

Nation of entrepreneurs deserves better

Public debate about entrepreneurship policy in Australia is sometimes like an ornamental pond: nice to look at, but just a little bit shallow.

With the federal opposition determined to bear hug the government on many issues, the popular discussion on key policies is in danger of being narrowed down to just a few points of difference. Both major political parties have a broader understanding of the issues and possible policy responses, but this has been swamped to date by the unending debate about industrial relations.

This is not a peripheral issue. Australia has about 1.9 million small businesses, employing more than 3 million people. An additional 1 to 2 per cent of new firms are created each year. How can we best support them and create an enterprise culture in Australia?

Effective entrepreneurship policy requires more than just rolling out a tired set of clichés about reducing red tape (which most governments spectacularly fail to do) and motherhood visions of encouraging small business. Many more issues are also important for Australia's entrepreneurs.

Are we matching up to world's best practice in enterprise

Governments can best help small firms by getting out of the way, writes **Michael Schaper**.

development? Compared with most other developed countries, we have a highly entrepreneurial population. The Global Entrepreneurship Monitor, for example, regularly places Australia at the forefront of Organisation for Economic Co-operation and Development nations when it comes to the proportion of our adult population involved in new business ventures.

However, we don't have a mortgage on the best way to support entrepreneurs and new small firms. Many countries, such as New Zealand and the United Kingdom, have developed a range of innovative assistance programs that could be considered for adoption and use in Australia.

How effective is the money we're already spending on business development? Each year state and federal governments spend many millions of dollars on support and assistance to new enterprises, but the effectiveness of this is rarely gauged. Much is made about the level of expenditure provided by each level of government (that is, the inputs), but very little about outcomes. But aren't outcomes more important?

Australia's small firms now represent about 96 per cent of all private sector business organisations. It may surprise many to learn that this proportion has stayed pretty much constant over the past 20 years, even though spending on business development programs has grown substantially. So does the extra money make a difference, or is it just dressing

"Everyone promises to cut red tape, but each year it gets worse."

up an underlying natural phenomenon that government has no effect on? Could we reduce some of the overlap between state and federal enterprise support agencies? Once almost the sole province of state governments, there are now several programs running at each level of government, as well as an increasing level of involvement by local councils. Many states, for example, fund small business centres to provide front-line advice to new entrepreneurs.

The federal government has its own system of small business field officers,

with a similar role. When cross-government agencies work cooperatively, the synergies can produce great outcomes. But when they conflict, it produces overlap and confusion — and creates cynicism among our small business owners about just how useful government really is. Shouldn't we be trying to rationalise these?

Finally, we need to move the debate about regulation. Everyone promises to cut red tape, but each year the number of rules on the books continues to burgeon. Perhaps we need to think about a more effective way of drawing up new rules. One approach is the "think small first" approach to legislation, where laws are primarily designed for small and medium enterprises, rather than large companies.

Elections bring out funny responses to decidedly serious issues. We are a nation of entrepreneurs and small business operators, but possible policy responses to their needs rarely get the full airing they deserve. Let's hope this election turns out differently.

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