AI in Australia

OpenAI's Economic Blueprint

July 2025

OpenAI MANDALA

Foreword

At OpenAI, we are building AI that helps people and governments solve hard problems – like accelerating scientific discovery; improving healthcare, education, and government services; and boosting productivity. We believe that together with Australian businesses, policymakers, developers, startups, and educators, we can harness the power of AI to make Australians' lives better and more prosperous.

AI is a transformative general purpose technology – like electricity, it will change how we live, work, and interact with one another. Equally remarkable, however, is what our AI tools are already accomplishing across the world:

- Doctors and nurses are using our tools to help them gather and organise patient information and treatments
- Scientists are using OpenAI's tools on high-energy physics, fundamental mathematics, disease prevention, cybersecurity and energy
- Students and educators are using ChatGPT Edu to develop customised curriculum and one-on-one tutoring tools, as well as to streamline administrative work
- Farmers are using our AI tools to make more efficient use of their land, and homeowners are using them to help better renovate their homes
- Workers in national and local governments are using ChatGPT to research projects, translate foreign languages, edit copy, and make outdated policy language more accessible

Founded more than 10 years ago as a startup research lab, OpenAI has created freely available tools currently being used by more than 500 million people around the world, with user growth doubling in Australia over the past year.

For us, this is just the beginning. We are building AI to solve difficult problems because, by tackling the toughest challenges, AI can have the greatest impact on the most people.

This Blueprint – a living document that will continue to evolve – is our proposal for how Australia can realise the promise of AI. We believe Australia needs to act more boldly and decisively to maximise AI's possibilities while also ensuring it's used responsibly to mitigate potential negative effects.

We are at an inflection point. The opportunity AI presents to spur productivity and increase prosperity is too compelling to forfeit. National investment in AI infrastructure today will form the backbone of future economic growth, create jobs, boost productivity and usher in a new generation of entrepreneurship. It's true for Australia. And it's true for the rest of the world.

We want to partner with Australia on this journey and look forward to building on this collaboration.

Sandy Kunvatanagarn
Head of Policy, APAC
OpenAI

Introduction

The Prime Minister has set a national ambition: "to move quickly to build an economy that is more dynamic, more productive and more resilient".[1]

AI is a powerful tool that can be used to deliver on that ambition.

After a long period of growth, the rate of improvement in Australian living standards has slowed over the past decade. AI presents a rare opportunity to reignite that trajectory, especially by driving a step-change in economy-wide productivity.

Higher productivity means higher wages, lower inflation, lower cost of living and rising living standards. Over the past 40 years, Australia's real GDP per person has risen by A$46,000 – improvements in productivity, largely through innovation, have contributed 80% of this, with increases in the working-age population contributing 13% and increases in labour force participation contributing 7%.[2]

With an aging population, productivity increases will become even more crucial to future economic growth and prosperity, and AI offers an unprecedented opportunity to drive that productivity.

Australia, however, will not achieve this growth by itself. The opportunities created by AI will flow disproportionately to countries that act. Too often, commentary on AI focuses on distant speculation, casting nations as passive recipients of inevitable change. In reality, the economic winners of the AI era will be those who make deliberate choices today.

While Australian consumers have been quick adopters of AI technology, our policy settings have tended toward a cautious 'wait and see' approach to AI, shaped in part by understandable concerns arising from earlier waves of digital technology. These concerns – around privacy, misinformation, and societal impact – are reflected in recent survey data[3] showing relatively low public trust and optimism about AI. While these concerns are valid, AI represents something fundamentally different: a tool to amplify human potential, drive discovery, and support more meaningful work. With other countries moving decisively, Australia must now shift gears – from watching, to shaping – or risk falling behind in competitiveness, innovation, and quality of life.

Australia has shown that when it moves with purpose – on digital payments, rooftop solar, or cloud adoption – it can lead the world. Australians are fast to adopt new technology relative to other Western nations.[4] AI should be no different.

But this is not just another wave of automation. AI offers us a chance to rethink how work is done entirely. It offers everyone a chance to spend more time on the things that make us human. A nurse unburdened by paperwork can spend more time with patients. A teacher released from admin can focus more on students. A business owner with more bandwidth can pursue bold ideas.

This is the real promise of AI: not just faster processes, but a higher value economy and a more prosperous society.

And Australia's role can extend beyond its borders. With the right choices, we can become the Indo-Pacific's trusted partner for AI infrastructure, standards, and responsible deployment, offering democratic leadership in a time of rising global uncertainty.

