Commonwealth Bank

Productivity Commission Five-Pillar Productivity Review

Commonwealth Bank of Australia

Phase Two Submission

June 2025

Introduction

The Commonwealth Bank welcomes the opportunity to make a consolidated submission to the second phase of the Productivity Commission's inquiries.

The government and Productivity Commission's (PC) focus on comprehensive reform is welcome. We all want to live in a prosperous society where living standards continue to improve. This requires a dynamic and globally competitive economy.

Work by the PC has shown that over the past 30 years, ~80% of the increase in real household income came from productivity growth.[1] Annual productivity growth of 1% for the next 20 years would make the median Australian household ~$20,000 better off each year in real terms.[2]

A productive economy helps build strong communities, shared confidence and optimism for the future. Lifting productivity offers an opportunity to unlock stronger growth with benefits shared across the whole community.

Australian businesses have a role to play in driving productivity and growth. We believe businesses can help to create the conditions for reform by constructively participating and advocating for change in the national interest, as well as allocating capital to support the productivity agenda. This submission has ideas which seek to boost innovation and productivity in Australia.

We welcome the opportunity for engagement about reform that is ambitious and takes the long view. We don't have all the answers. It will take government, business and communities working together in the national interest to lift standards of living for all Australians.

We offer these views from the perspective of the Commonwealth Bank. As a business that is highly leveraged to the Australian economy, we are invested in building a brighter future for generations to come.

A confident vision for growth

Australia has many advantages. We are a high-functioning multicultural democracy with a vast land mass geographically proximate to much of the world's growth. We have enviable natural resources. There are few countries with better intrinsic potential than Australia.

Australia is well-placed to benefit from structural trends. Opportunity will arise from global demand for energy to power an AI future, from the decarbonisation of economies, from growing defence and resilience investments around the world, and from building future-ready education and skills.

Australia has seized opportunities before. Through bold investments and operational excellence, our mining industry has helped Australia capitalise on China's infrastructure boom. Our agricultural industry has led the world in adoption of technology to increase efficiency and yield. We've benefitted when predictable, targeted migration settings for in-demand occupations have enabled economic growth as well as long-term coordinated planning in our cities and regions. Australians

[1] Productivity Commission (March 2023) *Advancing Prosperity*. Retrieved June 2025 from [https://www.pc.gov.au/inquiries/completed/productivity/report/productivity-recommendations-reform-directives.pdf].

[2] Calculation based on median household income reported in the 2021 census of $91,000.

have embraced technology to improve their everyday lives. And the financial system and its regulators have built one of the most efficient, safe and innovative payments systems in the world.

The financial sector has a key role to play in deploying capital to productive parts of the economy. In the four years to December 2024, the Commonwealth Bank has grown its total lending to businesses by $55 billion or 57%.[3] By contrast, the Commonwealth Bank's total mortgage lending grew by only 22% over the same period. We will continue to lend more to Australian businesses to unlock growth and prosperity for the country.

A bright future for generations to come

Australian society has been built around an implicit compact: by working hard and making a contribution to Australia today, people will be better off tomorrow and pave the way to a brighter future for generations to come.

As the population ages, a proportionately smaller working population is generating the productive output to support the entire economy. We need to make sure that this model remains sustainable.

There are worrying signs that the next generation may be the first in modern history in Australia to be financially worse off than their parents – earning less, paying more, and inheriting a system under greater fiscal and social strain in a more uncertain world.

We see opportunities in three policy domains that, if seized, would help us stay true to our generational compact.

The first is housing affordability, which is arguably the most immediate economic policy issue for younger Australians and those on lower incomes. Safe and secure housing for all Australians should be a priority and owning or not owning a home should not become entrenched as a societal fault line. It will take time to build the new homes that Australia requires, which means there is an urgency to get the policy settings right, now.

The second policy domain is our tax and fiscal settings. Our aggregate fiscal position includes state government debt levels and budget positions. Current levels of public spending growth are unsustainable without reform to our revenue model. Our tax base is too narrow and overly reliant on income tax receipts. Left unchanged, future generations will bear a growing tax burden in an ageing population with a growing dependency ratio. This will also lead to greater spending pressures in critical areas of the economy including the care sector and national resilience efforts.

Third is energy security. Abundant, affordable and reliable clean energy will be crucial to the success of future industries such as AI. Strategic investments today will create greater economic opportunities for future generations, while also supporting our sovereign capability. Scalable, equitable and cost-effective climate adaptation will also support our economic resilience.

[3] Commonwealth Bank (December 2024) *FY25 Half Year Results Presentation and Investor Discussion Pack*, slide 19.

