St Catherine's College | AITAI

THE AI TRANSFORMATION MONITOR

Crossing the Stranded Frontier.

Where Australia is ahead on AI, where it lags and how to broaden the benefits.

In Australia, AI adoption is uneven.

This report measures what is actually happening, identifies obstacles to greater benefits, and opens a conversation about where the transformation could lead.

Contents

03 Why This Research Matters

04 Research at a Glance

06 The Global AI Landscape

12 Trust, Policy and Skills

18 Adoption led by large organisations

22 The Impact of AI on Business and Jobs

29 Six Obstacles to Shared AI Benefits

35 Crossing the Stranded Frontier

36 What is AI for?

38 The AITAI Network

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ACKNOWLEDGEMENT OF COUNTRY

The Australian Institute of Transformation and AI acknowledges the Whadjuk Noongar people as the Traditional Custodians of the land on which we are based. We pay our respects to Elders past and present, and extend that respect to Aboriginal and Torres Strait Islander peoples across Australia.

From the Director



Why This Research Matters.

The mission of the Australian Institute of Transformation and AI (AITAI) is to help Australia navigate the AI transformation in a way that delivers benefits across society. To do this well, we need both a vision for the future and a clear understanding of where we stand today.

Our first year of research has sought to build that understanding, addressing important gaps in what we know about AI adoption and its impact. We have organised our research around five key themes:

1. The global context: how AI capabilities are evolving and how the rest of the world is adopting the technology.
2. The conditions shaping AI adoption in Australia: the factors that enable or constrain progress.
3. AI adoption in Australian organisations: how businesses and other organisations are using AI, and how this is changing.
4. The impact of AI: the benefits being realised and the emerging implications for employment.
5. The path forward: the obstacles to broader adoption and the choices Australia faces in ensuring the benefits are widely shared.

This research has given me a clearer picture of AI adoption in Australia. I began with the assumption that Australia was falling behind. While that remains true in some respects, the reality is more nuanced. Some Australian organisations are genuinely world-class, while others have barely begun.

Small and medium-sized businesses appear to be adopting AI more slowly than larger enterprises, with not-for-profits further behind. Understanding these differences helps AITAI, and others, identify where efforts and resources can make the greatest difference.

Another important finding is that AI is already delivering tangible benefits, even at this early stage of adoption. Our analysis of annual reports and interviews suggests that organisations are seeing measurable, positive results after just a year or two of implementation. However, the potential impact on employment, including job losses, remains a significant concern.

The picture that emerges is not simply one of Australia falling behind, but of uneven progress. The real challenge ahead is how to broaden those gains across the wider economy while building the governance, skills and confidence needed to support them. For leaders and boards, the decisions being made right now will shape who benefits from AI and how widely those benefits are shared.

This report provides an independent evidence base for those decisions, and a starting point for tracking how Australia's AI transformation unfolds. I hope you find these insights as valuable as I have, and I look forward to discussing the findings and putting this research into practice together in the years ahead.

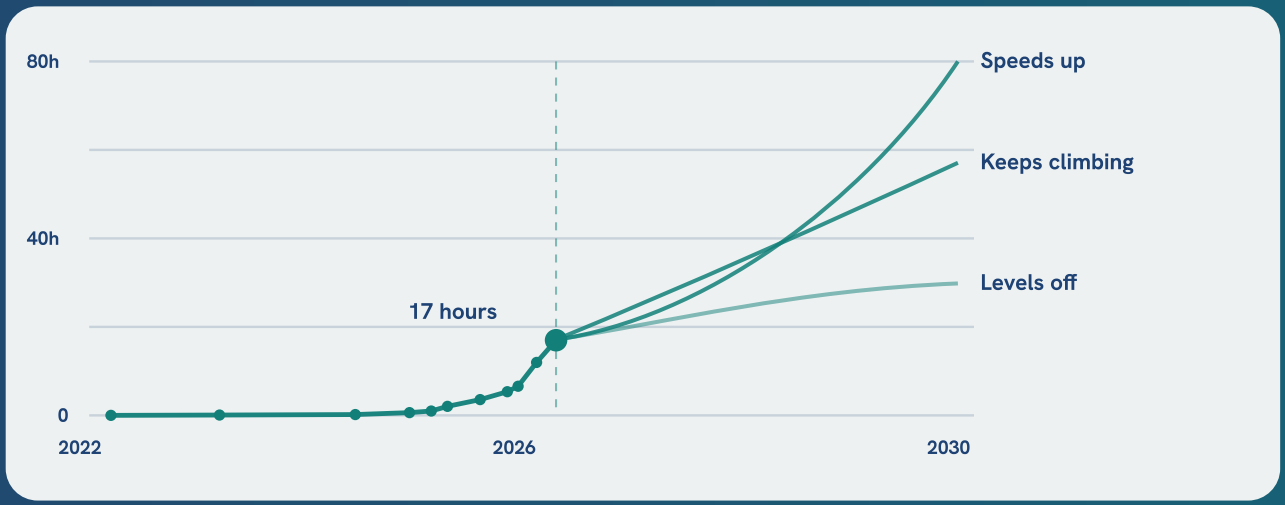
Jeroen van Dalen
Founder and Director

Research at a Glance.

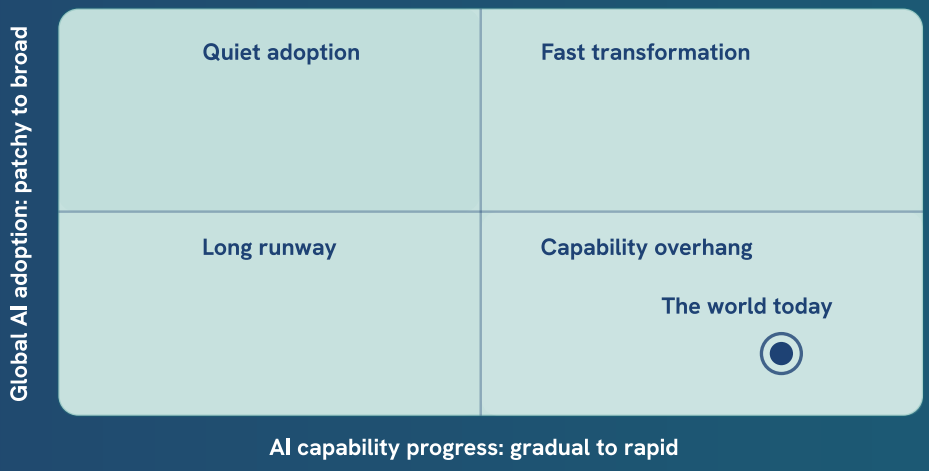
Selected findings are summarised here. Full analysis, methodology and sources are provided in the chapters that follow.

