

 **sun**super

# Australian JOB INDEX

**Q2** April - June 2019





## 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, profits are returned to our members via industry-leading services and low fees.

In May 2018, Kinetic Super merged with Sunsuper to become one of Australia's biggest superannuation brands, with more than \$68 billion in funds under management and 1.4 million members.

Sunsuper is well-positioned to continue Kinetic Super's legacy as the pre-eminent superannuation provider to Australia's recruitment and employment services sectors.

With more than 850 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 awarded *Money* magazine's Best Super Fund Manager and Best Featured Pension Fund 2018 and 2019 for being the best of the best when it comes to super. We have also been awarded 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 factors such as public holidays. Irregular components, such as statistical noise caused by sampling errors, are also removed to produce trend data. This represents the underlying levels of job index time series. Trend data reduces statistical volatility over time and therefore allows for better analysis of time series data and creates a base from which predictive analytics is possible.



# Executive summary

**121.15**

National job index  
up 1.9% from Q1 2019

**↑ 0.2%**

Permanent job index  
up to 116.92 from Q1 2019

**↑ 4.9%**

Contingent job index  
up to 129.35 from Q1 2019

The **Sunsuper Australian job index rose by 1.9%** in trend terms in the June quarter. On an annual basis there was a rise of 1.9%.

In the last quarter there has been a **significant shift from permanent to contingent job vacancies.**

**Demand for professionals has expanded every quarter in the last year.** June was the strongest quarter so far rising 4.6%. The annual rate of growth is a bullish 13.1%.

**Managerial (executive) job openings rose** 3.1% in the June quarter following a 3.5% rise in the March quarter.

There has been a **significant contraction in roles for technicians and trade workers** with vacancies declining in trend terms for four consecutive quarters. Recent downturn in the building and construction sector may account for much of this decline.

**Contingent demand has grown in all occupational groups** in the last quarter, while permanent staffing has declined in six of eight occupational groups.

**The retail and wholesale sector have seen four successive quarterly falls in job opportunities.**

**Mining, construction and utilities job vacancies are up** by 2.9% in the June quarter following a 3.8% increase in the March quarter.



# National job index

## Sunsuper Australian Job Index

The Sunsuper Australian Job Index rose by 1.9% in the second quarter of 2019 in trend terms. On an annual basis there is a rise of 1.9%.

During the June quarter, the ratio of contingent job opportunities (expressed as a percentage of the total market) rose 0.9% to 29.0%.

Historically, this is a strong employment market so job seekers should be encouraged. Imminent tax refunds and the Reserve Bank of Australia's consecutive drops in the official interest rate are aimed at boosting economic activity and should, over time, lead to further job creation and upward pressure on wages.

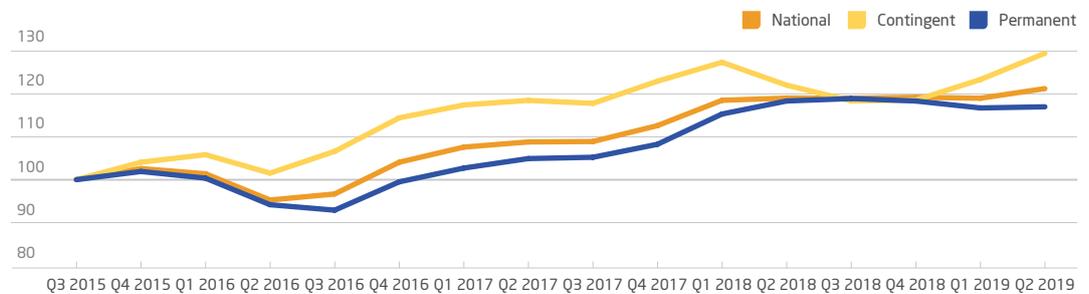


Chart 1: Sunsuper Australian Job Index

## Change in Sunsuper Australian job index

The chart below further illustrates the change in momentum from permanent to contingent employment over the last twelve months. Permanent employment saw only a modest gain in Q2 after the declines recorded in Q4 2018 and Q1 2019.

In contrast, contingent employment demand has recovered strongly from its mid-2018 weakness.

Movement in the national job index reflects the (weighted) combination of the two indices.

