



Response to the Productivity Commission Inquiry into Harnessing Data and Digital Technology Interim Report

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September 2025



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Introduction

Alethux was formed in response to the evident gaps in understanding and action both in government and in the private sector around AI, data strategy, and digital transformation. It is grounded in thought leadership, manifested through rigorous examination of society, technology and government action. Through publishing, consulting, policy engagement, and public-facing education, the focus is on turning complexity into something people can actually use.

The Commission's interim report is broadly right with some notable gaps, and Australia cannot afford another cycle of abstract principles without delivery. The opportunity is too great, and the costs of delay are already visible in our health system, our veterans' services, and in public trust itself. This is about where we are today and what we set up for future generations.

This submission emphasises four areas where action is both urgent and achievable:

- AI education and literacy: The next generation will inherit the systems we build today, and they deserve a baseline understanding of how these technologies work.
- Unified data across government: Fragmented systems are not just inefficient, they are dangerous.
- Service delivery pilots: Energy, Health, and DVA, to prove, quickly and visibly, that data and AI can improve outcomes where Australians feel the gaps most acutely.
- Consent and governance reform: Ensure citizens are not trapped in an endless loop of fragmented authorisations that serve systems, not people. This is about restoring agency to citizens and trust in institutions.

The purpose here is not to criticise from the sidelines. It is to point to where real progress can be made and to outline practical, high-impact steps that call on government to demonstrate leadership rather than simply regulate others. The problems are not unsolvable. But solving them requires clarity, unity, and the courage to act.

Executive Summary

The Commission's interim report sets a sound direction, but the gap between principle and delivery remains stark. Australia needs tangible steps that rebuild trust and show citizens the benefit of reform.

This submission agrees with the four pillars outlined in the report but focuses attention on where they fall short in practice:

- Building genuine AI literacy
- Unifying government data
- Proving value through service delivery pilots in energy, health, and veterans' affairs
- Creating a unified consent and governance system that restores citizen agency rather than adding more fragmented authorisations.

These are areas where the costs of inaction are already visible in lost productivity, system failures, and human lives.

What is required now is visible leadership through practical measures, coherent data foundations, streamlined consent, and pilot programs that demonstrate results quickly and transparently.

AI Education and Literacy: Building the Baseline

The problem

Australia's adoption of AI lags behind peer economies, infrastructure and regulation play a part, but fundamentally, there is a lack of shared understanding. For most citizens, "AI" remains either a buzzword or a threat. Without accessible education, the national conversation is reduced to hype, fear, or narrow technical detail. This gap will deepen inequality. Those with resources will access and use AI effectively, while the majority remain uncertain, excluded, or vulnerable to misuse.

What the interim report says

The Commission notes the importance of capability and literacy but stops short of defining how it might be delivered. Education is framed as a supporting theme rather than a central requirement. This risks leaving literacy as an afterthought, when in fact it is the precondition for everything else in the reform package.

A practical solution

Australia needs a *National AI and Data Literacy Program*, embedded across schools, communities, and workplaces. The goal is not to turn every citizen into a data scientist, but to establish a baseline:

- What AI is (and is not)
- How data flows underpin AI systems
- Where risks arise (bias, misuse, over-reliance)
- Practical tools for everyday life (using AI responsibly in school, health, finance, small business)

This can be delivered through three practical pathways:

1. **Schools:** Integration into Years 5–12 digital literacy curricula, delivered through state/territory education systems, available online in formats the younger generation are already familiar with.
2. **Public access:** Free modules through public libraries, TAFE, and online platforms, accessible to adults at all stages of life.
3. **Workplace micro-credentials:** Partnerships with industry and unions to provide short, practical courses tailored to specific sectors.

Why it matters

Education builds trust. Without it, citizens will continue to feel that AI is something done to them rather than for them. With it, government demonstrates leadership by enabling. This is how Australia avoids an “AI divide” and ensures the next generation inherits systems they understand, not black boxes they fear.

Measuring AI and literacy outcomes

Timeline	Outcome
By 2026	80% of secondary schools deliver AI/data literacy modules.
By 2027	At least 500,000 adults complete public-access modules.
Long-term	Trust in AI use by government services increases (tracked through annual public surveys).

Unified Data Across Government: From Silos to Coherence

The problem

Australia's public sector is riddled with fragmented data systems. Departments operate as silos, each with its own technology stack, governance model, and cultural boundaries. The result is duplication, inefficiency, and most importantly, service failure. Citizens bear the cost through long delays, repeated requests for the same information, inconsistent decisions, and in the most serious cases, life-threatening outcomes. Veterans' suicide rates and extended health wait times are not isolated failures, they are symptoms of systemic disunity in data.

