

Freelancer chief warns governments must embrace economic reform

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Matt Barrie, above, the chief executive of Freelancer, says governments have not thought about readjusting the economy for the future. Picture: Britta Champion *Source: News Corp Australia*

ONE of the nation’s most successful entrepreneurs says Australia is facing a “massive crisis” because of the inability of governments to think about the long term and says the education system is stuck in an old world where teachers refuse to be retrained to embrace technology.

Matt Barrie, the chief executive of online jobs outsourcing business Freelancer — which generates only 4 per cent of its revenues from Australia

— said governments simply had not “thought about readjusting the economy for the world as it is today and as it will be in the future”.

“Government is not focused on anything long term. It is not just this government, it is successive governments. No one is thinking about fundamentally reforming the economy. They are just trying to hang on to the next election,” he told *The Australian* ahead of Freelancer’s annual results today.

Mr Barrie will also be a key speaker at next month’s Creative Innovation conference in Melbourne. His comments come after some of the nation’s biggest companies last week hit out at the political uncertainty at both federal and state level, warning that the lack of leadership was hurting long-term planning and undermining business confidence.

Commonwealth Bank chief executive Ian Narev warned that weak confidence posed a “significant economic threat” and challenged governments for failing to provide a “coherent long-term plan” for the nation.

The Reserve Bank cut the official cash rate this month to a record low of 2.25 per cent and economists expect the central bank to cut rates at least one more time this year.

Unemployment rose to 6.4 per cent in January, its highest level in more than 12 years, as the ranks of the unemployed swell to almost 800,000. Asked to comment on the figures, Mr Barrie replied: “Fundamentally we are headed for a crisis in Australia.

“We have had a 60 per cent decline in enrolments in computer science over the past decade during the biggest transformation of our time with the internet. Instead, we’ve got people still being prepared in school for jobs that don’t exist any more.”

He said the school system was “stuck in a bureaucracy”.

“Mainly because the teachers don’t want to be retrained into technology,” Mr Barrie said.

Freelancer’s website offers short-term employment for freelance graphic designers, programmers and writers who bid to work on small projects. About three out of four new users are freelancers, largely from developing countries, and the rest are those posting jobs. Ninety-six per cent of its revenues come from overseas but it remains listed in Australia.

“I’d love to hire as many people as I can in Australia but we simply don’t produce enough computer- science students,” Mr Barrie said.

“It is just impossible. It is great for people wanting to get into it. Kids doing computer science can set their own price now. The Googles and the Facebooks and the Twitters are taking talent from Australia and trying to move it to Silicon Valley. It is such a hyper-competitive environment.”

Last year Mr Barrie met with the Communications Minister, Malcolm Turnbull, to discuss the challenges facing Australia’s start-up sector.

One of his key concerns was the reforming of tax arrangements for employee share schemes, which was proposed by the government in draft legislation late last year.

In his submission on the bill — released last week — Mr Barrie claimed that despite the rhetoric from the government, it had not “rolled back” the arrangements to the position that existed in Australia before the Gillard government’s controversial changes in 2009.

The entrepreneur also warned that many “old-world” businesses in Australia were about to be hit by a “tsunami of software” in what he called the “biggest economic revolution that mankind has ever seen”.

But he added that Australian business and the Australian public was “actually quite forward-thinking” in confronting disruption.

“It is just the infrastructure isn’t here and that is the role governments must play,” he said.

Freelancer made one of the most stunning sharemarket floats of 2013 when its shares surged to as much as five times their initial value of 50c to reach \$1.84 after listing.

The shares are now around 63c after hitting a low of 51.5c in November, but Mr Barrie said the company was still in a strong position after acquiring more than a dozen of its rivals.

“The company is going fantastically well and is still well up on the float price,” he said.

“We have more users than anyone in the space and we go after the small-business and consumer offering.”

Canaccord Genuity analyst Owen Humphries is forecasting annual revenue of \$25.6m, up from \$18.8m in 2013, which is also 34 per cent up on the first half of the year.

Freelancer posted an operating net loss of \$600,000 from \$11.9m revenue in the six months to June 30 last year.