



By email 5pillars@pc.gov.au

To: 5 Pillars Team

Productivity Commission

6 June 2025

Dear 5 Pillars Team

Consultation on reform areas

AFMA welcomes the opportunity to comment on the reform areas.

We note that the 'Shortlisting Ideas' consultation period that ended on January 15 could have benefited from continuing until early February when more offices were fully staffed.

In the current consultation we would like to comment on two areas of policy –Artificial Intelligence (AI) and data.

AI

AFMA has previously encouraged the Government to look to adopt a more pro-innovation approach as is the case in the UK and US rather than one more aligned with the restrictive EU and Canadian regulatory regimes.

The first two of the general productivity guidelines in the enabling legislation for the Productivity Commission (PC) are to:

‘to improve the overall economic performance of the economy...’ and

‘to reduce regulation of industry...’

The PC’s approach to AI, while noting briefly that regulation is ‘not the only mechanism for preventing harm’, appears primarily concerned with potentially increasing regulation in the area:

we will monitor and review whether existing regulations remain fit-for-purpose in respect of AI technology. We will consider what the desired outcomes are in relation to AI technology and what problems or shortfalls there are, if any, with current regulatory arrangements.

Congruent with the PC’s guidelines we suggest a better orientation would be to look to streamline the current AI regulations, which are already on the more restrictive side, in support of economic efficiency. Regulatory settings should be well-balanced and aligned

with sound governance principles. The balance to be achieved should be supportive of early implementation of well-considered AI solutions by Australian businesses.

The Australian Government should then closely monitor global developments in pro—innovation jurisdictions such as the US and UK, and also the more highly regulated jurisdictions such the EU and Canada, as the impacts of the AI will be global, and will not be contained within national borders. Regulatory frameworks will need to remain agile and dynamic to keep pace with the rapid changes that are occurring.

Data

AFMA raised concerns in 2018, and subsequent years, that the design of the Consumer Data Right (CDR) scheme, in creating a substantial bureaucracy with centrally developed technical rules, was inherently expensive and that industry-based alternatives would be more efficient. We are encouraged that the Productivity Commission has reached a similar view in relation to the costs and benefits of the current scheme.

We would suggest that the type of reset proposed does not go sufficiently far to address these inherent issues, and that the PC should support the view that a more fundamental reset in approach is warranted before any extension of the scheme to other areas of the economy is considered. The extension of an inefficient scheme to more sectors of the economy would seem counter to the PC's guidelines that require it to support efficiency and reduced regulation.

There appears to be a suggestion on the PC website that the key failing of CDR was that the CDR was not 'comprehensive' enough as it was released as a 'more limited right'. This analysis does not bear scrutiny. A larger CDR would necessarily mean much higher costs across the economy, and there is no evidence that it would attract more consumer interest.

To align with the enabling guidelines the PC should support a reduction in regulation of the industry and more efficient industry-based mechanisms.

We thank you for considering our views on these matters.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Damian Jeffree', written in a cursive style.

Damian Jeffree

Head of Financial Markets, Exchanges and Digital