



# Victorian Government AI Workshop

October 2025 - Recommendations



## Contents

Background .....	3
Summary of Conclusions.....	4
<b>Stream 1: Data and Digital Infrastructure</b> .....	5
Issues Identified.....	5
Recommended Actions.....	6
Proposed Metrics.....	7
<b>Stream 2: Trusted Government Adoption and Procurement Agility (Public Sector Adoption)</b> .....	8
Issues Identified.....	8
Recommended Actions.....	9
Proposed Metrics.....	9
<b>Stream 3: Investment Attraction &amp; SME Adoption</b> .....	10
Issues Identified.....	10
Recommended Actions.....	11
Proposed Metrics.....	12
<b>Stream 4: Local AI Innovations, Products and IP</b> .....	13
Issues Identified.....	13
Recommended Actions.....	14
Proposed Metrics.....	15
<b>Stream 5: Talent and Workforce Development</b> .....	15
Issues Identified.....	16
Recommended Actions.....	17
Proposed Metrics.....	18
<b>Stream 6: AI Ethics and Governance</b> .....	19
Issues Identified.....	19
Recommended Actions.....	20
Proposed Metrics.....	21
<b>Executive Conclusions</b> .....	22
A Coherent Vision for Victoria .....	23

## Background

The Victorian Government AI Workshop, held in partnership with the Australian Information Industry Association (AIIA), marks a pivotal step in Victoria's digital transformation journey. Building on the state's strong record in emerging technologies, from its early cloud-first strategy to continued investment in digital service delivery, Victoria now has the chance to be a national leader in Artificial Intelligence adoption. AI presents both a national opportunity and a global race. Jurisdictions that move early and responsibly will secure enduring advantages in competitiveness, investment, and social benefit.

Through six breakout streams, workshop participants examined the barriers to AI adoption and identified practical reforms to overcome them. The findings form a cohesive roadmap comprising infrastructure investment, public sector leadership, small to medium-sized enterprise (SME) and innovation support, workforce capability, and ethical governance. Together, these actions outline a clear path toward a responsible AI ecosystem that delivers tangible public benefit and strengthens Victoria's competitiveness domestically and globally.

The AIIA has played a central role in this process, bringing together industry leaders, innovators, technology providers, researchers, and policymakers to co-design practical, evidence-based recommendations. These outcomes reflect both the challenges to be addressed and the opportunities to be seized if Victoria is to become a destination for AI talent, investment, and responsible innovation.

The following sections summarise the issues identified, recommended actions, and proposed metrics across each stream to form a strategy for the state-wide adoption of AI.

## Summary of Conclusions

The Victorian Government AI Workshop demonstrated that Victoria has both the ambition and capability to lead Australia's responsible AI transformation. Participants identified practical, achievable actions that form a coherent framework for a state-wide AI strategy.

This strategy would position Victoria as the nation's benchmark for trusted AI adoption, combining economic growth with public confidence for social benefit. The workshop's outcomes show that the enablers of success are already within reach. We now require decisive coordination, strong policy alignment, and bold leadership.

Key conclusions include:

- **Build the foundations:** Treat digital and computing infrastructure as essential economic assets. A coordinated Digital Infrastructure Office and sovereign strategy will secure Victoria's data capability for the future.
- **Lead by example:** Reform procurement and embed ethics within government projects to make the public sector an exemplar of dynamic and trustworthy AI use.
- **Attract and empower industry:** Introduce targeted investment incentives and SME supports that make Victoria the easiest place in Australia to invest, innovate, and scale AI solutions.
- **Convert research into commercial outcomes:** Strengthen the bridge between research and industry through innovation hubs, IP retention frameworks, and co-funded commercialisation programs.
- **Build the workforce of the future:** Accelerate AI literacy across all levels of education, introduce micro-credentials, and connect learning to employment through a dedicated AI Skills & Careers Platform.
- **Embed trust and accountability:** Establish an independent governance body, fair IP frameworks, and mandatory transparency standards to ensure every AI project is ethical, inclusive, and publicly trusted.

Together, these reforms offer Victoria a clear pathway to become Australia's leader in responsible, human-centred AI; a pathway that creates jobs, drives investment, and enhances public services.

The AIIA is ready to partner with government to deliver this vision, ensuring that AI becomes a driver of improved outcomes for all Victorians.

## Stream 1: Data and Digital Infrastructure

*'How do we power the future of AI in Victoria through secure, sustainable, and scalable digital infrastructure?'*

Victoria's digital economy depends on secure, sustainable, and scalable data infrastructure. Current constraints in computing capacity, energy and water access, and planning approvals, limit the state's ability to attract and sustain AI investment.

The proposed establishment of a Digital Infrastructure Office, integration of data-centre development within energy and water roadmaps, and a staged 'pilot-prove-scale' approach to sovereign computing, will position Victoria as a leader of data-driven innovation. Success will be reflected in faster approvals, greater local computing capacity, and increased use of clean energy.

