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New research showing Australian job creation and economic value of cloud industry: Cloud sector to support 84,000 jobs and contribute \$81b to annual GDP by 2029

The Australian Information Industry Association (AIIA) today unveiled a landmark report detailing the economic contributions of cloud computing to Australia. The report highlights the vital role of cloud technologies in driving productivity, economic growth, and innovation, while urging policymakers to ensure a balanced regulatory environment that fosters competition without stifling innovation.

Mr Simon Bush, CEO of AIIA, stated: *"This report underscores the cloud sector's vital contribution to Australia's GDP, employment, and productivity. Over the past 16 years, we have witnessed over 300% growth in the cloud sector's GDP contribution, reaching AU\$9-10 billion in 2022-23. Looking ahead, the sector is poised to contribute AU\$68-81 billion annually to the economy by 2028-29. However, for the sector to realise its full potential, we must ensure that regulatory frameworks encourage innovation rather than restrict it."*

"This new report clearly demonstrates the significant and growing contributions of the cloud industry on the Australian economy," stated Mr. Sean Kennedy, Partner at DT Economics. *"Cloud will continue to play a crucial role in propelling Australia's digital advancement, promoting innovation and enhancing productivity, especially as local businesses embrace the use of emerging technologies such as Artificial Intelligence. The report outlines ten essential principles that, if implemented by the Government, will ensure that cloud services will continue to deliver economic benefits and employment opportunities, drive innovation, and contribute to Australia's economy."*

Key Insights from the Report

1. Economic Contributions of Cloud Computing:

The report highlights the economic activity driven by both global hyperscalers and local cloud providers, with many technology companies leveraging Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) to power their businesses.

Between 2007 and 2023, the cloud industry's GDP contribution rose from AU\$2 billion to AU\$9-10 billion, an increase of over 300% at a compound annual growth rate of 10%. This represents approximately 0.4% of GDP.

Beyond direct impacts, the industry generates significant indirect and induced economic effects through its extensive supply chain and employee spending.

Cloud computing catalyses productivity gains of an estimated 0.2%–1.0% of GDP annually, underscoring its critical role in enhancing innovation and efficiency across industries.

2. Employment Opportunities with Cloud

The sector supported 47,000–56,000 jobs in 2022–23 (approximately 0.5% of employment across Australia). This is projected to grow to 71,000–84,000 jobs by 2028–29.

This will also facilitate regional job creation, as more cloud storage facilities are built in both urban and regional areas across Australia.

3. Harnessing Key Benefits and Productivity Impacts Through Cloud Adoption:

Cloud adoption enables organisations to unlock the benefits of digital transformation, including enhanced market access opportunities, enhanced capabilities, cost savings, improved operational resilience, reduced cyber security risks, reduced energy and carbon emissions. By providing scalable, flexible, and cost-effective IT solutions, cloud computing also supports the integration of emerging technologies such as Artificial Intelligence (AI) and Machine Learning (ML) across Australia’s public and private sectors.

4. Cautioning Against an Ex-Ante Competition Regime in Australia

In the cloud industry, competition issues are currently managed by general ex-post competition law, so transitioning to an ex-ante regime would represent a major shift in economic policy that could jeopardise the economic growth the sector brings to Australia. The justification for such a change is yet to be established.

5. Advocating for Balanced Regulatory Principles

The report calls for the adoption of 10 regulatory principles to ensure competition without compromising innovation. These principles emphasise proportional targeting of market failures, learning from international regulatory experiences, and prioritising consumer-focused outcomes. They are:

1. Clear strategic direction
2. Targeting and proportionality
3. Learnings from other countries
4. Account for local conditions
5. Positive outcomes
6. Focus on competition
7. Consumer focus
8. Investment and innovation
9. Regulatory flexibility balanced with legal certainty
10. Appeal rights

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In addition to the findings of the report, the AIIA cautions against introducing ex-ante competition regulations targeting digital platforms, including the cloud services sector.

"Australia has at times focused on regulating technology rather than supporting innovation," said Mr Bush. "We must strike a balance to safeguard citizens and customers while fostering creativity, investment, and growth. Poorly designed regulations risk dampening the sector's potential and undermining Australia's position as a leader in the digital economy."

"Australia's cloud sector is not just a backbone of the digital economy but a driver of national productivity and prosperity," Mr Bush added. "We need forward-thinking regulation that empowers, not encumbers, the sector to remain at the forefront of global innovation."

To download a copy of the report, Securing Australia's Cloud potential Economic value and regulatory principles, visit <https://aiaa.com.au/wp-content/uploads/2024/12/Securing-Australias-Cloud-Potential-Dec24.pdf>.

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About the AIIA

The AIIA is Australia's peak representative body and advocacy group for those in the digital ecosystem. Since 1978, the AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for our members and to contribute to Australia's economic prosperity. We are a not-for-profit organisation to benefit members, which represents around 90% of the over one million employed in the technology sector in Australia. We are unique in that we represent the diversity of the technology ecosystem from small and medium businesses, start-ups, universities, and digital incubators through to large Australian companies, multinational software and hardware companies, data centres, telecommunications companies and technology consulting companies

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