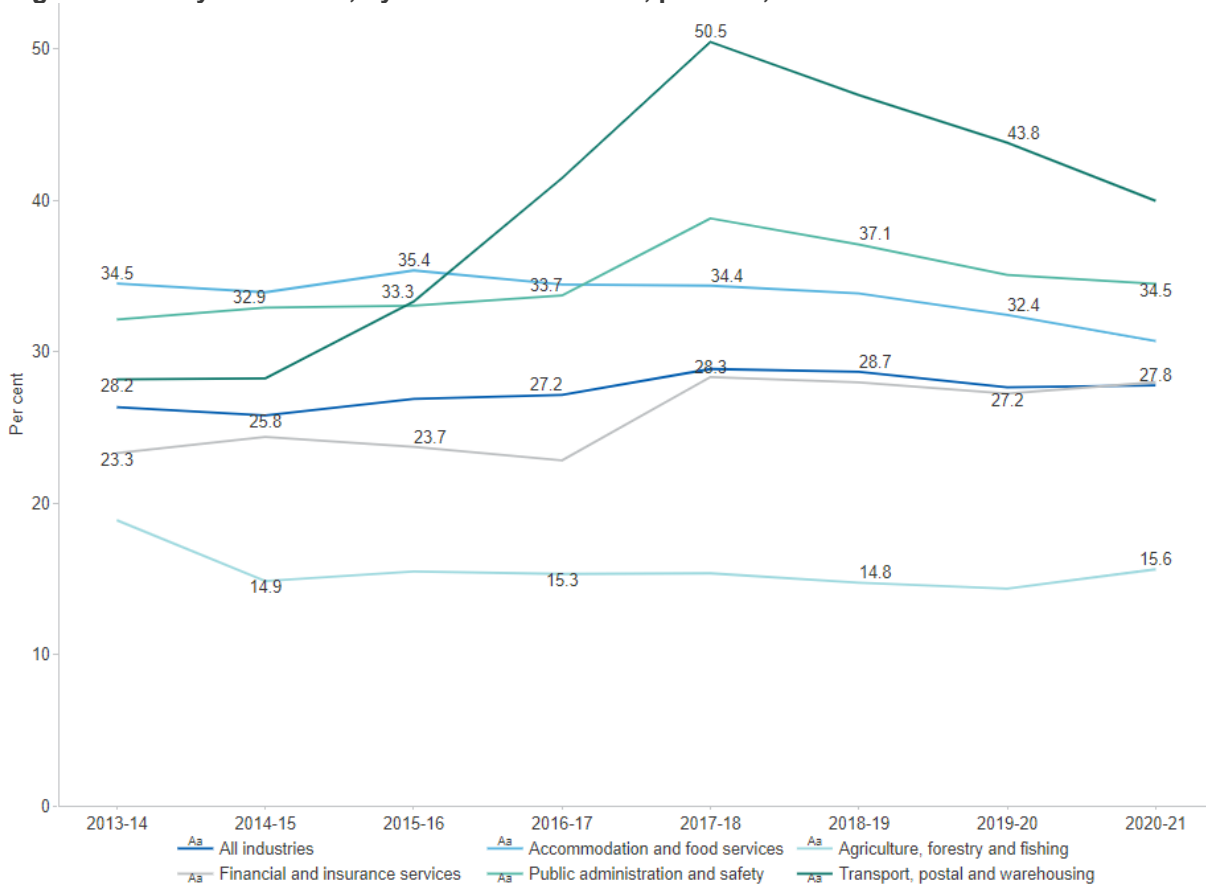


2.1.4 Churn rate by industry

The industry churn rate is the sum of the birth and death rates of businesses in an industry in a financial year. This measure is a proxy for the simultaneous creation of new businesses and the destruction of established ones. New businesses are essential to driving innovation and delivering it to market.¹ The annual churn rate across *All industries* rose from 25.8 per cent in 2014–15 to 27.8 per cent in 2020–21. While churn rates vary across industries, large changes over time are rare. One industry that has seen significant change is *Transport, postal and warehousing*, which rose from 28.2 per cent in 2013–14 to 50.5 per cent in 2017–18 before decreasing back down to 40 per cent in 2020–21.² Contributing to the rise were changes introduced in the Victorian taxi market in 2016, which dramatically reduced the cost of purchasing a taxi or hire car license.³ Also, the strong residential property market has encouraged new businesses to enter the removalists industry.⁴

Figure: Industry churn rate, by selected industries, per cent, latest 2020–21



¹ Economics Innovation Group, *Dynamism in Retreat: Consequences for Regions, Markets and Workers*, February 2017 (<https://eig.org/wp-content/uploads/2017/07/Dynamism-in-Retreat-A.pdf>)

² ABS, *Counts of Australian Businesses, including Entries and Exits*, Cat. No. 8165.0 (<https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release>)

³ IBISWorld, *Taxi and Limousine Transport in Australia*, Industry Performance (<https://my.ibisworld.com/au/en/industry/i4626/industry-performance>)

⁴ IBISWorld, *Removalists in Australia*, Industry Performance (<https://my.ibisworld.com/au/en/industry/i4611/industry-performance>)