What the interim report says

The Commission recognises the importance of data access and new pathways, but it frames the issue primarily around market development and sector readiness. What is missing is the recognition that government itself must lead by example. If Commonwealth agencies cannot unify their own data, they cannot credibly set expectations for industry or the wider economy.

A practical solution

Government has shown it can commit to large-scale data infrastructure, as seen in Defence's private cloud arrangements. Whether that investment delivers the promised efficiency and resilience remains to be proven. The key lesson is that transformation at scale is possible. What cannot continue is the patchwork of disconnected systems across Services Australia, Health, Veterans' Affairs, and other portfolios.

Key steps include:

1. **Immediate National Data Unity Directive:** Cabinet should instruct all Commonwealth portfolios to identify their top five critical datasets and make them interoperable within 12 months. This creates a rapid baseline of unity without waiting for full-scale consolidation.
2. **Phased consolidation (12–24 months):** Alongside the quick wins, agencies publish roadmaps for deeper integration of their remaining systems.
3. **Cross-agency data sharing protocols (within 12 months):** Standardised APIs and security frameworks that allow those critical datasets to move safely across portfolios.
4. **Backup and resilience standards (within 18 months):** Every agency must prove their critical datasets can survive outage, attack, or loss.

5. **Independent oversight:** A cross-portfolio delivery board (with external experts, not just SES) to track progress and report quarterly to Parliament.

Why it matters

This is not about efficiency alone. Fragmented data systems directly translate into poor outcomes for citizens and higher costs to government. A unified approach is the foundation for any credible national AI strategy. Without it, pilots will fail, reforms will stall, and trust will continue to erode.

Measuring unified data outcomes

Timeline	Outcome
Mid-2026	All Commonwealth agencies identify and make interoperable their five most critical datasets via standardised APIs.
End-2026	At least three major cross-agency integrations operational (e.g., Services Australia + Health + DVA), with public reporting on reduced duplication and handover delays.
2027	Backup and resilience standards applied to all critical datasets, with quarterly independent audits tabled in Parliament.
Long-term	Reduction in duplicated claims, service wait times, and case escalation rates, reported annually on a national Data & Digital Performance Dashboard.

Service Delivery Pilots: Proving Impact Where It Matters

Why pilots matter

Australians do not need another round of frameworks or long-term promises. They need proof that reform delivers better outcomes in their daily lives. Pilots are the fastest way to show that data and AI can create real value, in months, not decades. By targeting sectors where failures are most visible and costly, government can rebuild trust and demonstrate leadership.

Energy

Australia leads the world in rooftop solar, but battery storage and EV uptake lag far behind. Current rebate schemes are patchy and complex, leaving many households unable to participate. At the same time, billing errors and load inefficiencies waste money and undermine confidence in providers.

A pilot here should combine smart incentives with AI-driven anomaly detection to catch billing errors, identify daily spikes, and help households optimise when to run appliances or charge EVs. This would directly reduce household costs, cut disputes, and improve grid stability.

Measuring energy outcomes

Timeline	Outcome
Mid-2026	≥80% of pilot households have billing anomalies detected and fixed <i>pre-invoice</i> .
End-2026	Average household electricity costs ↓ 8–10% among participants via usage optimisation.
2027	Battery adoption among solar households in the pilot doubles from baseline (<5%).

Health

Australia is making progress through reforms like *sharing by default* in My Health Record, but diagnostic data is still not consistently shared between all providers. Patients often wait weeks or months because results do not flow, or they are subjected to duplicate tests.

A pilot should focus on giving patients access to their own health data and practical tools to use it. This could include secure integration with simple AI-enabled services (such as symptom checkers or data dashboards) that support patients in managing their care and reduce unnecessary demand on providers. For clinicians, better access to complete patient data, combined with AI-enabled triage support, would mean faster, more accurate decisions and less duplication.

Measuring health outcomes

Timeline	Outcome
Mid-2026	50% reduction in duplicate diagnostic tests for the pilot cohort.
End-2026	Median referral-to-treatment time for urgent cardiac/priority cases ↓ 25%.
2027	Patient-reported “continuity of care” scores ↑ 30% in pilot sites.

Veterans

The crisis in veteran care is not just about data silos, it is also about lack of informed triage. Veterans are often assessed by frontline staff who cannot see the whole record and have no decision-support tools. The result is long wait times, repeated questions, and missed opportunities to intervene early.

A pilot here should deliver secure, portable data bundles for veterans that move seamlessly across DVA, Services Australia, Health, and Defence, but just as importantly, it should equip providers with the tools to act on that data. AI-assisted triage support could flag urgency, trigger immediate outreach, and connect veterans to the right service faster.

