

September 2024

Employment Hero's

SmartMatch Employment Report



SmartMatch
by  employmenthero

Foreword

Welcome to Employment Hero's September SmartMatch Employment Report, our third in a monthly series tracking Australia's employment landscape. This month, the data reveals ongoing economic challenges, with the workforce facing high wage pressure, job insecurity, and uneven productivity as businesses navigate rising costs, wage increases, and output struggles.

Over the past six months, our data – Australia's most comprehensive public gauge of SME health – shows employers are under strain while soaring living costs continue to tighten household budgets.

Labour costs continue to spike unsustainably, with wages up 3.8% annually, and over 11,000 businesses entered insolvency this past year.

Still, there's a silver lining: for the first time this year, our data indicates early signs of recovery.

Median Hours Worked, which have been on a consistent decline, rose slightly in September, with a monthly (2.2%), quarterly (0.3%), and annual (1.3%) increase. This represents a sign of much-needed recovery for SME employers attending to the low levels of productivity we've observed over the past six months.

Despite 'wageflation' still presenting a major cause for concern, with September's data revealing annual wage growth at 3.8% – outpacing September inflation (CPI) at 2.1%, the modest increase in hours worked is one early indicator of a rebound.

But we mustn't get complacent.

The next quarter coming into the end of the year is a crucial period. Cooling inflation figures equate to a contracting economy, meaning discretionary spending for Aussie households may not be as robust this season as in previous years. With the festive period approaching, SMEs need a revenue boost, but the cost-of-living crisis is far from over, and it won't be anytime soon if we don't address the core issue at hand.

We've reported time and time again that the wage-cost spiral is battering Australia's small businesses. Australia is on the precipice of a recession. If left unchecked, the impact of unsustainable wage growth will force droves of businesses into insolvency.

So what's the current state of play?

The Median hourly wage sits at \$42.20 – an annual increase of 3.8% and a monthly rise of 0.4%. These wage gains are larger in sectors such as Construction & Trade, where median hourly rates have climbed annually by 8.4%. In comparison, the Science & Technology sectors experienced slower growth, signalling a rebalancing across historically volatile industrial sectors.

Foreword

Across employment types, casual wages continued to grow, increasing by 0.5% monthly, and 3.4% quarterly, with full-time annual wage growth notably decreasing by 0.9% since August. As we've previously reported, this trend can be attributed to employers seeking flexibility in their workforce, opting to employ casuals over permanent staff, and dialling resources up or down in line with budgets.

Businesses appear to be restructuring rather than expanding, with overall full-time employee growth steady at 4.8% annually, while part-time employees grew at a slower rate at 4.0% annually, dipping monthly by 0.3% in September. Comparatively, casual staff increased by 0.6% monthly and saw an increase of 8.8% annually.

It's unclear if this is due to new job creation or a hesitance to lay-off staff.

Productivity, measured by hours worked, saw modest increases of 2.2% monthly and 1.3% annually, however, compared to increasing wages, the cost-to-output ratio remains a concern.

Regionally, employee growth varied, with NSW seeing a jump from 2.5% in August to 3.6% in September. As the holiday season nears, the Retail, Hospitality & Tourism sector showed slight growth, from -0.3% in August to 0.6% in September, signalling gradual recovery in a sector hit hard by economic volatility.

We believe that every job matters. Jobs provide confidence, security, self-sufficiency, and opportunity – and we're working to ensure every possible job that could be created, is created. But that's not possible without accurate data, representative of the SMEs that are the backbone of our economy, the employment marketplace and our community.

Employment Hero remains committed to delivering transparent, aggregated real-time data to help Australia's SME community and workforce navigate the challenges of a rapidly evolving economy.



Ben Thompson,
CEO and Co-Founder
Employment Hero



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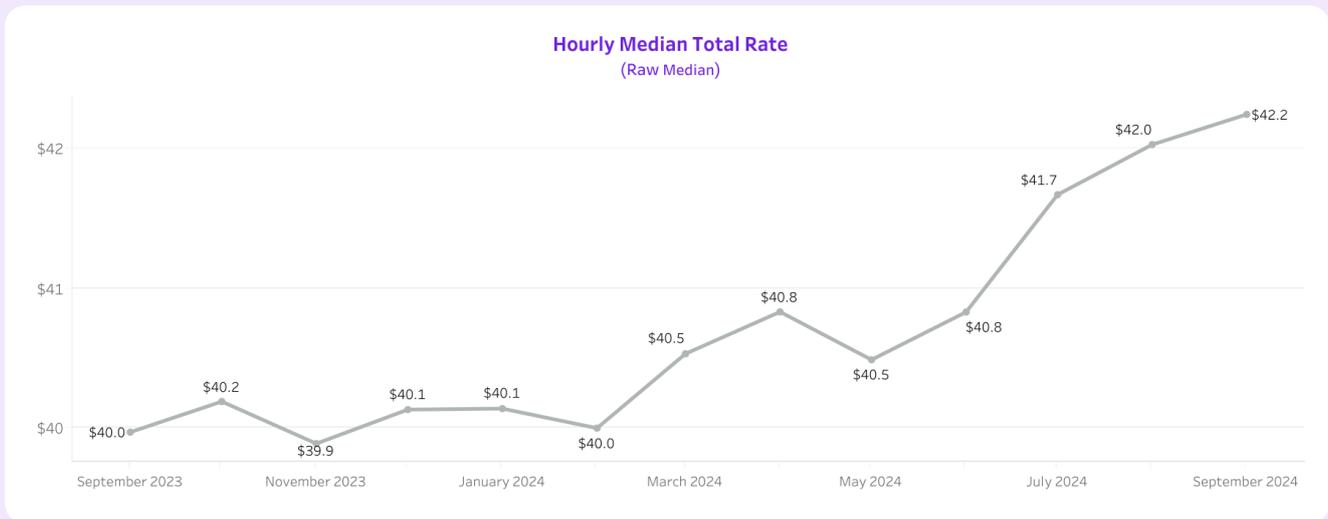
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Median Hourly Wages



Monthly Change

vs. Aug 2024

+0.4%

Quarterly Change

vs. Jun 2024

+3.1%

Annual Change

vs. Sep 2023

+3.8%



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.

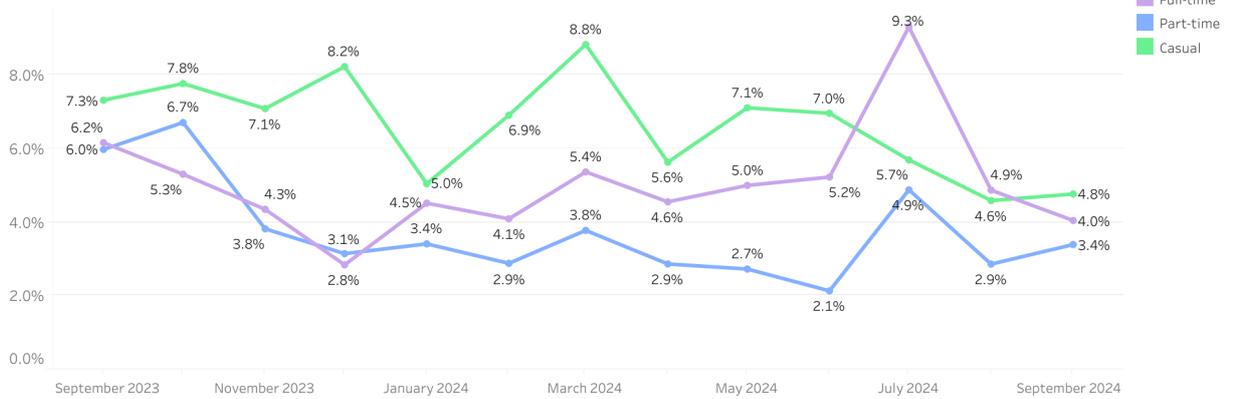
Month-on-month, the % change since Aug 2024 is +0.4% across our dataset, while the annual change since Sep 2023 is +3.8%. Additionally, the median hourly rate for Sep 2024 is currently at a peak of \$42.20, the highest monthly rate for the past 12 months.

