

3 KEY WORKFORCE TRENDS

HR SHOULD BE ACROSS IN Q4

AHRI's latest Quarterly Work Outlook report paints a picture of law reform taking hold, a bid to improve productivity amid wage increases and an uptick in internal complaints.



LABOUR MARKET SNAPSHOT



Redundancy intentions have increased

21% of employers expect to make redundancies, compared with 19% in the June quarter.



Recruitment challenges persist

29% of recruiting employers report hiring difficulties, unchanged from June.



Employee turnover remains low and stable

Average annual turnover is 13.4%, largely in line with June's 13.5% rate. Turnover is higher in the public sector (15.2%) than the private sector (12.9%).



Pay expectations have strengthened

Employers expect average fixed remuneration increases of 3.4% over the next 12 months, up from 3.1% in June. Expectations are higher in the private sector (3.6%) than the public sector (2.8%).



Narrowing managerial pay gaps are emerging as a workforce challenge

20% of employers plan smaller pay increases for supervisors and managers than for award-reliant employees, while 7% do not plan any increase.

Q4 FOCUS AREAS

1

**Employment reforms are viewed positively,
but less so than in 2025**

2

**Employers are focused on productivity
improvements in response to minimum
and award wage increases**

3

Internal complaints are on the rise



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The September quarter findings point to a labour market that is growing at a slower rate and is more cautious on both the employer and employee sides.

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CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR,
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1

Employment reforms are viewed positively, but less so than in 2025

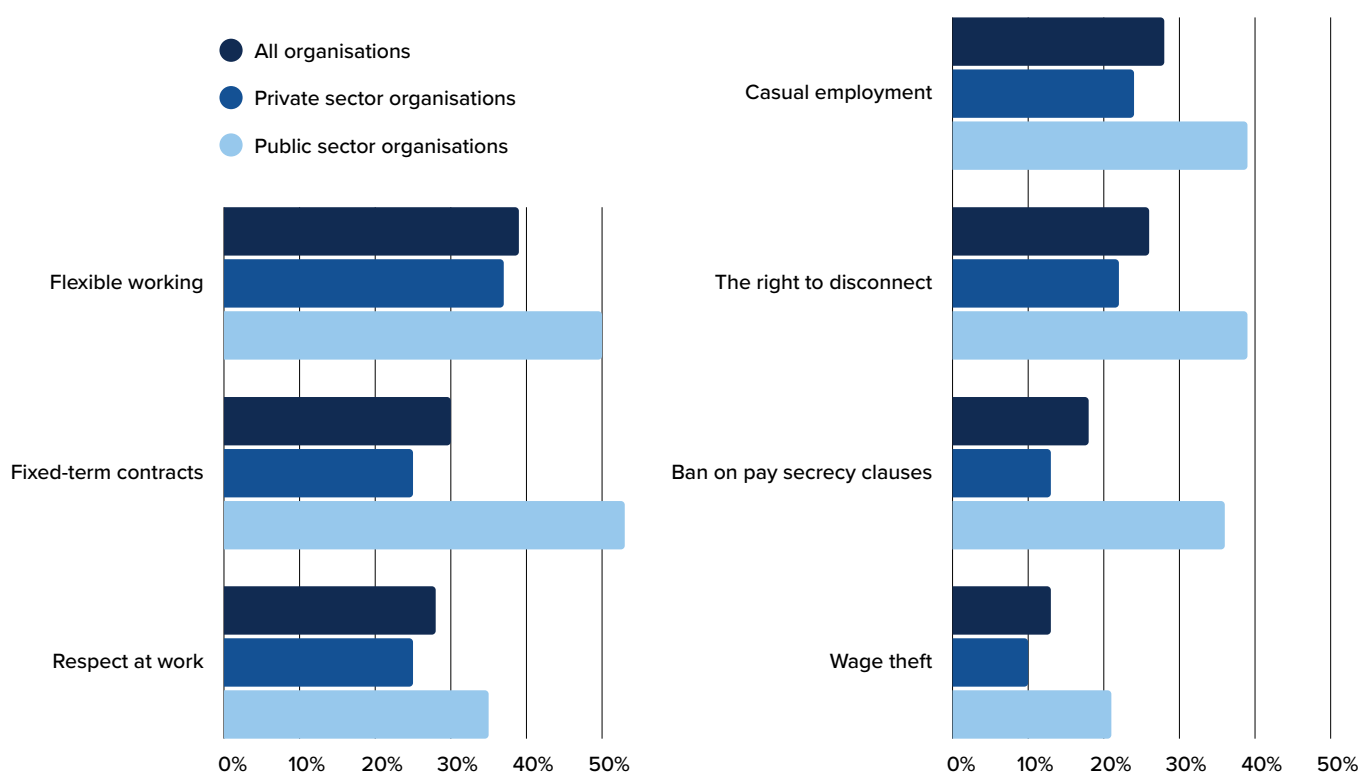
Employer support remains high, but real-world impacts on some recent reforms, namely casual and fixed-term hiring, are becoming more nuanced as reforms bed in.