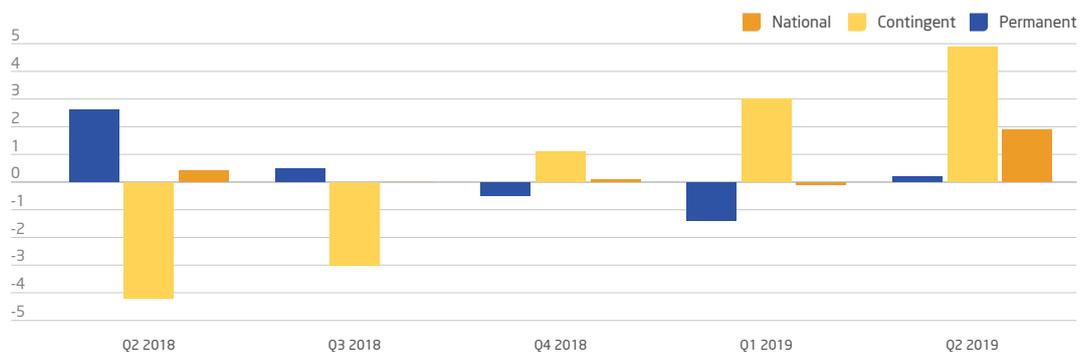


Chart 2: Change in Sunsuper Australian Job Index on prior quarter

# Occupational overview

The primary observation around the occupational indices is the contrast between white- and blue-collar workers. Demand for professional workers has expanded for the five quarters shown with June being the strongest quarter, increasing 4.6%.

The annual rate of growth is a bullish 13.1%. In 2019, managerial (executive) jobs rose 3.5% in the first quarter and by 3.1% in the second quarter.

Of the white-collar occupations, demand for sales workers is struggling with vacancies declining in four of the last five quarters.

Of the blue-collar occupations, demand for machinery operators and drivers has recovered well in the June quarter with vacancies increasing by 3.2%, a marked improvement on declines in previous quarters. Demand for labourers has contracted every quarter shown in the chart. There is also a significant decline in roles for technicians and trade workers, contracting quarter-on-quarter. The recent downturn in the building and construction sector may account for much of this decline, while mining is on the rise.

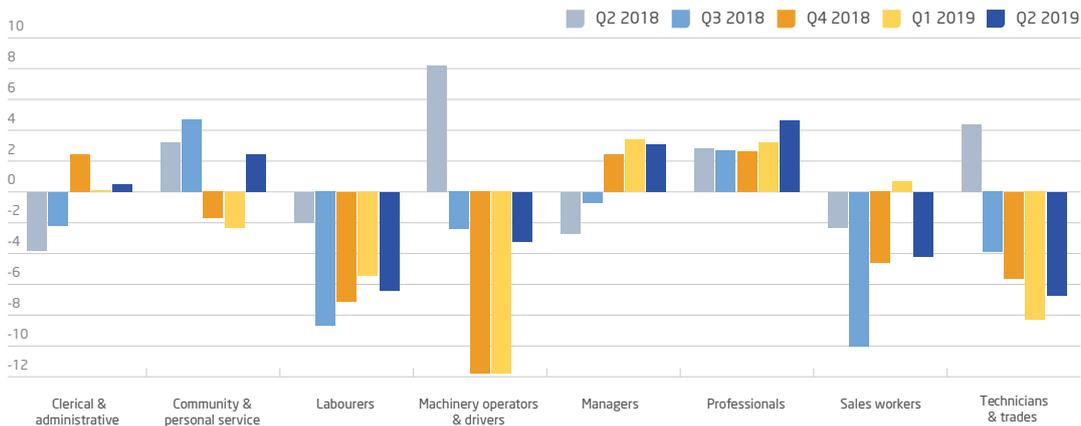


Chart 3: Change in occupational job indices

The demand for contingent jobs has grown across all occupational groups, which demonstrates how broad the trend towards contingent workforce solutions has been. Contingent vacancies for managerial roles, not normally associated with temporary and contract work, are up 8.8%, a substantial increase in the June quarter.

Of the blue-collar occupations, the significant decline in permanent job opportunities is offset by relatively small increases in contingent job vacancies. Permanent jobs in clerical and administrative roles are down 2.4%, while contingent positions are up 2.5%.

Community and personal services is the only occupation group where the decline of 0.8% in permanent opportunities is materially exceeded by a significant rise of 6.4% in the contingent job index.



