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Skills based productivity and Psychosocial safety focus

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Australia Human Resources Outlook 2026–2027 (two focus areas follow up paper)

Executive summary

Australia's HR environment in 2026–27 features a labour market that is still relatively tight but expected to ease gradually from late 2026, persistent occupation shortages in priority areas, and heightened scrutiny of workforce risk—especially psychosocial safety and pay/wage compliance. In January 2026, the unemployment rate was 4.1% (seasonally adjusted), underemployment 5.9%, and participation 66.7%. The central bank's February 2026 outlook anticipates labour market conditions to be broadly stable near term and then ease from late 2026, with unemployment forecast to rise gradually as GDP growth slows below potential. At the same time, Australian labour supply remains structurally diverse: in August 2025 there were 2.4 million casual employees (19% of employees), 1.1 million independent contractors (7.6% of employed people), and 36% of employed people usually worked from home.

Against that baseline, two organisational capabilities have outsized ROI and risk-reduction value:

- **Skills-based productivity (rather than hiring-based growth):** Jobs and Skills Australia reports that shortages eased overall in 2025 (29% of occupations in shortage), yet shortages remain concentrated in trade and professional roles—especially in health, education and construction. This paper provides an operating model for internal mobility, targeted reskilling, and work redesign, and shows how to define and measure “skills-based productivity” in ways that are investment-grade and defensible to executives and investors.
- **Psychosocial safety as operational risk management (not “wellbeing programs”):** national WHS data shows mental health conditions represent 12.0% of serious claims (2023–24 provisional), with a median 35.7 weeks time lost and median compensation paid of \$67,400—materially different from many physical injuries in duration/cost profile. The WHS model Code of Practice frames psychosocial risk management as a duty-driven, auditable risk management cycle, including explicit officer due diligence expectations. This paper shows what “good” looks like in design controls (job design, workload, harassment prevention, fatigue management), how to avoid common failure modes (training-only, EAP-only, reactive investigation cultures), and how to measure success with leading and lagging indicators.

Assumptions and scope: these papers are written as practical “how-to” guidance for Australian organisations across sectors; they are not tailored to a specific employer list, enterprise agreement, or jurisdictional WHS regulator implementation details. Where legal effect depends on jurisdictional adoption of model Codes, it is flagged.

Shifting from hiring-based growth to skills-based productivity

Context and why this capability matters in 2026–27

Organisations face a strategic mismatch: the need for growth, transformation and resilience is rising, but the supply of “ready-to-go” talent remains constrained in key occupations. Official shortage analysis finds that while shortages eased overall in 2025, nearly half of trade roles and two in five professional occupations remain in shortage, especially in health, education, and construction; the analysis also highlights drivers including “insufficient qualified applicants” and, for some professions, a “suitability gap” (employability skills/experience) and retention issues in care/service roles when pay/conditions are weak.

At the same time, macro conditions are expected to become less supportive from late 2026: GDP growth is expected to ease below potential and unemployment to edge higher gradually, implying that organisations that built capability by simply “adding headcount” may face both cost pressure and lower demand, while still being exposed to critical-skills bottlenecks.

A skills-based productivity strategy is therefore about **substituting capability throughput for headcount growth**—using internal mobility, reskilling, and work redesign to meet business needs with the workforce you have (and can realistically acquire), rather than assuming unrestricted access to external hires.

In the Australian context, this approach also fits a workforce that includes material proportions of casual employment, contracting, and hybrid work (all of which complicate “standard job” constructs).

What “doing it well” looks like

A high-performing skills-based productivity program has five characteristics.