Median Hourly Wages (Breakdowns)

Employment Type Breakdown

YoY Change in Median Wages by Employment Type

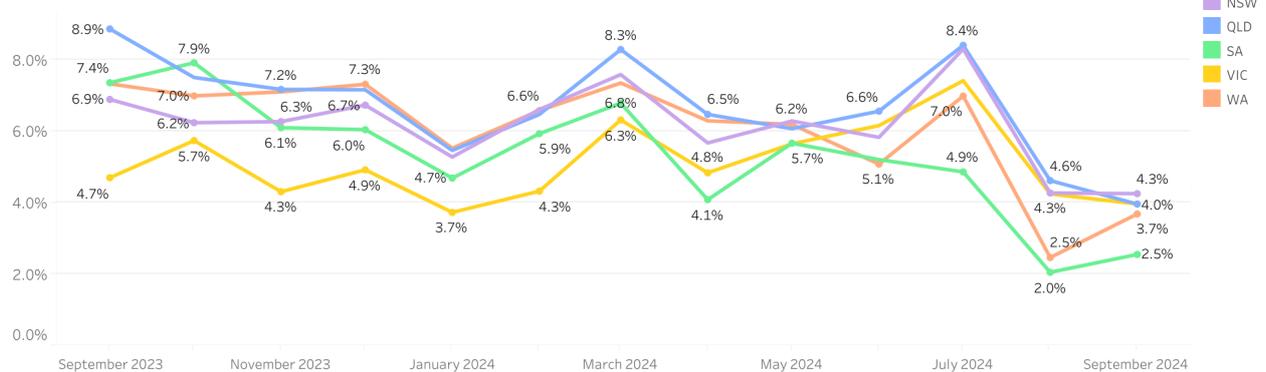
Selected Employment Type: Full-time, Part-time, Casual



State Breakdown

YoY Change in Median Wages by State / Territory

Selected State: NSW, QLD, SA and 2 more



Employment Type Breakdown

While Part-time and Casual employees saw slight increases in Median Hourly Wages YoY % growth from August 2024 to September 2024, Full-time employees saw a decrease from 4.9% in August 2024 to 4.0% in September 2024.

State Breakdown

While most states saw minimal changes in Median Hourly Wages YoY % growth from August 2024 to September 2024, QLD saw a decrease in YoY % growth from 4.6% in August 2024 to 4.0% in September 2024, while WA saw an increase from 2.5% in August 2024 to 3.7% in September 2024.

Median Hourly Wages (Breakdowns)

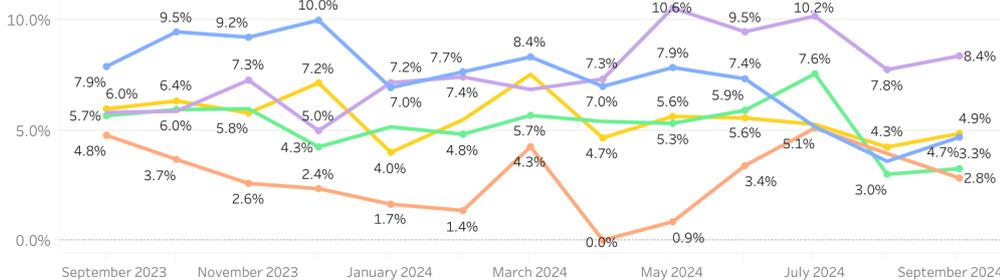
Industry Breakdown



YoY Change in Median Wages by Selected Industry

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

- 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**

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



Industry Breakdown

While most industries saw slight increases in Median Hourly Wages YoY % growth from August 2024 to September 2024, the Science & Technology industry saw the largest rate of decrease from 4.0% in August 2024 to 2.8% in September 2024.

Age Breakdown

The YoY % Change in Median Hourly Wages YoY % from August 2024 to September 2024 was varied among age groups, but for employees aged 55+, they saw an increase in Median Hourly Wages YoY % growth from 3.8% in August 2024 to 4.5% in September 2024.

Median Hourly Wages (Breakdowns)

Employment Type



% Change	Full-Time	Part-Time	Casual
Median Hourly Rate	\$50.80	\$36.50	\$37.80
Monthly	0.4%	0.7%	0.5%
Quarterly	1.0%	2.8%	3.4%
Annual	4.0%	3.4%	4.8%

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Median Hourly Rate	\$44.30	\$43.60	\$41.30	\$42.20	\$39.70	\$36.50	\$41.80	\$41.50
Monthly	1.4%	0.3%	-3.3%	0.3%	0.8%	0.6%	0.3%	1.4%
Quarterly	3.1%	2.2%	3.0%	3.8%	3.6%	0.8%	2.6%	3.1%
Annual	8.4%	4.2%	1.5%	4.0%	2.6%	1.1%	4.0%	3.7%

Median Hourly Wages (Breakdowns)

