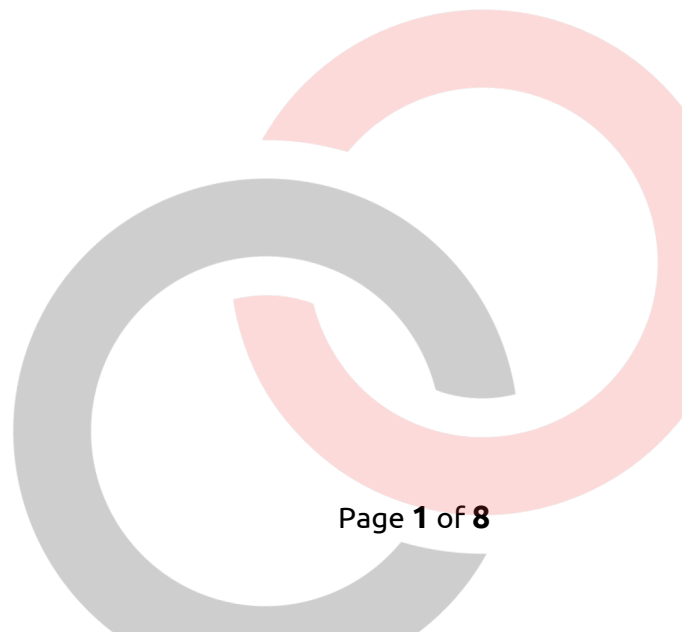




Australian Information Industry Association

2025 Pre-Election Statement

10 March 2025



Introduction

The Australian Information Industry Association (AIIA) recognises that the Federal Government has advanced important initiatives that support digital growth in both the economy and public sector, procurement reforms and worked cooperatively with industry on critical legislation and regulation, including in making the Australian economy more cyber resilient.

However, as this statement makes clear, Australia is facing a concerning decline in productivity, while our global allies and economic competitors are rapidly investing in their productivity and competitiveness by building domestic capabilities in or adopting emerging technologies like AI within their industries. As a result, Australia is being left behind, and the AIIA would like the incoming government to take forward policies that ensure Australia's future economic prosperity and the social benefits that follow.

In line with this vision, the AIIA puts forward again its position for a dedicated Digital Economy Minister and a more coordinated approach to tech regulation. As the 2025 Federal Election approaches, the AIIA presents the following statement to advocate for policies that will position Australia as a global leader in technology, AI innovation, and digital transformation.

Australia's Declining Productivity

Australia's productivity slump remains a pressing concern, impacting our global competitiveness and future standard of living.

According to the Productivity Commission, "over the decade to 2020, average annual labour productivity growth in Australia was the slowest in 60 years, falling to just 1.1% compared with 1.8% over the 60 years to 2019-20.... It means that the economic pie, and accordingly the welfare of Australians, will be smaller than it might otherwise be."¹ In latest Annual Productivity Bulletin 2025, "[m]arket sector Multifactor productivity² rose by a sluggish 0.1% between 2022-23 and 2023-24, below the 20-year average of 0.3% per year and well below the 1.6% per year between 1994-95 to 2003-04 (the MFP boom decade)."³ Correspondingly, the Australian GDP per capital fell 0.7% through the year from December 2023 to December 2024.⁴

While technological innovation promises transformative efficiency gains, underinvestment, fragmented regulation, and skills gaps continue to hinder progress. The above-mentioned bulletin further explained that the inter-industry differences in inefficiency could be caused by more stringent regulation, which can prevent firms adopting new technologies and using resources efficiently.⁵

¹ Productivity Commission, [5-year Productivity Inquiry: Advancing Prosperity, 7 February 2023 \(Page 1\)](#).

² Multifactor productivity (MFP) is a measure of how well labour and capital inputs are combined to produce outputs and is a key determinant of growth in GDP and living standards.

³ Productivity Commission, [Annual Productivity Bulletin 2025 \(page 2\)](#).

⁴ Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product](#), Reference period of December 2024 (5 March 2025)

⁵ Ibid 6.