This Blueprint is OpenAI's proposition: a practical plan to help Australia seize this opportunity. It outlines how strategic action on productivity, education, government services and infrastructure can reignite Australia's growth trajectory and secure our place as a leader in the AI era. It also offers a suite of targeted policy suggestions, including embedding AI skills in schools and workplaces, modernising public service delivery, incentivising business adoption, and investing in sovereign infrastructure, to help Australia move decisively and shape the AI future on its own terms.

1 Anthony Albanese (2025) Address to the National Press Club, Australian Labor Party, June 10, 2025
2 Australian Treasury (2023) 2023 Intergenerational Report: Australia's Future to 2063
3 KPMG & University of Queensland (2024) Trust, attitudes and use of AI: Global report
4 YouGov (2020) First in Line: Early Technology Adopters Around the Globe

How to read this Blueprint:

This Blueprint outlines opportunity areas where AI can deliver lasting benefits to the Australian economy and society, and highlights the ways OpenAI can help.

We offer this work in the spirit of collaboration, joining a dialogue already underway across federal and state governments, industry, the tech sector, academia, unions, think tanks, small businesses, workers, advocates, and consumers.

Each section:

- Summarises the economic challenge or opportunity
- Showcases the role of AI in driving Australia's next wave of growth
- Proposes targeted policies to help Australia move forward
- Outlines how Australia can build national resilience and shape AI leadership in the region

The opportunity areas are:

- Using AI to kickstart **productivity** across the economy
- Transforming the **education** sector through responsible AI integration
- Using AI to boost the effectiveness of **government service** delivery
- Investing in **AI infrastructure** for domestic strength and regional leadership

Australia's 10-Point AI Action Plan

To secure its AI future, Australia should:

1. Roll out national AI skills training for workers, students, and managers
2. Offer targeted tax incentives for all businesses adopting AI
3. Embed AI literacy and responsible use in schools and universities
4. Modernise government services delivery through responsible AI
5. Provide secure access to government data for public-interest AI use
6. Upskill public service and empower a central AI capability unit
7. Reform AI procurement rules to support innovation and pilots
8. Invest in AI-ready infrastructure like data centres and compute
9. Ensure access to affordable, renewable energy for AI infrastructure
10. Establish Australia as a trusted regional hub for AI standards and investment in the Indo-Pacific

Productivity

Australia's economic success depends on reversing a long-term productivity slowdown

Australia's economy is at a turning point. After years of sluggish productivity, output per hour worked now sits 18% below the United States – a gap driven by underinvestment and slower adoption of digital technologies like AI.[5]

Reversing this trend is critical to Australia's growth trajectory. As the Productivity Commission notes, productivity growth has accounted for 80% of Australia's income growth over the past three decades.[6] Yet in sectors central to economic strength, such as construction, manufacturing, and retail, stagnation is dragging on housing delivery, industrial competitiveness, and the energy transition.

There is a path forward. Australia's IT sector offers a blueprint for what's possible, with early digital adoption driving measurable gains in efficiency.[7]

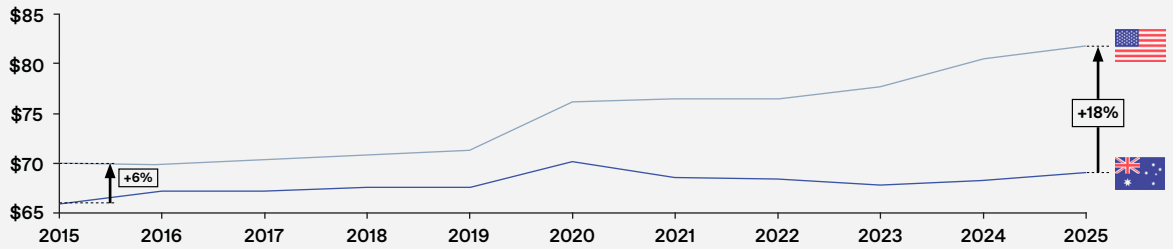
With targeted AI investment and broad diffusion across all sectors of the economy, the rest of the economy can follow suit – unlocking new growth, higher wages, and improved living standards.

The goal is to empower Australians with better tools, smarter systems, and stronger digital foundations. AI offers a way to lift productivity not just by improving efficiency, but by rethinking how work happens. It can create entirely new roles, support more creative and human-centred ways of working, and help shift focus from routine tasks to problem-solving, innovation, and meaningful engagement.

As other nations move quickly to harness these benefits, Australia must keep pace. Strategic adoption of AI can help modernise industries, lower costs for small businesses, and position the economy as high-value and innovation-led – key ingredients for sustaining wages, lifting national competitiveness, and attracting long-term investment.