### Issues Identified

#### **Gaps in sovereign computing and research infrastructure**

Victoria's digital and AI ecosystem is constrained by insufficient sovereign computing capacity and limited access to high-performance computing. Existing national assets are oversubscribed and geographically distant, creating latency, data-sovereignty, and cost challenges for Victorian researchers and industry. Without scalable local computing and secure data-exchange capability, AI innovation, testing, and commercialisation are limited.

#### **Energy and water bottlenecks**

Data-centre (DC) infrastructure is high-energy and carbon intensive<sup>1</sup> and the need for stable water supply in cooling systems have created critical bottlenecks in Victoria's digital-infrastructure pipeline. Rising grid costs and localised capacity constraints limit investment, particularly in regional areas where renewable-energy generation potential is high, but distribution infrastructure remains under-developed.<sup>2</sup> Coordination between data-centre developers, network operators, and utilities is fragmented, leading to inefficiencies.<sup>3</sup>

#### **Planning and approval delays**

Over a decade ago governments recognised that DCs were critical for technological innovation and the growth of digital economies.<sup>4</sup> While estimates vary amongst industrial analyses, the DC sector is projected to grow exponentially with a compound

---

<sup>1</sup> Felicia Liu *et al*, 'Decarbonising digital infrastructure and urban sustainability in the case of data centres' (2025) 5(15) *NPJ Urban Sustainability* 1, 1.

<sup>2</sup> Australian Government - Infrastructure Australia, *Australian Infrastructure Audit 2019* (2019) 596-603.

<sup>3</sup> *For comments generally on combined utility works see* Leon L Scholtenhuis, 'Exploring Networked Project Coordination in Combined Utility Streetworks' (2021) 10(1) *Engineering Project Organisation Journal* 1.

<sup>4</sup> Ari-Veikko Anttiroiko *et al*, 'U-cities Reshaping Our Future: Reflections on Ubiquitous Infrastructure as an Enabler of Smart Urban Development' (2013) 28(4) *AI & Society* 491, 492.

annual growth rate of between 5–11% by 2026.<sup>5</sup> In Australia, DCs have faced extended planning timelines due to overlapping regulation, environmental approvals, and unclear local-government responsibilities. This slows delivery and increases costs relative to other jurisdictions such as New South Wales, Singapore<sup>6</sup>, and Ireland, which have established dedicated data-infrastructure taskforces or ‘green-lane’ approval processes. Although Andrew Charlton has very recently flagged a plan to speed up these proposals<sup>7</sup>, DCs are already struggling to make up lost time.

## Recommended Actions

### 1. Establish a Digital Infrastructure Office

Create a single coordination body within the Victorian Government to streamline approvals, align energy and land-use planning, and provide a unified interface for investors. The Office would:

- Serve as a ‘one-stop shop’ for DC and computing-infrastructure proponents.
- Oversee planning coordination with departments responsible for environment, energy, and water.
- Facilitate fast-tracked approvals for projects meeting sustainability, resilience, and regional-development criteria.

### 2. Integrate data centres into Victoria’s energy and water roadmap

Explicitly position DC development within Victoria’s broader energy-transition and water-security strategies. This should include:

- Prioritising renewable-energy zones and embedded-generation options to power digital infrastructure with clean, reliable energy.
- Encouraging the use of circular-cooling systems, waste-heat recovery, and recycled water to reduce environmental impact.
- Including data-centre load profiles in long-term grid-planning models to ensure cost predictability and grid stability.

---

<sup>5</sup> Clifford Chance – Data Centre Trends in 2023 (February 2023)  
<<https://www.cliffordchance.com/content/dam/cliffordchance/briefings/2023/02/data-centre-trends-in-2023.pdf>> (Accessed 17<sup>th</sup> October 2025).

<sup>6</sup> TNB Establishes Exclusive Green Lane Pathway & Strategic Offerings for Malaysia’s Data Centre Market  
<<https://www.tnb.com.my/announcements/tnb-establishes-exclusive-green-lane-pathway>> (Accessed 17<sup>th</sup> October 2025).

<sup>7</sup> Andrew Charlton flags federal plan to speed up data centre approvals  
<<https://www.capitalbrief.com/article/government-plans-rapid-approvals-for-data-centres-85df26b6-f3a0-49a3-a554-f229d2d09713/>> (Accessed 17<sup>th</sup> October 2025).

### **3. Adopt a staged ‘pilot, prove, scale’ model for sovereign computing and AI infrastructure**

Implement a phased approach to developing sovereign computing capacity that begins with pilot facilities, proves operational efficiency and governance standards, and scales effectively. Each phase should embed data-sovereignty, cybersecurity, and ethical-AI compliance requirements. Collaboration with stakeholders such as universities, CSIRO, Defence, and trusted-cloud providers will ensure technical robustness and policy alignment.

#### **Proposed Metrics**

- Reduction in average approval time for new data-centre developments (minimum 30 percent reduction within three years).
- Share of Victorian AI workloads processed on local, sovereign, or secure infrastructure (greater than 50 percent by 2028).
- Volume of renewable energy dedicated to powering digital infrastructure (measured in MW and percentage of total load).