- **First: it starts from work, not jobs.** Deloitte’s skills-based organisation model argues that confining work to jobs can hinder agility and other objectives, and outlines a shift toward decomposing work into projects/tasks/outcomes and then matching skills to those units of work. “Work decomposition” is the enabling step for internal mobility and targeted reskilling because it creates opportunities that are smaller than a full role change, reducing switching costs and allowing faster capacity reallocation.
- **Second: it builds a usable skills “language” and governance, not an academic taxonomy.** Skills-based models define skills broadly (technical, human capabilities, and potential). In practice, “doing it well” means building only as much ontology as needed to answer core business questions (e.g., “Do we have enough cyber incident responders at proficiency level X for the next 12 months?”), and establishing governance for definitions, proficiency levels, and data quality.

- **Third: it creates a credible internal mobility mechanism.** The internal talent marketplace concept is not simply a software tool; it is a design that expands access to projects, rotations, stretch assignments and mentorship aligned to business needs, and—done iteratively—can improve agility, capability development and transparency.
- **Fourth: it targets shortages and productivity bottlenecks explicitly.** Jobs and Skills Australia releases a shortage evidence base and also publishes fill rates and shortage pressure analysis in its Occupation Shortage Report series, including metrics like national fill rates, metro vs regional differences, and undersupplied unit groups (e.g., health professionals). A strong organisational approach mirrors this logic internally—identifying “hot skills” with high demand/short supply and aiming reskilling and mobility toward those.
- **Fifth: it is built as a productivity and risk program, not an HR “initiative.”** Major research on workforce transformation emphasises that a tech-only approach can underdeliver. For example, a 2026 human capital trends synthesis highlights that AI value is unlocked via reimagination of work and orchestration of capabilities, not technology differentiation alone. Skills-based productivity should therefore be governed like a business transformation: with an economic model, executive sponsorship, and measurable throughput outcomes.

How to implement: an operating model and execution sequence

A pragmatic implementation sequence is below. Each step includes what to do, what to watch for, and what to avoid.

Step: Anchor to a concrete business constraint.

- Choose one of: revenue growth constraint (capacity), service-level constraint (backlog), compliance constraint (risk), or cost constraint (margin). A macro signal that should be built into assumptions is the expected easing of labour market conditions from late 2026, which can change hiring economics and retention dynamics.
- What to look out for: business units that “want headcount” without specifying the work outcomes; this is a common failure mode in job-based planning.
- What to avoid: treating skills as an abstract HR concept disconnected from financial planning; skills-based productivity must show measurable impact on output, cost, risk, or customer outcomes.

Step: Build a shortlist of “skills-to-work bottlenecks.”

- Use internal data (vacancy aging, project delivery delays, incident volume, overtime hotspots) and external shortage evidence. Jobs and Skills Australia identifies persistent shortages by occupation group and notes that insufficient qualified applicants remains a leading driver in key workforce areas.

- What to look out for: bottlenecks caused by experience/practice rather than formal qualification; shortage “pressure” can persist even when applicants exist but are not job-ready.
- What to avoid: starting with a “whole-of-enterprise skills inventory” before you know your priority constraints.

Step: Decompose work into projects/tasks/outcomes where feasible.

- This is the structural prerequisite for reallocating capacity without reorganising the entire company. Deloitte’s skills-based model explicitly describes “liberating work from the confines of the job” and using portfolios of work structures or internal marketplaces.
- What to look out for: task fragmentation that creates hidden coordination costs or overload; work decomposition must be paired with clear accountability and prioritisation.
- What to avoid: “projectifying” everything—some work remains role-based for safety, continuity or regulatory reasons; use a portfolio approach.

Step: Create internal mobility pathways that do not rely on heroics.

- Design mobility at three levels: (1) micro-mobility (short projects, shadowing), (2) lateral mobility (role changes within skill families), (3) transition mobility (reskilling into new families). Internal talent marketplaces are described as enabling workers to move toward projects/tasks based on skills and interests, with potential benefits for productivity and capability building.
- What to look out for: manager hoarding (blocking talent moves), and inequity in who gets “visible” assignments; these reduce adoption credibility and can worsen retention.
- What to avoid: making mobility “extra work” on top of already overloaded jobs. If overload is a known attrition driver (as survey evidence suggests), mobility must be designed with workload substitution, not addition.