Unlocking supply-side reform

Improving productivity requires better mobility of labour and capital within the economy. Similarly, cost of living and affordability pressures in many cases require supply-side reform through smart, streamlined, forward-facing regulation.

In sectors with more opportunity to improve efficiency – for example housing and energy – we need to build more capacity at lower cost. Australia needs an abundance of low cost, reliable, low emissions energy, an abundance of affordable housing, and an abundance of skills for the future.

Productivity reform is an opportunity to enable a new era of regulation that works better to realise our collective potential. This is not a question of more or less regulation, but rather an imperative for regulation that is fit for purpose in the decade ahead.

We can learn from markets such as Singapore, where regulators like the Monetary Authority of Singapore (MAS) has a focus not just on maintaining market stability, but also on driving sustainable economic growth in support of the national agenda.

Australia's business investment pipeline is under strain with private capital expenditure in long-term decline since 2020. Non-mining investment fell by 1.1% in the first quarter of 2025, for example, hurting sectors like IT infrastructure and professional services in particular.[4]

Regulatory reform should build support across the economy for rules that clear the way for capital to flow to the right places faster, so Australians can get on with building the future industries that will benefit us all.

For example, there is a pipeline of opportunities relating to clean energy transition that would benefit from accelerated approvals. In 2024 alone, Australia recorded $9 billion in total capital investment in large-scale renewable energy infrastructure.[5] Putting this growing capital investment to work, faster, offers a powerful opportunity to catalyse productivity gains.

Efforts to reverse the gradual decline in business dynamism in Australia could also include accelerated investment, including in research and development (R&D), and technology diffusion, particularly to small-to-medium enterprises. When deployed well, Australian R&D leads to high societal benefits, with an average economy-wide return of $3.50 for $1 of R&D investment.[6] This is another opportunity to stimulate productivity growth.

The productivity opportunity

We believe that articulating a confident vision for growth, strengthening our intergenerational compact and unlocking supply-side reform are crucial lenses to bring the productivity opportunity into focus.

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[4] CBA Global Markets and Economics Research (May 2025) *Capex – Quarter 1, 2025*.

[5] Clean Energy Council (February 2025) CEC *Quarterly Report Q4 2024*. Retrieved June 2025 from [https://cleanenergycouncil.org.au/getmedia/baf51990-48e7-4d0c-b88d-8920eb78d55f/cec-quarterly-report_q4-2024.pdf].

[6] Group of Eight (Go8) (July 2024) *Australia's R&D intensity: A decadal roadmap to 3% of GDP*. Retrieved June 2025 from [https://go8.edu.au/australias-rampd-intensity-a-decadal-roadmap-to-3-of-gdp].

We see six areas that would benefit significantly from reform to address challenges today and maximise opportunities for tomorrow:

1. **Housing affordability.** How do we reverse the multi-decade trend of sharply declining productivity in the housing construction industry? How do we align incentives between all three levels of government to increase supply? Where will the skills come from to build more affordable housing at scale? How do we help first homebuyers without driving up house prices?
2. **Energy and the net zero transition.** How do we ensure we have abundant, reliable, low-cost, clean electricity to meet future demand for a more AI-driven economy? How do we streamline and accelerate approvals for large energy infrastructure? How do we transition to a low emissions energy mix while ensuring secure supply, reliability and low costs? How do we support climate resilience and scalable, equitable, cost-effective adaptation?
3. **Technology, AI and innovation.** How do we unlock the significant potential for AI to modernise our economy? How do we build the infrastructure to support a more AI-driven economy? How do we ensure the economic benefits of technology diffusion are captured by Australia for Australians, and not all extracted offshore?
4. **Education, skills and labour mobility.** How do we ensure that Australian workers have the skills required for the future economy? How do we improve labour mobility and opportunity within the economy? How do we align efforts to lift our educational standards with future workforce needs, particularly AI? How do we improve our skilled migration system?
5. **Tax and fiscal settings.** What are the appropriate fiscal settings to deliver intergenerational fairness for generations to come? How do we lower our dependence on income tax given a growing dependency ratio? How do we move away from taxes that hinder mobility of labour and capital? How do we align incentives, and sources and uses of revenue between federal and state levels? How do we strengthen tax rules for multinationals?
6. **National security and resilience.** What can we do to promote sovereign capability in critical industries where Australia has clear comparative advantage? How can we harness defence spend to drive greater productivity and innovation? Where can we use regulatory reform to gear capital allocation toward the national interest, while minimising economic costs and avoiding regulatory overreach? How do we promote stability and safeguard Australian economic and social interests amid global uncertainty?

