



Harnessing data and digital technology

Interim report

Executive summary



This is an interim report prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.

August 2025



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

The Productivity Commission

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Opportunity for comment

The Productivity Commission thanks all participants for their contribution to this Inquiry and now seeks additional input for the final report.

You are invited to examine this interim report and comment on it by written submission to the PC, preferably in electronic format, by 15 September 2025.

Further information on how to provide a submission is included on the website:

www.pc.gov.au/inquiries/current/data-digital

The PC will prepare the final report after further submissions have been received, and it will hold further discussions with participants.

Commissioners

Stephen King Commissioner

Julie Abramson Commissioner

Executive summary

Data and digital technologies are the modern engines of economic growth. Emerging technologies like artificial intelligence (AI), which can extract useful insights from massive datasets in a fraction of a second, could transform the global economy and speed up productivity growth.

Australia needs to harness the consumer and productivity benefits of data and digital technology while managing and mitigating the downside risks. There is a role for government in setting the rules of the game to foster innovation and ensure that Australians reap the benefits of the data and digital opportunity.

The economic potential of AI is clear, and we are still in the early stages of its development and adoption. Early studies provide a broad range of estimates for the impact of AI on productivity. The Productivity Commission considers that multifactor productivity gains above 2.3% are likely over the next decade, though there is considerable uncertainty. This would translate into about 4.3% labour productivity growth over the same period. But poorly designed regulation could stifle the adoption and development of AI and limit its benefits. Australian governments should take an outcomes-based approach to AI regulation – one that uses our existing laws and regulatory structures to minimise harms and introduces technology-specific regulations as a last resort.

Data access and use can fuel productivity growth: insights from data can help reduce costs, increase the quality of products and services and lead to the creation of entirely new products. But some requirements in the Privacy Act, the main piece of legislation for protecting privacy, are constraining innovation without providing meaningful protection to individuals. For example, complying with the controls and processes baked into the Act can make consent and notification a ‘tick box’ exercise – where businesses comply with the letter of the law but not the spirit of it. The Australian Government should amend the Privacy Act to introduce an alternative compliance pathway that enables firms to fulfil their privacy obligations by meeting outcomes-based criteria.

Data about individuals and businesses underpins growth and value in the digital economy. But often those same individuals and businesses cannot easily access and use this data themselves. Under the right conditions, giving people and businesses better access to data that relates to them can stimulate competition and allow businesses to develop innovative products and services. A mature data-sharing regime could add up to \$10 billion to Australia’s annual economic output.

Experience shows that we need a flexible approach to facilitating data access across the economy, where obligations placed on data holders and the level of government involvement can match the needs and digital maturity of different sectors. New lower-cost and flexible regulatory pathways would help to guide expanded data access throughout the digital economy, focusing first on sectors where the gains can be significant and relatively easy to achieve.

Financial reports provide essential information about a company’s financial performance, ensuring transparency and accountability while informing the decisions of investors, businesses and regulators. Government can further spark productivity by making digital financial reporting the default – that is, mandatory lodgement of financial reports in machine-readable form. At the same time, the Australian Government should remove the outdated requirement that financial reports be submitted in hard copy or PDF format. This change would increase the efficiency and accuracy with which information is extracted and analysed.

Draft recommendations

Artificial intelligence



Draft recommendation 1.1

Productivity growth from AI will be built on existing legal foundations. Gap analyses of current rules need to be expanded and completed.

Australian governments play a key role in promoting investment in digital technology, including AI, by providing a stable regulatory environment. Any regulatory responses to potential harms from using AI must be proportionate, risk-based, outcomes-based and technology-neutral where possible.

The Australian Government should continue, complete, publish and act on ongoing reviews into the potential gaps in the regulatory framework posed by AI as soon as possible.

Where relevant gap analyses have not begun, they should begin immediately.

All reviews of the regulatory gaps posed by AI should consider:

- the uses of AI
- the additional risk of harm posed by AI (compared to the status quo) in a specific use-case
- whether existing regulatory frameworks cover these risks potentially with improved guidance and enforcement; and if not how to modify existing regulatory frameworks to mitigate the additional risks.



Draft recommendation 1.2

AI-specific regulation should be a last resort

AI-specific regulations should only be considered as a last resort for the use cases of AI that meet two criteria. These are:

- where existing regulatory frameworks cannot be sufficiently adapted to handle the issue
- where technology-neutral regulations are not feasible.



Draft recommendation 1.3

Pause steps to implement mandatory guardrails for high-risk AI

The Australian Government should only apply the proposed ‘mandatory guardrails for high-risk AI’ in circumstances that lead to harms that cannot be mitigated by existing regulatory frameworks and where new technology-neutral regulation is not possible. Until the reviews of the gaps posed by AI to existing regulatory structures are completed, steps to mandate the guardrails should be paused.

Data access



Draft recommendation 2.1

Establish lower-cost and more flexible regulatory pathways to expand basic data access for individuals and businesses

The Australian Government should support new pathways to allow individuals and businesses to access and share data that relates to them. These regulatory pathways will differ by sector recognising that the benefits (and the implementation costs) from data access and sharing are different by sector. This could include approaches such as:

- **industry-led data access codes** that support basic use cases by enabling consumers to export relatively non-sensitive data on a periodic (snapshot) basis
- **standardised data transfers** with government helping to formalise minimum technical standards to support use cases requiring high-frequency data transfers and interoperability.

These pathways should be developed alongside efforts that are already underway to improve the Consumer Data Right (which will continue to provide for use cases that warrant its additional safeguards and technical infrastructure) and the My Health Record system.

The new pathways should begin in sectors where better data access could generate large benefits for relatively low cost; and there is clear value to consumers. Potential examples include:

- enabling farmers to combine real-time data feeds from their machinery and equipment to optimise their operations and easily switch between different manufacturers
- giving tenants on-demand access to their rental ledgers which they can share to prove on-time payments to new landlords or lenders
- allowing retail loyalty card holders to export an itemised copy of their purchase history to budgeting and price comparison tools that can analyse spending and suggest cheaper alternatives.

The scope of the data access pathways should expand over time based on industry and consumer consultation, where new technology, overseas experience or domestic developments show that there are clear net benefits to Australia.

Privacy regulation



Draft recommendation 3.1 An alternative compliance pathway for privacy

The Australian Government should amend the *Privacy Act 1988* (Cth) to provide an alternative compliance pathway that enables regulated entities to fulfil their privacy obligations by meeting criteria that are targeted at outcomes, rather than controls-based rules.



Draft recommendation 3.2 Do not implement a right to erasure

The Australian Government should not amend the *Privacy Act 1988* (Cth) to introduce a 'right to erasure', as this would impose a high compliance burden on regulated entities, with uncertain privacy benefits for individuals.

Digital financial reporting



Draft recommendation 4.1 Make digital financial reporting the default

The Australian Government should make the necessary amendments to the *Corporations Act 2001* (Cth) and the Corporations Regulations 2001 (Cth) to make digital financial reporting mandatory for disclosing entities. The requirement for financial reports to be submitted in hard copy or PDF format should also be removed for those entities.