Step: Build targeted reskilling tied to proficiency and deployment.

- Training only matters if it changes deployable capability. Australia’s VET pipeline indicators show that commencements can be soft while completions rise, implying that relying solely on external pipelines is risky; internal reskilling needs a “completion-to-deployment” model.
- What to look out for: courses that are not linked to actual work opportunities; this increases churn risk because newly skilled employees will leave to use skills elsewhere.
- What to avoid: measuring “training delivered” (hours, course completions) as success without measuring actual deployment and productivity outcomes.

Step: Embed skills into performance, reward, and workforce planning.

- Skills-based approaches work when HR systems reinforce them: performance management recognises skill acquisition and application; rewards and progression are not purely tenure/job-title based; workforce planning expresses demand as skill quantities and proficiency.
- What to look out for: “shadow systems” where hiring and promotions remain job-title driven, undermining the stated model.
- What to avoid: ignoring contractor/casual structures; Australia’s work arrangements data shows material contractor and casual cohorts, so skills deployment also requires clarity on who can do what work under what arrangements.

Key risks to manage

Risk: false precision in skills data.

- If proficiency assessments are inconsistent, the “skills hub” becomes a trust problem. Deloitte notes that adoption at scale remains limited (many organisations experimenting but fewer institutionalised), which is consistent with governance/data being a hard part.
- Mitigation: define a small set of mission-critical skills with clear proficiency rubrics; use mixed evidence (work samples, certification, manager validation, performance outcomes).

Risk: inequity and adverse impacts in mobility access.

- Jobs and Skills Australia highlights that occupations with better gender balance and inclusion are less likely to face shortages, implying that inclusion can be a structural supply strategy. If mobility opportunities are allocated unevenly, organisations lose both inclusion benefits and talent supply.
- Mitigation: track opportunity distribution by cohort (gender, location, employment type), and design transparent selection criteria for projects/rotations.

Risk: operational disruption from uncontrolled redeployment.

- Moving people can create short-term performance dips if not planned.
- Mitigation: use staged mobility, backup coverage, and “time-boxed” projects; align with RBA-style scenarios (stable near term, easing later) to set realistic hiring and redeployment levels.

Risk: learning-to-work leakage.

- Employees complete training then leave to use new skills elsewhere.
- Mitigation: link reskilling cohorts to committed work placements; create internal “first assignment guarantees” for priority transitions.

Defining and measuring success

A measurable success definition should combine **capability, throughput,** and **outcomes** (with a 12–24 month horizon).

Capability metrics (leading indicators)

- Skill coverage for priority skills (e.g., number of people at proficiency level X relative to forecast demand).
- Time-to-proficiency for reskilled transitions (median days from start to independent performance).
- Internal mobility participation (share of workforce taking projects/rotations).

Throughput metrics (operational indicators)

- Internal fill rate for priority roles vs external hires (by skill family).
- Work-bottleneck reduction (backlog days, vacancy aging, project cycle time).

Outcome metrics (business and human)

- Productivity proxy: output per FTE in constrained functions (define locally; “unspecified” as no universal metric).
- Retention in critical skills cohorts; turnover hotspots are common in employer surveys and workload is cited as a frequent reason for departures.
- Employee experience and workload sustainability (use consistent pulse measures; see also the link to psychosocial risk in Paper 2).

A practical “success threshold” definition: **within 12 months**, reduce the targeted bottleneck (e.g., vacancy fill difficulty, project delays) by a defined amount while increasing internal fill rates and maintaining or improving retention in the impacted cohorts. External benchmarks can be taken from national fill rate and shortage pressure publications, but internal baseline measurement is essential because the official series is occupation-level rather than firm-level.

