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**TechLeaders Event Speech**  
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What can be done to ensure Australia meets and exceeds its economic and productivity aspirations? I want to argue today that the answer to these questions lies with the continuing march of technology and the digital economy.

In the first part of my remarks I want to speak about the link between scientific and technological innovation and productivity.

Next I want to highlight the Albanese Labor Government's indifference and even hostility towards the innovation and productivity benefits of the digital economy.

In the final part of my remarks I will argue that, nevertheless, I am very optimistic about Australia's future, and the role of technology and the digital economy in that future.

### **Technology as a driver of productivity**

Let me start with the proposition that technological innovation is key to growth in productivity and prosperity.

Like some of the other more mature attendees at this event, I started my career as the internet was exploding out of the labs to become a mass market consumer phenomenon. I first learned about its potential doing an MBA in the US in the early nineties. When I started working for then Communications Minister

Richard Alston in the mid nineties, internet was delivered over a dial up service and if you received 54 kilobit per seconds you were doing well.

Later, over eight years on the senior management team at Optus, I saw the explosion of mobile communications – including the transformational arrival of the smartphone in 2007. Just think about how this innovation drove remarkable economic expansion, for example by creating the app ecosystem which has generated so many jobs.

As Communications Minister, visiting Australian games studios like Blowfish Studios in North Sydney and Mighty Kingdom in Adelaide, I was struck by how many people worked to develop and market games played on smartphones – a segment which had simply not existed twenty years earlier.

The global games sector is worth around AUD 250 billion.<sup>1</sup> It was not a hard decision for our government to announce a thirty per cent tax offset for the digital games sector, knowing it would help Australia attract more of the jobs and activity the sector generates.

The mobile sector is but one example of the story we have seen repeated throughout history: breakthroughs in technology in turn generate improvements in productivity and hence living standards.

Consider the industrial revolution – driven initially by steam power – in the eighteenth century; the arrival of electricity in the second half of the nineteenth century; the development of information and communications technology over the last forty years; and more recently the huge benefits to humanity in the response to COVID, including in particular the rapid development of vaccines.

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<sup>1</sup> [\\$19.6 million extra to back in our games developers | Paul Fletcher MP, Member for Bradfield](#), media release, 16 Dec 2021

These issues have been a focus for me since coming into Parliament. Some years ago I invited the co-founder of an early stage software business to give the JJC Bradfield Lecture. Scott Farquhar was not as famous then as he is now but his words, nearly ten years later, look very prescient:

Like electricity, software provides an order of magnitude more productivity, paving the way for cost reductions and new products, and transforming how we work as a result. Standing at the start of the 20<sup>th</sup> century it would have been impossible to overstate the impact electricity would have on our lives. Similarly, as we stand here at the start of the 21<sup>st</sup>, it is impossible to overstate the impact software will have.<sup>2</sup>

Scott was right to focus on the way software can improve productivity – because productivity is a very big deal.

Productivity is a measure of the amount of output you get for a given amount of input – be that input number of hours worked, or dollars of capital invested, or what economists call ‘total factor productivity’, which is everything put together.

When productivity improves in an economy – when you get more output per unit of input – that means increased prosperity, which can be shared around, including through increased wages.

Unfortunately, Australia has a productivity problem. Over the long run, our productivity has grown at an average of 1.5 per cent per year. But that has been slowing. In the five years to 2019, it dropped to 1.1 per cent a year.<sup>3</sup>

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<sup>2</sup> [2014 JJC Bradfield Lecture by Atlassian co-CEO Scott Farquhar, "A Start-Up Nation: Capitalising on the Software Revolution in Australia" | Paul Fletcher MP, Member for Bradfield](#) [pau.fletcher.com.au](http://pau.fletcher.com.au)

<sup>3</sup> <https://joshfrydenberg.com.au/wp-content/uploads/2019/08/Treasurer-Speech-Making-our-own-luck-Australias-productivity-challenge-26-August-2019.pdf>

Since the Albanese Government came to power things have got much worse. Productivity grew by 11.4% over the last Coalition Government; over a single year of this government, almost half of that has been lost.<sup>4</sup>

As the Business Council commented in its recently released report, *Seize the moment – A plan to secure Australia’s economic future*, “on our current path, we face the real risk of Australia being overtaken by the rest of the world and Australians being worse off for generations to come.”<sup>5</sup>

But the report also highlighted the ways Australia could boost its productivity – including through better use of technology. In my work as Shadow Minister for the Digital Economy, I have seen plenty of examples of this process at work.

