

September 2022

Submission to Treasury
**Technology Investment
Boost**



Introduction

auDA

.au Domain Administration Ltd (“auDA”) is the administrator of the .au country code Top Level Domain (ccTLD). The .au ccTLD includes the following namespaces: .au direct, com.au, net.au, org.au, asn.au, id.au, conf.au, vic.au, nsw.au, qld.au, sa.au, tas.au, wa.au, nt.au, act.au, edu.au, gov.au, csiro.au, and oz.au.

We are endorsed by the Australian Government and through agreement with the global Internet Corporation for Assigned Names and Numbers (ICANN) to oversee the operation and management framework of the .au domain of the internet.

auDA’s role

As a critical part of the digital economy, auDA’s primary role is to ensure the .au ccTLD remains stable, reliable and secure.

Under its [Terms of Endorsement](#) from Government, auDA is required to advocate for and participate in multi-stakeholder internet governance processes and work cooperatively with government. Accordingly, where appropriate and relevant we will advance our expertise in internet policy in selected matters of public policy, consistent with our vision – to unlock positive social and economic value for Australians through an open, free, secure and global internet.

auDA operates under an industry self-regulatory model, working closely with suppliers, business users, non-profit organisations, consumers and the Australian Government.

It seeks to serve the interests of the internet community as a whole and takes a multi-stakeholder approach to internet governance, where all interested parties can have their say.

auDA belongs to a global community of organisations and plays an active role in representing .au at international fora, such as the ICANN and the Asia Pacific Top Level Domain Association (APTLD).

Advocacy

auDA’s advocacy is guided by the following key principles:

1. **Purpose driven** – we are a for purpose organisation. Our purpose is to:
 - a. administer a trusted .au domain for the benefit of all Australians
 - b. champion an open, free, secure and global internet.
2. **Multi-stakeholder Approach** – we take a multi-stakeholder approach to our work, working closely with domain name suppliers, businesses, not-for-profit organisations, education



and training providers, consumers and Government entities to serve the interests of the internet community as a whole

3. **Independence** – we are independent from government and operate transparently and openly in the interests of all Australians
4. **Leadership** – we seek to actively advance an open, free, secure and global internet and positively influence policy and outcomes related to internet governance, including through undertaking research and informing and educating Australians about an open, free and secure internet and its benefits
5. **Support the digital economy through innovation and partnership** – we seek to partner with like-minded organisations and foster innovation across the technology sector, recognising its benefit to growing our digital economy and, in turn, benefitting all Australians. We recognise the impact that legislative burden can have on innovation in the technology sector and encourage a consultative approach to regulation.

Given its role, auDA is a small but important entity in Australia’s digital ecosystem, supporting vital critical infrastructure that enables access to the digital economy. Our work in administering Australia’s domain name infrastructure is undertaken through a multi-stakeholder approach and in partnership with others, for the benefit of all Australians.

To this end, we are pleased to provide comment on this draft legislation to bolster investment in technology and, in turn, strengthen the digital ecosystem in Australia.

Background

In response to Treasury’s request for submissions on draft legislation to introduce *“a Technology Investment Boost to help small businesses operate digitally”*, auDA is pleased to offer the below comment.



Submission

auDA supports the policy intent, which is to support improved adoption of digital technologies by small businesses through a bonus 20 per cent tax deduction, in the period March 2022–June 2023.

Digital operations and digitising operations – eligible expenditure should include IAAS and SAAS.

The Explanatory Materials state that it is expenditure on ‘digital operations or digitising operations’ that will be eligible for the tax deduction, and that this may include but is not limited to:

...business expenditure on:

- *digital enabling items – computer and telecommunications hardware and equipment, software, systems and services that form and facilitate the use of computer networks;*
- *digital media and marketing – audio and visual content that can be created, accessed, stored or viewed on digital devices; and*
- *e-commerce – supporting digitally ordered or platform enabled online transactions.*

auDA submits that services broadly described as ‘software as a service’ or SAAS, or ‘infrastructure as a service’ or IAAS, should be covered by the deduction.

This is because in digitising the business operations of small businesses, modern practice has moved beyond direct installation of physical equipment in many cases. Examples of this include subscription services such as, for example, Xero for accounting services (see: <https://xero.com/>) or Amazon Web Services for cloud computing services (see: <https://aws.amazon.com/>).

auDA believes that the intent of the policy can best be achieved by ensuring such services can be included in the expenses eligible for the deduction. We have no comment on the current draft wording and appropriate guidance by the ATO.

Cyber security expenditure

Cyber security is an important element of digitising business operations in an appropriate manner. The threat landscape is particularly virulent at present, with Australians having lost over \$336 million¹ to scams in 2022 alone.

¹ <https://www.scamwatch.gov.au/scam-statistics>



auDA's research² has found that small businesses are particularly concerned about cyber security yet under-invest in methods of prevention.

Without building security into the beginning of a digitisation effort, it is usually more expensive to do so later³, and can result in vulnerabilities for the business or for customers that could otherwise have been avoided.

We recommend Treasury consider defining and including cyber security expenditure on services or hardware as part of the eligible expenditure, assuming this is not dealt with by other policy initiatives under way (e.g. the current revision of the Cyber Security Strategy announced by Ministers in August 2022).

Summary

We support the intent of this legislation.

We recommend that infrastructure-as-a-service and software-as-a-service expenditures are included as eligible expenditure.

We recommend Treasury consider including cyber security expenditure as eligible expenditure.

We thank you for considering these matters. If you would like to discuss our submission, please contact auDA's Internet Governance and Policy Director, Jordan Carter on jordan.carter@auda.org.au.

² <https://www.auda.org.au/news-events-insights/reporting-new/research/digital-lives-australians-2021-research-report>

³ See for example: <https://www.businesswire.com/news/home/20200407005031/en/Study-Preventing-Cyberattack-Penetration-Save-Enterprises-1.4>

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