

# 2019

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# PAYROLL BENCHMARKING REPORT

Annual study examining trends, efficiency and costs of payroll in Australia



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**We request that all references made to the report are cited as "Australian Payroll Association 2019 Payroll Benchmarking Study."**

# Introduction



The 2019 Payroll Benchmarking Report accompanies Australian Payroll Association's annual payroll benchmarking study for Australian employers.

This year's survey received responses from 1,831 organisations who pay 1,577,853 employees and produce 48,915,846 payslips per annum. Since we started the benchmarking survey, we have collected data from 14,763 employers who have responded based on the production of more than 354 million payslips!

The survey respondents represented a wide variety of industries, geographical locations, levels of payroll complexity and employee populations and was conducted in December 2018 and January 2019.

The report analyses payroll costs and trends including staffing levels, technology and other costs as well as efficiency benchmarks and market share data.

This report provides payroll professionals and employers the opportunity to analyse their own benchmarks in comparison to industry standards, with a view to improving the efficiency and productivity of their payroll operation.

As author of the survey, Australian Payroll Association wishes to acknowledge and thank all payroll professionals and employers that participated in this important industry research.

Kind regards,

A handwritten signature in black ink, appearing to read 'Tracy'.

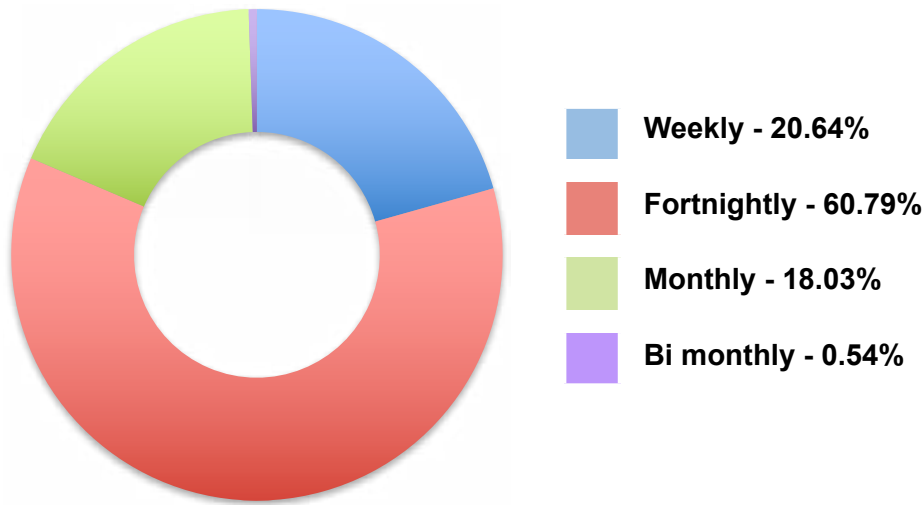
Tracy Angwin  
CEO  
Australian Payroll Association

**For assistance to benchmark your own payroll operation, please contact  
[benchmarking@aupayroll.com.au](mailto:benchmarking@aupayroll.com.au)**

# Participant Profiles

## Employee population by pay cycle

(Figure 1)



This report segments respondent organisations into categories based on the number of employees paid.

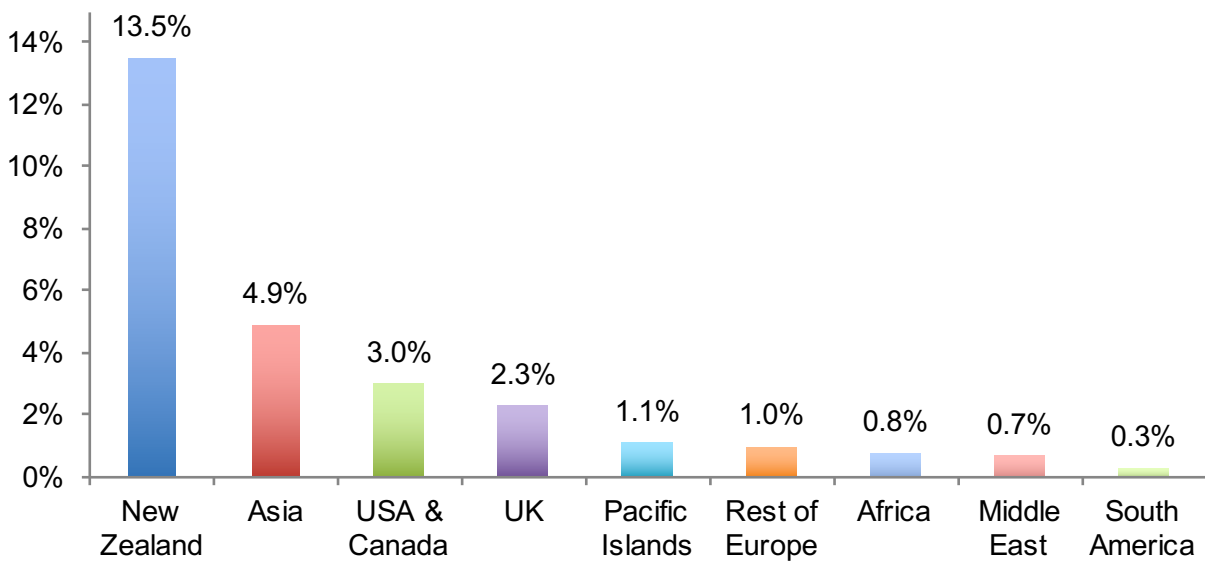
This gives a view to economies of scale as well as market share statistics for different sized organisations.

