STOP SLEEPWALKING: BUILD AUSTRALIA'S AI CAPABILITY

Australian governments have been sleepwalking through the artificial intelligence revolution.

While front runner countries, such as Canada, Singapore and the United Arab Emirates laid down their ambitious policy markers as early as 2017, Australia has only recently moved beyond pilots, frameworks and consultations. The United States, set up a National Security Commission on Artificial Intelligence in 2018.

At present, these peers are spending much more on public and private investment than is Australia - up to ten times as much per capita in leading cases, and we have down played opportunities for major collaboration and co-operation.

Prime Minister Albanese himself has in the past mostly delegated extended AI commentary to his ministers, rarely devoting more than a few sentences to the subject in his own speeches.

Former Minister, Ed Husic was keen. But it was only in December 2025 that the newly appointed Minister for Innovation, Tim Ayres, finally gave full-throated declaration for the Labour Government of serious recognition of AI's importance to the country.

This commitment must not be lost. Rather it must now be taken forward with leadership and impact.

This matters because AI is not just another suite of tech tools. It is a general-purpose technology on the scale of electricity or computing – one that will reshape productivity, labour markets, culture, and national security. Countries that treat it as marginal will fall behind. Countries that treat it as critical strategic infrastructure to be developed will shape their future.

Australia risks doing the former.

We need to start treating AI as a strategic capability that demands clear, bold, coordinated government action. That means moving beyond gentle nudges, grants, and incrementalism, towards more radical but practical shifts in how we govern, educate and equip the country for an AI-enabled balance of power. We must take Mr Ayres at his word.

Here are four progressive proposals.

First, legislate for AI as a national priority.

Australia could introduce a National AI Security and Productivity Act as a central pillar of national policy. This could incorporate best practice from leading EU states, Canada and Japan. The Act would legislate for the AI transition as a national priority rather than hoping that well-scaled national AI capability will emerge organically out of existing, more "voluntarist" and minimalist methods.

The law could create "National AI Missions": a nationally co-ordinated portfolio of well-funded projects in areas such as autonomous intelligence, surveillance and reconnaissance for defence, AI-driven logistics to cut waste in transport and supply chains, and AI-enabled fraud detection across welfare and tax. These would be funded and governed like major capability programs, not scattered pilots.

To address concerns about safety and rights, the legislation should also establish a regulatory channel for high-value, high-risk deployments – with rigorous assurance, but fast-track with turnaround measured in months, not years.

The national AI safety guidelines have been rightly criticised on many sides as inadequate for the scale of the challenges.

A dedicated Act could set mandatory "AI maturity" targets for major Commonwealth agencies and critical-infrastructure operators by a fixed date – for example, requiring modern AI tools to be routinely used for data analytics, workflow automation, and cyber defence. Progress against these targets would be co-ordinated by a new unit in the Department of Prime MInister and Cabinet. And progress could be audited and reflected in Secretaries' and CEOs' performance pay. If leaders are accountable for metrics in environmental, social and governance policies, they can be accountable for AI capability as well.

Second, engineer a national AI talent dynamic.

The second radical shift could be to engineer an AI talent surge, not just hope that our existing skills system catches up. Australia's digital skills shortages are well documented, and AI capability is even more thinly spread. Universities cannot fix this on their own, and small tweaks to migration settings won't cut it.

We should offer a National AI Service Year to mid-career professionals in the public service, defence, industry and the community sector. Participants would spend a year embedded in real AI deployment projects – redesigning a regulatory process, building an AI-enabled threat-intelligence pipeline, or automating case triage – while receiving structured training. Think of it as a crash-program in the future of work that also delivers immediate value to host organisations.

Alongside this, we should stop being squeamish about targeted migration. A dedicated AI and critical-technologies visa path with priority processing relocation support and a

route to permanent residency would send a strong signal that Australia is serious. Migration is politically sensitive but the choice is not between “no migrants” and “open borders”; it is between attracting a key cohort of people who can materially lift national capability versus compromising on Australian competitiveness.

