

Housing hit hard

February gains wiped out as key index tumbles

CONSTRUCTION

Jordan Chong

AUSTRALIA'S building sector slowed dramatically in March, hampered by project delays, fewer projects and tight credit conditions.

The Australian Industry Group-Housing Industry Association performance of construction index tumbled 6.6 points to 39 points.

Not only was it the 34th straight month the index has remained below the key 50 level that indicates slowing construction work, but the March result all but wiped out some encouraging signs seen in February.

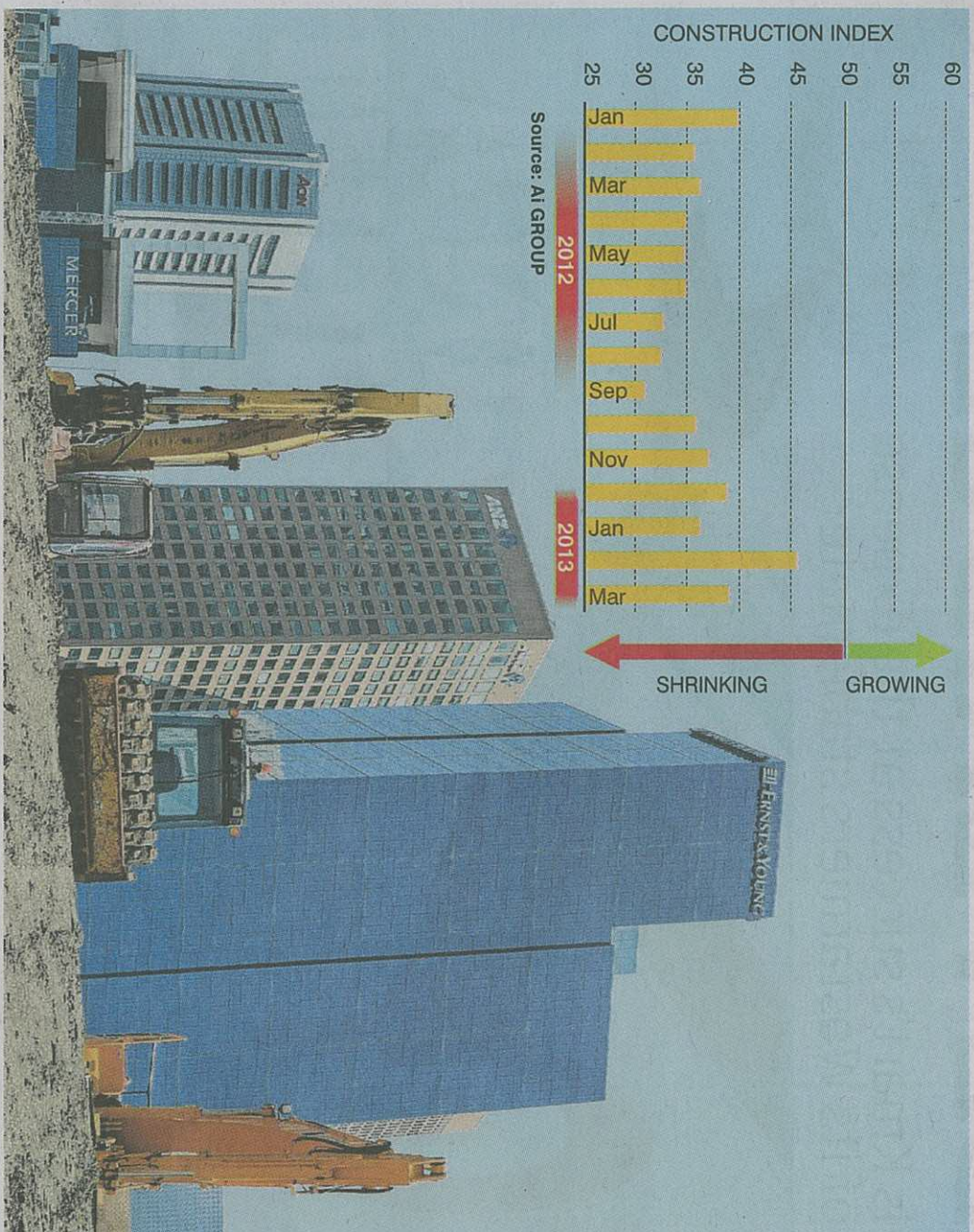
The level of house building activity, which grew in February for the first time in nearly three years, dropped back into negative territory. The level of engineering construction activity also contracted, after expanding the previous month.

"Most businesses linked the ongoing decline in activity to subdued levels of incoming work and a shortage of new tender opportunities," the report said.

"Businesses also cited tight credit conditions, project delays and weak investor sentiment as key dampening influences on activity."

AI Group chief economist Julie Toth said the disappointing March result highlighted the fragility of conditions across the construction industry, particularly in house building and engineering construction.