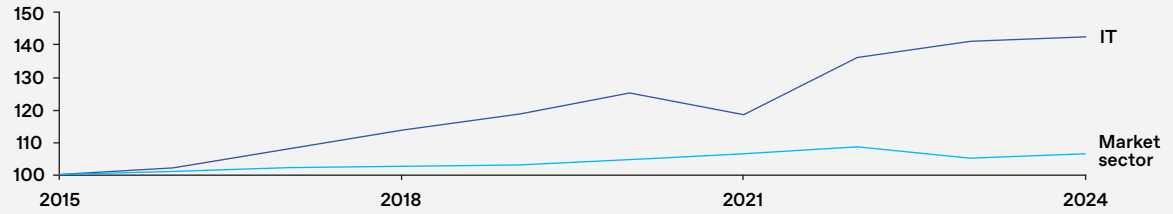
Australian labour productivity lags behind the United States

Output per hour worked, GDP constant, 2021 international $, 2015-2025



IT has been the largest source of Australian productivity growth

Index of labour productivity by industry (2015 = 100), FY 2015 – FY 2024



Source: ILO (2024) Labour Productivity; Australian Bureau of Statistics (2025) Estimates of Industry Multifactor Productivity; Mandala analysis.

5 International Labour Organisation (2024) Labour Productivity
6 Productivity Commission (2022) Advancing Prosperity
7 Australian Bureau of Statistics (2025) Estimates of Industry Multifactor Productivity

CASE IN POINT

Rethinking Work at Moderna

Moderna partnered with OpenAI to embed generative AI tools across its entire business - from legal and HR to manufacturing and R&D - reimagining not just what tasks are done, but how work happens. Every employee was equipped to use AI as an assistant, and custom GPTs were developed to transform core workflows. In clinical operations, "Dose ID" assists teams by analysing large datasets, generating visualisations, and providing rationale for dose selection in vaccine trials. In legal, "Contract Companion" helps accelerate contract review and identify key risks. These tools are embedded in daily decision-making, showing how AI can reshape operating models, not just improve productivity.

In the past, Australia has built globally competitive industries in agriculture, mining and banking by embracing general use technologies. To succeed in the future, we'll need to do it again.

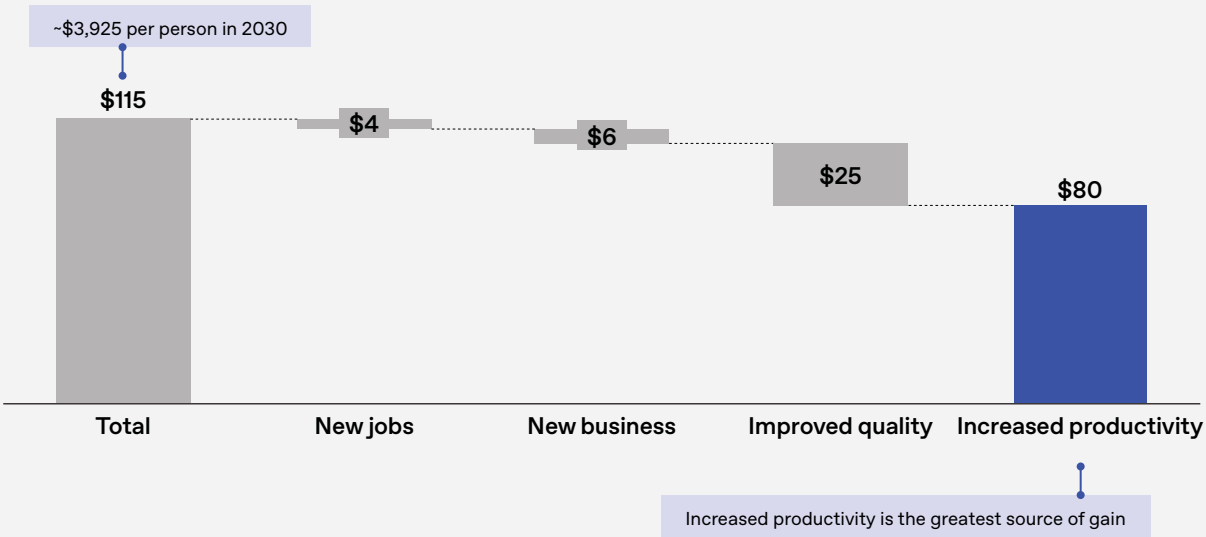
AI adoption could unlock A$115 billion in annual economic gains for Australia by 2030

AI is forecast to contribute A$115 billion a year to the Australian economy by 2030, around A$3,925 per person.[8] Most of this gain (A$80 billion) will come from productivity improvements, alongside benefits from improved output quality (A$25 billion), new businesses (A$6 billion), and new jobs (A$4 billion).

