

Publication: [The Australian](#)

Date: 29.03.22

Journalist: David Swan

THE AUSTRALIAN BUSINESS REVIEW

Start-ups call for more government support after federal budget

Leaders in Australia's technology industry say they are underwhelmed by a lack of attention from Tuesday's budget, with executives behind the nation's fastest growing companies calling for more support for a sector that is now the country's third largest in terms of total value.

Despite Australia's rapid transition towards a digital economy, the country's tech companies say they feel mostly left out by a budget that focused largely on short-term concerns like Covid relief and consumers' hip pockets.

Rob Hango-Zada, the co-chief executive and co-founder of one of Sydney high-growth start-up Shippit, said that skilled worker shortages are challenging his ability to ramp up hiring as quickly as he'd like to.

"Making technology visas more accessible, reducing the processing time and cost would increase the flow of skilled workers at a crucial time," he said.

"There must be clear and attractive pathways into the industry. Just as vocational apprenticeships provide practical skills and industry exposure in crucial industries like construction, hospitality and hair and beauty, we'd love to see something similar in the technology sector.

"We would like to see the government nurturing the start-up ecosystem in Australia. Whoever forms the next government must demonstrate their commitment to the technology industry – and Australia's economic prosperity – is real."

The government needs to better create the circumstances for Australia's tech industry to be as globally competitive as it can be, according to Glenn Elliott, CEO and founder of technology platform Practifi, who described the budget as a missed opportunity.

"What happened to the 'Ideas Boom' and the National and Science Innovation Agenda?" he said. "Skilled migration can act as a catalyst to stimulate and stabilise the Australian start-up and tech sector, creating an environment that makes Australia desirable for great tech firms and great tech talent."

Start-ups however have welcomed a government shake-up of employee share schemes, an expansion Treasurer Josh Frydenberg says will slash red tape and allow employees to directly share in the business growth they help create.

Some of Australia's largest technology hirers, including Atlassian and Culture Amp, have for years complained that a \$5000 cap on share options has hampered their growth and limited their ability to hire and hold on to talent, especially compared to start-ups in more favourable jurisdictions like Silicon Valley.

As part of the budget measures Australian unlisted businesses will now be able to offer employees up to \$30,000 in share incentives per worker per year for up to five years, plus 70 per cent of dividends or cash bonuses.

Employees will also be able to access an unlimited amount in share incentives if it would "allow them to immediately take advantage of a planned sale or listing of the company to sell their purchased interests at a profit."

The government has not been able to cost the policy shift however, declaring in its budget papers that "this measure is estimated to result in an unquantifiable impact on receipts over the forward estimates period."

Practifi CEO Glenn Elliott said the changes should incentivise local Australian talent to stick with local Australian start-ups.

"Early stage share scheme options are great, but employers must be able to implement option plans without fear of creating tax events or complications for employees at an early stage of their careers. Whatever the government can do in collaboration with the industry to simplify the program will go a long way towards enhancing the competitiveness of Australia on a global stage for innovation. Australia can, and should, be a top tier destination for the world's best talent to work in the world's most innovative start-ups."

Kate Pounder, chief executive of the Tech Council of Australia, said the changes will make it simpler for more employees to participate in ESS schemes, and to benefit when firms successfully scale up.

"This creates a virtuous cycle that accelerates the creation of new jobs and new companies, as employees that benefit from such schemes are more likely to leave and found their own company with share proceeds, and therefore create more new jobs and successful Australian companies."

The CSIRO's venture capital fund Main Sequence Ventures was one major winner on budget night, receiving an extra \$150m in equity from the government to progress and commercialise research projects.