Institute of Public Affairs MEDIA RELEASE

9 August 2024

WESTERN AUSTRALIA LEADS WHILE VICTORIA REMAINS THE WORST PLACE TO DO BUSINESS

"With economic storm clouds gathering, an entrenched per capita GDP recession, and business insolvencies now higher than during the GFC, state governments need to get serious about making it easier to do business, or face closures and job losses," said Lachlan Clark, Research Fellow at the Institute of Public Affairs.

Today, the IPA has released new research which assesses each Australian mainland state on 12 key measures of the cost and impediments to operating a business. It finds that **Victoria is the least business friendly state in the nation, while Western Australia is the most business friendly:**

1. **Western Australia – lowest labour, construction, rent, and energy costs.**
2. **South Australian – lowest state tax and red tape burden.**
3. **New South Wales – lowest land tax, but highest rental costs.**
4. **Queensland – highest construction and fuel costs.**
5. **Victoria – highest state taxes and red tape burden.**

"The ease of doing business is critical to overall economic performance. When businesses operate in friendly regulatory environments, the creation of well-paying jobs is a byproduct. When state government's fail, businesses fail, making it harder for communities to get ahead," said Mr Clark.

The IPA's research reinforces the need to implement regulatory reforms that lower the size of government, as well as reduce red tape, and streamline approval processes. Critically, states must expand the availability of reliable and affordable energy by committing to baseload power sources as the foundation of its energy systems.

"State governments have many levers to tackle the challenges businesses face today, particularly taxation such as stamp duty and land tax that prevent job creation, as well as skyrocketing energy costs. That is why it is critical that good policy decisions are being made at this level," said Mr Clark.

The IPA's research again highlights the dire state of Victoria's state economy. This new research shows Victoria is the least business-friendly jurisdiction, with the highest payroll tax, land tax, land transfer duty levels.

"Previous IPA research revealed Victoria is the state with the highest level of businesses fleeing to other jurisdiction due to the gross mismanagement of the Victorian economy over the past decade," said Mr Clark.

"The Victorian government has taken a wrecking ball to the state's economy, and our research shows again why there are further dark times ahead as businesses, so critical to the state's recovery, have no reason to stay in a state which is openly hostile to their survival."

In stark contrast, Western Australia continues to do the economic heavy lifting for the nation as the state where the ease of doing business is greatest, with the lowest labour, construction, rent, and energy costs.

"It is no surprise that Western Australia continues to lead the nation; when a state recognises its competitive advantages and backs in its wealth generating sectors, in this case agriculture and resources, the state and its citizens get ahead," said Mr Clark.

To download the IPA's research click here.

**Tasmania not included because of a lack of publicly available data in the metrics assessed.*

For media and comment: Andrew Hudgson, Director of Communications, on 0404 020 896, or at ahudgson@ipa.org.au