Australian Information Industry Association

Australian Information Industry Association Policy Recommendation

"AI First" – Mirroring Victoria's successful "Cloud-First" Legacy

Applying a Proven Model for Technology Adoption

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Executive Summary

As with Artificial Intelligence (AI), **there was a healthy amount of fear** associated with the early adoption of Cloud technology. But we can learn from history, similar problems have been solved before.

The "Cloud-First" concept originated in the United States Federal Government in 2010–2011 as part of the US Government's post GFC reforms.[1] This policy required agencies (which were very resistant to adopt cloud) to pivot and prioritise cloud solutions for new IT projects unless an alternative could demonstrate superior value or security. It was supported and reinforced by the *Federal Cloud Computing Strategy (2011)*. [2]

The United Kingdom followed in 2013 with its own *Cloud First policy*, led by their Government Digital Service.[3]

In Australia, the *Australian Government Cloud Computing Policy (2013)* — was developed by the Australian Government Information Management Office (AGIMO), it directed agencies to adopt cloud services in a similar manner.[4]

In Australia, Victoria led the way on a state level and published its own Cloud-First stance into the *2012–2013 Victorian ICT Strategy* refresh, committing to first evaluate cloud-based solutions as the default for new and renewed systems.[5] This was supported by:

- Skills uplift and capability building across agencies.
- Procurement reforms to enable competitive cloud sourcing.
- Formal Cloud Security Guidelines and public records compliance requirements (PROV Guidance on Cloud Services).
- A staged "pilot, prove, scale" approach to reduce risk and build confidence.

The result was a successful, risk-managed technology transition that delivered agility, efficiency, and modernised services for Victorians.

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[1] Vivek Kundra U.S. Chief Information Officer, 25-Point Implementation Plan to Reform Federal IT Management, 2010.
[2] Vivek Kundra U.S. Chief Information Officer, Federal Cloud Computing Strategy, 2011.
[3] UK Government, Government Cloud First Policy, 2013 - last updated in 2023.
[4] Australian Government Information Management Office, Australian Government Cloud Computing Policy: Maximising the Value of Cloud, 2013.
[5] IT News, Victorian government set to go 'cloud-first', 2014.

The Current Challenge

opportunities for service delivery, policy analysis, and operational AI presents transformative efficiency. Yet adoption is being slowed by:

- Concerns around ethics, privacy, bias, and security.
- Skills and capability gaps.
- Fragmented pilot projects without consistent governance.
- Risk-averse procurement and investment decisions.
- Sovereignty concerns, including how and where government data is stored, processed, and governed.

This mirrors the early days of cloud adoption — where **benefits were delayed until a clear, principle-led policy provided direction and momentum.**

Proposal: An "AI-First" Principle

Victoria should establish an AI-First principle, modelled on the Cloud-First framework:

- **Default Consideration** – Require agencies to actively consider AI solutions in project planning and procurement.
- **Risk-Managed Adoption** – Develop and publish AI governance frameworks covering ethics, privacy, sovereignty, transparency, and security.
- **Capability Building** – Invest in AI literacy and skills uplift for public servants across roles and levels.
- **Pilot, Prove, Scale** – Start with low-risk, high-value pilots (e.g. document summarisation, service triage) before expanding to complex applications.
- **Shared Resources** – Create reusable AI tools, procurement templates, and risk assessment models to ensure consistency and efficiency.

Benefits

- Accelerated, safe adoption within clear guardrails.
- Better services through automation, predictive insights, and improved decision-making.
- Skills uplift across the public sector.
- Avoidance of "late mover" disadvantage — ensuring Victoria remains competitive in a rapidly advancing global AI landscape.
- More time for strategic value add activities, optimisation, and innovation.

The global Cloud-First experience, from Washington to Canberra to Spring

Street, shows that principle-led, risk-aware, capability-building adoption works. By applying the same proven policy model to AI, Victoria can turn today's hesitation into tomorrow's advantage, leading Australia in ethical, effective, and impactful AI use. Let's use history to our advantage!