## Stream 2: Trusted Government Adoption and Procurement Agility (Public Sector Adoption)

*'How do we build trust, agility, and innovation into the heart of Victoria's AI-enabled government?'*

To realise the benefits of AI in public service delivery, Victoria must modernise its procurement frameworks and build trust through ethical governance. Current rigidity and scale challenges<sup>8</sup> discourage industry participation and limit innovation.

A new model is proposed, anchored by a Centre for Enablement to centralise tools and training, Innovation Hubs to accelerate co-designed pilots, procurement reform to reduce friction for industry, and a Trusted Adoption Network to embed ethics and accountability across agencies.

Together, these initiatives will ensure government leads by example as a trusted, transparent, and innovative adopter of AI technologies.

### Issues Identified

#### **Procurement rigidity and lack of agility**

Current procurement frameworks limit the government's ability to experiment with and adopt innovative AI solutions. Standard eServices contracts, designed for conventional ICT procurement, impose high compliance burdens, rigid deliverables, and risk-averse approval pathways. This discourages small-scale pilots and rapid iteration, both of which are essential to AI projects that rely on experimentation and continuous learning.

#### **Challenges for SMEs in contract scale and complexity**

AI procurement processes can sometimes favour large incumbents due to the size, complexity, and risk allocation of contracts.<sup>9</sup> This can make it challenging for SMEs to compete effectively, especially if faced with disproportionate risk allocation, potentially reducing supplier diversity and limiting opportunities for innovation and cost-efficient solutions within government projects.

#### **Low trust and governance gaps in public-sector AI use**

Limited ethical safeguards and inconsistent governance models have led to low trust in AI within both the public sector and the community.<sup>10</sup> Without a clear ethical

---

<sup>8</sup> The minimum size, capacity, or capability that the government suggests a supplier or business must have in order to deliver a contract successfully.

<sup>9</sup> See generally Anthony Flynn, 'Research on SME involvement in public procurement: A review, critique and conceptual framework' (2025) *Journal of Purchasing and Supply Management*, In Press, Corrected Proof.

<sup>10</sup> See generally Anne David *et al*, 'Public perceptions of responsible AI in local government: A multi-country study using the theory of planned behaviour' (2025) 42(3) *Government Information Quarterly* 102054.

framework, agencies and departments face reputational and operational risks when deploying AI systems.<sup>11</sup>

## Recommended Actions

### 1. Centre for Enablement (C4E) and Innovation Hubs

Establish a Centre for Enablement (C4E) within government to act as a central capability hub supporting AI adoption across agencies. The C4E would:

- Develop and share reusable AI components, toolkits, and pre-approved procurement templates.
- Deliver training and knowledge-sharing pathways for public servants, including hands-on learning opportunities.
- Maintain a repository of approved AI use cases and reusable code modules to avoid duplication.

### 2. Procurement Reform

Deliver a quick win by introducing procurement adjustments within the eServices framework to allow:

- Shorter contract cycles for pilot projects.
- Tiered liability models aligned to project scale and risk.
- Simplified on-boarding for SMEs, including pre-qualification panels.
- Exploration of shared risk-reward arrangements.

In parallel, co-design a longer-term AI procurement model with industry to enable iterative solution development, transparent evaluation criteria, and outcome-based contracting.

### 3. Trusted Adoption Network

Create a Trusted Adoption Network anchored by a central ethics advisory body, supported by AI ethics officers embedded within agencies. The advisory body would set common standards, provide pre-deployment reviews, and advise on complex ethical dilemmas. Ethics officers would apply these principles within agency projects, ensuring 'ethical and trustworthy by design' implementation.

## Proposed Metrics

- Proportion of AI projects in production meeting accredited trust, transparency, and ethical-governance standards.
- Level of industry–government collaboration, measured by co-funded projects, joint pilots, and SME participation rates.
- Uptake of AI training and capability across the public-sector workforce.

---

<sup>11</sup> See generally Emmanouil Papagiannidis *et al*, 'Responsible artificial intelligence governance: A review and research framework' (2025) 34(2) *The Journal of Strategic Information Systems* 101885.

## Stream 3: Investment Attraction & SME Adoption

*'How do we make Victoria the easiest place in Australia for SMEs and investors to scale AI?'*

Victoria has a chance to carve out a leadership position in responsible, competitive AI development. Right now, the growth curve is blunted. Investors face regulatory uncertainty and scaling barriers; industry faces procurement challenges and financing hurdles; and other jurisdictions are moving faster with targeted incentives.

To address these challenges, targeted actions are recommended. These include introducing AI-specific investment incentives modelled on biotech successes; reforming procurement to lower transaction costs; commissioning an annual benchmarking study to track industry trends and policy impact; and creating practical adoption supports such as AI readiness assessments, workforce upskilling, and licence credits for small Victorian-owned businesses.

If Victoria wants to compete, it needs to change its approach. That means lowering the friction for investors, giving all parts of industry a fair shot at procurement, and putting practical adoption supports in place. Done well, this will anchor new investment, create jobs, and keep Victoria competitive on the global stage.