We have a view on the answers to these questions and would be prepared to make a separate submission with further detail. Some of that detail is included in the remainder of this document, which we have structured around the five pillars of the PC's review.

The PC's five pillars take a broadly aligned but slightly narrower framing of the productivity challenge and opportunity. They offer a promising starting point for national conversations about productivity reform.

We urgently need to address the productivity challenge in Australia. Productivity has been flat for almost a decade and household disposable incomes in the past few years have fallen faster than in many comparable developed countries.

While labour productivity surged to a record high during the onset of the pandemic in early 2020 due to temporary labour shifts away from low-productivity sectors impacted by lockdowns, it declined rapidly by over 6% back to pre-pandemic levels by mid-2023.[7]

Multifactor productivity rose by just 0.1% between 2022-23 and 2023-24, which is below the sluggish 20-year average of 0.3% per year and well below the 1.6% per year average between 1994-95 and 2003-04.[8]

The future success of our economy will depend on how fast we reverse this trend. The longer we delay reform, the harder it will be to catch up.

Enduring productivity reform will be hard won, but it is possible.

We have done it before as a nation, and we can do it again. It will take government, business and communities working together in the national interest to lift quality of life and deliver prosperity for all Australians. This is a generational opportunity for us all, if we are willing to seize it.

[7] Productivity Commission (March 2025) *Labour productivity: There and back again*. Retrieved June 2025 from [https://www.pc.gov.au/media-speeches/articles/labour-productivity].

[8] Productivity Commission (February 2025) *Productivity bulletin 2025.* Retrieved June 2025 from [https://www.pc.gov.au/ongoing/productivity-insights/bulletins/bulletin-2025/productivity-bulletin-2025.pdf].

Pillar 1: Creating a more dynamic and resilient economy

PC Consultation Prompts

- *Support business investment through corporate tax reform*

  A more effective corporate tax regime can help Australia attract foreign capital, and spur businesses to invest, innovate and improve labour productivity.

- *Reduce the impact of regulation on business dynamism*

  Reducing excessive or inappropriate regulation can unshackle business and enhance business dynamism and productivity.

Supply-side solutions

The Commonwealth Bank sees potential for supply-side reforms to improve mobility of capital and labour within the economy and build sovereign capability. We note that many countries, including the UK, have substantial reform efforts underway to improve productivity.

Australia needs to build more homes and more energy supply, and it needs to be ready to use a range of levers to do that.

We see meaningful opportunity to reduce regulatory complexity and accelerate approvals to unlock productivity and support future industries. For example, our customers tell us that end-to-end streamlining of zoning and permitting would reduce the time and cost currently consumed with approval processes or meeting competing objectives. Bolder incentives to accelerate approvals, aligning incentives between federal, state and local governments, and more tightly linking funding to generating supply will also be critical.

Innovation has a role to play as well. Recognising the supply challenges facing Australia's housing market, we have taken a number of steps within the Commonwealth Bank to help accelerate housing construction and support affordability. For example, we are helping to realise untapped potential within the prefabricated housing industry including support to streamline contracting and joining PrefabAUS as the organisation's first bank member.

Financial services regulation

Australia is fortunate to have financial services regulation that strikes a good balance between system stability and resilience, consumer protection, and efficiency.

There are some areas where regulatory reform would be welcome.

We believe that Australia could consider giving regulators a more explicit mandate, much like in Singapore, to support sustainable economic growth (rather than a sole focus on managing risk) so that Australia's companies remain globally competitive.

There are also areas where regulation is no longer fit for purpose (e.g. banning surcharging of debit and credit payments), areas where it has had unintended consequences (e.g. least cost routing (LCR), where the cost of acceptance is inversely proportionate to LCR adoption), and areas where regulation needs to be updated to reflect the modern economy (e.g. passing proposed changes to the *Payments System (Regulation) Act 1998*, and updating the ePayments Code).

We also note that there are some areas of reform in financial services where the cost of regulatory implementation has outweighed the total economic productivity benefit unlocked. A good example is the Consumer Data Right (CDR), which has not had a meaningful impact on productivity, with 34 separate changes to data standards since implementation.

We believe that digital identity is more important than CDR as a productivity enabler, particularly given the importance of retaining sovereignty. Digital identity is the on-ramp to the digital economy and can help address challenges like fraud, scams, cyberattacks, financial crime (e.g. Tranche 2 AML reforms) and age verification (e.g. for social media). We believe it should be a priority to approve digital identity solutions created by Australian entities aligned to the national interest.