A half-way house for an Australia-oriented AI work force growth might involve support for Australian actors to establish a production campus offshore (such as in Malaysia) for use as a competitive pipeline for migration pathways.

Domestically, and so walking on two legs, we could also set a compulsory AI-literacy baseline for all second division Commonwealth public servants and for executives in regulated critical-infrastructure sectors. We already mandate training on privacy, security and workplace conduct. In 2026, not understanding what modern AI can and cannot do is itself a governance risk. Could we consider setting up two-year Bachelor’s degrees in AI science, management and regulation, following a one year VET certificate or recognition of prior learning.

Third, build sovereign AI infrastructure.

The third big shift would be to build the infrastructure (the pipes and plumbing) that make all of this possible: a national network for AI computing, data and testing.

At the moment, AI computing power sits mostly with a few global tech giants and a small number of Australian data centres. Smaller agencies and businesses often run into high costs, long waits and messy questions about data sovereignty and security.

Australia could change that by creating a public, sovereign AI cloud – a government-backed platform that gives secure, affordable access to powerful computing for projects in national security, health, education, climate and advanced manufacturing. Access would come with strings attached: strong safety and rights protections, and clear evidence that projects actually lift productivity or improve security. If a project cannot show potential real-world benefits, it should not get cheap access to national infrastructure.

To make that cloud useful, we would also need safe places to work with sensitive data. Instead of keeping information locked in separate agency silos, government could set up secure “data labs” where datasets can be combined under common rules. This is not a single giant database. It is a set of tightly governed environments where, for example, border, police, welfare and cyber-security data can be analysed together to spot organised fraud or foreign interference – with clear limits, independent oversight and transparency.

Finally, Australia needs to build AI “test ranges” – physical sites and virtual simulations where we can safely trial autonomous systems, human–machine teams and AI-driven control systems. Defence already does some of this in specialist areas. Extending the idea to critical infrastructure, emergency management and complex supply chains would let us see how AI behaves under stress before we depend on it in a real crisis.

Fourth, drive adoption across the whole of the economy.

Australia cannot place all of its AI security interests into the hands of the emerging AI Safety Institute to be housed just in the Department of Industry, Science and Resources. The concept of "Information Sharing and Assessment Centres" created for cyber security in separate sectors (such as health, energy or finance) could be repurposed – with considerable urgency in Australia's case – to create sector-based hubs of AI integration and testing.

Setting clear targets for AI-enabled procurement would creat a strong market signal and accelerate private sector capability. Sector-specific "AI Transition deals" could be negotiated with industry in areas such as health, finance, energy and agriculture, to align investment , regulation and workforce planning to enhance uptake while managing the disruption effects.

Small and medium enterprises, including community organisations, will require particular support. Targeted tax incentives, adoption vouchers and trusted advisory services could help them integrate AI into their operations.

These four approaches would not be risk-free. There will be concerns about privacy, human rights, workforce disruption and the role of the state in shaping technology.

On the other hand, the bigger risk may be that Australia continues to treat AI as a talking point, rather than as the organising principle of a new phase of national security and prosperity.

Australia would strengthen its hand enormously if all four proposals above were executed in very close cooperation with partners such as Canada, Japan, Korea, and leading EU nations. An explicit foundation for that was laid in comments by Canadian PM Carney during his visit to Australia in March 2026. Our Ambassador for Cyber Security must also embrace AI and take the lead here.

As to global powers, the March 2026 London *Economist* projects that Chinese AI rsearchers will outnumber US-based researchers 2-to-1 by 2028.

Australia itself has done hard things before: supporting wifi advances, floating the dollar, building Medicare, and forging worthy international partnerships. Each has required a willingness to act strongly and decisively in the face of uncertainty.

AI demands a similar mindset today. The question is not whether artificial intelligence will reshape Australia. It is whether we will ourselves shape how this happens.

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