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NEW STUDY: BIG FALL IN ENTREPRENEURS THREATENS AUSTRALIAN PROSPERITY

In a threat to our long term economic growth, fewer Australians are becoming entrepreneurs, according to new research released today by free market think tank the Institute of Public Affairs.

New IPA analysis of Australian Bureau of Statistics data reveals that Australia's new firm entry rate – the number of new firms as a percentage of total firms operating – has been in steady decline over the decade prior to June 2013. The paper, *Where have all the entrepreneurs gone?*, was reported in the *Australian Financial Review* this morning.

“In 2003-2004, Australia's firm entry rate of 17.44 per cent indicated a robust and dynamic economy. But in a worrying development by 2012-13 the entry rate had fallen to 11.17 per cent,” says Dom Talimanidis, the author of the report, and the Ian Mence Fellow for Entrepreneurship at the IPA.

The new IPA research shows that the fall in business entry rates has occurred in all major sectors of the economy and across all firm sizes. It also shows that every state and territory has seen a drop.

“While the fall in the firm entry rate has occurred in all Australian states and territories, Tasmania and South Australia have witnessed the most substantial drop over the surveyed period. In both states entry rate fell into single figures in 2012-2013,” says Mr Talimanidis.

“The process of new firms entering the market and competing with incumbent operators is crucial to long term productivity increases. As such this precipitous fall is deeply concerning.”

“It is also central to the job creation and social mobility, a point that was recently raised by the Chair of the U.S Federal Reserve Board of Governors, Janet Yellen, commenting on a similar trend in the United States.

“The Australian government must pursue urgent action to address this crisis. Canberra should consider a raft of changes that liberalise the industrial relations system, reduce regulation and taxation,” Mr Talimanidis says.

The IPA's new report, *Where have all the entrepreneurs gone?*, is available to download [here](#).

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