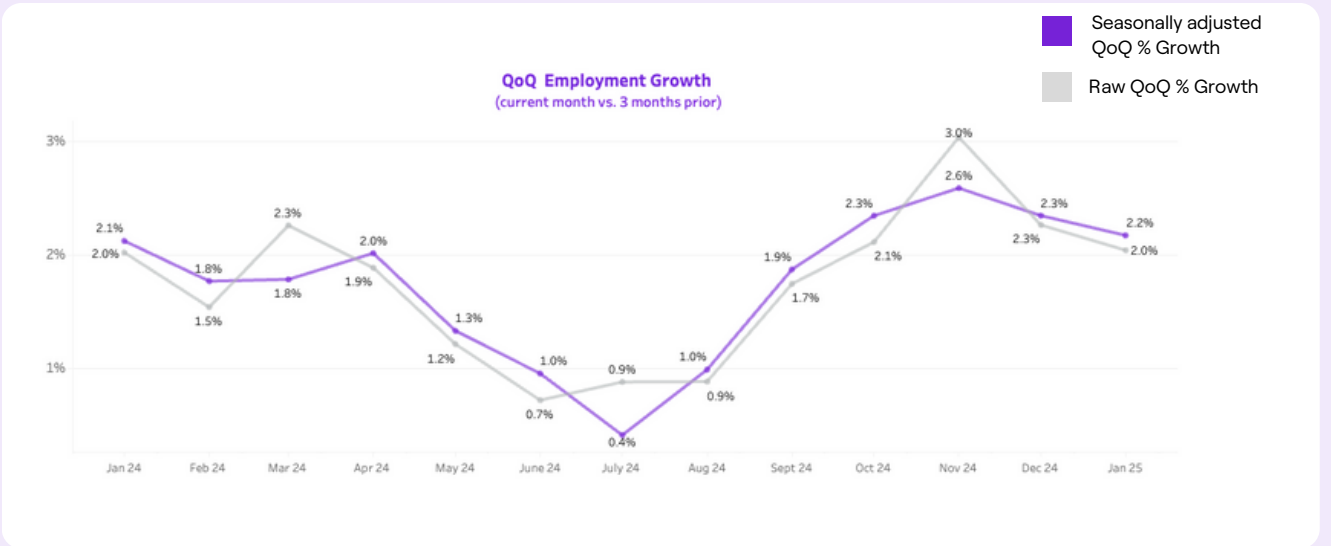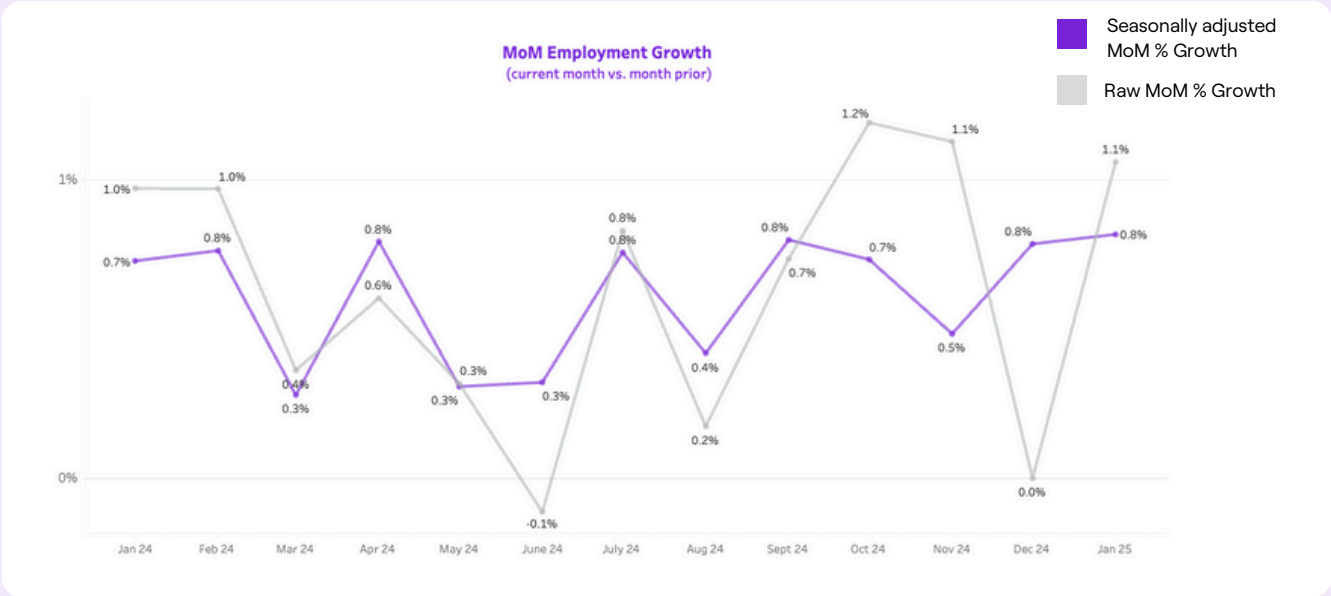| % Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Monthly	-0.3%	0.7%	-0.7%	1.5%	1.0%	2.2%	0.9%	0.5%
Quarterly	2.4%	2.0%	-0.9%	2.0%	1.9%	6.3%	1.5%	0.8%
Annual	6.6%	6.2%	9.4%	7.7%	6.7%	-3.1%	5.6%	4.3%

