

IMPART swivel

# The Cost of Inaction

The Economic Cost of Sedentary Workforce Health

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# Scope & Magnitude of the Issue

Sedentary work, characterised by extended periods of sitting and minimal physical activity, has become the norm across much of Australia's workforce. Australian workers reportedly spend approximately 76% of their office time, equating to about 5 hours daily, in a seated position (Safe Work NSW, 2018).



This widespread prevalence is further evidenced by estimates that nearly half (46.9%) of working adults aged 18-64 spend the majority of their workday seated (Australian Bureau of Statistics [ABS], 2022).

Modern office environments and remote working arrangements have collectively cemented these low-movement workstyles. In turn, sedentary behaviour has been established as a central occupational health issue.

Workers in sedentary occupations, for instance, average 22 hours per week sitting for work, often with limited opportunities or incentives for movement (ABS, 2013a).



This routine is rarely mitigated by workplace design or organisational culture, resulting in accumulating risks to both physical and mental wellbeing. Consequently, the negative impacts are thoroughly documented in both economic and organisational terms, impacting output, morale, and the long-term sustainability of Australian enterprises, in addition to the broader national economy.

# Economic Burden: Channels and Cost Estimates

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The costs associated with poor sedentary worker health manifest in several key areas, each with substantial implications for employers and the economy at large. These include lost work time, reduced effectiveness, increased injury claims, direct financial outlays, higher insurance premiums, and a cumulative negative impact on workforce participation and engagement.

A 2008 report by Medibank further delineated these costs, identifying three primary channels through which sedentary behaviour burdens the Australian economy: **healthcare expenditures, mortality-related costs, and productivity losses.**

Firstly, healthcare costs are directly and indirectly elevated by physical inactivity. The Australian Institute of Health and Welfare (AIHW, 2023) estimated that approximately A\$2.4 billion was spent on health conditions attributed to physical inactivity between 2018 and 2019. Notably, A\$763 million of this figure was specifically linked to risk factors associated with sedentary practices, such as elevated blood sugar and high blood pressure.

Secondly, mortality costs arise from sedentary lifestyles reducing life expectancy, which in turn diminishes the size of the labour force. Medibank's 2008 report estimated the potential lost output from this channel in 2007/2008 at A\$3.8 billion.



Thirdly, productivity losses are a significant consequence, primarily through absenteeism and presenteeism.

**Absenteeism**, defined as employees not reporting to work, often due to discomfort or minor health complaints, is estimated to result in an average of 1.8 extra lost workdays per worker annually, equating to approximately A\$458 per employee.

Adjusted for inflation (52.7% increase from 2008 to late 2024) (ABS, 2024a) and current wage growth (where Average Weekly Ordinary Time Earnings increased by 64.7% from A\$1200 a week in 2008 to A\$1975.80 in November 2024) (ABS, 2024b), the updated cost per worker averages ~**A\$1150 per year**.



Conversely, **presenteeism** describes employees being physically present but performing below full capacity due to fatigue, pain, or low engagement.

This latter form of productivity loss is impactful, with estimates suggesting it costs Australia over A\$34 billion annually (Carter, 2016), or ~**A\$4800** per employee when adjusted for inflation and wage growth (ABS 2025a; ABS 2024b; ABS, 2016), exceeding costs of absenteeism.

A systematic review by Crosland et al. (2019) estimated the combined impact of presenteeism and absenteeism on GDP at a substantial A\$11 billion annually.





# Musculoskeletal Complaints and Workers' Compensation

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The economic burden of poor sedentary worker health extends to other critical direct costs. **Musculoskeletal disorders (MSDs)**, significantly contributed to by low-movement roles, account for a substantial proportion (around 44%) of workplace injury compensation cases (VicHealth, 2012). A 2012-2013 estimate by Safe Work Australia (2015) placed the cost of MSDs to the Australian economy at approximately A\$9.53 billion. The direct cost of managing MSDs is estimated at approximately **A\$990** per employee annually when adjusted for inflation (ABS 2025a; ABS 2013b).

Workers' compensation statistics reported by Safe Work Australia for the year 2022-2023 (Safe Work Australia, 2024) indicated that of the serious claims, 20,200 (14.5% of diseases and conditions) were due to MSDs and connective tissue diseases, with a median compensation of A\$23457. This amounts to a total compensation cost for MSDs for this year of approximately A\$473.8 million, and when distributed across all 14.05 million employees (ABS, 2023), is approximately **A\$35**.

In the same report, Safe Work indicates that mental health conditions, closely linked to sedentary work conditions, have 14,600 serious claims (10.5% of diseases and conditions), with a larger median compensation of \$65,402. Additionally, the median time lost from serious claims is at a staggering 37.0 working weeks, over 5 times the median time lost across all serious claims. These claims contribute to an additional **~A\$70** compensation cost per employee.

