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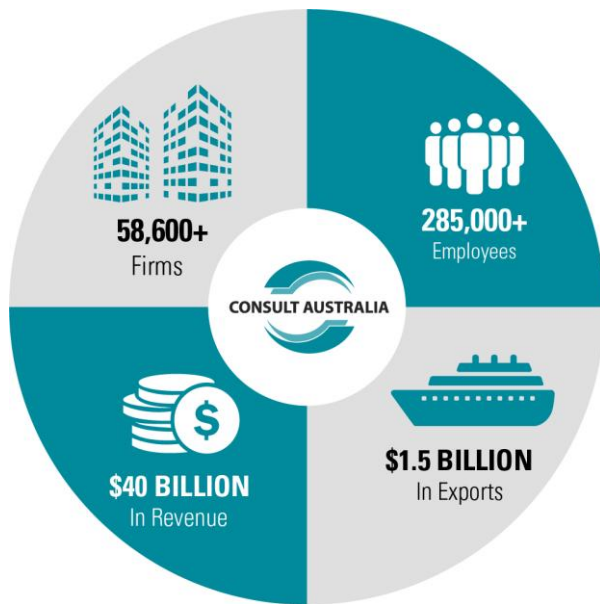
Harnessing Data and Digital Technology – Interim Report

SUBMISSION TO PRODUCTIVITY COMMISSION

Consult Australia

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About us

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia's top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:



A full membership list is available on our [website](#).

Executive Summary

Consult Australia welcomes the release of the Productivity Commission's Interim Report into Harnessing Data and Digital Technology under the five pillar productivity growth agenda. The Interim Report has identified four reform areas:

- Proportionate artificial intelligence (AI) regulation
- New data access pathways
- Digital financial reporting
- Flexible privacy regulation.

The members of Consult Australia design the future. With every design, advisory and engineering service provided by our membership, there is a positive impact on job growth, community connectivity, and economic productivity. Australia's productivity will continue to lag and the ability to innovate will remain stifled if the government does not address barriers to confidence, commerciality, mobility, coordination and quality.

Having considered the four reform areas outlined in the Interim Report, Consult Australia sees further opportunities to harness data and digital technology for productivity. We are pleased to provide more information on:

- **Realising data and digital productivity** — There are substantial opportunities for effective use of AI in our member businesses. AI may have a significant role in realising productivity gains, however there are a multitude of risks, potential harms and operational issues that will need to be navigated. We feel there an overemphasis on AI, when there is more to digital by default. We advocate for coordinated leadership to realise data and digital productivity.
- **Digitalisation opportunities** — We support increased digital reporting, without mandating. We encourage further industry engagement on opportunities for digital innovation, new and emerging technologies to improve Australian project outcomes for government, industry and communities.
- **Privacy regulation** — Consult Australia questions the removal of the small business exemption in the *Privacy Act 1998* (Cth) as it would impose significant costs on already stretched operators.

A vital consideration that seems to be missing from the Interim Reports for the five pillars productivity growth agenda is the interplay between the five areas, as nothing happens in a silo. Our submissions, across the pillars demonstrates how improvements in one area, such as digital can benefit other areas such as net zero. Consult Australia has provided recommendations for data and digital opportunities in its submission to the Interim Report into Investing into Cheaper, Cleaner Energy and the Net Zero Transformation.

Realising data and digital productivity

Consult Australia supports the Commission's view that '*Australia needs a way forward that enables the consumer and productivity benefits from data and digital technology to be harnessed, and the downside risks mitigated.*'

Consult Australia agrees that AI is part of the productivity solution. There are substantial opportunities for effective use of AI in our member businesses. However, beyond regulation, there is still significant work required to support businesses in embracing and integrating AI technologies in their operations to realise productivity gains. This includes education, skills and training.

Consult Australia also agrees that there is a role for government, however this role needs to be greater than 'setting the rules of the game'.

Consult Australia's [Enabling Digital by Default](#) paper sets out five practical recommendations to accelerate the uptake of digital practices, which would reap significant gains especially across the infrastructure lifecycle:

1. Build a Digital by Default Community of Practice
2. Invest in the business case
3. Harmonise standards and guidance for data and information management
4. Embed requirements through procurement with an outcome-led approach
5. Build capability and skills.

Consult Australia's recommendations were developed after extensive consultation, through digital roundtables across Australia with government and industry. Roundtable participants explored opportunities to embed digital approaches to improve productivity, reduce risk, and deliver better outcomes and value for money. We were pleased to see our recommendations reflected in ideas submitted to Australia's Productivity Pitch, with their [summary document](#) highlighting the idea to 'mandate greater use of digital technology in business cases and contracts for large government infrastructure projects.'

It is noted that there is concurrent work happening, where Consult Australia has also contributed. For example, the recent [Economic Reform Roundtable](#) outlined work underway to expand the digital workforce, invest in new technology and capabilities and support the adoption of AI. The Commission's Interim Report recommends further initiatives to advance data and digital and workforce, while the consultation on the [National Competition Policy analysis](#) is investigating standards reform opportunities. In addition, various state and territories are progressing their data and digital approaches.

While we see many leading practices within jurisdictions, the opportunity for a nationally coordinated approach, with all the multiplier benefits remains. Our recommendations provide a pathway to achieve that, founded in a national Community of Practice. The fragmented approaches to innovation, data and information management across different jurisdictions result in unrealised productivity benefits.

