

Regional centres to win from Belmont cut

■ Adam Orlando

REGIONAL Business Enterprise Centres will share in a \$96,000 windfall after the state government's Small Business Development Corporation decided last week to pull funding from the Belmont BEC.

SBDC managing director Stephen Moir said that the Belmont centre's annual state funding would be terminated on June 30 and would be distributed to about half a dozen regional BECs to ensure their survival.

He said a shortlist would be made of regional centres experiencing the greatest financial operating stress as well as those in close proximity to major projects, such as the proposed Oakajee port near Geraldton.

The state government's \$3.1 million BEC program, coordinated by the SBDC, is delivered through a network of 26 centres in WA, located throughout regional and metropolitan areas.

Seven of these centres, including the Belmont centre, also receive federal government funding from the Office of Small Business.

Belmont received \$250,000 of federal funding this financial year and is currently in desperate talks with the federal government to retain its federal funding so the 15-year-old centre can remain open.

Belmont BEC chief executive

Carol Hanlon said the loss of state funding was ludicrous and has put the future of the centre and its 14,000 clients in jeopardy.

"The withdrawal of the state funding support will now place federal funding support of the Belmont BEC in jeopardy according to the federal contract terms and conditions, and the centre could be forced to cut services or be in jeopardy of possible closure," she said.

"This particularly threatens delivery of business support services to women as 80 per cent of Belmont's clients are women, with 35 per cent of these aged under 35."

Ms Hanlon said the Belmont centre pays \$50,000 a year in rent and without state funding would be forced to "survive on the smell of an oily rag".

BEC Australia chairman Peter Murray said the move by SBDC to pull state funding "beggars belief" and called on Premier Colin Barnett to step in and "steer SBDC away from its dangerous course".

Following a lengthy state government review of the BEC-SBC program in 2004, the Belmont centre was able to continue after reaching an agreement that it would deliver specialist services to clients in Belmont and those from the textile, clothing and footwear industry (TCF).

This week Ms Hanlon's Textile Clothing Footwear Resource Centre



FUNDING CUT: Belmont Small Business Centre chief executive Carol Hanlon said the withdrawal of state funding has placed the centre's future in jeopardy. **Photo:** Grant Currall

of WA and the Belmont BEC won the \$10,000 City of Perth Convention Scholarship for 2008-09, recognising its work in the TCF industry.

However, SBDC managing director Stephen Moir said while he acknowledged Ms Hanlon's contribution to small businesses in the TCF industry, there was "no longer room in the current business model" for an industry-specific BEC.

Mr Moir assured *WA Business News* that he was urging the federal government to continue funding the Belmont BEC and that "absolutely no other centres are under review".

"The decision to withdraw \$96,000 in state funding was a difficult one to make, but was the result of careful evaluation to identify more efficient and effective service delivery options," he said.

"The close proximity of Belmont to the CBD means that the SBDC is able to provide services directly to the small business sector in the City of Belmont within current budgetary limits, therefore providing the best value for money option."

Mr Moir said the SBDC would work closely with the City of Belmont to ensure no small business in the district would be disadvantaged.

Reed eyes Mid West assets

■ Rebecca Lawson

THE assets from collapsed Windimurra Vanadium's namesake mine in the Mid West could prove to be a boon for Reed Resources.

West Perth-based Reed says it is looking closely at the assets, located 100 kilometres away from its Barrambie vanadium mine, which has an estimated capital cost of \$629 million.

Windimurra fell into receivership in February after delays in approvals and the supply of equipment forced it to increase capital costs by \$81 million, which it could not cover.

Windimurra was due to start pro-

duction at its namesake mine this quarter.

"We're looking very closely at that [Windimurra's assets], it's one possibility," Reed investor relations manager Simon Hicks said.

"There's one plant there that's just about completed which would cost us almost \$600 million to replicate."

Windimurra receiver KordaMentha is currently developing a plan to move the assets.

The Barrambie mine is projected to have a mine life of 12 years with an annual production rate of 7,700 tonnes of vanadium, which is used to make high-grade steel.

Reed said the project has potential to generate earnings before

interest, tax, depreciation and amortisation of \$105 million each year at a vanadium price of \$US30 a kilogram.

Mr Hicks said the five-year average vanadium price is at \$US50/kg.

Total operating costs have been estimated at just below \$US20/kg. Mr Hicks said Reed was investigating financing opportunities for Barrambie, but was not in desperate need of cash and therefore could scout for the best deal possible.

The company already generates cash flow from its Comet Vale operation north of Kalgoorlie.

Should Reed secure project financing immediately, Barrambie could start production late in 2011, Mr Hicks said.



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