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Dark night: tech slams lack of vision

Australia's tech sector is impressed by budget measures to splash cash on cyber defences and software purchasing incentives, and [fix employee share scheme rules](#), but say it lacks a vision for fixing a [crippling skills shortage](#) and preparing for future technologies.

The budget included numerous measures that may benefit Australia's start-up and more established tech sector.

Most dramatic was the ramping up of investment in cybersecurity at intelligence agency the Australian Signals Directorate, which received a [\\$9.9 billion commitment over the next decade to create more than 1900 jobs](#), including data analysts, computer programmers and software engineers.

There was also a \$1.3 billion pledge for communications infrastructure in regional communities. This included \$811.8 million to expand mobile coverage outside major cities, and \$480 million in grant funding towards a \$750 million upgrade of the NBN fixed wireless network by the end of 2024.

A potential boon for Australian software companies came from two business-focused incentive schemes. Small businesses can claim a 20 per cent deduction for investment digital solutions, such as cloud-based software or portable payments terminals, up to \$100,000 a year. Another 20 per cent deduction is on offer for external training courses for staff.

As part of the Digital Economy Strategy, the government will also provide \$3.9 million over two years to support women in pursuing career opportunities in the tech sector.

A big winner was prolific start-up investor [Main Sequence Ventures](#), the venture capital arm of the CSIRO. It was awarded an extra \$150 million in equity funding over the next five years.

SaaS providers a winner, but no talent plan

“The technology investment boost should drive domestic demand for SaaS (software as a service) and cloud technology, which is critical to help local start-ups win their first customers,” founder and CEO of Local Measure Jonathan Barouch said.

“A 20 per cent additional deduction might accelerate a business case to take the leap [to the cloud] – which benefits the small and medium business and also gives local tech companies like Local Measure more domestic opportunities.”

Mr Barouch also said pre-announced changes to enable start-ups to offer staff much bigger share incentives and bonuses would make local companies more internationally competitive for talent, but was disappointed that no measures to encourage skilled migration to Australia were included to alleviate the skills shortage.

This was a complaint of numerous tech operators who spoke to *The Australian Financial Review*.

Lachlan Feeney, founder and executive director at blockchain consultancy Labrys, said the budget seemed to offer no solutions to immediately solve the tech talent shortage, and completely ignored the fast-developing blockchain industry.

“Simply reopening international borders and expecting skilled workers to come flocking into Australia is naive,” he said. “The government must make skilled technology visas more accessible, affordable and appealing.”

Cath Whitaker, CEO of ASX-listed fintech and digital brokerage platform SelfWealth, agreed the government had failed to lay out a “bold vision” for enticing tech talent.

“We’ve gone from being a land of open plains to one of vacant lots, empty start-up hubs and CBD offices across urban centres coming to grips with talent shortages, and more and more of our best tech talent looking abroad for opportunities,” she said.

“Mounting pressures have been put on tech salaries, and it’s setting up this two-tier economy that Australian small businesses and start-ups aren’t keeping pace with, in the battle for global tech talent.”

Andrew Porter, the CEO of industry lobby group Fintech Australia, said the failure to properly address the tech skills shortage had made budget night a “grim” one for the sector.

Referencing [Labor’s plan to base its tech skills policy](#) on education, he said neither side were offering answers to an immediate problem.

“After years of close work with the federal government, it’s a shame to see that the fintech industry failed to have really any of its key matters addressed in this budget,” Mr Porter said.

Cyber spending

Ajay Unni, founder of StickmanCyber, a business that helps companies mitigate their cybersecurity risks, said the big increase in cyber defence spending was unsurprising, given the increasing number of cyberattacks targeting Australia.

Under budget measures, every \$100 those small businesses spend on cybersecurity, they will receive a \$120 tax deduction, which Mr Unni said would undoubtedly be good for providers.

But he warned there was a risk business would waste the money on unsuitable products.

“Without helpful mandates or more defined guidance on how the funds can be used ... businesses are playing with fire,” he said.

“Downloading new anti-virus software isn’t going to cut it.”

AirTree Ventures partner James Cameron said the biggest win for the local tech sector had come in the employee share scheme changes.

“It’s a real shame it’s taken so bloody long, though. Start-up leaders have been crying out for these changes for more than a decade now,” he said.