Industry Breakdown



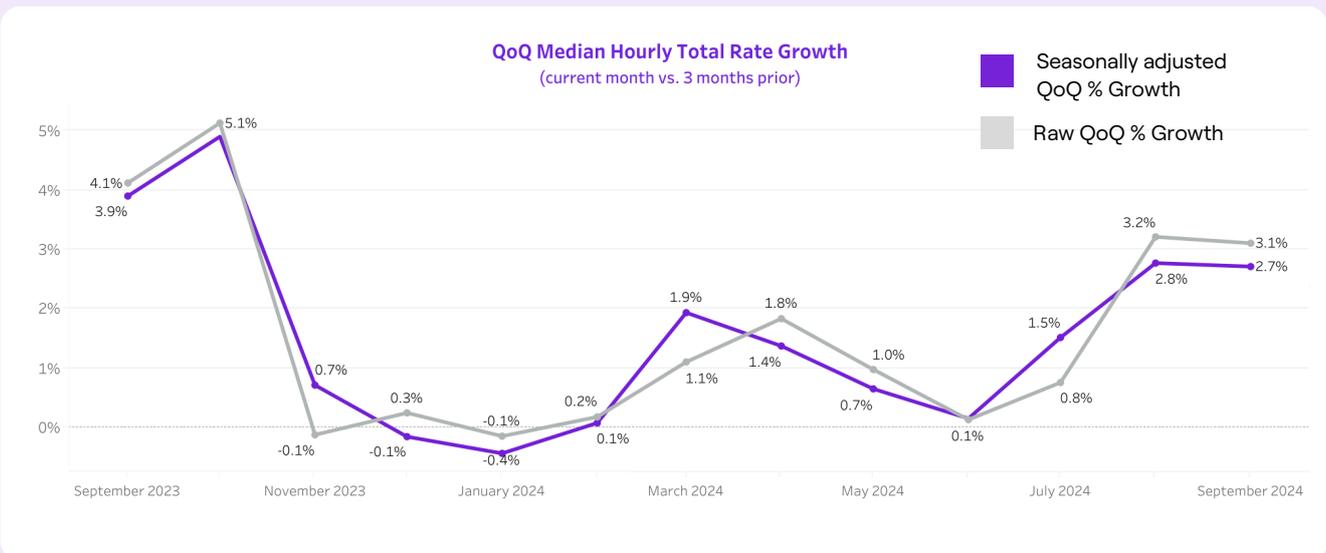
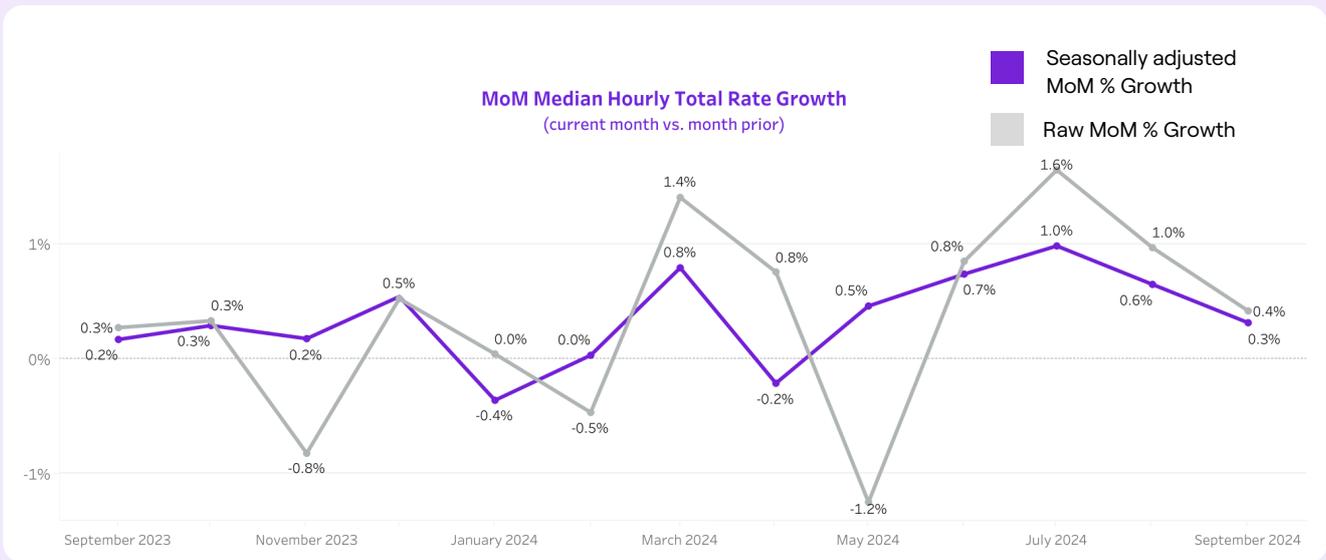
% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Median Hourly Rate	\$50.60	\$46.90	\$41.00	\$34.90	\$60.70
Monthly	0.8%	0.8%	0.5%	0.5%	3.1%
Quarterly	2.2%	2.9%	1.3%	2.8%	0.8%
Annual	8.4%	4.7%	3.3%	4.9%	2.8%

Age Breakdown



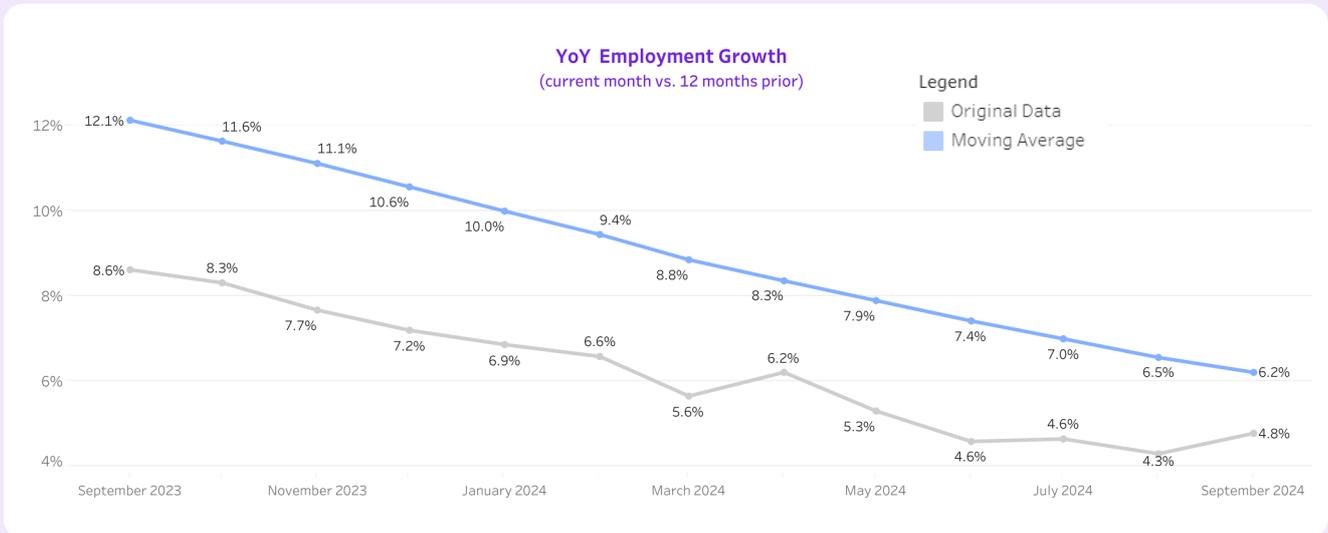
% Change	14-17 year olds	18-24 year olds	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
Median Hourly Rate	\$19.50	\$34.60	\$42.00	\$50.70	\$50.50	\$44.80
Monthly	0.1%	0.4%	0.4%	0.4%	0.6%	1.0%
Quarterly	2.4%	3.1%	2.9%	1.6%	2.0%	3.3%
Annual	4.8%	4.6%	2.9%	3.5%	4.7%	4.5%

Raw vs. Seasonally Adjusted Median Hourly Wages



The seasonally adjusted MoM % growth of Median Hourly Wages in September 2024 is 0.3%, while the seasonally adjusted QoQ % growth in September 2024 is 2.7%, which are at slightly lower than the raw % growth numbers, thereby showing a minimal impact of seasonality on Median Hourly Wages.

Average Employee Growth



Monthly % Change	Quarterly % Change	Annual % Change
vs. Aug 2024	vs. Jun 2024	vs. Sep 2023
+0.6%	+1.5%	+4.8%

