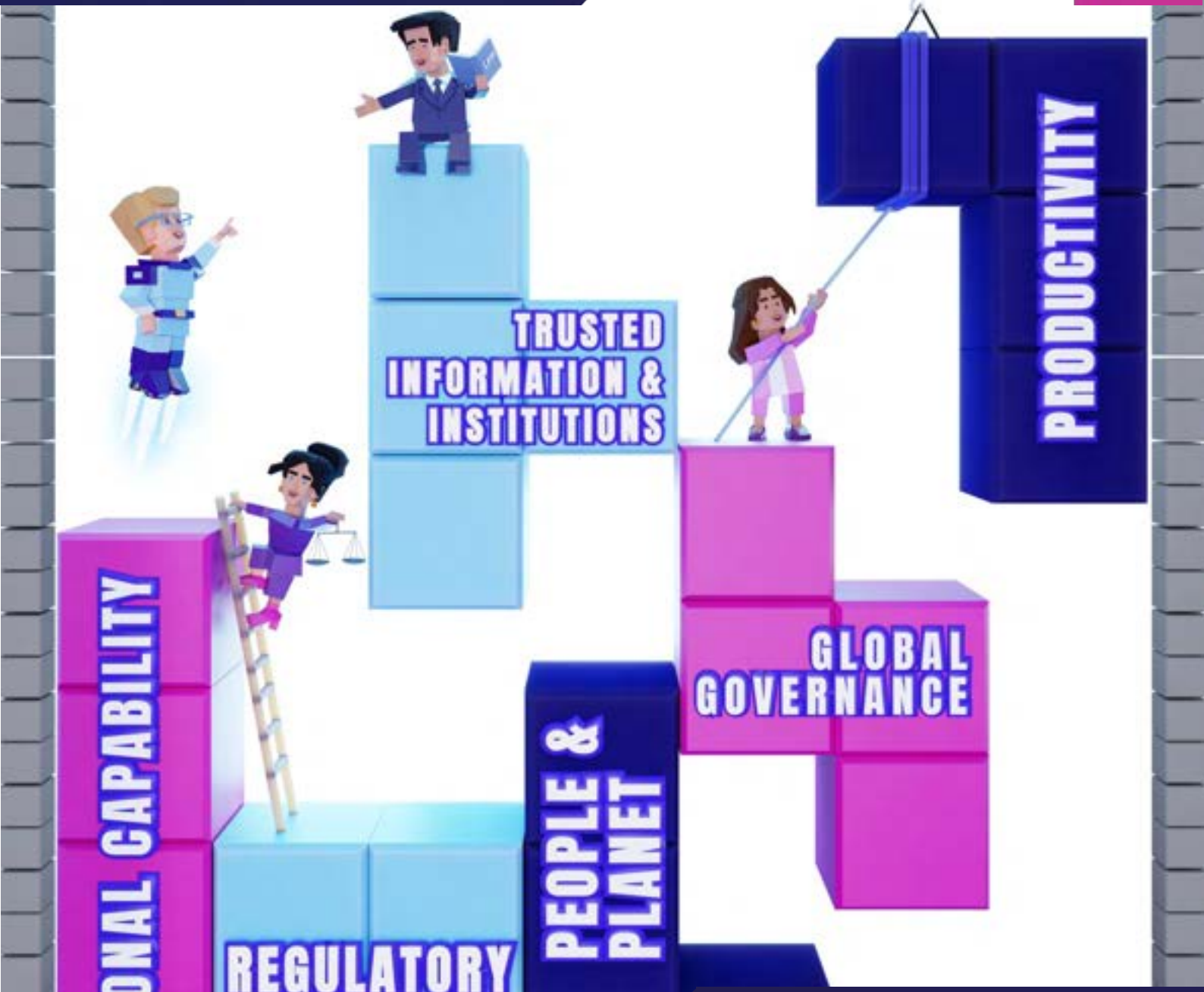
TETRIS FOR AUSTRALIA'S FUTURE: ALIGNING OUR NATIONAL AI PRIORITIES

A Ministerial Taskforce & National Strategy

AUGUST 2025



TECH POLICY DESIGN INSTITUTE

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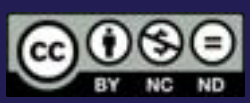

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AI does not happen to us: choices made by people determine its future.

The future of general-purpose AI technology is uncertain, with a wide range of trajectories appearing to be possible even in the near future, including both very positive and very negative outcomes.

This uncertainty can evoke fatalism and make AI appear as something that happens to us.

But it will be the decisions of societies and governments on how to navigate this uncertainty that determines which path we will take.

International AI Safety Report | 2025[1]

A CALL TO ACTION

Artificial intelligence (AI)[a] will not determine Australia's future. People will. If you are reading this, you have agency – and a responsibility – to help shape what happens next.

With technology evolving so fast, it is easy to feel that we have no control – but the impact of AI on our lives is not simply a technical issue for technologist to solve.

If we want AI to work for all Australians, we must invest in the capabilities, institutions, innovation and guardrails that make it so. Perhaps even harder: we must reconcile multiple complex, and sometimes competing, national priorities in the process.

Considerable good work is already underway. But Australia lacks a unifying strategic vision of the future we are trying to create. Technology, including AI, is a means to an end, not an end in itself. With a national vision, we can shape AI and its impact on our future; without one, we risk AI shaping us.

Ambitious, coordinated and decisive leadership is needed.

This Tech Policy Spotlight makes the case for the Albanese Government to establish a Ministerial AI Taskforce. Its mandate: craft – and, more importantly, immediately start executing – a National AI Strategy and Action Plan.

This is not a call for 'just another strategy'. The Taskforce will be a force multiplier. It will unite existing efforts and commitments under ambitious and accountable ministerial leadership, backed by the imprimatur of the Prime Minister.

This is a nation-building initiative, and it needs the resourcing, authority, urgency, and bipartisan support to match.

This spotlight offers a vision of what Australia's future *could* look like if we get AI diffusion right. With a clear, coordinated, whole-of-nation approach, we can harness AI in Australia's and for Australians' interest. Without one, at worst, we risk serious harms,[2] and, at best, we risk squandering a historic opportunity.

Join us in calling for a Ministerial AI Taskforce and a National AI Strategy and Action Plan to lay the foundations for Australia's future.

Johanna Weaver
Co-Founder
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Zoe Jay Hawkins
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[a] This report adopts the definition of Artificial Intelligence from the *International AI Safety Report* (2024), p219: '**Artificial intelligence (AI):** The field of computer science focused on creating systems or machines capable of performing tasks that typically require human intelligence. These tasks include learning, reasoning, problem-solving, natural language processing, and decision-making.'

WITHOUT A MINISTERIAL TASKFORCE & NATIONAL STRATEGY

WITH A MINISTERIAL TASKFORCE & NATIONAL STRATEGY

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PART 1: DECISION MAKERS' BRIEF

Executive Summary

The 'AI revolution' is frequently celebrated as ushering in a new era of productivity, enhanced government services, medical breakthroughs, tailored learning, and much more.[3] Of course, not everyone shares this optimism, with some authoritative voices cautioning against 'buying into the hype'.[4]

AI encompasses a broad range of technologies – not just the generative AI models like ChatGPT that have dominated headlines since 2022. Longstanding tools such as recommendation algorithms, fraud detection systems, and automated decision-making algorithms have been quietly transforming industries for decades.

Regardless of where you personally sit on the hype-versus-revolution spectrum, AI technologies are being adopted across the Australian economy. And it is not just by the big end of town: June 2025 data from the National AI Centre's *AI Adoption Tracker* shows that 37% of small- and medium-sized business are using, or intend to use, AI in the next 12 months.[5] But this diffusion is unfolding notwithstanding high scepticism and low public trust in AI in Australia,[6] and growing geopolitical competition globally.[7]

Australia's AI future is not yet written. Will adoption bring in a new era of productivity, problem solving and worker wellbeing or the concentration of benefits in the hands of governments and corporations? Will AI close societal gaps or deepen divisions? Will AI help solve or exacerbate climate change? Will China or the US win the 'AI race' or reach a détente? Will global AI governance efforts succeed or stagnate? These are just some of the questions still in play today.

Australia's AI choices are often presented as binary: hit the brake or slam the accelerator. But we can – and must – take hold of the steering wheel.[8] Australia needs to overcome its cycle of short-term policymaking and set a longer-term ambitious vision for the future.[9]

To provide leadership and implementation momentum, Australia should establish a Ministerial AI Taskforce to develop – and more importantly, start immediately executing – a comprehensive National AI Strategy and Action Plan.

AI intersects with all elements of Australia's national interest, from economic, social and environmental outcomes, to security, trade and diplomacy. **This Tech Policy Spotlight outlines six interconnected priorities. Combined, they represent a vision for what Australia's future *could* look like if we get AI diffusion right.** Pursuing this vision should be a bipartisan effort.

Picture a game of Tetris: depending on the skill and strategy of the players, falling pieces may end up at odds or click smoothly into place. Currently, different ministers and stakeholders are controlling different priorities with no coherent overarching plan of how it all fits together, and to what exact end.

The Ministerial AI Taskforce and National AI Strategy and Action Plan will position Australia to optimally slot each priority into place – purposefully building the AI foundation our nation needs for the future.

a AK Saeri, M Noetel and J Graham, *Survey Assessing Risks from Artificial Intelligence: Technical Report*, 2024, Ready Research, University of Queensland. https://aigovernance.org.au/survey/saes_technical_report.

b National AI Centre, *AI Adoption Tracker*, Department of Industry, Science and Resources website, accessed 16 July 2025. https://www.industry.gov.au/publications/ai-adoption-tracker/ai-adoption-data

c Tech Council of Australia, 'Generative AI could contribute $115 billion annually to Australia's economy by 2030', 19 July 2023, https://techcouncil.com.au/newsroom/generative-ai-could-contribute-115-billion-annually-to-australias-economy-by-2030/.

d N Gillespie, S Lockey, T Ward, A Macdade and G Hassed, *Trust, attitudes and use of artificial intelligence: A global study 2025*, The University of Melbourne and KPMG, 2025. doi:10.26188/28822919.

e Australian Competition and Consumer Commission, *Digital Platform Services Inquiry: Final Report*, March 2025, https://www.accc.gov.au/system/files/digital-platform-services-inquiry-final-report-march2025.pdf.

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Six Priorities at a Glance

Figure 1. Six competing and reinforcing national priorities

To measure success, you must first define it. The priorities below set out an intentionally ambitious vision for what Australia's future could look like if we get AI diffusion right.

