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NEW STUDY: TASMANIA SEES LARGEST FALL IN ENTREPRENEURS

In a threat to the state's long term prosperity, fewer Tasmanians are becoming entrepreneurs than any other state or territory, 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 all Australian jurisdictions have suffered a precipitous decline in business start-up rates – the number of new firms as a percentage of total firms operating – in the decade to June 2013. However, none witnessed as dramatic a fall as Tasmania.

The paper, *Where have all the entrepreneurs gone?*, was reported in the *Australian Financial Review* this morning.

"In 2003-04, Tasmania's business start-up rate of 15.5 per cent was the second lowest behind only South Australia. However, in a worrying development, Tasmania has witnessed a 42 per cent fall in its firm entry rate – larger than any other jurisdiction" says Dom Talimanidis, the author of the report, and the Ian Mence Fellow for Entrepreneurship at the IPA.

"As a result, Tasmania's business start-up rate of 9 per cent is now the lowest in Australia and indicates an economy at crisis point."

"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 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," says Mr Talimanidis.

Low rates of business entry in Tasmania correspond with low levels of economic freedom. A report released by the Institute of Public Affairs earlier this year found that Tasmania had the worst ranking of all Australian states on a range of indicators of economic freedom, including government expenditure, taxation and debt, government dependency, and the regulatory environment.

"The state government must pursue urgent action to address this crisis and create an environment more conducive to business success. Such measures should include cutting payroll tax and significantly reducing regulation and compliance measures," Mr Talimanidis says.

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

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