Common failure modes and what to avoid

- **“We bought a talent marketplace platform, so we’ve done it.”**
Internal marketplaces require governance, work decomposition, and manager incentives; otherwise they become underused job boards.
- **Skills without work redesign.**
Reskilling without redesign can lead to credentialism and frustration. A human-capital trends synthesis argues that AI and transformation value requires reimagining work orchestration, not tech-first deployment.
- **Mobility as unpaid extra work.**
In Australia, some employees work from home to “catch up on work after hours,”

and people working from home are more likely to work overtime; if mobility increases unpaid work, it can worsen wellbeing and retention.

- **Neglecting training pipeline realities.**

Apprentice/trainee in-training numbers declined year-on-year to March 2025, and commencements declined in some key trade groups—making internal skill development and retention more important when external pipelines fluctuate.

Treating psychosocial safety as core operational risk management

Context and why this capability matters in 2026–27

Psychosocial safety is now a cost, continuity, and governance issue—not merely an employee wellbeing topic. National WHS data indicates mental health conditions accounted for **17,600** serious claims (12.0% of serious claims) in 2023–24 provisional data, with a median **35.7 weeks** time lost and median compensation paid **\$67,400**, and with strong growth over the prior decade. This aligns with the WHS Code of Practice statement that work-related psychological injuries have longer recovery times, higher costs, and require more time away from work.

Moreover, psychosocial hazards are explicitly framed as arising from work design/management, work environment, and workplace interactions/behaviours, and they can cause both psychological and physical harm. This framing matters because it shifts the intervention emphasis from “support services” to **risk controls**.

The “operational risk” model: duties, governance, and auditability

A psychosocial operational risk approach has three pillars.

- **Pillar: duty + risk management cycle.**
The model Code of Practice is explicit: a PCBU must ensure, so far as reasonably practicable, workers are not exposed to risks to their psychological or physical health and safety; psychosocial risks must be eliminated, or minimised if elimination is not reasonably practicable. The Code sets out a whole risk management process: identify hazards, assess risks, control risks, review controls, record processes and outcomes, and conduct investigations.
- **Pillar: officer due diligence and governance.**
The psychosocial Code explicitly describes officer duties (e.g., directors) to exercise due diligence to ensure the PCBU complies, including keeping knowledge up to date, understanding operations and associated psychosocial risks, ensuring appropriate resources/processes, receiving/considering information, and verifying effectiveness. This is a governance lever: it implies board and executive oversight should be structured and evidence-based—similar to other safety and conduct risks.
- **Pillar: controls focus (not training-only).**
Safe Work Australia’s guidance on sexual and gender-based harassment emphasises that managing risks often requires changing the layout of the workplace, redesigning work, or changing the way work is done, and explicitly warns that training and policies alone are not effective or reliable controls. This is the central “avoid” for organisations that treat psychosocial safety as programs rather than controls.

What “doing it well” looks like

A high-performing psychosocial risk system includes the following.

- **A clear psychosocial hazard taxonomy aligned to your operations.**
The Code defines psychosocial hazards and provides examples, including job demands, low job control, poor support, lack of role clarity, poor organisational change management, inadequate recognition/reward, poor organisational justice, remote/isolated work, poor physical environments, and harmful behaviours. “Doing it well” means mapping these hazards to specific operational contexts: e.g., customer aggression in retail, traumatic events in emergency response, workload and staffing ratios in healthcare, isolated work and FIFO patterns in resources, deadline spikes and after-hours expectations in professional services and tech.
- **Controls that start with elimination/minimisation through design.**
The WHS approach expects design and system controls: work design, systems of work, layout and conditions, and the information/training/supervision environment (training is included, but not treated as sufficient alone).
- **Integration of harassment and psychosocial risks.**
The harassment Code is intended to be read alongside the psychosocial hazards Code and notes harassment often occurs with other psychosocial hazards; it requires considering interactions between hazards.
- **Fatigue management embedded as both safety and psychosocial control.**
The fatigue Code states fatigue is physical, mental or emotional impairment; it emphasises that preventing fatigue is more effective and reliable than addressing fatigue once a worker is fatigued. It also explains fatigue can increase psychosocial hazards such as high work demands, poor support, and harmful behaviours, linking fatigue to psychosocial risk pathways.
- **A credible “consultation + reporting” pathway for early signal.**
The Codes emphasise consultation with workers and processes for receiving and responding to information; this is critical because psychosocial risk is often visible first through near misses (complaints, early stress indicators, workload signals) rather than injuries.

