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BUILDING AUSTRALIA'S SOVEREIGN AI CAPABILITY

A proposal to the Australian Government's Office of AI

PURPOSE

This paper sets out a practical proposal to extend the reach and impact of the Government's Office of AI. It has been developed by Employment Hero, Australia's largest employment platform and a business that has become AI native in how it operates and what it builds, and reflects our long standing focus on turning technology into better jobs and broader opportunity for working Australians. We offer it in the spirit of partnership, as one input among many the Government will weigh as it shapes Australia's sovereign AI strategy.

THE OPPORTUNITY

Australia has a narrow but real window to move first on AI while other nations are still working out how. The establishment of the Office of AI puts the Australian Government in a strong position to set the terms of that move and the debate now is less about whether Australia builds sovereign AI capability and talent than how the benefits of doing so are shared. Across Australian politics, a rare consensus has formed: AI must work for people, not the other way around, and its gains must lift wages and living standards rather than concentrate at the top. It is one of the few questions our political system agrees on.

Employment Hero is positioned to help government act on that consensus, not in theory but from experience. We are an Australian founded technology business that has become AI native, built on unparalleled visibility into how the country actually works. We process payroll and superannuation for more than 350,000 businesses and 2.5 million employees, moving over $130 billion in wages and entitlements every year. Our new HeroForce model, unlocked entirely by AI, is already putting that experience to work inside Australian businesses. Few organisations, in government or industry, have a clearer or more current picture of how Australians are employed, paid and managed day to day. That is the vantage point we bring to this partnership.

ALIGNED NATIONAL OBJECTIVES

Government's National AI Plan sets out an ambition for a fairer, stronger Australia where every person benefits from technological change, with AI closing gaps in health, education and employment while creating secure, well paid jobs in future industries. The Office of AI, established this month within PM&C, gives that ambition a delivery mechanism, bringing copyright, energy, safety and workforce considerations into one national framework rather than treating them issue by issue. It is government building the machinery before the moment demands it, rather than after.

Employment Hero was built on the same premise, a decade before the Office of AI existed. We set out to put the tools of a modern, competitive workplace into the hands of small and medium businesses, their employees and job seekers, regardless of size or budget. That is the exact gap policymakers now say they want closed, and our platform, our data and our reach put us in a position to help close it faster than government could alone. This is why we see the Office of AI as a partner in delivery, not a hurdle to clear, and why we have brought this proposal directly to it rather than waiting to be asked.

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THE PROPOSAL

At the centre of this proposal is a single, ambitious idea: Australia should back the establishment of a sovereign frontier AI lab, a national capability that gives the country a seat at the table in frontier AI, and the standing to export it, rather than permanent reliance on overseas providers.

What follows is how we would build it, and how its benefits could be shared with every Australian. Further detail can be provided upon request.

Building the lab

The Office of AI has real potential to be more than a coordinating body. It can be the vehicle that moves Australia's AI ambition from administration into action, and a sovereign frontier lab is the clearest way to do that. Government has already signalled a willingness to invest in the growth and commercialisation of AI solutions made in Australia, and this proposal builds on that intent rather than asking government to start from scratch. We propose the Office acts as catalyst, running a global talent competition to bring the world's best AI researchers and engineers to Australia, supporting programs that enable faster processing of priority visas, and helping seed the compute and hosting a competitive frontier lab needs to get off the ground.

Sharing the benefit

Once established, the lab creates the opportunity to share its upside broadly rather than concentrate it, both at home and through what Australia can sell to the world. Every Australian could receive an equal, transparent stake in the resulting AI entity or fund - this could, for example, be held through simple accounts integrated with the superannuation system, with returns flowing back as dividends, super contributions or tax credits as the model generates revenue, including revenue earned from exporting Australian built AI capability overseas. Australian authors, artists, news organisations and other data owners who choose to contribute their work could receive additional shares or royalties, turning the copyright and training data debate into a shared incentive rather than a point of conflict.

WHY THIS MATTERS FOR AUSTRALIA

A true frontier capability:
Australia moves from customer to builder, with a sovereign lab anchoring high skill roles and strengthening the wider AI workforce.

Protecting Australian interests:
In a global economy where supply chains, trade and technology access are increasingly uncertain, a sovereign frontier capability reduces our reliance on offshore providers and gives Australia more control over a technology that will shape the rest of the economy.

Global positioning:
Australia has the chance to be among the first middle powers with real frontier AI capability, reinforcing our credentials as a serious, trusted player rather than a customer of everyone else's technology.

Potential for shared upside:
A model where citizens and creators can hold a direct stake gives the policy durability across the political spectrum and offers a workable path through the copyright debate without heavy regulation.

Fiscal discipline:
The model is designed around catalytic seed investment and smart program design rather than ongoing government ownership or new taxation.

WHY EMPLOYMENT HERO?

Employment Hero is an Australian founded technology business and AI is deeply embedded in how we operate and how we build. Every day we support more than 350,000 businesses, 2.5 million employees and 2.3 million jobseekers. That provides:

- **Live signals on how AI is reshaping work:** our hiring and payroll data shows in real time which roles businesses are creating, cutting or redefining as they adopt AI and which skills employers are actually asking for
- **A direct line to employers and employees using AI right now:** through our own platform
- **Internal proof, not projection:** we run an 1,800 person company that has rebuilt its own operating model with AI deeply embedded. What we describe in this paper is what we have built and tested inside our own business.

We are already putting that experience to work. We have an existing relationship with several government departments, including the Department of Industry, Science and Resources, as well as the National AI Centre.

THE HERO FOUNDATION

Employment Hero's commitment to broad based benefit is not only theoretical. Through the Hero Foundation, our benevolent charity, we already connect underrepresented job seekers directly to work, whether through our own platform or via partner organisations, including migrants building a new life in Australia, women returning to work after periods of domestic violence, carers, people with disability and those who have been out of the workforce for extended periods.

If Australia wants AI to lift wages and living standards without leaving people behind, the Foundation is proof that this kind of inclusion can be built into a technology platform deliberately, rather than hoped for as an afterthought. It is a working example of the same principle this proposal asks government to back at national scale.

AN OFFER TO COLLABORATE

We would welcome the opportunity to brief the Office of AI on this proposal and to work through the detail collaboratively, including funding independent research and convening a roundtable of industry, worker, academic, creator and community voices to stress test the proposal and refine the detail before any commitment is made.

We recognise the Government will be weighing many inputs and perspectives, and we offer this paper as one contribution toward a shared goal: an Australian AI future that is both sovereign and shared.

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