Consider the way that the provision of small business finance is changing. Lenders can apply artificial intelligence to the banking records of a business – contained of course in digital files – to determine factors such as the earnings and cashflow of that business, seasonal variations, growth rates and much else.

As I have heard from lenders as varied as NAB, Block and Shift, this is making it possible to provide finance to businesses when on more traditional criteria that might be declined. In turn that means more small and medium businesses able to secure finance, pursue growth opportunities, serve customers and create jobs. It also stimulates competition as more businesses compete to provide ultimately better products and services – and that means a productivity improvement.

Digital technology also delivers big efficiency gains for businesses in long-existing sectors like mining and retail. It lets companies operate more

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<sup>4</sup> Angus Taylor, Address to Sydney Institute, 2 July 2023, [Angus Taylor focuses on Australia's Inflation and Production — Menzies Research Centre \(menziesrc.org\)](https://www.menziesrc.org/angus-taylor-focuses-on-australia-s-inflation-and-production)

<sup>5</sup> [https://assets.nationbuilder.com/bca/pages/7308/attachments/original/1692338064/BCA\\_SEIZE\\_THE\\_MOMENT-FINAL-WEB.pdf?1692338064](https://assets.nationbuilder.com/bca/pages/7308/attachments/original/1692338064/BCA_SEIZE_THE_MOMENT-FINAL-WEB.pdf?1692338064)

efficiently, lift their productivity, generate more profits and raise income for their workers.

Mining companies have embraced automation as a means of overcoming the challenges of remote work sites. Rio Tinto operates more than 130 autonomous trucks at its iron ore facilities.

The internet has allowed retailers to reach new markets and serve customers in new ways. Look at the way Gabby and Hezi Leibovich built the national online business Catch of the Day. Starting in 2006, by 2019 they had hundreds of employees – and sold the business for over one billion dollars.

Digital technology can boost productivity for Australia by ending the tyranny of distance. Historically it was tough for Australian businesses to serve global markets because of the time and cost required to ship product from Australia to other countries. But when your product is digital – so it is weightless and instantaneous – that problem disappears.

The truth is that the growth of the digital economy is key to improving Australia's productivity. But much of that depends on fast moving technology businesses which thrive on disrupting older business models and using innovation to serve customers better.

### **The Albanese Government is Holding Australia Back**

Which brings me to a central problem with the present government's approach: it is getting the policy settings completely wrong when it comes to leveraging technology and the digital economy to drive productivity and growth.

Part of the problem lies in what the current government is not doing. It does not have a Minister for the Digital Economy; it does not have clear national goal to be a leading digital economy; it has effectively nobbled the Digital

Transformation Agency, shifting it deep into the bowels of the Department of Finance.

And part of the problem lies in what it is doing: prosecuting a union-driven agenda which is deeply hostile to the kind of workplace flexibility and choice which typically is a feature of technology businesses.

### Union driven hostility to innovation

Let me give you some specifics – starting with that union agenda which is reflected in this government’s demonisation of the ‘gig economy.’

Over the last twenty years Australians have enthusiastically taken up service offerings which deliver greater choice and convenience; which save time; and which sometimes save money as well. Very often these are delivered over platforms which bring together those offering a product or service, and those wishing to purchase, allowing them to find each other quickly and cost effectively.

Whether it’s booking an Uber for transportation, organising a holiday via Airbnb, finding a house to buy through Domain.com or Realestate.com, buying an appliance through Appliances Online, getting someone to help with a task in your business or home through Airtasker, or finding a support worker for a person with a disability through platforms like Hireup or Mable, consumers have made their preferences very clear.