AI capability is accelerating rapidly.

AI capability has been improving steadily, and forecasters expect it to keep going. AI can now work unaided on tasks that take a person about 17 hours.



Global capability and adoption will shape our future.



Two global forces shape how AI plays out: how fast capability moves, and how broadly the world adopts AI. Neither is in Australia's control.

Media coverage of jobs is negative, but employers focus on productivity.

87% of Australian AI-and-jobs coverage in Q1 2026 was negative. Yet employers we interviewed use AI to make existing staff more productive and address workforce shortages, not cut headcount.

01

Australia's AI policy leads on safeguards, but trails on goals and delivery.

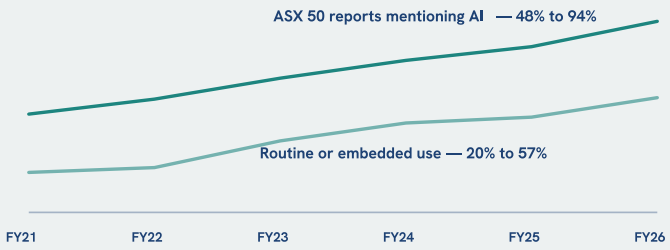
Australia's average AI policy is the weakest of four jurisdictions on objectives and implementation, but leads narrowly on rights and safeguards.



02

More than half of ASX 50 companies now report routine use of AI.

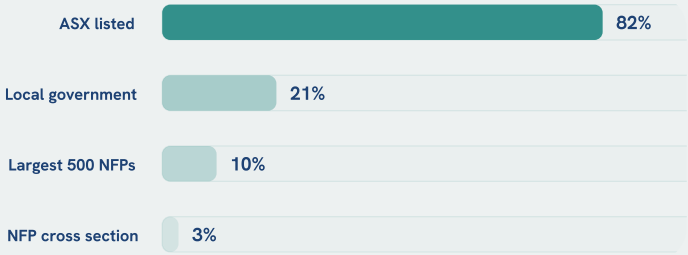
AI is now nearly universal in ASX 50 reporting, and more than half describe routine or embedded use. US reports mention AI almost three times as often.



03

Large enterprises lead adoption, while local councils and not-for-profits lag behind.

Four in five large listed companies mention AI, compared with one in five councils and one in ten of the largest not-for-profits.



Adopters are already seeing measurable, positive results.

Even in the first year or two of rollout, Australian organisations embedding AI report tangible gains well beyond simple time-saving:

92%
of embedded-stage companies report quantified results from AI (and 1 in 4 ASX 50 firms overall)

20 to 25%
faster service and claims handling, plus higher conversion and fraud detection

30 minutes
Small teams scaling nationally and local councils cutting 8-hour tasks to 30 minutes

04

Hiring has slowed in occupations where AI is used.

Hiring in jobs that use AI has slowed more than in jobs that don't. Since ChatGPT launched, job ads in AI-use occupations have fallen 18 points further than in comparable occupations.



Appetite is strong, and overcoming six obstacles will broaden the benefits.

01 MEASURING THE VALUE OF AI

02 PUBLIC SENTIMENT

03 GOVERNANCE & IMPLEMENTATION GAPS

04 DATA ACCESS & ORGANISATIONAL PERMISSION

05 SKILLS, KNOWLEDGE & TALENT

06 IMAGINING A BETTER FUTURE

1. The Global AI Landscape.

Rapid advances in AI capability, lessons from earlier technology adoption and plausible futures provide the global context for examining Australia's AI transformation.

1.1

AI capability continues to advance rapidly.

AI capability is advancing across multiple measures, from the complexity of tasks models can complete to performance on scientific and coding benchmarks. No single measure captures the whole picture, but together they point in the same direction.

AI is moving from answering short prompts to completing hours of independent work. In tracking this shift, what matters is not any single model release, but the reliability of the slope. Across seven years of frontier releases the length of complex tasks an AI agent can complete unaided has doubled roughly every six months, and closer to every four months since reasoning models arrived in 2023.

Other indicators tell the same story. Graduate-level science benchmarks (GPQA) jumped nearly 50 percentage points in a single year, coding benchmarks (SWE-bench) rose from single digits to over 70%, and the cost to run a model of a given capability has fallen tenfold every two years.