Social, Economic and Environmental Flourishing

PRIORITY 1	PEOPLE AND PLANET
Vision of Success	Australians' lives are improved by AI, which is used to solve real-world problems, benefiting individuals and serving diverse communities, while protecting the vulnerable and having a sustainable impact on the environment.
PRIORITY 2	**PRODUCTIVITY**
Vision of Success	Australia has high productivity and innovation, businesses confidently adopt AI, workers are empowered to navigate disruptions and participate in meaningful work, and the benefits of innovation are shared equitably.

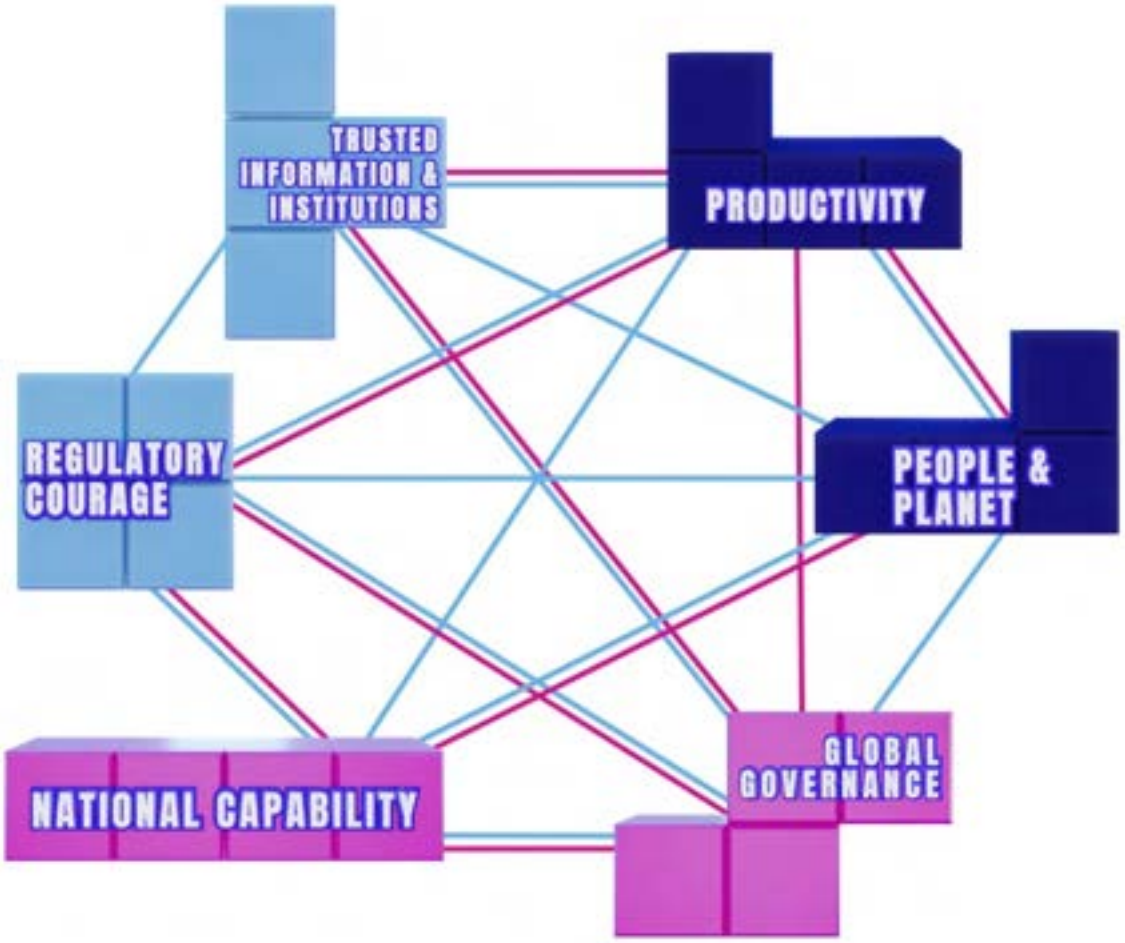
Democratic Resilience

PRIORITY 3	TRUSTED INFORMATION AND INSTITUTIONS
Vision of Success	Australia's democracy is resilient and trusted by Australians who have the skills and discernment to use AI while navigating a complex synthetic information ecosystem.
PRIORITY 4	**REGULATORY COURAGE**
Vision of Success	The Australian Government governs AI effectively with confidence, navigating geopolitical pressure, regulating technologies and enforcing Australian law consistent with the democratic mandate provided by the people.

Sovereignty and Stability

PRIORITY 5	NATIONAL CAPABILITY
Vision of Success	Australia pursues both safety and productivity as a competitive advantage, possessing mature sovereign AI capabilities, resilient international supply chains, attracting global talent and investment, and serving as a regional innovation hub.
PRIORITY 6	**GLOBAL GOVERNANCE**
Vision of Success	Australia advances global coordination to promote safe and responsible AI, preventing its misuse and encouraging equitable distribution of its benefits in support of the UN Sustainable Development Goals.

Figure 2. Interdependencies between national priorities



Key: Blue lines = reinforcing interdependencies | Pink Lines = indicate tensions

Australia's 6 national priorities do not exist in vacuums.

They are often reinforcing and sometimes in tension. Two priorities may even be both reinforcing or competing, depending on the circumstance. For example, if well executed, regulatory courage (articulating clear guardrails for safe and responsible AI), will deliver policy certainty for businesses and increased confidence in and use of AI across the economy which, in turn, will drive investment, innovation and productivity.

Without a comprehensive strategy, opportunities to leverage these reinforcing priorities may be missed, and unresolved tensions risk some priorities being unintentionally neglected or amplified.

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Why a Ministerial AI Taskforce, National AI Strategy and Action Plan?

Australia is one of the world's only major economies without a national AI strategy.[10]

While generative AI has shot AI technologies into public consciousness, these technologies have warranted national strategic attention for many years.

Good work is underway, but the next steps are complex and need to happen fast.

The Australian Government has made commendable progress across several AI initiatives.[11] Since June 2023, it has undertaken a methodical consultation process on how to enable safe and responsible AI, receiving over 500 submissions (with more than 20% from individuals), and hearing from 345 virtual town hall attendees and over 200 roundtable attendees.[12] This considered, consultative process is to be commended. The government has also committed to develop a National AI Capability Plan by the end of 2025.[13]

AI, and the rest of the world, is moving fast. These high stakes and fast-moving dynamics (discussed in depth in Part 2) reinforce the imperative to establish a Ministerial AI Taskforce to develop – and, more importantly, implement – a National AI Strategy and Action Plan.

Now is the time for decisive action.

With its recent victory at the polls, and a new Minister leading the industry portfolio, the Albanese Government should act on its renewed mandate and take decisive action.

Ambition, leadership and coordination are essential.

A National AI Strategy and Action Plan

A well-designed National AI Strategy and Action Plan would deliver:

- **Clarity, confidence and certainty**: A collaboratively developed strategy will clearly articulate a big picture national vision for *if* and *how* we adopt AI in Australia. This will foster transparency and accountability which, in turn, will boost public confidence and deliver certainty to enliven purposeful private sector investment and innovation.
- **Reconciling multiple priorities**: Australia has several distinct national priorities. Many are mutually reinforcing, but reconciling some requires trade-offs. A strategy helps navigate these tensions, avoiding capture by any single policy camp, and delivering a coherent, balanced national approach.
- **Focused outcomes**: Technological advancement in AI technologies is not an end in itself. Like all technology, AI is a tool by which to achieve particular goals. A strategy would articulate a positive vision of Australia's desired AI *outcomes*, not just technological adoption and risk mitigation.

- **Measuring success**: A National AI Strategy and Action Plan with clear goals and metrics, developed through consultation, positions Australia to track progress, avoid a scattergun approach and adapt through built-in feedback loops.

The National AI Strategy and Action Plan need not reinvent the wheel. In effect, it is reimagining and adding urgency to the existing commitments, including the National AI Capability Plan, guardrails work and productivity agenda, in a holistic, coordinated manner with clear and ambitious leadership.

A Ministerial AI Taskforce

Australia should establish a Ministerial AI Taskforce reporting to the Prime Minister, comprising the Minister for Industry and Innovation, Minister for Defence, Minister for Foreign Affairs, Minister for Trade and Tourism, Treasurer, Minister for Government Services, Minister for Home Affairs and Cyber Security, the Attorney-General, Minister for Education, Minister for Employment and Workplace Relations, and Minister for Skills and Training.

The Taskforce should be coordinated by the Minister for Industry and Innovation and/or the Assistant Minister for Science, Technology and the Digital Economy. This will allow the Taskforce to bring together a range of fragmented efforts in various portfolios under coordinated leadership.

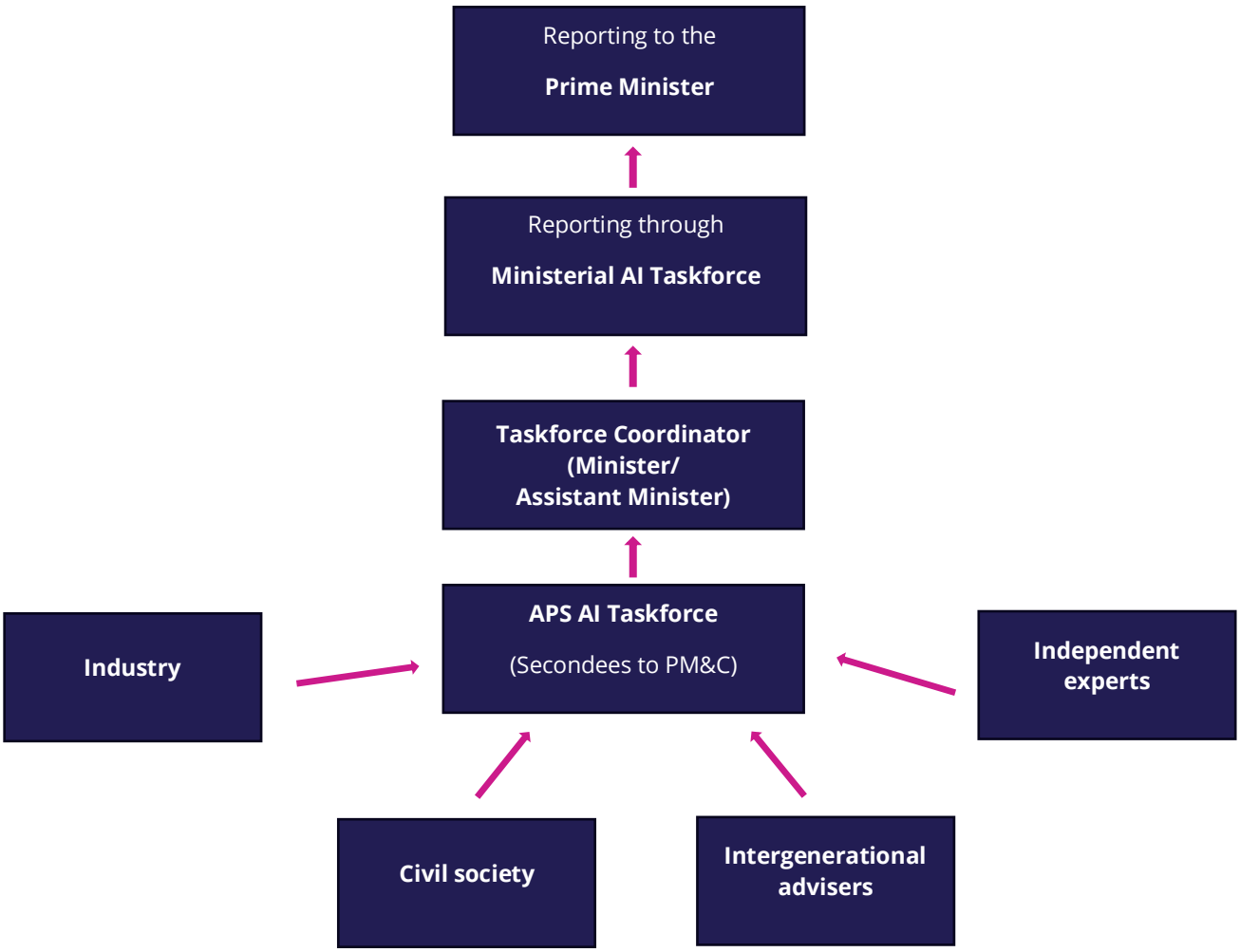
The Taskforce should be charged with reconciling the complex interdependencies and tensions between the full spectrum of Australia's national priorities, by developing a National AI Strategy and Action Plan and – most importantly - immediately beginning its implementation under the imprimatur of the Prime Minister.