### Issues Identified

#### Scaling barriers for investors

Foreign and domestic investors report friction when attempting to scale AI operations in Victoria. This includes regulatory uncertainty, limited access to specialised infrastructure, and complex state–federal policy overlap hindering progress.<sup>12</sup> Other jurisdictions such as Singapore, Ireland and selected U.S. states offer streamlined approvals, the removal of red tape and regulations<sup>13</sup>, concessional financing, a commitment to nurturing start-ups and scale-ups<sup>14</sup>, and direct co-investment programs that lower the barriers to establishing and expanding AI businesses.

Where governments have committed resources to AI dominance, tech titans have poured billions into infrastructure, showing that a vibrant startup ecosystem is attracting global investors.<sup>15</sup>

#### SME adoption challenges

Small and medium enterprises (SMEs) face significant barriers to AI adoption, particularly around procurement and financing. Current government procurement

---

<sup>12</sup> Ahmed Imran *et al*, 'A critical assessment of AI governance and policy gaps in Australia' (2024) *ACIS 2024 Proceedings* 155, 1, 7.

<sup>13</sup> Winning the Race – America's AI Action Plan, Executive Office of the President of the United States, July 2025, 3.

<sup>14</sup> Ireland's National AI Strategy, Government of Ireland, Refresh 2024, 17.

<sup>15</sup> 'Singapore's \$27B AI Revolution Powers Southeast Asia 2025' <<https://introl.com/blog/singapore-ai-revolution-27-billion-investment-2025>> (Accessed 9<sup>th</sup> October 2025).

pathways, including eServices contracts, often focus on ‘value-for-money’ outcomes<sup>16</sup>, and utilise complex contractual terms which allocate disproportionate risk to small suppliers and discourage participation.

Financing is another challenge. AI integration demands upfront spend on licences, integration, and training that most SMEs can’t secure through standard bank lending. Add skills shortages and the pace of change, and many SMEs decide not to move at all, even when the use cases are clear.<sup>17</sup>

### **Competitive positioning**

Victoria is competing for AI investment in a global market where other jurisdictions actively deploy fiscal and policy incentives, streamlined visa pathways for AI talent<sup>18</sup>, and co-located innovation precincts. Without a comparable mix of policy levers, we risk losing start-ups and investment to ecosystems that look more attractive to scale.

## **Recommended Actions**

### **1. Introduce targeted AI investment incentives**

Design and implement a suite of fiscal measures, such as AI-specific R&D tax credits, targeted grants, and co-investment schemes, to attract large-scale AI investments. Lessons can be drawn from Victoria’s past success in biotechnology and advanced manufacturing, where targeted incentives helped establish anchor tenants and supply-chain ecosystems.<sup>19</sup> These incentives should focus on high-value activities such as model development, ethical AI testing, and export-oriented product design.

### **2. Reduce transaction costs for industry generally**

Undertake procurement reform to simplify application processes and rebalance contractual risk. This could include:

- Modernising eServices contracts to reflect fairer liability clauses and shared risk provisions.
- Introducing ‘innovation procurement pathways’ that fast-track trials of AI solutions.
- Establishing pre-qualification pools to reduce administrative overheads for small suppliers.

---

<sup>16</sup> Parliament of Australia, 4. Procurement, risk and value <[https://www.aph.gov.au/Parliamentary\\_Business](https://www.aph.gov.au/Parliamentary_Business)> (Accessed 10<sup>th</sup> October 2025).

<sup>17</sup> ‘AI adoption in Australian businesses for 2024 Q4’ <<https://www.industry.gov.au/news/ai-adoption-australian-businesses-2024-q4>> (Accessed 9<sup>th</sup> October 2025).

<sup>18</sup> The UK’s Global Talent Visa offers flexible entry for researchers and tech leaders, with AI highlighted as a strategic sector. The Global Skills Strategy program in Canada enables companies to bring in highly skilled workers in as little as two weeks. Reforms to the EU Blue Card and national startup visa schemes in France and Germany provide clearer paths for innovators.

<sup>19</sup> Victorian Government, Priority Sectors <<https://www.vic.gov.au/priority-sectors>> (Accessed 10<sup>th</sup> October 2025).

These reforms would open government as a first customer for local industry participants, providing critical reference clients and market validation.

### **3. Commission an annual AI industry study**

Establish a publicly available benchmarking study that tracks investment flows, workforce development, adoption rates, and global positioning of Victoria's AI industry. This evidence base will enable policymakers to refine incentive programs and measure competitiveness against other jurisdictions. The study could be modelled on the tools, publications and reports available from the OECD AI Policy Observatory<sup>20</sup>, ensuring credible, longitudinal insights into industry trends.

### **4. Tactical SME adoption support**

Develop targeted programs to lower the threshold for SME adoption of AI. This should include:

- AI readiness assessments, subsidised or fully funded, to help SMEs map use cases and risks.
- Skills transformation programs that upskill SME workforces in AI deployment and data literacy.
- AI licence credits or vouchers for small Victorian-owned businesses to offset upfront software costs and encourage experimentation.  
By reducing entry barriers, these measures help SMEs transition from awareness to practical adoption.