Industry Breakdown

% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Monthly	1.8%	0.9%	1.4%	-0.2%	0.6%
Quarterly	1.8%	1.1%	2.4%	3.0%	0.1%
Annual	6.3%	4.6%	5.2%	4.1%	5.1%

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	-0.7%	-0.2%	1.3%	0.4%	1.3%	0.6%
Quarterly	1.4%	2.2%	2.2%	0.9%	1.5%	1.4%
Annual	0.6%	4.7%	8.3%	6.6%	5.6%	6.1%

Raw vs. Seasonally Adjusted Average Employment Growth

MoM Employment Growth
(current month vs. month prior)

Legend:
- Seasonally adjusted MoM % Growth
- Raw MoM % Growth

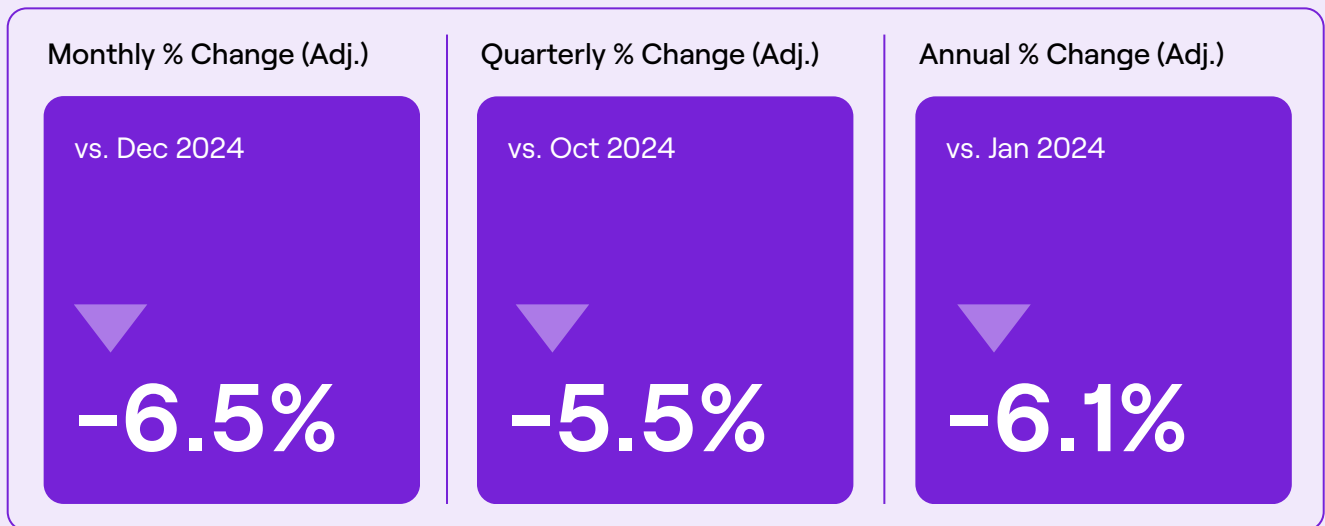**QoQ Employment Growth**
(current month vs. 3 months prior)