Australians have benefited not just as consumers but also from the new work and business opportunities. Hundreds of thousands of Australians value the opportunity to work flexibly, when it suits them, be it a few hours a week or forty or more hours a week, on these platforms.

But the Albanese Government is actively hostile. Workplace Relations Minister Tony Burke calls the gig economy a ‘cancer’ and is seeking to impose onerous new workplace rules.

The reason is pretty obvious: the union bosses hate the gig economy. They want to go back in time fifty years or more, when most employment was full time, most workers were unionised and union bosses were all powerful.

Today a mere 12.5 per cent of employees are members of a union; amongst private sector employees it is just 8.2 per cent.<sup>6</sup> But if you are a Labor politician, the union bosses control your preselection – and that is a much higher priority than responding to consumer preferences and allowing Australians to do business in the mode they prefer.

It is increasingly clear that the Albanese Labor Government is heavily influenced by union obstructionism based on old-economy thinking. This is very troubling for the prospects of Australia’s technology sector – not least because of the tech skills shortage.

Industry peak body, the Tech Council, has quantified the sector’s employment shortfall at 653,000 in the next eight years.<sup>7</sup> Much of this gap of course can and should be met with workers who are trained and developed in Australia.

But it will also require the government, in the words of the Tech Council, to ‘streamline skilled migration for high-salary, experienced technical roles with chronic shortages.’<sup>8</sup> The Productivity Commission made a similar point in a

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<sup>6</sup> The Australian Financial Review, David Marin-Guzman, Union membership in private sector shrinks to 8 per cent, 15 January 2023

<sup>7</sup> Tech Council of Australia, Getting to 1.2 million – Our roadmap to create a thriving Australian tech workforce, August 2022

<sup>8</sup> Tech Council of Australia, Getting to 1.2 million – Our roadmap to create a thriving Australian tech workforce, August 2022

recent report, saying that not all digital and data skills needs “can be met locally or with education and training in the short term.”<sup>9</sup>

Visiting start up businesses, I regularly hear about the value of the global tech talent visa introduced by the Morrison Government. Unfortunately this has been abolished by the current government.

The signs at least year’s so-called Jobs Summit were not at all encouraging. The Australian Workers Union called for all new migrants to be automatically signed up to a union upon arrival, and demanded that employers pay at least a \$10,000 fee to hire a migrant.<sup>10</sup>

The ACTU advocated the abolition of employer sponsored visas.<sup>11</sup> Instead sponsorship would be done by an inevitably slower, more bureaucratic industry wide body with union involvement less responsive to business needs.

Last year the government slowed down visa processing for cybersecurity and critical tech occupations, removing 27 job roles, including ICT security specialists and tech workers, from its priority migration list.<sup>12</sup>

The Opposition has raised serious questions about the Albanese Labor Government’s approach to immigration policy – including the disconnect between the number of people coming in and this government’s dismal failures in delivering housing and infrastructure.

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<sup>9</sup> Productivity Commission, Australia’s data and digital dividend, Interim report, August 2022

<sup>10</sup> The Australian Financial Review, Phillip Coorey, AWU wants compulsory union membership , higher fees for migrants, 1 August 2022

<sup>11</sup> The Sydney Morning Herald, David Crowe, Angus Thompson and Katina Curtis, Migration deal in sight at summit, 1 September 2022

<sup>12</sup> The Australian Financial Review, Paul Smith, Visa shake-up relegates cyber skills despite ‘worst ever’ crisis, 2 November 2022



Labor is bringing in 1.5 million people over five years, but do not seem to have a plan for where these people are allocated – and they are making the skills shortage worse. Certainly there seems little evidence of leveraging immigration to get the highest value from those we bring in.

### Digital Identity

Let me turn to another area where this government is failing to capture the full potential of technology and the digital economy to drive productivity. A national digital identity system was a major priority for the previous Coalition government, with some \$600 million invested, but under this government the progress has stopped.

