



AHRI Quarterly Australian Work Outlook

A forward view of the
Australian labour market.

**DECEMBER
QUARTER
2024**

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AHRI's Quarterly Australian Work Outlook report

AHRI's Quarterly Australian Work Outlook – a quarterly report monitoring the state of the Australian labour market – offers a forward view of the work environment facing HR professionals and business leaders.

I am pleased to introduce the findings from AHRI's *Quarterly Australian Work Outlook* for the December quarter of 2024, a comprehensive survey of 600+ senior HR professionals and decision-makers across private, public and not-for-profit organisations in all Australian states and territories.

This report serves as a valuable resource for HR professionals, executives, board members and government departments, as it offers essential insights into recruitment and redundancy intentions, employee turnover rates and pay expectations.

The latest *Quarterly Australian Work Outlook* report paints a mixed picture, with some labour market indicators softening significantly over the past three months, most notably pay growth and recruitment difficulties. At the same time, the survey results suggest that the recent pattern of strong employment growth looks set to continue in the short-term.

The report shows that net employment intentions, which measures the overall effect of recruitment and redundancy activity, has risen to +44 in the December 2024 quarter from the +41 recorded in the September 2024 quarter. This is the second-highest figure recorded by this survey, which is partly explained by strong recruitment intentions among public sector employers (Figure 1).

As in previous *Quarterly Australian Work Outlook* reports, AHRI's net employment intentions measure continues to reflect Australian Bureau of Statistics (ABS) employment trends.

The latest official labour market statistics show a net increase in total Australian employment of 148,000 in the three months to September 2024¹. In line with the strong demand for labour, overall employee turnover remains high.

At the same time, some other key indicators have cooled significantly. In particular, the proportion of organisations reporting recruitment difficulties has fallen to 30% in the December 2024 quarter from 39% in the September 2024 quarter. This relatively sharp fall represents an acceleration in the gradual easing of recruitment difficulties (Figure 4) seen over the past year. Recruitment difficulties have proved to be a real headache for HR practitioners in recent years due to acute recruitment pressures and the negative impact high vacancies have on existing employees' workloads (see Figure 10).

As one might expect, the easing of recruitment difficulties has led to a moderation in wage pressures since the last report. Employers reported that the mean basic pay increase in their organisations (excluding bonuses) is expected to be 2.7% for the 12 months to October 2025, down from 3.8% for the 12 months to July 2025. The increase in wage expectations is higher in the public sector (3.3%) than in the private sector (2.5%). The data adds to further evidence that the surge in wage growth over the past couple of years may have peaked. It may also help ease concerns around the divergence between low productivity and relatively strong wage growth.

The share of organisations planning redundancies in the September quarter has fallen marginally to 25%, down from 27%. However, the trend line remains broadly upwards (see Figure 3).

*1. Labour Force, Australia, September 2024 | Australian Bureau of Statistics (abs.gov.au)
<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>*



At a glance:

With CPI inflation at 2.8% for the year ending in September, **many employers are unlikely to provide pay increases that match inflation.**

Taken together, these factors could represent significant engagement challenges for managers and HR practitioners as we head into 2025. With CPI inflation at 2.8% in the 12 months to September, many employers will not be offering inflation-matching pay increases to workers who are struggling to cope with rising living costs (See Figure 10). This could represent an engagement challenge for line managers and HR practitioners. Engagement challenges may be compounded among the many organisations that are reorganising their workplaces for future challenges including digitisation, automation and AI.

Each *Quarterly Australian Work Outlook* examines one or more topical issues. In this quarter, we focused on employee absence as well as the related issue of psychosocial hazards.

The research indicates that organisations are seeing an overall increase in the number of claims or complaints related to psychosocial hazards. While the reasons for the increase are fairly broad-based, the three most frequent factors are:

1. job demands
2. conflict or poor workplace relationships and interactions
3. remote or isolated work.

Interestingly, what binds these issues together is that they are highly dependent on the effectiveness of people management. Yet, just 28% of employers say that they invest in leadership and management capability to improve psychosocial health in their organisation, according to the survey data in this report.

The capability and actions of all those involved in people management, in particular HR and line managers, are therefore significant for the psychosocial health risks of individuals and also the financial and productivity outcomes for organisations.

One study, likely to be an under-estimate given that it was published around a decade ago, estimated that the productivity loss of poor psychological health in Australian workplaces through factors such as absenteeism, reduced work performance and increased turnover rates was \$11-12 billion year (Harvey et al., 2014)². In addition, the losses stemming from psychosocial hazards may be compounded by the rising number of compensation claims or complaints reported by employers in this survey.

Meanwhile, the average Australian worker took six days off in the 12 months to June 2024, which is unchanged from the corresponding *Quarterly Australian Work Outlook* report in 2023. At the same time, the most common causes of absence are home responsibilities, minor illnesses, long-term health conditions and stress. Since 2023, stress has replaced COVID-19 as one of the top four causes of absence. The data also reveals employees' significant stressors. Also consistent with 2023, employers perceive cost-of-living pressures, excessive workloads and work-life balance as the key causes of stress in Australian workplaces.

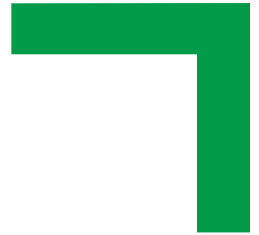
Collectively, the data reinforces the case for continued investment in line management capability. In partnership with HR practitioners, managerial support and expertise will be critical to engaging, motivating and retaining staff through a harmonious and productive workplace.

I look forward to engaging further with our members on the findings of this quarter's report and its implications for HR and our workplaces.

Sarah McCann-Bartlett
CEO, Australian HR Institute

AHRI welcomes feedback on this report, and ideas and suggestions for how the quarterly series might be developed. These should be sent to: research@ahri.com.au

2. Harvey, S. et al. (2014), *Developing a Mentally Healthy Workplace: A Review of the Literature*, University of New South Wales, Sydney.



Summary of key findings

1

The *AHRI Net Employment Intentions Index*, which measures the difference between the proportion of employers who expect to increase staff levels and those who expect to decrease staff levels rose to +44 in the December quarter of 2024. This represents the second highest figure for net employment intentions since the survey began in the June quarter of 2023.

2

47% of organisations intend to increase staff levels in the December 2024 quarter, compared with just 3% that anticipate reducing the size of their workforce over the same period.