Legend:
- Seasonally adjusted QoQ % Growth
- Raw QoQ % Growth

In January 2025, the seasonally adjusted MoM employment growth was quite modest at +0.8%, slightly lower than the raw MoM growth of +1.1%. The seasonally adjusted QoQ growth stood at +2.2%, closely aligned with the raw QoQ growth of +2.2%. These corrections indicate that while seasonal factors had some impact to the growth trend in Jan, the underlying economic changes still played a heavier role in shaping January's employment growth.

Average Hours Worked

Average Hours Worked
(Raw Average)

Month	Value
Jan 24	116.3
Feb 24	117.4
Mar 24	120.7
Apr 24	116.1
May 24	118.1
June 24	120.3
July 24	119.0
Aug 24	118.2
Sept 24	121.2
Oct 24	116.8
Nov 24	117.3
Dec 24	118.4
Jan 25	110.8

YoY Average Hours Worked Growth
(current month vs. 12 months prior)

Legend: Original Data, Moving Average

Original Data values: -3.6%, -0.9%, 1.1%, -3.0%, -1.2%, 1.2%, -1.4%, -2.0%, 1.2%, -4.5%, -1.9%, -2.1%, -6.1%

Moving Average values: -1.9%, -1.8%, -1.5%, -1.6%, -1.6%, -1.3%, -1.4%, -1.2%, -1.0%, -1.3%, -1.3%, -1.3%, -1.8%

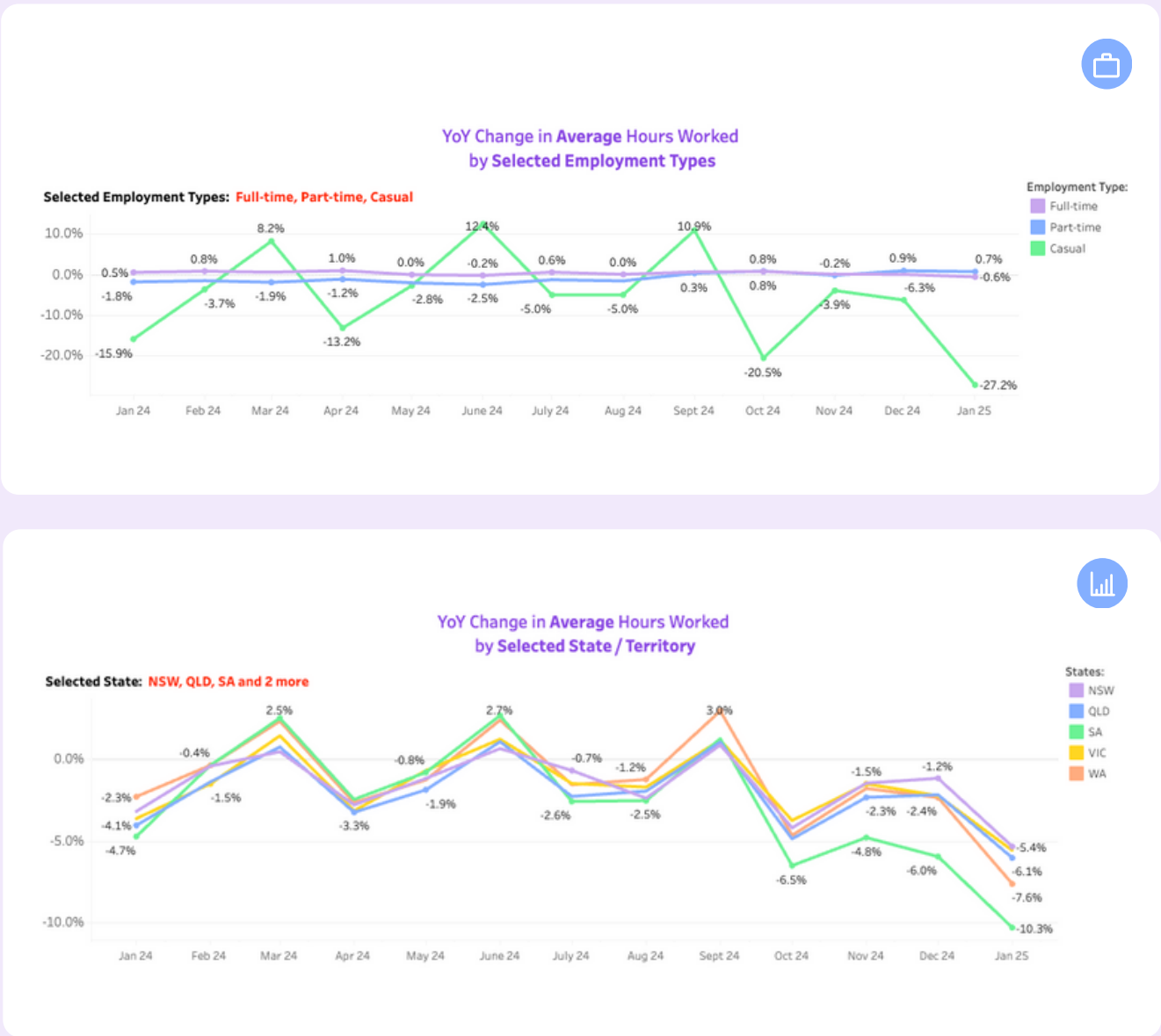| Monthly % Change (Adj.)	Quarterly % Change (Adj.)	Annual % Change (Adj.)
vs. Dec 2024	vs. Oct 2024	vs. Jan 2024
▼ **-6.5%**	▼ **-5.5%**	▼ **-6.1%**

