

**EMBARGOED UNTIL 12:00 AM AEDT TUESDAY 20 FEBRUARY 2024**

## **MEDIA RELEASE**

# **GOOD NEWS FOR WORKERS AS WAGES SET TO LIFT IN 2024**

**February 20, 2024** – To view the full report visit: - [AHRI Research](#)

Hopes of sustained real wage growth for Australian workers in 2024 have been boosted by a sharp increase in employers' pay expectations against a backdrop of easing inflation, according to the latest survey from the Australian HR Institute (AHRI). This is despite a fall in both employment intentions and labour shortages.

AHRI's March *Quarterly Work Outlook* report shows that employers expect the mean basic pay increase (excluding bonuses) to be 3.7% in the 12 months to January 2025, a sharp increase from the 2.6% previously predicted for the 12 months to October 2024.

This is the highest figure for wage intentions recorded in any of our four *Australian Work Outlook* surveys published to date. And with the RBA forecasting that CPI inflation will fall to 3.3% by June 2024, the survey data offers hope that workers will see a sustained increase in real wages in 2024.

The report, which surveyed 600+ senior HR professionals and decision-makers, also found the labour market is cooling, with the AHRI Net Employment Intentions Index falling to +33, the lowest figure for net employment since the survey began in the June quarter of 2023 and well below the December 2023 quarter (+41).

Making up the index, 36% of organisations are planning to increase employment levels in the March quarter compared with 3% of organisations that are planning to reduce their workforce size.

In line with the cooling labour market conditions, recruitment difficulties are also beginning to recede, with 38% of employers experiencing recruitment difficulties, down from 48% in the previous quarter.

AHRI CEO Sarah McCann-Bartlett said softer labour market conditions would usually lead to more moderate wage increases but the situation facing organisations is a lot more complex.

“Although recruitment difficulties have eased, many organisations are still having trouble both recruiting and retaining staff. A lack of quality in the labour supply and the high training and recruitment costs associated with replacing staff may therefore be putting upward pressure on wages in many Australian workplaces.”

McCann-Bartlett said the higher wage expectations are being driven by both the private sector (+3.6%) and the public sector (+4%) but said it was important to note that a third of employers reported that they do not yet know the extent of wage changes in their organisation for the 12 months to January 2025.

McCann-Bartlett said weaker labour market conditions don't appear to be leading to an increased rate of job cuts in the short-term, with redundancy intentions falling from 31% to 22% in the past three months.

“Seventy per cent of employers told us they are adopting tactics to avoid or reduce redundancies with the most popular options being raising prices (27%), exercising greater control over non-staff operation costs (23%) and reducing the use of non-permanent staff (21%).

“This concerted effort to reduce redundancies might be because they want to preserve the skills and knowledge of their current workforce or because they are waiting for further information about the economic outlook before deciding to cut jobs.”

McCann-Bartlett said among those employers that are planning job losses, an average of 6% of their workforce will be made redundant.

Other key findings include:

- **Measures to retain staff:** The most popular measures to help retain staff are enhanced flexible working arrangements (37%), increased learning and development opportunities (36%) and improved support for employee wellbeing (35%).
- **Employee turnover:** The 12 month average employee turnover rate to the end of December 2024 is 14%, unchanged compared with the previous quarter. Turnover is higher in the public sector (18%) than in the private sector (14%).
- **Recruitment channels:** Employers say the most effective recruitment channels are online recruitment platforms (36%), professional networking sites such as LinkedIn (30%) and recruiters or recruitment consultants (25%).
- **Hiring:** Overall, almost two thirds (63%) of employers actively exclude people with certain characteristics from the hiring process.

**ENDS.**

#### **\*About the AHRI Net Employment Intentions Balance Index**

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

## **About the report**

AHRI's *Quarterly Australian Work Outlook* is a quarterly survey report of employers that offers an early indication of future changes to the Australian labour market, including: net employment balance, recruitment and redundancy intentions for the next three months, current labour turnover rates and wage growth for the year ahead.

For this report, market research firm YouGov surveyed 602 senior HR professionals and decision-makers from organisations with 2+ employees between 09-18 January 2024.

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## **About the Australian HR Institute**

The Australian HR Institute (AHRI) is the national association representing human resource and people management professionals with more than 17,000 members from Australia and across the globe.