

Enterprise

Bad debts threaten SMEs

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Small businesses must not drop their guard in light of the latest rate rise. Rob Lamers, chief executive officer of cash-flow finance specialists Oxford Funding, said **small businesses** worried about the rate rise should not drop their credit-checking simply to get a sale, while National Credit Insurance says claims against bad debts earlier this year remain higher than the monthly average. A director of accountants Hayes Knight, said interest rate increases on top of earlier increases will start to affect the cost structure of business, and failures will result from a combination of the decrease in government stimulus spending, higher interest rates, tighter bank lending and the Australian Taxation Office's tough position on outstanding taxes. Mr Lamers expects the Reserve Bank of Australia's latest increase in the official cash rate will keep inflation down.

Australian Taxation Office, Reserve Bank of Australia

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