We break down the cost of the payroll function by payslip produced.

# International Payroll

## International Payroll

(Figure 2)

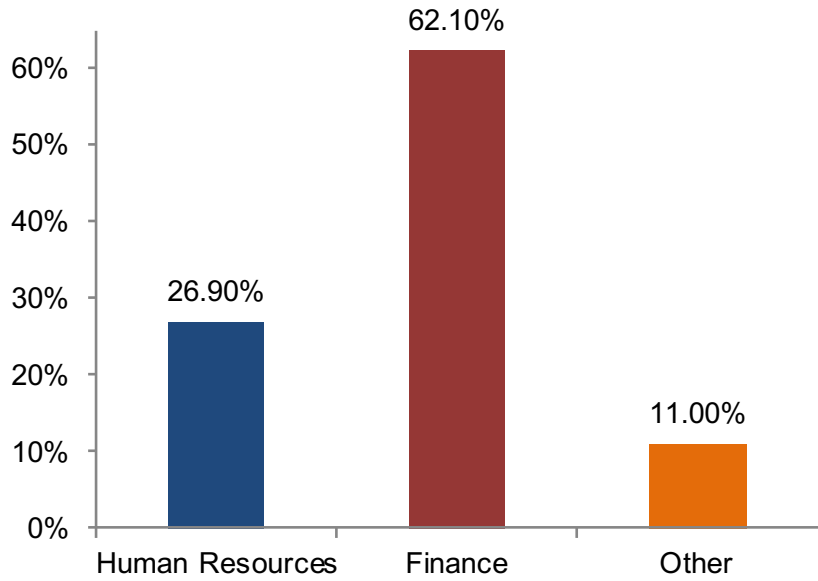


# Payroll reporting lines

Overall 62.1% of respondents had payroll reporting to finance which is up from 56.89% in 2018.

## Payroll Reporting Lines

(Figure 3)

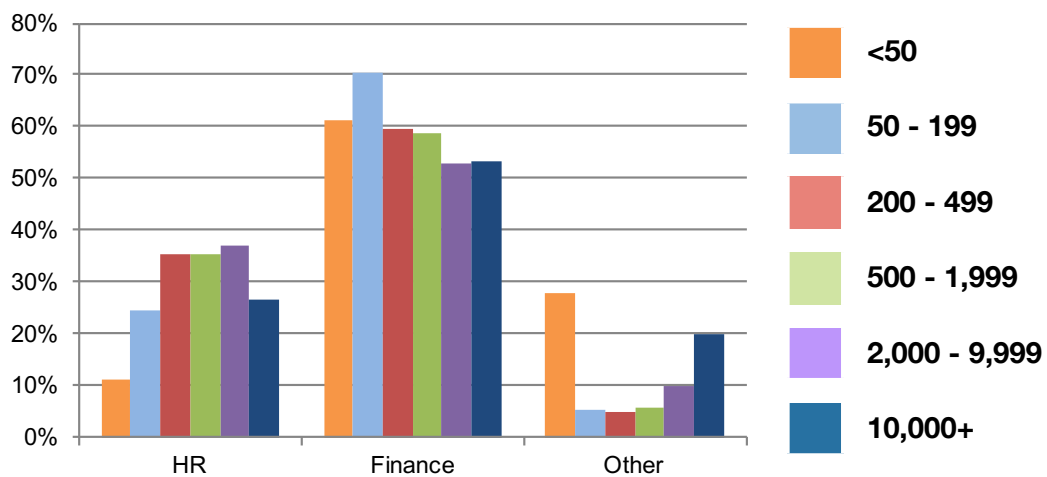


## HR vs Finance - based on employer size

(Table 1)

Reporting Line	Employee numbers					
	<50	50 - 199	200 - 499	500 - 1,999	2,000 - 9,999	10,000+
HR	11.2%	24.3%	35.5%	35.4%	37%	26.7%
Finance	61.1%	70.3%	59.7%	58.9%	53%	53.3%
Other	27.7%	5.4%	4.8%	5.7%	10%	20%