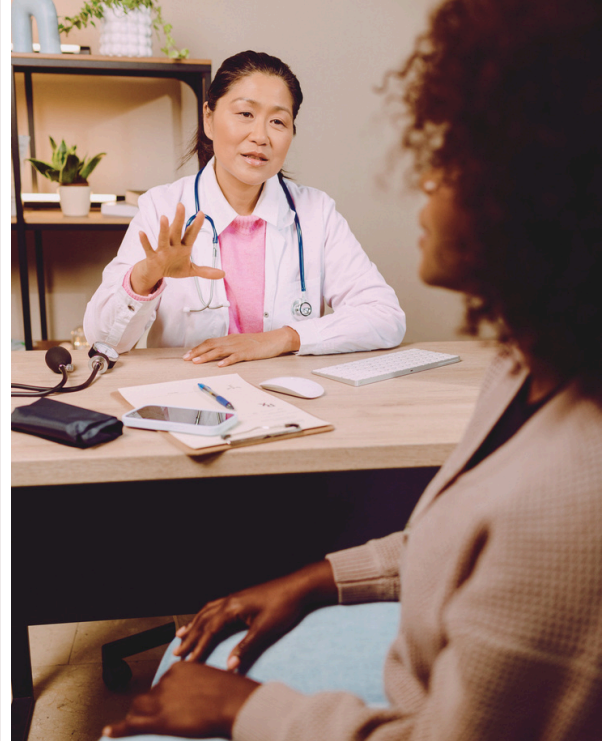
# Chronic Health and Insurance Costs

Chronic health-related costs also contribute to the burden; long-term sedentary behaviour increases the need for medical attention and support and can lead to earlier labour force departure.

Projections for 2025 indicated a loss of A\$17.66 billion in annual income due to lost Productive Life-Years (PLYs) in older Australian workers due to chronic disease (Schofield et al., 2016).

Averaged across the 2025 labour force, this amounts to an estimated cost per employee of A\$1208. However, chronic disease contributes indirectly to absenteeism and presenteeism.

We thus adjust our figure to a conservative estimate of ~**A\$800** in additional costs per employee to account for chronic illness economic burden distinct from these factors.





# Aggregate Cost & National Impact

These costs highlight the pervasive financial implications of physical inactivity. A summary of these economic costs, categorised by source and estimated on an average annual basis per Australian worker, is provided in the table below.

Cost Category	Per Employee Annual Cost (AUD)	Key Source
Absenteeism (linked to inactivity)	\$1150	Medibank Private, 2008
Presenteeism	\$4800	Carter, 2016
Musculoskeletal Disorders (MSDs)	\$990	Safe Work Australia, 2015
Workforce Compensation	\$35	Safe Work Australia, 2024
Mental Health Claims (per employee)	\$70	Safe Work Australia, 2024
Chronic Health-related Costs	\$800	Schofield et al., 2016

Cumulatively, these direct annual economic costs amount to **A\$7845 per sedentary employee**. When extrapolated to the national scale, the impact becomes substantial. Safe Work NSW reports that a quarter of the population spends more than 8 hours a day sitting (Safe Work NSW, n.d.).

Applied to the Australian labour force of 14.62 million (ABS, 2025b), this equates to approximately 3.66 million sedentary workers. Consequently, the national economic cost is estimated to surpass **A\$28.7 billion** annually. Note that this figure represents a conservative estimate, as it does not encompass broader indirect costs such as reduced innovation or negative impacts on staff cohesion and employee engagement.

# Organisational & Societal Implications



The economic costs outlined above are not solely a function of individual health status. Productivity loss impacts team performance and increases the need for replacement staff and training.

Rising compensation claims and health-related absences elevate employer liability and administrative burden.

Higher insurance premiums, coupled with lost working days and reduced effectiveness, contribute to declining organisational performance and reputation.

At the societal level, these costs are mirrored in increased pressure on healthcare systems and social support services.

Long-term health conditions associated with prolonged sitting contribute heavily to health expenditure and are estimated to account for over \$11 billion (VicHealth, 2012).

Absenteeism and long-term work incapacity diminish overall economic participation and increase dependency ratios.







# Preventive Approaches

Proactive interventions offer significant opportunities to mitigate the economic and health burdens associated with sedentary work, yielding substantial financial and wellbeing benefits (Gao et al., 2019; VicHealth, 2012). Evidence shows that strategies such as redesigning workspaces to encourage movement, integrating regular activity breaks, providing ergonomic equipment, and fostering a supportive workplace culture are effective.

Organisations implementing these measures have reported reductions in both absenteeism and presenteeism (Ben et al., 2020; Pereira et al., 2018), alongside lower compensation costs and improvements in staff satisfaction and retention (Falk et al., 2022; Rosenkranz et al., 2020; Lurati, 2017).

Investing in preventive actions is supported by systematic reviews as a cost-effective approach, leading to both direct financial savings and enhanced workforce resilience (Straker et al., 2016). Quantitative analyses further underscore these benefits.

For instance, simulations conducted by Cadilhac et al. (2011) projected that a mere 10% reduction in sedentary behaviour could result in gains of 114,000 working days and 180,000 days of home-based production, while simultaneously reducing health sector costs by A\$96 million and generating total potential opportunity cost savings of A\$258 million.

Similarly, a 2014 study by Deakin University and the Confederation of Australian Sport (CAS) found that reducing the prevalence of physical inactivity by 15% would save 100,000 days of work, contribute over 1 million days gained in home-based production, and accrue \$244 million in total productivity savings (Ananthapavan et al., 2014).

# Conclusion

The costs of poor sedentary worker health in Australia are substantial, persistent, and largely preventable. Employers and policymakers have a clear opportunity to reduce these burdens through the adoption of evidence-based strategies that promote movement and improve workplace design.

In doing so, they stand to unlock significant economic and social value, improving outcomes not only for individual workers but for Australian society.





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