Tax and fiscal settings

The Commonwealth Bank believes there is room for a broader conversation about Australia's tax and fiscal settings. The Henry Review remains the most comprehensive assessment and blueprint for tax reform in Australia. It is a sensible starting point from which to launch a national conversation.

The tax system should be "efficient, equitable, transparent and efficient" to position the country for the long term to sustainably raise revenue with minimal distortionary effects. It should "support per capita income growth rates at the upper end of developed country experience by encouraging high workforce participation, a more efficient pattern of saving, and stronger investment in education and physical capital."[9]

It will not be sustainable for the tax receipts from a proportionately smaller workforce to pay for the level of public services Australians demand, particularly as the population ages. Similarly, simply running structural budget deficits only passes the problem to future generations.

Australia needs to find a way to lower its dependence on income taxes. We believe it should be possible to achieve a revenue neutral but more sustainable tax mix through a package of measures.

Australia's prosperity has been built on waves of reform to align our tax system to the economic demands and opportunities of the time. We now need to catalyse the next wave of tax reform debate, which should include the appropriate levels and role for consumption and wealth taxes, for distributional fairness, and for incentivising productive activity in the economy.

With respect to personal taxes, areas exist to reduce complexity and opportunities for tax avoidance and tax planning that undermine revenue and create horizontal inequity between taxpayers.

[9] Henry, K., Harmer, J., Piggott, J., Ridout, H., and G Smith (December 2009) *Australia's Future Tax System: Report to the Treasurer (the Henry Review)*. Retrieved June 2025 from [https://treasury.gov.au/review/the-australias-future-tax-system-review/final-report].

It will be critical that we find mechanisms to ensure that multinationals do not profit shift offshore but instead contribute to Australia and pay their fair share of tax. This is particularly true for software-based businesses which continue to grow significantly faster than the economy.

We do not believe that lowering the company tax rate should be a priority, provided there is no change to Australia's imputation credit regime. While we, and no doubt other large companies, would welcome a lower company tax rate, we believe there are other priorities which should lead the productivity reform agenda. Targeted interventions to encourage greater investment could be considered, potentially funded by reducing concessions which apply to non-productive parts of the economy.

Current debate about Division 296 of the tax code highlights the challenges of tax reform. Uncapped superannuation concessions appear to be unsustainable. We would support a superannuation cap, set at a level that encourages aspiration, and set well above the level where there is dependence on the state for support in retirement

We acknowledge tax reform is hard. We are confident that Australians can tackle challenging reforms, particularly when they offer opportunities for shared prosperity over the long term.

Pillar 2: Building a skilled and adaptable workforce

PC Consultation Prompts

- *Improve school student outcomes with the best available tools and resources*

  Improving access to high-quality, accredited curriculum and lesson planning materials for all teachers, diffusing the best innovations in educational technology across the country.

- *Support the workforce through a flexible post-secondary education and training sector*

  Post-secondary education that improves graduate skills and enables flexible learning, reskilling and upskilling through structured work-related training.

- *Balance service availability and quality via fit-for-purpose occupational entry regulations*

  Reforms to occupational entry regulations to reduce red tape, improve the availability of skills and make it easier for workers to move to areas of industry need.

The Commonwealth Bank believes a skilled and adaptable workforce will be critical to achieving productivity growth in sectors where it is needed most (such as the housing construction industry) and driving the development of future industries (such as AI and the net zero transition).

Technology and artificial intelligence

The Commonwealth Bank suggests the PC focus on developing and retaining AI and technology talent in Australia.

Australia faces a predicted skills gap in the technology workforce of around 185,000 by 2030 on current trends.[10] At the same time, it is forecast that AI has the potential to generate approximately 200,000 new jobs in Australia by 2030.[11]

The global competition for AI expertise is intense; Australia needs to create an environment where top 'home grown' and international talent want to live, work and build. Potential areas for investment and reform could include:

- Research partnerships to conduct rigorous AI workforce assessments to understand the scale and mix of AI talent needed across the economy, and where talent development resources must be deployed to be internationally competitive.
- Expansion of targeted professional development initiatives for teaching staff that build confidence in AI educational resources and deepen collaboration with the tech sector and other SMEs. The NSW Digital Skills Compact is a model for this approach.

[10] Tech Council of Australia (August 2022) *Getting to 1.2 million: Our roadmap to create a thriving Australian tech workforce*. Retrieved June 2025 from [https://techcouncil.com.au/wp-content/uploads/2022/08/2022-Getting-to-1.2-million-report.pdf].

