

Strict forex policy boosts bottom line

Alex Tilbury

KAREN Stanton, pictured, is acutely aware that interest rates can cripple a small to medium-sized business.

But the 37-year-old managing director of Heat Treatment Australia, based at Coopers Plains, in Brisbane's southwest, fixes all the company's loan terms and locks in US dollar exchange rates when buying equipment from overseas.

With offices in Sydney and Melbourne, Heat Treatment is one of a few niche metal processing companies in Australia.

Ms Stanton says the healthy official rate cut will help lift economic sentiment but not the company's bottom line.

"Customers fight for every dollar and so do we," she says. "We fix our rates because we prefer stability but we've got two guys in the US on trade missions now and I had to call them this morning and tell them to stop spending."

"Our staff often travel to the US so that's a big jump in costs. But the main thing affecting staff numbers is

payroll tax. We have to pay to employ more people but if we've got the contracts we need people to fill them or the business won't grow."

Heat Treatment softens and hardens metals to be fabricated later for mining, agriculture, general engineering and soon aerospace industries.

"We don't make anything, we heat-treat metals," says Ms Stanton, who owns the family business with her brother Norm Tucker.

To combat any future downturn in the resources industry, Heat Treatment has bought two furnaces from China and Europe, at a cost of about \$2.7 million, so it can focus on its Joint Strike Fighter contracts with US giant Goodrich.

"We always lock in our (foreign exchange) rates once we get a contract, and we did that a few months ago," she says.

"We are now in a very good situation. Who could have guessed that the dollar would have fallen that far? It's a much better rate than the US70¢ it is today."

