

July 2024

Employment Hero's

SmartMatch Employment Report



Foreword

Welcome to Employment Hero's inaugural SmartMatch Employment Report.

I can reveal that our July SmartMatch Employment Report has recorded year-on-year median wage growth of 8.8%, a 12 month high, confirming continued concerns over 'wageflation'.

These figures are more than double the WPI wage growth figure released by the ABS back in May - which reported 4.1% annual wage growth.

Our SmartMatch Employment Report is built from the real-time employment data of the 300,000 businesses and 2+ million employees that are served by our platform.

Alongside wage data, we are able to provide further insight, via employee growth numbers and median hours worked, again broken down by state, industry, age and employment type.

From our July wage data, the state with the highest wage growth year-on-year is NSW (9.9%) and the state with the lowest is SA (6.7%).

At an industry level, Construction and Trade services saw the highest year-on-year wage growth at 18.0% and among the lowest wage growth were industries such as Science and Technology at 2.8%.

Full-time workers saw the highest year-on-year wage growth with 9.6%, part-time workers at 6.0% and casuals at 5.9%.

Those aged 45-55 command the highest hourly wage at \$50.60 and saw their wages increase by 12.0% year-on-year. Those aged 14-17 saw the weakest year-on-year growth at 5.0%.

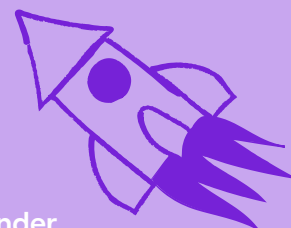
I believe there is a current lack of real-time transparency in the employment marketplace. As it stands, the data that employers and job seekers have access to is either out of date, unverified or not revealing the complete employment picture. This is especially true with wage data. Because of this the market is negotiating blindly.

For example, the ongoing 'wageflation' that our 8.8% wage increase reveals is an important metric that must be considered by decision makers, especially when viewed in the context of the RBA's ongoing battle against inflation. The impacts of potentially unsustainable wage growth must also be weighed against ASIC's findings that business failure rates are nearing recession levels. In terms of this month's wage jump, we suspect it could reflect the increase in minimum wages and awards that came into effect on July 1st.

We believe that our live payroll informed data increases transparency and can support businesses and employees to make better decisions around employment, this may include conversations around salary or other forms of remuneration. In fact, this is exactly why we launched the SmartMatch Employment Report and the accompanying SmartMatch tool which provides real-time market insights and connections for employers and job seekers.



Ben Thompson,
CEO and Co-Founder
Employment Hero



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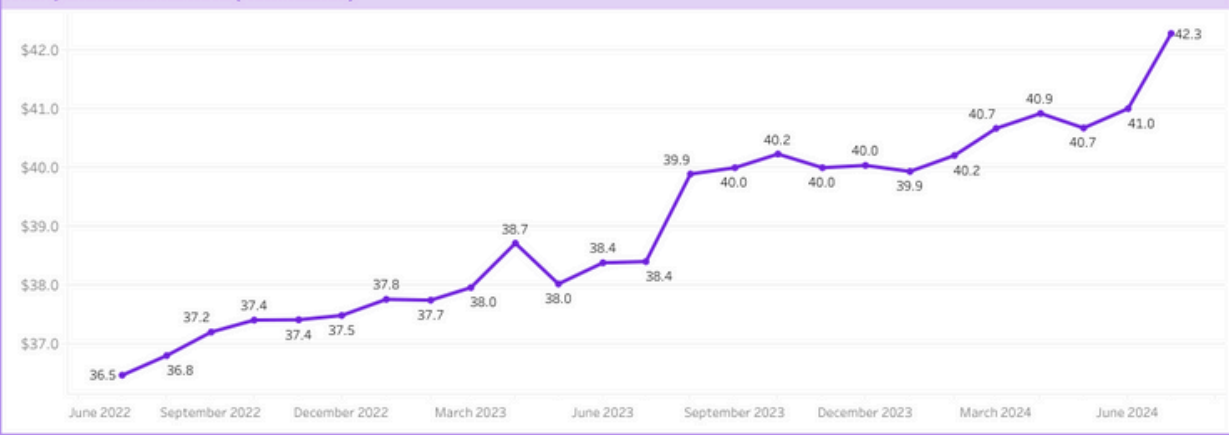
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Methodology