How to implement: a practical psychosocial risk management playbook

Step: Create a psychosocial risk register that is operationally owned.

- Use the Code's risk management process and hazard categories as structure. Ownership should sit with operational leaders (supported by HR, HSE, legal, and employee relations), because the key controls are in job design, workload planning, rostering, customer interaction design, and management practices.
- What to look out for: risk registers that only list "stress" without specifying causal hazards; that makes control selection impossible.
- What to avoid: outsourcing the register to HR alone; it becomes a compliance artefact rather than a control system.

Step: Build a hazard identification system that captures hot spots and trend shifts.

- Use multiple channels: incident/complaint data (bullying, harassment, customer aggression), workforce data (overtime, rostering volatility), survey signals (workload, role clarity), and operational events (change programs, restructures, peak seasons). The Code outlines that psychosocial hazards arise from work design/management, the environment, and interactions/behaviours; identification needs to cover all three.
- What to look out for: hybrid work and after-hours norms. ABS data shows 21% of people who usually worked from home did so to catch up on work after hours, and people working from home were more likely to work overtime. This can create hidden overtime and stress pathways.
- What to avoid: relying on "open door" culture alone; underreporting is common in psychosocial harms, so build systemised data capture (confidential reporting, consistent classification).

Step: Assess risk with attention to duration, frequency, severity, and interactions.

- The psychosocial Code specifies relevant matters including duration, frequency and severity of exposure, and how hazards may interact or combine. Risk assessment should be prioritised where the combination of hazards is likely: e.g., high demands + low control + poor support; or shift work + fatigue + customer aggression; or organisational change + role ambiguity.
- What to look out for: "rare but severe" hazards (e.g., violence events) can create prolonged stress even if the hazard rarely occurs, if workers perceive risk is uncontrolled.

Step: Control selection that prioritises design and system controls.

- A control hierarchy for psychosocial hazards typically emphasises elimination/minimisation via job design and systems, with training/policies as supporting controls. The sexual and gender-based harassment guidance explicitly

warns against training/policies alone as reliable controls, highlighting redesign/layout changes.

Examples of high-leverage controls aligned to the Codes:

- **Workload and staffing controls:** staffing ratios, backlog caps, escalation routes, limits on “do more with less” targets during change. This aligns to the Code’s focus on job demands and organisational change management.
- **Role clarity controls:** standard role charters, decision rights, measurable priorities, change impact briefs during restructures.
- **Harassment prevention controls:** workplace design/visibility, customer interaction design, supervisor presence, reporting channels, and integrated WHS+HR governance.
- **Fatigue controls:** shift design, breaks, recovery time, and redesigning tasks; the fatigue Code explicitly points to work hours and shift design, tasks/equipment/environments, and worker factors; it also provides case studies across sectors.
- **After-hours contact controls:** define operational expectations and compensation/availability arrangements; the right to disconnect provides factors for “reasonableness” and clarifies employees can refuse to monitor/read/respond outside hours unless unreasonable, including consideration of compensation, role responsibility, personal circumstances, and the reason/disruptiveness of contact.
- What to look out for: controls that reduce risk in one area but shift cost/risk elsewhere (e.g., strict after-hours rules without on-call coverage design).
- What to avoid: substituting EAP usage and resilience training for workload and organisational design controls; this is a common programmatic failure and not aligned to the Code’s control expectations.

Step: Review, verify, and record—treat as safety-critical.

- The Code emphasises maintaining and reviewing control measures and recording the risk management process/outcomes, and also expects officers to verify resources/processes are effective. This supports “auditability”: for boards and investors, the question becomes whether controls exist, are resourced, are used, and are shown (by data) to reduce exposure.

