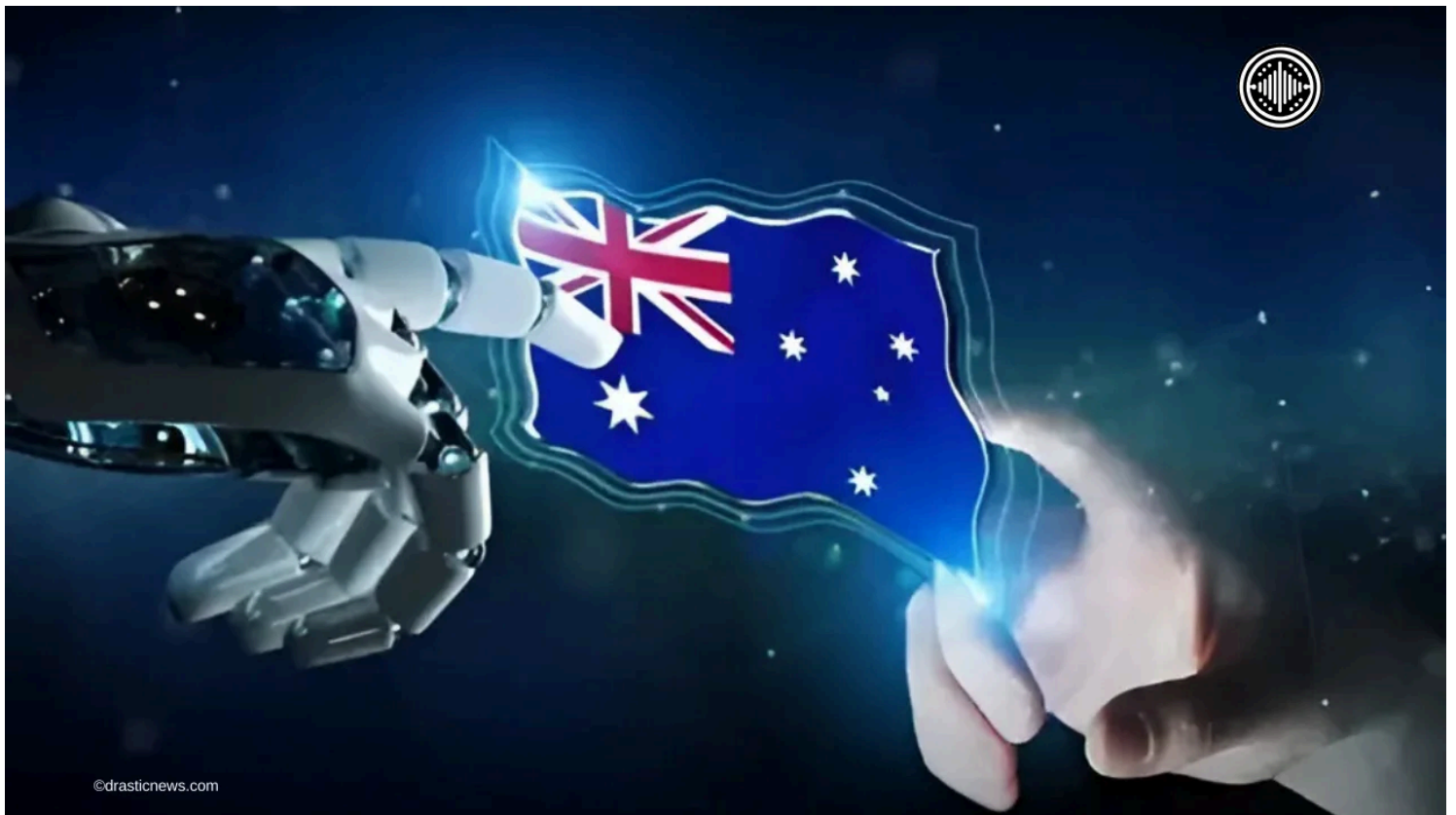


Australia weighs AI regulation amid economic stakes

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Australia is moving cautiously on artificial intelligence (AI) regulation as the government seeks to balance economic opportunity with governance risks. Treasurer Jim Chalmers confirmed this week that a national review into AI oversight will be conducted to determine whether new laws are necessary or if current frameworks can be adapted.

Speaking at the government's productivity roundtable, Chalmers said the federal government will accelerate development of a national AI plan designed to outline how Australians can use and benefit from the technology. According to government figures, AI could lift labor productivity by more than 4 percent, a significant boost for an economy facing global competition.

The Productivity Commission released an interim report earlier this month, estimating AI could add \$116 billion to Australia's economy over the next decade. However, it warned the gains would be realized only if the government avoids stifling the technology with heavy-handed regulation.

The Australian Council of Trade Unions (ACTU) secretary Sally McManus urged a worker-focused approach, calling for employers to consult with staff before adopting AI tools. She emphasized that unions do not want to "over-regulate" but want safeguards ensuring employees are not sidelined.

Business groups, on the other hand, argued that additional regulation could hinder innovation and reduce productivity. Innes Willox, chief executive of the Australian Industry Group, warned that risks extend beyond job losses, with business owners also facing uncertainty.

Despite differences, unions and the tech sector reached a notable agreement. McManus and Tech Council chairman Scott Farquhar announced a framework to ensure Australian creatives are compensated when their work is used in AI training datasets. McManus described the deal as a "breakthrough" for fairness in the digital economy.

The Productivity Commission recommended holding back on AI-specific legislation. Instead, it urged the government to first adapt existing laws such as consumer protection, privacy, and anti-discrimination regulations. According to the commission, AI-specific rules should only be considered if current legal structures cannot adequately address risks.

The report also suggested delaying mandatory guardrails for high-risk AI systems until gaps in existing frameworks are fully identified. Technology-neutral approaches should be pursued wherever possible, the commission noted.

Daniel Popovski, AI policy lead at the Governance Institute of Australia, cautioned against ignoring governance challenges posed by advanced autonomous systems. "Agentic AI is

not just about producing content like chatbots do. These are autonomous systems run on very little human oversight. That raises new and urgent questions about accountability, transparency, and workplace governance,” Popovski said.

He stressed that good governance must remain human-centric, supporting organizations that adopt AI responsibly and ensuring productivity gains are shared broadly.

Australia’s approach stands in contrast with its international counterparts. The United States has launched a federal AI action plan that funds rapid retraining for workers and provides guidance for state-level upskilling programs.

The European Union has moved further, enacting its AI Act. General-purpose AI model obligations took effect in August 2025, with strict rules for high-risk systems scheduled for August 2026.

China, at the World AI Conference in Shanghai, unveiled its Global AI Governance Action Plan, calling for international cooperation and inclusiveness.

Meanwhile, the United Kingdom and New Zealand have opted for proportionate frameworks that emphasize working within existing legal structures.

Australia’s cautious regulatory stance highlights the stakes of AI adoption. With potential productivity growth estimated at 4.3 percent over the next decade, policymakers face pressure to ensure economic benefits are realized while preventing governance failures. The government’s forthcoming National AI Capability Plan, expected by year’s end, will set the direction for how the nation balances innovation with oversight.