sunsuper

Australian JOB INDEX

Q2 April - June 2020

About Sunsuper

Sunsuper has been taking care of its members' super savings since 1987. As a profit-for-members fund, our members are at the heart of everything we do, and our profits are returned to our members via industry-leading services and lower fees.

At June 2020, Sunsuper was one of Australia's largest super funds with 1.4 million members.

With more than 900 staff based in offices across the nation, the company helps more than 100,000 businesses manage their super obligations, while at the same time providing a range of services to help them support their people's financial wellbeing and enhance their employee value proposition.

Sunsuper has been named both Chant West's and SuperRatings' 2020 Fund of the Year. Since 2015, we've also held Canstar's highest 5-Stars Outstanding Value rating for outstanding value superannuation.

Methodology

The Sunsuper *Australian Job Index* measures and tracks digital job advertisements on job boards, employer career portals and recruitment company websites. Measurement of job vacancies is critical because it is a lead indicator of what is likely to happen to employment in the future.

Our methodology is to extract job advertisements in real time over the internet 24/7. Our research covers over 4,000 sources on a continuous basis. Advertisements are de-duplicated twice - once to eliminate any advertisement run on the same source in the last 30 days and second to eliminate an advertisement already extracted from an alternative source. Artificial intelligence is then used to classify each job advertisement by job type, occupation, industry and location. Occupation is based on ANZSCO classification hierarchies and industry by ANZSIC code.

The Sunsuper *Australian Job Index* is a measure of national employment demand. The contingent index measures the change in demand for flexible employment opportunities (temporary, contract and casual). The permanent index measures the change in the number of permanent job opportunities. All indices started at a baseline of 100.00 in July 2015.

All job indices are seasonally adjusted to take account of seasonal variations in labour demand over the course of the year. Irregular components, such as statistical noise caused by sampling errors, are also removed to produce trend data.

Executive **summary**

72.99

National job index
down 24.7% since March 2020

67.80

Permanent job index
down 25.2% since March 2020

87.22

Contingent job index
down 23.7% since March 2020

After recording its largest ever fall in April, the **Sunsuper *Australian job index* rose by 9.4% in May and 10% in June. Despite these gains, the index still recorded a fall of 24.7% in the June quarter and remains 40.3% below its January 2020 level.**

After a 35.6% fall in April, **permanent job opportunities rose by just 5.2% in May and a more encouraging 10.5% in June. The recovery in contingent demand has been stronger, with gains of 19.5% in May and 9.0% in June.**

Of the major occupational groups, **the greatest declines in job opportunities were recorded for sales workers (down 44.1%) and clerical and administrative roles (down 35%)**. In contrast, opportunities for labourers rose by 0.9% while community and personal services opportunities declined by a relatively modest 3.7%.

A staggering 267% jump in accommodation and food services job opportunities over May and June reflects the industries hardest hit by COVID-19 beginning to re-open but leaves the number of such opportunities 47.8% below their pre-COVID-19 peak. The reimposition of COVID-19 restrictions in Victoria (and potentially elsewhere) does not bode well for opportunities in these sectors in the near term.

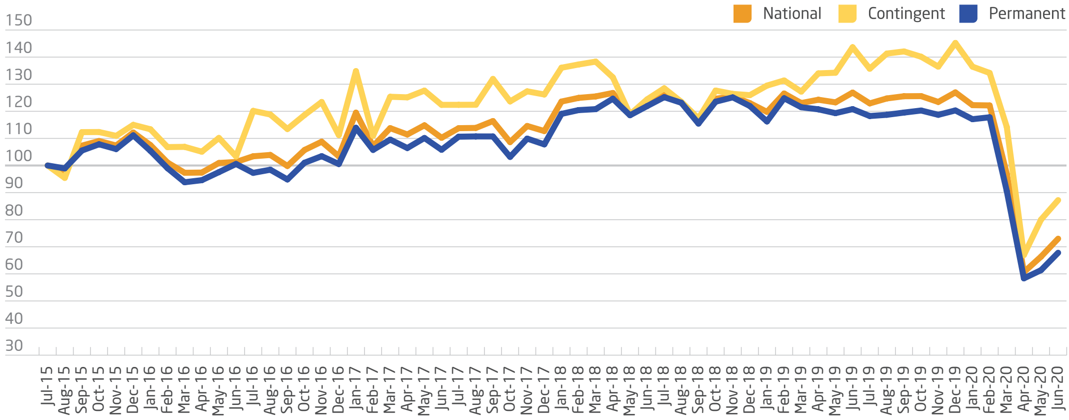
All industry groups reported declining opportunities over the June quarter. The strongest performing sector was mining, construction and utilities, reporting a decline of just 3.2% over the quarter with commodity prices and demand remaining strong. Opportunities in healthcare and public administration and safety also reported relatively modest declines of around 14% over the June quarter. Retail and wholesale job opportunities reported the largest decline (down 45.9%).