3

67% of organisations plan to hire staff in the current quarter, on par with the September 2024 quarter (68%).

4

A quarter (25%) of employers plan to make redundancies this quarter, a slight decrease from 27% in the September quarter.

5

The share of organisations experiencing recruitment difficulties has fallen to 30% in the December quarter from 39% in the September quarter.

6

The 12-month average employee turnover to the end of June 2024 was 16%, showing only a slight increase from the previous quarterly report of 15%.

7

Employers reported that the mean basic pay increase in their organisation (excluding bonuses) is expected to be 2.7% for the 12 months to October 2025, down from 3.8% for the 12 months to July 2025. This is the lowest figure for wage intentions recorded in any of our four Quarterly Australian Work Outlook surveys published this year.

8

Unscheduled workplace absences averaged six working days per employee per year in the 12 months to June 2024.

9

The four most common causes of unscheduled absence are home responsibilities (75%), minor illnesses (73%), long-term health conditions (56%) and stress (50%).

10

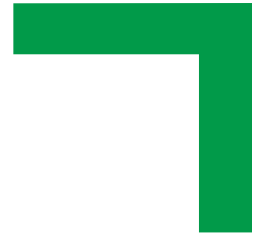
The biggest drivers of employee stress are cost-of-living pressures (42%), excessive workload (32%) and poor work-life balance (28%).

11

The proportion of employers who report that the number of claims or complaints related to psychosocial hazards in their organisation has increased (38%) in the 12 months to September 2024, compared with the preceding year, and is much higher than the share of organisations who say that it has decreased (13%).

12

The most common causes of psychosocial complaints or claims in organisations are job demands (30%), conflict or poor workplace relations (23%), remote or isolated work (21%), lack of role clarity (21%) and inadequate reward and recognition (21%).



1. Employment outlook for the upcoming quarter

This quarter's survey indicates that the recent pattern of strong employment growth will continue in the December quarter.

AHRI's *Net Employment Intentions Index* for the December 2024 quarter, which measures the difference between the proportion of employers who expect to increase staff levels and those who expect to decrease staff levels, remains in strong positive territory.

The AHRI *Net Employment Intentions Index* for the December quarter of 2024 is +44, up from +41 in the previous quarter. Making up the Index, 47% of organisations are planning to increase employment levels compared with just 3% of organisations planning to reduce the size of their workforce over the same period. Employment growth intentions are stronger in the public sector (+57) than in the private sector (+40), which is consistent with recent trends and official data.

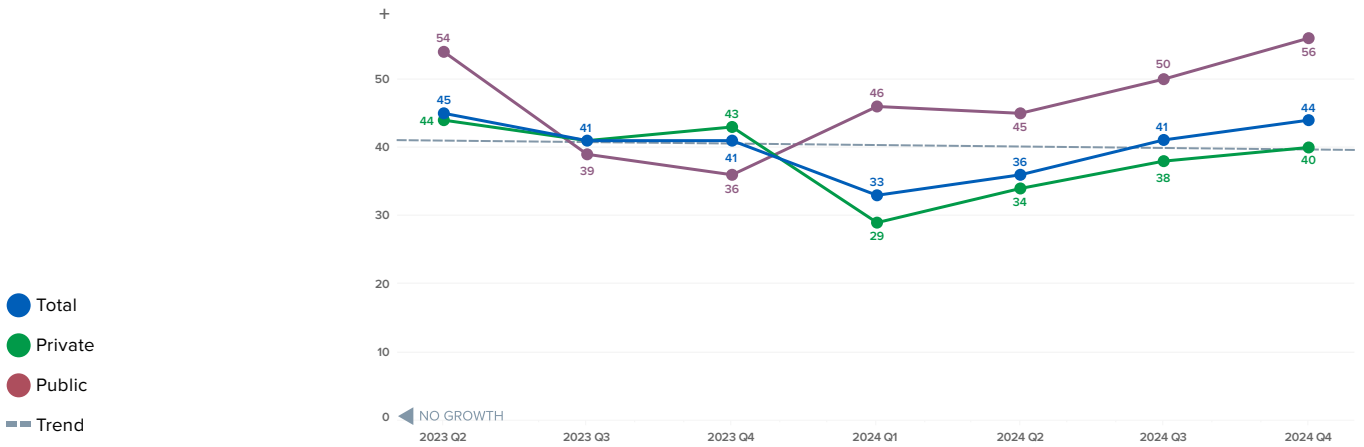
The AHRI *Net Employment Intentions Index* is calculated by taking the percentage of employers intending to increase staffing levels and subtracting the percentage of employers intending to decrease staffing levels:

- An index of +100 would mean that all organisations intend to increase staffing levels
- An index of -100 would mean that all organisations intend to decrease staffing levels
- A 0 index could mean that either all organisations expect no change in employment levels, or that 50% of employers intend to increase staffing levels while the other 50% intend to decrease staffing levels.

EMPLOYMENT OUTLOOK

The *AHRI Net Employment Intentions Index* can be used as a proxy for employers' projected demand for labour and provides an indicator of how the jobs market may fare in the current quarter.

Figure 1: AHRI Net Employment Intentions Index December quarter 2024



Base: December quarter 2024, all employers n=605 (private: n=468; public: n=116; not-for-profit: n=21)