### **Proposed Metrics**

- Total AI-related investment attracted to Victoria (measured annually against international comparators).
- Number of industry partners supplying AI solutions to government (with year-on-year growth tracked).
- Jobs created and sustained through AI investment and SME adoption (with focus on both direct technology jobs and indirect roles in the value chain).
- Rate of SME AI adoption across key sectors (for example, manufacturing, health, professional services), benchmarked against national averages.

---

<sup>20</sup> OECD AI Policy Observatory, Policies, data and analysis for trustworthy artificial intelligence <<https://oecd.ai/en/>> (Accessed 10<sup>th</sup> October 2025).

## Stream 4: Local AI Innovations, Products and IP

*'How do we turn Victorian AI research into home-grown innovation, jobs, and sovereign intellectual property?'*

Victoria's AI research community is world-class. Unfortunately, fragmented support, limited access to legal and intellectual-property (IP) expertise, and weak retention mechanisms risk seeing Australian-developed AI technologies commercialised offshore.

A state-wide innovation portfolio, supported by clear IP-retention incentives, fully serviced innovation hubs, and expanded AI literacy programs, will turn research strength into economic growth. By closing the gap between discovery and deployment, Victoria can secure sovereign AI assets, create high-value jobs, and strengthen its position as a national leader in the space.

### Issues Identified

#### **Research excellence not converting to commercial outcomes**

Victoria's universities and research institutes are recognised internationally for their AI and data-science capability.<sup>21</sup> However, the pipeline from research discovery to marketable products remains weak. Fragmented industry partnerships and low commercial literacy within research teams are common across academia generally, and can lead to limited access to funding, which undermines the conversion of academic outputs into viable companies or products.<sup>22</sup>

#### **Under-developed ecosystem services**

Key enablers, such as scale-up accelerators, IP legal clinics, and dedicated commercialisation support, are currently ineffective, and start-ups often face difficulty navigating various essential stages in their conception and growth. As a result, promising innovators either stall at proof-of-concept stage or relocate to ecosystems that offer more comprehensive wrap-around services.<sup>23</sup>

#### **Risk of IP leakage offshore**

Without clear IP retention mechanisms, Australian-generated AI IP is vulnerable to acquisition or relocation offshore during early-stage funding rounds.<sup>24</sup> This erodes local value capture and limits the creation of sovereign digital assets. Strengthening IP

---

<sup>21</sup> World University Rankings by Subject 2025: Computer Science <[https://www.timeshighereducation.com/world-university-rankings/2025/subject-ranking/computer-science#!/length/25/locations/AUS/sort\\_by/rank/sort\\_order/asc/cols/scores](https://www.timeshighereducation.com/world-university-rankings/2025/subject-ranking/computer-science#!/length/25/locations/AUS/sort_by/rank/sort_order/asc/cols/scores)> (Accessed 17<sup>th</sup> October 2025).

<sup>22</sup> Bernadka Dubicka *et al*, 'Commentary: Industry collaboration: A call for 'industry literacy'- a commentary on Bourgaize *et al*' (2025) 30(3) *Child and Adolescent Mental Health* 285, 286.

<sup>23</sup> Some of these competing jurisdictions have been discussed earlier in this paper and represent competition for Australia.

<sup>24</sup> *See generally* – World Intellectual Property Organization, Technology Trends 2019 – Artificial Intelligence <[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_1055.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_1055.pdf)> (Accessed 20<sup>th</sup> October 2025).

frameworks and creating economic reasons for innovators to stay in Victoria is essential to securing long-term competitiveness.

## Recommended Actions

### **1. Develop a bold state-wide innovation portfolio**

Launch a coordinated AI Innovation Portfolio spanning the entire innovation lifecycle, from early-stage ideation and research translation to commercialisation and export.

The portfolio should:

- Provide seed and scale-up grants for AI ventures, co-funded with industry partners.
- Leverage university research outputs through matched funding and shared IP models.
- Integrate with federal programs such as the National Reconstruction Fund and Industry Growth Centres to amplify impact.

A cohesive portfolio will enable continuity of support and signal Victoria's long-term commitment to sovereign AI capability.

### **2. Introduce clear IP retention guidelines and incentives**

Develop standardised IP retention frameworks for publicly funded AI research and start-ups receiving government assistance. This could include:

- Preferred-jurisdiction clauses ensuring IP developed with Victorian support remains at least partially owned or licensed within Australia.
- Tax incentives or royalty-sharing arrangements rewarding companies that commercialise locally.
- Establishment of a Victorian AI IP Register to track and protect key assets. These measures mirror international best practice in IP stewardship and encourage reinvestment of profits into local innovation.

### **3. Establish innovation precincts and hubs with embedded support**

Create or expand AI innovation precincts that co-locate researchers, start-ups, corporates, and investors. Within these hubs, embed legal, IP, and commercialisation advisory services to help innovators. Co-locating stakeholders accelerates time-to-market and fosters idea generation. Align precinct development with regional-strength sectors.

