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1. What is the SEEK Advertised Salary Index?

The SEEK NZ Advertised Salary Index (ASI) measures the change in advertised salaries over time for jobs posted on SEEK in New Zealand, removing much of the effect of compositional change. The SEEK NZ Advertised Salary Index is a complement to existing data about the growth in wages and salaries in New Zealand, including Stats NZ's Labour Cost Index (LCI). The LCI is a measure of the pace of wages growth across the economy. The SEEK NZ Advertised Salary Index provides a timely and frequent read on the pulse of advertised salary growth in New Zealand for vacant roles.

2. The value of the SEEK NZ Advertised Salary Index

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 NZ 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 NZ Advertised Salary Index put together?

To construct the SEEK NZ Advertised Salary Index, SEEK utilises detailed job ad data from over 1.8 million unique advertisements recorded since January 2016. The breadth and depth of SEEK's data leaves SEEK uniquely equipped to provide insights about the New Zealand 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. Applying these filtering rules still leaves over 1.8 million job ads in the period since January 2016. SEEK has 27 industries and 346 industry subclassifications that are used to construct the SEEK NZ Advertised Salary Index.

iii. Group similar job ads into cells

SEEK then groups job ads by region, classification, and subclassification – such as **Auckland - Hospitality & Tourism - Chefs/Cooks**. These groups – called 'cells' – are the building blocks of the ASI. The 5 regions we use for the SEEK NZ Advertised Salary Index are Auckland, Wellington, Rest of North Island, Canterbury, and Rest of South Island. We are attempting to measure salary growth over time by comparing like with like – these region-classification-subclassification 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 1,730 cells used to construct the SEEK NZ Advertised Salary Index.

iv. Remove outliers

SEEK eliminates outliers by removing the top and bottom 10% of roles by advertised salary within each cell-month – such as **Auckland - Hospitality & Tourism - Chefs/Cooks** for July 2022. Applying this trim reduces the volatility of the SEEK NZ Advertised Salary Index. 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 1,730 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. How am I to read/ report on this data?

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

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

7. How is the SEEK NZ Advertised Salary Index different from other measures of wages growth, such as the LCI?

The SEEK NZ Advertised Salary Index measures the change in advertised salaries for vacant roles advertised on SEEK in New Zealand. Its scope is different to other measures of wages and salaries growth, such as Stats NZ's Labour Cost Index, which covers all jobs within the scope of the Stats NZ 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 NZ Advertised Salary Index should adjust quicker and further to changes in economic conditions.

	Stats NZ Labour Cost Index	SEEK NZ 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	Quarterly
Lag	~5 weeks after quarter's end	~2 weeks after quarter's end
Number of observations	~6,000 jobs per quarter	>25,000 ads per month
Data collection	Sample of jobs from sample of ~1000 employers	Administrative records from biggest employment marketplace

8. How does SEEK's industry classification structure compare with Stats NZ?

Roles advertised on SEEK are assigned to one of 30 classifications, of which 27 are used to construct the SEEK NZ Advertised Salary Index. We refer to these as 'industries' in the SEEK NZ Advertised Salary Index report. Each of the classifications is divided into subclassifications, with 398 subclassifications in total and 346 used to construct the SEEK NZ Advertised Salary Index.

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 Stats NZ. We are planning to translate our data into the ANZSCO occupation structure in future.

9. I want to read the SEEK NZ Advertised Salary Index report routinely. Where and when will it be available?

The SEEK NZ Advertised Salary Index report will be uploaded to the SEEK NZ Newsroom every quarter. Beginning March, subsequent reports will be published in June, September and December each year.