To begin, we reiterate our recommendations in the [AIIA 2025-2026 Pre-Budget Submission](#) below:

1. **Accelerate the development of the National AI Capability Plan** and ensure there would be key recommendations before the 2026-2027 budget cycle.
2. **Establish an AI Centre of Excellence** to fund fundamental AI research and commercialisation, separate from the flawed Australian Research Council grant process.
3. **Unlock public datasets** to accelerate AI-driven innovation in key sectors like healthcare, disability services, transport, and climate adaptation.
4. **Invest in modernising government systems** to improve efficiency and cyber security, modernise digital infrastructure, and drive productivity in the public sector.
5. **Support AI adoption by Australian businesses**, ensuring they remain globally competitive while maintaining ethical AI standards.
6. **Launch a national AI public awareness campaign** to improve digital literacy and counter misinformation about AI technologies, avoiding digital exclusion.
7. **Continued support for Future Made in Australia (FMiA) and modernising the energy grid** to accelerate integration of renewable energy sources, aligning with national emissions targets.
8. **Strengthening cyber security and supply chain resilience** to protect national interests and maintain public trust in digital services.
9. **Supporting the circular economy transition** to minimise environmental harm, support resource circularity, and bolster Australia's economy and green credentials.
10. **Funding digital cadetship and digital skills** to help transition workers to the modern economy for gainful employment, and businesses to grow.

Dedicated Digital Economy Minister to Drive Technology Innovation and Adoption

To effectively coordinate Australia's digital future, the AIIA advocates for a dedicated Digital Economy Minister, preferably situated inside the Department of Prime Minister and Cabinet due to its importance in driving whole-of-economy productivity and economic growth. In particular, the Minister needs to take a proactive approach in leveraging technology to drive safe innovation and adoption to boost flagging productivity, particularly in AI. The AIIA successfully advocated for a Digital Economy Minister in the past, and believes the role was important in setting a whole of government approach to meet the ambition of being a leading digital government by 2030.

A dedicated minister will provide the supportive, coordinated whole-of-government leadership necessary to send strong signals to both global and local markets that Australia supports digital growth and investment, while adopting a targeted, pro-innovation approach to regulation. The AIIA believes a dedicated Minister can provide confidence to businesses, their investors and the broader public.

Other leading nations have already appointed digital economy ministers⁶ to streamline policy, expedite regulatory frameworks, and mobilise resources in fast-moving areas like AI. A single leadership point is needed for:

- **Innovation-led regulation:** Agile, well-targeted measures provide certainty and drive the adoption of emerging technologies, including AI—even in low-risk settings. By fostering experimentation, Australia can position itself as a global leader in innovation, delivering significant benefits to the Australian economy.
- **Harmonise existing regulations:** Align new or recently updated legislation, such as the Cyber Security Act 2024, the Digital ID Act 2024, the Privacy Act 1988, the Voluntary AI Safety Standard and upcoming mandatory guardrails for high-risk AI use to enable policy effectiveness.
- **Support existing tech policy mechanisms:** Provide internal support for the tech policy and regulation coordination role of the DTA on the whole of government digital policy.
- **Streamline reporting compliance:** Ensuring effective reporting requirements while minimising collection of commercially sensitive information – especially among several departments such as the Department of Home Affairs, the Australian Communications and Media Authority and upcoming Cyber Security Incident Review Board in the event of a cyber or privacy breach.
- **Providing Stability and Continuity:** Securing multi-year frameworks to invest in enabling ICT, enabling public and private stakeholders to plan, innovate, and commercialise technologies effectively.
- **Bolder Government Adoption of Modern Technology:** Overseeing modernisation of government systems to become an exemplar in leveraging technology to provide state-of-the-art and productive government services.
- **Consistent, Cross-Portfolio Planning:** Ensuring projects initiated under FMiA continue seamlessly across the government.
- **Targeted and Agile Allocation of Funding:** Ensuring prompt deployment of allocated budgets for AI, robotics, quantum computing, cloud infrastructure, defence R&D and high-tech manufacturing, and cyber security technologies and other enabling ICT technologies, by assisting portfolio agencies in developing and supporting business cases to Treasury and ensuring central agency support. Government support needs to be nimble to match the pace of global competition and should include financial support for SMEs in driving innovation.
- **Industry-Engaged Planning:** Engaging closely with the AIIA's members — both large and small — to co-develop strategies informed by technological capabilities and ecosystem and real-world market needs and opportunities.
- **Public Communication:** Providing clear and effective communication on technology issues to dispel public anxiety and counter undue sensationalism in the media.
- **Supporting Partnerships That Foster Local Growth**
 1. **Learning from Global Best Practices:** Tapping into the expertise of global partners to accelerate the growth of in-Australia technology and expertise, especially through harmonised standards.

