

## Non-technical summary for 'Tracking Mergers and Acquisitions Using Australian Administrative Data'

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### What did we set out to do?

Mergers and acquisitions (M&A) by businesses play an important role in a dynamic and productive economy. When businesses merge or one business buys another, it can create opportunities for growth and innovation. For example, two firms can combine their strengths, entrepreneurs can sell their businesses and move onto new opportunities, and well-run companies can take over struggling ones and improve them.

However, M&A activity can also reduce competition, hurting consumers and slowing productivity growth. Large businesses might buy smaller, innovative competitors before they become a threat, or use acquisitions to dominate a market. When this happens, consumers may face higher prices, fewer choices or slower advancements in products and services.

Despite the importance of M&A activity, Australia does not have a single, comprehensive database that records all M&A across the economy. This makes it harder for researchers and policymakers to understand how M&A affects competition, innovation and productivity. Our aim in this project is to fill that gap by building the first detailed M&A database for Australia, using a range of existing datasets.

### What did we learn?

By bringing together several administrative datasets, we were able to create a large and representative database that captures many different types of M&A. Although the primary goal was to build the database, early analysis revealed several interesting patterns:

- **The amount of M&A activity has changed over time.** Mergers were particularly common in the 2000s, declined in the early 2010s and then picked up again in the late 2010s. Part of the recent increase reflects more acquisitions by very large firms.
- **'Serial' or 'creeping' acquisitions are common.** A meaningful share of M&A activity involves large businesses making multiple acquisitions over time. This pattern is especially strong in the Care and Medical Services sectors – areas competition regulators had suggested could be prone to this activity.
- **The typical acquisition target has specific characteristics.** Businesses that are acquired tend to be medium sized, with high profitability but relatively low productivity. They also often hold more patents than similar firms. This suggests that acquiring companies may be seeking access to intellectual property or innovative ideas rather than simply trying to gain scale.

### What was our key takeaway?

This project shows that administrative datasets can be combined to build a comprehensive and policy-relevant database of M&A activity in Australia. Importantly, the code and framework used to create this database will be made publicly available. This will allow other researchers to build on our work, deepen Australia's understanding of M&A behaviour and support more informed policy decisions over time.