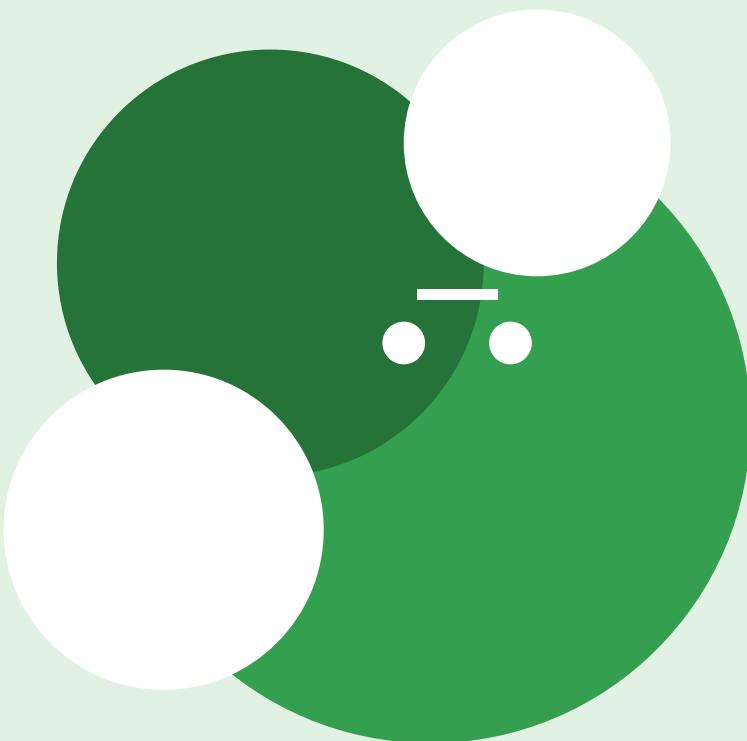


E-GUIDE

# Casual vs permanent employment

(Australia 2026)



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Understanding the shifting balance between casual and permanent employment in Australia, and what it means for SME workforce planning.

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# Executive summary

The balance between casual and permanent employment in Australia is shifting. After decades of growth in casual work, recent legislative changes and evolving workforce expectations are reshaping how employers approach their workforce mix.

For small and medium enterprises, understanding these trends is essential. The decision between casual and permanent employment affects labour costs, compliance obligations, workforce stability, and employee engagement.

This guide examines the current state of casual and permanent employment in Australia, explores the factors driving change, and provides practical guidance to help SMEs make informed workforce decisions.

Getting the workforce mix right can improve productivity, reduce turnover, ensure compliance, and support business growth.

# Key findings

Our review of Australian workforce data and research highlights six key insights.



## Casual rates have stabilised

After years of growth, casual employment has plateaued



## Conversion rights are changing behaviour

More employers are considering permanent options earlier



## Industry patterns vary significantly

Some sectors remain heavily casual, others are shifting



## Employee preferences are shifting

Many workers now prioritise job security over flexibility



## True costs are complex

Casual is not always cheaper when all factors are considered



## Planning ahead pays off

SMEs with clear workforce strategies perform better

# 23%

## of Australian workers

are currently employed on a casual basis, representing over 2.7 million people.\*

\*Source: Australian Bureau of Statistics

# The historical context

Casual employment in Australia has evolved significantly over the past four decades.

**1980s**

Casual employment begins increasing as economic restructuring creates demand for flexible labour.

**1990s**

Casual work expands rapidly, particularly in retail, hospitality, and healthcare sectors.

**2000s**

Casual employment peaks at around 25% of the workforce. Concerns about job insecurity grow.

**2010s**

Casual conversion rights emerge in some awards. Debate intensifies about employment definitions.

**2020s**

Legislative reforms strengthen casual definitions and conversion pathways. Rates stabilise.

Understanding this history helps explain current workforce patterns and regulatory approaches.

# Current state of play

Today's Australian workforce includes multiple employment types.

## Workforce composition:

**54%**

### Permanent full-time

Ongoing employment with guaranteed hours

**21%**

### Permanent part-time

Ongoing employment with reduced hours

**23%**

### Casual

No firm advance commitment to work

**2%**

### Other

Fixed-term, seasonal, and other arrangements

## Key trend: Stabilisation

After decades of growth, casual employment rates have stabilised. Some industries are seeing shifts toward permanent arrangements as employers respond to regulatory changes and worker preferences.

The right workforce mix depends on your industry, operations, and business needs.