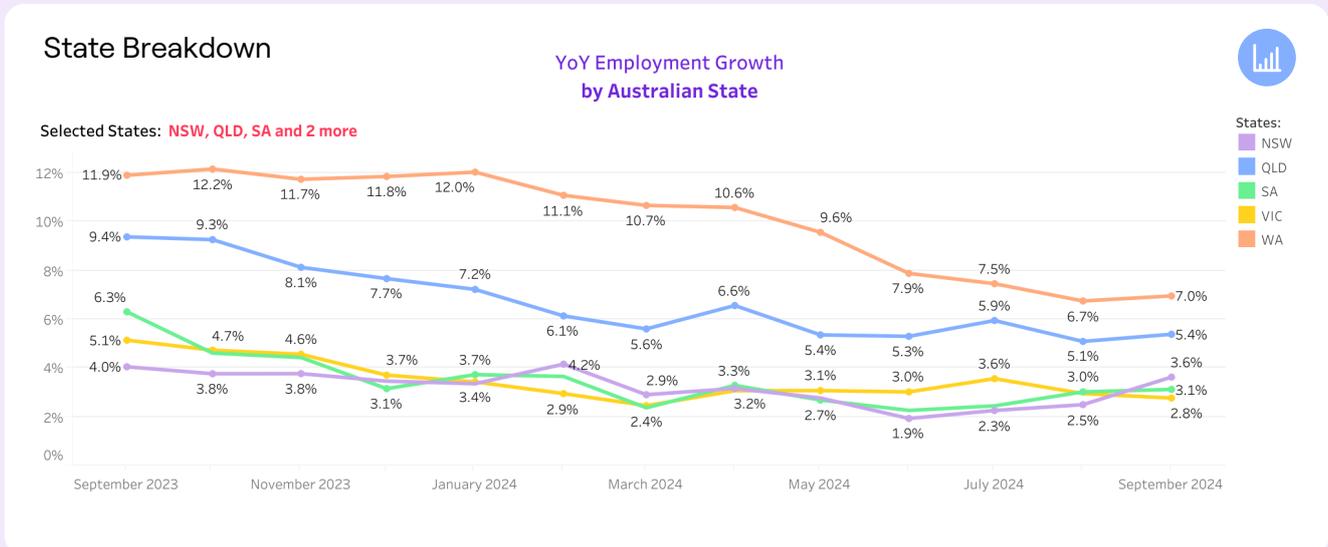
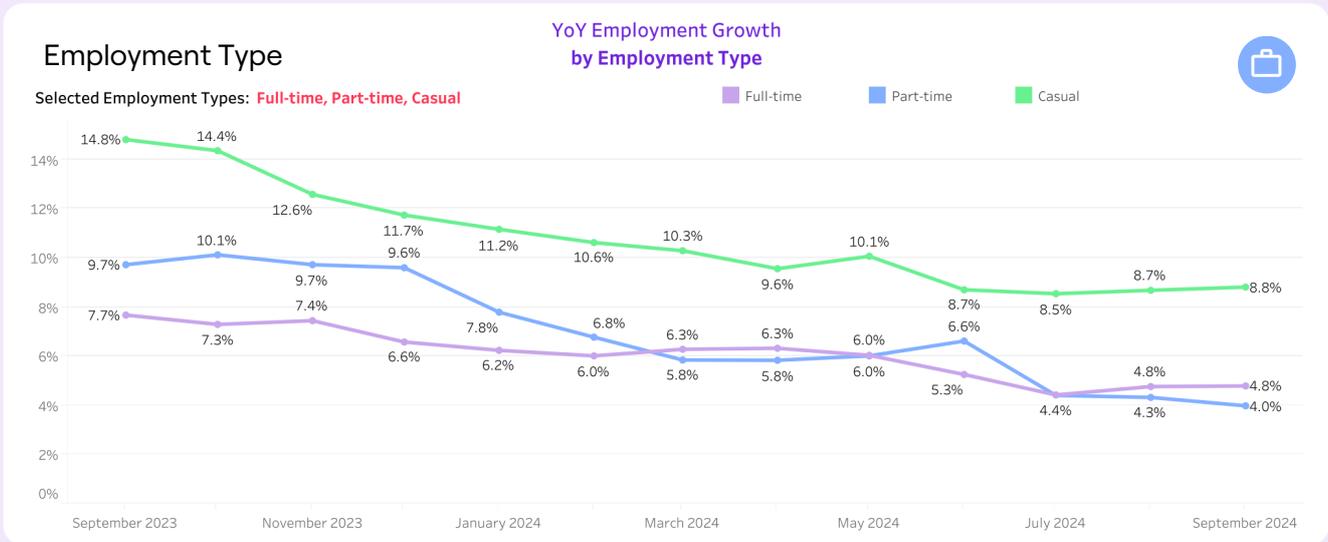


Why this metric matters

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.

Despite the overall average employment growth trending downwards in the past 12 months, Sep 2024 shows a moderate YoY % Employment Growth of 4.8%.

Average Employee YoY % Growth (Breakdowns)



Employment Type Breakdown

On a YoY % growth basis for Average Employment Growth, Full-time employees saw the same rate of growth in September 2024 of 4.8%. However, Part-time employees saw a YoY % decrease in Average Employment Growth from 4.3% in August 2024 to 4.0% in September 2024

State Breakdown

On a YoY % growth basis for Average Employment Growth, most states are seeing a slight growth from August 2024 to September 2024. NSW is seeing the largest increase from 2.5% in August 2024 to 3.6% in September 2024.

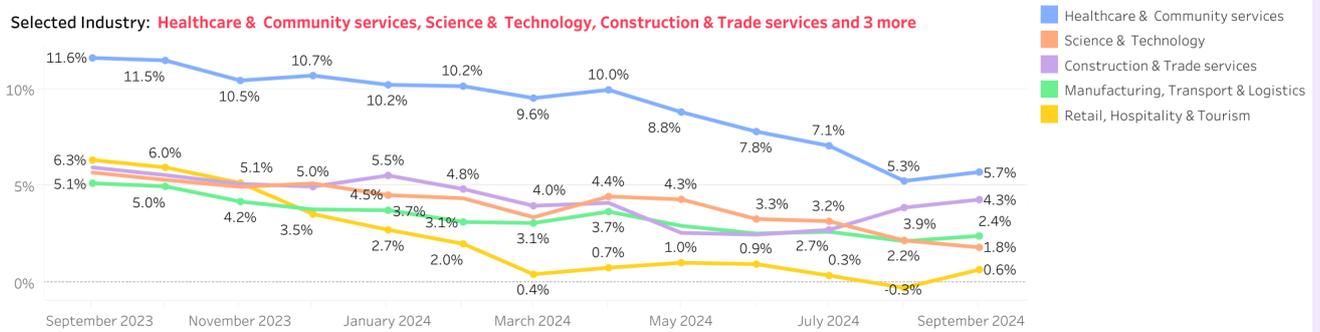
Average Employee YoY % Growth (Breakdowns)

Industry Breakdown



YoY Employment Growth by Selected Industry

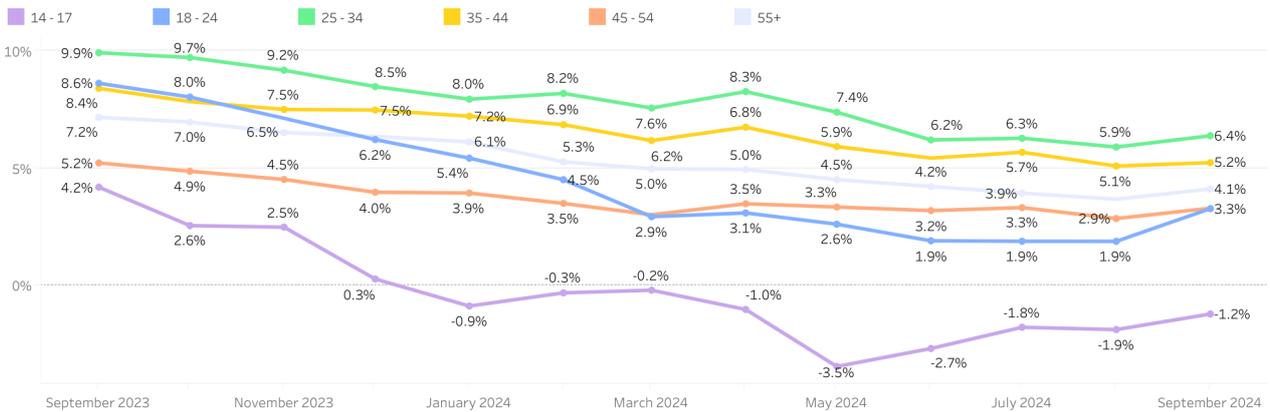
Selected Industry: Healthcare & Community services, Science & Technology, Construction & Trade services and 3 more



Age Breakdown



YoY Employment Growth by Age Group



Industry Breakdown

From August 2024 to September 2024, most industries saw a slight increase in YoY % Average Employment Growth, with the Retail, Hospitality & Tourism industry seeing the largest growth from -0.3% in August 2024 to 0.6% in September 2024. The Science & Technology industry saw a slight decrease in YoY % Average Employment Growth from 2.2% in August 2024 to 1.8% in September 2024.