The Taskforce could also be a mechanism for delivery of tech-related commitments from the forthcoming Economic Reform Roundtable[14] and the Strategic Examination of Research and Development in Australia.[15]

Australia's best public servants should be seconded to a Taskforce within the Department of Prime Minister and Cabinet to support this work, freed from day-to-day departmental silos and empowered to rapid development of a whole-of-government strategy in the national interest.

Meaningful mechanisms for input from states and territories, industry, civil society, First Nations leaders, independent experts, and intergenerational advisers should be embedded – building on, not duplicating, past consultations. This Taskforce (Figure 3) is a nation-building exercise. And it needs the resourcing, authority, urgency and bipartisan support to match.

Figure 3. Ministerial AI Taskforce

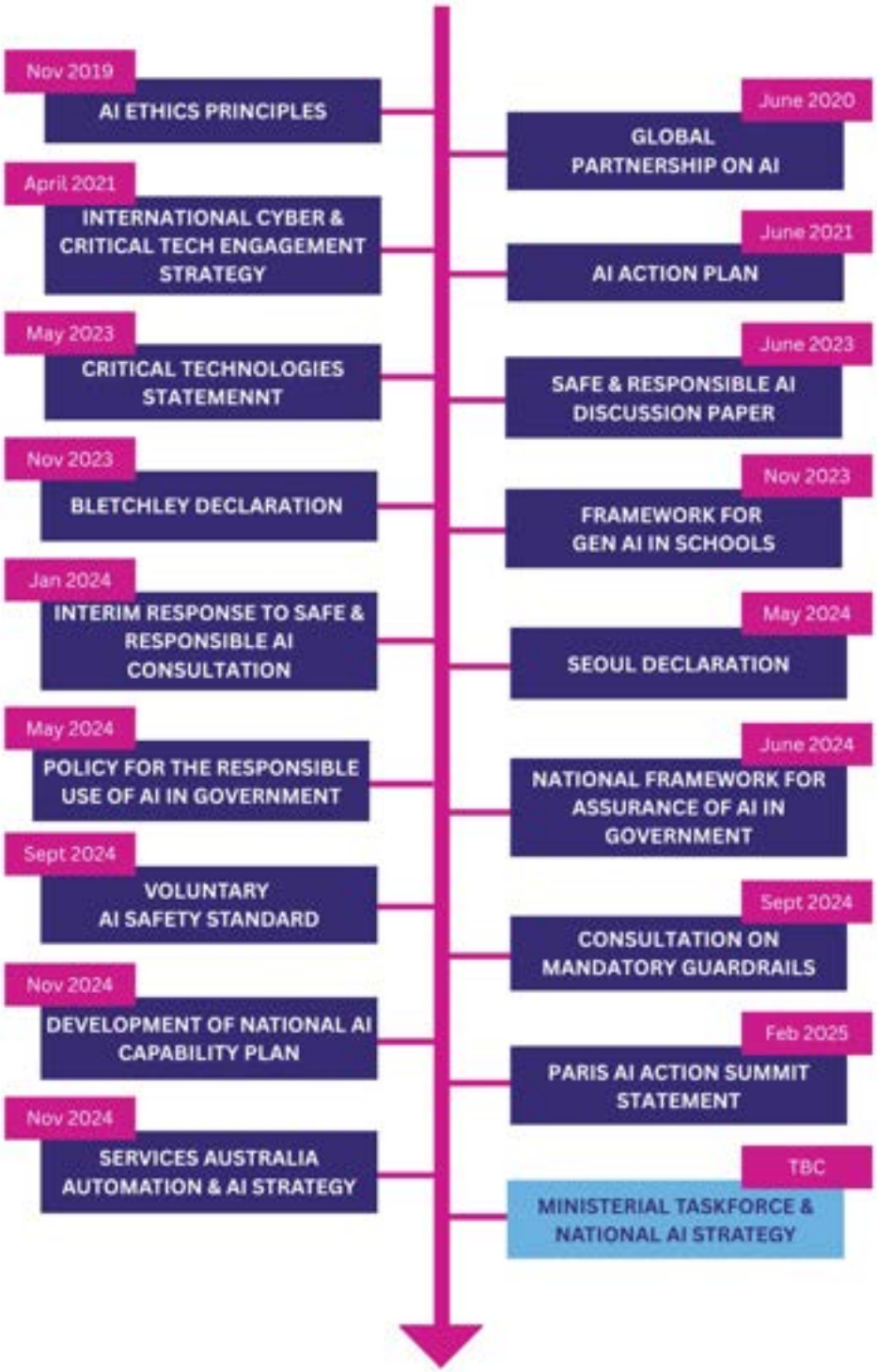


A natural and necessary next step

The Taskforce will leverage the valuable work done to date, building on many years of government efforts to support AI innovation and governance.

Figure 4 provides a simple illustration of the milestone activities undertaken by the Australian Government over the last decade, which position us well to take this next important step of implementing a National AI Strategy and Action Plan.

Figure 4. The Australian Government's AI Policy Journey



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PART 2: A VISION FOR AUSTRALIA'S FUTURE

The remainder of the report provides a structured exploration of 6 interdependent national priorities that underpin Australia's future:

1. People and Planet
2. Productivity
3. Trusted Information and Institutions
4. Regulatory Courage
5. National Capability
6. Global Governance.

The 6 priorities demonstrate the cross-cutting impact of AI on all dimensions of public policy. Each chapter identifies the interdependencies and tensions of each priority, which highlight the need to implement an ambitious, coordinated National AI Strategy and Action Plan.

Combined, these 6 chapters present a vision for what Australia's future *could* look if we get AI diffusion right.

AI Impact Statements

Recognising the impact AI will have on all our lives but *particularly* those whose voices are often less heard, TPDi commissioned AI impact statements from 2 Australian youth representatives and a globally recognised First Nations AI technologist.

Our respondents share their respective wisdom over the following pages. Their statements are printed in full without editing.

Readers are urged to read these contributions closely and consider these perspectives as you explore Australia's 6 national priorities that follow.

Intergenerational AI Impact Statement

It is impossible to neatly capture the magnitude of what AI is about to unleash. It's even more difficult for any young person to articulate the mix of fear and excitement in watching it unfold – in classrooms, workplaces, and public discourse. AI is reshaping the very social fabrics that bind us together: knowledge, trust and truth.

The choices we make – or fail to make – in the next few years will define Australia's next few decades. While political and economic cycles move quickly, the consequences of today's decisions will remain with our generation for life. These questions are not just for policymakers alone. Any young Australians who live, work, and participate in a post-AI society must face the same responsibility. At the centre of this moment lies a clear tension: How do we build safeguards without shutting down innovation? How do we future-proof education, workplaces, and public institutions so that the people are ready to adapt as AI advances?

Understandably, decisions of such scale and consequence bring hesitation – and this partly explains why Australia's approach to AI is still evolving. What's needed is a unified national AI strategy to strike the balance between innovation and rights-based governance.

Around the world, other nations are closing in on their positions. The US prioritises the pursuit of innovation, the European Union (EU) tightens policy guardrails, while China develops its unique model of a state-backed AI sector. Australia risks becoming a passive consumer of imported systems of governance and norms shaped by other jurisdictions. But this is also our opportunity to observe, learn, and set the right course of actions.

It is not enough to move fast. We must move with intent. Yes, AI development is volatile, fast-moving, and non-linear. But that uncertainty makes thoughtful, coordinated action even more urgent. What if we get this right? We could build a country where every community has access to healthcare and education, where truth is preserved, and prosperity is for all. We could create an Australia that leads not through fear or force, but through fairness, vision, and courage – a legacy of progress that future generations are proud to inherit.

But what if we get it wrong? We risk waking up in a nation we no longer recognise. A place where decisions are made by systems we cannot question, where trust has collapsed, and where the future was written without us in the room. The cost of inaction will not be immediate, but it will be permanent. This is a turning point in history. And we still have a choice to either cross it with responsibility or regret.

Minh Hoang

Minh Hoang

Minh serves on the eSafety Commissioner's Youth Advisory Council; and they coordinate one of Australia's first AI startup incubators as the Community Manager at Bloom - Western Australia s leading Youth Innovation Centre.

Tenason Stark

Tenason Stark

Tenason is a member of the Australian Government Youth Advisory Group, a mentor in Queensland Youth Parliament, and as the 2024 Queensland Youth Minister for Justice, Police, Community Safety and Corrective Services, he introduced an AI bill to youth parliament.

Statement on Indigenous Protocols for AI

The Governance Challenge: While 'a good life for all' serves as a governing principle, this Eurocentric statement lacks a practical definition for governing AI's complex relationship with our environment. How can society navigate AI's polarising benefits between those with privilege and those with limited agency?

The Australian Government bears responsibility for equitable resource distribution and regulating social systems. However, unexamined adoption of General Purpose AI risks exacerbating social inequities under the guise of efficiency and innovation. Indigenous Custodians and AI leaders require dedicated representation in the Ministerial AI Taskforce and all national AI decision-making, providing crucial cultural nuance when competing interests clash over high stakes.