"The drop off in new orders was particularly sharp in the commercial construction sector reflecting a scal-



ing back in public investment and on-going weakness in approvals," she said. The decline in new orders and projects caused more firms to cut jobs in March. HIA chief economist Harley Dale said the weakness in new housing construction was expected to

continue without policy reform and investment. "Several years ago many were of the mistaken belief that a sustainable recovery post the GFC-related stimulus was achievable," he said. "The Australian economy can't afford policy makers to be found wanting twice

in quick succession." At the same time, Melbourne residential property listings rose 3.9 per cent in March from the month before, new figures show. But year on year they only rose 0.2 per cent according to data from SQM Research. Nationwide, the overall

stock levels climbed 3.8 per cent from the previous month. "The upturn in the Australian property market being experienced at present is a much slower, more normal cyclical uplift," SQM managing director Louis Christopher said. AP

Technology in shop window as traditions shelved

RETAIL

Jane Harper

A TECHNOLOGY showroom that offers retailers the chance to test drive cutting-edge digital developments has been launched in Melbourne.

Businesses looking to improve their web and digital offers are able to hire out the

Retail Evolution Lab space in South Melbourne to trial the latest technology, using their branding, signs and advertising.

New technology includes digital shelf price tags that can also display promotions and special offers. Motion-sensitive advertising displays that respond to customer movement are among other innovations, along with semi-transparent digi-

tal displays that can replace shop window mannequins. Digital specialists AOpen and retail design firm Red Design Group said Melbourne had been chosen as permanent home of the lab because it combined Western business ideals with strong links to Asia.

Supermarket giants Coles and Woolworths are among the leading businesses that have previously trialled

some of the products now on offer in the retail lab, as businesses look for new ways to tempt customers to linger in the aisles. "The game is certainly not over for bricks and mortar retailers — it's simply evolving," AOpen's global strategy director Stephen Borg said.

"As we move into the era of new retail where customers are equally likely to shop online and in-store, the

customer experience in-store will have to significantly improve in order to compete with online competitors and to provide a reason to visit stores."

He said the lab in Albert Rd was not about "tutture gazing" but was designed to show retailers what was already on the market, with all concepts ready for installation within months. jane.harper@news.com.au

IN BRIEF

Job ads fluctuate

FEWER job ads were posted in March, but the number of positions advertised is still above the lows seen in late 2012.

The number of job ads posted on the internet and in newspapers fell 1.5 per cent, seasonally adjusted, in March after rising three per cent in February, the latest ANZ Job Ads Survey found.

Internet job ads fell 1.6 per cent, but that was partially offset by a 1.8 per cent rise in newspaper job ads. ANZ head of Australian macroeconomics Kathe Dean said job ad numbers had improved since late 2012, but it was too early to say if there had been a sustained pick-up in hiring intentions. AP

Raglan set to leave Boat Longyear

BOART Longyear's chief financial officer Joseph Raglan has agreed to leave the drilling company.

The company said in a statement that it was a mutual decision and that Mr Raglan would remain at Boart Longyear to assist with the transition to his successor.

No date has been set for his departure. "The board and I would like to thank Joe for his significant contributions to the business over the past several years," chief executive Richard O'Brien said yesterday.

"Among his accomplishments, Joe has built a highly competent finance function that will continue to support the business effectively and deliver accurate and timely financial information to the capital markets." Mr O'Brien was appointed as chief executive in March and received a pay cut of about a third compared to his predecessor. AP

Merger makes a new miner

POLYMETALS and Southern Cross Goldfields have announced a merger they say will create a new, mid-tier Australian goldminer producing up to 69,000 ounces a year.

A cashed-up Polymetals had been believed to be on the lookout for acquisitions, as output was waning from its White Dam project in South Australia.

When Polymetals' Mt Boppy project in NSW and Southern Cross' flagship Marda asset in Western Australia come online next year, the new entity would produce up to 69,000 ounces a year, the companies said.

Southern Cross shares rose after it came out of a trading halt yesterday, up 15.4 per cent to 3c. AP

Biotechs need super support

THE Australian biotechnology sector needs more support from local superannuation funds, or companies risk being sold cheaply to overseas investors, says Australasian biotechnology fund manager Jeremy Gunnock.

Managing director Jeremy Gunnock says there is not enough capital available to support

innovative biotech companies that have run halfway round the track and still have the other half to go.

"When they finally run out of money, they will be sold for cents in the dollar," Mr Gunnock says. A former head of the life science private equity team at Rothschild Asset Management in the UK, said yesterday. AP



Big loss: McLennan.

Ten loss may tip \$10m

MEDIA

Jeff Whalley

TEN Network chief Hamish McLennan will today reveal the network lost millions of dollars in the six months to December, analysts believe. Industry experts say Ten's net loss for its first half could tip the scales at more than \$10 million.

Mr McLennan will post the numbers today — his first results since he was appointed to the chief executive post in February. It comes after he formally joined the Ten board as managing director yesterday.

Mr McLennan replaced James Warburton, who was fired after a year in the top job. He had struggled to lift ratings and secure enough advertising revenue after several high-profile new programs failed to draw viewers.

Citi analyst Justin Diddams, who rates Ten shares as a "buy", said today's results provided the first chance for Mr McLennan to offer his vision for the media business.

The investment bank is forecasting a net loss of \$4.9 million, while the broad consensus is for an \$18 million loss.

"Our focus remains on any signs of improving revenue trends, investment in programming and sufficient operating cash flows," Mr Diddams said.

"We believe this is a turnaround story."

The market will also be looking for any insight into the state of the group's relationship with regional partner Southern Cross Media, analysts say. Speculation is rife that Southern Cross is considering a merger with Nine Entertainment Company. Ten shares closed flat yesterday at 29.5c.