# Industry variations

Casual employment rates vary significantly by industry.

## High casual rates (40%+ casual):

- Accommodation and food services

- Retail trade

- Arts and recreation services

## Moderate casual rates (20-40%):

- Healthcare and social assistance

- Administrative services

- Agriculture

### Know your industry benchmarks

Understanding typical casual rates in your sector helps inform workforce decisions.

# Why the mix is changing

Several factors are driving shifts in how employers approach workforce composition.

**1**

## Legislative changes

Stronger casual definitions and conversion pathways are prompting employers to reconsider workforce structures.

**2**

## Tight labour markets

In competitive hiring markets, permanent positions can be more attractive to candidates.

**3**

## Worker preferences

Post-pandemic, more workers are prioritising job security and predictable income.

**4**

## Productivity focus

Some employers find permanent staff deliver better engagement and lower turnover costs.

### Change creates opportunity

SMEs that understand these drivers can make more strategic workforce decisions.

# What employees want

Employee preferences vary, but several themes emerge from workforce research.

## Why some workers prefer permanent employment:

-  Predictable income and hours
-  Access to paid leave entitlements
-  Job security and career development
-  Easier access to finance and housing

## Why some workers prefer casual employment:

-  Flexibility to accept or decline shifts
-  Higher hourly rate through casual loading
-  Ability to work for multiple employers
-  Suits students, carers, or semi-retirees

Understanding what your workers value helps you attract and retain the right people.

# Regulatory environment

Recent legislative changes affect how casual and permanent employment are defined and managed.

## Casual definition

Legislation now provides a statutory definition of casual employment based on the real nature of the relationship.

## Casual conversion

Eligible casual employees can request conversion to permanent employment after qualifying periods.

## Casual loading

Casual loadings compensate for certain benefits but do not replace all permanent entitlements.

## Information obligations

Employers must provide casual employees with information about their status and conversion rights.

## Stay current

Employment law continues to evolve. Check Fair Work guidance regularly for updates.

# Understanding the true costs

The full cost of casual vs permanent employment includes more than hourly rates.

## Casual employment costs include:

Higher hourly rates (including casual loading)

Training costs with higher turnover

Recruitment and onboarding costs

Potential productivity variations

## Permanent employment costs include:

Leave accruals (annual, personal, LSL)

Notice and redundancy obligations

Lower hourly base rate

Greater workforce stability

### Key insight

When factoring in turnover, training, and productivity, casual employment is not always cheaper than permanent. The right choice depends on your specific business needs.

Consider total cost of employment, not just headline rates.

# Getting your workforce mix right

Successful Australian SMEs take a strategic approach to workforce composition.

**1**

## Assess your true needs

Identify which roles genuinely need flexibility vs which benefit from stability.

**2**

## Review existing arrangements

Ensure current casual arrangements remain appropriate for actual work patterns.

**3**

## Consider conversion proactively

Monitor casual hours and address conversion eligibility before issues arise.

**4**

## Document everything

Clear contracts and records protect both employers and employees.

### Start with visibility

You can't optimise what you don't measure. Know your current workforce composition first.

# 12-month outlook: What to expect

Over the next year, Australian SMEs can expect:

## Continued regulatory focus on casual arrangements



Enforcement of casual definitions and conversion obligations will remain a priority.

## Growing employee awareness of rights



Workers are increasingly informed about casual conversion entitlements.

## Competitive labour markets continue



Attracting and retaining good staff will remain challenging in many sectors.

## Technology enabling better workforce planning



Digital tools make it easier to track and optimise workforce composition.

SMEs that plan ahead will be better positioned to attract talent and manage compliance.

# Final thoughts

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There is no single right answer to the casual vs permanent question — the best workforce mix depends on your business.

**Australian SMEs that understand the trade-offs, stay compliant with evolving regulations, and align their workforce strategy with business needs will be well-positioned for success.**

Be deliberate about your workforce composition.

# Our sources

This guide draws on Australian regulatory and research sources including:

1

## Australian Bureau of Statistics

Employment and workforce composition data

2

## Fair Work Ombudsman

Casual employment and conversion guidance

3

## Fair Work Commission

Modern awards and employment conditions

4

## Reserve Bank of Australia

Labour market analysis and trends

5

## Workplace Gender Equality Agency

Workforce research and analysis

Always refer to official guidance for current requirements. This guide provides general information only and does not constitute legal, employment, or financial advice.



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