Rights Versus Responsibility: Western settler governance systems historically prioritise technology industry demands over civil society. Indigenous peoples worldwide understand the distinction between rights and responsibility – the responsibility to Care for Country and care for Kin represents fundamental law expressed through cultural protocols that regulate societal health. This continent, spanning over 250 sovereign nations, represents the world's longest study of civil society regulation and sustained peace while producing ingenious, sustainable technology systems. Indigenous protocols for AI bridge ethics and programming logic, requiring a cultural shift to make responsible AI everyone's practice.

Environmental Strategy: A holistic national AI strategy must protect public natural resources through sustainability regulation. While Australia's renewable energy abundance positions it to lead sustainable computing, the undeniable link between LLMs [large language models], data centres, and water demand requires urgent attention. With data centres proliferating across the continent, federal water regulation for AI is essential. Lessons from Murray-Darling River exploitation must prevent the repetition of environmental degradation from poorly regulated industry.

Indigenous Knowledge Systems in Practice: Indigenous peoples possess deep time knowledge as systems designers and technologists, renowned for regulating complex environmental and human needs. Through respectful partnerships, Indigenous leaders demonstrate how responsible AI can learn from regenerative systems with built-in ethics and cultural protocols. Indigenous pattern recognition, developed through managing complex natural systems, enhances AI applications in environmental modelling and health systems. Embedding these knowledge systems establishes Australia's distinctive innovation approach.

Cultural Infrastructure and Data Sovereignty: Collaboration with national institutions – ABC, National Museum, National Art Gallery, National Library, and AIATSIS – reveals culturally specific opportunities while protecting foundational cultural infrastructure. Indigenous data sovereignty requires particular attention. Recognising interdependencies between government-held Indigenous data and Public Interest AI necessitates robust frameworks.

Advancing Closing the Gap Priority Reform Four and First Nations data ownership rights require implementation and resourcing. New Zealand's Māori Data Sovereignty Framework and CARE Principles provide adaptation models for government AI systems, offering culturally specific approaches to national standards.

Implementation: For millennia, First Nations peoples have designed sustainable automation with sophisticated examples still operating today. Responsible AI must shift from principles to practice within business models and programming methodologies.

Australia's international alliances can be strengthened through advocacy for global AI governance that incorporates Indigenous knowledge systems.

By centring Indigenous knowledge systems in AI governance, Australia can honour both technological innovation and cultural wisdom. Incorporating these recommendations into Australia's national strategy ensures AI development serves the collective well-being while respecting governance systems that have successfully managed complex challenges for millennia.

Angie Abdilla

Professor Angie Abdilla
First Nations AI Technologist
Founder & Director, Old Ways New
ANU School of Cybernetics

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Social, Economic and Environmental Flourishing

Priority 1: People and Planet

Vision: Australians' lives are improved by AI, which is used to solve real-world problems, benefiting individuals and serving diverse communities, while protecting the vulnerable and having a sustainable impact on the environment.

AI advancement should be pursued to solve real world problems: From personalised learning experiences,[16] to improving medical diagnosis and treatment,[17] to predicting and mitigating the impact of natural disasters,[18] AI can be used to deliver tangible benefits to Australians. This does not necessarily require the most powerful frontier models, but a considered approach to adopting a range of AI systems that deliver improved services, opportunities and socioeconomic outcomes. Australia has an opportunity to be a regional leader in how to innovate, adapt and apply AI safely and responsibly to support a multicultural population.

At the same time, it's important to avoid blind tech-solutionism. When AI systems influence decisions about employment, healthcare, education and justice, they shape the lives of millions of Australians. Ensuring these systems serve public, not just private sector, interests determines whether AI reduces or amplifies inequality, builds or erodes trust, supports or undermines environmental sustainability, and empowers or excludes vulnerable communities.

As signatory to the *Statement on Inclusive and Sustainable Artificial Intelligence for People and the Planet* at the Paris AI Action Summit in February 2025, Australia has declared its commitment to a multistakeholder, human-centric, and rights-based approach to AI governance.[19] It joined over 90 countries in recognising that market forces alone won't guarantee equitable AI outcomes. When a handful of private actors dominate how AI systems are built and deployed, public oversight – and the public interest – diminishes.

There is a rising call for 'public interest AI',[20] which requires systems – and related data practices – to be publicly accountable, democratically governed and inclusive by design. In practice, this is not a binary but rather a spectrum which experts have described as the 'gradient of publicness'.[21]

Representation: Depending on how systems are designed, trained and governed, AI tools can either entrench homogeneity or support pluralism. A persistent representation gap, particularly affecting young people, gender-diverse individuals, people with disabilities, and culturally diverse communities, including First Nations peoples, creates disconnection between those building AI and those impacted by it.[22] If unaddressed, and existing laws not respected and enforced, there is a risk of perpetuating algorithmic discrimination.[23]

Access: Digital inclusion is both an economic and social justice imperative.[24] The Australian Digital Inclusion Index 2023 shows 9.4% of Australians are already 'highly excluded' from digital technologies, with First Nations peoples, people aged over 75 or with disability, and remote communities facing compound disadvantages.[25] If AI-powered tools, such as premium productivity software, personalised learning aids, or healthcare diagnostics are only accessible to those who can afford them (particularly in a cost-of-living crisis), this could deepen the divide between the digitally connected and the excluded. As AI becomes embedded in and central to public systems, private sector services and economic participation, such disparities threaten to exacerbate existing structural inequalities and lead to new forms of digital classism (if digital opportunity is not equitably shared and/or reasonable offline alternatives also made available).

Safety: AI systems can pose significant risks to individual and community wellbeing when deployed without adequate safeguards. The 2025 International AI Safety Report classifies general purpose AI risks into 3 categories: malicious use risks (such as manipulation of public opinion), risks from malfunctions (such as amplifying biases), and systemic risks (such as violation of user privacy).[26] The same report also recognises the risk of large-scale labour market impacts, biological attacks, and society losing control over general-purpose AI – but acknowledges that "experts interpret the existing evidence on these risks differently: some think that such risks are decades away, while others think that general-purpose AI could lead to societal-scale harm within the next few years."[27]

Exploitation: The concentration of AI development in the hands of a few powerful corporations raises concerns about the risk of economic exploitation and the extraction of value from Australian data and labour.[28] There are risks of AI being used to exploit workers through invasive surveillance, or of Australia participating in AI supply chains that leverage a precarious and poorly paid workforce known as the 'annotation economy' across developing economies.[29] Possible impact on workers– both positive and negative - is discussed further in Priority 2: Productivity.

Sustainability: AI's environmental footprint poses a growing challenge to sustainability goals, even as AI is increasingly relied on to address climate change and environmental challenges. The International Telecommunications Union warns that, unchecked, emissions from leading AI systems could soon reach 102.6 million tonnes of carbon dioxide equivalent per year.[30] In Australia, data centres currently consume 5% of the electricity grid, projected to rise to 8% by 2030.[31] Centralising compute resources in data centres provides important energy efficiencies; however, as these facilities grow in response to consumer demand, they require significant amounts of water for construction and cooling.[32] The UN Environment Programme notes that 'AI has an environmental problem', yet

governments rarely incorporate sustainability into AI strategies, creating systematic policy gaps.[33] Australia's abundance of renewable energy positions it uniquely to lead in sustainable computing.

These cumulative priorities listed here – *inclusive*, *sustainable* AI deployed to deliver *public good* – has been termed by University of Cambridge researchers as 'frugal AI', and in broader policy conversations, this people and planet framing may be referred to as the 'wellbeing economy'.[34]

Governance is an essential ingredient in ensuring AI works for the best interests of people and the planet. While politicians and commentators commonly claim they don't want to make the same mistakes with AI as we did with social media, we increasingly hear – in an eerily familiar echo of the nineties and noughties – that government *cannot* and *should not* regulate AI. The first argument claims that governments and regulators lack the necessary competency, the second claims that regulation will stifle innovation.

But research shows that 78% of Australians are concerned about the use of AI.[35] The same study found that 83% of Australians say they would be more willing to trust AI systems if they were deployed with strong international standards, responsible governance and oversight mechanisms. Trust can be earned through well-designed governance and regulation that demonstrates competence, transparency, and genuine concern for public welfare. These concepts are discussed further in Priority 3: Trusted Information and Institutions, and Priority 4: Regulatory Courage.

Australia's national advantages to deploy AI for people and planet

Australia possesses distinctive assets that position us to lead in public interest AI development:

- **Healthy scepticism:** Australians' natural wariness of AI and its risks is a national asset.[36] If leveraged thoughtfully, this sceptical predisposition lays the foundations for Australians possessing a discerning AI and digital competency. This is discussed further in Priority 3.
- **Multicultural and multilingual innovation**: With 30% of the population born overseas and more than 300 languages spoken, Australia's diversity makes it an ideal place to develop AI that works across cultural and linguistic contexts.[37] This is a competitive advantage in developing culturally diverse AI systems and products for markets across the Indo-Pacific.
- **Renewable energy**: Australia's renewable energy potential means that it is 'uniquely positioned to lead in sustainable computing'.[38] The Albanese Government's *Future Made in Australia* policy is aimed at making Australia a 'renewable energy superpower'.[39]
- **Strong consultation base:** The Australian Government has received 500 submissions and spoken with over 500 virtual town hall and roundtable participants on the topic of safe and responsible AI since June 2023.[40] This provides a strong base for inclusive policymaking.
- **Indigenous Knowledge Systems (IKS)**: Home to the world's oldest continuing culture and first innovators, Australia can learn from IKS, which are renowned for regulating both environmental and human needs. For example, indigenous pattern recognition, developed through managing complex natural systems and deep environmental connections, offers innovative solutions to computing challenges. Embedding these knowledge systems in AI model training enhances context-specific applications, particularly with respect to environmental and health applications.[41]

Actions Australia could take to pursue Priority 1: People and Planet

Table 1 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 1. Example actions for people and planet

EXAMPLE ACTIONS FOR PEOPLE AND PLANET	INTERDEPENDENT PRIORITIES
Build trust through policy clarity and law reform: Continue to firmly and consistently reinforce that the full breadth of existing Australian law already applies to AI.[42] Move quickly to finalise Australia's approach to high-risk AI applications to preserve public interest (while addressing important feedback about practical implementation and honing what constitutes 'high-risk').[43] Take action to deliver the long overdue privacy reforms.[44] Consider new and expanded consumer measures, including product liability and an economy-wide prohibition on unfair trading practices and strengthening of the unfair contract terms laws.[45] Clarify intent for the Digital Duty of Care.[46] Pursue this policy agenda as part of a broader democratic approach to AI governance.	Priority 3: Trusted Information and Institutions Priority 4: Regulatory Courage
Deliver on Australia's commitment under the Seoul Declaration: Facilitate the science of AI safety research[47] (the field of research, engineering and policy that measures and monitors emerging risks and capabilities of AI technologies). This could be by the establishment of a new standalone national AI Safety Institute (AISI) or by more clearly assigning this function to another 'relevant institution' in the Australian ecosystem (as provided for under the Seoul Declaration).[48] For example, by evolving the National AI Centre's mandate (currently limited to 'accelerate Australia's AI industry'),[49] or by more clearly articulating responsibility for this role within a government department.[50] Regardless of its placement, the function must be funded adequately and transparently.	Priority 3: Trusted Information and Institutions Priority 6: Global Governance