Policy Recommendation: "AI First" – Mirroring Victoria's Successful "Cloud-First" Legacy

Lessons from Cloud: A Proven Playbook

The Victorian public sector was as cautious about the adoption of cloud as it currently is about AI. In the early 2010s, the Victorian Government signalled a shift towards cloud-first procurement. A consultation draft of its updated ICT strategy stated that "cloud-based business-technology services will be evaluated first for new and renewed systems," marking a clear policy-led pivot.[6]

That policy laid the groundwork for a more agile and efficient public sector, that was cloud enabled, backed by guidelines and controls.

Policy-Led Momentum: The Victoria Example

Victoria formalised its cloud-first posture through its five-year digital roadmap, committing to "design for cloud" and only invest in on-premise infrastructure when the cloud was judged unsuitable.[7]

This wasn't theoretical—decisions were driven by **functional business owners first**, rather than merely IT ops, making the approach more strategic and business-aligned.[8]

Having a centrally published roadmap with clear principals gave the Victorian Public sector the confidence to start its cloud adoption.

Governance and Guardrails: Essential for Confidence

To manage risk, Victoria issued formal **Cloud Security Guidelines**, emphasising sharing solutions government-wide before resorting to external cloud services.[9]

Alongside these, agencies had to ensure any cloud provider met public records standards and privacy obligations which remain to this day.[10]

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[6] IT News, Victorian government set to go 'cloud-first', 2014.
[7] ARN, Victoria sets out cloud-first strategy in five-year digital roadmap, 2021; ARN, Vic govt continues cloud shift with Google deal, 2024.
[8] Ovum, Victorian Government Cloud adoption study, 2018; Macquarie Government, Victorian Government cloud adoption study findings revealed, 2019.
[9] Victorian Government, Victorian Government Cloud Security Guidance, 2018.
[10] Public Records Office Victoria, What are cloud services?, 2025.

Start Small, Scale Securely

Victoria's approach mirrored the "pilot, prove, scale" model: cloud-based initiatives like Service Victoria were rolled out iteratively with a focus on user-centric design and secure infrastructure.[11]

This perfectly aligns with the "start small, scale with confidence" principle for AI adoption.

Capability Lifts: People and Process

Cloud-first wasn't just a tech decision—it required **new procurement models**, updated risk frameworks, and staff skilling.

Victoria implemented shared service standards, cloud checklists, and guidance for evaluating cloud-based IT, underscoring the need for governance and capability development.[12]

Avoiding the Risk of Inaction

Cloud adoption unlocked agility, cost-efficiency, and service modernisation—but only for groups that moved. Late adopters lagged behind and paid the price.

Victoria's cloud-first strategy helped shift the dialogue from *"Should we move to the cloud?"* to *"What capability and value should we move—and why?"*[13]

AI via "Cloud-First" Playbook

Just as Victoria used a principle-led, risk-aware, capability-building approach to transition to cloud in the past, we should apply the same mindset to AI for the future.

An **"AI First"** or **"AI-by-Default"** strategy:

- prompts teams to **actively consider AI** for value-adding opportunities,
- starts with **low-risk, high-value pilots**,
- embeds **governance, ethics, privacy, and transparency** into every step,
- and ensures **people and processes are upskilled** to sustain and scale adoption.

[11] Victorian Government, Information Technology Strategy 2018-19 Action Plan, 2018.
[12] Victorian Government, Technology policies and standards, 2023; AND, Cyber security standards and guidelines, 2025; AND, Information Technology Strategy, 2025.
[13] Government News, Cloud in the public sector: Enabling secured citizen experiences, 2023.

	Cloud-First Journey	AI-First Opportunity
Policy Start	"Evaluate cloud first" principle in ICT strategy	Create "AI-First" default in strategy and procurement
Business-Led Trigger	Functional owners drive cloud initiatives	Encourage business units to identify AI-use cases
Governance	Cloud guidelines, record-keeping & security standards	Develop AI ethics, risk, and security frameworks
Pilot Approach	Service Victoria as iterative cloud deployment	Run small AI pilots (e.g. triage, summarisation)
Capability Building	Shared services and staff training across agencies	Upskill workforce in AI, integrate procurement, legal review
Value & Agility	Shift from "whether" to "what and why" cloud	Shift from AI hesitation to "where does AI add value?"