Why this metric matters

The average hours worked metric measures the raw average hours worked of both Employment Hero HR and Payroll users and the % adjusted change overtime for the preceding 12 months (please refer to 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 percentage change in average hours worked decreased by -6.5% compared to December 2024. This is a reasonable contraction as the demand of casual shifts shrinks after the holiday season.

However, both the quarter-on-quarter and year-on-year change showed significant decline of -5.5%, and -6.1% respectively, signalling a possible struggle experienced by many SMEs due to raising cost of labour, which they could only compensate by cutting back hours.

QoQ and YoY decline continues to reflect a reduction in hours worked, primarily within casual employment, highlighting ongoing workforce adjustments.

# Average Hours Worked YoY % Adjusted Growth (Breakdowns)

YoY Change in **Average** Hours Worked by **Selected Employment Types**

Selected Employment Types: **Full-time, Part-time, Casual**

Employment Type:
- Full-time
- Part-time
- Casual

YoY Change in **Average** Hours Worked by **Selected State / Territory**

Selected State: **NSW, QLD, SA and 2 more**

States:
- NSW
- QLD
- SA
- VIC
- WA

Employment Type Breakdown

Average hours worked remained flat year-on-year for full-time and part-time workers in January 2025, indicating stability in permanent roles and a recovery from earlier modest declines among part-timers.

In contrast, casual hours dropped to a 12-month low of -27.2% YoY, possibly reflecting the urgent need for SMEs to cut costs after the December spending surge. This signals continued financial strain among smaller businesses in the current economic climate.

State Breakdown

In January 2025, all states saw notable year-on-year declines in average hours worked, likely driven by the sharp drop in casual work hours. Over the past six months, trends have been consistent across states, with South Australia experiencing the largest reduction at -10.3% YoY. Meanwhile, New South Wales and Victoria recorded the smallest declines at -5.4%, possibly due to their higher proportion of full-time workers.