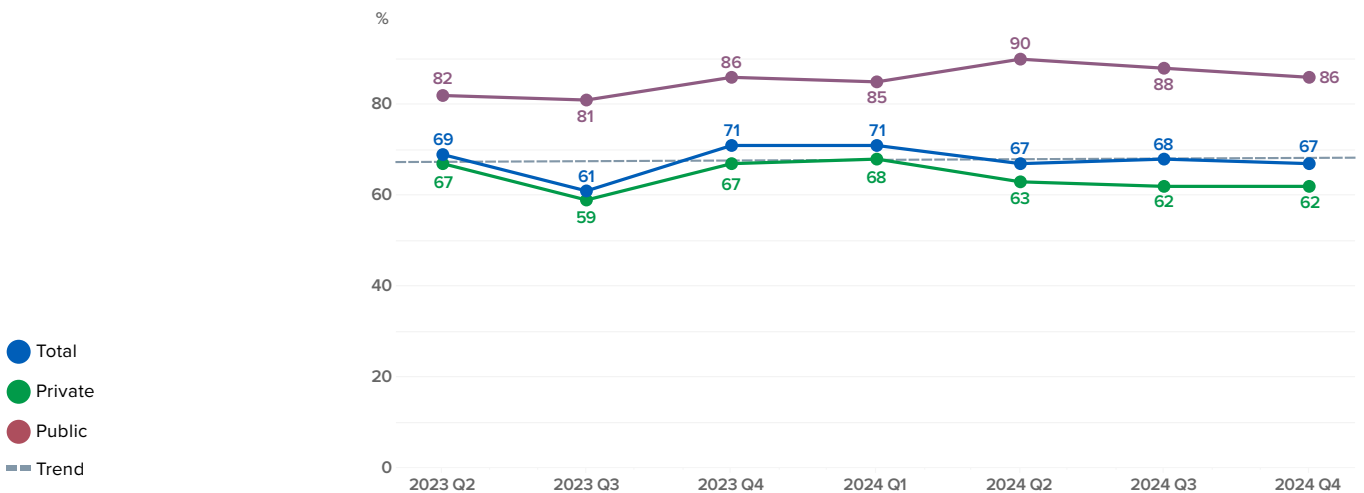
Recruitment intentions

December quarter 2024

AHRI asked respondents to share their recruitment intentions for the upcoming quarter.

In the December quarter of 2024, 67% of organisations plan to hire staff, which is broadly consistent with the recent quarters (Figure 2). Recruitment intentions are higher in the public sector (86%) than in the private sector (62%).

Figure 2: Recruitment intentions December quarter 2024



Base: December quarter 2024, all employers n=605 (private: n=468; public: n=116; not-for-profit: n=21)

Redundancy intentions edge down

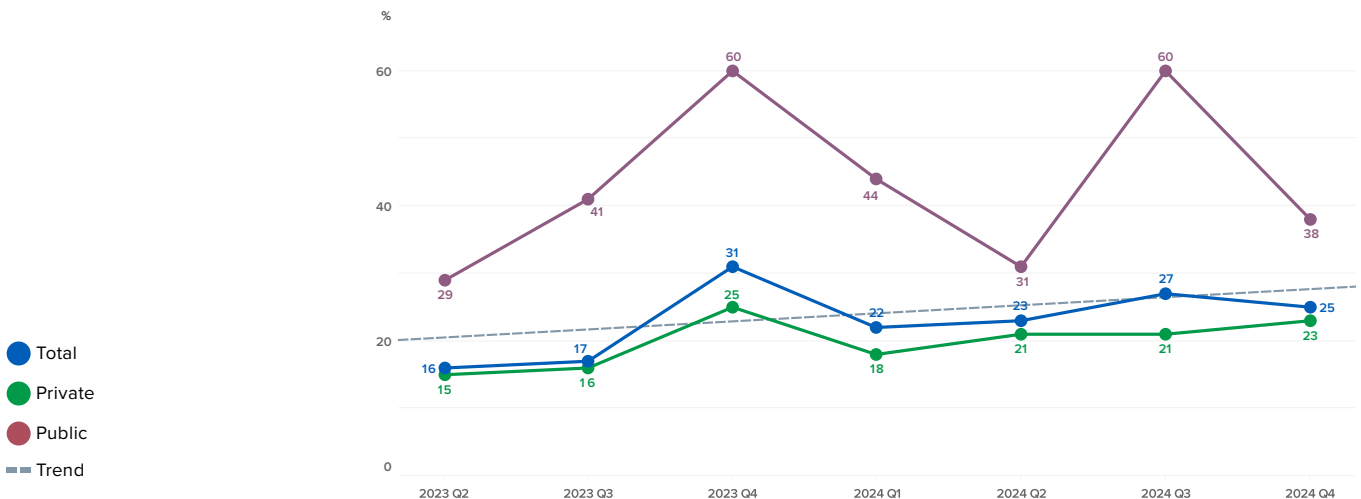
December quarter 2024

A quarter (25%) of employers expect to make workers redundant in the December 2024 quarter, which is modestly lower than in the September 2024 quarter (27%), but still above the survey’s historical average (23%).

Nearly two-fifths (38%) of public sector employers anticipate making job cuts in the December quarter, down from 60% in the September quarter. Redundancy intentions increased slightly in the private sector, up from 21% to 23%, during the same period.

In terms of size of organisation, redundancy intentions are highest among large organisations (200+ employees) and lowest among small employers (2-19 employees). In the December quarter of 2024, 37% of large organisations intend to make at least some workers redundant compared to 19% of small organisations.

Figure 3: Redundancy intentions December quarter 2024

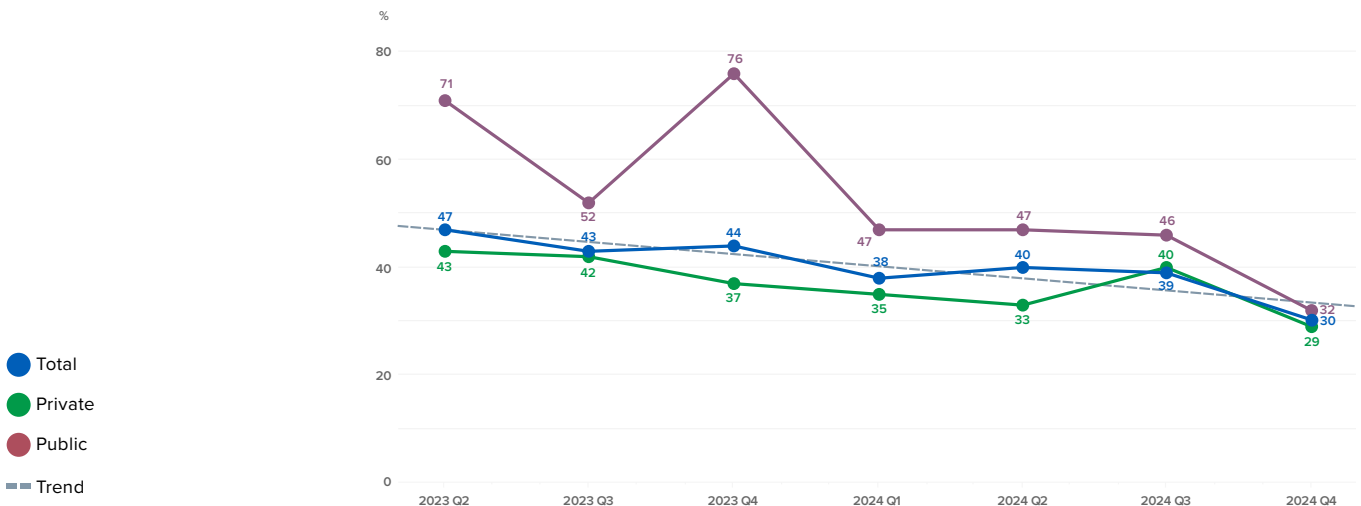


Base: December quarter 2024, all employers n=605 (private: n=468; public: n=116; not-for-profit: n=21)

Recruitment difficulties fall sharply

The proportion of employers reporting recruitment difficulties has fallen significantly over the past three months, from 39% in the September quarter to 30% in the December quarter. The incidence of recruitment difficulties is slightly lower in the private sector (29%) than in the public sector (32%). The fall in recruitment difficulties represents an acceleration in the easing of recruitment difficulties over the past two years (see Figure 4).

