

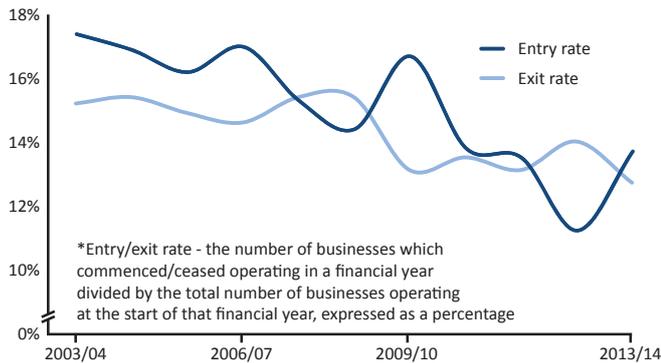
Where have all the entrepreneurs gone?

An analysis of new business creation in Australia

The dynamism of an economy stems from the creation of new businesses. Australia witnessed a substantial decline in its new business entry rate over the decade to June 2014. If allowed to go on unaddressed this development has the capacity to threaten Australia's long-term productivity, wage growth and job creation.

Big fall in new businesses in Australia

Australia's business entry and exit rates from 2004 to 2014



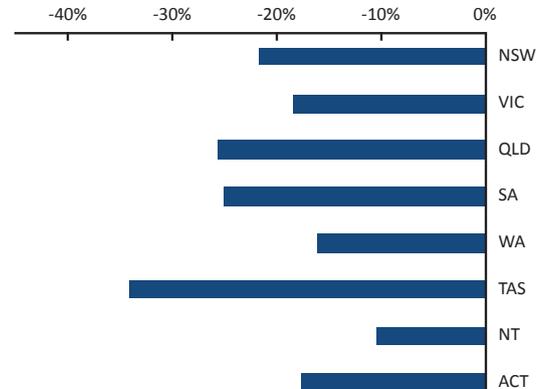
Source: IPA, ABS Cat. No. 8165.0

- In 2003-04, Australia's business entry rate of 17.4 per cent indicated a robust and dynamic economy. By 2013-14 it had fallen to 13.7 per cent.
- In raw numbers this is a fall from 325,935 new business entries to only 284,153 despite a large population and GDP increase since 2004.
- At June 2014, there were 2,100,162 businesses operating in Australia.

"One reason to be concerned about the apparent decline in new business formation is that it may serve to depress the pace of productivity, real wage growth, and employment. Another reason is that a slowdown in business formation may threaten what I believe likely has been a significant source of economic opportunity for many families below the very top in income and wealth."

—Janet Yellen
Chair of the Board of Governors of the US Federal Reserve
17 October 2014

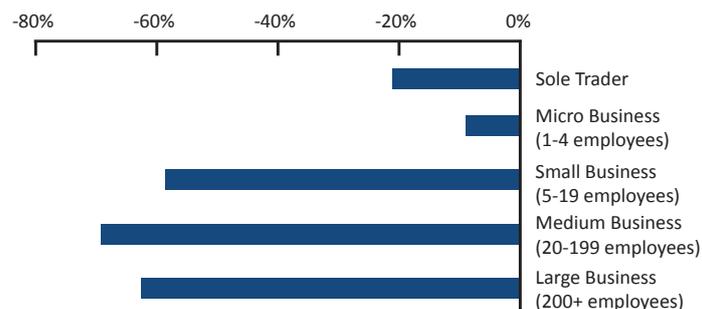
Percentage change in business entry rate from 2004 to 2014 by jurisdiction



Source: IPA, ABS Cat. No. 8165.0

Substantial entry rate decrease in all sized businesses

Percentage change in business entry rate by business size from 2004 to 2014



Source: IPA, ABS Cat. No. 8165.0

To read the IPA's report visit www.ipa.org.au or for more information contact:
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