

Wednesday 22 January 2020

Australian contingent job vacancies experience successive quartile growth in 2019

Key points

- The **Sunsuper Australian job index of digital job advertisements rose by just 0.3%** in trend terms in the December quarter. On an annual basis, the index rose by 1.3%.
- The **trend from permanent to contingent employment continues** – some of this is structural, some a response to a more uncertain economic outlook.
- **Professionals have enjoyed five consecutive rises in demand for their services** while managerial roles fell 2.3% in the last quarter. This is the first fall after a run of four quarterly increases.
- **Demand for labourers and machinery operators and drivers rose** in the last quarter reversing a substantial decline in the first half of 2019.
- The **public sector is the most consistent area of employment creation**, although it slipped back 0.3% in Q4.
- **Financial services and insurance employers seem to have put governance issues behind them.** After the Royal Commission in 2018, we have seen a bounce back in 2019 in job opportunities with the rise in Q4 a bullish 6.5%.
- **The ACT job market is strong**, particularly in the contingent space where growth in federal government work is driving up demand. The rise last quarter was 6.9%.
- **Western Australia is also at the highest level of employment activity since the mining boom.** While last quarter's growth was just 1.2%, it was a fifth consecutive rise.

The latest Sunsuper Australian Job Index has today revealed that across 2019, contingent job vacancies (temporary, contract and casual work) experienced successive quarterly growth, while traditional permanent employment has struggled.

Across the same period, traditional permanent employment contracted in the first half of the year but went on to manage a minimal recovery in the third and fourth quarters of 2019.

The Sunsuper job index shows a long-term move towards contingent and away from permanent hiring. Sunsuper's Chief Economist, Brian Parker, said that there are two possible reasons behind this longer-term trend.

"The first is that employers are responding prudently to tighter business conditions by hiring temporary and contract staff in case conditions deteriorate further.

"Secondly, there has been a more general longer-term trend both locally and internationally for employers to shift their balance towards contingent staffing solutions, in search of greater workforce flexibility," said Mr Parker.

The report shows that while permanent job opportunities still account for the lion's share (69.8%) of advertised jobs, that percentage has declined from 72.8% a year ago.

The report also highlights the fluctuating demand across occupations, as the demand gap between blue-collar occupations (weakness) and white-collar occupations (relative strength) narrows.

"The final quarter of 2019 was particularly harsh for sales, clerical and administration, and community and personal services where both permanent and contingent job opportunities fell. Community and personal services fared worst with a 7.9% fall in permanent vacancies. For clerical and administration (down 4.2%) and sales (down 3.7%), it was contingent demand that was particularly weak.

"In contrast, for professionals, demand continues to grow in both permanent (3.3%) and contingent (1.7%) job categories.

"Only one occupation group reported contrasting trends: trades and technicians experienced a sizeable 5.2% rise in contingent job vacancies in Q4, while permanent jobs fell a modest 0.4%.

"There were also some areas of surprising strength in permanent hiring: labourers and machinery operators and drivers rose 5.5% and 5.3% respectively," he said.

Mr Parker also considered the likely flow-on effects of the bushfire crisis.

"The bushfires and ongoing drought will inevitably hurt parts of the economy; however, as the impacted communities rebuild, we should expect to see strong demand in occupational categories such as technicians and trades, and machinery operators and drivers. In some good news for the sector, the surprising surge in vacancies for labourers could prove to be sustainable for a while yet, as the country works together on the large recovery and rebuilding task ahead," said Mr Parker.

From an industry perspective, after the considerable upheaval in early 2019, the financial and insurance services sector enjoyed another strong quarter, ending the year with a 6.5% rise.

"Structural change seems to be creating as many new opportunities as those contracting as a result of reorganisation.

"The surprise performer is retail and wholesale where three disastrous quarters have been followed by two-quarters of growth. Given the recent announcements in the retail sector, the future appears challenging and will be one to watch," said Mr Parker.

In his overview of the regions, Mr Parker highlighted the good and not so good performers.

"The ACT job market is strong, particularly in the contingent space where growth in federal government temporary and contract roles is driving up demand. Permanent opportunities are harder to come by, showing more restrained growth.

"The other strong performer is Western Australia, as strong conditions in mining continue to drive gains in both permanent and contingent positions.

"The east coast hasn't fared as well, with permanent and contingent markets appearing lacklustre in NSW and have been so for much of 2019. Queensland has seen an even larger decline, slipping in permanent vacancies by 1.9% and contingent by 1.6%," said Mr Parker.

The *Sunsuper Australian Job Index* is the first and only Australian jobs report to split data between permanent and contingent (i.e. temporary, fixed-term contract and casual) job vacancies. For a full copy of the report, visit sunsuper.com.au/australianjobindex

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About the Sunsuper Australian Job Index

The Sunsuper Australian Job Index measures and tracks digital job advertisements across more than 4,000 sources including job boards, employer career portals and recruitment company web sites. Following on from the Fund's merger with Kinetic Super in May 2018, Sunsuper (ABN 88 010 720 840) took over the Kinetic Job Index Report. The Kinetic report previously only used contingent job data, whereas as the Sunsuper Australian Job Index now reports both permanent and contingent trends.