Figure 4: Share of recruiting organisations currently experiencing recruitment difficulties



Base: December quarter 2024, all recruiting employers n=544 (private: n=412; public: n=111; not-for-profit: n=21)



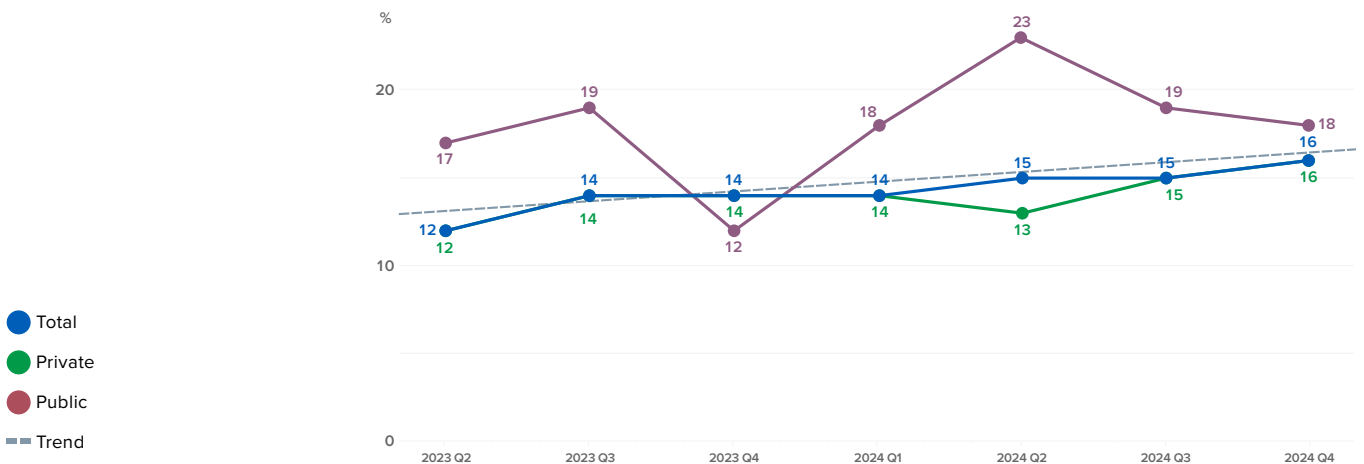
At a glance:

The proportion of employers **reporting recruitment difficulties** has fallen from **39%** to **30%** from September to December.

Employee turnover

The average employee turnover in Australian workplaces for the 12 months to the end of September 2024, was 16% (see Figure 5). This is also broadly consistent with recent *Quarterly Australian Work Outlook* reports.

Figure 5: Annual employee turnover to September 2024



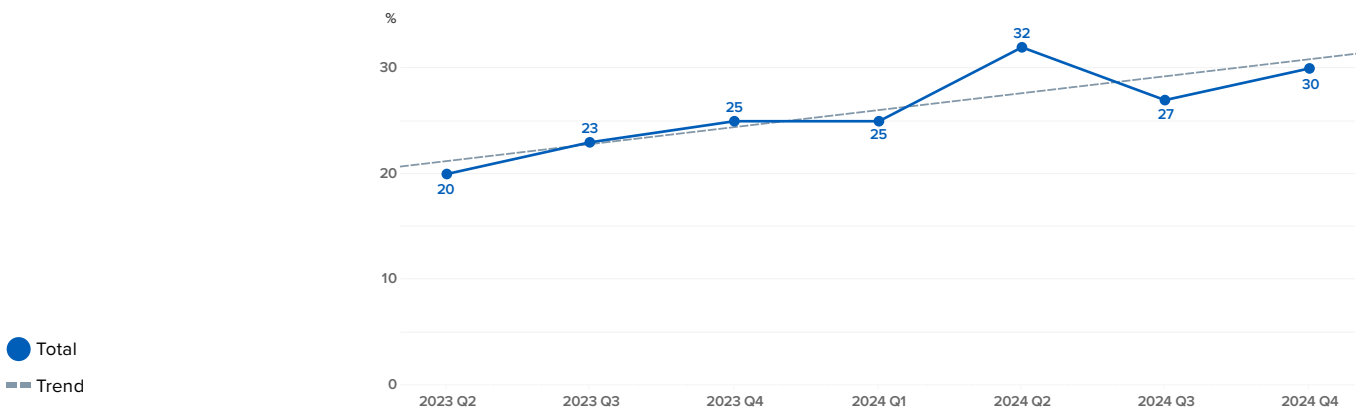
Base: Base: December quarter 2024, all employers who are aware of organisation’s turnover rate n=585 (private: n=450; public: n=115; not-for-profit: n=20)

EMPLOYMENT OUTLOOK

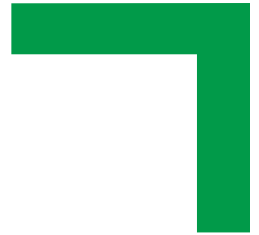
However, as in previous surveys, there was considerable variation across organisations. At one end, two-fifths of organisations (40%) said that total annual average employee turnover for the 12-month period was less than 10%. At the other, three in ten (30%) organisations reported that total annual average employee turnover for same period was 20% and higher, which is consistent with the pattern found in previous Work Outlook reports (Figure 6). This represents the second highest figure for this indicator since the survey began in the June quarter of 2023.

AHRI plans to explore why so many organisations are facing retention issues in a future survey.