However, sentiment rose for the right to disconnect (+4 pts) and pay secrecy bans (+1 pt).

Change of net impact in the past 12 months

Policy/reform	2026 net balance	2025 net balance	Change
Respect at work	61	66	-5
Flexible working	35	47	-12
Fixed-term contracts	24	37	-13
Casual employment	20	35	-15
The right to disconnect	31	27	4
Pay secrecy clauses	22	21	1
Wage theft	5	5	0

Percentage of organisations that saw a change in their policies or practices in response to key legislative reforms

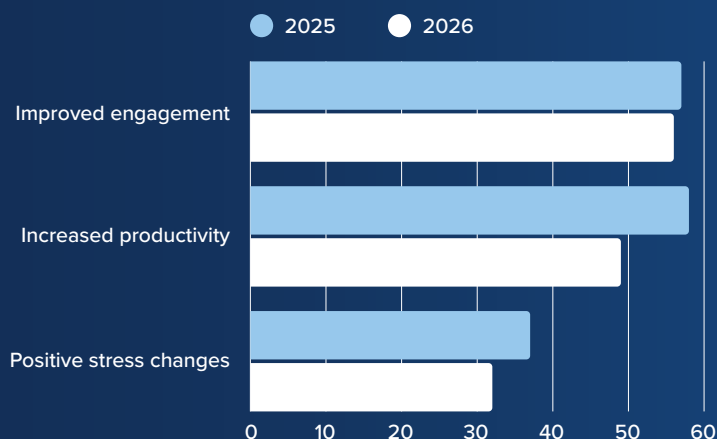




**INSIGHT
SPOTLIGHT**
The right to
disconnect



Broad positive impacts from the “right to disconnect” legislation remain strong, but specific employer-reported gains softened slightly from 2025 to 2026 as implementation settled in.





TOP-LINE DETAIL

For HR professionals and business leaders, the challenge continues to be balancing operational considerations with the growing complexities of the legal environment.

WHAT DOES THIS MEAN IN PRACTICE?

Embed legal considerations into everyday HR and business decision-making through clear processes, manager capability and early HR involvement.

This is achieved by designing environments that integrate not only the policies, but the everyday behaviours that this depends on.

2

Pursuing productivity amid wage pressures

The Fair Work Commission's 2026 increases to the National Minimum Wage and modern award minimum wages took effect from 1 July 2026.

39%

of employers plan to seek productivity improvements to offset the increased cost

30%

plan to raise prices

23%

will reduce overtime

21%

will take lower profits/
absorb costs

34%

of employers plan to maintain pay differentials by increasing supervisor and manager pay, broadly in line with minimum and award wage increases.

1 in 5 say they will maintain pay differentials by offering a smaller increase than what was provided to minimum and award wage employees

TOP-LINE DETAIL



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If minimum and award wage increases narrow the gap between frontline employees and supervisors or managers, the financial incentive to take on management responsibility may weaken.

This is particularly important where organisations already face challenges encouraging employees to move into people-management roles.

WHAT DOES THIS MEAN IN PRACTICE?

Partner with leaders to explore sustainable productivity strategies to help balance rising labour costs (e.g. streamlining workflows or managing pay structures to keep supervisor/management roles attractive).

Strengthen the non-financial value proposition of people-management roles by improving role design, development, support, flexibility and career pathways, particularly where pay differentials cannot be increased.

3

Internal grievances, formal claims and complaints on the rise

Formal dispute statistics represent only the tip of the iceberg, with significant volumes of informal friction being managed internally before reaching external regulators.

30%

reported an increase in formal claims or complaints

32%

of organisations reported an increase in internal grievances over the past 12 months



INSIGHT SPOTLIGHT

Complaints rise
in public sector

More than half
of public-sector organisations (56 per cent) reported an increase in internal grievances, compared with 26 per cent of private-sector organisations.



TOP-LINE DETAIL

Employees now have an AI employment lawyer in their pocket, enabling them to draft and escalate internal and external complaints with more ease than ever before.

This increased workload for HR professionals should be made explicit. Rising claims and complaints add to the day-to-day workload of HR teams.

WHAT DOES THIS MEAN IN PRACTICE?

Empowering frontline managers with practical conflict management skills can help resolve workplace concerns at the source while safeguarding overall HR capacity.

HR can also collaborate with technology leaders to create policies and processes that steer internal AI use into a more productive space, and clearly communicate these expectations to the workforce (e.g. creating a grievance policy that outlines where AI should and shouldn't be used).

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full report.**

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