Key risks to manage

- **Risk: culture of denial and “distraction narratives.”**
A common pattern is to frame psychosocial harm as “personal resilience” rather than work design. The Code explicitly defines psychosocial hazards as arising from work design/management and interactions and notes stress mechanisms and prolonged exposure effects.
- Mitigation: require each hotspot to have identified hazards, exposure pathways, and controls; use operational metrics (overtime, backlog, rostering volatility) as “hard” indicators.
- **Risk: training-only compliance.**
Safe Work guidance states training and policies alone are not effective or reliable controls for sexual and gender-based harassment risk.
- Mitigation: ensure control plans include design controls (layout, supervision, work redesign), not just communications and training.
- **Risk: fatigue not managed as a system risk.**
The fatigue Code highlights that preventing fatigue is more effective and reliable than addressing fatigue once present, and describes how fatigue can create or increase psychosocial hazards like harmful behaviours.
- Mitigation: integrate fatigue into workforce planning, rostering and workload systems; monitor hours worked, recovery time, and error rates.
- **Risk: dispute escalation and regulatory exposure on after-hours contact.**
Right to disconnect arrangements can become disputes if expectations are unclear; the official guidance emphasises setting expectations and provides factors for reasonableness.
- Mitigation: role-based “availability frameworks” (on-call, escalation, compensation) and manager training on reasonableness factors, backed by monitoring of after-hours contact volumes.
- **Defining and measuring success**

Success must be defined in a way that aligns with the Code’s risk management logic and with the cost/duration nature of psychosocial harm.

Lagging indicators (harm/outcome data)

- Serious claims counts and rates for mental health conditions; time lost and compensation paid (external benchmarking via national dashboards; internal via insurer/claims data).
- Absenteeism and turnover in hotspot teams; employer surveys show workload is a common reason for departures, supporting the link between workload controls and retention outcomes.

Leading indicators (exposure and control effectiveness)

- Workload: overtime hours (including hidden after-hours), backlog, staffing shortfalls, roster volatility.
- Role clarity and change management: role charter coverage, change impact assessment completion, manager capability measures.
- Harmful behaviours: incident/complaint rates, time-to-resolution, repeat offender patterns, perceptions of safety and reporting confidence.
- Fatigue: shift length, recovery time, incident near-misses linked to fatigue, worker self-report of fatigue risk, compliance with shift design controls.
- After-hours contact: contact volumes and “unreasonable contact” disputes; right to disconnect reasonableness factors should guide what gets monitored.

A practical success definition: **within 12–24 months**, demonstrate reduced exposure to high-risk hazard combinations (e.g., high demands + low control + poor support), improved leading indicators (workload sustainability, reporting confidence), and improved outcomes (lower serious psychosocial claims trend, reduced time lost/compensation trend, improved retention in hotspot roles). These should be documented through the Code’s recordkeeping expectations to support due diligence verification.

Common failure modes and what to avoid

- **Wellbeing as “add-on” while workload worsens.**
If workload remains high and job control remains low, wellbeing programs can be perceived as performative. The Code’s focus on work design/management makes this a predictable failure mode.
- **Reactive investigation culture without prevention.**
The harassment guidance emphasises proactive, consultative, preventative approaches and control review; a pure “respond to complaints” posture is inconsistent with that expectation.
- **Inconsistent governance across HR and HSE.**
Safe Work guidance highlights the need to align WHS management and HR policies and strategies (e.g., recruitment, performance management, misconduct, promotion, accountability, support) because these influence risk control effectiveness.
- **Practical measurement frameworks and “definition of done” checklists**
This section provides concise, reusable definitions and checklists that apply across both papers.

