

● DATA

# 1.63 million

Number of Australians who are unemployed or under-employed

In another measure of the impact of the downturn on the labour market, 14.4 per cent of the workforce either have no job or would work more hours if they could get them, Roy Morgan Research says. The ABS has also begun publishing a quarterly under-utilisation rate, putting the figure at 13.6 per cent. The measure of hours worked has also fallen for 13 straight months.

## Small-loans pilot takes off

● National Australia Bank is ahead of break-even forecasts for its small-loans pilot program. However, only 7 per cent of those who have applied for loans have been approved, figures from its latest quarterly report show.

NAB's "Fairer lending in the fringe" pilot lends small amounts to consumers denied access to mainstream credit. A private lender, Money Fast, is conducting the scheme with NAB funds of \$1 million.

For loans of \$1000 to \$5000, borrowers pay a flat interest rate of 15.95 per cent, which compares favourably with "pay-day lenders" whose effective annualised rates can be as much as 1000 per cent, Money Fast chief executive and co-founder Justin Hatfield says.

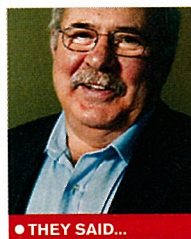
Money Fast will run the pilot on a break-even basis for the first year. NAB data for the June quarter shows a profit margin of 5.15 per cent and an actual break-even interest rate for the pilot of 21.53 per cent, not a forecast 28.25 per cent. Administration costs per loan (\$299) are higher than forecast (\$243) but default rates (1.7 per cent) are much lower than forecast (5 per cent).

An advisory group including consumer group Choice and the NSW Office of Fair Trading is overseeing the pilot.

Kath Walters



Louise Kennerley, Erin Jonasson



● THEY SAID...

**If you are going to the high-stakes table then you should have a good amount of money in your wallet**

**Paladin Energy founder and chief executive John Borshoff, flagging acquisitions by the uranium miner after a \$430 million capital raising.**

## Sugar price surges

● The price of sugar keeps rising, hitting a 28-year high of US\$24.85¢ a pound at the start of September and making it one of the strongest performing soft commodities.

Investors may consider sugar worthy of investment despite the high price as market bulls expect its trajectory to continue. This is based on a bleak outlook for production from India, both the world's largest sugar consumer and its second-biggest producer, Commonwealth Bank of Australia says.

The current high price could be the beginning of a long run as sugar demand is inelastic, meaning that increased prices don't affect consumption.

In the past, demand has remained constant irrespective of price as consumers and manufacturers consider it an essential product.

However, as a long-term bet, it's worth noting that consumption growth has slowed in the past 22 years. Prior to 1997, sugar consumption grew at a rate of 3.6 per cent a year. Since then, growth has slowed to 1.9 per cent a year.

Kate Mills

## Construction costs rising

● The federal government's school and hospital spending spree is set to keep construction costs high and delay the next development boom, forecaster BIS Shrapnel predicts.

The rising cost of debt and a weak economic outlook has caused many developers to delay or cancel planned projects.

Senior economist Jason Anderson says the government's move to save jobs by keeping construction levels strong is likely to keep costs high and will delay the feasibility of new private-sector commercial building projects.

Health and education construction starts are expected to boom in the current financial year, rising by 77 per cent and 66 per cent respectively, BIS Shrapnel's Building Industry Prospects report says.

Institutional construction will rise by 32 per cent, offsetting some of the 32 per cent fall in industrial and commercial construction.

Overall, non-residential construction starts, which dropped by 22 per cent to \$25.8 billion in the past financial year, are expected to weaken by another 7 per cent to \$24.1 billion this year.

Ainslie Chandler

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