[11] Tech Council of Australia (July 2024) *AI to create 200,000 jobs in Australia by 2030*. Retrieved June 2025 from [https://techcouncil.com.au/newsroom/ai-to-create-200000-jobs-in-australia-by-2030/].

- Greater public investment in enabling AI research and infrastructure (e.g., datasets of national importance that facilitate innovation) that are aligned to industry growth potential and can enable more rapid private investment in commercial use cases.
- Strategic reforms to the credit transfer system that incentivise university students to transfer into technology courses (e.g., expanded or prioritised recognition of prior learning) and improvements to occupational entry regulations that make it easy for skilled migrants to have prior experience and qualifications in the sector recognised.

Housing construction

The Commonwealth Bank also suggests the PC focus on options to address workforce shortages in the housing construction industry.

As the PC's 2025 report describes, housing construction productivity has been stagnant for at least 30 years, with physical productivity declining by 53% and labour productivity declining by 12%.[12] Reversing these trends will be crucial for comprehensive productivity reform.

Workforce shortages affect the entire value chain – from skilled trades like carpenters, electricians and plumbers, to project managers, site supervisors and building certifiers. They exacerbate other structural challenges across the sector which affect overall supply and affordability including low levels of innovation, small firm domination, growing construction costs and regulatory burden.[13]

The Commonwealth Bank supports many of the reform proposals raised in the PC's latest research on workforce shortages in the sector including improvements to occupational licencing and mutual recognition, streamlining and prioritising skilled migration pathways and new incentives to grow the apprenticeship pipeline.[14]

Net zero transition

New skills and a larger workforce are also in demand across traditional and emerging sectors to support the transformation of Australia's energy system and to build a resilient economy.

For example, in their 2024 Sector Pathways Review, the Climate Change Authority noted modelling that indicates that between 2025 and 2030 an estimated 10,400 electricians and 7,900 engineers will be required to roll out the electricity and energy sector's infrastructure, and that Australia will require close to two million workers in building and engineering trades by 2050.[15]

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[12] Productivity Commission (February 2025) *Housing construction productivity: Can we fix it?* Retrieved June 2025 from [https://www.pc.gov.au/research/completed/housing-construction/housing-construction.pdf].

[13] Committee for Economic Development of Australia (May 2025) *Size Matters: Why construction productivity is so weak.* Retrieved June 2025 from [https://cedakenticomedia.blob.core.windows.net/cedamediatest/kentico/media/research-team/ceda-construction-productivity-2025-final.pdf]. Master Builders Association (September 2024) *The future of the workforce: The building and construction industry*. Retrieved June 2025 from [https://masterbuilders.com.au/wp-content/uploads/2024/09/Workforce-Blueprint_Final-1.pdf].

[14] Productivity Commission (February 2025) *Housing construction productivity: Can we fix it?* Retrieved June 2025 from [https://www.pc.gov.au/research/completed/housing-construction/housing-construction.pdf].

[15] Climate Change Authority (September 2024) *Sector Pathways Review*. Retrieved June 2025 from [https://www.climatechangeauthority.gov.au/sector-pathways-review].

Pillar 3: Harnessing data and digital technology

PC Consultation Prompts

- *Support safe data access and handling through an outcomes-based approach to privacy*

  Re-orienting the Privacy Act to focus on outcomes may reduce the regulatory burden on business and ensure better outcomes for consumers.

- *Unlock the benefits of consumer data through effective access rights and controls*

  Enabling consumers to benefit from data about themselves and facilitate data use could drive innovation and productivity growth.

- *Enhance reporting efficiency, transparency and accuracy through digital financial reporting*

  Use of digital financial reporting could increase the efficiency, transparency and accuracy with which the data in financial reports is prepared, extracted and analysed.

- *Enable AI's productivity potential*

  Building an effective, outcomes-based regulatory environment to harness the productivity boosting potential of AI while mitigating the potential for harm.

Realising AI's productivity potential

Data and digital technologies offer incredible potential to reverse productivity decline. Credible estimates suggest that accelerating adoption could increase generative AI's annual value-add to our economy from $45 to $115 billion by 2030.[16]

With close to 1 million Australians employed in technology-related jobs and the industry contributing $167 billion to GDP, the technology sector is one of our largest and faster-growing economic drivers.[17]

The Commonwealth Bank believes Australia must embrace this new era of rapid technological advancement – particularly as it relates to AI. The change is transformative and Australia risks being left behind as other countries benefit from a new intelligence era.

The possibilities for breakthroughs in life sciences, precision manufacturing, robotics and automation, and scientific research are immense. AI has the potential to automate some tasks but will also require new skills to be developed in order to be used effectively.