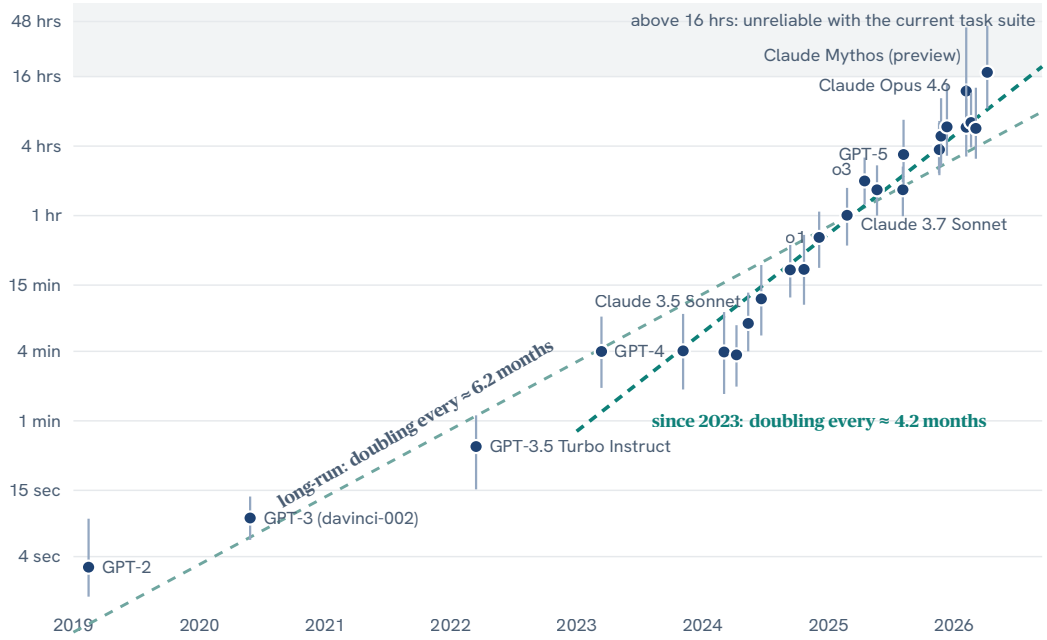
Forecasters expect this pace to hold. Across the 2026 Longitudinal Expert AI Panel (LEAP) and Federal Reserve surveys of computer scientists, economists and superforecasters, a clear majority of respondents project sustained capability gains through 2030 rather than a plateau, even if real-world adoption lags.

These numbers are easy to discount, because most people's sense of what AI can do is out of date. For anyone whose job does not involve AI, the reference point is usually a chatbot, often a free version rather than one of the more capable models, and often tried some months ago.

That experience is real, but it is a poor guide to the frontier. A doubling time measured in months means the gap between what someone last saw and what the technology can currently do widens continuously, and decisions about AI are frequently made from the older picture.

The task length, in human-expert time, that frontier models complete at 50% success

Frontier model — p50 horizon, 95% CI · log scale, so a straight line is the exponential



More compute, more capital, faster capability gains

3 of 4

Capability metrics Epoch AI tracks show strong evidence that progress has sped up relative to a linear trend, an acceleration Epoch attributes to reasoning models.

Source: Epoch AI "Have AI Capabilities Accelerated?" (Apr 2026)

5x/yr

The computing power used to train frontier language models has grown about fivefold each year since 2020, a doubling every 5.2 months.

Source: Epoch AI Trends

$581.7B

Global corporate investment in AI in 2025, up 130% on the year before.

Source: Stanford HAI AI Index (2026)

1.2

How capability and adoption might shape our future.

Scenario planning begins with the forces beyond our control. For AI, two matter most: how quickly AI capabilities advance and how widely and deeply the world adopts them.

These forces move independently. Capability can advance rapidly while adoption remains limited, or adoption can spread faster than the technology can reliably support. Together, they produce four plausible futures.

Understanding one without the other gives us an incomplete picture, so we consider them as two separate dimensions. We do not attempt to predict which future will emerge. Instead, we use these scenarios in Chapter 5 to test decisions.

On current evidence, the world sits roughly in the capability overhang: capability is advancing quickly, while adoption remains patchy.

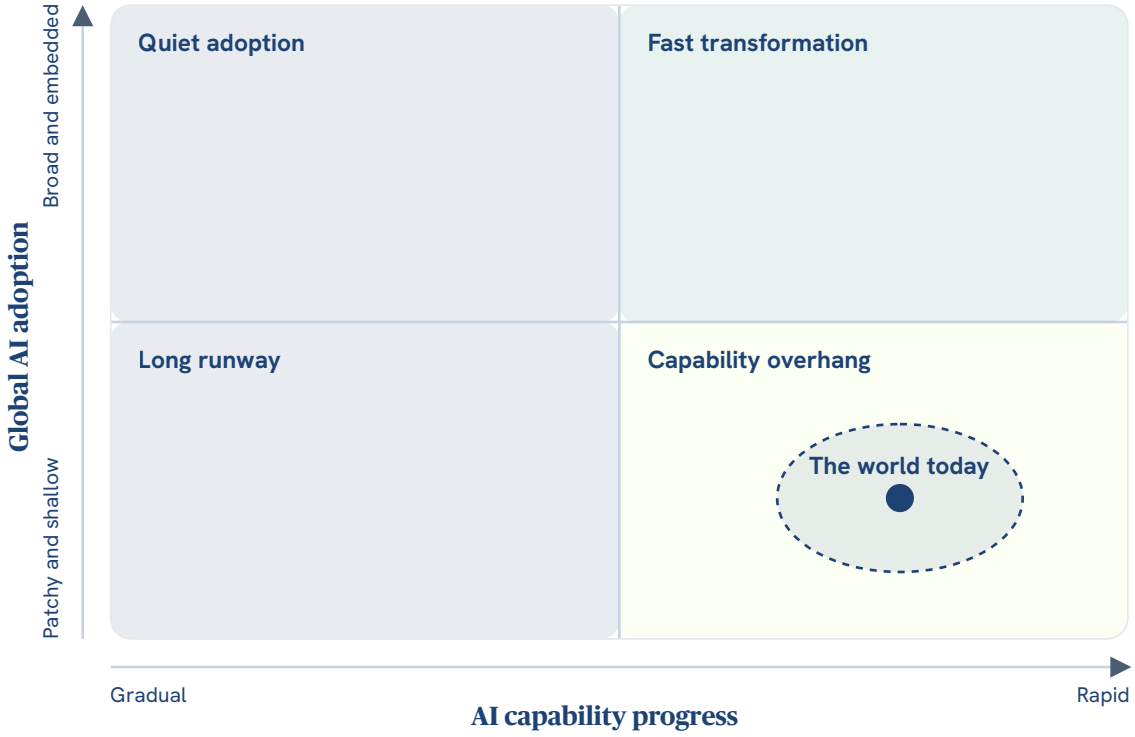


FROM LEFT: JEROEN VAN DALEN, CORA LEVIN, STEPHEN EZELL, PROFESSOR ALAN DUNCAN AND PROFESSOR SUSANNAH SOON AT AN AITAI-HOSTED INTERNATIONAL AI POLICY ROUNDTABLE WITH THE US CONSULATE IN PERTH.