Average Hours Worked YoY % Adjusted Growth (Breakdowns)

YoY Change in **Average** Hours Worked by **Selected Industry**

YoY Change in **Average** Hours Worked by **Selected Age Groups**
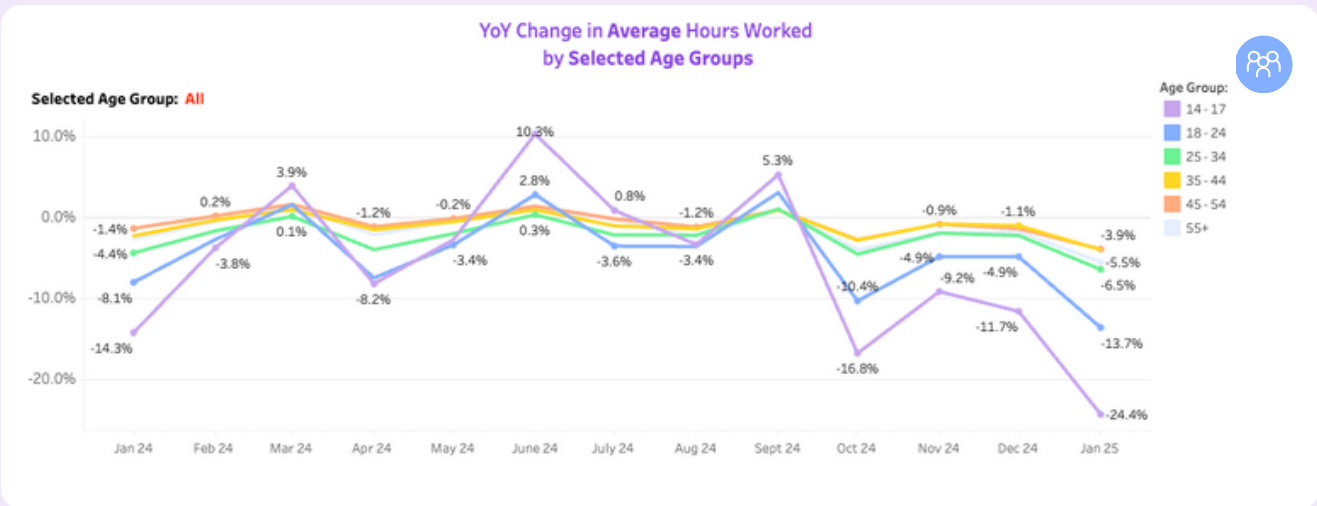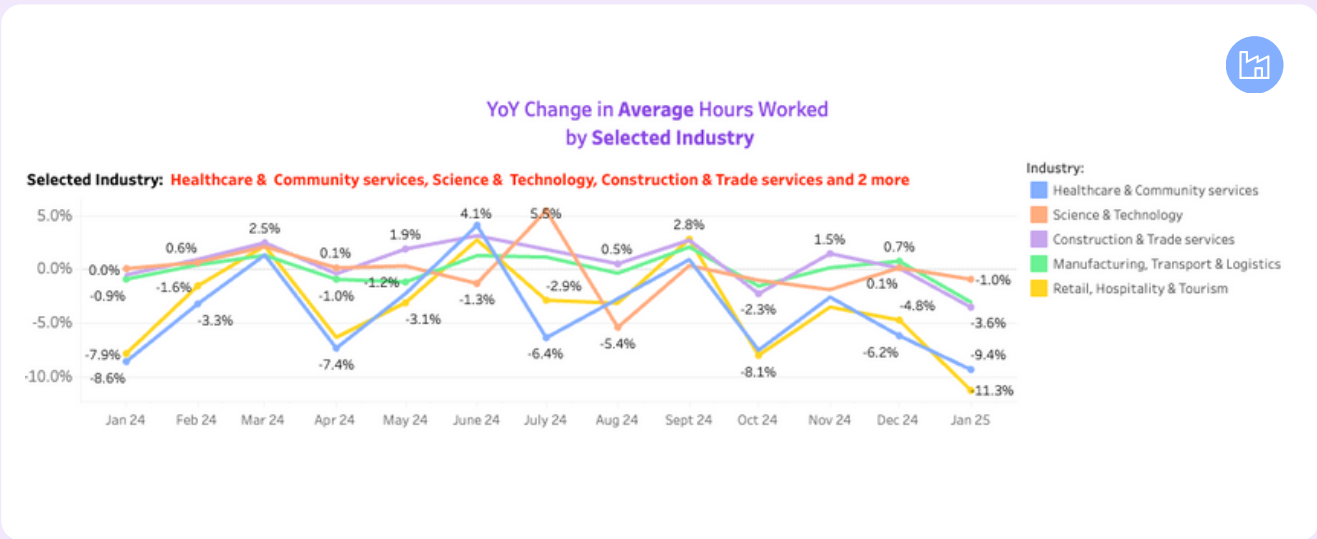
Industry Breakdown