EXAMPLE ACTIONS FOR PEOPLE AND PLANET	INTERDEPENDENT PRIORITIES
Establish initiatives to support equitable AI access and upskilling: Build on and expand existing initiatives designed to close the digital divide[51] to prevent the risk of uneven AI access for different Australians, entrenching existing digital inequalities. Inclusivity and access should also be a focus of the skills initiatives, as should respect for and recognition of the valuable and nuanced insights that workers can offer in the thoughtful deployment of AI Systems[52] (discussed further at Priorities 2 and 3).	Priority 2: Productivity Priority 3: Trusted Information and Institutions
Develop a sustainability plan for data centre industry: Initiatives to bolster Australia's national AI capability (Priority 5) should be part of a holistic plan that is proactively informed by important energy and environmental considerations. Data centres do not need to have a negative impact on the environment, especially given Australia's abundant renewable energy resources.[53] Government should incentivise and reward sustainable data centres, positioning Australia as a global leader, a competitive compute hub, and an attractive location for investment (Priority 2).	Priority 2: Productivity Priority 5: National Capability
Encourage scientific research to solve public problems: Fund CSIRO to form equitable partnerships to leverage valuable national data sets (such as climate data) to develop representative AI models that can serve Australian public interest and address important Australian use cases.[54] Provide support to independent research organisations and civil society focused on developing AI to solve public problems.	Priority 5: National Capability
Recognise Indigenous data sovereignty: Culturally sensitive utilisation of government held data for the development of public interest AI requires the development of robust Indigenous data sovereignty frameworks. To upscale the government's legislative requirements to deliver on Closing the Gap (Priority Reform Number 4) (PRN4), policies and initiatives that recognise First Nations peoples' right to exercise ownership over their data must be implemented and resourced sufficiently to ensure community and institutional capability and maturity of PRN4.[55]	Priority 4: Regulatory Courage Priority 5: National Capability

Interdependencies

Reinforcing: AI for people and planet creates the trust needed to unlock confident adoption for productivity (Priority 2), sustains the public trust in democratic governance (Priority 3), provides an inclusive foundation for national AI capability (Priority 5), and substantiates Australia's international position on global AI governance (Priority 6).

Tensions: Promoting AI for people and planet, and building trust through governance and regulation, can be in tension with the commitment to making sure the ecosystem is conducive and attractive to important commercial innovation and investment (Priorities 2 and 5), especially when governance and regulatory frameworks are not thoughtfully designed.

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AI does not happen to us: choices made by people determine its future.

AI foundation models might be Australia's best chance of reversing the **productivity** slump – something that's happening in most advanced economies worldwide.

It's a general-purpose technology that's useful in every company and every career.

Professor Elanor Huntington, CSIRO, 2024 [56]

Priority 2: Productivity

Vision: Australia has high productivity and innovation, businesses confidently adopt AI, workers are empowered to navigate disruptions and participate in meaningful work, and the benefits of innovation are shared equitably.

The Australian Productivity Commission has identified AI as a key enabler of economic growth. Confident and thoughtful AI adoption can augment labour, boost productivity across products and services, accelerate innovation, and improve research and development outputs.[57]

The tech sector estimates that achieving widespread adoption of generative AI could deliver $115 billion annually in economic value to Australia by 2030.[58] Other estimates suggest that, in Australia, generative AI alone could increase national labour productivity by 0.1 to 1.1 percentage points per year through to 2030.[59] According to the Productivity Commission, this is not just a nice to have: Australia's labour productivity fell 3.7% in 2022–23, so the country needs confident AI adoption to avoid living standards stagnation.[60]

Despite its potential, AI adoption across the Australian economy remains uneven. According to the National AI Centre, while 37% of Australian small and medium businesses are adopting AI, 16% are not aware of how to use AI and 47% are not planning to adopt it.[61] Businesses report that, along with improved workforce capability and clearer return on investment, greater regulatory certainty would help unlock increased AI investment.[62]

At an individual level, Australians' AI anxiety puts a major brake on adoption. Only 30% of Australians believe AI's benefits outweigh its risks, the lowest figure among countries surveyed.[63]

The question of how to build trust, and unleash AI's productivity benefits while supporting workers, is complex and contested. There are expectations that AI will create 200,000 jobs by 2030.[64] However, this productivity transformation will also cause major disruptions that need to be proactively managed: 3.9 million workers are expected to have their job disrupted, while a further 7.2 million workers (50% of Australia's workforce) are expected to need to re-skill.[65] In response, unions are calling for workers to have the 'right to reject' AI.[66] This requires meaningful community engagement on the nature, benefits, limits and implications of this technology revolution. A clear plan to navigate the coming disruption, especially to workers, is urgently needed.

Australia's national advantages to deploy AI for productivity

Despite current hesitation, Australia is well positioned to drive confident AI adoption for productivity:

- **Strong digital foundations:** Australia ranks 15th in the 2024 IMD World Digital Competitiveness Ranking of 67 countries.[67] Our digital infrastructure, workforce skills and innovation base offer a solid platform for accelerated AI adoption.
- **High-value sectors ripe for AI uplift:** Australia is globally competitive in sectors such as mining, agriculture, healthcare and financial services that are well positioned to benefit from AI productivity. These industries have existing digital infrastructure and experience with automation, making them natural candidates for AI adoption.
- **Knowledgeable workforce:** while Australians' trust in AI is low, a recent study found that, when actively engaged, Australian workers are not inherently opposed to AI adoption and, if given the opportunity to contribute, they offer nuanced and practical insights into how AI can improve systems, reduce menial tasks, and complement human intelligence.[68] Harnessing this expertise will deliver benefits for both productivity and people (Priority 1).
- **Fast tech adopters:** Australians have previously demonstrated their confidence to adopt new technologies quickly. For example, contactless payment technology was invented in the US, but in 2016 just 3% of US cards were contactless compared to 67% in Australia.[69]
- **Trusted Community Networks**: Industry associations, TAFEs, local chambers of commerce, and even accountants provide trusted channels for boosting AI literacy and confidence. Unlike countries relying on top-down adoption, Australia's intermediary ecosystem can drive grassroots confidence.[70]

Actions Australia could take to pursue Priority 2: Productivity

Table 2 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 2. Example actions for productivity

EXAMPLE ACTIONS FOR PRODUCTIVITY	INTERDEPENDENT PRIORITIES
Develop a strategic plan to support employment disruption and transitions and consider future human purpose: Government, industry, and union leaders need to develop policies and initiatives that support Australia's workforce through the AI transition. This should include meaningful engagement with impacted workers, who can have valuable insights into safe and responsible deployment of AI.[71] There is a need for immediate practical support for those that are disrupted as the labour market is transformed. Fundamental re-thinking about what human employment, productivity, creativity and purpose will look like is also needed as the economy restructures in the medium to long term.	Priority 1: People and Planet

EXAMPLE ACTIONS FOR PRODUCTIVITY	INTERDEPENDENT PRIORITIES
Create regulatory certainty: Rapidly clarify the application of existing and proposed legal frameworks to AI, including with respect to AI safety, high-risk AI use cases, product liability, privacy, consumer protection, digital duty of care, and workplace safety. This will build trust and enable confident business investment while maintaining appropriate safeguards to prevent harm to people and the planet.	Priority 1: People and Planet Priority 4: Regulatory Courage
Rollout an ambitious and holistic approach to AI education across society: Enhancing AI literacy and competence as a cross-cutting core skill in all subjects at all levels – from primary schools to TAFEs and universities – will equip Australians with the skills to leverage AI tools effectively and with confidence.[72] Parliamentarians and other policymakers will also benefit from training and support on how to navigate the changing AI landscape and how it intersects with their core issues.	Priority 1: People and Planet Priority 3: Trusted Information and Institutions
Expand support for business adoption and implementation of AI: Support business leaders – across large enterprises and small businesses, and in urban and rural contexts – to leverage the AI tools available to them to measurably increase productivity. Initiatives like the AI Adopt Centres that provide practical guidance and specialist support to business adoption, including navigating the complex vendor landscape, could be expanded and scaled up to reach more communities.[73]	Priority 1: People and Planet Priority 5: National Capability
Leverage government services as an exemplar: Build confidence and drive adoption by demonstrating AI's usability and benefits through government touch points with citizens and businesses. The government could overcome the distrust left behind by Robodebt[74] by safely and responsibly using AI to deliver better government services with tangible benefits for citizens. Separately, standard terms in government procurement[75] are a powerful tool: creating market incentives for the development and deployment of safe and responsible AI in line with Australia's policy priorities.	Priority 1: People and Planet Priority 3: Trusted Information and Institutions Priority 5: National Capability
Recognise Indigenous data sovereignty: Culturally sensitive utilisation of government held data for the development of public interest AI requires the development of robust Indigenous data	Priority 4: Regulatory Courage

EXAMPLE ACTIONS FOR PRODUCTIVITY	INTERDEPENDENT PRIORITIES
sovereignty frameworks. To upscale the government's legislative requirements to deliver on Closing the Gap (Priority Reform Number 4), policies and initiatives that recognise First Nations peoples' right to exercise ownership over their data must be implemented and resourced sufficiently to ensure community and institutional capability and maturity of Priority Reform Number 4.[76]	Priority 5: National Capability

Interdependencies

Reinforcing: Confident adoption helps drives demand for national AI capability (Priority 5) and is underpinned by trust built up through deploying AI for people and planet (Priority 1) and trusted information and institutions (Priority 3).

Tensions: Without the right governance and support in place, adoption of AI tools across the economy may have adverse impacts on individuals or the environment (Priority 1). Boosting adoption across the ecosystem may also drive greater production of synthetic media, which can increase the challenge of sustaining trusted information and institutions (Priority 3).

This is one of our national treasures...that we as Australians are the least optimistic about artificial intelligence, because I think that

scepticism is something upon which we can build literacy

...we should be proud of being sceptical...and look at how we can build that into any adoption, so that scepticism becomes a form of literacy and critical thinking.

Lizzie O'Shea | Chair, Digital Rights Watch
Burning Platforms Podcast[77]

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Democratic Resilience

Priority 3: Trusted Information and Institutions

Vision: Australia's democracy is resilient and trusted by Australians who have the skills and discernment to use AI while navigating a complex synthetic information ecosystem.

