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Number of business startups in Australia increasing faster than most developed nations

- **Research by UHY, the international accounting and consultancy network**

The number of business startups in Australia is increasing faster than most other developed nations, reveals new research by UHY, the international accounting and consultancy network.

UHY Professionals studied data on new business registrations over the last five years in 19 countries across its international network, including the G8, as well as the key emerging economies, of the BRIC nations (Brazil, Russia, India and China).*

The research shows that the number of business startups in Australia has increased, on average, 6.8% per annum over the last five years, which means Australia has the sixth fastest rate of new business creation among the 19 countries studied. 157,667 new companies were incorporated in Australia in 2010, compared to 121,298 in 2006.

According to the study, policymakers around the world have been taking measures to encourage greater entrepreneurial activity during the financial crisis, but the research highlights the need for some countries to do more to help new business startups, which in many countries are struggling with low demand and restricted access to bank finance.

While in some countries the number of new businesses being created has increased by double digits over the last five years, in others the number of new business startups has declined by a double digit percentage.

The country with the fastest growth rate is Russia, one of the so-called BRIC nations, which has seen a 25.6% annual increase in the rate at which new businesses are being created over the last five years. Nearly 3.2 million new businesses were registered in Russia in 2010, compared to 1.3 million in 2006.

The two countries which saw the biggest slowdown in the rate of new business creation was Spain and Ireland. The annual growth rate over the last five years is minus 14.6% and minus 7.6% respectively. This is a direct reflection of the financial difficulties experienced in both countries in recent times.

Annual compound increase/decrease for business startups over the last five years		Annual compound increase/decrease for business startups 2009-10	
BRIC	18%	BRIC	18%
Non-BRIC	0.4%	Non-BRIC	3.3%
Russia	25.6%	Dubai	53.1%
France	21.5%	Russia	22%
Estonia	9.1%	China	20.8%
Brazil	7.2%	Australia	14.7%
China	6.9%	UK	10.6%
Australia	6.8%	Canada	10.5%
India	5.7%	France	6.7%
Netherlands	4.8%	Italy	6.5%
Canada	3.8%	Malaysia	6%
Malaysia	3.7%	Romania	5.9%
UK	-0.4%	Ireland	5.1%
Italy	-0.8%	India	4.7%
Romania	-2.4%	Japan	3.2%
Germany	-3%	Netherlands	3.1%
Dubai	-4.8%	Spain	2.1%
Japan	-6.2%	Germany	1.2%
U.S	-6.7%	Brazil	-0.7%
Ireland	-7.6%	U.S.	-7.8%

Spain	-14.6%	Estonia	-33.8%
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Rowan Wallace, a Business Advisory Specialist with UHY Haines Norton in Australia, a member of UHY, comments: ““The difference between developed countries and the emerging economies is quite staggering, with the number of new startups created decreasing for about half of the countries in our study. The BRIC nations are all in the top half, while among the G8, only Canada, France and Russia have seen an increase in new startup formations over the last five years.”

“Australia has been largely insulated from the financial crisis which has cut funding lifelines to small businesses in so many other industrialised nations. Coupled with the boom in the price of natural resources, the Australian economy continues to be resilient to global pressures, but more could be done to boost our competitiveness. As ever taxes and red tape are the major concerns small businesses have.”

He adds: “Small businesses are seen as the engine of growth and employment, thus critical to economic prosperity. Many governments – particularly in the West - are under pressure to increase tax revenues to reduce public deficits. Unlike large multinationals, which can shift economic activity to low tax jurisdictions, the tax burden falls disproportionately on small businesses.”

The research shows, among the G8, France has the highest growth rate for business startups. This is due to a new structure for small companies called ‘Auto Entrepreneur’ which was introduced in 2009. These are micro businesses with turnovers under € 80,000 (\$107,000) for industrial enterprises and under € 32,000 (\$43,000) for services.

Auto Entrepreneur companies in France are exempt from business taxes for the first two years, and have considerably lighter compliance requirements than other companies. Whilst Australia does have some tax concessions for micro businesses, they are not to the extent of providing tax exemptions for startups.

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* Figures obtained from official sources. In the majority of countries, data is only collected on incorporated entities. The five most recent years of data for each country was obtained, 2006 to 2010.

Notes for Editors

About UHY Haines Norton

UHY Haines Norton has fee income of over \$40million, 9 offices, 37 partners and over 280 staff.

UHY Haines Norton is a member of UHY, an international network of independent accounting and consulting firms with offices in major business centres throughout the world. Further information can be found at uhyhn.com

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Additional information for Editors

About UHY

UHY is proud to celebrate its 25th Anniversary in 2011. Established in 1986 and based in London, UK, UHY is a network of independent accounting and consulting firms with offices in nearly 240 major business centres in 78 countries. Over 6,300 staff generated an aggregate income of US\$583 million in 2010, ranking UHY the 23rd largest international accounting and consultancy network. Each member of UHY is a legally separate and independent firm. For further information on UHY and its individual member firms including those referred to in the above release can be accessed here www.uhy.com

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