Every state and territory suffered declines in both permanent and contingent recruitment activity over the June quarter. NSW saw the most significant decline in permanent job opportunities (32.4%) while Victoria suffered the largest fall in contingent hiring (down 33.8%). Western Australia enjoyed a relative benign decline in both permanent (9.3%) and contingent hiring (10.6%), a result of strength in their resources sector and low COVID-19 spread.

National **job index**

Sunsuper *Australian Job Index*

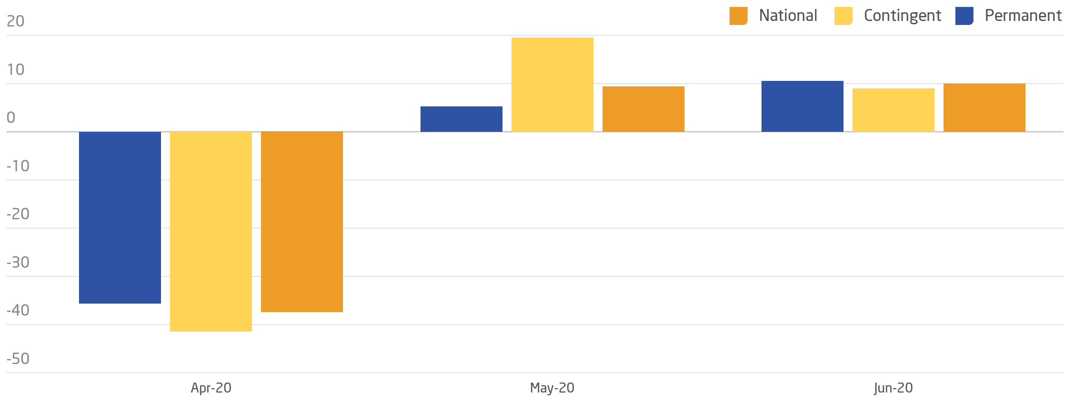
Despite rising by 9.4% in May and 10% in June, the Sunsuper *Australian job index* still recorded a decline of 24.7% in the June quarter, thanks to a 37.4% fall in April. The index remains 40.3% below its pre-COVID-19 peak in January 2020.



Sunsuper *Australian job index* (seasonally adjusted)

Opportunities for both permanent and contingent employment remain well below pre-COVID-19 peaks, although the recovery over May and June has been somewhat stronger for contingent work. Given the risk of renewed shutdowns (a risk that has been realised in Victoria), the relative strength of contingent opportunities is perhaps unsurprising.

Contingent employment has always presented risk to job seekers. The prospect of loss of job or reduced hours will be even greater in the current environment. While it seems unlikely that those currently employed in permanent work will be attracted to contingent work, those with insufficient hours or no work may have little choice.



