



The AUSTRALIAN PRIVATE EQUITY &
VENTURE CAPITAL ASSOCIATION Limited

Media release

8 March 2013

Private equity investment in Australia supports half a million jobs

Sydney, Australia

New research shows that Australian companies backed by private equity support an estimated half a million jobs.

This was one of the findings of the Deloitte Access Economics report *The Economic Contribution of Private Equity in Australia*, released by the Australian Private Equity and Venture Capital Association Ltd (AVCAL) today.

The study is based on data for 106 companies acquired by private equity since FY2000. This data was provided by AVCAL members representing approximately 70% of total private equity funds under management in Australia.

Summary of key findings:

- Australian companies backed by private equity employ 262,000 people, making this group a larger employer than either the automotive or banking industries.
- Private equity owned firms also indirectly support an estimated 251,000 additional jobs through flow-on effects to other businesses. As a result, private equity-backed companies in Australia account directly or indirectly for an estimated half a million jobs.
- Private equity backed firms contribute \$58.8 billion per annum to Australia's GDP.
- Private equity backed firms generate more revenue than either the coal mining or the general insurance industries in Australia.

"Private equity structures have proved to be especially valuable where firms face the need to expand or refocus their operations in what may be fluid economic and commercial conditions," explained Dr Ric Simes from Deloitte Access Economics.

"For example, these firms may have an opportunity to develop a new technology or a need to restructure in a manner that a listed equity firm may find difficult. Thus, private equity contributes by adding value to investee firms and providing additional flexibility to the way in which firms are managed.

"This results in improved productivity for investee firms, with flow-on impacts throughout the economy."

AVCAL Chief Executive Dr Katherine Woodthorpe said, "Often commentators recycle anecdotal evidence about private equity, or focus only on high profile cases that don't represent what happens in the majority of private equity investments in Australian businesses.

"Studies such as this are therefore important in helping to focus attention on the substance rather than the myths. And the reality is that private equity has an overwhelmingly positive impact on jobs and business growth."

The full report by Deloitte Access Economics is available from the AVCAL [website](#).

Media contact

Dr Kar Mei Tang, Head of Research, Ph +61 (0)2 8242 7000, karmeitang@avcal.com.au

AVCAL is the voice of venture capital (VC) and private equity (PE) in Australia. Our membership includes 54 domestic and international VC and PE managers active in Australia as well as pension/super funds, service providers and other stakeholders. AVCAL is active in communicating, researching and advocating the significant contribution that VC and PE makes to the broader Australian economy. Australian VC and PE firms manage over \$29bn in funds under management. They provide capital and expertise to companies in a range of business life-cycles: start-ups, SMEs and large organisations. AVCAL VC and PE members focus on enhancing innovation, productivity, entrepreneurial activity and sustainability in the companies they invest in. Australian VC and PE firms back more than 500 companies which employ over 100,000 full-time equivalent jobs. Since records began in the late 1990s, the industry has distributed around A\$16 billion to its limited partner investors which include pension/super funds, institutions and governments.

www.avcal.com.au www.twitter.com/avcal1 www.linkedin.com/in/avcal