(Figure 4)



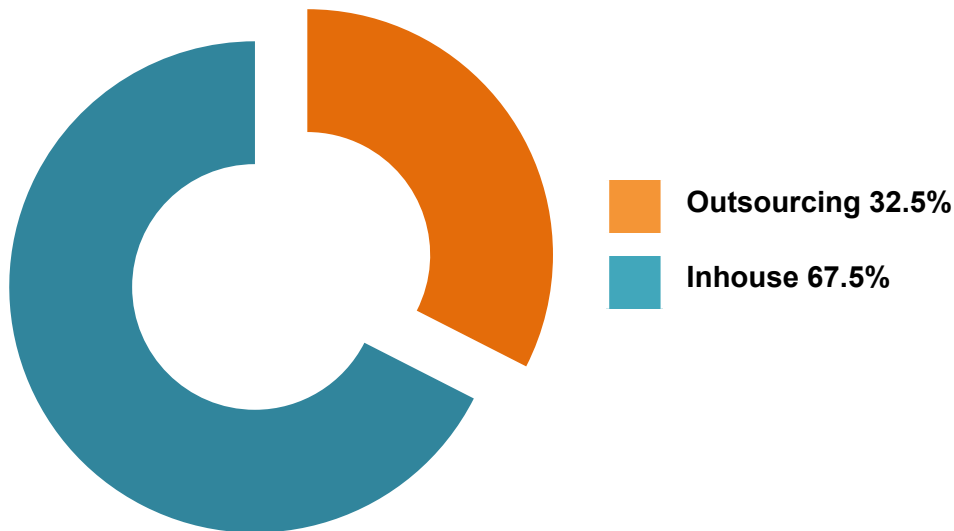
## Outsourced vs inhouse payroll

Whilst the majority of Australian employers run an inhouse payroll function we are seeing a general increase in full or partial outsourcing in most employer sizes. This is in line with trends in the US and Europe albeit in smaller numbers.

Outsourced payrolls make up 32.5% of the survey respondents which is an increase from 2018 when outsourced payrolls made up 24.7% of survey respondents.

### Outsourced vs Inhouse payroll

(Figure 4)



### Outsourced vs Inhouse payroll - Employee numbers

(Table 2)

	Employee numbers					
	<50	50 - 199	200 - 499	500 - 1,999	2,000 - 9,999	10,000+
Yes	31.9%	33.7%	35.1%	33.1%	21.7%	26.6%
No	68.1%	66.3%	64.9%	66.9%	78.3%	73.4%

### Average cost of Payslip

(Table 3)

	Employee numbers					
	<50	50 - 199	200 - 499	500 - 1,999	2,000 - 9,999	10,000+
Outsourced	249.67	60.97	32.73	17.70	7.88	
Inhouse	221.59	69.57	18.27	12.39	7.41	

We recommend payroll outsource providers ensure their teams are qualified to a minimum standard of Certificate IV in Payroll Administration ([www.payroll.edu.au](http://www.payroll.edu.au)).

## Average salary by title and state/territory (incl super & bonus if applicable)

(Table 4)

	Roles				
	Group Payroll Manager	Payroll Manager	Team Leader	Senior Payroll Officer	Payroll Officer
<b>ACT</b>	118,833	99,645	121,825	94,253	87,074
<b>NSW</b>	160,037	108,098	99,566	88,965	67,323
<b>NT</b>	120,450	114,500	-	-	76,000
<b>QLD</b>	131,053	94,051	81,577	66,104	65,126
<b>SA</b>	132,786	108,990	94,140	76,880	68,491
<b>TAS</b>	121,335	74,193	-	73,667	57,817
<b>VIC</b>	123,401	104,032	105,556	98,253	86,882
<b>WA</b>	136,688	103,654	113,007	100,565	66,212

## Average salary by title (incl super & bonus if applicable)

This table shows the average salary by role across Australia.

(Table 5)

National or Group Payroll Manager	142,028
Payroll Manager	102,966
Team Leader	99,486
Senior Payroll Officer	89,581
Payroll Officer	73,599

## Payroll Staff turnover

The average staff turnover in payroll roles nationally is 12.67%, slightly higher than 2018 result of 11.92%.

## Average cost per payslip

Overall the total cost per payslip increased from the last survey with the largest increase being average salary per payslip.