Figure 6: Share of organisations reporting annual employee turnover of 20% and higher



Base: December quarter 2024, all employers who are aware of organisation's turnover rate n=585 (private: n=450; public: n=115; not-for-profit: n=20)



2. Wages outlook for the 12 months to October 2025

Pay increase expectations for the 12 months to October 2025 have fallen to 2.7% since the previous quarter.

This is the lowest figure for wage intentions recorded in any of our *Quarterly Australian Work Outlook* surveys published this year. The data, together with the latest ABS data, suggests that the surge in wage growth over the past couple of years may have peaked.

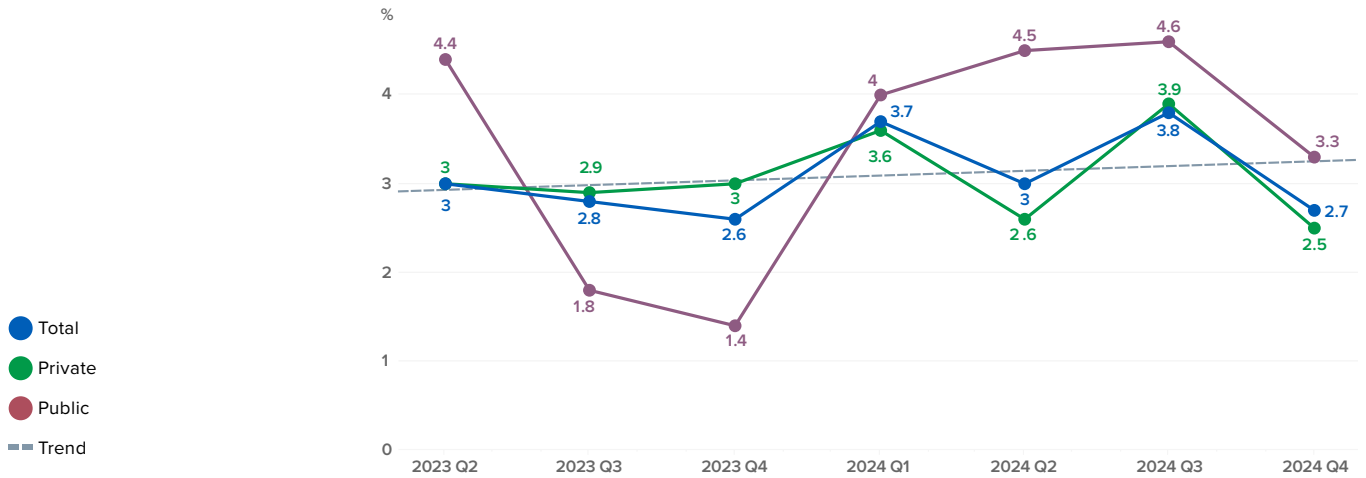
The data tell us that:

- The mean basic pay increase in organisations (excluding bonuses) is expected to be 2.7% in the 12 months to October 2025. This is down from the 3.8% previously expected for the 12 months to July 2025.
- Wage expectations remain relatively higher in the public sector (+3.3%) than in the private sector (+2.5%).
- Almost a quarter (23%) of employers reported that they are planning to implement a pay freeze, compared with 16% of employers in the September quarter. This is broadly consistent with other recent reports.

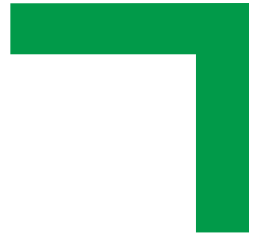
A quarter (25%) of employers reported that they do not yet know the extent of wage changes in their organisation for the 12 months to October 2025.

WAGES OUTLOOK

Figure 7: Employers' mean total fixed remuneration expectations for the 12 months to October 2025



Base: September 2024 quarter, all employers who are clear about the extent of wage increases/decreases over the next 12 months n=456 (private: n=335; public: n=105; not-for-profit: n=16)



3. Focus

The policy focus of this quarter's report examines two partly-related issues: absence management and psychosocial hazards.

Driven in part by the introduction of legislation that clarifies employer responsibilities, psychosocial hazards in the workplace have gained considerable attention over the past year.

Who measures absence and how regularly?

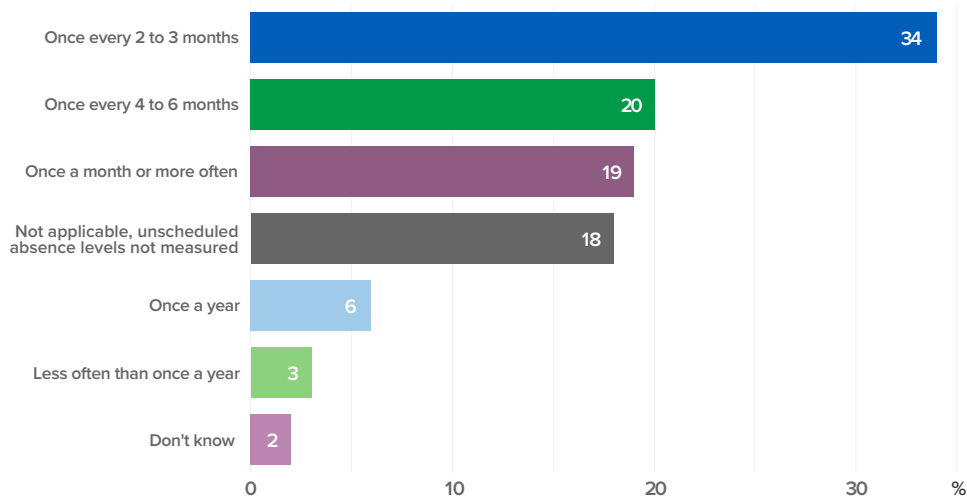
The majority (82%) of organisations say they measure unscheduled absence levels¹.

Respondents were also asked how regularly they measure unscheduled absences (Figure 8). Once every two to three months was the most common organisational policy (34%), followed by once every four to six months (20%) and once a month (19%).

Six per cent of survey respondents say that they only measure unscheduled absence levels annually. The results are consistent with those reported in 2023.

1. By 'unscheduled absence', we mean sick and carer's leave (also known as personal/ carer's leave), compassionate leave and family and domestic violence leave. It includes instances of these leave types with or without a supporting certificate, and whether paid or unpaid.