How the future could unfold

Four possible global AI futures

Both axes are global and outside Australia's control. Capability: external evidence (METR, Epoch)



Quiet adoption

Modest capability that is deeply embedded. The gains come from re-architecture rather than breakthroughs, similar to electrification's history. Benefits depend on skills and process redesign.

Fast transformation

Rapid capability and broad adoption. This quadrant predicts the largest gains and largest disruption, placing immediate pressure on governance and transition support.

Long runway

Capability plateaus and adoption remains shallow. The cost of over-regulating early is limited, but so are the productivity gains. There is time to build capability deliberately.

Capability overhang

Capability races ahead while adoption lags. The say–do gap widens into a competitiveness gap. There is anxiety without productivity.

1.3

Transformative technologies take decades to appear in productivity statistics.

Electrification's productivity surge came only once factories were rebuilt around the new power source, a lag of roughly forty years.

Economists call the modern version the productivity J-curve: general-purpose technologies demand expensive, largely invisible investment in process redesign, retraining and reorganisation, so measured productivity falls before it rises. Will AI follow this J-curve pattern?

No one can yet say with confidence whether it will, but measuring it is what AITAI's research program is built to do.

The chapters that follow track the early indicators the J-curve predicts: organisations talking about AI well before they can demonstrate mature use of it, and hiring shifting in the specific occupations where AI is actually used, well before anything shows up in national productivity statistics.

The Dynamo and the Computer

Paul David (1990)

Electrification

1881
Central power station

1899
<5% of factory drive

1920s
Productivity surge, factories rebuilt around it

AI

2022
ChatGPT released

2025
12% of Australian businesses using AI (ABS)

?
Productivity gains and outcomes still sparse

1.4

The stranded frontier.

Most Australian organisations have not yet embedded AI into daily work. We call this gap the stranded frontier. To understand why a few leaders cross it while most stall behind it, we measure three things across the next three chapters: the conditions shaping AI, adoption inside organisations, and the actual impact on business and jobs. Looking at all three together shows where progress gets stuck, and what it takes to move forward.

Conditions

Public sentiment, policy and governance, skills and permission to use data.
Read more in Chapter 2.

Adoption

What organisations say they are doing with AI, how mature that use is, and who is ahead.
Read more in Chapter 3.

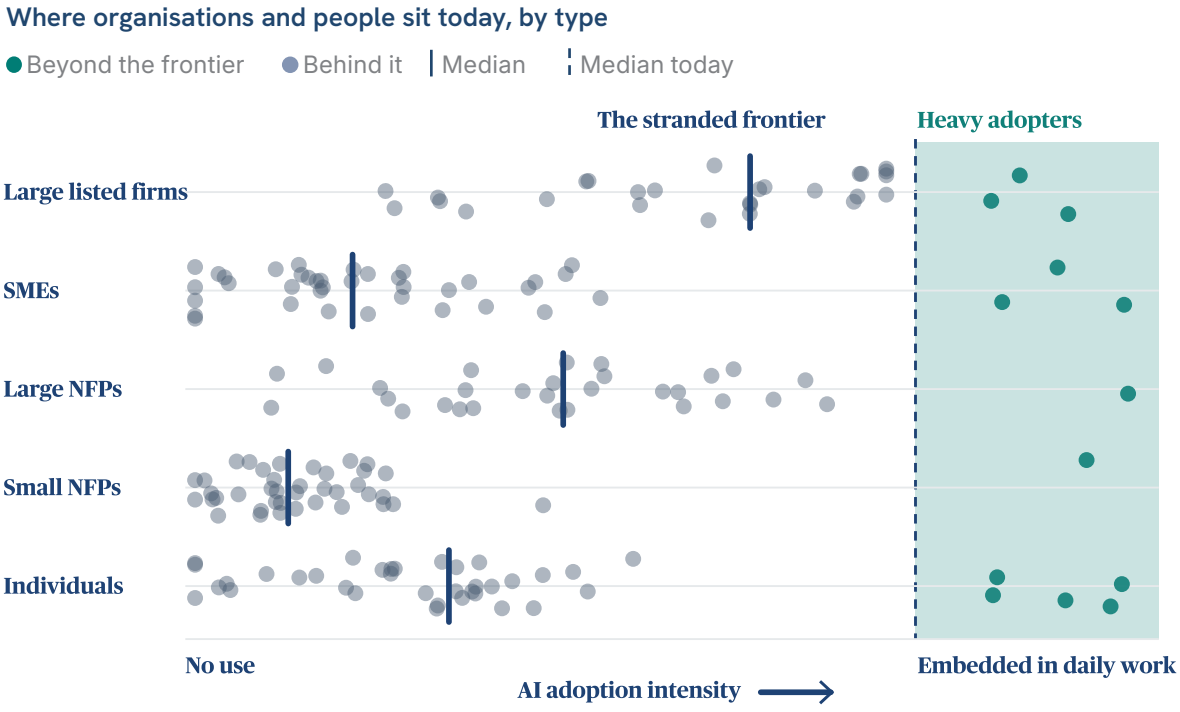
Impact

Realised results reported by organisations, and the effect on hiring.
Read more in Chapter 4.

The stranded frontier is the point at which AI is embedded in daily work, which most organisations have not reached.

Global capability and global adoption are outside Australia's control. At home, most of Australia sits behind the stranded frontier: large enterprises are advancing, with 82% mentioning AI, while SMEs (11%), councils (21%) and not-for-profits (3–10%) lag behind. Building the right conditions for broader adoption is within Australia's control.

Only large listed companies can be followed through all three lenses. For others such as local councils, not-for-profits and most peer countries, the evidence becomes thinner. Capability is moving quickly, but history suggests adoption will be slow and consequential.



2. Trust, Policy and Skills.

Public sentiment, policy and governance, together with evidence on trust and skills, reveal the conditions shaping AI adoption in Australia.

2.1

Media coverage of AI and jobs is overwhelmingly negative.