Change from Q1 2019 to Q2 2019

# Industry overview

The mining, construction and utilities sector has been the strongest this year with a rise in job vacancies of 3.8% Q1 and by 2.9% Q2.

Last quarter, the financial services sector had the strongest growth; however, the rise this quarter is just 1.6%. While the index remains strong, the immediate surge in the aftermath of the Banking Royal Commission seems to be plateauing.

Public administration and safety saw a rise of 1.3% in the June quarter. Healthcare and social assistance is back in positive territory after a surprising decline in the previous quarter, now with a slight increase of 1.6% in Q2.

The sector of most concern is retail and wholesale with four successive quarterly falls in job opportunities, with the latest fall of 14% being the largest.

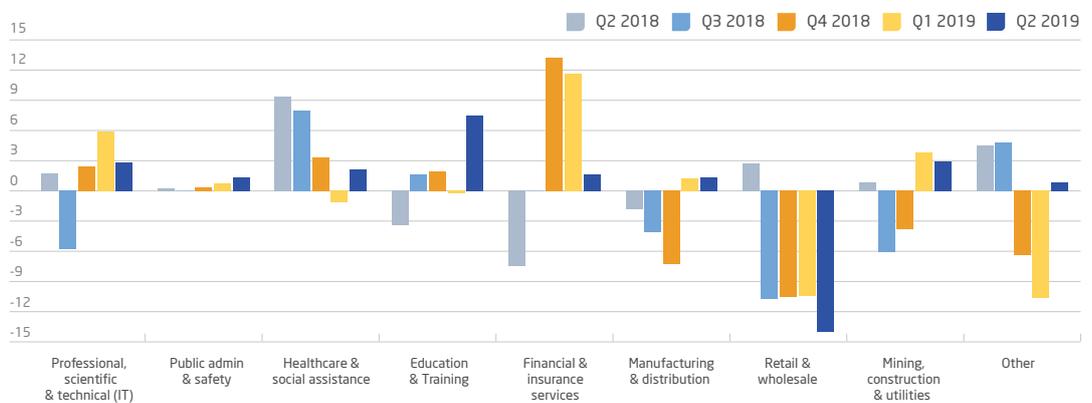


Chart 4: Change in industry job indices

The education and training sector growth is being driven by growth in permanent positions while in healthcare, manufacturing, and mining, construction and utilities, the growth in demand is for flexible staffing arrangements.

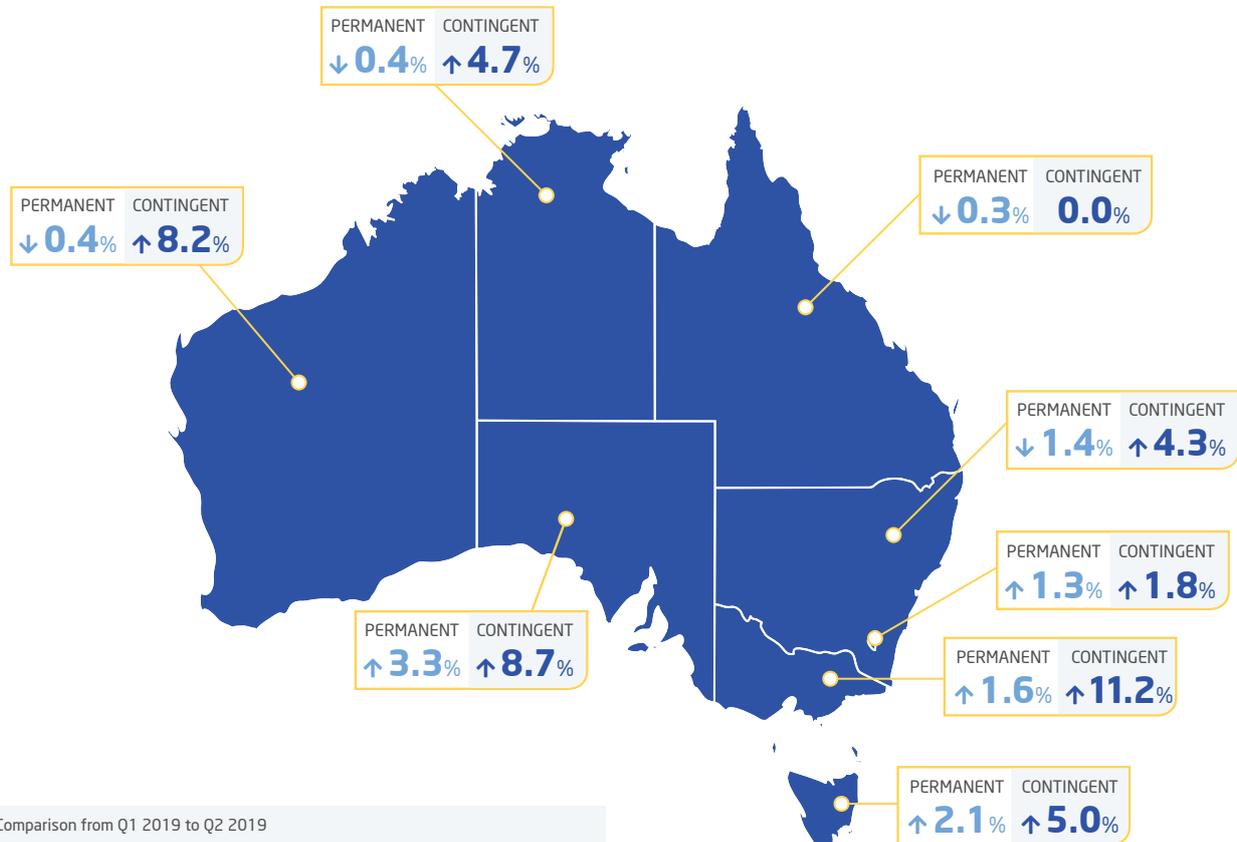
The only contingent index to decline in the second quarter was professional services. But it fell just 0.8% and enjoyed strong growth in both permanent and contingent demand in Q1.