YoY declines are observed in average hours worked across all industries, where the variation is mostly caused due to its composition of worker types. Science & Technology, being mostly populated with permanent staff, is the only one with positive growth at 1.0% YoY. On the other hand, casual-heavy sectors including Retail, Hospitality & Tourism and Healthcare & Community Services continue to show the steepest YoY decline at -11.3% and -9.4% respectively, reinforcing our hypothesis of SMEs struggling with labour costs amidst economic recession.

Age Breakdown

All age groups continued to experience YoY decline in average hours worked, with the youngest workers, aged 14–17 and 18–24, seeing the steepest drops due to their higher likelihood of holding casual roles. In Jan 2025, hours worked fell by a significant -24.4% YoY for the 14–17 bracket and -8.6% for 18–24-year-olds. These figures continue to highlight challenges faced by early-career workers.

Average Hours Worked (Breakdowns)

Job Type

% Change (Adj.)	Full-Time	Part-Time	Casual
Average Hours Worked	156.3	107.1	50.8
Monthly	-0.7%	-0.8%	-33.4%
Quarterly	-1.9%	0.0%	-23.4%
Annual	-0.6%	0.7%	-27.2%

State Breakdown

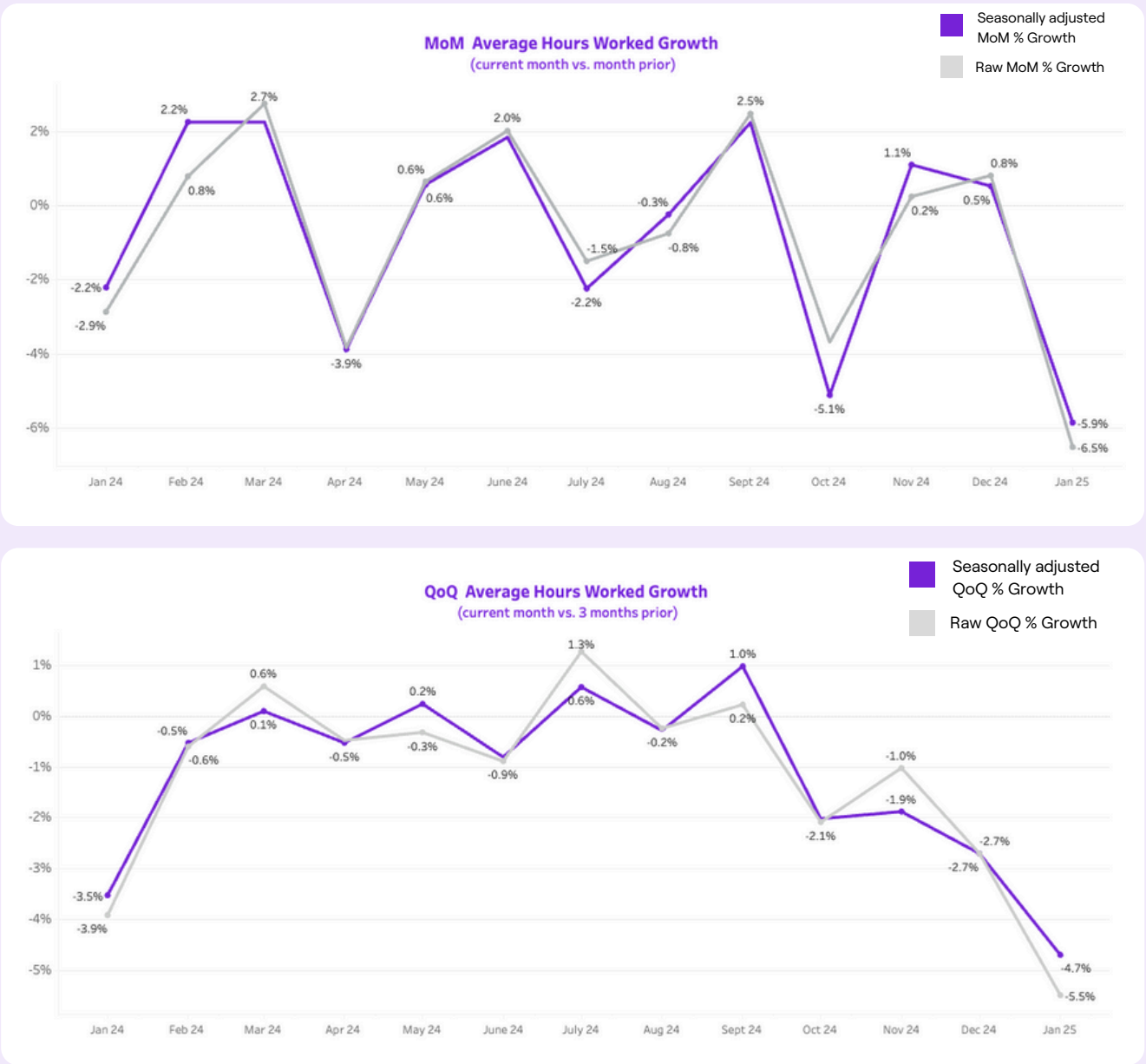| % Change (Adj.)	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Average Hours Worked	105.8	114.7	108.8	111.7	101.5	101.9	110.1	106.8
Monthly	-4.0%	-5.5%	-4.6%	-7.4%	-8.2%	-8.9%	-5.9%	-8.9%
Quarterly	-2.5%	-4.5%	-6.5%	-6.1%	-8.2%	-7.8%	-5.2%	-6.5%
Annual	-4.3%	-5.4%	-3.6%	-6.1%	-10.3%	-8.1%	-5.6%	-7.6%

Industry Breakdown