Why it will work

Drawing the parallel between Victoria's **Cloud-First** journey and a potential **AI-First** approach is a strong idea, especially in an Australian policy or industry setting. It works well for a few reasons:

1. **Proven local precedent** – We are not arguing for a risky, untested idea. We are pointing to something that already worked in Victoria and delivered long-term value.
2. **Shared adoption curve** – Both cloud and AI had/have similar barriers: fear of the unknown, security/privacy concerns, skills gaps, and risk-averse procurement. That makes the analogy easy to grasp for decision-makers.
3. **Risk-aware, not hype-driven** – We are not saying "jump into AI blindly." We are advocating for a principle-led, staged rollout with governance — which makes it harder for critics to dismiss it as reckless.
4. **Positioning advantage** – In the cloud era, jurisdictions that moved early gained efficiency and agility. Those that delayed lost competitive ground. That lesson hits home for government executives who remember that period.

The key will be to emphasise that this is not about AI replacing humans, but about embedding AI as a standard consideration to empower humans, using the same guardrails and business-case logic as cloud adoption. That neutralises some of the emotional pushback and keeps the focus on capability and service delivery

Victoria's Existing Foundations in AI Assurance

Victoria isn't building AI governance from scratch. It has already embedded important assurance elements into its public sector, including:

- Alignment with the **National Assurance Framework for AI in Government**, offering a shared governance baseline across jurisdictions.[14]
- **Sector-specific safeguards**, such as Generative AI usage guidelines, OVIC's privacy directives, Victoria Police's AI Ethics Framework, and PROV's AI Recordkeeping Policy.[15]
- **Agency-level governance maturity**, exemplified by the State Revenue Office's structured use of AI, including risk assessments, oversight, and transparency procedures.[16]

Why this matters

Victoria already has strong foundations in AI governance — from national assurance alignment to sector-specific safeguards and agency-level transparency. **An AI-First principle** builds on this base, ensuring momentum in adoption while embedding sovereignty, ethics, and public trust. While NSW has focused on an assurance-led model through its AI Assessment Framework (AIAF), Victoria can complement its own existing strengths with an adoption-first stance.[17] Together, these approaches demonstrate that governments can lead in both responsible governance and strategic innovation, positioning Victoria as a jurisdiction that sets the pace rather than follows it.

[14] Victorian Government Solicitor's Office, Prompt action: new framework to guide public sector use of AI, 2024.
[15] Office of the Victorian Information Commissioner, Use of enterprise Generative AI tools in the Victorian public sector, 2025; Victorian Government, Administrative Guideline for the safe and responsible use of Generative Artificial Intelligence in the Victorian Public Sector, 2024; Victoria Police, Victoria Police Artificial Intelligence Ethics Framework: Ensuring legal and ethical use of artificial intelligence (AI) at Victoria Police, 2024
[16] State Revenue Office, Artificial Intelligence transparency statement, 2025.
[17] Digital NSW, NSW Artificial Intelligence Assessment Framework, 2025.

Implementation

As with Victoria's successful **Cloud-First** policy, the first and most critical step in adopting an **AI-First** approach is a clear and public commitment from government leadership.

This should take the form of a **published principle**, embedded in an updated **Victorian Digital Strategy** or a standalone ministerial statement, that establishes AI consideration as the default for new projects, programs, and service delivery initiatives.

The public articulation of this principle will:

- Provide a clear signal to the public sector, industry, and the community that AI adoption is a strategic priority.
- Remove ambiguity for decision-makers and procurement officers when evaluating technology options.
- Encourage consistency in planning, investment, and capability building across agencies.

Once the principle is in place, the public service should be empowered to **"pilot, prove, scale"** — applying the same incremental, risk-managed approach that underpinned the cloud transition. This includes:

1. **Pilot** – Identify and launch small, low-risk, high-value AI projects that demonstrate tangible benefits for Victorians.
2. **Prove** – Evaluate results, refine governance frameworks, and build business cases for broader adoption.
3. **Scale** – Expand successful initiatives across departments and agencies, using shared resources, templates, and skills developed in the pilot phase.