Trust in information and institutions forms the bedrock of democratic society – providing shared reality and verifiable facts, civic participation, democratic deliberation, social cohesion, and governance legitimacy.

Governments can leverage technology to build trust. Taiwan has shown the power of technology to engage citizens and find common ground through deliberative democracy processes, increasing public trust in government from 9 to 70%.[78] Australia generally enjoys high trust in public institutions, with 46% of Australians reporting high or moderately high trust in the federal government, above the OECD average of 39%.[79] While government's use of technology can build trust, it can also take it away. The significant harms caused by the Australian Government's controversial and punitive debt recovery initiative known as Robodebt has 'corroded trust in government and its institutions'.[80] Sustaining trust in democratic institutions and information ecosystems requires acknowledging and addressing these legitimate fears that use of AI to deliver government services will reduce accountability, enable state surveillance and otherwise impinge on citizen rights.

Generative AI is also challenging institutional trust by creating a chaotic information environment. It enables the creation of synthetic media near indistinguishable from reality, delivered at unprecedented scale, speed and affordability. Humans' ability to detect AI-generated images is declining as model sophistication accelerates, with people now more likely to identify AI-generated images of faces as more real than actual human faces.[81] Edelman Trust Barometer shows that 63% of Australians think it is becoming harder to tell if news is from respected media or an individual trying to deceive people.[82] It is not just the booming volume of synthetic content online, but its ability to be micro-targeted at particular populations, sometimes by foreign actors, to sew division, increase polarisation and distort public narratives.[83]

Beyond the primary concern of populations being *misled* (inadvertently by misinformation or intentionally by disinformation), the increasingly chaotic information ecosystem can create apathy and undermine institutional engagement, creating voter disengagement, and undermining trust in the wider democratic system.[84] The World Economic Forum ranked misinformation and disinformation as the most severe global short-term risk in 2025, noting threats to 'social cohesion and democratic processes'.[85]

Children and young people are particularly vulnerable to these dynamics. With 15-year-old Australians spending an average of 49 hours per week on digital devices,[86] their exposure to vast volumes of inauthentic, low quality and often divisive content is significant and has even resulted in dedicated slang for its impact: 'brain-rot'.[87] Equipping children with 'digital swimming lessons' to navigate an online environment dominated by waves of AI *generated* and *curated* content with robust digital competency is essential to reducing their vulnerability to misinformation and other harms.[88]

Australia's national advantages for trusted information and institutions

Despite these challenges, Australia possesses significant assets for maintaining trusted information and institutions:

- **Healthy scepticism: Australians' natural wariness of AI and its risks is a national asset.**[89] Meaningful ability to leverage AI tools confidently also requires knowing how to do so with discernment and awareness of its pitfalls. Regardless of the best efforts taken towards public interest AI and regulatory courage, it's not possible to remove all risk of harm from any context, let alone rapidly evolving technologies. So, if paired with the correct skills, and leveraged correctly, this sceptical predisposition lays the foundations for Australians possessing a discerning AI and digital competency.
- **Trust in Australia's government and electoral system**: Despite global declines in trust in government, Australia performs relatively well compared to other countries – with 46% of Australians reporting high or moderately high trust in the federal government, above the OECD average of 39%.[90] Trust in Australia's democratic processes is high, with the Australian Electoral Commission topping public service trust and satisfaction ratings in 2023 at 91%.[91]
- **Australia's compulsory voting system**: Mandatory voting forces representative participation in elections, supporting a democratic system that reflects the will of more than just those in the motivated partisan extremes, sometimes referred to in other jurisdictions as 'the missing middle'.
- **Australia's public broadcaster system**: Anchored by the ABC and SBS, our public broadcasters provide a crucial source of reliable information to Australians. Public broadcasters maintain significantly higher trust ratings than commercial media, with the ABC considered a 'trusted' media source by 78% of Australians (19 points higher than the next closest platform).[92] This infrastructure for verified information becomes even more vital as synthetic content proliferates.

Actions Australia could take to pursue Priority 3: Trusted Information and Institutions

Table 3 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 3. Example actions for trusted information and institutions

EXAMPLE ACTIONS FOR TRUSTED INFORMATION AND INSTITUTIONS	INTERDEPENDENT PRIORITIES
Initiatives to build public AI and digital competency: Harness Australians' natural scepticism to boost their ability to navigate an increasingly complex information environment. There should be dedicated initiatives tailored to support young, elderly and vulnerable Australians, including directly incorporated digital competency horizontally across the school curricula.[93] These could be a composite part of the AI education initiatives relevant to Priority 2. Building on Finland's and Taiwan's notion of 'digital competency',[94] Australia could take a holistic integration approach to information resilience. There is an opportunity to leverage community spaces such as libraries and community centres to scale reach.	Priority 1: People and Planet Priority 4: Regulatory Courage
Enhance generative AI transparency measures: Advance policies that make it easier for Australians to distinguish authentic and credible information from the rest. Progress reforms that enhance platform transparency on how they deal with synthetic content and the networks that amplify it. Political leaders should also model AI transparency from the top by declaring their use of generative AI in campaign materials to sustain public confidence in the democratic debate.[95] Further trust can be built by raising awareness and mainstreaming technical initiatives and protocols that equip Australians to navigate the information ecosystem by looking for markers of *authentic* content, as opposed to trying to spot *synthetic* content, such as those progressed by the Coalition for Content Provenance and Authenticity.[96] Transparency should be supported by accountability (discussed at Priority 4: Regulatory Courage).	Priority 1: People and Planet Priority 4: Regulatory Courage

EXAMPLE ACTIONS FOR TRUSTED INFORMATION AND INSTITUTIONS	INTERDEPENDENT PRIORITIES
Leverage AI to enhance democratic participation: Explore lessons from Taiwan as to how AI tools can be used to support civic engagement and build public trust in government. For example, trialling virtual deliberative town halls amongst Australians that build bridges rather than polarise, thereby engaging more citizens in democratic debate, particularly young Australians.	Priority 1: People and Planet Priority 4: Regulatory Courage

Interdependencies

Reinforcing: Sustaining public trust in information and institutions will help support AI adoption (Priority 2) and underpin the government's mandate to regulate AI where necessary (Priority 4).

Tensions: To leverage AI for efficient, participatory governance, while also maintaining accountability and transparency, so democratic processes are enhanced by technology but still governed by humans (Priority 1). If not designed well, transparency measures and obligations may inhibit deployment of AI for productivity.

Both AI companies and governments often face

strong competitive pressure,

which may lead them to deprioritise risk management.

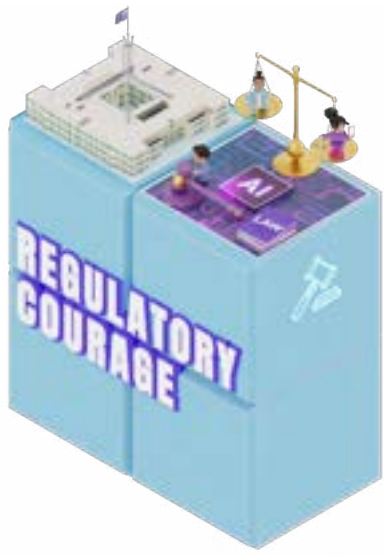
In some circumstances, competitive pressure may incentivise companies to invest less time or other resources into risk management than they otherwise would.

Similarly, governments may invest less in policies to support risk management in cases where they perceive trade-offs between international competition and risk reduction.

International AI Safety Report | 2025 [97]

Priority 4: Regulatory Courage

Vision: The Australian Government governs AI effectively with confidence, navigating geopolitical pressure, regulating technologies and enforcing Australian law consistent with the democratic mandate provided by the people.



As AI becomes embedded across Australia's economic, social and information systems, the government's capacity to govern these technologies is no longer a niche concern, it is a core national interest. The ability of the government of the day to govern in line with the mandate given to it by the electorate, free from undue diplomatic or corporate interference, is a cornerstone of democracy.

While regulation is not always the answer, when necessary, and well designed, it plays an important role in addressing or preventing harm, building public trust and enabling responsible innovation (Priorities 1 and 2). Effective regulation, with a clear democratic mandate, also avoids Australia's national interest being subordinated to the priorities of US or Chinese technology firms motivated by the commercial interests of their shareholders or the national interests of their home governments.

Leading AI companies, including Microsoft, Amazon Web Services (AWS), Google and Alibaba represent 67% of global cloud infrastructure spending and wield significant global influence.[98] Their investments in the sector are staggering: this economic might translates into political influence, deep pockets, elite technical talent and legal firepower that often outstrips public sector capacity. There is value in constructive relationships between government and industry (particularly in furtherance of Priority 2: Productivity, and Priority 5: National Capability). However, some tech companies leverage their significant Australian customer bases to strengthen their bargaining positions with government; a dynamic that has been evident in the evolving contest over the News Media Bargaining Code.[99]

This power dynamic has been amplified under the second Trump Administration. A 2025 Executive Order has directed US agencies to 'defend American technology companies' from what it deems 'unfair' regulation,[100] and a major US industry lobby group has flagged a number of Australia's digital regulations, including the proposed AI guardrails, to the administration for review.[101] Australia is no stranger to economic coercion, having faced the wrath of China after being the first country to ban Huawei from our 5G networks.[102] Diplomatic pressure is also a well-established element of the United States' relationships with its allies. However, the Trump Administration's explicit, erratic, and transactional bargaining – combined with its safety-sceptical,[103] pro-innovation,[104] anti-woke[105]

approach to AI - adds a new layer of risk for middle powers like Australia considering how to regulate AI – countries that rely on US security partnership but lack the market power of the EU.[106]

Australia's national advantages for regulatory courage

Despite current challenges, Australia possesses significant assets to assert regulatory courage:

- **Demonstrated regulatory courage**: Australia has a demonstrated appetite to impose – often controversial – digital regulations. Australia was the first country to establish an independent online safety regulator in the eSafety Commissioner in 2015, and the Media Bargaining Code developments are watched by a global audience. Parliament's recent rapid passage of the Social Media Age Restrictions legislation, and Prime Minister Albanese's resolve to not back down under US or Chinese pressure,[107] indicates a sustained will to regulate tech companies despite threats from Washington and Beijing. The imperative now is to regulate well, not just regulate fast and first.
- **Clarity that existing Australian laws apply to AI:** In its first term, the Albanese government made a powerful statement: 'the potential risks of AI are currently governed by both general regulations (laws that apply across industries) and sector-specific regulations.'[108] This includes things like privacy, consumer and discrimination law. This assertion has not received the attention it deserves: even without specific AI legislative reform, it ensures that the roll-out of AI in Australia is not occurring in a legal vacuum.
- **Regulator coordination:** Australia's Digital Platform Regulators Forum brings together the eSafety Commissioner, Office of the Australian Information Commissioner, Australian Competition and Consumer Commission, and the Australian Communications and Media Authority to build capacity, promote regulatory coherence, and respond to emerging risks and opportunities related to regulation of digital platforms.[109]
- **Diplomatic credibility as a trusted broker**: Australia's membership of the Five Eyes security alliance, AUKUS and the Quad, combined with other active engagement in Indo-Pacific fora such as the ASEAN Regional Forum, positions us well to build bridges across Western and Indo-Pacific alliance partners. Australia is viewed as a reliable partner by many Indo-Pacific countries, particularly in digital infrastructure and capacity building. Australia's reputation as a trusted broker enables us to lead pragmatic coalition building.