Age Breakdown

Most age groups saw slight increases in the YoY % Average Employment Growth, with those aged 18-24 seeing the largest increase from 1.9% in August 2024 to 3.3% in September 2024.

Average Employee Growth (Breakdowns)

Employment Type



% Change	Full-Time	Part-Time	Casual
Monthly	-0.2%	-0.3%	0.6%
Quarterly	1.2%	-0.5%	1.0%
Annual	4.8%	4.0%	8.8%

State Breakdown



% Change	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Monthly	-0.2%	0.7%	-3.0%	0.5%	0.7%	0.1%	0.0%	0.2%
Quarterly	0.3%	1.4%	-1.4%	1.6%	2.0%	-2.0%	0.2%	0.7%
Annual	0.0%	3.6%	2.6%	5.4%	3.1%	-5.8%	2.8%	7.0%

Industry Breakdown



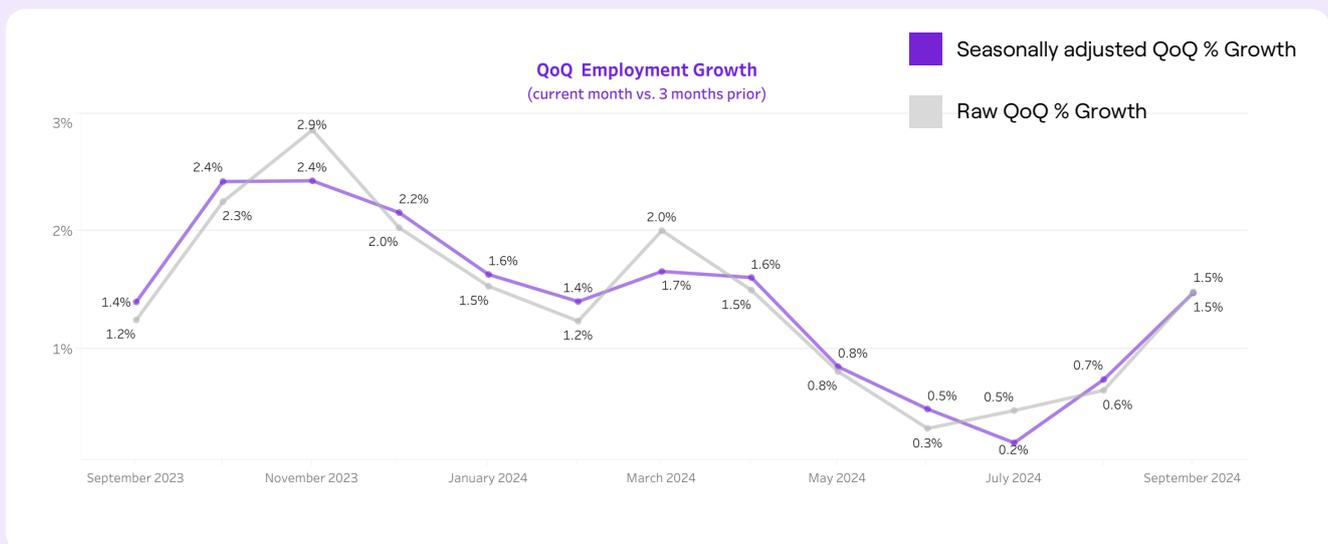
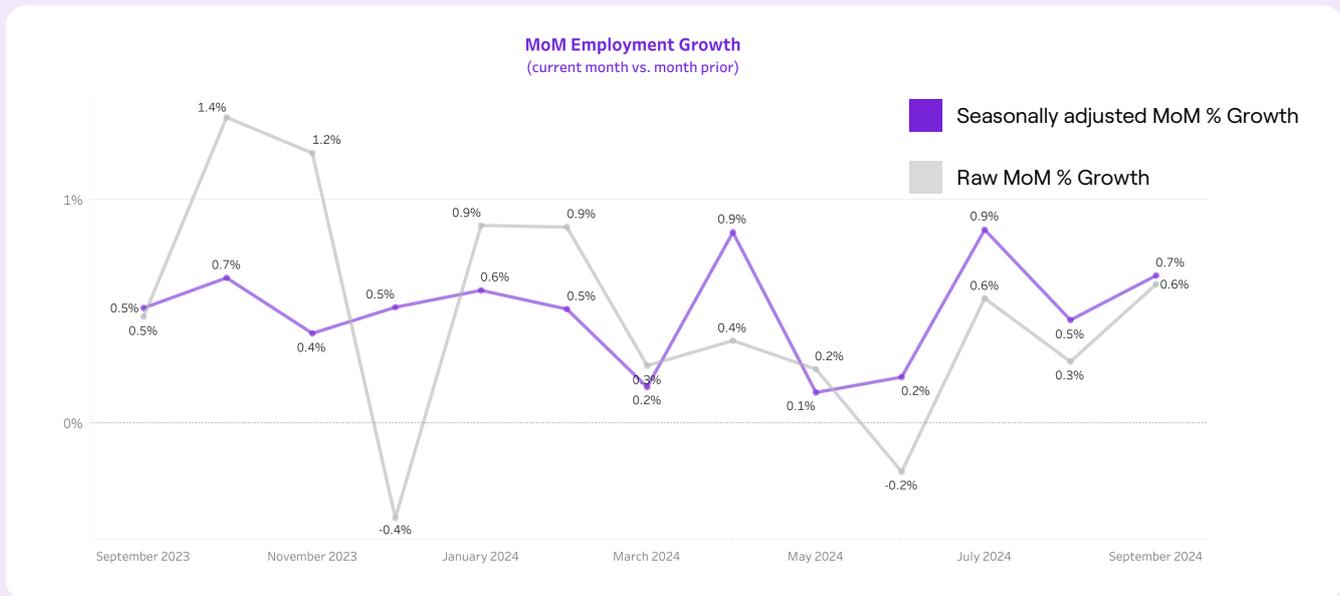
% Change	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Monthly	-0.7%	0.8%	0.4%	1.1%	-0.3%
Quarterly	2.2%	0.3%	1.2%	1.3%	-0.5%
Annual	4.3%	5.7%	2.4%	0.6%	1.8%

