



IPA: Cut Red Tape To Boost Small Business

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“Small business growth in Australia requires less red tape, not another taxpayer subsidised, government run scheme,” said Daniel Wild, Director of Research with the free market think tank the Institute of Public Affairs.

Today the government announced the establishment of the Australian Business Growth Fund. The fund will involve government partnering with banks to provide small and medium business owners with equity. The government also announced a related, but separate, pledge to help create 250,000 new small businesses over the next five years (in gross terms).

“There is a small business crisis in Australia. Recent IPA research estimated there would be 250,000 more businesses in Australia today if business creation continued at pre-Global Financial Crisis levels,” said Mr Wild.

“There were 38,000 fewer new businesses created in 2017-18 compared with a decade earlier, according to the Australian Bureau of Statistics.



“Red tape and a rigid industrial relations system are the key reasons why new business investment in Australia is just 11.5 per cent, which is lower than it was during the economically hostile Whitlam years.

“The best way to boost small business growth is to cut red tape and reduce government interference.

“Small business is defined by risk-taking, entrepreneurship, and having a go, which is the exact opposite of how government operates.

“Government-backed finance schemes have a history of failure, from Fannie Mae and Freddie Mac in the United States, to Tricontinental in Victoria,” he said.

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