

VACANCIES RISE TO RECORD

UNEMPLOYMENT is set to fall further with the number of job vacancies rising to record levels, fuelling speculation of another interest rate rise.

National job vacancies in the three months to August rose 2.9 per cent, seasonally adjusted, according to the Australian Bureau of Statistics.

Job vacancies rose by 11.9 per cent in the year to August.

CommSec equities economist Martin Arnold said with job vacancies now at a record high, the unemployment rate was set to fall below 4 per cent - from its present 4.3 per cent - as business conditions encouraged bosses to seek more staff.

"The Australian economy is recording solid growth and business conditions are virtually as good as they get," he said.

The strength of the economy led a frustrated John Howard to say the public was failing to give the government credit for economic management.

"I think there is a view in the community ... perhaps a significant number that, for somehow or another, our economic strength and our economic stability and growth is happening naturally, that the economy is on autopilot," the Prime Minister told a public forum at Ocean Grove on the Victorian coast yesterday.

He said this was one of the reasons why the government was faring so poorly in the public opinion polls: "I think people are starting to take the Australian economy for granted."

Seasonally-adjusted job vacancies totalled 172,700 in the three months to August.

Mr Arnold said there were fewer than three unemployed people for every vacant job, the lowest level on record.

Business services has been one of the strongest growth areas, with 45,200 vacancies, 28.4 per cent more than a year ago.

The number of positions vacant in the communications industry has more than doubled to 2800 in the same period.

There was strong demand for labour in the construction, retail trade and transport industries.

Areas that appear to be less desperate for staff include hospitality, recreation and personal services.

The public sector is continuing to expand, with the number of vacant jobs 11.8 per cent higher than a year ago.

In the year to August, job vacancies in the boom state of Western Australia were up by 31.8 per cent, unadjusted, followed by the ACT, which was up 31 per cent.

Only Queensland had a decline, with year-on-year vacancies down 3.3 per cent.

Matthew Johnson, the senior economist at broker ICAP, said the rise in jobs vacancies should deliver employment growth of more than 2 per cent.

"This means that unemployment will probably fall lower, and that everyone from the Reserve Bank down will continue to fret about wage-push inflation," he said.

High job vacancies and low unemployment is a traditional recipe for inflation, with a limit to how many positions can be filled.

There has, so far, been no evidence of wage inflation, with the average cost of labour rising broadly in line with costs in the economy. The next inflation figures are published on October 24.

UBS chief economist Scott Haslem said the growth in job vacancies would contribute to higher inflation in the final months of 2007. He predicted the Reserve Bank would raise interest rates in February 2008 to stop inflation going above the RBA's 3 per cent target range.

However Mr Arnold said the increase in labour supply, coming from skilled migration, would not generate wages pressures.