⁶ G20 Information Center, [G20 Digital Economy Ministers' Meeting 2022](#)

2. **Technology Transfer & Intellectual Property (IP) Creation:** Smart trade and collaboration can deliver technology transfer and innovation that benefit in-Australia IP development and commercialisation.

To summarise, the proposed Digital Economy Minister should adopt a light-touch, innovation-led and risk-based approach to technology regulation to drive innovation and international partnership. This is the approach that leading G20 nations have taken. Overly prescriptive measures can inadvertently harm Australian tech companies operating overseas, exposing them to duplicative or restrictive regimes. By introducing regulations only where a clear need exists, and ensuring they are both targeted and proportionate, the Minister can support Australia's tech sector while maintaining competitiveness in global markets and avoiding debilitating tariffs. This balanced stance safeguards innovation and growth, without forfeiting essential consumer and data protections.

Enabling the New AI Economy by Fast-Tracking a National AI Capability Plan

The AIIA welcomes the Government's announcement of the National AI Capability Plan, which focuses on growing investment, strengthening capabilities, boosting skills, and ensuring economic resilience. There are both qualitative and quantitative benefits for having the plan.

- **AI's Economic Opportunity:** AI could add \$115 billion to Australia's economy by 2030 and create up to 200,000 jobs.⁷
- **Accelerate AI Strategy:** Oversee a cohesive national AI plan, bridging policy silos in industry, education, and healthcare.
- **Comparative Advantages:** Australia can tap into its current data centre infrastructure, AI applications, and data analytics.

However, the current timeline risks the government being unable to respond and seek funding in the 2026 budget, leaving Australia behind as AI's global landscape⁸ evolves at breakneck speed. We urge the Government to bring the review deadline forward inside the scheduled end of 2025 timeframe to enable AI funding to be considered in the 2026/27 budget.

Building Our National AI and Cyber Security Infrastructure

Modern AI infrastructure is the backbone of the new digital economy. While data centres are forecast to attract over \$26 billion in investment by 2030,⁹ more must be done to ensure:

- **Workforce Development:** Boost training programs to expand the pool of skilled workers adept at managing advanced AI, data and data centre capabilities.
 - Actively educate Boards, C-level executives and government leadership on the importance of a comprehensive AI and data strategy, AI ethics and guardrails, Generative and Predictive ML/LLM, Multi Model and Multi Agent approaches.

⁷ Mandala, [Empowering Australia's Digital Future](#) (2024).

⁸ Innovationaus, [Path to prosperity: Tiptoeing through a global AI arms race \(summary of Nations' investments in AI\)](#)

⁹ Ibid.

- Build, align and mobilise our talent pipeline from High Schools, TAFEs and Universities, enabling highly intelligent, skilled individuals seeking innovative projects to access funded digital cadetships.
- Encourage innovation, celebrate success and experimentation in AI-enabled productivity tools, particularly around multi model, open based approaches.
- **Data Centre:** Streamline planning and approval processes for development permits and power allocation to help Australia capitalise on the data centre growth opportunity, and create greater certainty for operators.
- **Renewable Energy Integration:** Enable further investment and accelerate the construction of renewable energy projects, energy storage projects, and transmission infrastructure to support digital infrastructure demand and transition to net zero.
- **Balanced Regulation:** A stable, agile regulatory framework that fosters innovation while safeguarding privacy and ethical use is critical.

Australia needs to join the AI, cloud and data revolution that is sweeping global economies. The Australian Government needs to signal to international and local investors that it remains a prime destination to invest and grow their business and the broader Australian economy. Digital infrastructure in the way of data centres and computing power is needed to drive the modern digital economy, however, the government is telling industry it is conducting a review and is considering a regulatory response to affect investment and growth. This contrasts with new policies from the UK, US¹⁰, France¹¹ and the EU. Simply the act of having a review and the threat of regulation is causing concern to the sector and will drive investment away from Australia.

Enhancing Government Operations and Improving Service Delivery

The AIIA applauds recent Government digital modernisation efforts, such as the AI trials, which have the potential to revolutionise service delivery and boost public sector productivity. Nonetheless, more investment and prioritisation of Government IT investment is critically required to modernise legacy Government IT.

