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THE 2026 MARKET REPORT

AI Engineering in Australia

Market Intelligence Report

Australia | AI Engineering

Prepared by: ScaleUp Recruitment

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A market-level view of scarcity, compensation, feeder talent pools, and the EVP levers required to secure production-capable AI engineers in Australia.

Comprehensive Market Intelligence Report: AI Engineering in Australia

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1. Executive Summary

The Australian technology sector has moved past the experimental phase of artificial intelligence. Companies are actively transitioning from research and internal prototypes to commercial, production-ready systems. This shift has created a severe supply shortage for capable AI Engineers.

Enterprise leaders are heavily funding projects that automate complex workflows. Consequently, the demand for engineers who can build secure, scalable, and reliable AI products has vastly outpaced the available local talent pool. Securing this talent means competing directly with major financial institutions and top tech firms who are aggressively hiring and escalating salary expectations.

2. Market Trends & Key Facts

- Market Growth:** "AI Engineer" is officially the number one fastest-growing role in Australia for 2026. The market has shifted heavily from research and pilot projects into production-first enterprise deployments.
- Regional Demand:** Sydney (NSW), Melbourne (VIC), and Brisbane (QLD) remain the dominant hiring locations. Adelaide (SA) and Perth (WA) are seeing rising demand driven by the defence, mining, and renewable energy sectors, requiring AI for systems transformation.
- In-Demand Skills:** The critical skills gap centres around building production-ready systems. The highest demand is for Large Language Models (LLMs), LangChain, Retrieval-Augmented Generation (RAG), and multi-agent frameworks. Foundational skills in Node.js, Python, and cloud infrastructure (AWS, GCP, Azure) are essential.
- Sector Demand:** Financial services, software companies, IT consulting, healthcare, and government agencies are the top sectors hiring AI Engineers to integrate AI into legacy systems.

3. The Talent Scarcity Reality

Hiring managers must recognise a critical gap in the current talent market: theoretical data science knowledge does not equal production engineering capability.

Many candidates present strong academic backgrounds in machine learning but lack the practical experience required to ship commercial software. The industry needs builders, not just researchers. The acute skill shortage centers around engineers who can deploy LLMs, build RAG architectures, and orchestrate multi-agent frameworks.

Candidates with deep expertise in tools like LangChain and Flowise are rare. Furthermore, the market demands foundational software engineering skills. Professionals who combine advanced AI application experience with strong Node.js or Python backend capabilities are the hardest demographic to find and secure.

4. Talent Pool Analysis

The following bottom-up analysis outlines the available talent pool for Senior AI Engineers across the eastern seaboard.

Market Segment	Talent Volume (Headcount)	Avg. Salary	Total Addressable Payroll	Data Source / Logic
TAM (Total Workforce)	150,000	\$130,000	\$19.5B	ABS Software and Applications Programmers
SAM (Target Sector)	10,000	\$165,000	\$1.65B	Filtered for AI / ML titles in NSW, VIC, QLD
SOM (Target Archetype)	1,500	\$195,000	\$292.5M	Senior / Lead level with production LLM / Node.js skills

5. Methodology & Assumptions

- TAM Logic:** Based on Australian Bureau of Statistics (ABS) data for Software and Applications Programmers (ANZSCO 2613) to capture the broad software engineering talent pool.

- **SAM Filter:** Reduced to isolate specific AI, Machine Learning, and Data Engineering roles located within the eastern seaboard hubs of NSW, VIC, and QLD.
- **SOM Filter:** Reduced further to isolate Senior and Lead candidates who have shipped live applications using LLMs or multi-agent frameworks, aligning with the \$180,000 to \$240,000 salary bands.

6. Compensation Benchmarks (NSW, VIC, QLD)

To remain competitive, companies must align their salary bands with current market realities. The table below outlines the expected base salaries (excluding superannuation and equity) for AI Engineers across the three primary hiring hubs.

Level	NSW (Sydney)	VIC (Melbourne)	QLD (Brisbane)
Mid-Level	\$150,000 to \$170,000+	\$145,000 to \$165,000+	\$135,000 to \$155,000+
Senior	\$180,000 to \$210,000+	\$175,000 to \$200,000+	\$160,000 to \$185,000+
Lead	\$210,000 to \$240,000+	\$200,000 to \$230,000+	\$185,000 to \$210,000+

7. Recent News & Industry Movements

- **Future Secure AI Expansion:** Future SecureAI recently appointed Todd Hewlin as President to scale operations. The company is focusing on enterprise-grade "AICo-Workers", which are persona-based, multi-agent systems designed to execute complex, structured work.
- **Enterprise Adoption at Macquarie Bank:** Macquarie Bank actively trialled Future Secure AI digital worker technology for back-office HR and finance roles, reinforcing the trend of major Australian financial institutions investing heavily in agentic AI capabilities.
- **RBA Productivity Signals:** A recent Reserve Bank of Australia survey confirms that firms anticipate continued, heavy investment in AI to drive productivity. This is reshaping workforce planning, moving AI out of isolated technical siloes and directly into core business operations.

8. Strategic Recommendations

Attracting top AI talent requires more than a competitive salary. The talent supply index is critically scarce. Hiring managers should implement the following approaches to secure elite engineers:

- **Hire for Core Engineering First:** Target adjacent skill sets. Prioritise candidates with exceptional software engineering fundamentals (Node.js, Python, scalable APIs, cloud infrastructure). A strong backend developer can learn AI frameworks like LangChain much faster than a theoretical data scientist can learn to write secure, enterprise-grade production code.
- **Showcase the Tech Stack and Autonomy:** Elite engineers want to build products that matter. Clearly define how they will work with LLMs and multi-agent systems. Give them ownership over architectural decisions rather than restricting them to basic API integrations.
- **Accelerate the Hiring Process:** The best candidates receive multiple offers within days. Condense your interview stages. Drop take-home coding tests and use live technical discussions to make offers as quick as 48 hours.
- **Offer True Flexibility:** Mandating five days in the office will eliminate a significant portion of the talent pool. Providing hybrid or fully remote work options across Australian time zones is an immediate advantage.

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