Age Breakdown



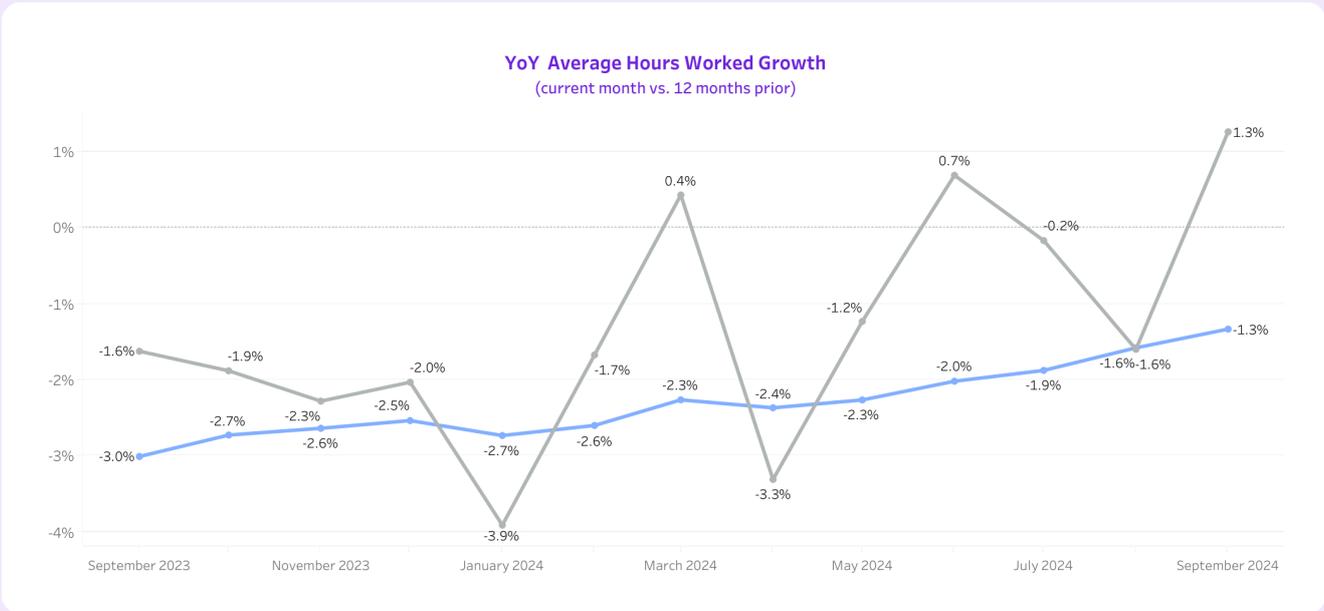
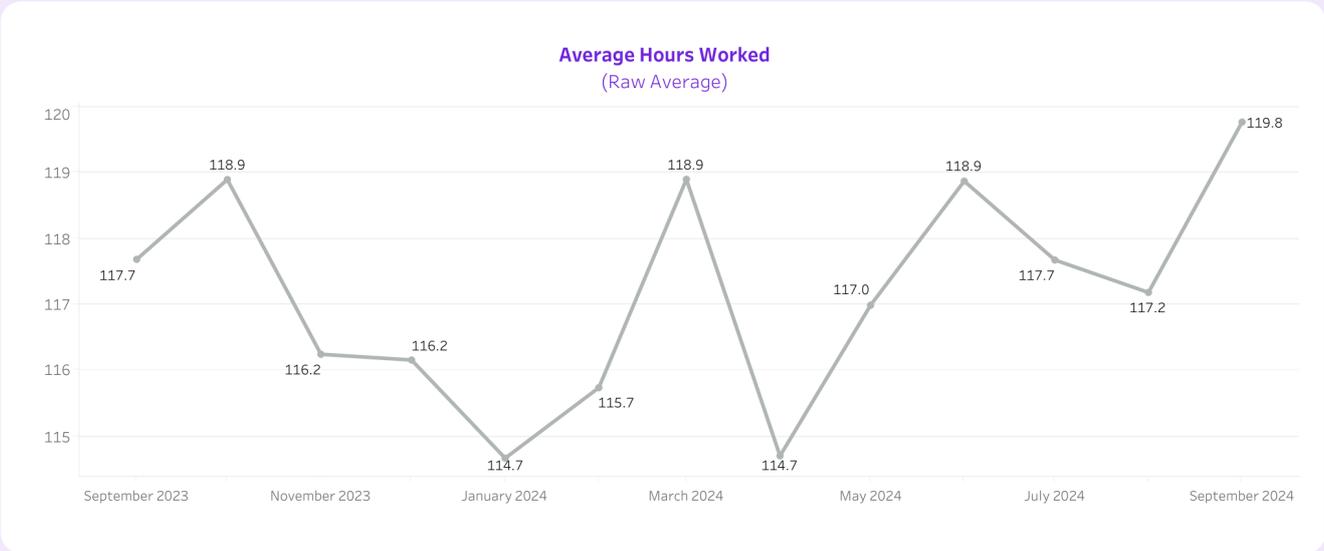
% Change	14-17 year olds	18-24 year olds	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
Monthly	1.6%	0.7%	0.5%	0.3%	0.3%	0.4%
Quarterly	3.1%	1.0%	1.2%	1.4%	0.9%	1.0%
Annual	-1.2%	3.3%	6.4%	5.2%	3.3%	4.1%

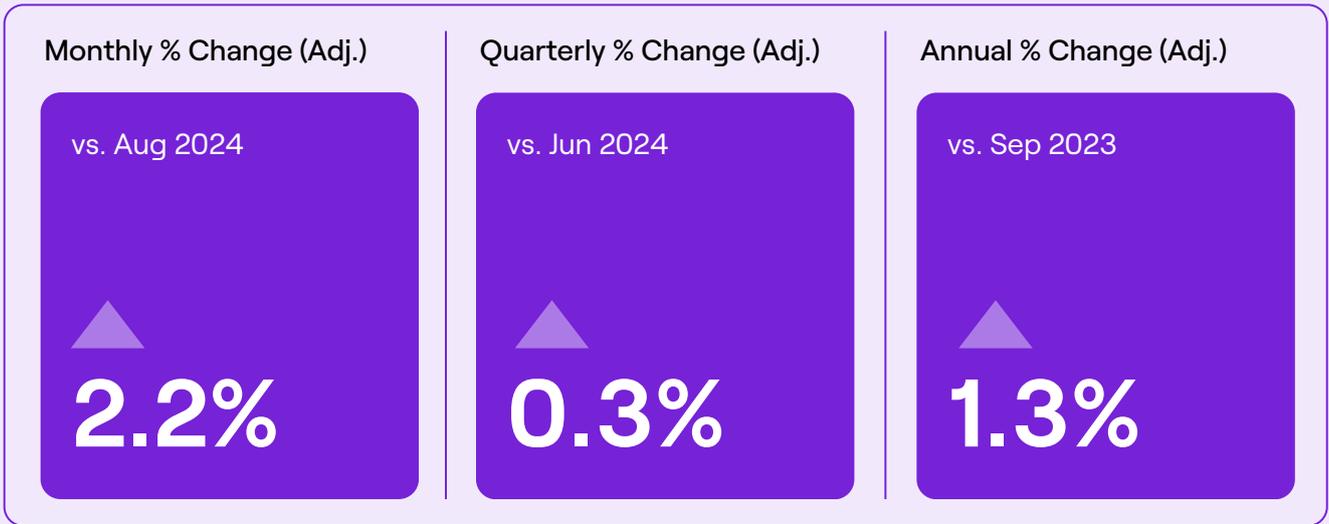
Raw vs. Seasonally Adjusted Average Employment Growth



The seasonally adjusted MoM % growth of Average Employment Growth in September 2024 is 0.7%, while the seasonally adjusted QoQ % growth in September 2024 is 1.5%, which are close to or the same as the raw % growth numbers, thereby showing a minimal impact of seasonality on Average Employment Growth.