Measuring veterans outcomes

Timeline	Outcome
Mid-2026	Time from claim lodgement to first interim payment $\leq$ 14 days (hardship cases). Median time to initial liability decision $\leq$ 60 days for the pilot cohort. 100% of veterans flagged high-risk by triage tool receive outreach within 24 hours and a clinical appointment within 72 hours.
End-2026	Pilot cohort claim backlog $\downarrow$ 30%. Time-to-first mental health treatment $\downarrow$ 25%. $\geq$90% of high-risk veterans have a documented safety plan and coordinated care team (DVA + Health).
2027	Sustained reductions in crisis proxies (ED presentations, crisis line escalations) for the pilot cohort, independently evaluated and publicly reported.

Consent and Governance Reform: From Compliance Burden to Citizen Agency

The problem

Consent in its current form has become a box-ticking exercise. Citizens are repeatedly asked to sign away rights they don't fully understand, across schemes that don't talk to each other.

My Health Record, the Consumer Data Right, Services Australia portals, each asks separately, with different rules, different revocation processes, and little clarity about what's actually being shared.

The result is consent fatigue. Instead of empowering people, consent has become a compliance tool for systems.

What the interim report says

The Commission acknowledges these challenges and calls for outcomes-based privacy regulation. It also points to the potential role of data intermediaries and personal information management systems (PIMS). But it does not spell out how to move from principle to practice.

A practical solution

Australia needs a unified consent orchestration layer across government services.

This is a single mechanism citizens can trust and control. Key features should include:

- A single interface where citizens manage all consents, across health, finance, social services, and other schemes.
- Delegation functions (for carers, family, veterans' advocates) built in from the start.
- Revocation with one click, applied consistently across all connected systems.
- Transparent logs so citizens can see who accessed their data, when, and for what purpose.

Early pilots could focus on high-need cohorts, for example, veterans or chronic health patients, where fragmented consent is most damaging. This would show both the public and service providers that consent can be simplified without compromising safety.

Why it matters

Consent should not be about protecting systems from liability. It should be about giving citizens clarity and control. By fixing this, government can rebuild trust and reduce friction in service delivery. It also lays the groundwork for safer AI adoption: when consent is unified and auditable, AI systems can be deployed with clear safeguards in place.

Consent and Governance Reform – Measuring Outcomes

Timeline	Outcome
Mid-2026	Unified consent interface available for pilot cohorts (e.g., veterans, chronic health patients).
End-2026	Delegation and one-click revocation functions active across at least three major government services.
2027	Public dashboard of consent activity launched, with clear logs available to all participating citizens.
Long-term	Reduction in repeated consent requests reported by citizens; trust in data sharing increases in annual surveys.

Recommendations & Path Forward

Area	Recommendation	Next Steps	Timeframe
AI Education & Literacy	Establish a National AI & Data Literacy Program across schools, public libraries, and workplaces.	Integrate into Years 5–12 curricula; launch free adult modules; partner with industry for micro-credentials.	Begin rollout 2026.
Unified Data	Issue a National Data Unity Directive requiring agencies to make their five most critical datasets interoperable.	Cabinet directive; readiness reviews; publish roadmaps; establish cross-agency oversight board.	First integrations live by end-2026.
Service Delivery Pilots – Energy	Pilot anomaly detection and smart incentives to cut disputes, reduce bills, and boost storage/EV uptake.	Run across a defined DNSP region; measure billing anomalies, household savings, and storage adoption.	Mid-2026 to 2027.
Service Delivery Pilots – Health	Pilot interoperability of diagnostic data with patient access and AI triage tools.	Implement in selected hospitals/clinics; measure test duplication, referral times, patient continuity scores.	Mid-2026 to 2027.
Service Delivery Pilots – Veterans	Deliver portable data bundles and triage support for veterans across DVA, Services Australia, Health, and Defence.	Pilot secure veteran data bundles; apply AI-enabled triage; measure payment times, case backlog, crisis response.	Mid-2026 to 2027.

Consent &
Governance

Develop a unified consent
orchestration layer across
government services.

Build single interface with
delegation, revocation, and
transparency; pilot with
veterans/health cohorts.

First pilots by
mid-2026.

Conclusion

Australia needs delivery that citizens can see and feel.

This submission outlines a path that is both ambitious and practical.

- Educate the next generation
- Unify data
- Run service delivery pilots where failures are most visible
- Fix consent so people regain trust and control

None of these steps are theoretical.

They are achievable now, and their impact would be measurable within the next 12–24 months.

The Commission has set the stage.

The challenge now is to turn direction into action.

These recommendations are in the spirit of partnership, to highlight the gaps, and to help close them.