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RED TAPE IS CRUSHING ENTREPRENEURSHIP

Red tape, high taxes and an inflexible workplace relations system are crushing entrepreneurship in Australia, according to new research released today by free market think tank the Institute of Public Affairs.

IPA analysis of recently released Australian Bureau of Statistics data reveals that Australia's business entry rate, the number of new firms as a percentage of total firms, remains at its second lowest level since 2003.

"In 2003-04, the number of Australian business entries was 325,935, representing a business entry rate of 17.4%. However, over the last eleven years this number has fallen to 281,553, or 13.4%," says Brett Hogan, Director of Energy and Innovation Policy at the IPA.

"This is despite the significant increase in Australian GDP per capita and population between 2003 and 2015."

Business entry rates are down in every state and territory and across all firm sizes, with Tasmania, Queensland and South Australia experiencing the most substantial fall.

"It is crucial that new firms have the confidence to enter markets, to compete with and try to usurp incumbents," says Mr Hogan.

"But there is little incentive to do so when federal, state and local bureaucracy, high personal and company tax rates and a 19th century workplace relations system make it too difficult to establish and grow a business."

Since 2010, Australia has slipped in the Fraser Institute's Economic Freedom Index from 5th to 12th and the World Economic Forum's Global Competitiveness Index from 15th to 21st.

"Over the last twelve years, Federal Government spending in Australia has more than doubled from \$209 billion to \$428 billion, with State and Local Government not far behind."

"Rather than increasing taxes on consumption, negative gearing or superannuation, policy makers should be talking about how the increasing footprint of government costs people their disposable income, economic freedom and jobs."

"Competition between countries for people, capital and businesses will only increase, especially in the Asia-Pacific region, given the billions of people finally moving into the middle-class. Australia needs a tax and regulatory system that rewards income, investment and hard work."

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

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