### **4. Expand AI education and awareness initiatives**

Build grassroots innovation capability by democratising AI literacy and participation.

Support programs such as:

- Community and SME-focused AI upskilling courses.
- University–industry student placements and accelerator residencies.

- Outreach programs that promote inclusive participation across gender, regional, and socio-economic groups.

By broadening awareness and accessibility, Victoria can widen the innovation funnel and increase the diversity of AI talent feeding into the ecosystem.

### Proposed Metrics

- Number of AI patents registered in Victoria annually (disaggregated by origin and sector).
- Growth in start-ups emerging from universities, research organisations, and innovation hubs.
- Percentage of locally generated AI IP retained in Victoria or Australia.
- Value of private and public investment leveraged through the state's AI Innovation Portfolio.
- Participation rates in AI upskilling and innovation programs across demographics.

## Stream 5: Talent and Workforce Development

*'How do we empower Victoria's workforce to lead Australia's AI future?'*

Victoria's AI opportunity will only be realised with a workforce with the right skills. Yet current education pipelines are too slow, retraining pathways too fragmented, and public trust of AI generally is low.<sup>25</sup>

By embedding AI literacy across education, creating a state-wide AI Skills & Careers Platform, mandating graduate participation in major projects, and launching a public awareness campaign, Victoria can build an AI-ready workforce that is capable and competitive. These measures will secure a pipeline of home-grown talent, strengthen industry collaboration, and position the state as Australia's leader in AI workforce readiness.

### Issues Identified

#### **AI-ready workforce shortages**

Victoria faces a widening gap between demand for AI-capable professionals and the available workforce. Both general digital literacy and specialist technical expertise, such as data science, machine learning, and AI engineering, are in short supply. It's not just a skills gap; it's a culture gap.<sup>26</sup> Industry reports difficulty recruiting for roles that combine domain knowledge with AI capability, leading to project delays and missed opportunities.

#### **Slow education pipeline**

While universities and TAFEs are expanding AI-related courses<sup>27</sup>, the traditional qualification cycle (three to four years) is too slow to meet immediate industry demand. Graduates often emerge without practical, industry-aligned experience, while mid-career professionals struggle to access flexible reskilling pathways that reflect the pace of technological change.

#### **Limited coordination for workforce transition**

There is minimal structured collaboration between government, industry, and education providers to transition workers from sectors undergoing automation or technological disruption. Without retraining programs, human capital may be lost, and

---

<sup>25</sup> Australia's AI Opportunities, 25, <<https://aiaa.com.au/wp-content/uploads/2025/10/Australias-AI-Opportunity-Report.pdf>> (Accessed 20<sup>th</sup> October 2025).

<sup>26</sup> The EY Australian AI Workforce Blueprint, 2025, 2, <<https://www.ey.com/content/dam/ey-unified-site/ey-com/en-au/services/ai/documents/ey-au-ai-workforce-blueprint-2025-final.pdf>> (Accessed 20<sup>th</sup> October 2025).

<sup>27</sup> Surge in AI Literacy Initiatives as Australian Schools Prepare students for the Future <<https://educationdaily.au/artificial-intelligence/surge-in-ai-literacy-initiatives-as-australian-schools-prepare-students-for-the-future/>> (Accessed 20<sup>th</sup> October 2025).

regional areas risk higher unemployment as traditional roles are displaced by digital systems.<sup>28</sup>

## Recommended Actions

### 1. Accelerate AI literacy into national school curriculum

Fast-track the integration of AI literacy into schools, from kindergarten through to graduation, following and expanding upon models from other jurisdictions such as New South Wales.<sup>29</sup>

### 2. Establish a Victorian AI skills & Careers Platform

Create a state-wide digital platform to map AI-related skills demand, career pathways, and job readiness. This platform would:

- Aggregate data from industry, training providers, and workforce agencies.
- Offer personalised guidance to students, jobseekers, and displaced workers on AI career opportunities.
- Include tools for employers to identify talent gaps and connect with training providers.
- Promote micro credential programs, co-designed with industry, that focus on practical application (ethical AI use, prompt engineering, data analysis, automation management).<sup>30</sup>
- Provide incentives for both individuals and employers to complete these programs, such as training credits, wage subsidies, or recognition within procurement scoring for organisations that meet workforce upskilling targets.

This initiative could build on the Victorian Skills Gateway, expanding its scope to AI and emerging technologies.

### 3. Run an AI awareness and 'fear factor removal' campaign

Launch a state-wide public-awareness initiative to build community confidence and reduce misconceptions about AI replacing jobs. Drawing inspiration from successful behavioural campaigns, this initiative would use relatable, light-hearted messaging to demonstrate how AI can assist, rather than replace, workers. By humanising AI and celebrating local success stories, the campaign can promote positive public sentiment around AI.

---

<sup>28</sup> This is particularly pertinent in regional manufacturing hubs.