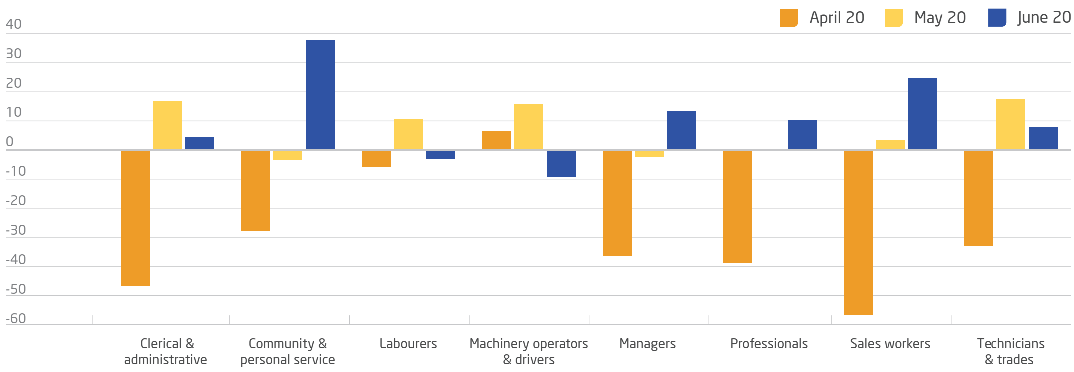
Change in Sunsuper *Australian Job Index* from prior months

Occupational **overview**

The movement in job vacancies by occupational group inevitably aligned with the national trend, with the major fall in April being followed by varying degrees of recovery in May and June. Opportunities across all major occupation groups remain well below pre-COVID-19 peaks despite mostly solid gains in May and June.

Unsurprisingly, one of the better performing categories was community and personal services. Demand fell just 3.7% over the quarter. This was driven by a remarkably bullish 37.7% rise in June, which coincided with the recommencement of elective surgery and the re-opening of allied medical business. Opportunities for machine operators and drivers and labourers both came through the initial health crisis relatively unscathed, with both reporting net gains over the quarter.

Sales opportunities were worst hit both in the month of April, down a massive 56.8%, and over the quarter, down 44.1%. The category will have been weighed down by contraction in real estate and retail, although few industries would have escaped contraction in sales roles. Despite some recovery in demand in May and June, sales opportunities remain 53.9% below pre-COVID-19 levels.



Change in occupational job indices from prior months

Machinery operators and drivers was the only occupational group to experience a rise in permanent job opportunities in the quarter (19.4%). Contingent demand also rose but by just 0.4%. The relative strength in permanent hiring is very much against the general trend. It may be that many of these roles are part time in nature providing employers with flexibility in total hours worked should business conditions change dramatically.

The only other occupations to see increased contingent job opportunities were labourers (5.5%) and community and personal service roles (up 6.1%). This rise was to be expected in light of the numerous additional jobs created in both the private and public sectors in areas like protection, security, aged care and mental health.

The fall in demand for clerical and administration and sales jobs was equally severe across all forms of employment. Isolation and business uncertainty surrounding the local economy, international trade and office work suggests this downturn is currently hurting white-collar more than blue-collar occupations. This trend is also seen in the decline in managerial and professional job opportunities. This contraction has received less publicity than the more obvious declines in hospitality, tourism and even education. They may well be broader based across many industries and indirectly rather than directly impacted, so only now really being felt.

	PERMANENT	CONTINGENT
MANAGERS	↓31.8%	↓22.2%
PROFESSIONALS	↓24.5%	↓25.9%
TECHNICIANS & TRADES	↓14.0%	↓18.1%
COMMUNITY & PERSONAL SERVICES	↓6.6%	↑6.1%
CLERICAL & ADMINISTRATION	↓36.1%	↓33.1%
SALES	↓43.6%	↓47.5%
LABOURERS	↓1.2%	↑5.5 %
MACHINERY OPERATORS & DRIVERS	↑19.4%	↑0.4 %

