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1. What is the SEEK Advertised Salary Index?

The SEEK Advertised Salary Index (ASI) measures the change in advertised salaries over time for jobs posted on SEEK in Australia, removing much of the effect of compositional change. The SEEK ASI is a complement to existing data about the growth in wages and salaries in Australia, including the ABS Wage Price Index (WPI). The WPI is a measure of the pace of wages growth across the economy. The SEEK ASI provides a timely and frequent read on the pulse of advertised salary growth in Australia for vacant roles.

2. The value of the SEEK ASI

Advertised salary trends provide useful, high-frequency information about what's going on in the labour market.

However, simple average advertised salaries are significantly affected by compositional change. This was most evident during COVID-related shutdowns. At these times, the proportion of jobs in relatively low-paid industries (such as hospitality) declined sharply. This change in the mix of jobs pushed up average advertised salaries. When industries re-opened, a corresponding fall in average advertised salaries was observed.

Some other wages growth measures have been similarly affected by compositional change during COVID. The effect of compositional change on the figures mean that average advertised salary is potentially a misleading metric, as it is not comparing like-with-like over time.

The SEEK Advertised Salary Index reduces the effect of compositional change on the figures by measuring wages growth within particular types of jobs.

3. How can you report on advertised salaries when most job advertisements don't contain salary information?

Most job advertisements on SEEK do not show the salary range to jobseekers and applicants. However, hirers provide this information to SEEK, and it is used to ensure jobseekers can search for roles within a specific range.

When placing an ad on SEEK, hirers must choose from a number of pre-defined salary ranges. They can specify salaries in either hourly or annual terms. SEEK uses the mid-point of the salary range – for example, if a hirer indicates that a role has a salary range of $60,000 to $80,000, SEEK defines the advertised salary for that role as $70,000. Each advertised salary is converted to a full-year, full-time equivalent.

4. How is the SEEK ASI put together?

To construct the SEEK ASI, SEEK utilises detailed job ad data from over 10 million unique advertisements recorded since January 2016. The breadth and depth of SEEK's data leaves SEEK uniquely equipped to provide insights about the Australian labour market.

i. Identify the advertised salary within each job ad

Hirers provide SEEK with a salary range for each role that is advertised on SEEK. They choose from a number of pre-defined salary ranges, in either hourly or annual terms. SEEK uses the midpoint of this range for each role to define the advertised salary and converts hourly and part-time salaries to a full-time, full-year equivalent.

ii. Apply filters

SEEK removes any roles that are paid by commission, in whole or in part, and removes 'contract/temp' roles, as some of these are not for employees. SEEK also removes any roles in agriculture, defence forces, private homes, and self-employment – This is done to approximate the industry coverage of the Wage Price Index. Applying these filtering rules still leaves over 10 million job ads in the period since January 2016. SEEK has 27 industries and 348 industry subclassifications that are used to construct the SEEK ASI.

iii. Group similar job ads into cells

SEEK then groups job ads by state, classification, and subclassification – such as Victoria - Hospitality & Tourism - Chefs/Cooks. These groups – called 'cells' – are the building blocks of the ASI. We are attempting to measure salary growth over time by comparing like with like – these cells define a group of sufficiently-similar jobs that we are comfortable they are alike for these purposes. With SEEK's filtering rules in place, we have 2,784 cells used to construct the SEEK ASI.

iv. Remove outliers

SEEK eliminates outliers by removing the top and bottom 10% of roles by advertised salary within each cell-month – such as Victoria - Hospitality & Tourism - Chefs/Cooks for July 2022. Applying this trim reduces the volatility of the SEEK ASI. Alternative methods of trimming outliers do not make a significant difference to the overall series.

v. Calculate average advertised salary within cells

For each cell in each month, SEEK then calculates the total number of job ads and average advertised salary (on a full-year, full-time equivalent basis). We remove any cell-months that have fewer than five ads. Again, different thresholds here do not make a significant difference to the results, but there is more volatility when very small cell-months are included.

SEEK takes a three-month rolling average of advertised salaries within each cell, then calculates the within-cell percentage growth in average annualised salary compared to the previous month.

vi. Calculate growth/ decline

For each month, SEEK takes the weighted median salary growth across all 2,784 cells, where the weights are the previous month's number of job ads for each cell. We then convert the results to an index number and seasonally adjust using a standard method.

5. **How do advertised salaries relate to actual salaries for newly hired workers?**

SEEK's data is collected for the purposes of operating the employment marketplace, not for statistical purposes. As a result, there are some limitations of the data.

An important limitation is that SEEK does not know the ultimately agreed or negotiated salary for any role – it may lie within the specified salary range, or outside it. The difference between the advertised salary and the salary negotiated with the successful applicant is likely to vary over the economic cycle – in boom times, advertised salaries may be below negotiated salaries, while the opposite is more likely to be true in economic slumps.

6. **Do advertised salaries include superannuation?**

Another limitation concerns superannuation. Hirers are asked to specify the 'salary' range for the role. It's generally understood that non-salary remuneration such as compulsory superannuation contributions would not be included in this. However, this is at the hirers' discretion. This means some advertised salaries are likely to include super, while most do not.

7. **How am I to read/ report on this data?**

Please refer to this report and the metric as the "SEEK Advertised Salary Index".

When reporting SEEK data, we request that you attribute SEEK as the source and refer to SEEK as an employment marketplace.

8. **How is the SEEK ASI different from other measures of wages growth, such as the WPI?**

The SEEK Advertised Salary Index measures the change in advertised salaries for vacant roles advertised on SEEK in Australia. Its scope is different to other measures of wages and salaries growth, such as the ABS Wage Price Index, which covers all jobs within the scope of the ABS survey.

When economic conditions change, employers are generally more able to adjust the salary they advertise and offer to new starters than to modify the salaries paid to existing staff, which means that the SEEK Advertised Salary Index should adjust quicker and further to changes in economic conditions.

	ABS Wage Price Index	SEEK Advertised Salary Index
Overview	Official measure of economy-wide wages growth/ decline	Timely, frequent pulse of growth/ decline
Scope	All employee jobs	Advertised jobs
Frequency	Quarterly	Monthly
Lag	~2 months	~3 weeks
Number of observations	~18,000 jobs per quarter	>200,000 ads per month
Data collection	Sample of jobs from sample of employers	Administrative records from nation's biggest employment marketplace

9. How does SEEK's industry classification structure compare with the ABS?

Roles advertised on SEEK are assigned to one of 30 classifications, of which 27 are used to construct the SEEK ASI. We refer to these as 'industries' in the SEEK ASI report. Each of the classifications is divided into subclassifications, with 398 subclassifications in total and 348 used to construct the SEEK ASI.

The classification and subclassification are chosen by the hirer when placing the job advertisement, meaning there is some subjectivity and margin for error about how roles are classified.

The classification-subclassification structure does not directly align to the ANZSCO occupation or ANZSIC industry structures used by the Australia Bureau of Statistics. We are planning to translate our data into the ANZSCO occupation structure in future.

10. I want to receive the SEEK ASI report routinely. Where will it be available?

You can sign up to receive the SEEK ASI report delivered to you each month via the SEEK Newsroom via the link here and checking the box next to SEEK Employment Reports AU.

The SEEK ASI report will be distributed during the third week of each month.

A fuller analysis report will be delivered quarterly in August, November, February and May, with the standard report to be delivered all other months.