We analysed 465 Australian news articles from early 2026 to see how AI is being framed in public. While 61% of general AI coverage is negative, that jumps to 87% when the article is about jobs. This negativity is near-universal across major outlets: 95% of Guardian Australia jobs coverage is negative, compared with 82% at ABC News and 90% at the Sydney Morning Herald.

The clear exception is The Conversation Australia, where 39% of 18 jobs articles are negative, suggesting long-form, research-led coverage allows more nuance.

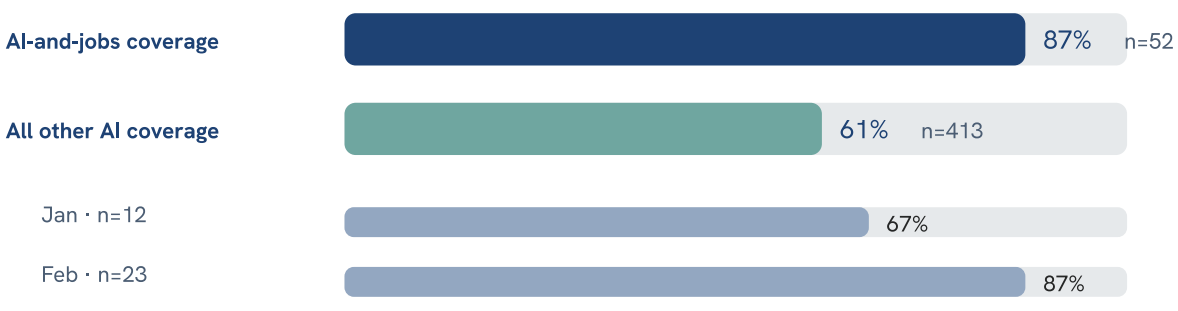
Media and corporate tone tell different parts of the same story.

The public conversation is loud and anxious, while corporate language has historically been more restrained, although that too is shifting. In listed-company reports, sentiment moved from predominantly optimistic in FY2021–22 towards cautiously optimistic by FY2025.

The dominant media frame is job loss and labour reduction. Employers we interviewed described a different priority: using AI to make existing staff more productive.

Jobs coverage is negative at almost every outlet.

Share of coverage coded negative · 465 articles across 7 outlets



2.2

Australia's AI policy is broad, but uneven.

We reviewed Australia's 16 federal and state AI policy documents against 29 elements a policy can address, from stated goals and rights protections to funding and implementation timelines.

Collectively, the documents cover 28 of the 29 elements. But that breadth comes from volume: the typical Australian document covers fewer elements relating to goals and delivery than its American, British or Singaporean counterpart, while giving slightly greater attention to rights and safeguards.

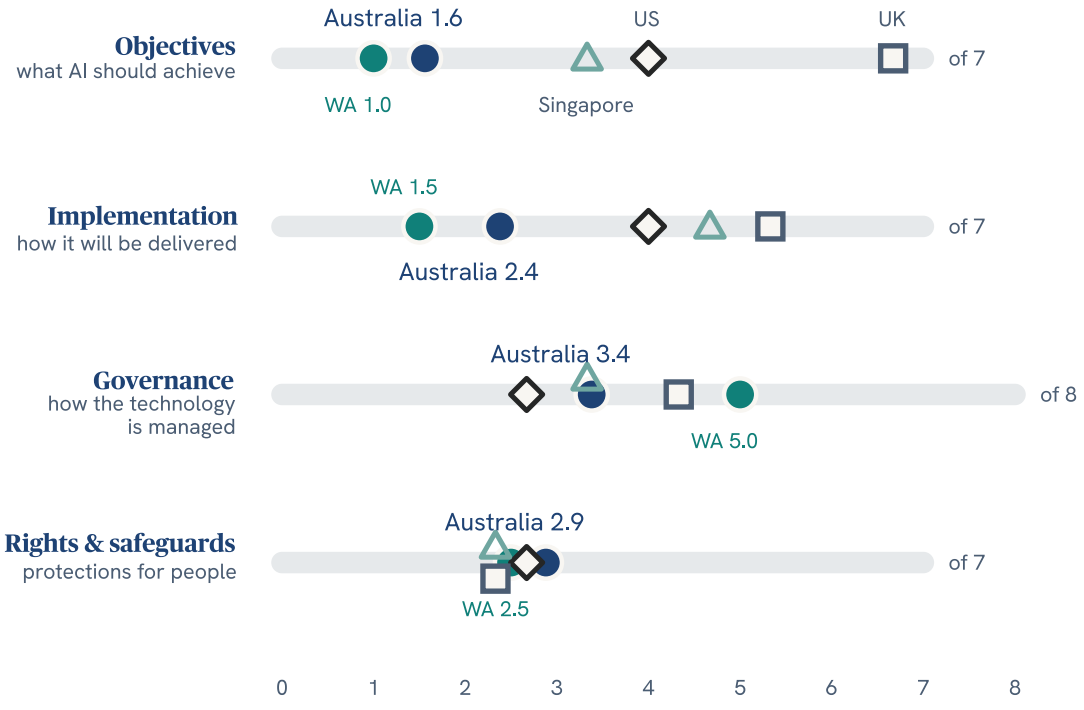
Most Australian policy documents govern the government's own use of AI, helping explain why the corpus is broad overall but individual documents are narrower on strategy and implementation.

The 2021 AI Action Plan and December 2025 National AI Plan each address six of seven objectives, broadly in line with comparable international strategies. The national direction is there; the wider mix of narrower documents pulls down Australia's average.

The clearest finding is that the UK's average policy document, from a corpus of only three, activates more objectives and implementation provisions than the typical Australian document. Australia leads narrowly on rights and safeguards and is the only jurisdiction whose combined corpus covers all seven provisions in that category. It is also the only jurisdiction in the comparison with a legislative instrument, but has no AI sandbox or testbed, both of which are included in the UK and Singapore policy frameworks.

Per document, Australia trails on objectives and implementation

Average provisions active per document, by category.





PARTICIPANTS AND FACILITATORS FROM LAUNCHLAB AI, AITAI'S PRACTICAL AI CAPABILITY PROGRAM.