Today, when I go to a bank to set up a new bank account or to a telco to get a new mobile service, I typically provide evidence of my identity through documents such as a driver's licence or utility bill.

But imagine if I could establish my identity simply by keying in my name to the website of the bank or telco, then typing in a multi-digit code or completing a simple biometric check just sent to me by my “trusted digital identity provider”.

Such a system is pretty much ready to go, following several years of detailed work led by the Digital Transformation Agency under the Coalition government. That included public consultation and issuing an exposure draft of the Trusted Digital Identity Bill.

Already Australians can use MyGovID to establish their identity when dealing with federal and state government agencies.

Had this Bill passed, there would already be strong consumer safeguards, with a particular focus on privacy, an independent regulator, and a robust accreditation

framework specifically ready for whole-of-economy expansion - and all of this, codified in law.

Unfortunately, the development of this whole-of-government, whole-of-economy system, and the pursuance of legislation, is drifting under the Albanese Government. Speaking recently, Finance Minister Katy Gallagher failed to commit to a legislative timetable, saying that while the government was looking to have legislation in place by mid-next year, she didn't want to be held to that timeframe.<sup>13</sup>

The only thing that Minister Gallagher could say with confidence is that there would be yet more consultation on digital ID - even though there have already been several rounds of consultation as part of the detailed work done by the previous Coalition Government.

This simply looks like another attempt to delay.

Already confidence across industry is dropping. I have heard reports that private sector players previously interested in being a trusted digital identity provider are now reconsidering their position.

### Digital Government Service Delivery

That brings me to a third area of drift under this government: the digital delivery of government services.

It is clear that Australians much prefer to engage digitally with their service providers – be it a bank, an airline, or a government.

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<sup>13</sup> "And then, you know, if all things line up and we're able to move pretty swiftly, we could have legislation in place, mid-year next year. That's a pretty tight timeframe, so I don't want to be held to that. But that's kind of my roadmap." <https://www.financeminister.gov.au/transcript/2023/07/25/conversation-afr-government-services-summit-canberra>

In fact, in the 2021-2022 financial year there 1.2 billion online transactions with Services Australia, compared to 9.3 million face-to-face engagements.<sup>14</sup>

In New South Wales, the Coalition Government transformed the service experience for citizens with Service New South Wales, including a very strong digital delivery channel.

Under the Morrison Government, Australians responded strongly as we improved the digital service experience. Look at the growth in active accounts on myGov - from 11.7 million in 2017 to 25 million in 2022.<sup>15</sup>

Around 60 per cent of visits to myGov over the past 12 months were made using a mobile phone.<sup>16</sup>

The recent audit of myGov, led by eminent business leader David Thodey, praised the former Coalition government for its investment in myGov, finding that our investment to sustain *and* enhance the program, quote “put in place the much needed building blocks for a better myGov.”<sup>17</sup>

The cost savings due to digital adoptions are also impressive. According to the audit, independent economic analysis commissioned by Services Australia estimated that completing the program over four years would deliver net benefits of \$3.2 billion over ten years.<sup>18</sup>

The User audit was delivered more than six months ago to the government. But so far the government has failed to respond to its recommendations, despite the Audit recommending they do so by 1 July 2023.

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<sup>14</sup> Services Australia Annual Report 2021-2022, p. 3.

<sup>15</sup> MyGov User Audit, Volume 1, p. 11.

<sup>16</sup> MyGov User Audit, Report Summary, p. 1.

<sup>17</sup> MyGov User Audit, Volume 1, p. 7.

<sup>18</sup> MyGov User Audit, Volume 1, p. 24.

Instead, Services Australia has abolished more than a thousand specialist IT jobs; it has got rid of specialised call centre operator Serco; call hold times have blown out; and the huge potential for improved digital service delivery is largely being ignored.

## **A Bright Future**

I have argued that the present government is missing the opportunities to leverage technology to drive Australia's productivity and prosperity. But despite that fact I am optimistic about the future.