Average Hours Worked





Why this metric matters

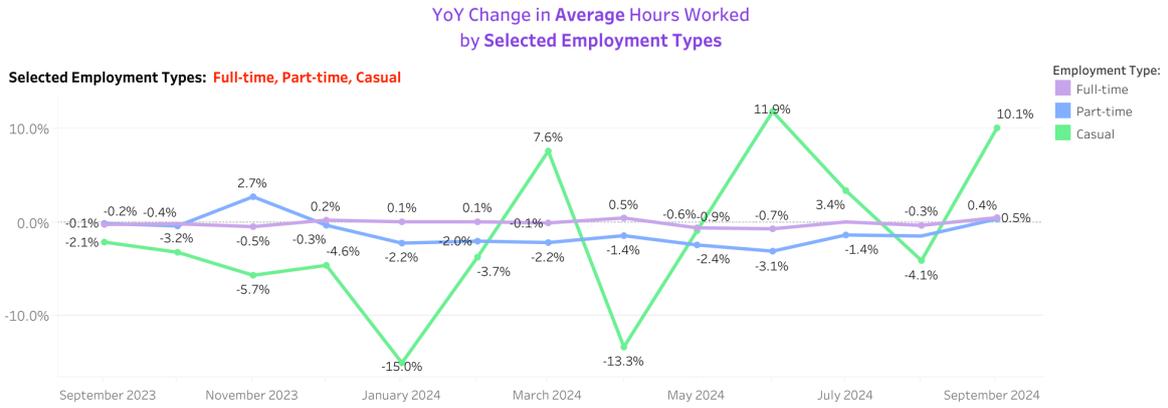
The average hours worked metric measures the raw average hours worked of both Employment Hero HR and Payroll users and the % adjusted change overtime for the preceding 12 months (please see methodology section for more details on the adjusted % change overtime). It is a key indicator of economic productivity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

Month-on-month, the adjusted % change of average hours worked has increased slightly by 2.2% versus Aug 2024, and has increased year-on-year by 1.3%.

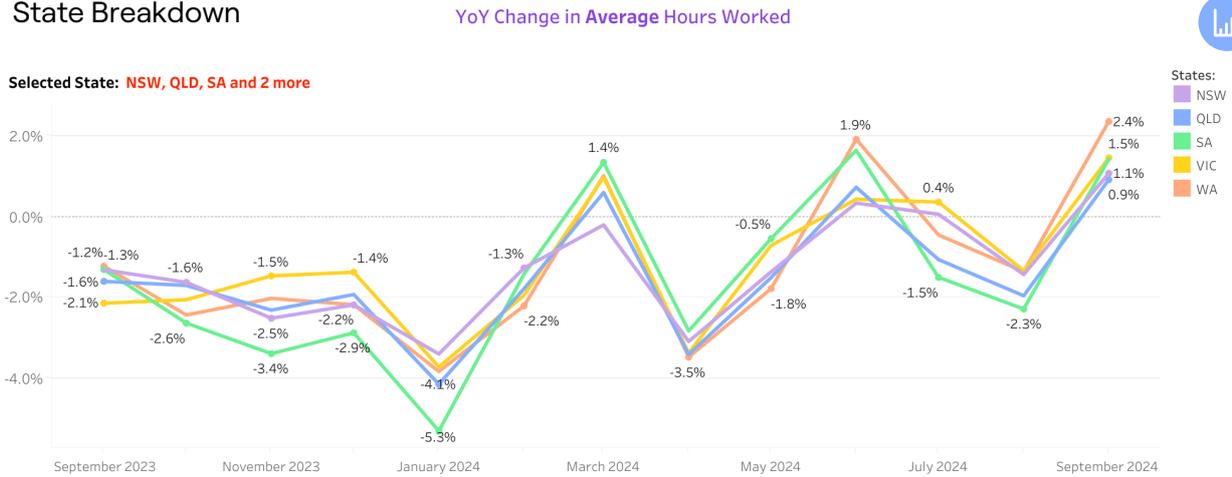
In contrast with the MoM increase in median hourly rate of +0.4%, Australians are working more hours for slightly more wages in Sep 2024.

Average Hours Worked YoY % Adjusted Growth (Breakdowns)

Employment Type



State Breakdown



Employment Type Breakdown

While Full-time and Part-time employees saw minimal changes in their YoY % change in average hours worked, Casual employees saw a significant increase from -4.1% in August 2024 to 10.1% in September 2024.

State Breakdown

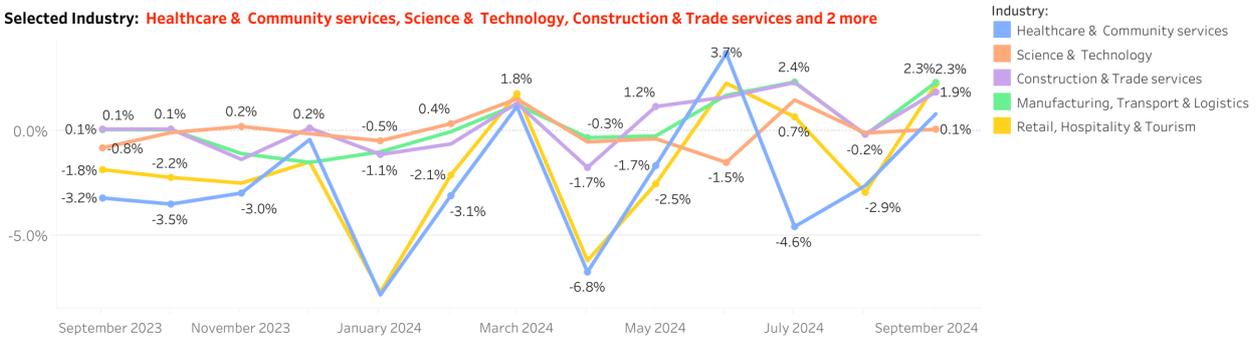
All states saw an increase in YoY % growth in average hours worked, with WA seeing the largest increase from -1.3% in August 2024 to 2.4% in September 2024.

Average Hours Worked YoY % Adjusted Growth (Breakdowns)

Industry Breakdown

YoY Change in Average Hours Worked by Selected Industry

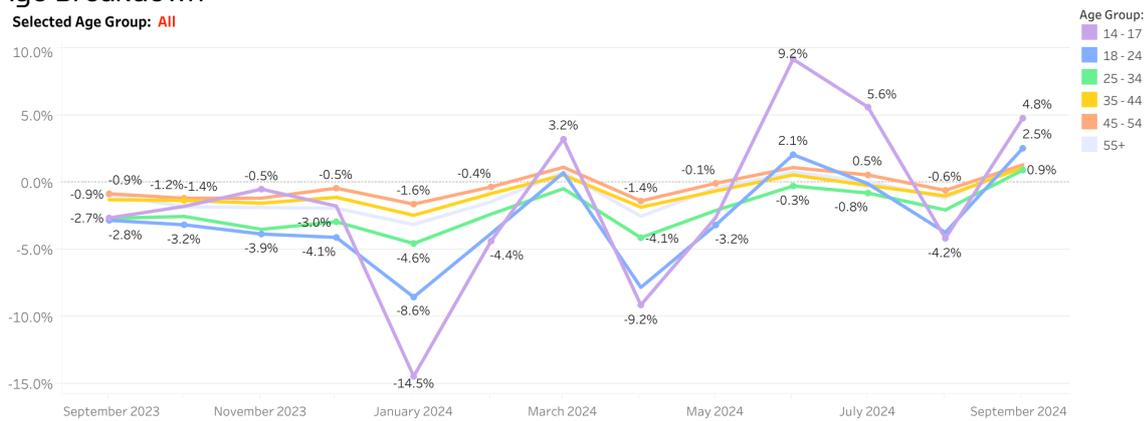
Selected Industry: Healthcare & Community services, Science & Technology, Construction & Trade services and 2 more



Age Breakdown

YoY Change in Average Hours Worked by Selected Age Groups

Selected Age Group: All



Industry Breakdown

All industries saw an increase in average hours worked, with the Healthcare & Community Services industry seeing the largest YoY % increase in average hours worked, from -2.6% in August 2024 to 0.8% in September 2024.