WA has detailed AI governance rules but has not yet set out what it wants AI to achieve

Western Australia's two AI policy documents, the WA Government AI Policy and the WA Health AI Policy, set out how agencies should govern AI use in more detail than the average state document. They cover an average of 5.0 of eight governance provisions per document, compared with 4.2 across the states.

Beyond governance, however, the documents are narrower. Their only stated objective is public-sector use. Neither addresses worker and labour protections or protections for vulnerable groups, both of which are covered in NSW. Nor do they specify funding, timelines, a legislative instrument or delivery partnerships.

The picture is evolving. Two further WA documents have been identified for inclusion in the next round of coding.

When asked what role government policy played in their AI decisions:

"It looks very performative in some areas. The conversations are being had, but it's not necessarily the right people involved. There's no single regulatory piece. It's like, you go to this law for that data piece, and then you go to this law for the sovereign piece. Maybe the clarity's not the best."

Senior executive, professional services

2.3

Organisations are increasingly mentioning AI governance.

Corporate disclosure of AI governance has moved quickly.

Among ASX 50 annual reports, mentions of AI governance rose from around 10% in FY2021 to more than 50% in FY2025, broadly keeping pace with other markets. Australia started below the pooled average and finished above it.

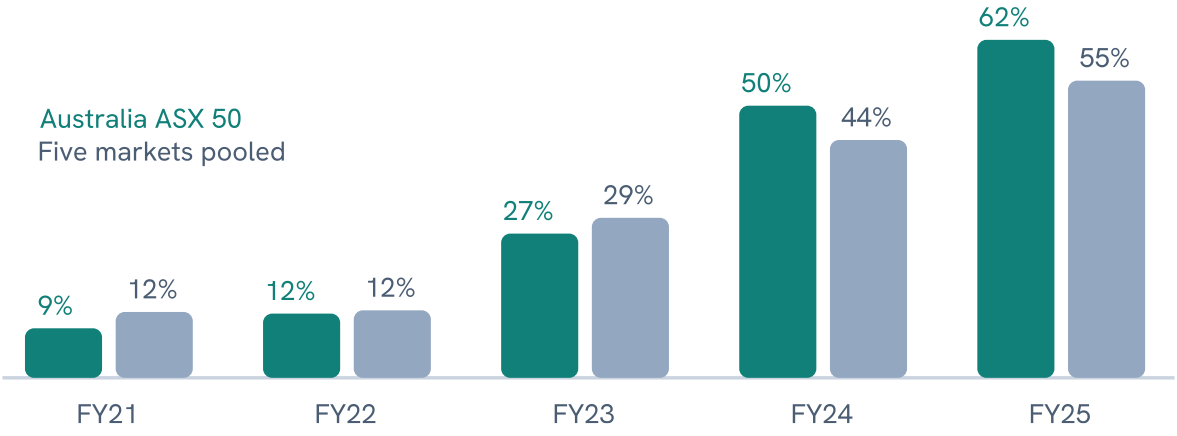
Gaps remain. In FY2025, 38% of ASX 50 reports made no reference to AI governance, compared with 45% across the five markets, while 47% described formal governance arrangements. The pattern echoes the policy analysis above: governance structures are becoming more visible, but they are not yet universal.

Formal and informal AI governance disclosure varies considerably across sectors. The chart below compares FY2025 disclosures across the ASX 50, the largest 500 not-for-profits, a representative cross-section of 500 not-for-profits and local government.

> *"The case from a finance standpoint for taking people out of the business using AI is nowhere near as compelling as helping people do a better job."*
>
> **Senior executive, mining company**

Corporate AI governance moved fast, still incomplete

Share of annual reports disclosing AI governance, formal or informal · Australia
n = 66–68 a year; five markets pooled n = 380–396 a year

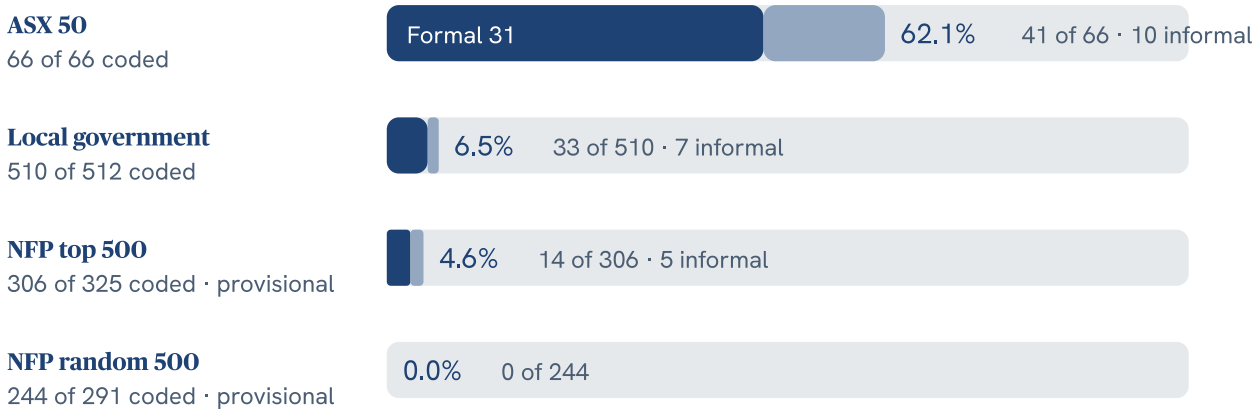


"It increases productivity and it addresses workforce shortages which is actually more the issue through a lot of our sector. There's not enough doctors and nurses, and so they're looking for ways to help make the existing workforce more productive."

Senior manager, health not-for-profit

Outside listed companies, few annual reports disclose AI governance

Share of FY2025 annual reports disclosing formal or informal AI governance, by sector



Asked whether there is a formal governance structure for AI:

"No. Sadly. We're a really small not-for-profit, so we have outsourced IT, outsourced legal, outsourced finance. It seems to have fallen to me, just because I literally came up with the idea of a community of practice. That was not because I had expertise in AI, simply that I wanted to learn."