Figure 8: Frequency with which employers measure unscheduled absence levels



Base: December quarter 2024, all employers n=605 (private: n=468; public: n=116; not-for-profit: n=21)

The survey also revealed that the mean rate of unscheduled absence is around six working days per employee per year; unchanged from the survey conducted during the same period in 2023. The rate of unscheduled absence is the same for the public sector and the private sector (both six days).

Main reasons for unscheduled absence

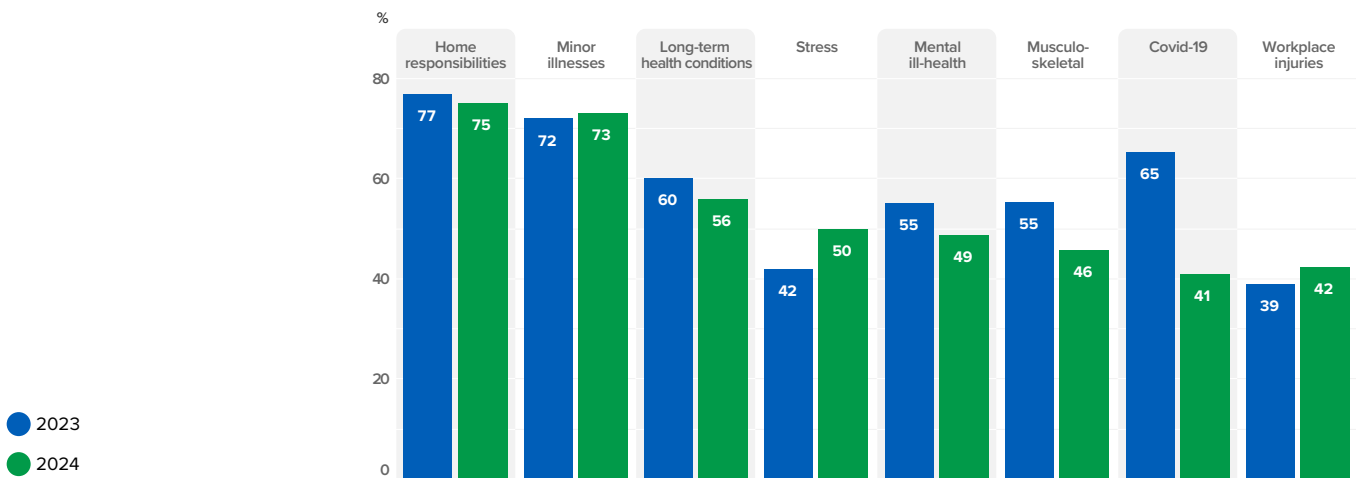
Respondents were provided with a list of possible reasons for unscheduled absence and were asked which of them were the main drivers of unscheduled absence at their organisation.

Among the options presented, the most common reasons for unscheduled absence are reported to be:

- home responsibilities (75%)
- minor illnesses such as cold and flu (73%)
- long-term health conditions (56%)
- stress (50%).

While these figures are broadly consistent with the corresponding figures in the 2023 survey, the share of organisations reporting COVID-19 as a key cause of absence has fallen sharply over the past year (Figure 9). In addition, the share of HR professionals citing stress as a factor has risen from 42% to 50% during the same period.

Figure 9: Top 8 causes of unscheduled absence

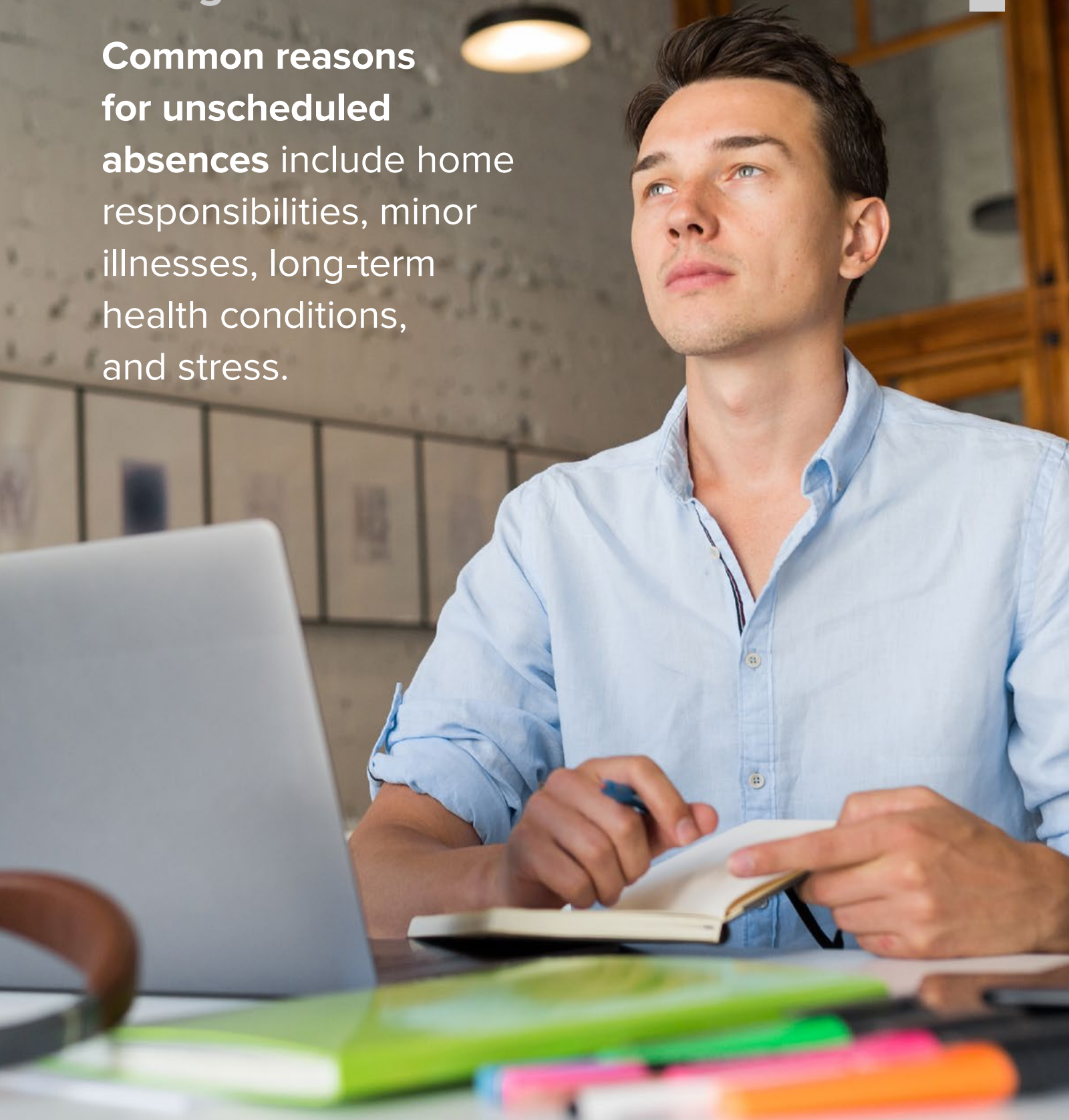


Base: December quarter 2024, all employers who collect information on the causes of unscheduled absence n=522 (private: n=390; public: n=111; not-for-profit: n=21)
Totals may add to over 100 as respondents were able to provide multiple responses