Included in the total costs are:

### Salary costs

- payroll staff salaries and wages including superannuation

### Technical costs

- payroll, time and attendance and employee self service software and service costs

## Other costs

- payroll consulting costs
- payroll recruitment costs
- payroll training costs
- payroll stationery costs
- payroll conference costs
- travel
- memberships

## Average cost per payslip by industry

(Table 6)

Industry	Employee numbers					
	<50	50 - 199	200 - 499	500 - 1,999	2,000 - 9,999	10,000+
Agriculture, Forestry & Fishing	188.57	30.38	12.84	12.36	8.61	3.70
Arts & Recreation	173.48	37.64	14.21	4.73	4.91	2.44
Construction	143.81	49.53	28.71	12.79	7.54	-
Education & Training	140.71	23.41	17.21	11.74	9.01	4.84
Utilities	276.33	36.81	17.78	14.35	8.32	-
Finance & Insurance	217.38	53.40	25.36	16.13	6.68	-
Commonwealth Government	676.85	66.26	21.28	15.92	15.93	-
Local Government	-	31.35	17.20	12.92	5.56	-
State Government	-	43.08	23.32	17.87	-	10.66
Healthcare	215.22	38.90	20.04	13.87	5.80	5.14
Hospitality	112.57	23.35	9.09	7.84	6.11	-
Information, Media & Telco	404.36	94.50	46.32	14.26	6.55	-
Manufacturing	116.82	34.99	13.64	8.73	5.89	-
Mining	591.65	41.95	20.92	14.45	14.98	-
Not for profit	237.53	42.11	16.53	12.36	6.47	-
Personal Services	152.65	41.06	18.69	10.81	7.79	-
Professional & Business Services	306.60	73.26	30.48	18.06	9.86	4.24
Retail	156.14	35.25	12.51	8.28	5.84	2.66
Transport & Logistics	122.80	39.62	18.45	7.45	5.76	-
Wholesale Trade	187.51	99.88	26.09	9.23	6.48	-



## Average payslip cost by employer size

(Table 7)

	Average Total Cost
<50 employees	\$220.08
50 - 199 employees	\$63.68
200 - 499 employees	\$19.41
500 - 1,999 employees	\$12.48
2,000 - 9,999 employees	\$7.50
10,000+ employees	\$4.94

## Average payslip cost by reporting lines

(Table 8)

	Reporting lines		
	HR	Finance	Other
<50 employees	169.09	240.79	196.09
50 - 199 employees	49.04	71.16	31.97
200 - 499 employees	19.89	19.13	19.79
500 - 1,999 employees	11.71	13.39	8.33
2,000 - 9,999 employees	8.07	7.31	6.95
10,000+ employees	4.71	3.55	8.97

## Days of training per annum

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Payroll training days may include classroom training, bespoke internal training, online training, end of year training and payroll conferences.

Average days per person = 2.6

(Table 9)

Category	Days of training per payroll professional
< 50 employees	2.3
50 - 199 employees	2.4
200 - 499 employees	2.2
500 - 1,999 employees	3.3
2,000 - 9,999 employees	3.4
10,000+ employees	3.0

## Average accuracy rate

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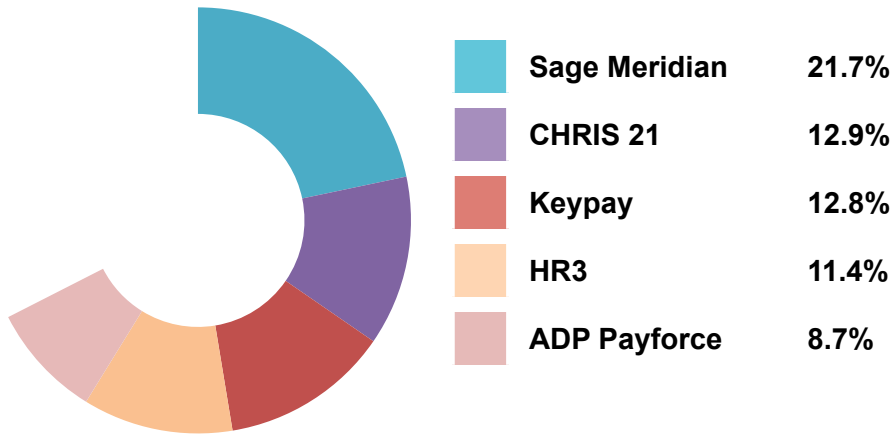
The average monthly accuracy rate is 99.55% with an average error rate of 0.45%.

# Payroll market share

Survey respondents were asked what payroll system they used. If the payroll system wasn't listed, 'other' could be chosen.