% Change (Adj.)	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Average Hours Worked	135.3	86.3	135.6	91.5	143.7
Monthly	-6.9%	-10.6%	-6.0%	-12.0%	-0.2%
Quarterly	-6.4%	-8.4%	-5.1%	-8.8%	0.3%
Annual	-3.6%	-9.4%	-3.1%	-11.3%	-1.0%

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
Average Hours Worked	40.2	81.5	115.4	122.8	122.6	109.0
Monthly	-18.7%	-15.6%	-6.7%	-4.2%	-4.1%	-5.6%
Quarterly	-3.4%	-10.4%	-5.9%	-3.7%	-3.8%	-5.3%
Annual	-24.4%	-13.7%	-6.5%	-4.0%	-3.9%	-5.5%

Raw vs. Seasonally Adjusted Average Hours Worked

MoM Average Hours Worked Growth
(current month vs. month prior)

■ Seasonally adjusted MoM % Growth
■ Raw MoM % Growth

QoQ Average Hours Worked Growth
(current month vs. 3 months prior)

■ Seasonally adjusted QoQ % Growth
■ Raw QoQ % Growth

The seasonally adjusted month-on-month and quarter-on-quarter growth rates for average hours worked in January 2025 remained close to the raw figures. Adjusted MoM growth stood at -5.9%, a slight improvement over the original -6.5% rate.

This suggests that while a reduction in hours is typically expected in January, the decline this year is more pronounced due to worsening economic conditions for SMEs. A similar trend is observed in the QoQ adjusted figures. While seasonal adjustments help smooth out occasional spikes in previous months, their overall impact is limited, with underlying economic factors playing a much larger role.

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
- Average 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 average 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).

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.