At a glance:

Common reasons for unscheduled absences include home responsibilities, minor illnesses, long-term health conditions, and stress.



FOCUS

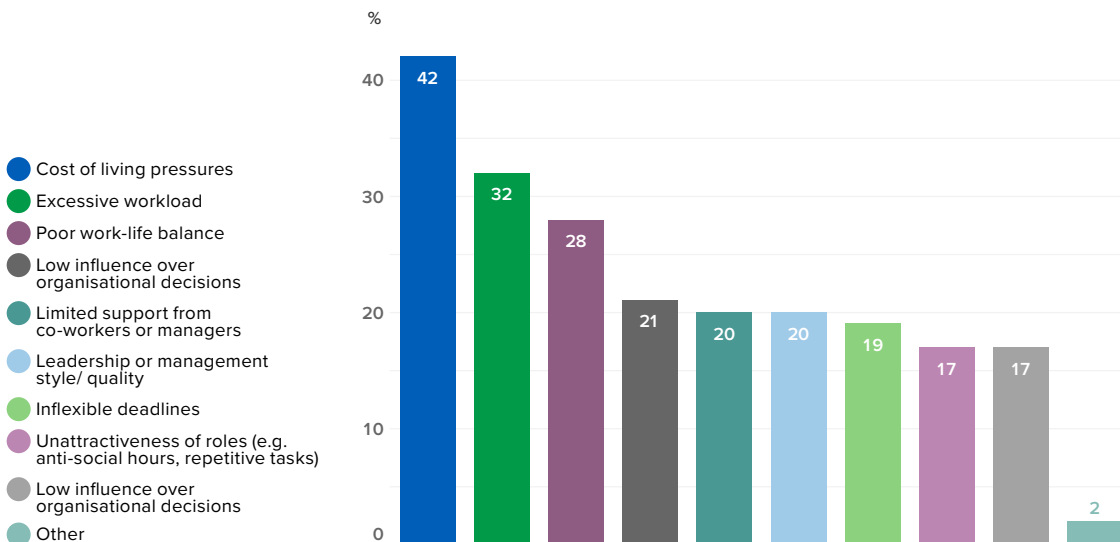
With stress increasing as a reason for unscheduled absence in Australian workplaces, the survey also asked respondents what they perceive to be the key cause or causes of work-related stress in their organisations.

The survey data suggests that the top three causes of stress are:

- Cost-of-living pressures (42%)
- Excessive workload (32%)
- Poor work-life balance (28%)

This is also consistent with the trends observed in 2023, where the same factors were identified by survey respondents as the three most significant causes of stress in the workplace. Cost-of-living pressures were also cited as the leading cause of employee stress in both surveys.

Figure 10: Main causes of work-related stress

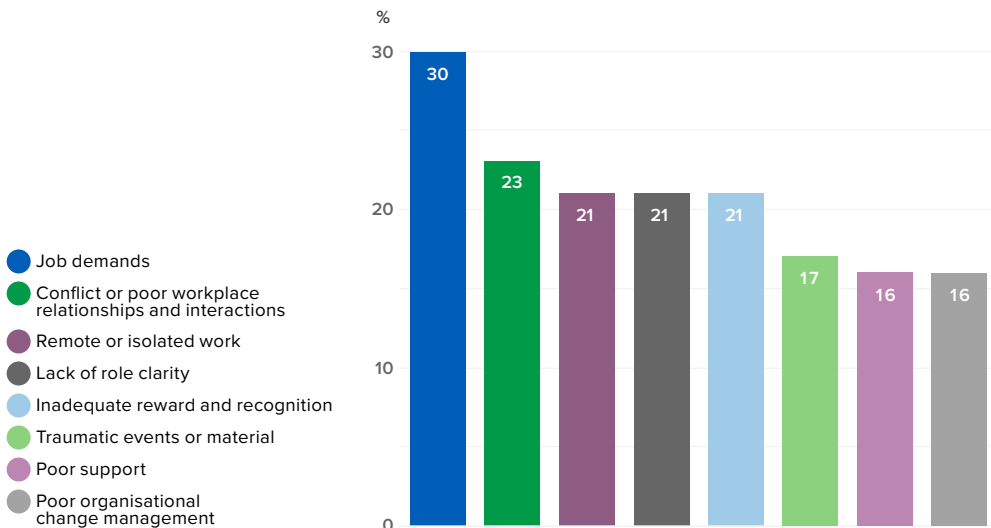


Base: December quarter 2024, all employers who ranked stress as a top five cause of absence in their organisation n=261 (private: n=194; public: n=52; not-for-profit: n=15)

However, perhaps reflecting the recent falls in inflation and the related increase in real wages, the share of organisations reporting cost-of-living pressures has fallen from 51% in the *Quarterly Australian Work Outlook* December quarter 2023 report to 42% in 2024. Interestingly, the share of organisations reporting excessive workload has also fallen marginally, which may be related to the fall in recruitment pressures.

This quarter’s Focus section also examined the related issue of psychosocial hazards, which are defined as anything that can cause psychological harm. The significance of this matter has increased for HR professionals over the past year, driven in part by the introduction of legislation that clarifies employer responsibilities.