## Market share top 5: All employee bands

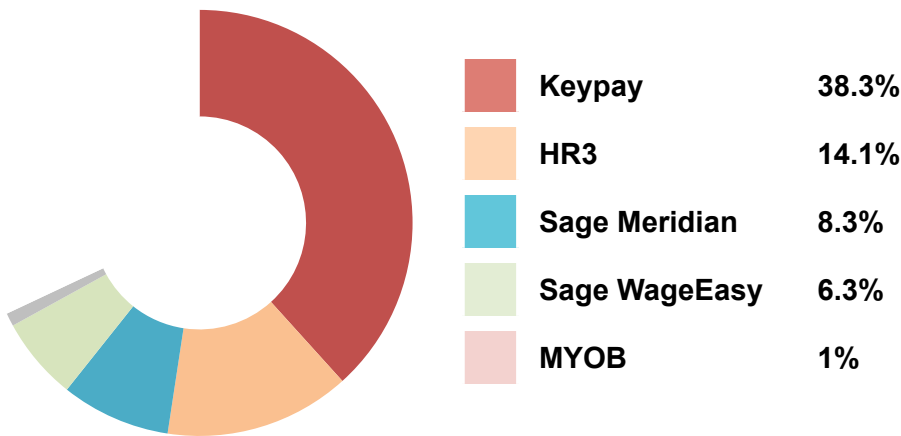
(Figure 5)



Top five payroll products represent **67.5%** of market share overall.

## Market share top 5: <50

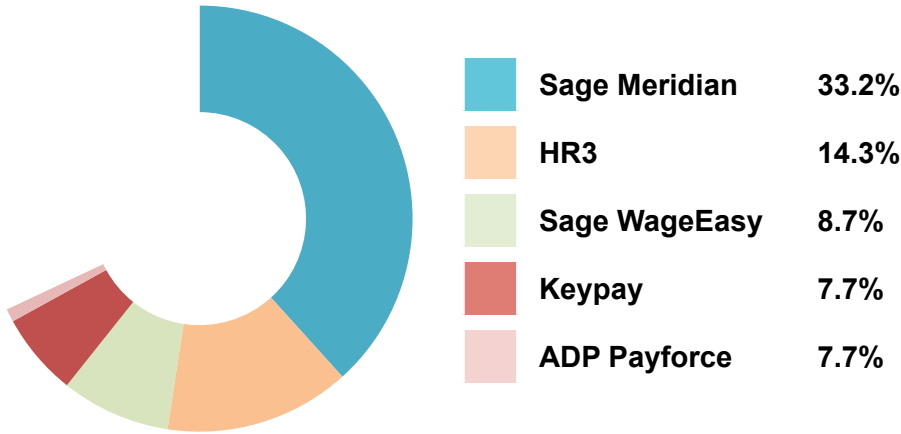
(Figure 6)



Top five payroll products represent **68%** of market share in this category.

**Market share top 5: <200**

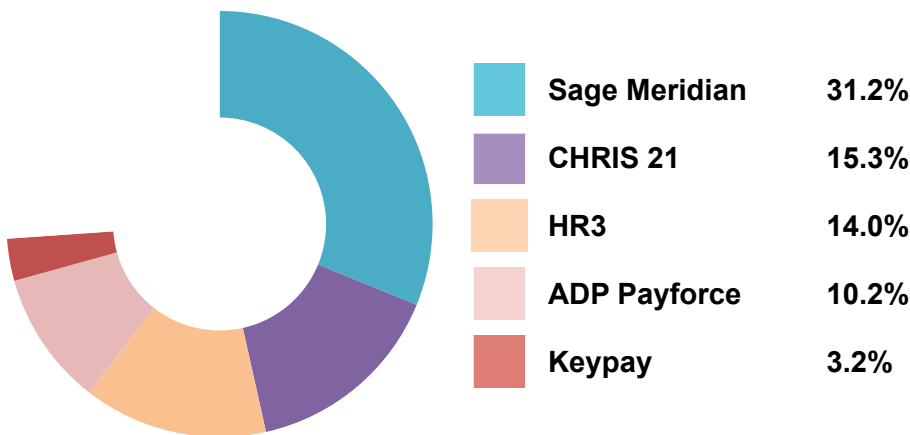
(Figure 7)



Top five payroll products represent **71.4%** of market share in this category.

**Market share top 5: 200-499**

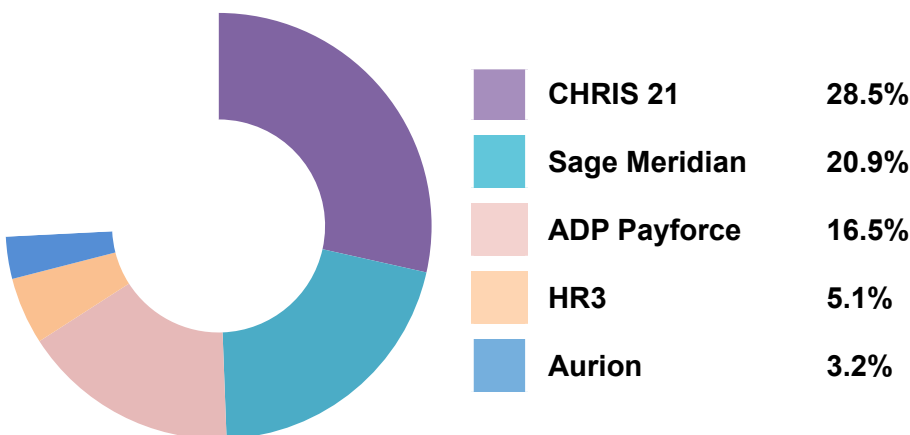
(Figure 8)



Top five payroll products represent **73.9%** of market share in this category.