Median Hourly Wages

Hourly Median Total Rate (Raw Median)



Monthly Change

vs. Jun 2024

+2.6%

Quarterly Change

vs. Apr 2024

+2.0%

Annual Change

vs. Jul 2023

+8.8%



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 Jun 2024 is +2.6% across our dataset, while the annual change since Jul 2023 is +8.8%. Additionally, the median hourly rate for Jul 2024 is currently at a peak of \$42.30, the highest monthly rate for the past 12 months, potentially reflecting the increase in minimum wages that started on 1 Jul 2024.

Median Hourly Wages (Breakdowns)

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hourly Rate	\$43.90	\$44.30	\$40.60	\$41.80	\$40.00	\$36.60	\$41.80	\$41.00
Monthly	-0.1%	2.9%	1.5%	3.1%	3.5%	1.7%	1.8%	1.8%
Quarterly	1.2%	2.4%	0.5%	2.8%	2.7%	1.4%	1.6%	0.4%
Annual	9.1%	9.9%	9.4%	9.4%	6.7%	7.3%	8.3%	7.6%

Industry Breakdown



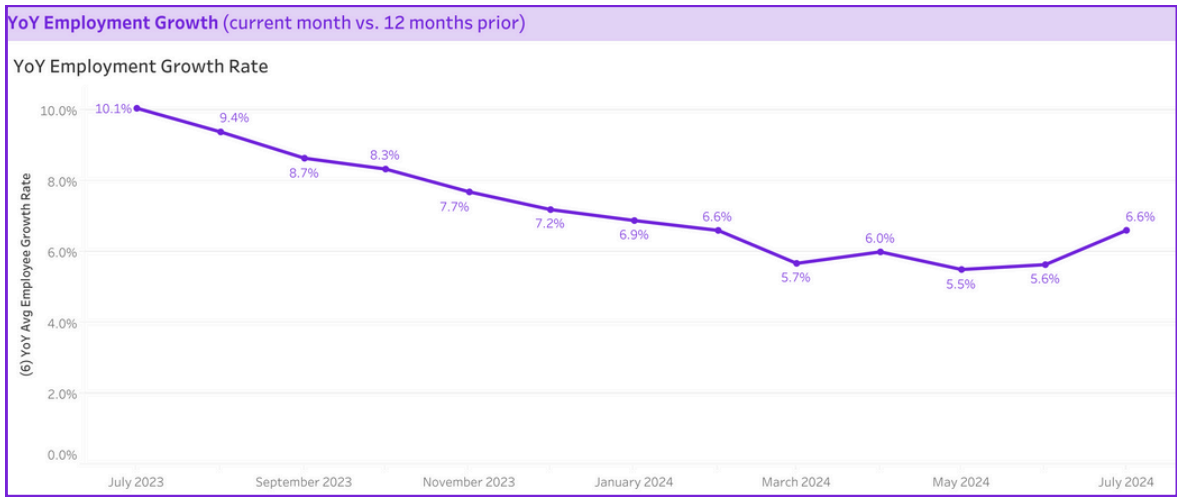
% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hourly Rate	\$52.90	\$46.10	\$40.10	\$35.00	\$58.30
Monthly	8.2%	0.5%	0.0%	1.8%	-3.2%
Quarterly	10.0%	-1.1%	0.3%	-0.3%	-1.3%
Annual	18.0%	5.4%	6.9%	6.1%	2.8%