Figure 11: Areas where complaints or claims related to psychosocial hazards have been made during the last two financial years



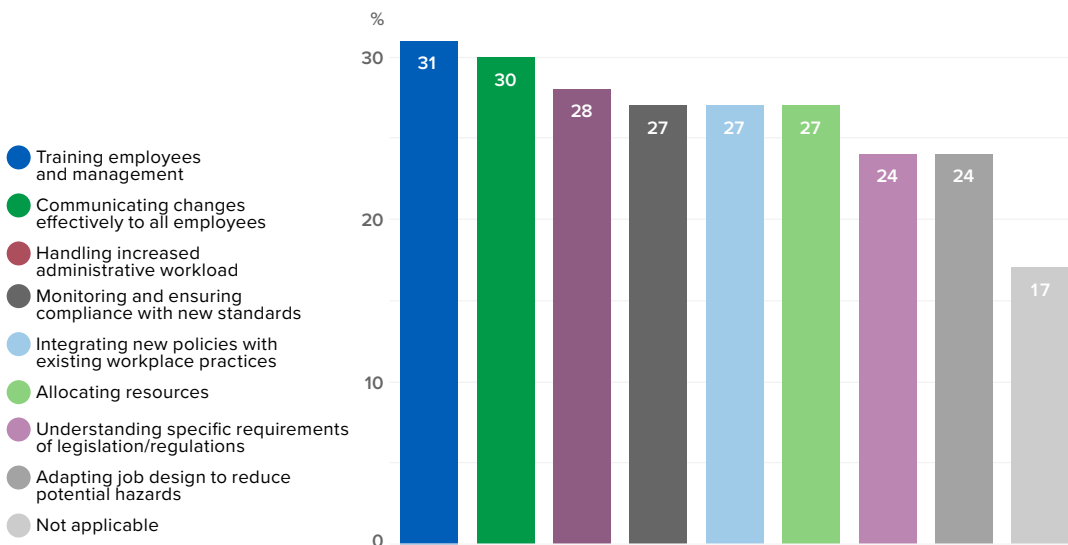
Base: December quarter 2024, all employers who received psychosocial hazard-related claims or complaints during the past two years n=485 (private: n=353; public: n=115; not-for-profit: n=17)

FOCUS

Reflecting this significance, almost four in ten (38%) employers report that the number of claims or complaints related to psychosocial hazards in their organisation increased in the 12 months to September 2024. In comparison, just 13% of organisations say that the number of claims or complaints decreased during the same period.

The most common causes of complaints or claims regarding psychosocial hazards in organisations over the last two financial years were job demands (30%), conflict or poor workplace relations (23%), remote or isolated work (21%), lack of role clarity (21%) and inadequate reward and recognition (21%). A fifth (20%) of organisations say that they have not experienced any claims or complaints related to psychosocial hazards during the last two financial years.

Figure 12: Top eight challenges organisations face in addressing psychosocial hazards



Base: December quarter 2024, n=574
(private: n=502; public: n=59; not-for-profit: n=13)



At a glance:

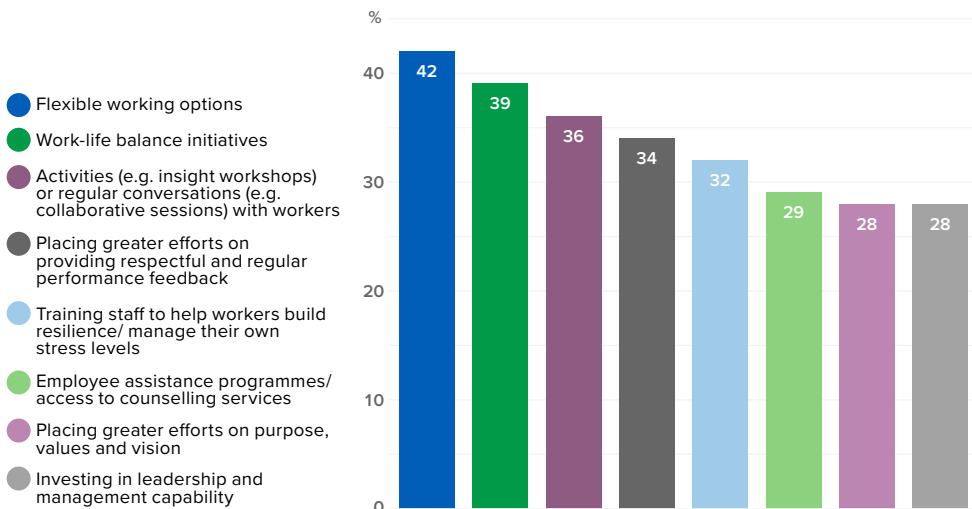
The **main causes of psychosocial hazard complaints** in the past two years are job demands, conflict, remote work, unclear roles, and inadequate reward and recognition.



Survey respondents were also asked about the challenges they face in managing psychosocial hazards in the workplace. The three most common challenges faced by organisations are training employees and management (31%), communicating changes effectively to employees (30%) and handling the increased administrative load (28%).

According to Work Outlook employers, Australian employers employ a wide range of tactics to improve psychological safety in their workplaces. According to the survey data, the three most popular interventions or policies include flexible working options (42%), work-life balance initiatives (39%) and activities or regular conversations (36%). Just over a quarter (28%) of employers say that they invest in leadership and management capability.

Figure 13: Most popular interventions or policies used to improve psychosocial safety



Base: December quarter 2024, n=574
(private: n=502; public: n=59; not-for-profit: n=13)

This suggests that there is ample scope for Australian workplaces to improve, given that the main factors behind the rising psychosocial claims reported in this survey are all connected with the quality of people management. Additionally, almost a quarter (23%) of employers say that they are increasing staffing levels or human resource capacity.

Encouragingly, 80% of organisations reported that their organisation identifies and manages psychosocial hazards either 'very effectively' or 'somewhat effectively'. Just 7% of organisations claimed that they identify and manage psychosocial hazards 'not very effectively' or 'not effectively at all'.





Research methodology

All data, unless otherwise stated, is from YouGov Plc.

The total sample size for this survey was 609 senior business decision makers, including HR, from organisations with two or more employees.

Fieldwork was undertaken online between 1 October and 9 October 2024.

The figures have been weighted by employee size, state and industry to reflect the latest ABS Industry Employment estimates.

Respondent profile

Breakdown of the sample, by number of employees per organisation

Employer size band	2-19	20-199	200+	Total
Count	195	180	230	605

Breakdown of the sample, by sector

Sector	Private	Public	Not-for-profit	Total
Count	468	116	21	605

AHRI welcomes feedback on this report, and ideas and suggestions for how the quarterly series might be developed. These should be sent to:
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