**Market share top 5: 500-1,999**

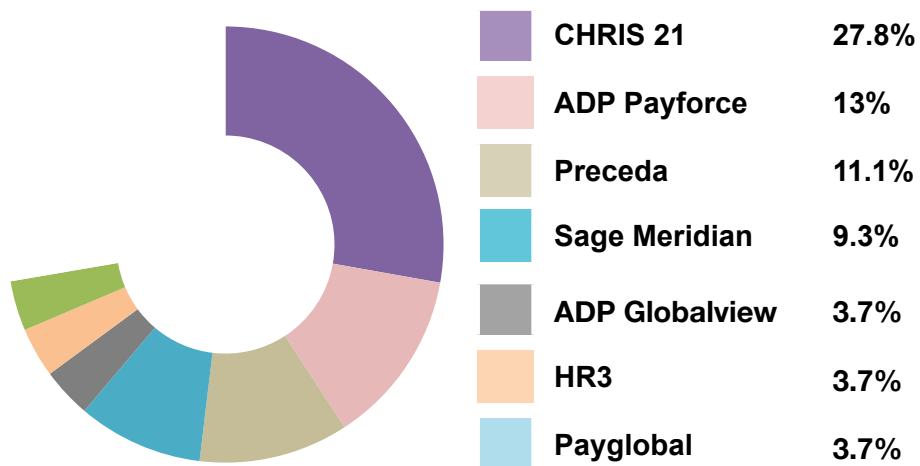
(Figure 9)



Top five payroll products represent **74.2%** of market share in this category.

### Market share top 5: 2,000-9,999

(Figure 10)



Top seven payroll products represent **72.3%** of market share in this category.

## Top 3 vendors by industry

Agriculture, Forestry & Fishery		
1	Sage WageEasy	22.7%
2	ADP Payforce	13.6%
3	HR3	9.1%

Arts & Recreation		
1	Sage Meridian	27.4%
2	ADP Payforce	18.1%
3	Payroll HQ	9.1%

Construction		
1	Keypay	20.5%
2	ADP Payforce	11.4%
3	HR3	9.1%

Education & Training		
1	Sage Meridian	24%
2	HR3	18%
3	Keypay	12%

Utilities		
1	CHRIS21	17.6%
2	Sage Meridian	17.6%
3	Keypay	11.8%

Finance & Insurance		
1	CHRIS21	20.6%
2	Sage Meridian	19.1%
3	Keypay	11.1%

Healthcare		
1	ADP Payforce	16.7%
2	CHRIS21	16.7%
3	Keypay	13.9%

Hospitality		
1	Sage Meridian	19.6%
2	Sage WageEasy	19.6%
3	Keypay	17.4%

Information, Media & Telco		
1	CHRIS21	20.8%
2	Sage Meridian	20.8%
3	Keypay	12.5%

Manufacturing		
1	Sage Meridian	31.3%
2	HR3	20.9%
3	ADP Payforce	16.4%

Not for Profit		
1	Sage Meridian	28.3%
2	HR3	17.2%
3	CHRIS21	16.2%

Professional & Business Services		
1	Keypay	19.8%
2	Sage Meridian	14.4%
3	HR3	12.6%