ChatGPT usage already signals this shift: globally, more than 500 million people use ChatGPT every week. In Australia, weekly ChatGPT usage has more than doubled in the last year alone. Over 90% of users say they benefit from ChatGPT for learning, skill-building, and self-improvement. OpenAI's tools are widely used by professionals and small businesses to streamline tasks, from emails and invoicing to marketing and drafting, freeing up time for higher-value work. This widespread integration offers a strong base for productivity transformation.

Forecast contribution of AI to the Australian economy in 2030

$ billion, 2030 gross value added, 2023 values



Source: Microsoft and Tech Council of Australia (2023) Australia's Generative AI Opportunity; Mandala analysis.

8 Microsoft and Tech Council of Australia (2023) Australia's Generative AI Opportunity

CASE IN POINT

Scaling Creativity with Canva

Canva partnered with OpenAI to bring advanced AI features to over 175 million global users, transforming how people design, communicate, and create. Through Magic Studio, a suite of AI-powered tools built with OpenAI's models, users can instantly generate content, translate copy, edit images, and turn rough ideas into polished outputs. These tools are deeply embedded in Canva's workflows, making AI feel less like a separate tool and more like a natural extension of the creative process. By reducing friction and boosting speed, Canva is helping users – from students to marketers to major enterprises – focus more on creativity and less on complexity.

To capture the full economic and productivity benefits of AI, targeted policy action is needed. The following proposals aims to accelerate AI adoption and build capability in Australian workplaces:

Challenge	Policy suggestions
AI skills not yet widespread across the existing workforce	• Roll out accessible, high quality AI skills training to support workforce transition and national digital capability - underpinned by skills-based standards and faster, more iterative development of those standards • Expand access to AI-driven learning through micro-credentials and other innovative models
Low 'AI readiness' of new workforce entrants	• Develop and scale sector-based capability frameworks and knowledge-sharing platforms • Integrate AI education into schools and universities by embedding content in Units of Competency and aligning expectations through education funding agreements • Upskill managers using targeted enterprise training programs
Slow enterprise adoption of AI	• Provide targeted investment incentives (e.g. AI tax boosts or grants) to accelerate AI access within businesses • Update tax deduction settings to support medium and large enterprises adopting or building AI solutions • Leverage the R&D investment review to drive greater business and government R&D in AI • Use the single front door investment attraction model (as committed under the 'Future Made in Australia' policy framework) to attract and facilitate international investment in AI • Expand access to AI tools in environments that encourage safe experimentation, especially for SMEs
Need for clearer, common-sense rules to guide responsible AI use	• Strengthen and expand the National AI Centre's mandate, drawing on models like the U.S. National AI Research Institutes, and enable it to lead the development of sector-level AI adoption plans • Commission tailored AI adoption blueprints with sector stakeholders (e.g. healthcare, professional services), identifying best-in-class use cases, implementation roadmaps, and workforce transition pathways

Education

Education is core to economic competitiveness, but Australia's learning outcomes are declining

Australian students' academic performance has steadily declined over the past two decades, with PISA scores in reading, mathematics, and science all trending downward. Australia's global rankings have fallen across each subject area.

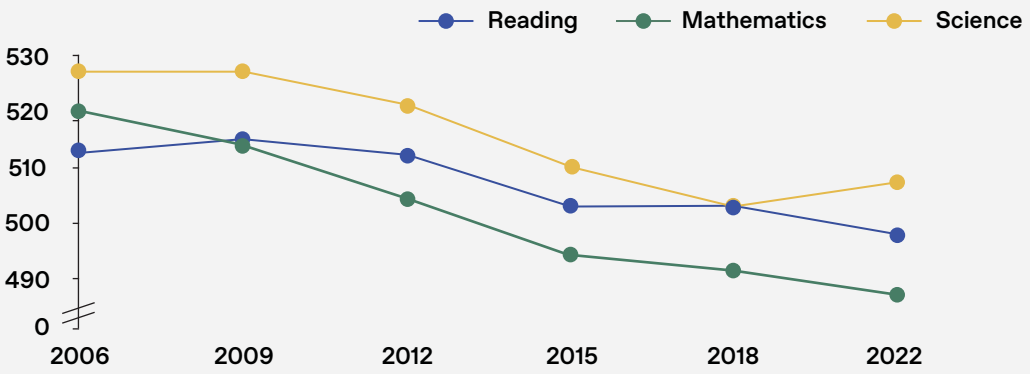
NAPLAN results paint a similar story, and highlight the gap between rural and metropolitan students, where rural Year 9 students continue to perform 10–13%[9] worse than their metropolitan peers across reading, writing and numeracy.