Age Breakdown



% Change	14-17 year olds	18-24 year olds	25-44 year olds	45-54 year olds	55+ year olds
Median Hourly Rate	\$19.10	\$34.20	\$45.40	\$50.60	\$44.40
Monthly	0.2%	2.1%	2.5%	2.0%	2.0%
Quarterly	-2.5%	0.6%	2.2%	2.4%	1.0%
Annual	5.0%	5.8%	8.6%	12.0%	9.1%

Average Employee Growth



Monthly % Change

vs. Jun 2024



+1.4%

Quarterly % Change

vs. Apr 2024



+2.5%

Annual % Change

vs. Jul 2023



+6.6%



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, Jul 2024 shows a moderate YoY % Employment Growth of 6.6%, which has not been seen since Feb 2024.

Average Employee Growth (Breakdowns)

Job Type



% Change	Full-Time	Part-Time	Casual
Monthly	1.9%	1.0%	2.6%
Quarterly	4.1%	3.3%	5.8%
Annual	10.0%	8.9%	12.5%

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Monthly	0.5%	1.1%	2.3%	1.6%	1.1%	-0.4%	0.9%	1.1%
Quarterly	2.0%	1.7%	5.8%	3.1%	1.8%	-2.4%	2.0%	1.2%
Annual	3.1%	4.1%	5.3%	6.9%	4.0%	-3.6%	4.9%	8.1%

Industry Breakdown



% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Monthly	1.7%	1.0%	1.3%	0.9%	0.8%
Quarterly	2.8%	1.9%	2.3%	1.0%	0.8%
Annual	4.8%	8.6%	4.1%	2.2%	0.6%

Age Breakdown



% Change	14-17 year olds	18-24 year olds	25-44 year olds	45-54 year olds	55+ year olds
Monthly	0.3%	0.9%	1.5%	0.8%	0.8%
Quarterly	-0.3%	1.4%	3.0%	2.0%	2.0%
Annual	0.2%	4.0%	8.0%	4.2%	4.8%

Median Hours Worked



Monthly % Change (Adj.)

vs. Jun 2024



-0.4%

Quarterly % Change (Adj.)

vs. Apr 2024



+5.8%

Annual % Change (Adj.)

vs. Jul 2023



+4.4%



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 -0.4% versus Jun 2024, but has increased year-on-year by +4.4%.

In contrast with the MoM increase in median hourly rate of +2.6%, Australians are working slightly lesser hours (-0.4%) for slightly more wages in Jul 2024.

Median Hours Worked (Breakdowns)

Job Type



% Change (Adj.)	Full-Time	Part-Time	Casual
Median Hours Worked	162.5	113.8	61.8
Monthly	1.6%	4.8%	-8.2%
Quarterly	0.0%	3.6%	4.1%
Annual	1.6%	0.6%	16.5%

State Breakdown



% Change (Adj.)	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hours Worked	123.3	152.0	130.3	144.5	128.5	131.8	147.5	132.0
Monthly	-2.1%	0.0%	-2.1%	-2.5%	0.3%	-0.3%	-0.8%	3.2%
Quarterly	2.6%	1.1%	8.9%	4.7%	7.8%	6.6%	5.9%	8.4%
Annual	17.5%	0.0%	20.4%	0.6%	14.7%	15.9%	6.6%	12.1%

Industry Breakdown



% Change (Adj.)	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hours Worked	152.0	87.5	152.0	113.3	164.7
Monthly	0.0%	-1.6%	0.0%	-2.3%	1.3%
Quarterly	0.0%	13.5%	0.0%	9.3%	0.0%
Annual	0.0%	13.0%	0.0%	16.1%	1.0%

Age Group Breakdown



% Change (Adj.)	14-17 year olds	18-24 year olds	25-44 year olds	45-54 year olds	55+ year olds
Median Hours Worked	31.1	91.2	152.0	152.0	140.0
Monthly	3.0%	-2.3%	0.0%	0.0%	0.0%
Quarterly	1.1%	10.5%	0.0%	0.0%	6.1%
Annual	11.4%	14.7%	0.0%	0.0%	8.4%

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