- **Skills-based productivity: a measurable definition**

A skills-based productivity program is “done” at a minimum viable level when:

- Priority work constraints are defined as **skill demand** (quantities and proficiency) and linked to an economic outcome (revenue, backlog, cost, risk).
- Work is decomposed into a portfolio of tasks/projects/outcomes with a mechanism (marketplace/assignment process) to allocate internal skills to that work.
- Reskilling pathways lead to **deployment** on real work within a defined time.
- Internal fill rate for priority roles rises (or external hiring demand falls) while retention in critical cohorts improves or remains stable.

- **Psychosocial safety: a measurable definition**

A psychosocial operational risk program is “done” at a minimum viable level when:

- A psychosocial risk register exists with hazards mapped to operations, with risk assessments covering duration/frequency/severity and interactions.
- Controls include design/system controls (work design, shift design, layout, supervision) plus supporting training and policies; harassment controls are not training-only.
- Officer due diligence is evidenced through reporting, review, and verification of control effectiveness.
- Leading indicators are tracked and used to adjust controls (workload/overtime, fatigue exposures, reporting confidence), and lagging indicators are monitored with a prevention focus.

Sector-specific lenses for these two topics

The two capabilities manifest differently across sectors because of workforce composition, hazard exposure, and shortage profiles.

- **Resources and construction-adjacent operations** face persistent trade shortages and fatigue/remote work exposures; the shortage evidence highlights trades and construction as persistent problem areas, and the fatigue Code includes a FIFO case study, reinforcing that fatigue is a material control domain. Skills-based productivity should prioritise trade pipeline development, supervisor capability, and internal mobility across sites; psychosocial systems should integrate remote/isolated work hazards and fatigue controls.
- **Healthcare and social assistance** face persistent shortage pressures in health occupations and high psychosocial load (work demands, traumatic events). Jobs and Skills Australia notes health as a shortage hotspot; the psychosocial Code explicitly includes traumatic events as hazard categories and notes benefits of psychosocial risk management for turnover and absenteeism. Skills-based productivity should focus on accelerated time-to-proficiency and internal mobility; psychosocial risk controls should prioritise staffing ratios, shift design and violence/trauma supports as operational controls.
- **Finance, professional services, and tech** often have higher work-from-home prevalence, which is associated with higher overtime incidence and “catch up after hours” patterns in ABS data; these sectors must tie skills-based productivity to job redesign while preventing workload creep and right-to-disconnect disputes.
- **Retail and hospitality** have high casual intensity (e.g., accommodation and food services have high concentrations of casual employment) and strong award wage floor sensitivity; skills-based productivity should focus on rostering productivity, cross-training, and retention; psychosocial controls should address customer aggression, harassment risk, and fatigue from shift patterns.
- **Public sector and education** face persistent shortages in education-related roles and are often at the forefront of flexible work and formalised people governance; skills-based productivity should focus on internal mobility and capability uplift; psychosocial risk controls should integrate change management and workload controls, consistent with the Code’s hazard categories.

Sources used most heavily in these two papers

Official and primary Australian sources:

- Australian Bureau of Statistics Labour Force (Jan 2026) and Working arrangements / Characteristics of Employment (Aug 2025).
- Reserve Bank of Australia Statement on Monetary Policy (Feb 2026) outlook.
- Jobs and Skills Australia Occupation Shortage List 2025, drivers and shortage analysis.
- National Centre for Vocational Education Research Apprentices and trainees (March quarter 2025).
- Safe Work Australia Key WHS statistics 2025 dashboard; model Codes of Practice (psychosocial hazards; sexual and gender-based harassment; fatigue).
- Fair Work Ombudsman right to disconnect guidance; minimum wage/AWR updates.

Major consulting/industry evidence:

- Deloitte research on skills-based organisations/internal talent marketplaces and 2026 human capital trends synthesis.
- Australian HR Institute quarterly work outlook (turnover and departure drivers).

This report draws on multiple research papers from various firms to provide insights and it does not claim to own or author any of those papers. It acknowledges the data sources and owners where appropriate.

If you need help to address any people related challenges your business is facing, please get in touch with us @ LUME Partners.

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