Actions Australia could take to pursue Priority 4: Regulatory Courage

Table 4 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 4. Example actions for regulatory courage

EXAMPLE ACTIONS FOR REGULATORY COURAGE	INTERDEPENDENT PRIORITIES
Regulate when necessary: Finalise Australia's approach to high-risk AI applications to preserve public interest (while addressing important feedback about practical implementation and honing what constitutes 'high-risk').[110] Take action to deliver the long overdue privacy reforms.[111] Clarify intent with respect to a 'Digital Duty of Care'.[112] Consider new and expanded consumer measures, including product liability, and introduction of an economy-wide prohibition on unfair trading practices and strengthening of the unfair contract terms laws.[113] Other measures – including industry-specific regulation - as required.	Priority 1: People and Planet Priority 2: Productivity Priority 3: Trusted Information and Institutions
Assert the right to regulate: Australia must maintain its sovereign ability to pass and enforce laws, including when they affect dominant foreign tech providers operating within our jurisdiction. In select cases, this may require navigating commercial or diplomatic pressures and picking our battles to defend the most pressing policy priorities.	Priority 1: People and Planet Priority 2: Productivity Priority 3: Trusted Information and Institutions
Build regulatory capacity: The Albanese government has made it clear that AI is already subject to existing Australian law**.**[114] Ensuring relevant regulators are sufficiently trained and resourced – with legal, technical and enforcement capacity – is key to meaningful oversight and enforcement of these existing regulatory frameworks.	Priority 1: People and Planet Priority 2: Productivity Priority 3: Trusted Information and Institutions

EXAMPLE ACTIONS FOR REGULATORY COURAGE	INTERDEPENDENT PRIORITIES
Pursue strength in numbers: Australia should lead in establishing a voluntary international initiative where an expansive group of countries with shared interests agree on some core tech governance principles and agree, in-principle, to stand together against coercive behaviour from industry and states. This proposed initiative could be called the Interoperable Tech Regulation Initiative (ITRI).[115] The ITRI would help rebalance power between tech companies and states by uniting countries around shared expectations, offering greater regulatory coherence and collective leverage, while still encouraging innovation through clear rules and access to markets.[116]	Priority 6: Global Governance

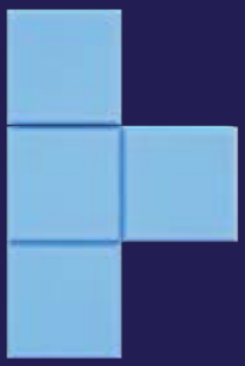
Interdependencies

Reinforcing: Regulatory courage underpins Australia's ability to govern AI in the interests of people and the planet (Priority 1), enables regulatory certainty that can facilitate broader adoption (Priority 2) and supports trust in democratic institutions (Priority 3).

Tensions: Asserting regulatory courage must be carefully balanced with maintaining Australia's ability to foster national AI capability (Priority 5) and drive innovation and adoption for productivity (Priority 2). Regulatory courage needs to be pursued in coordination with global governance (Priority 6) to promote interoperable regulatory approaches across jurisdictions.

There really are three components to how I see Australia's engagement with artificial intelligence, and with digital technology more broadly.

The first is in ensuring that we attract **investment** in digital technology infrastructure data centres, partly because of its own value, but also because I want to make sure that Australia has a stake in the global technology system and in artificial intelligence advances.



The second is to make sure that in terms of technology and software development, that Australia, in the core areas of **capability**, is leading the way.

And thirdly, of course, is to make sure that artificial intelligence diffusion into all sectors of the Australian economy assists with our agenda of improving **productivity** performance.

Senator the Hon Tim Ayres
Minister for Industry and Innovation
Minister for Science

In conversation with James Riley, Innovation Aus Commercial Disco Podcast [117]

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Sovereignty and Stability

Priority 5: National Capability

Vision: Australia pursues both safety and productivity as a competitive advantage, possessing mature sovereign AI capabilities, resilient international supply chains, attracting global talent and investment, and serving as a regional innovation hub.

Australia is best served if we can draw on a dynamic combination of domestic and international AI capabilities, referred to as a 'dual-track ecosystem' by the National AI Centre.[118]

'AI capability' captures numerous layers of a highly concentrated global AI value chain. For example:

- refinement of critical minerals such as cobalt and lithium is 60–70% controlled by China[119]
- the design of AI accelerators (specialised chips, such as GPUs (Graphics Processing Units)) is controlled by US firm NVIDIA with approximately 80–95% share of data centre accelerators, and
- 90% of accelerator manufacturing is undertaken by Taiwanese firm TSMC in Taiwan, with core manufacture inputs (ultraviolet lithography machine) monopolised by Netherlands-based ASML.[120]

This hardware is housed in data centres for cloud computing services (such as AWS, Google Cloud and Microsoft Azure, which make up more than 60% of the global market) and paired with data sets to train foundational AI models, upon which applications and services can be developed and deployed to customers by leveraging skilled talent and significant resources (energy and water).[121]

So, while it is unrealistic – and not necessarily desirable – to pursue total 'AI sovereignty', there is value in a sustained effort to increase our national AI capabilities and to expand Australia's role in the global AI value chain. To that end, the Australian Government has committed to produce a National AI Capability Plan by the end of 2025.[122]

At the start of the chain, Australia is a major exporter of the critical minerals required for AI accelerators.[123] When it comes to compute capability, exactly what qualifies as 'sovereign' is a topic of much debate.[124] But whether it is infrastructure development plans from Australian-owned firms such as Macquarie Technology Group,[125] or the latest $20 billion commitment to expand AWS in Australia,[126] investment in Australian data centre capacity is forecast to top $26 billion by 2030.[127]

In terms of leveraging that infrastructure, Australians have a history of innovating on AI. Jeremy Howard played a pivotal role in demonstrating the power of transfer learning in natural language processing – an approach that laid important groundwork for the development of today's large language models.[128] Similarly, Brian Anderson's research made key theoretical insights that underpin today's image and video generative AI models based on diffusion.[129] Professor Judy Kay, Head of the Human Centred Technology Research Cluster at the University of Sydney, has been a global pioneer in AI for education, advancing transparent and personalised user models that have shaped how intelligent systems support lifelong learning – foundational work now embedded in AI systems worldwide.

According to the National AI Centre, Australia is already home to more than 1,500 AI companies, and AI hiring has more than tripled since 2015.[130] CSIRO estimates Australian industry will need up to 161,000 new AI and emerging technology savvy workers by 2030.[131] However, Australia's commercialisation does not reflect its research capabilities. While Australia produced over 93,000 AI-related research publications between 2015 and 2024, it filed only 4,075 AI patents – equating to nearly 23 research papers per patent.[132] This widening knowledge-to-commercial gap suggests that Australia's growing research intensity has yet to fully translate into market-ready innovation.

In global terms, Australia's national capability is trailing. The Tortoise Global AI index ranked Australia 17th in the world on factors from talent to infrastructure,[133] while Stanford was less generous, relegating Australia to 30th place, below Switzerland and the Netherlands, on account of low investment in research and development and lack of education.[134] Boosting the complexity and sophistication of our AI ecosystem would create a virtuous cycle of opportunity where talent stays and further enhances Australia's sovereign capabilities.

As US–China technology decoupling accelerates, both nations are racing to further onshore and concentrate supply chains and this division is increasing pressure other countries to choose whether they integrate with the US or China's tech stacks.[135] Australia is far from alone in being courted by both the US and China. Growing Australia's national AI capability, and digital resilience generally, along with strategic international partnerships and sustained pragmatic diplomatic engagement,[136] provides enhanced supply chain resilience in the context of a destabilising geopolitical environment.

Australia's advantages for national AI capability

Australia possesses significant advantages for building strategic AI capabilities:

- **Research and technical excellence**: Australia's CSIRO has one of the largest applied research capabilities in the world, with more than 1,000 researchers working on AI and data science projects.[137] Australian universities are also world leading, with 22% of Australian AI research ending up in the top 10% of global AI research.[138] We also have a small, but growing number of AI companies, and a maturing tech sector in general.
- **An attractive place to work**: In a competitive global AI talent market, Australia stands out – offering political stability, a high quality of life and an extraordinary natural environment.[139]
- **Renewable and critical mineral resources:** Australia is currently the world's largest producer of lithium, third largest producer of cobalt, and fourth largest producer of rare earths – components essential for AI accelerators.[140] Australia's Critical Minerals Strategy lays out a vision to expand from mining to also processing and refining of minerals in Australia.[141] Meanwhile, Australia's renewable energy resources could make it the world's sustainable AI hub.[142]
- **Untapped capital**: Australian superannuation funds manage $3.9 trillion as of December 2024.[143] Where there are appropriate returns for fund members, this capital could serve as a national asset in the investment of sovereign AI capabilities.
- **Definition of Australian Business:** the Australian Government's recently released definition of an Australian business delivers long-awaited policy clarity.[144]

Actions Australia could take to pursue Priority 5: National Capability

Table 5 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 5. Example actions for national capability

EXAMPLE ACTIONS FOR NATIONAL CAPABILITY	INTERDEPENDENT PRIORITIES
National AI capability plan: Accelerate the development of the National AI Capability Plan as one element of a broader National AI Strategy and Action Plan. As a competitive advantage, and point of distinction, become known as a country that takes both safety and productivity seriously: build safe and responsible AI that solves real world problems.	Priority 2: Productivity

EXAMPLE ACTIONS FOR NATIONAL CAPABILITY	INTERDEPENDENT PRIORITIES
Leverage Australia's position as critical minerals exporter: Australia's Critical Minerals Strategy lays out a vision to expand from mining to also process and refine minerals in Australia.[145] Explore how Australia's position at the foundation of the AI supply chain can be used to negotiate enhanced supply chain security with trusted partners.	Priority 1: People and Planet Priority 2: Productivity
Support domestic innovation: Adjust policy settings to support Australian innovation, from research and development through to commercialisation, including addressing research and development settings and creating an AI Commercialisation Accelerator.[146] Provide incentives and support for domestic research and development behind the frontier – innovations that leverage fewer compute resources, with a focus on 'inference-time', as opposed to 'training-time' that can be used as a starting point for fine-tuning Australia-customised models.[147]	Priority 1: People and Planet Priority 2: Productivity Priority 4: Regulatory Courage
Position Australia as a regional hub and safe haven for capital and people: Australia can leverage its ranking as a highly liveable country[148] to attract and encourage skilled diaspora working internationally to reinvest their expertise at home. This approach could have particular traction right now given the exodus of talent from the US.[149]	Priority 1: People and Planet Priority 2: Productivity
Export our diversity: Australia's multicultural population – with 30% foreign-born residents speaking 300+ languages – positions us uniquely to develop diverse systems. Singapore's success with the SEA-LION language model,[150] serving regional languages, demonstrates the opportunity.	Priority 1: People and Planet Priority 2: Productivity Priority 3: Trusted Information and Institutions

Interdependencies

Reinforcing: Investments in sovereign AI capabilities create opportunities to develop public interest AI (Priority 1) and boost national AI skills and practical applications to drive confident adoption (Priority 2).