### Strength and Momentum of Australian Tech Sector

A key reason for that optimism is the inherent strength and momentum of Australia's tech sector. A huge amount has changed in the last thirty years.

When I was working as a young political adviser in the late nineties, Australia's home grown tech sector was modest. Big American tech companies would only open Australian offices for sales; they did not have anyone here writing code or doing r&d.

Today there are global tech businesses based in Australia. Seek was founded in 1997 and became a top 100 company. Today its market cap is \$7 billion.

Atlassian was founded in 2001, and now has a market cap of \$48 billion.

Canva began in 2013, and today is valued at over \$30 billion, even after recent market gyrations. One of the three biggest Australian companies by market capitalisation, CSL, is a global biotech force.

If you look at Australia's rich list there are now a lot of people who have made their money from the technology sector. The under forty rich list is even more striking: twenty years ago people on that list overwhelmingly came from the

worlds of sports, property or entertainment but now technology is a major source of wealth.

What that means is that we have a virtuous cycle in Australia. People worth billions or hundreds of millions from companies founded ten or twenty or thirty years ago are reinvesting their wealth into Australian start ups. This was happening in the US as long ago as the seventies and eighties, but now it is a significant feature of the Australian tech scene.

Linked to this is the strong growth in Australia's venture capital sector. According to the KPMG Venture Pulse report, in the first quarter of 2022 venture capital deals in Australia were worth \$1.919 billion, the second biggest quarter ever, and in the second quarter of 2022 were \$852 million. During the first half of 2023, there were US\$1.11 billion worth of deals.<sup>19</sup>

The change from just eight years ago is dramatic. The average across the four quarters in 2014 was only \$103 million.<sup>20</sup>

Today the Australian tech sector has reached a very significant scale. It is both an industry vertical, with companies that have technology such as software as their product. But it is also a horizontal sector: every company of any size has a significant number of people working in the IT function. According to the Tech Council, Australia is on track to have 1.2 million tech workers by 2030, with the workforce currently standing at 935,000.<sup>21</sup>

### Technology solving fundamental problems

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<sup>19</sup> <https://kpmg.com/au/en/home/media/press-releases/2023/07/ai-and-climatetech-sectors-defy-slowdown-in-vc-activity.html>

<sup>20</sup> Venture Pulse Q2 2022 (assets.kpmg), downloaded 18/10/22

<sup>21</sup> Tech Council of Australia, Tech Jobs Update, May 2023

The next reason for my optimism is the capacity of science and technology to solve fundamental problems. Listening to some journalists today – hello, ABC! – you could easily conclude that our world faces intractable problems, whether it is climate change, global poverty or disease.

I fundamentally disagree. Of course there are many problems – but the data shows we are making progress, not going backwards. There is not time to set out the arguments of data-heavy books from recent years such as Factfulness and The Rational Optimist. But these books make it very clear that both poverty and disease, while still burdening far too many people, are greatly reduced in their impact compared to even thirty years ago.

Both books do a good job of pointing out the way that science and technology have made the lives of billions of people better – whether it is cures for longstanding diseases like malaria and polio, or the agricultural revolution which greatly increased crop yields from the nineteen sixties.

With my Shadow portfolios of science and the digital economy, I regularly get to meet very smart people working on solving problems in remarkable ways. Let me mention four themes which stand out to me.

The first is the way that scientific research – a fair bit of it in Australia – is enabling the energy transition we need to make to achieve net zero. The Sydney Morning Herald's Good Weekend piece last weekend on Australian solar pioneer Martin Green did a good job of explaining his critical role in kick starting the world solar energy industry.

In significant measure thanks to solar and particularly rooftop solar, Australia's energy mix is changing at an extraordinary rate. Last year the percentage of energy from renewables in the national electricity market was over 30 per cent.

As a result emissions from energy generation are dropping steadily and by 2030 are projected to be 55 per cent below 2005 levels.<sup>22</sup>

But it is clear that the frontiers can be pushed much further. There are plenty of smart scientists working on this, as I saw on a recent visit to the Centre of Excellence in Exciton Science at Sydney University. The team there is working on alternatives to silicon for solar cells which could generate considerably more energy from sunlight than is possible today.