[16] Tech Council of Australia (2023) *Australia's Gen AI Opportunity: Final Report*. Retrieved June 2025 from [https://techcouncil.com.au/wp-content/uploads/2023/07/230714-Australias-Gen-AI-Opportunity-Final-report-vF4.pdf].

[17] Tech Council of Australia (2021) *The economic contribution of Australia's tech sector*. Retrieved June 2025 from [https://techcouncil.com.au/wp-content/uploads/2021/08/TCA-Tech-sectors-economic-contribution-full-res.pdf].

Australia is unlikely to be a developer of frontier models but is already becoming a rapid adopter. While model 'training' will likely occur offshore, adopting this technology should mean that 'inference' is done in Australia where possible. This requires the data centre, compute, energy and cooling infrastructure required to run these models in Australia. Doing this will allow Australia to participate in the manufacturing of intelligence to drive breakthroughs required for our prosperity.

Realising these benefits requires adoption, and adoption requires trust. It is important that AI is used safely and ethically. The Commonwealth Bank is proud to have contributed to the development of Australia's AI principles, which are a good guide to responsible use of AI.

A recent global study on trust in AI found half of Australians use AI regularly, but only 36% are willing to trust it, with 78% concerned about negative outcomes. Australia ranks among the lowest globally on acceptance, excitement and optimism about AI. Meanwhile, Australians have among the lowest levels of AI training and education, with just 24% having undertaken AI-related training or education compared to 39% globally.[18] There is a role for business and government to work together to help enfranchise all Australians in an AI future, enabling them to take up the opportunities offered by these technologies.

We must also ensure that the economic benefits of technology diffusion are captured by Australia for Australians and are not siphoned offshore. This will require thoughtful policy design.

We note that big tech platforms are in most cases multisided marketplaces with 'winner takes all' or 'winner takes most' dynamics. This has allowed these companies to reach immense scale and, in some cases, operate global monopolies and act as gatekeepers to a level that is unprecedented.

We note that over the past decade, the United States — home to most of the dominant tech platforms — has experienced a surge in productivity growth. Meanwhile, productivity growth across much of Europe, Australia and other developed democracies has remained largely flat. The correlation is worthy of further attention.

With the rapid rise of AI and quantum computing, there are fears that these 'winner takes all' dynamics could intensify. If access to advanced models and data becomes concentrated among a small number of global firms, the economic benefits of AI may not diffuse as broadly in Australia as past innovations.

This presents a strategic challenge for Australia. To remain prosperous, we must ensure we are not merely passive consumers of frontier technologies, but active participants in shaping, deploying and benefiting from them.

That will require investment, capability-building and policy settings that encourage both adoption and diffusion so that gains are widely shared.

We believe the Commonwealth Bank has a key role to play in bringing technology to Australia, accelerating its adoption and helping to realise benefits for Australia and its people. AI has the potential to significantly enhance the customer experience by making products and services more personalised, convenient and easy to use.

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[18] KPMG (April 2025) *Global study reveals Australia lags in trust of AI despite growing use.* Retrieved June 2025 from [https://kpmg.com/au/en/home/media/press-releases/2025/04/global-study-reveals-australia-lags-in-trust-of-ai-despite-growing-use.html].

We recognise the AI opportunity starts with our people. We are investing in the upskilling and re-skilling of our workforce. We are equipping our teams with AI-powered tools to deliver better customer outcomes and develop our end-to-end technology stack. We are also expanding our partnerships with top global academic institutions and leading tech companies to deliver innovative products and improve operations.

Unlocking the benefits of consumer data

The Commonwealth Bank notes the PC's focus on the benefits of consumer data through effective access rights and controls as part of this inquiry.

We see potential for consumer data access rights and controls to provide consumers with greater confidence to engage in the digital economy, maximise the value of their data and allow Australian businesses to deliver innovative product offerings.

The Commonwealth Bank has reservations about whether the current arrangements have helped to realise these benefits and flow-on productivity gains.

Potential reforms could include expanding the CDR to include government datasets, banning screen scraping to promote the CDR as the safer data sharing framework of choice for consumers, and expanding the Digital ID system to include private sector entities in a way that improves consumer choice and adoption.

There are also opportunities to streamline fragmented regulation across the multiple regimes that govern the process for identifying customers (e.g. the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), *Digital ID Act 2024* (Cth), and Verification of Identity standards, etc.).

Enhancements to the privacy regime

Reforms to privacy could include a strategic whole-of-government approach to data regulation.