The overall decline in the retail and wholesale sector continues with permanent roles declining 16.9% in the last quarter, offset by a 4.2% rise in contract, temporary and casual work.



Change from Q1 2019 to Q2 2019

# Regional overview



**Victoria recorded the largest growth of 11.2% in contingent job vacancies and a slight increase of 1.6% in permanent job vacancies.** It also has the highest job index which infers that its market has grown the fastest since the base period of July 2015.

**Western Australian contingent job index rose 8.2% in the quarter.** This is really encouraging as the state has been struggling for some time. High commodity prices, particularly for iron ore, is good news for the state's crucial mining industry.

**Tasmanian permanent and contingent job opportunities are up 2.1% and 5.0% respectively.** The signs are promising but its economy is not dominated by one specific booming industry.

**Employment prospects in New South Wales are not as buoyant** with a drop of 1.4% in permanent work, while contingent vacancies jumped by 4.3%.



Copyright 2019 Sunsuper Pty Ltd 2306 (07/19)

For ratings and awards information refer to [sunsuper.com.au/ratingsagencies](https://www.sunsuper.com.au/ratingsagencies).

This publication has been prepared and issued by Sunsuper Pty Ltd (ABN 88 010 720 840) (AFSL 228975) ('Sunsuper') the trustee and issuer of the Sunsuper Superannuation Fund (ABN 98 503 137 921). While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement however caused. All forecasts and estimates are based on certain assumptions, which may change. If those assumptions change, our forecasts and estimates may also change.

This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document does not take into account any particular person's objectives, financial situation or needs. Accordingly, you should consider how appropriate the advice is to your own particular objectives, financial circumstances or needs before acting on any advice. You should consider the relevant Product Disclosure Statement before acquiring any financial product.

The Sunsuper *Australian job index* is produced using information supplied by research house HRO2 Research Pty Ltd. Sunsuper Pty Ltd accepts no liability for its accuracy.



-  13 11 84 (+61 7 3121 0700 when overseas)
-  GPO Box 2924 Brisbane QLD 4001
-  [sunsuper.com.au](https://www.sunsuper.com.au)
-  [twitter.com/sunsuper](https://twitter.com/sunsuper)
-  [facebook.com/sunsuper](https://facebook.com/sunsuper)
-  [linkedin.com/company/sunsuper](https://linkedin.com/company/sunsuper)

Sunsuper Pty Ltd  
ABN 88 010 720 840  
AFSL No. 228975

Sunsuper Superannuation Fund  
ABN 98 503 137 921  
SPIN SSR 0100 AU

[sunsuper.com.au/australianjobindex](https://www.sunsuper.com.au/australianjobindex)