<sup>29</sup> NSW to roll out purpose-built AI education tool to all public school students from Year 5 <<https://www.nsw.gov.au/ministerial-releases/nsw-to-roll-out-purpose-built-ai-education-tool-to-all-public-school-students-from-year-5>> (Accessed 20<sup>th</sup> October 2025).

<sup>30</sup> Several Australian universities already offer microcredential programs with industry input that focus on practical AI applications including University of Melbourne, RMIT and Macquarie University.

#### **4. Embed AI workforce targets in government projects**

Mandate that large Victorian Government digital and infrastructure projects allocate a minimum percentage of roles to Victorian graduates and trainees who have completed AI-related study or training. This would both stimulate local employment and ensure new projects embed digital capability from the ground up.

#### **Proposed Metrics**

- Number of graduates and displaced workers retrained or entering AI-related roles annually.
- Uptake of AI microcredentials across the Victorian workforce (measured by enrolment and completion rates).
- Percentage of government project roles filled by Victorian AI-trained talent.
- Improvement in the State/National AI Capability Uptake Index, reflecting workforce participation and digital-skills readiness.
- Public sentiment index on AI confidence and trust, measured via annual polling.

## Stream 6: AI Ethics and Governance

*'How do we build trust through transparency and promote ethical AI for all Victorians?'*

Public trust is the foundation of successful AI adoption. Yet Victoria's current governance and IP frameworks lag behind the technology's rapid evolution. Trust in AI can be viewed as 'the willingness of people to accept AI and believe in the suggestions, decisions made by the system, share tasks, contribute information, and provide support to such technology'.<sup>31</sup> Without clear accountability, ethical standards, and protections, distrust may limit the adoption of AI.<sup>32</sup>

To build a durable social licence, Victoria should establish an independent AI governance body, implement fair IP and licensing frameworks, launch a public engagement and literacy program, and mandate transparency reporting for state-funded AI projects. These actions will embed responsibility, fairness, and trust at the heart of Victoria's digital transformation.

### Issues Identified

#### **Low public trust and limited transparency**

Public confidence in AI remains fragile. Transparency and accountability are crucial for building public trust, as they enable individuals to understand and influence the decisions that affect their lives. Clear communication and engagement with the public is essential to build trust in AI systems.<sup>33</sup> Without visible safeguards, government and industry adoption risks social pushback and reputational harm.

#### **Intellectual-property and creators'-rights uncertainty**

Generative AI models must be trained on vast quantities of data, much of which is composed of copyrighted material.<sup>34</sup> Current IP law and licensing frameworks struggle to address these new realities, creating uncertainty for artists, developers, and innovators whose work underpins generative AI systems.<sup>35</sup> A fair, transparent regime is needed to ensure creators are appropriately recognised and remunerated, while preserving access to data essential for innovation.

#### **Need for inclusive engagement and education**

AI adoption must be accompanied by meaningful public engagement and education to establish a durable social licence. By fostering this sense of agency, citizens become

---

<sup>31</sup> Saleh Afroogh *et al*, 'Trust in AI: progress, challenges, and future directions' (2024) 11 *Humanities and Social Sciences Communications* 1, 1.

<sup>32</sup> *Ibid* 2.

<sup>33</sup> Ben Cheong, 'Transparency and accountability in AI systems: safeguarding wellbeing in the age of algorithmic decision-making' (2024) 6 *Frontiers in Human Dynamics* 1, 6.

<sup>34</sup> Adam Buick, 'Copyright and AI training data – transparency to the rescue?' (2024) 20(3) *Journal of Intellectual Property Law & Practice* 182, 182.

<sup>35</sup> See generally Rahul Kailas Bharati, 'AI and intellectual property: Legal frameworks and future directions' (2024) 4(2) *International Journal of Law and Jurisprudence* 207-215.

more inclined to endorse and adopt these technologies.<sup>36</sup> Many citizens remain unsure how AI affects privacy, employment, and daily life.<sup>37</sup> Without accessible education and two-way dialogue, misinformation flourishes and policy reform loses legitimacy.<sup>38</sup> Ensuring that communities understand the ethical use of AI is vital to long-term acceptance.

## Recommended Actions

### 1. Establish an independent AI governance body

Create an independent AI regulator or governance authority with powers to conduct compliance audits, oversee ethical-AI standards, and publish regular transparency reports. This body would:

- Monitor adherence to responsible-AI principles across public and private sectors.
- Maintain a registry of significant AI systems used by government.
- Provide expert advice on emerging risks and international best practice.

### 2. Develop fair IP frameworks and licensing models

Collaborate with federal agencies, creators, and industry bodies to design fit-for-purpose IP frameworks for AI training data. Core elements should include:

- Standardised attribution and remuneration models for creators whose works are used in datasets.
- Licensing options (opt-in datasets, Creative Commons-style AI licences) balancing innovation and rights protection.
- Clear guidance on lawful data sourcing, consistent with privacy and copyright legislation.

This would give innovators legal certainty while strengthening Australia's creative economy.

### 3. Launch a public engagement and literacy program

Roll out a state-wide AI engagement campaign to dispel AI myths, build confidence, and promote informed participation. The campaign should:

- Explain how AI is used in government and industry services.
- Provide citizens with practical digital-literacy resources.