Senior manager, health not-for-profit



MARK STICKELLS AM | CEO, PAWSEY SUPERCOMPUTING RESEARCH CENTRE
HANNAH FITZHARDINGE | EXECUTIVE DIRECTOR, INTEGRAL
AITAI'S ARCHITECTS OF OUR AI FUTURE DINNER, MARCH 2026

2.4

High use at work, low public trust and lagging governance.

Australians are adopting AI at work faster than their organisations can govern it, even while remaining sceptical of its wider impact. External surveys corroborate our own indices on this pattern by different methods. Agreement across methods provides the strongest available check on the findings.

35% vs 11%

AI adoption among large Australian businesses vs small and micro businesses. Overall business adoption is 12%, rising sharply with organisation size.[1]

≈

Large organisations lead across every dataset.

21% vs 5%

AI-positive disclosure among the top-50 NFPs (ex-universities) vs the largest 500 from the Disclosure Index evidence.

81%

of Australians report concern about AI risks; Australians ranked AI's benefits lower than any other country surveyed.[2]

≈

Public caution contrasts with rapid workplace use.

87%

of the 52 AI-and-jobs articles in Q1 2026 were negative, against 61% of the 413 other AI articles, from the Narrative Index evidence.

48%

of Australian employees admit using AI against company policy; 57% rely on output without checking it.[3]

≈

Use runs ahead of governance in both.

47%

of listed-company reports still disclosed no AI governance in FY2025, while AI mentions kept climbing (5-country corpus). From the Governance Index evidence.

1. ABS Business Characteristics Survey 2024–25 (June 2026)

2, 3. University of Melbourne and KPMG, *Trust in AI* (47 countries, 48,000+ respondents).

3. Adoption led by large organisations.

Corporate disclosures reveal how organisations are using and governing AI, how the language is shifting and where reported outcomes are beginning to emerge.

3.1

Nine in ten ASX 50 reports now mention AI.

Australian companies are maturing quickly, while still trailing global leaders in depth of adoption.

94%

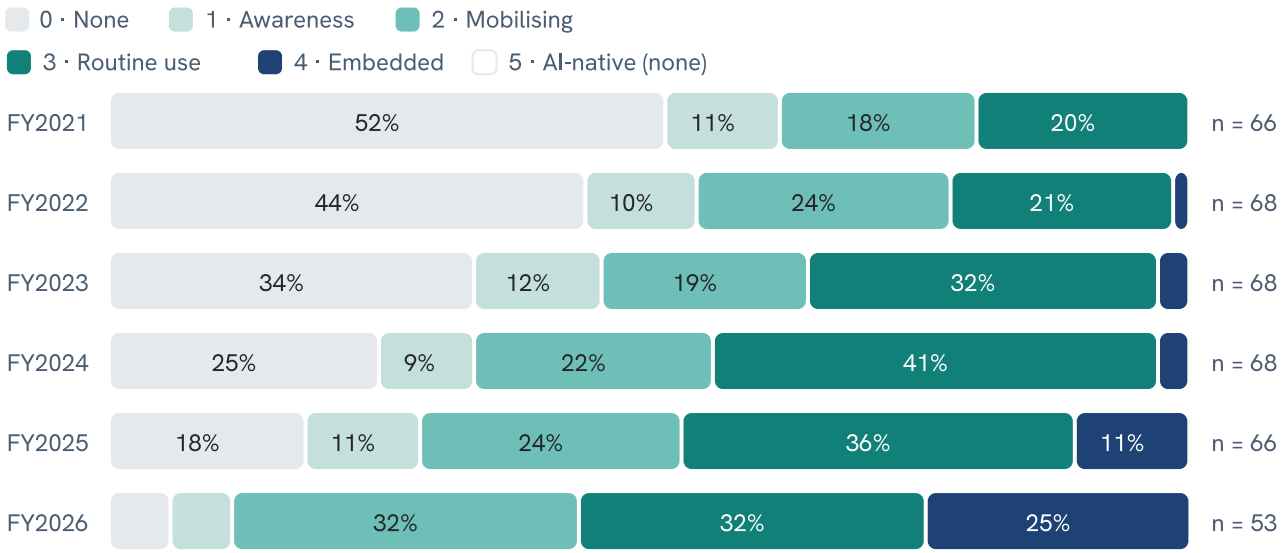
of ASX 50 annual reports mention AI in FY2026, up from 82% in FY2025 and around 50% in FY2021. While AI is now mentioned in almost all ASX 50 reports, US annual reports contain almost three times as many AI mentions per report.

5%

of the largest 500 not-for-profits were AI-positive in FY2025, compared with 21% of the top 50 excluding universities.

Routine or embedded AI use rose

Share of ASX 50 annual reports at each stage of the AITAI maturity model, which runs from Stage 0, no mention, to Stage 5, AI-native. FY2026: 53 reports to 14 October 2026.



Our maturity model tracks organisations from Stage 0 (no mention) to Stage 5 (AI-native). Routine use means AI is live beyond one team, embedded use spans multiple functions and connects to value creation and AI-native companies are built to run on AI. Among the 64 companies reporting in both FY2021 and FY2025, Stage 0 fell from 53% to 17%, while routine or embedded use rose from 19% to 47%.

Across the ASX 50, Stage 0 fell from 52% in FY2021 to 18% in FY2025 and 6% in FY2026. Routine or embedded use rose from 20% to 47%, then to 57% in FY2026, while embedded use alone increased from 0% to 11% and then 25%. No Australian company had reached the AI-native stage by FY2026.

Among not-for-profits, 143 of the 344 AI-positive reports describe the organisation's own use of AI.

A similar distinction appears in the pooled corporate sample across five markets from FY2021 to FY2025: of 1,951 listed-company reports, 1,113 discuss the company's own adoption, 723 contain sector commentary and 357 refer to vendor products, with some reports falling into more than one category.

AI capability can also arrive through enterprise subscription defaults, with no explicit adoption decision, governance process or disclosure. An organisation can therefore have AI without having formally adopted it, meaning any disclosure-based measure will inevitably miss some use.