AI offers a powerful way to help reverse this decline. OpenAI's tools are used by students, teachers, and parents for tutoring, lesson support, and skill development. These models can help bridge educational gaps by providing personalised learning, remote tutoring, and access to high-quality resources regardless of location.

Encouragingly, some Australian education leaders are already demonstrating what early adoption can look like. South Australia is one of the first jurisdictions to support safe experimentation with generative AI in schools, enabling teachers to integrate AI tools into classrooms and even build their own chatbot-style tools using OpenAI via Azure. At the university level, institutions like UNSW are also partnering with OpenAI, helping them to maintain the highest graduate salaries among Go8 universities.

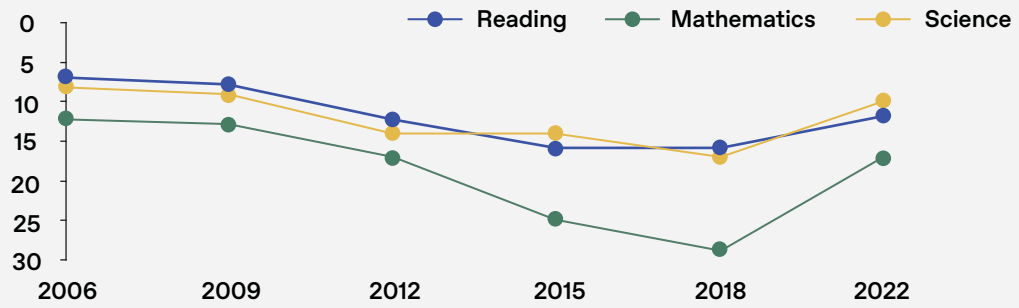
Average PISA scores have steadily fallen since 2006

PISA score points, mean performance, 2006-2022



Australia's global ranking has worsened across all three domains

Country rankings, 2006-2022



Source: OECD (2023) PISA 2022 Results (Volume I and II) – Country Notes: Australia; Mandala analysis.

9 ACARA (2024) NAPLAN National Results

At the same time, teachers face rising demands. School staffing has grown by 50% since 2006, reaching nearly 600,000 in 2024[10], but more than a quarter of a typical teacher's time is still consumed by administrative work, and 92% report lacking time for lesson preparation.[11] AI can help reduce this burden by automating tasks like attendance, scheduling, reporting, and resource creation. This allows teachers to focus on teaching, planning, and student engagement.

AI can also support students directly by enhancing access to personalised learning tools, improving research skills, and providing real-time tutoring support. From summarising complex topics to generating practice questions, AI can help students learn more independently and effectively, especially in underserved or remote communities.

The following policy proposals can help close Australia's growing learning gaps:

Challenge	Policy suggestions
AI not embedded in school curricula	• Establish a national AI upskilling program for educators, including accredited, ongoing professional development and support • Provide schools with practical, expert guidance on AI deployment, including free teaching resources, lesson plans, and accredited learning guides • Integrate AI literacy and ethics into Australian Curriculum v10 • Provide guidance to teachers on how to advance pedagogy & build AI into curriculum
Limited formal avenues for young people to experiment, innovate, and build AI tools and applications	• Establish an AI Awareness Day (annual rotating themes) • Expand Safer Internet Day to include AI • Create a 'Youth Digital Agency' to co-design AI applications with young people • Launch a Responsible AI Innovation Prize

10 ABS (2024) Schools, accessed 09 May 2025
11 Grattan Institute (2022) Making time for great teaching

Government Services

Using AI to boost the efficiency and effectiveness of government service delivery

The non-market sector has suffered from stagnant productivity since the early 2000s, contributing to rising costs.[12] In 2024, Australians spent an average of 1.6 hours on hold with government agencies - amounting to 9.8 million hours lost.[13] The Government's 2024-25 Budget investment in Services Australia was the largest single increase in dollar terms and extra staff in its history. It has helped to reduce the time it takes to answer Centrelink and Medicare calls, and sped up processing for Paid Parental Leave, Jobseeker and Childcare Subsidy payments. But there is still ample room to improve through accelerating AI deployment, particularly in areas like data analytics, workflow automation, and service triage.[14]

Other governments are already demonstrating the value of AI in public service delivery. In the United States, Pennsylvania partnered with OpenAI to pilot ChatGPT use across administrative workflows, saving public servants over an hour per day on routine tasks like document summarisation and drafting.[15]

These results show the immediate utility of OpenAI's tools in high-trust government settings. Singapore has adopted a more comprehensive approach - using a startup-style model (led by a government agency) to crowdsource ideas, prototype solutions, and scale AI tools across the public sector. OpenAI's ongoing commitment to releasing open-weight models, which can be deployed on-premises within a public sector agency's own security perimeter, further enhances their suitability for sensitive or regulated environments, where visibility, auditability, and control are paramount.