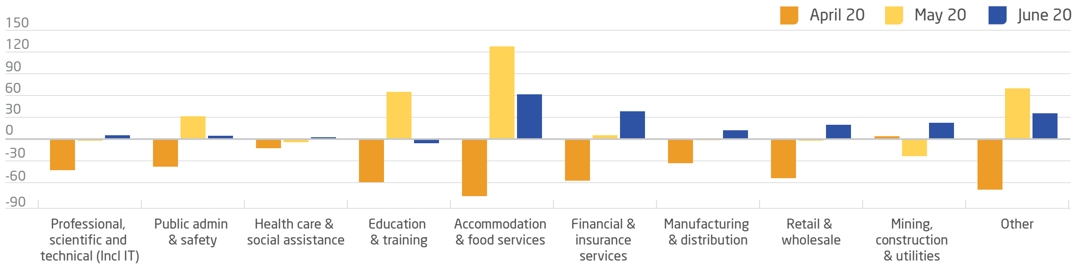
Change in permanent and contingent occupational job indices from prior quarter

Industry **overview**

All industry groups reported declining opportunities over the June quarter. The strongest performing sector was mining, construction and utilities, reporting a decline of just 3.2% over the quarter with commodity prices and demand remaining strong. Within this composite grouping, mining is performing best with commodity prices and international demand remaining strong. Residential construction is down but government infrastructure initiatives aim to support employment in the building and construction sector.

Opportunities in healthcare and public administration and safety also reported relatively modest declines of around 14% over the June quarter. Retail and wholesale job opportunities reported the largest decline (down 45.9%). The decline in education was very clear early in the pandemic when overseas students went home or cancelled their studies. Hiring in the sector collapsed as international student fee revenue dried up. The 65.3% recovery in May was perhaps surprising and welcome, but as the small contraction in June demonstrates, job vacancies in the sector are likely to remain weak for some time.

As with most other sectors, the early contraction in financial and insurance services opportunities was substantial (57.2%). June saw quite a significant bounce back of 38.0%. The big four banks make up a large proportion of jobs in the sector. Low interest rates and the financial difficulties faced by customers will put pressure on profits but the need to manage bad and doubtful debt accounts may well require considerable resources. “Other” is a collection of smaller industries. Arts and recreation have been devastated. Administrative and support services (including recruitment and travel) remain very weak. Agriculture, forestry and fishing has held up relatively well.



Change in industry job indices from prior months

Over the June quarter, every permanent and contingent job index fell with the surprising exception of contingent opportunities in accommodation and food services. The strength is deceiving, however. The index remains well below pre-COVID-19 levels.

The contrast between permanent and contingent is particularly significant in a number of sectors. The 45.7% fall in contingent opportunities in education and training is of great concern. A large proportion of tertiary roles are fixed-term contractual appointments (therefore contingent) reflecting the dire financial challenges facing the university and private international college sectors.

The contingent retail and wholesale job market is also much weaker than its permanent employment base. With many retail roles casual and part time in nature, this decline says a lot about the difficulties this market faces and the acute shortage of job opportunities.

	PERMANENT	CONTINGENT
PROFESSIONAL SERVICES (INC IT)	↓ 39.4%	↓ 47.6%
PUBLIC ADMIN & SAFETY	↓ 17.7%	↓ 10.1%
HEALTHCARE & SOCIAL ASSISTANCE	↓ 13.7%	↓ 14.9%
EDUCATION & TRAINING	↓ 27.9%	↓ 45.7%
ACCOMMODATION & FOOD SERVICES	↓ 23.6%	↑ 18.9%
FINANCIAL & INSURANCE SERVICES	↓ 39.3%	↓ 29.6%
MANUFACTURING & DISTRIBUTION	↓ 20.9%	↓ 45.8%
RETAIL & WHOLESALE	↓ 44.2%	↓ 55.4%
MINING, CONSTRUCTION & UTILITIES	↓ 3.4%	↓ 2.6%
OTHER	↓ 30.4%	↓ 32.1%