---

<sup>36</sup> Tanja Gesk and Michael Leyer, 'Artificial intelligence in public services: When and why citizens accept its usage' (2022) 39 *Government Information Quarterly* 101704, 2.

<sup>37</sup> See generally Pedro Ramos Brandao, 'The Impact of Artificial Intelligence on Modern Society' (2025) 6(8) *AI* 190.

<sup>38</sup> See generally Ahmed Maati *et al*, 'Information, doubt, and democracy: how digitization spurs democratic decay' (2024) 31(5) *Democratization* 922.

- Include forums and citizen panels to gather community feedback and surface ethical concerns.

#### **4. Mandate transparency for state-funded AI projects**

Require all state-funded AI initiatives to publish Responsible AI Commitments outlining how fairness, accountability, and privacy are upheld. Annual transparency reports should disclose system purposes, risk-mitigation steps, and audit outcomes. Taking a transparent approach to this will normalise ethical reporting and demonstrate government leadership in trustworthy AI.

#### **Proposed Metrics**

- Victorian AI Trust Index: proportion of citizens who believe AI is used safely, responsibly, and for public benefit.
- Participation rates in AI literacy and awareness programs, disaggregated by demographic and region.
- Number of organisations publishing Responsible AI or transparency reports.
- Volume of creator works licensed under fair-use or remuneration frameworks for AI training.
- Independent-audit compliance rate across government AI projects.

## Executive Conclusions

### Victoria's Opportunity to Lead in Responsible Artificial Intelligence

The Victorian Government AI Workshop has confirmed both the urgency and the opportunity for the state. AI is no longer an opportunity just around the corner; it is here, it is now, and it is a foundational capability shaping competitiveness, productivity, and social outcomes across every sector. Victoria has the skills, research base, and digital maturity to lead Australia's AI transformation. What is needed now is strategic coordination, bold leadership, and decisive policy execution.

Participants identified six interlocking priorities that together form the backbone of a state-wide AI strategy; a strategy that balances economic ambition with social responsibility, and creates value for the lives of Australian citizens.

#### **1. Build the Foundations: Infrastructure for Sovereign Capability**

AI competitiveness begins with access to secure, scalable, and sustainable digital infrastructure. Establishing a Digital Infrastructure Office and embedding data-centre planning within the energy and water roadmaps will ensure Victoria's AI sector is powered by clean energy, fast approvals, and reliable computing capacity. A staged approach to sovereign computing (pilot, prove, and scale) will anchor capability within the state and support research, industry, and government applications.

#### **2. Lead by Example: Government as an Agile and Ethical AI User**

Reforming procurement to allow small and medium enterprises to compete and co-design solutions will make government a model customer for innovation. A Trusted Adoption Network and embedded AI ethics officers will ensure all state projects are ethical and transparent by design, reinforcing public trust while accelerating responsible adoption.

#### **3. Attract Investment and Empower Industry**

Victoria must compete globally for AI capital and talent. Targeted investment incentives, readiness grants, and benchmarking studies will attract high-value projects while enabling all levels of industry to scale into the supply chain. Streamlined procurement and fairer contracts will lower barriers to entry and ensure that local firms benefit directly from government's digital transformation agenda.

#### **4. Convert Research into Commercial Outcomes**

Victoria's universities and research institutes are global leaders in AI and data science. However, their breakthroughs too often commercialise offshore. A bold innovation portfolio, clear IP retention frameworks, and co-located innovation hubs with

embedded legal and commercial support will convert discovery into domestic jobs, exports, and sovereign intellectual property.

## **5. Build the Workforce of the Future**

Skills are the linchpin of every AI strategy. Accelerating AI literacy across schools, TAFEs, and universities, introducing micro-credentials, and mandating graduate participation in government projects will ensure a continuous pipeline of local talent. A Victorian AI Skills & Careers Platform will map real-time demand and connect learners to jobs, while a public awareness campaign will demystify AI and build confidence across communities.

## **6. Embed Trust and Accountability**

Public trust is the foundation of sustained AI growth. Establishing an independent AI governance body, creating fair IP and licensing models, and mandating transparency reporting for state-funded projects will build a durable social licence. Transparent, ethical governance is not a hinderance to innovation, it is the key to its legitimacy and longevity.

## **A Coherent Vision for Victoria**

If implemented together, these reforms will:

- Position Victoria as Australia’s most trusted and competitive AI jurisdiction.
- Generate new investment, jobs, and export opportunities across emerging sectors.
- Ensure all Victorians share in the benefits of digital innovation.
- Anchor sovereign capability through infrastructure, IP, and skills.
- Set a global example of how ethical, human-centred AI drives economic growth and social good.

The AIIA stands ready to work alongside government as a trusted advisor and partner, convening industry, academia, and the community to ensure the strategy delivers measurable results. By acting now, Victoria can seize first-mover advantage and define the standards by which responsible AI is adopted across Australia.

With clear direction and decisive leadership, Victoria can become the nation’s benchmark for responsible AI.