Australia can build on these examples by piloting interoperable AI tools that improve service navigation, expand multilingual support, and simplify public-facing communications – making outdated policy language more accessible and reducing friction in service delivery. Whether through top-down coordination or agile experimentation, the key is creating the right structures to identify, trial, and scale what works. If AI tools for government services are designed with regional alignment in mind, Australia could lead efforts to build a trusted and interoperable digital ecosystem across the Indo-Pacific.

Customer service

Personalised efficient and accessible support

This will reduce operational costs and allow staff to focus on complex cases requiring human expertise.

Examples include:

- Streamlining service navigation by developing interactive guides
- Deploying 24/7 AI assistance across MyGov platforms

15% increase in worker **productivity** for **customer-support** agents who have access to AI

Healthcare

Automate administrative tasks and support clinical decision-making

This will reduce administrative burden and improve resource allocation.

Examples include:

- Implementing clinical note writing automation systems
- Piloting AI tools to support medical imaging and radiology analysis

25% of **nursing tasks** can be **automated**, freeing up time for nurses to spend with patients

Policy development

Improve analysis of information and stakeholder engagement

This will improve productivity in government by automating labour-intensive research.

Examples include:

- Record and analyse public consultations to identify key themes and concerns
- Support drafting process for internal documents

40% average **reduction** in **time taken** on **writing tasks** with an **18%** increase in **quality**

12 Australian Financial Review (2024) Government-funded jobs are booming but we're not getting bang for buck
13 ServiceNow (2024) Creating a Seamless Citizen Experience Across APAC
14 Brynjolsson et al. (2023) Generative AI at Work; Microsoft and Tech Council of Australia (2023) Australia's Generative AI Opportunity; Noy and Zhang (2023) Experimental evidence on the productivity effects
15 Commonwealth of Pennsylvania (2025) Lessons from Pennsylvania's generative AI pilot with ChatGPT

CASE IN POINT

Bridging Language Gaps in Minnesota

The State of Minnesota's Enterprise Translation Office is using ChatGPT Enterprise to improve multilingual service delivery across government. By integrating generative AI into its translation workflows, the office can now rapidly draft and refine content in multiple languages - significantly reducing turnaround times and expanding access to vital information for non-English-speaking communities. This shift enables faster, more inclusive communication across public agencies, while maintaining human oversight to ensure cultural and contextual accuracy. The approach highlights how AI can help governments better serve diverse populations and deliver more equitable public services.

To accelerate AI-driven improvements across Australia's public services, we recommend the following policies:

Challenge	Policy suggestions
Government data underutilised for AI innovation and public policy	• Digitise and release public datasets in accessible formats, prioritising data assets in areas of strategic importance (e.g. housing, energy, education and social services) • Implement the Data Governance Framework as part of the Data Availability and Transparency Act to establish common rules and accelerate data access across the APS • Review data classification and access rules to enable more public sector AI applications
AI capability within government is limited and not coordinated	• Invest in whole-of-government AI training (APS uplift) • Empower a public sector AI agency or unit to lead AI deployment and remove bureaucratic obstacles to high-impact use cases • Introduce incentives and awards for the most effective public sector uses of AI • Provide government employees with broad access to AI tools and encourage experimentation in a sandboxed environment
Government procurement processes are outdated and slow AI adoption	• Introduce modern AI procurement rules, including specialised pathways for innovative and pilot projects. These rules could be modelled on the NSW Government's Test and Buy Innovation Guidelines • Create pre-vetted vendor panels to reduce adoption friction

AI Infrastructure

Australia has the potential to become the Indo-Pacific's trusted hub for AI infrastructure

OpenAI's Stargate, a multibillion-dollar data centre project in the US, is already generating thousands of jobs and expanding critical AI infrastructure. It offers a blueprint for how strategic compute investments can drive economic growth, workforce development, and technological leadership. Australia now has an opportunity to benefit in the same way.

Economic research[16] indicates that technologies usually take decades to diffuse across the world. ChatGPT, however, hit 100 million users in two months, ushering in a new paradigm for the pace of technological progress and the need for meaningfully more compute infrastructure than Australians currently have access to.

Australia leads on the core building blocks of data centre competitiveness: it has the highest land availability among peer nations, strong policy stability, efficient permitting processes, and abundant access to renewable energy. These advantages, more than just low average electricity costs, reinforce its appeal for major infrastructure investment.