By combining a **clear strategic principle** with the autonomy for the public service to innovate within guardrails, Victoria can accelerate AI adoption while maintaining public trust, ensuring responsible and ethical use, and embedding sovereignty over data and digital infrastructure from the outset.

The Case for Early-Mover Advantage in AI

The experience of cloud adoption in Victoria — and globally — shows that jurisdictions that move early in emerging technology adoption secure long-term competitive benefits. For AI, the advantages of being an early mover include:

1. **Capability and Skills Leadership:** Building AI literacy, technical capability, and organisational readiness ahead of other states ensures Victoria can lead future national discussions, set standards, and attract top talent.

2. **Economic Growth and Investment:** Early adoption signals to local and international investors that Victoria is open to innovation, attracting AI start-ups, research partnerships, and global technology companies to establish a presence in the state.

3. **Policy and Standards Influence:** States that implement AI early — with strong governance and ethics — will shape national frameworks and influence the direction of regulation, rather than having to adapt to rules set elsewhere.

4. **Public Service Modernisation:** Embedding AI into service delivery early improves efficiency and citizen experience, while creating operational models that can be scaled across departments before slower jurisdictions catch up.

5. **Competitive Positioning:** Just as early cloud adopters enjoyed sustained advantages in agility, cost efficiency, and scalability, Victoria's early AI adoption can deliver enduring service and economic benefits — and avoid the high costs of playing catch-up.

6. **Sovereignty and Strategic Autonomy:** By shaping its own AI frameworks early, Victoria ensures government data remains protected under Australian law, avoids over-reliance on offshore systems, and retains control over critical digital infrastructure.

7. **International and Domestic Investment Attraction:** Demonstrating AI leadership early positions Victoria as a preferred destination for both domestic and international investors looking to back AI initiatives in APAC, infrastructure projects, and innovation hubs. This can create high-value jobs and foster a thriving ecosystem of suppliers and partners.

Put simply: in the AI era, speed to capability matters. The sooner Victoria adopts an "AI-First" approach, the sooner it can lock in benefits that late adopters may never fully recover.

Conclusion

A decade ago, Victoria recognised that embracing cloud services was essential to delivering more agile, secure and cost-effective public services. By adopting a Cloud-First approach, the state built a framework that balanced innovation with risk management, earning trust from both government agencies and the public.

Today, AI presents a similar opportunity — and similar initial concerns. By applying the same disciplined, strategic approach used during the early cloud transition, Victoria can lead the nation in responsible AI adoption. An AI-First policy would provide clear guidance, encourage innovation, ensure ethical safeguards, and secure the benefits of AI for the state's economy, government efficiency, and community outcomes.

Ultimately, AI will become much like any other utility we use to make our lives easier. Failing to act risks leaving Victoria behind, while early, structured adoption will position the state as a leader in the digital economy of the future.

Victoria risks falling behind if AI adoption remains fragmented and risk averse. The Cloud-First approach a decade ago proved we can modernise safely — and AI presents the same imperative today.

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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

Appendix: Examples of Potential AI Pilot Projects

To illustrate how an **AI-First** principle could be implemented using the "Pilot, Prove, Scale" approach, the following pilot project concepts have been identified. Each is:

- Low-to-moderate risk
- Immediately actionable with existing technology
- Designed to deliver measurable benefits within 6–12 months

These projects can be initiated as **Phase One pilots** under an AI-First principle. They provide early wins, build staff confidence, and create reusable templates, governance models, and datasets for scaling AI use across Victoria's public sector.

1. Document Summarisation & Policy Briefing Assistant

Agency: Department of Premier and Cabinet (DPC)
Purpose: Use AI to automatically summarise large policy documents, legislation, and consultation feedback for ministerial briefs.
Benefit: Reduces briefing preparation time by up to 60%, enabling faster policy response.
Risk Profile: Low — outputs are reviewed and approved by human policy staff.

2. Service Triage in Citizen Contact Centres

Agency: Service Victoria
Purpose: AI-driven chatbots and call-routing tools to quickly identify a caller's needs and route them to the correct service channel.
Benefit: Shorter wait times, reduced call transfers, improved citizen satisfaction.
Risk Profile: Low — AI acts as an assistant, not a decision-maker.