Retail		
1	HR3	19.7%
2	Sage Meridian	14.8%
3	Keypay	13.1%

Transportation & Logistics		
1	Sage Meridian	34.9%
2	CHRIS21	9.3%
3	Keypay	9.3%

Wholesale Trade		
1	Sage Meridian	47.5%
2	HR3	15%
3	Keypay	10%

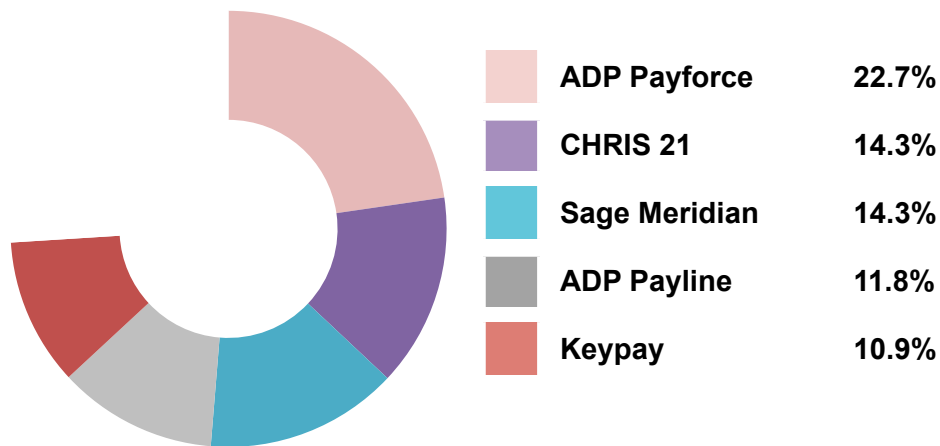
## Outsourcing market share

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Overall, the top five outsourcing products by market share have a total of **74%** of the market.

### Outsourcing Market share top 5

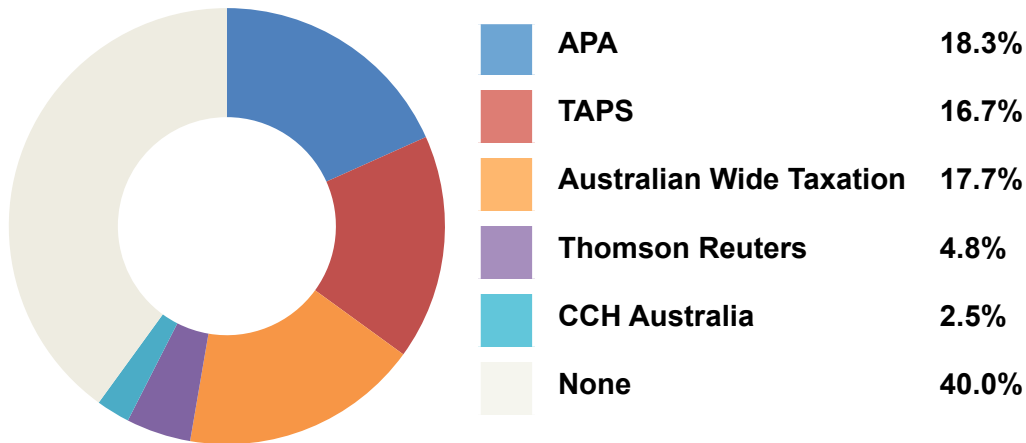
(Figure 11)



## Payroll support organisations market share

### Percentage of employers supported by payroll support organisations

(Figure 14)



### Payroll Support - no membership

(Table 7)

	% no membership
<50 employees	77.2%
50 - 199 employees	51.1%
200 - 499 employees	39.5%
500 - 1,999 employees	19%
2,000 - 9,999 employees	4.2%
10,000+ employees	<1%

To join APA, please visit [www.austpayroll.com.au/membership](http://www.austpayroll.com.au/membership)

## Qualified payroll staff figures

The vast majority of payroll professionals remain without a payroll qualification. In total 10.1% of payroll professionals have a competency based payroll qualification. This is increased from 6.2% in 2017 and 8.9% in 2018.

For more details about these qualifications, please visit Australian Payroll Institute at [www.payroll.edu.au](http://www.payroll.edu.au)



## Where to from here?

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Payroll benchmarking is a balancing act between the need for governance and compliance in the payroll function versus the cost of delivery. It's only at the intersection of compliance and efficiency that organisations can rest easy that they have a highly valued payroll operation that is providing tangible value to their organisation.

There are only three things that cause payroll problems. It's only when you have all three areas working together as best practice that you can find that payroll intersection. The three problem areas are People, Processes and Technology.

If two or more of these areas are substandard, you can have any combination of problems in your payroll that typically puts an organisation at financial, governance and compliance risk.

### People

Without the right people in your payroll team, it is impossible to deliver a high quality payroll operation. Good payroll people are hard to find, they expect and deserve high wages and are generally not looking for new jobs because they are being actively retained by their employer.

The best payroll professionals are qualified, preferably with a Certificate IV in Payroll Administration or Diploma of Payroll Management, have great attention to detail, see customer service as a critical part of doing their job well, accept accountability, understand the need for discretion, are process driven and are always thinking about continuous improvement.

Most payroll mistakes are made because the payroll team genuinely don't have the knowledge or training that they require to do their job. Regular training is critical as payroll legislation, thresholds and rates change every year.

The most valuable and sought after skills for payroll professionals now and in the future is a solid sense of customer service. Many payroll professionals are very competent at a technical level, but without the ability to communicate, that knowledge is unable to be shared widely in the business.