Consult Australia is already working with various jurisdictions on digital initiatives and can share insights and work collaboratively to build on these. The goal is to provide consistency and clarity around what's appropriate for each project. Data requirements can impact efficiency of design, so it is important that government makes conscious and informed decisions around data requests that align with needs.

Consult Australia acknowledges the complexity of technology advancement and the importance of industry engagement on the possibilities, costs and benefits. Coordinated leadership will help shift data and digital technology progress from reactive to proactive.

Digitalisation opportunities

Digital financial reporting

The Interim Report recommends making digital financial reporting mandatory for disclosing entities and is seeking feedback on implementation issues. Consult Australia notes businesses are currently implementing complex sustainability reporting. Rather than mandating digital financial reporting, Consult Australia supports the use of incentives to boost the uptake of digital financial reporting, providing sufficient time and support to businesses to balance and implement reporting changes. On this we support the recommendations of the Australian Chamber of Commerce and Industry.

Consult Australia suggests that digital financial reporting should not be required of small businesses, without extensive consultation, as the investment required in accounting systems would likely outweigh the benefits. It is noted ASIC may require small propriety businesses to produce financial reports in certain instances; we support maintaining the flexibility on the form (digital or hard copy) of this reporting.

Expanding digital reporting

The Interim Report seeks feedback on whether a digital reporting mandate should be applied to other types of reporting, such as sustainability reporting. Consult Australia has identified two further areas where leveraging digital may realise productivity gains.

Environmental

Consult Australia sees opportunities to leverage digital in environmental planning and reporting, rather than the traditional, time intensive spreadsheets and data mining processes.

For example, earlier this year the NSW Treasurer identified land-use planning as the best lever that state governments have over productivity growth. NSW government has developed a digital solution that connects data with policy, [Land iQ](#), a world first data platform that provides a digital tool for strategically evaluating land use. Land iQ has been rolled out across NSW Government agencies and to 128 NSW local councils.

This example highlights how reforms to harness data and digital technology can support productivity benefits in sustainability.

Gender equality

Consult Australia is a leading advocate for gender equality. Since 2012, Consult Australia members have tackled the gender disparity in the consulting sector by committing to the [Champions of Change](#) initiative. Over time, the legal obligations and regulatory impose for businesses has increased, with current legalisation including:

- the [Fair Work Act 2009 \(Cth\)](#) and other Commonwealth workplace relations legislation
- the [Equal Opportunity Act 2010 \(Vic\)](#), the [Gender Equality Act 2020 \(Vic\)](#) and the [Charter of Human rights and Responsibilities Act 2006 \(Vic\)](#)
- the [Sex Discrimination Act 1984 \(Cth\)](#) and the [Workplace Gender Equality Act 2012 \(Cth\)](#)
- enterprise agreements, workplace determinations and modern awards.

Businesses are now investing significant time and resources to produce gender equality reporting. This includes Gender Equality Action Plans (GEAP) for government entities and reporting to the Workplace Gender Equality Agency (WGEA). There is a significant opportunity to leverage digital in streamlining reporting for businesses on gender equality.

Consult Australia recommends further engagement with industry to explore reporting challenges and opportunities to leverage digital in environmental and gender equality to realise productivity gains.

Digital Front Door

The Interim Report explores AI opportunities and policy reform in detail. Beyond AI, the opportunity exists to further utilise digital and provide a pathway for digital innovation, new and emerging technologies to be showcased and evaluated to improve Australian project outcomes for government, industry and communities.

The Federal government recently launched [The Investor Front Door](#) to make it quicker and easier to invest in and develop major, transformational projects in Australia. Digital could be used to improve this initiative.

Using digital

Tools like Land iQ could be integrated with federal platforms like the Digital Atlas of Australia, which is exploring generative AI for place-based insights. This would allow the Investor Front Door to offer a national geospatial intelligence layer, provide custom dashboards for investors and regulators, and enable cross-jurisdictional coordination for complex projects.

The above is an example of where the digital opportunities have not been fully realised. Given the global pace of change in technology, competitiveness and interoperability is important. A similar initiative like a Digital Front Door could make it easier to identify advancements in digital technologies and provide a framework for trials and early adoption to improve productivity of major projects in Australia. Consult Australia recommends further engagement with industry to explore the issues and options to ensure competitive, interoperability and keep pace globally with digital advancements. Consult Australia would welcome the opportunity to host a forum with the Commission and our larger member businesses.

Privacy regulation

Currently small businesses with an annual turnover of less than \$3 million are exempt from the *Privacy Act 1998* (Cth). This exemption enables these small businesses to balance customer protection with reputational risk and limited business resources. Tabled Privacy Act reforms include the removal of the exemption for small businesses. Consult Australia questions the cost/benefit of this reform as the prescriptive nature of the Act is overly burdensome and its application to small business would impose significant costs. On this we support the recommendations of the Council of Small Business Organisations Australia (COSBOA) for retaining the exemption and balancing regulation changes with practical implementation for small business.

The current legislative provisions do not fit with how small business operates. Many small businesses now rely on digital platforms and offerings by much larger entities to run their operations. The reputational damage that would flow, for example, from a data breach may disproportionately impact small businesses: this is particularly the case for micro-businesses and sole traders.

Our small business members understand the importance of data security and the associated risks. Consult Australia would welcome the opportunity to host a forum with the Commission and small member businesses to discuss data protection, including risks and compliance options, without imposing a significant burden that would be impossible to comply with.

Contact

We would welcome any opportunity to further discuss the issues raised in this submission.



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Thanks to our Industry Champions

For their outstanding leadership and engagement on behalf of the industry.



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