Tensions: Investing in building out local capability while recognising and preserving the enduring value of international collaboration, trade, and the importance of global AI governance cooperation (Priority 6). Leveraging Australia's position as a critical minerals exporter while preserving environmental protections of AI for people and the planet (Priority 1).

Life and death situations must never be left to chance, code or corporate interest.

Humans must always retain control over decision-making functions – guided by international law, human rights and universal ethical principles.

António Guterres, UN Secretary-General, 27 March 2025 [151]

Priority 6: Global Governance

Vision: Australia advances global coordination to promote safe and responsible AI, preventing its misuse and encouraging equitable distribution of its benefits in support of the UN Sustainable Development Goals.

The multi-use nature of AI, its global supply chain and the hyperconnected nature of the modern world, make AI's governance a uniquely transnational challenge. However, amid accelerating technological bifurcation between the US and China, the international dialogue has shifted from collective *governance* to competitive *innovation*.

What started as the 'AI Safety Summit' in the UK in 2023, was re-framed in 2025 as the 'AI Action Summit', with the French-hosted iteration reflecting a pro-innovation tone. While the 2023 summit focused heavily on 'safe' development of AI,[152] in stark contrast at the 2025 meeting, US Vice President JD Vance declared, 'the AI future will not be won by hand-wringing about safety',[153] while the European Commissioner called for EU 'AI gigafactories' and a 'supercharged' approach.[154]

The dominant geopolitical narrative now emphasises speed and supremacy over risk mitigation and guardrails. Proactively pursuing the advancement and adoption of AI is a natural priority for Australia and others (Priorities 2 and 5). But, regardless of how out of fashion it may currently be, maintaining global action on responsible, interoperable and safe use of AI should continue to be prioritised as practice, not just a principle.

The AI technical community recognises the need for global efforts in support of AI governance. The *2025 International AI Safety Report* – produced by a panel of world-leading AI technical experts – recognised that AI is already causing harm in the form of deepfakes, scams and biased outputs, and cautioned that further risk could emerge – the worst of which could see 'large-scale unemployment, general-purpose AI-enabled terrorism, or humanity losing control over general purpose AI systems'.[155] The authors recognised that experts differ on how likely or imminent these risk are, but emphasise that the decisions of governments and societies, and the degree of *successful global coordination*, will be key to determining whether or not these risks emerge.[156]

While many are pessimistic about efforts to progress global efforts to govern AI, given increasing competition combined with countries' disparate governance approaches and policy priorities, significant progress has been made, albeit quietly. As the sun set on Biden's presidency in November

2024, President Biden and President Xi endorsed the principle that humans – not AI – should be in control of nuclear weapons.[157] This agreement is – at least, as at the time of writing – one of the few Biden Administration AI policies that Trump has not revoked.

In its report on Global AI Governance, the UN's High-Level AI Advisory Body recognised that 'AI governance is critical – not merely to address the challenges and risks, but also to ensure that we harness AI's potential in ways that *leave no one behind*.[158] Only a small group of countries host powerful AI compute resources, and these are in turn owned by a small group of 'hyperscalers' (predominantly US companies),[159] producing what is referred to as the 'global AI divide'.[160] Some contexts do not require the ability to train compute intensive frontier models, instead using smaller models and applications to deliver practical on-the-ground value.[161] Regardless, there remains a lively global debate on the importance of the concept of 'AI sovereignty' as it relates to preserving local culture and enabling economic development, such that the UN has identified the importance of 'AI capacity building for developing countries with a focus on the "bottom billion"'.[162]

Australia's national advantages for building global AI governance

Australia possesses national advantages for building global AI governance:

- **Public support for Australia's global role**: Eight in 10 Australians think that Australia should lead international governance of AI.[163]
- **A democratic voice in and from the Indo-Pacific**: Australia's strong democracy, vibrant multicultural community, location and strong partnerships with countries in the Indo-Pacific, and track record for pragmatic middle power diplomacy, combined with our close economic and alliance partnerships with the 2 largest nations developing AI, leaves us well placed to identify and develop governance approaches that are considered globally acceptable.
- **Reputation for effective tech diplomacy**: For decades, Australia has taken a leading role in shaping global tech governance debates, including at the United Nations, the ASEAN Regional Forum, UNESCO and OECD, and the International Standards Organisation. Australians have brokered cyber law agreements, advanced cybercrime treaties, established cyber crisis contact databases, delivered cyber capacity building, and guided development of global AI standards. In 2017, Australia was the first country to appoint an ambassador for Cyber Affairs and Critical Technology and to develop an international tech strategy; moves many other countries have since replicated. Combined with our domestic tech regulation track record, Australia is a respected leader in tech capability, policy and regulation.
- **Standards and technical expertise:** Australia contributes to major AI standards setting initiatives such as ISO/IEC and regional standards-setting bodies. Through CSIRO's Data61, the National AI Centre and academic institutions, Australia brings technical rigour to international AI forums. This technical credibility gives weight to our policy voice.

Actions Australia could take to pursue Priority 6: Global Governance

Table 6 outlines a non-exhaustive list of actions that could be considered for inclusion in the National AI Strategy and Action Plan, overseen by the Ministerial AI Taskforce.

Table 5. Example actions for global governance

EXAMPLE ACTIONS FOR GLOBAL GOVERNANCE	INTERDEPENDENT PRIORITIES
Champion international AI governance: Australia should rally flagging efforts to progress impactful international AI governance initiatives – with a focus on AI safety. We need not wait for a US–China détente to do this. Historical precent, such as Cold War-era arms control agreements, teach us that intense strategic rivalry, which produces a mutual desire to constrain, provides fertile ground for negotiation of international agreements. Australia's international reputation means we are better placed than most to lead these efforts.	Priority 1: People and Planet Priority 4: Regulatory Courage
Pursue strength in numbers: As discussed at Priority 4 above, Australia should lead in establishing a voluntary international initiative where an expansive group of countries with shared interests agree on some core tech governance principles and commit, in-principle, to stand together against coercive behaviour from industry and states. This proposed initiative could be called the Interoperable Tech Regulation Initiative (ITRI).[164] The ITRI would help rebalance power between tech companies and states by uniting countries around shared expectations, offering greater regulatory coherence and collective leverage, while still encouraging innovation through clear rules and access to markets.	Priority 4: Regulatory Courage
Practical and translatable domestic AI governance: While the EU is seen as the global leader in AI regulation, few countries can transplant the EU's approach given the disparities in market size. Many countries look to Australia; a country known for tech regulation leadership, with a market of similar size. We should build safe and responsible AI into innovation as a methodology and practice, demonstrated through the development of model frameworks, standards-mapping tools, and policy and regulatory blueprints that small- and medium-sized countries can adopt or adapt. This is in addition to the ITRI proposed at Priority 4.	Priority 1: People and Planet Priority 2: Productivity Priority 4: Regulatory Courage

EXAMPLE ACTIONS FOR GLOBAL GOVERNANCE	INTERDEPENDENT PRIORITIES
Convene a regional and cross-regional AI governance dialogue: Establishing an Australian AI Safety Institute (AISI) (or equivalent) is an important step towards participating in global AI governance efforts (as proposed under Priority 1). There is an opportunity for an Australian AISA to provide support and capacity building to partners across the Indo-Pacific.[165] Australia could also use its regional and diplomatic convening power to drive these international dialogues forward, including through a regional AI governance dialogue.	Priority 1: People and Planet Priority 4: Regulatory Courage
Shape interoperable and inclusive AI standards: Actively engage in international standards discussion, including IEEE, ISO/IEC, and International Telecommunications Union (ITU), to advocate for interoperability and convergence. Propose mutual recognition mechanisms and technical translation layers to help reduce friction.	Priority 1: People and Planet Priority 4: Regulatory Courage
Support a multi-stakeholder approach: Recognising that governments do not have all the answers, support initiatives and mechanisms that provide for independent experts, industry, civil society and cross-cultural intergenerational perspectives.	Priority 1: People and Planet Priority 3: Trusted Information and Institutions

Interdependencies

Reinforcing: Progress on global governance may help establish foundations of safe and public interest AI in Australia (Priority 1) and build trust for adoption (Priority 2) and create more interoperability that allows for Australia to enforce its regulation (Priority 4).

Tensions: Constructively engaging in collective efforts towards global governance and standards may also at times be in tension with Australia's national pursuit of sovereign AI capability (Priority 5) and regulatory independence (Priority 4).

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APPENDIX: METHODOLOGY

In addition to desk research, this research report was informed by the findings of TPDi's Executive Retreat.

In April 2025, TPDi convened leaders from across government, industry, civil society and research to consider Australia's next move to seize opportunity and manage risk during the convergence of 2 transformative trajectories: the acceleration of AI and the second Trump Administration.

At the retreat, a facilitated session asked participants to identify:

- characteristics of black sky AI futures for Australia – detailing elements of worst-case scenarios that keep them up at night
- forks in the road between now and that black sky future
- assets and opportunities for Australia in this situation that can be leveraged for national benefit
- pragmatic steps that can be taken today that leverage Australia's national assets and opportunities to avoid the possible black sky futures.

The Executive Retreat was conducted under the Chatham House Rule, with participating leaders from organisations, including:

- ANU National Security College
- Apple
- Atlassian
- au Domain Administration
- Australian Chamber of Commerce and Industry
- Australian Computer Society
- Australian Information Industry Association
- Commonwealth Bank of Australia
- CSIRO
- Department of Foreign Affairs and Trade
- Department of Industry, Science and Resources
- Royal Danish Embassy.
- Digital Rights Watch
- Dual Horizon Advisory
- Electronic Frontiers Australia
- Gradient Institute
- Human Rights Commission
- IP Australia
- Macquarie Technology Group
- Microsoft
- Novexus
- Productivity Commission
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