### Technology

Not so long ago the most technologically advanced employers were using Bundy clocks and cards. These were being 'extended' in the pay office and keyed into payroll systems.

These days technology is being developed at a rate unlike we have ever seen before. There is now payroll technology which uses mobile and geotracking to those being delivered on handheld devices and smart phones. The key is to use technology that works with the specific requirements of your organisation and not just for technology's sake.

### Processes

Contrary to popular opinion relating to just 'doing the pays', a payroll process should be developed and constantly improved to consider risk, fines, efficiency and governance. If your processes aren't structured, the best people and technology won't provide you with the payroll outcomes you are looking for.

All these three things have an effect on compliance and efficiency in your payroll operation. Once all are in alignment you are best placed to maximise all three areas of payroll and turn a business cost into an operational asset.

## How can Australian Payroll Association help you?

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Our goal is to support Australian businesses to ensure compliance and efficiency in the payroll operation. We believe that payroll can offer tangible value if delivered correctly.

Australian Payroll Association specialises in:

### **Comprehensive payroll support and advice**

Our members have access to our payroll helpline as well as our online portal of payroll best practice guides and resources.

### **Specialist payroll consulting**

We can provide advisory services and recommendations for all payroll challenges.

We regularly complete Payroll Process Audits and Payroll Compliance Audits for some of Australia's largest employers, saving them millions of dollars per annum by improving the quality and efficiency of their payroll operations.

We also work with organisations to evaluate and select payroll technology to ensure you get the best fit for your requirements.

### **Specialist payroll recruitment**

When you can't find the right people for your payroll team, we can assist by leveraging our contacts to find you someone who fits. We never advertise, so exercise complete discretion in our recruitment processes.

### **Nationally Accredited payroll qualifications**

The Certificate IV in Payroll Administration and Diploma of Payroll Management are the industry standard in payroll education. They are the only payroll qualifications on the Australian Qualifications Framework, can be started at any time and are delivered via an online learning portal.

### **Practical payroll training**

Whether online, onsite or in a classroom, Australian Payroll Association provides payroll training from Fundamentals to Masterclass.

We often deliver bespoke payroll training based on your industry, organisation and knowledge gaps.

### **Payroll knowledge assessments**

Want to understand your current payroll capability? Our online payroll knowledge test will discover where the training needs in your team are.

### **Payroll events**

Our annual conference is the largest payroll event in Australia and provides for both strategic and technical payroll topics. This year it is being held on 20 September 2019 at International Convention Centre in Sydney.

**For more details or to sign up for our free weekly payroll newsletter, please visit [www.austpayroll.com.au](http://www.austpayroll.com.au)**

## About Australian Payroll Association

Australian Payroll Association (APA) provides membership advisory services, education and specialist recruitment and consulting services for Australian employers.

Please contact the following people for further information on any of our services:

Membership, Qualifications, online and onsite learning	Payroll recruitment and knowledge assessment	Benchmarking report, payroll consulting, industry partnerships and media
<b>Kylie Elliott</b> General Manager kylie@austpayroll.com.au 02 8096 9150	<b>Andy Thompson</b> Recruitment Director andy@austpayroll.com.au 02 8096 9154	<b>Tracy Angwin</b> CEO tracy@austpayroll.com.au 02 8096 9152
<b>www.austpayroll.com.au</b>		

### Client testimonials

*“APA have been an excellent support service when dealing with payroll situations that are out of the normal day to day function. Their response times are in most cases instant, and all the staff are a pleasure to deal with. They beat any competitor ‘hands down’ and come highly recommended by our organisation. It is great to know that payroll professionals can be part of such a valued and trusted association!”*

**Gina Tsotra, HUGO BOSS Australia Pty Ltd**

*I would recommend Australian Payroll Association to any business that wants to ensure they are kept up to date with changes relating to legislation, taxation, industrial relations and more.*

*They offer access to the latest information, training, best practice and many more resources when we need them. I believe Australian Payroll Association is at the forefront of the payroll profession and believe they offer indispensable learning opportunities.*

*Their support is unrivalled and I have full confidence in their advice, knowledge and experience within the payroll arena.”*

**William Withers, Campbell Arnotts**

*“I’ve been extremely happy with the payroll services provided by APA and would thoroughly recommend them for their high ongoing levels of customer service.”*

**Susan Smith, Reject Shop Limited**

*“The Australian Payroll Association provides a valuable resource to all Payroll Professionals with their regular updates to a range of payroll and employment related issues presented to us. I rely on the excellent service provided by APA to inform me of the many changes and issues facing our industry.”*

**Damian Membry, Monash University**

*“APA are an impressive team which delivers on their promises and are stand out performers in the Payroll sector.”*

**Diane Davis, Energex Ltd**

### *Reimagining the future of payroll*