Change in industry permanent and contingent job indices from prior quarter

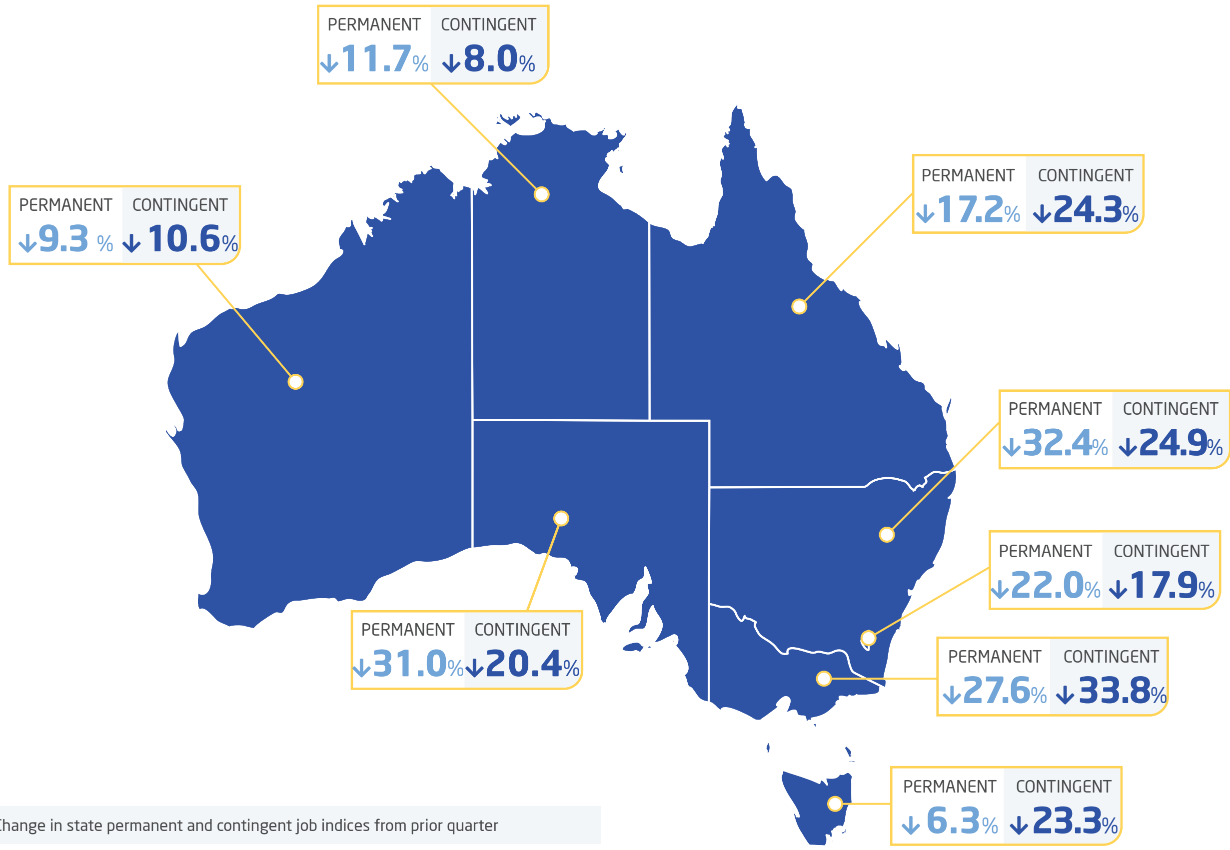
Regional **overview**

In every state and territory, both permanent and contingent job indices have fallen. Variations between states are driven largely by the relative COVID-19 spread (urbanisation/international linkages) and industry specialisation.

New South Wales has seen the most significant decline in permanent job opportunities (down 32.4%) while Victoria had the highest fall in contingent job vacancies (33.8%). These states suffered the highest rates of COVD-19 infections, with Victoria hit worse in manufacturing and retail and New South Wales in financial services and tourism. Victoria's results are prior to their second wave of infections so their immediate prospects are not favourable.

With such a strong focus on tourism, one might have expected Queensland's falls to have been above the national norm. But this has not been the case. This may be because of the time of year that the virus spread. Queensland's strength in the resources sector may also have helped soften the impact.

This is certainly the case in Western Australia. It has enjoyed a relative benign decline in both permanent (9.3%) and contingent hiring (10.6%) as a result of strength in their mining and resources sector and relatively low COVID-19 spread.



Change in state permanent and contingent job indices from prior quarter

For ratings and awards information refer to sunsuper.com.au/ratingsagencies.

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