There are clear opportunities to align with overlapping areas of regulatory oversight – particularly in AI, digital identity, targeted advertising and data.

In prior submissions to the Privacy Act Review Report, the Commonwealth Bank identified a range of reform proposals that strike an appropriate balance between protecting individuals' privacy and supporting ongoing innovation. For example, we welcome more explicit provisions that enable data sharing of sensitive personal information with external agencies to support vulnerable customers who may be experiencing financial abuse.

Pillar 4: Delivering quality care more efficiently

PC Consultation Prompts

- *Reform of quality and safety regulation to support a more cohesive care economy*

  We are interested in the scope for greater alignment and streamlining of quality and safety regulation across the care economy while driving high quality care.

- *Embed collaborative commissioning to increase the integration of care services*

  Collaborative commissioning shows promise, but key barriers remain. We're exploring ways to embed it more effectively and make it truly collaborative.

- *A national framework to support government investment in prevention*

  We are looking at reforms that would support government investment in prevention programs to improve outcomes for the community and reduce demand for future services.

While the Commonwealth Bank has a role in the care sector by providing banking services across the value chain – from hospitals to healthcare and care professionals – we have limited direct insights in this public policy area. We do recognise, however, the challenges of increasing care costs due to an ageing population, the National Disability Insurance Scheme (NDIS) and the rising cost of new health technologies and treatments which deliver better health outcomes but at increasing cost.

The care sector is one of the fastest growing parts of the Australian economy. It experienced the largest growth in output over the 10 years to 2023, slightly surpassing mining, and now employs 15% of working Australians.[19]

There are a handful of areas where the Commonwealth Bank does have a perspective and might be able to help.

First, we are working with the National Disability Insurance Agency (NDIA) to develop a new payments system for the NDIS and have previously offered to help the NDIA improve fraud detection so that each dollar is focused on delivering better participant outcomes. We invested over $900m last year combatting scam, fraud, cyber and financial crime to protect our customers. We would be prepared to make this capability available to the NDIA to prevent and disrupt potential misuse of taxpayer funds.

Second, over many years, the Commonwealth Bank has invested in digital service provision. Through this, we have learned that digital service provision is effective when it delivers a superior experience rather than a cheap alternative. Australians value digital service provision because it is available 24/7, they can be self-directed when using it, and it can be personalised and anonymised.

[19] e61 Institute (October 2024) *What if we didn't care? Implications of growth in the care economy for the broader economy.* Retrieved June 2025 from [https://e61.in/wp-content/uploads/2024/10/Care_Economy-2.pdf].

We also know they want streamlined, easy to use and trustworthy digital solutions – which often means connecting customers to a member of our team when they need.

We are investing to continuously improve our digital service proposition because, when done well, digital helps us deliver the services people rely on to the high standard of care we strive for. We believe there are relevant insights from across the economy, including the banking and financial services sector, that could help the care sector realise the benefits of digital transformation, including productivity gains.

Third, we see opportunity to clarify and streamline the role of state and federal agencies to improve outcomes and efficiency. We see potential for better patient outcomes and productivity gains, for example, by incorporating lessons from COVID which required effective coordination across federal and state governments and local health districts.

Pillar 5: Investing in cheaper, cleaner energy and the net zero transformation

PC Consultation Prompts

- *Reduce the cost of meeting carbon targets*

  More efficient and consistent emissions-reduction signals will help avoid unnecessary costs while meeting Australia's net-zero goals.
- *Speed up approvals for new energy infrastructure*

  Faster approvals for new energy infrastructure will help ensure we meet our climate targets with reliable and cheaper energy along the way.
- *Encourage adaptation by addressing barriers to private investment*

  Investment in high-value adaptation measures will support Australians to manage the physical risks of climate change. Resilient housing will be a focus.

Affordable and reliable energy has underpinned Australia's economic development for over a century – powering post-war industrial expansion, enabling the rise of energy-intensive industries and supporting population growth.

Abundant, affordable and reliable energy is critical to Australia's prosperity. It will be needed to electrify the economy in support of decarbonisation, but also to participate, keep pace and retain sovereignty in an AI-powered future.

Australia is well-positioned to seize the opportunities of the global transition to net zero emissions. Australia's abundant natural resources, including critical minerals, wind and solar, and our skilled workforce position us well to strengthen priority supply chains and play a key role in the energy transition.

Energy systems and emissions reduction

As this transition occurs, Australia is also set to rebuild its ageing energy system. 90% of coal-fired generation is set to retire before 2040. Australia must ensure supply of affordable, reliable, low-emissions electricity to underpin the economy. This is also the critical driver of achieving Australia's emissions reduction targets.