3. Regulatory Compliance Pre-Screening

Agency: Victorian Building Authority (VBA) or Environment Protection Authority (EPA)
Purpose: Use AI to pre-screen applications, forms, and submissions for missing data, inconsistencies, or potential non-compliance before human assessment.
Benefit: Faster processing, fewer rejections due to incomplete applications.
Risk Profile: Low-to-moderate — human staff remain final approvers.

4. Predictive Asset Maintenance

Agency: Department of Transport and Planning (DTP)
Purpose: Apply AI to analyse maintenance logs and sensor data to predict road, rail, and building infrastructure failures before they occur.

Benefit: Reduced downtime, lower repair costs, improved safety.
Risk Profile: Moderate — relies on good-quality data collection.

5. Workforce Skills Gap Analysis

Agency: Victorian Public Sector Commission (VPSC)
Purpose: Use AI to analyse HR and training records to identify emerging skills shortages and recommend targeted training programs.
Benefit: Better workforce planning, faster skills uplift for digital capability.
Risk Profile: Low — data anonymised to protect privacy.

6. Environmental Monitoring & Reporting

Agency: Department of Energy, Environment and Climate Action (DEECA)
Purpose: Apply AI to analyse satellite and sensor data to detect environmental changes, illegal land clearing, or waterway pollution.
Benefit: Faster environmental protection response, improved regulatory enforcement.
Risk Profile: Moderate — supports rather than replaces field inspections.

7. AI-Powered Grants and Funding Application Support

Agency: Department of Jobs, Skills, Industry and Regions (DJSIR)
Purpose: Use AI to help businesses, start-ups, and community organisations navigate government grant and funding programs by:

- Recommending the most relevant programs based on applicant profiles.
- Pre-screening draft applications for missing or inconsistent information.
- Providing plain-English guidance on eligibility requirements.

Benefit: Reduces administrative burden for applicants and staff, increases participation in government programs (particularly SMEs and regional businesses), and improves the quality of applications submitted.
Risk Profile: Low-to-moderate — AI supports applicants and officers but does not replace assessment or approval processes.

8. AI assistance for operational HR activities for hospitals

Agency: Victorian Public Hospitals (HealthShare Victoria)
Purpose: Use AI to simplify multiple HR processes – for managers and employees. Automate, summarise, refine and improve HR work across recruiting, employee HR

queries, performance reviews, and succession planning processes.
Benefit: saving hospital staff significant time and effort. Save up to:

- 90%+ time searching for policies, information and content in HR systems
- 70% manager time preparing for employee reviews
- 60% employee time preparing performance review documents
- 65% manager time to improve language used for things like manager feedback

Risk Profile: Low — outputs are reviewed and approved by the human in the loop.

9. AI assistance for operational HR activities for VPS depts

Agency: all VPS departments
Purpose: Use AI to simplify multiple HR processes. Automate, summarise, refine and improve documentation across recruiting, employee HR queries, performance reviews, and succession planning processes.
Benefit: saving VPS staff significant time and effort. Save up to:

- 90%+ time searching for policies, information and content in HR systems
- 70% manager time preparing for employee reviews
- 60% employee time preparing performance review documents
- 65% manager time to improve language used for things like manager feedback

Risk Profile: Low — outputs are reviewed and approved by the human in the loop.

10. Boost DEI efforts with AI assistance during recruiting and employee reviews

Agency: all VPS departments
Purpose:

- Use AI for bi-directional translation of HR communications into recipients' preferred language.
- Align skills & training - AI can also automatically infer skills from learning content descriptions to help maintain a dynamic and updated skills database ensuring that learning initiatives align with evolving job market and department needs.
- Check for biases and improve communication – AI can analyse text for bias and discriminatory language, offering suggestions for replacement.

Benefit: saving VPS staff significant time and effort. Save up to:

- 40% manager, and 50% employee time, with assisted writing
- 65% manager time on translation

Risk Profile: Low — outputs are reviewed and approved by the human in the loop.