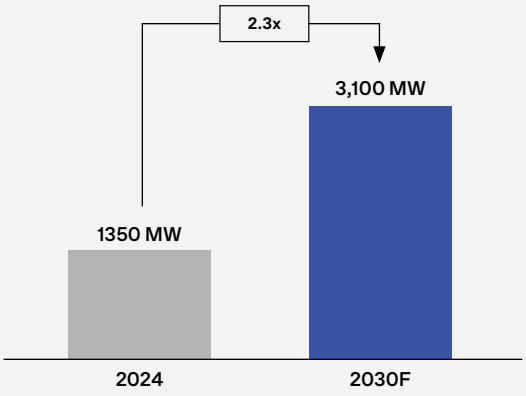
AI models are growing larger and more widely used, driving exponential demand for compute. Without expanded data centre capacity, Australia risks bottlenecks that limit innovation, delay adoption, and push development offshore.

Data centre capacity will more than double by the end of the decade, create over 8,000 jobs, and affect nearly every sector of the economy

Rising demand for AI and digital services is expected to more than double Australia's data centre capacity, from 1,350 megawatts (MW) today to 3,100 MW by 2030, attracting up to A$26 billion in additional investment.[17] Major projects from AirTrunk, AWS, CDC, Microsoft, and NEXTDC are already planned. This expansion will drive job growth across the tech sector, with data centre operations forecast to support 17,900 full-time equivalent (FTE) jobs by 2030, up from 9,600 today.[17] Most of these new roles will be in ongoing operations – tech trades, engineers, and ICT professionals. These figures reflect direct impacts only, and don't capture the wider economic flow-on effects this growth will bring.

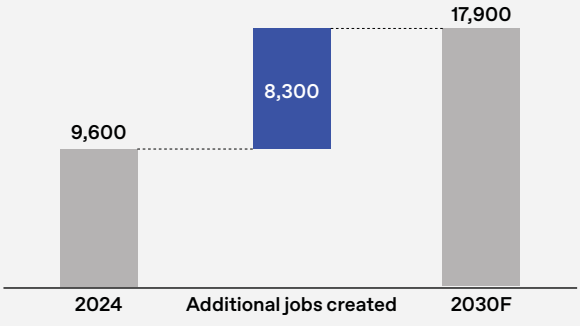
Data centre deployable capacity in Australia

Megawatt (MW), 2024-2030F



Australia's AI infrastructure could create 8,300 extra jobs

Data centre jobs in Australia, FTE jobs, 2024-2030F



Source: Mandala Partners (2024) Empowering Australia's Digital Future; Mandala analysis.

16 Comin, Diego and Bart Hobijn (2010) "An Exploration of Technology Diffusion." American Economic Review, 100 (5): 2031–59
17 Mandala Partners (2024) Empowering Australia's Digital Future

Australia's AI infrastructure investments can catalyse long-term economic transformation

Australia has the opportunity to position itself as a leading hub for AI infrastructure in the Indo-Pacific, not just by deploying data centres, but by anchoring a broader ecosystem of innovation. These infrastructure investments are more than just physical assets: they create a foundation that attracts skills, capital, and high-value industries. In the same way that past investments in broadband, cloud, and clean energy paid long-term dividends, AI infrastructure today will shape Australia's economic resilience and competitiveness tomorrow.

Investing in domestic AI infrastructure doesn't just meet national needs, it creates an exportable capability. Without it, Australia risks becoming a net importer of compute capacity as demand grows. Building locally allows Australia to treat AI infrastructure as a strategic asset rather than a dependency.

Australia's land availability, stability, and growing access to high-performance computing infrastructure make it a strong contender for training capacity beyond US and European hubs. Simultaneously, it can lead on inference for ASEAN markets by providing a trusted, low-latency corridor for AI services.

Consideration	Training an AI model	AI Inference
Primary function	Training is the process of teaching an AI model to recognise patterns and make decisions by exposing it to massive, globally sourced datasets until it can accurately perform a given task	Inference is the process of using a trained AI model to make predictions or decisions on new, unseen data (or prompts)
Resource demand	Requires extremely high compute, memory and electricity	Lower energy and cooling requirements per site but offset by the need to replicate infrastructure across many regional data centres
Location	Centralised within a small number of hyperscale data centres	Distributed across dozens of regional or city-based data centres to be close to end-uses
Latency sensitivity	Not latency-sensitive; training run can last for days or weeks	Highly latency-sensitive; must deliver real-time or near-real-time responses to local users
Customer profile	Global AI model developers (e.g. OpenAI)	Local end-users (e.g. customers in ASEAN markets where latency corridor is low)
Competing countries		

To unlock this opportunity, Australia should invest in sovereign compute, standards-based infrastructure, and regional 'data embassies' – secure cross-border hosting arrangements that enable Australia to process and store data on behalf of regional partners in trusted environments. These arrangements would enhance Australia's role as a trusted regional cloud infrastructure provider and support interoperability and innovation across the Indo-Pacific. By harmonising IT and data standards with regional counterparts, Australia can accelerate the safe and interoperable deployment of AI across borders. OpenAI's models, already optimised for inference and widely used in latency-sensitive applications, demonstrate the real-world value of this infrastructure, particularly in sectors like education, law, and healthcare.

