AVCAL | The AUSTRALIAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION Limited

# Media release

**28 May 2013**

## New report shows Australian VC punching above its weight

NOT FOR BROADCAST OR PUBLICATION BEFORE TUESDAY, 28 MAY 2013

A report released today by the Australian Private Equity & Venture Capital Association (AVCAL) shows that the Australian venture capital (VC) is pivotal to innovation in Australia, and VC-backed firms spend much more on research and development than their industry peers.

The report highlights research that shows that VC-backed companies spend on average 200 times more on R&D per employee than other businesses, and that while VC-backed firms make -up only 0.01 per cent of GDP, they account for approximately 10 per cent of business R&D expenditure in Australia.

"It is clear from the report that the VC industry is vital for true innovation in Australia. VC-backing has been the catalyst for ideas being transformed into commercial realities, creating new highly-skilled jobs and creating new and innovative companies that have become market leaders in their own right," said Dr Katherine Woodthorpe, AVCAL's CEO.

The report states that around 500 companies in Australia have been backed by VC. In comparison, in the US, there are 24,000 such companies.

"VC in Australia has a much shorter history than its US counterpart but we are catching up and as long as government support remains, we will be able to increase the contribution that VC makes to the economy. Already, many of our current leading technology and life science companies have been created via VC backing, for example, Seek which is now the largest online job-listings business in the world, Cochlear and SIRTeX were all reliant on VC funding in their early years," said Dr. Woodthorpe.

"Research is in the DNA of VC-backed companies and they continue to invest more as they grow. Ten of the largest VC-backed companies alone spent $1.4bn in R&D between 2005 and 2011. Such companies are crucial to creating new and sustainable jobs as we grapple with the realities of the Asian century," said Dr. Woodthorpe.

"That is why the Government has committed $350 million to the next round of funding under the Innovation Investment Fund (IIF) programme. We are very confident this funding will continue under future governments, because such is the success of the programme it has negligible impact on forward estimates. Furthermore, the eventual proceeds realised from the programme are recycled as new investment funds. It is genuinely a programme that delivers innovation and new, sustainable jobs."

A full copy of the report is available on the AVCAL website www.avcal.com.au.

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**About AVCAL**

The Australian Private Equity & Venture Capital Association Limited (AVCAL) is a national association which represents the private equity and venture capital industries. AVCAL's members comprise most of the active private equity and venture capital firms in Australia. These firms provide capital for early stage companies, later stage expansion capital, and capital for management buyouts of established companies.

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