According to the Australian Energy Market Operator (AEMO)'s Integrated Systems Plan (ISP), it will require around 90GW of new renewable electricity generation along with over 30 GW of new firming and storage capacity through to 2035. Upgrades to maintain reliability and stability will also be increasingly critical as renewable generation increases.

Gas has an important role to play through the transition. AEMO envisions gas-fired generation serving as the 'ultimate backstop' for the grid and has indicated appropriately equipped flexible gas-fired generators could also contribute to system reliability and stability.[20] At the same time, AEMO's latest Gas Statement of Opportunities forecasts gas shortfalls and supply gaps from the end of this decade. Taking appropriate, timely steps to prevent these shortfalls will be critical.

Speeding up approvals for new energy infrastructure

Streamlined, fit-for-purpose regulation can unlock energy supply and contribute to productivity.

The pipeline of renewable projects is substantial, including >45GW for connection, and significantly more capacity at earlier stages of development. However, more efficient investment and approval conditions are needed to help build this renewable capacity – along with other projects and capacity set out in the ISP – in a timely and cost-effective way.

Timely completion and pragmatic implementation of ongoing electricity market and grid connection reforms will be critical to ensuring efficient investment signals.

A streamlined and consistent planning and environmental approval process would provide greater certainty for developers as they continue to invest in the early-stage pipeline of renewable generation and storage assets.

Areas for potential reform include, for example:

- Establishing a nationally consistent framework for project approvals that reduces duplication across jurisdictions, aligns with relevant regulatory requirements, and is supported by intergovernmental agreements and shared protocols.
- Adopting a tiered and risk-based assessment model that enables streamlined approvals for low-risk projects and introduces fast-track pathways for nationally significant infrastructure – particularly those aligned with the ISP.
- Ensuring that assessment bodies and referral agencies are adequately resourced to meet statutory timeframes without compromising quality.

Further actions that could be taken to improve the cost-effectiveness and alignment of emissions-reduction policies include, for example:

- Federal and state policies aligned with consistent, credible sectoral decarbonisation pathways.
- A coordinated national strategy for demand-side energy and energy efficiency measures.
- Continued support for households to actively participate in the transition through distributed photovoltaics, storage and electric vehicles (including vehicle-to-grid).
- Over time, considering expanding emissions-reduction policies to long-haul transport.
- Ensuring industrial policy appropriately maintains international competitiveness as global climate-related industrial policy evolves (e.g., Carbon Border Adjustment Mechanisms).

[20] Australian Energy Market Operator (June 2024) *2024 Integrated System Plan: National Electricity Market*. Retrieved June 2025 from [https://aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2024-integrated-system-plan-isp]. AEMO (May 2025) *AEMO CEO Speech at the CEDA Climate and Energy Summit.* Retrieved June 2025 from [https://aemo.com.au/newsroom/speeches/aemo-ceo-speech-at-ceda-climate-and-energy-summit].

- Investing in research, demonstration and development of low-emissions technologies that are not yet commercially viable, particularly in the industrial and long-haul transport sectors.
- A coordinated approach to realise Australia's potential for both technological and nature-based emission removals.

Community support

Enduring community support is essential to the success of Australia's net-zero transition. This support is best earned through respectful, early engagement and the delivery of meaningful local benefits – particularly in regions hosting new energy infrastructure and undergoing economic change.

Structured benefit-sharing mechanisms, such as negotiated local investment, local employment opportunities, and community co-investment, can help share the economic and social value of the transition.

Adaptation and resilience

Climate change is amplifying physical risks to homes, infrastructure, and communities—posing growing challenges for affordability, insurability and long-term economic resilience. Building climate resilience is therefore crucial to Australia's future prosperity.

As a major lender with a significant residential mortgage portfolio, we have a role to play alongside others in helping to manage these risks to protect our customers and communities.

We support a policy and investment environment that enables scalable, equitable and cost-effective adaptation. Reforms could include, for example:

- Building a shared, transparent understanding of physical climate risks to inform decisions by households, lenders, insurers and governments.
- Ensuring Australia's homes are fit for a changing climate by updating standards and supporting cost-effective resilience upgrades.
- Mitigating impacts in high flood risk areas through dedicated flood defence funding, prioritising the most vulnerable areas.
- Embedding climate risk into planning standards and decisions to minimise future exposure while enabling safe, sustainable development.
- Innovating financial structures for resilience finance.
- Establishing a national Resilience Finance Taskforce to align public and private investment in climate adaptation.