The following proposals aim to remove barriers to investment and position Australia as a competitive regional hub for AI infrastructure:

Challenge	Policy suggestions
Insufficient growth in digital infrastructure and AI-ready data centers	• Establish a single, streamlined approval process for AI infrastructure projects to reduce delays and accelerate deployment • Harmonise standards, including environmental standards, to address underlying problems driving inefficiency while improving stated environmental protection objectives • Offer federal backstops (e.g. offtake guarantees, credit enhancements) for AI infrastructure • Fund a National AI research resource to provide shared compute/data

Challenge	Policy suggestions
Energy supply challenges – spanning cost, reliability, and access to renewables	• Coordinate with industry to ensure that energy infrastructure and capacity planning is aligned with long-term industry forecasts and demand projections • Accelerate hybrid finance and underwriting models for long duration energy storage assets (e.g., expanding Australia's Capacity Investment Scheme) to help overcome capital challenges and delays[18] • Reform electricity market incentives to reward grid stabilisation services to also improve grid stability[19] • Streamline permitting for energy infrastructure, coordinate transmission strategy/planning[20] and increase compensation for landholders[21, 22,23], to accelerate the required transmission infrastructure for the energy transition • Through the Rewiring the Nation program, expand targeted underwriting and co-contributions to the development of new infrastructure assets important for the transition, including transmission lines[24]
Concerns on water availability for large-scale infrastructure	• Promote greater collaboration on planning and approvals between water agencies and industrial users, particularly to forecast capacity needs and ensure water supplies are managed sustainably[25]
Existing barriers for developers of AI models	• Update and modernise copyright law to accelerate AI development

Australia can lead regional innovation on AI while strengthening economic and national security

In the context of intensifying geopolitical competition over critical technologies, Australia has a strategic role to play in anchoring AI governance, infrastructure, and security in the Indo-Pacific. As regional economies race to adopt and regulate AI, Australia can shape a trusted, rules-based approach by drawing from the most innovation-forward elements of global regulatory models, particularly those of pro-innovation democracies like Singapore and Japan, while adapting them to its own institutional and legal context.

Working alongside advanced regional peers such as Singapore, Japan, Korea, and Taiwan, Australia can drive alignment on AI standards, promote responsible access to compute, and foster data centre cooperation to safeguard sovereignty and resilience across the region. In so doing, Australia can help ensure that AI strengthens, not destabilises, security and cooperation in the Indo-Pacific.

Domestically, bolstering AI capability is vital to national resilience. Australia faces growing cyber threats, foreign interference, and risks of AI misuse. Addressing these challenges requires investment in AI-enabled threat detection, disinformation monitoring, and national safeguards for high-risk applications like autonomous weapons or surveillance. These efforts will help protect Australia's institutions, and position it as a regional leader in secure, responsible AI deployment.

18 Clean Energy Council (2024) The future of long duration energy storage
19 Clean Energy Investor Group (2024) Energy Storage Financeability in Australia
20 IEA (2024) Building the Future Transmission Grid
21 Wood (2023) The great transmission challenge
22 Clean Energy Council (2022) Market Sounding Report on Transmission
23 VicGrid (2024) Compensation and landholder payments
24 Department of Climate Change, Energy, the Environment and Water (2025) Rewiring the Nation
25 Department of Climate Change, Energy, the Environment and Water (2025) National Urban Water Planning Principles

Conclusion

A Turning Point for Australia's AI Future

Artificial intelligence is arguably the most significant economic and strategic opportunity of our time. For Australia, seizing this opportunity will mean unlocking a new wave of productivity, building world-class digital infrastructure, delivering better public services, and securing national resilience in a more uncertain world.

The foundations of success are already in place. Australia boasts a strong education system, trusted public institutions, and clear infrastructure advantages. But realising the full benefits of AI will require coordinated action across government, business, and civil society.

This Blueprint outlines a path forward. By investing in skills, infrastructure, and responsible AI deployment, Australia can shape a future where AI drives inclusive growth at home and supports openness, stability, and cooperation across the Indo-Pacific. If successful, Australia won't just adapt to the AI era, it will help define it.

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