The second theme is the way that science and technology is helping us respond to and manage the consequences of climate change, such as a rising incidence of bushfires. I could cite the deployment of fire fighting aircraft; I could cite monitoring and sensing technology to detect fires earlier than has been possible before; I could cite preventative technology such as the trial by Endeavour Energy of drones flying above power lines to identify lines which are about to fail.

Or I could cite the science which is making preventative burning more effective. Recently scientists from the Darwin Centre for Bushfire Research briefed me on how they are getting increasingly good results from preventative ‘savanna burning’ in the Northern Territory, using techniques including field sampling, spatial analysis and Indigenous knowledge.

A third theme is the continuing, remarkable progress of medical science to protect people against diseases which were life threatening only a few years ago. For example, I recently visited prominent medical researcher Professor John Rasko in his lab on the Royal Prince Alfred Hospital campus. John explained that genetic treatments can allow somebody suffering from a dangerous disease like haemophilia to effectively be completely cured.

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<sup>22</sup> [COP26: Together for our planet | United Nations](#)

The fourth is the remarkable potential of artificial intelligence to boost productivity. In the healthcare sector, for example, AI algorithms are able to mine medical records, design treatment plans or create drugs much faster than current offerings.

AI is increasingly used to help radiologists interpret scans more quickly and accurately and in larger volumes. In recent months I have heard from Australian company Harrison.ai and Australian researcher Prof Michael Barrett about the work each of them is doing in this area.

In a recent study, PWC argues that AI can transform the GDP and productivity of economies and that 45 per cent of total economic gains by 2030 will come from product enhancements, stimulating consumer demand. This is because AI will drive greater product variety, with increased personalisation and affordability over time.<sup>23</sup>

One of the most exciting areas in my view is the way AI can improve the productivity of governments – which today frankly is a black hole. A good example is Australian start-up Trellis Data which has developed artificial intelligence tools to scan shipping containers coming into Australia for biosecurity risks.

In a two-week trial period, with the cameras scanning containers from multiple angles in just four seconds, more than 1.7 million images of containers were analysed, with four per cent of containers having pests that needed to be removed.

Under the current approach, only about three per cent of all goods can be inspected manually. By using AI, more containers get inspected, more quickly,

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<sup>23</sup> PwC's Global Artificial Intelligence Study: Exploiting the AI Revolution



and the humans can then focused their efforts on a more detailed examination of the containers which the AI tool has flagged as presenting a risk.

### A more business friendly government – backing the tech sector

The third reason I am optimistic is because I am confident the Coalition will return to power – which will mean Australia once again has a business friendly government which strongly backs Australia’s tech sector.

This has been our consistent approach for decades. In the Howard Government years, we set up the National Office for the Information Economy in 1997 and created the regulatory framework for Early Stage Venture Capital Limited Partnerships in 2002.

A strong theme for Liberal governments has been making it more commercially attractive to invest in innovative and start-up businesses. Under Prime Minister Turnbull, our 2016 National Innovation and Science Agenda further improved tax settings for ESVCLPs, and provided additional tax incentives for early-stage investors in start-up businesses. We also provided funding to establish the CSIRO’s venture capital arm, Main Sequence Ventures.

Under the Morrison Government we set clear goals to build Australia’s digital economy including the ambition of making us a top 10 digital economy and society by 2030. We supported this ambition with a detailed Digital Economy Plan.

All this signals a strong message to industry– the Coalition is in your corner and is a trusted voice when it comes to the technology industry.

## Conclusion

Let me conclude, then, by returning to my central proposition: technology and digital will play a defining role in Australia's economic future.

What our science and technology sectors need is a government that sees the potential and backs the innovators and risk takers.

We have come a long way as a nation. I am optimistic that we can go much, much further – and with a Coalition Government the power of science and technology will be encouraged, not hindered, in making our economy more productive and the lives of all Australians better.