Expanding these initiatives can:

- **Improve Efficiency:** Reduce administrative burdens and free up resources for frontline services.
- **Enhance Service Quality:** Deliver personalised healthcare, education, and welfare services through AI-driven insights and analytics.
- **Lead by Example:** Position government as an exemplar, encouraging broader public trust and adoption of AI across the economy.

Ongoing modernisation must also include transitioning legacy systems to cloud-based and AI-enhanced architectures or leveraging hybrid cloud models in the transition process. Not only will this improve government productivity and reduce operating costs but also address looming business and cyber security risk as platforms reaches end of life and are no longer supported.

¹⁰ Reuters, [Behind \\$500 billion AI data center plan, US startups jockey with tech giants](#) (24 January 2025)

¹¹ Australian Financial review, [Macron unveils \\$179b AI investment to take on StarGate](#) (10 February 2025).

Strengthening Australia's Cyber Security and Digital Resilience

With cyber-attacks occurring at unprecedented frequency—reported figures show nearly 4,000 password-based attacks every second—Australia's digital resilience is at stake.¹² Future governments should:

- **Invest in allowing government agencies to move to a zero-trust model and AI-Driven Cyber Security:** Harness modern technology capabilities to detect, prevent, and respond to sophisticated cyber threats.¹³
- **Security by Design:** Embed cyber security in all new digital projects, particularly those leveraging AI.

Accelerate Privacy Reforms

Australia's privacy regime remains behind global standards. Despite the *Privacy and Other Legislation Amendment Bill 2024* introducing critical changes, it postpones essential reforms—such as a clear data controller vs data processor distinction and the removal of the small business exemption—to a future tranche. This fragmented approach creates industry scepticism and leaves citizens exposed to escalating privacy risks.

The AIIA urges the incoming government to expedite these overdue reforms. Establishing a clear controller–processor framework and bringing all businesses under the privacy umbrella with proportionate penalties for SMEs are crucial. These steps will modernise Australia's privacy laws, align with international norms, and protect Australians' personal data in an increasingly digital world.

Future Made in Australia Act (FMiA) Must Include Support for Enabling ICT Capabilities

The Future Made in Australia Act (FMiA) is an important step in boosting local manufacturing and securing our energy transition. Yet, green energy technologies alone will not suffice. Achieving a genuine, advanced manufacturing sector hinges on the integration of AI, robotics, IoT, and digital solutions.¹⁴

- **AI-Energy Nexus:** As noted by the International Energy Agency, AI and energy are a “new power couple” for managing sustainable systems and advanced manufacturing.
- **Coordinated Policy:** FMiA programs should explicitly include the enabling ICT layer, especially AI and data capabilities that power modern manufacturing, especially in the event of market failure or barriers to private investments.
- **Streamlining Government Approvals and Investment:** Co-ordinating with Commonwealth and State governments to streamline approvals and facilitate investment in key infrastructure.
- **Five-Year Capability Plan:** Establishing a rolling plan under the FMiA Office, coordinating Commonwealth and State efforts to build domestic technology capability, retain economic benefits, and foster global competitiveness.

¹² Microsoft, [Microsoft's work to strengthen cybersecurity protection](#) (2024)

¹³ Microsoft, [Digital Defense Report](#) (2024)

¹⁴ AIIA, 2023 [Tech and Sustainability Whitepaper](#) (Report, 2023)

Conclusion

With a dedicated Digital Economy Minister, a fast-tracked National AI Capability Plan, robust AI and data infrastructure, and a well-aligned FMiA framework, Australia can become a global innovation powerhouse backed by a well-trained and skilled workforce. By capitalising on AI's immense economic potential and ensuring cyber security resilience, the next Government can shape a more prosperous, inclusive, and digitally enabled future for all Australians.

The AIIA looks forward to collaborating with all parties and stakeholders to achieve these objectives and uphold Australia's standing as a leader in the global digital economy. Should you require further information, please contact Ms Siew Lee Seow, General Manager, Policy and Media, at siewlee@aiaa.com.au or 0435 620 406, or Mr David Makaryan, Advisor, Policy and Media, at david@aiaa.com.au.

Thank you for considering our submission.

Yours sincerely,
Simon Bush
CEO, AIIA

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.