Age Breakdown

All age groups saw an increase in average hours worked, with those aged 14-17 seeing the largest increase in YoY % growth in average hours worked from -4.2% in August 2024 to 4.8% in September 2024.

Average Hours Worked (Breakdowns)

Job Type



% Change (Adj.)	Full-Time	Part-Time	Casual
Average Hours Worked	155.3	103.7	79.3
Monthly	0.1%	1.0%	13.3%
Quarterly	0.7%	2.1%	0.1%
Annual	0.5%	0.4%	10.1%

State Breakdown



% Change (Adj.)	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Average Hours Worked	112.1	122.8	117.3	121.4	115.3	111.2	118.3	116.7
Monthly	1.3%	1.7%	4.4%	2.5%	3.3%	4.2%	2.1%	2.8%
Quarterly	0.3%	0.7%	-0.8%	-0.6%	1.0%	0.8%	0.3%	0.2%
Annual	3.0%	1.1%	0.3%	0.9%	1.4%	0.1%	1.5%	2.4%

Industry Breakdown



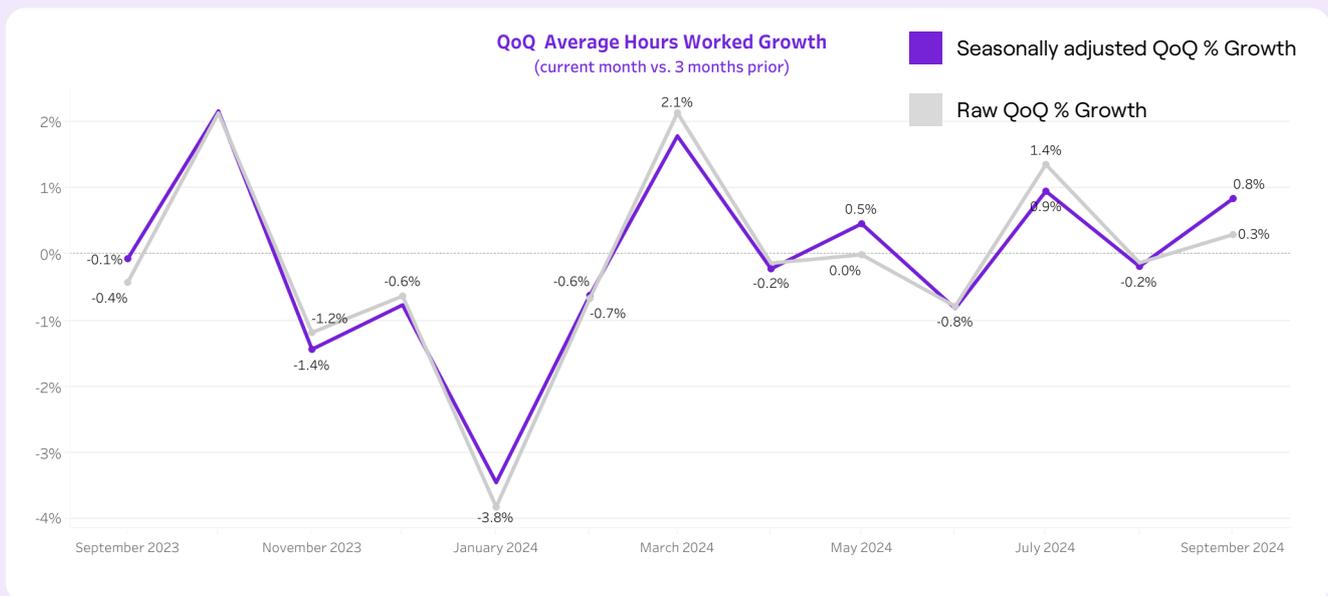
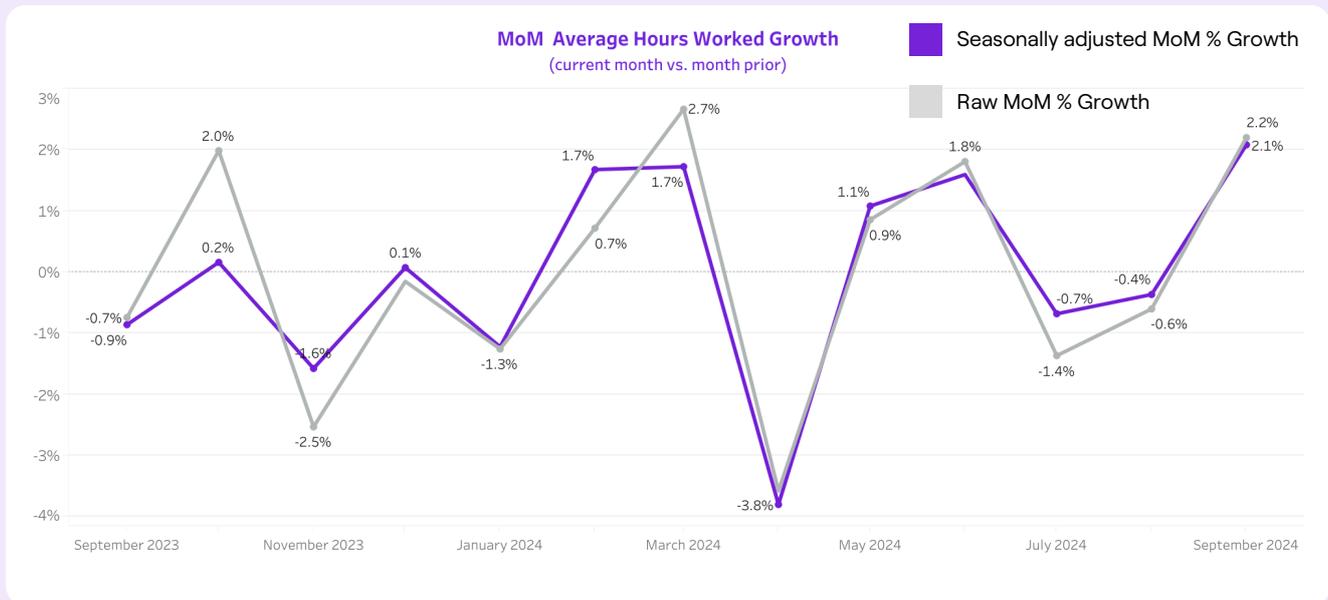
% Change (Adj.)	Construction & Trade Services	Healthcare & Community Services	Manufacturing, Transport & Logistics	Retail, Hospitality & Tourism	Science & Technology
Average Hours Worked	143.5	98.8	140.8	105.9	143.5
Monthly	1.6%	3.5%	1.0%	4.2%	0.3%
Quarterly	0.3%	-2.4%	0.2%	0.0%	1.2%
Annual	1.9%	0.8%	2.3%	2.3%	0.1%

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	43.2	96.4	125.0	129.0	128.9	117.1
Monthly	10.0%	5.2%	2.3%	1.5%	1.5%	1.8%
Quarterly	-1.9%	-0.4%	0.3%	0.3%	0.5%	0.4%
Annual	4.8%	2.5%	0.9%	1.1%	1.3%	1.2%

Raw vs. Seasonally Adjusted Average Hours Worked



The seasonally adjusted MoM % and QoQ % growth of Average Hours Worked in September 2024 is 2.1% and 0.8% respectively. While seasonally adjusted MoM % growth figures are close to the raw % growth figures, the seasonally adjusted QoQ % growth numbers of 0.8% are higher than the raw growth of 0.3% in September 2024.

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.