"Copilot just appeared one day as part of our Microsoft subscription. I don't know that there was even a decision."

Senior manager, health not-for-profit

3.2

The agentic frontier is already arriving in boardroom language.

Only a few years ago, AI appeared in Australian annual reports largely as something to watch, a risk to manage or an opportunity on the horizon. That changed rapidly with ChatGPT and the waves of AI that followed.

We analysed nearly 400,000 pages of annual reports from 404 companies across Australia, Canada, Singapore, the United Kingdom and the United States between FY2021 and FY2025.

The language traces the transition. Before ChatGPT, machine learning and automation accounted for more than 96% of tracked terminology. Generative AI then surged to almost a quarter of the vocabulary in FY2023 and one third in FY2024.

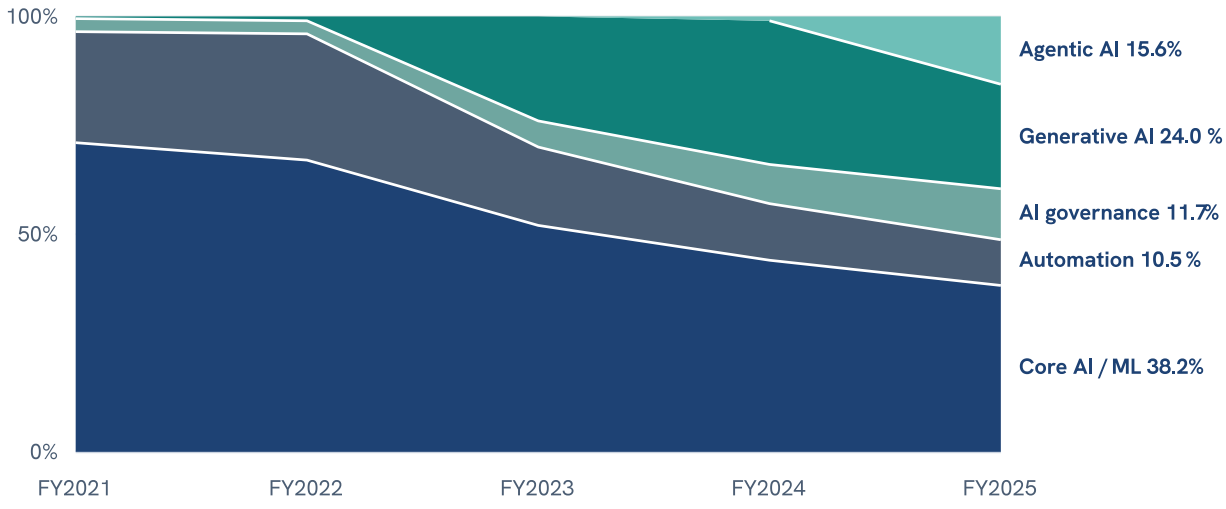
By FY2025, another wave was already forming, with agentic terminology accounting for around one in six tracked terms.

Annual reports are lagging indicators, capturing change only once it reaches formal disclosure. Yet the first FY2026 reports already show agentic AI in live or planned use at Coles, Medibank, Orica, Westpac, WiseTech, REA and Xero. WiseTech reports six AI agents already live, while CAR Group says it is developing agentic capabilities to automate tasks and workflows.

The broader shift is clear in the language. Before ChatGPT, almost all tracked terminology related to core AI, machine learning and automation. By FY2025, generative and agentic AI together made up around 40% of tracked terms.

AI language in annual reports has shifted rapidly

Share of all tracked AI terms, by category · listed-company annual reports · five markets pooled · FY2021–FY2025



3.3

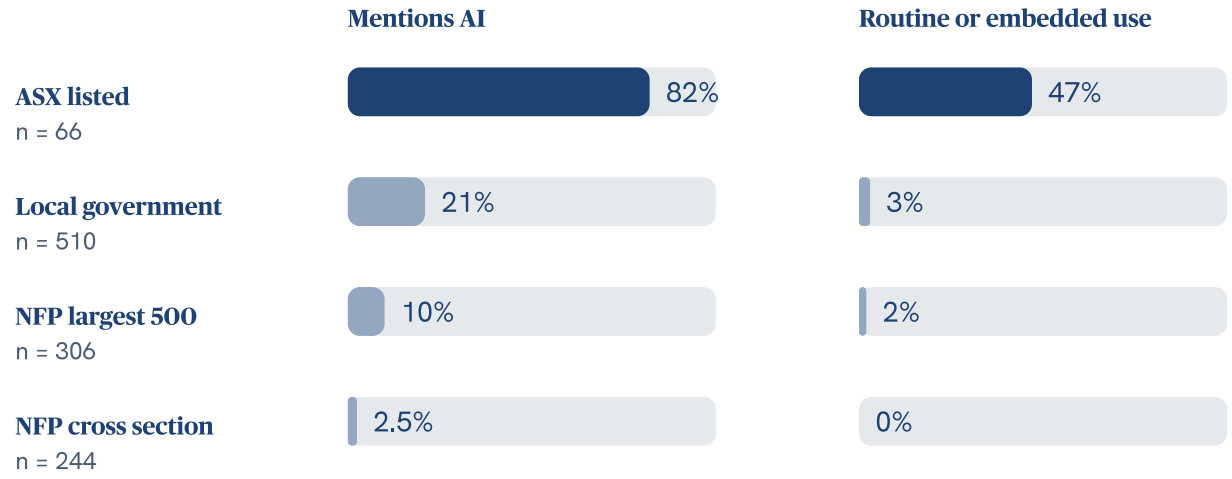
Large organisations lead, not-for-profits lag.

The larger the organisation, the more likely its annual report is to mention AI. Four in five ASX-listed companies do, compared with one in five local councils and one in ten of the largest not-for-profits. Across the broader not-for-profit sector, that falls to just one in forty.

The maturity gap is even wider. Nearly half of ASX-listed companies report routine or embedded AI use, compared with 3% of local councils and 2% or less of not-for-profits.

Share of annual reports that mention AI and report routine or embedded use, by sector

Australian FY2025 documents · n = 1,126



"The how of what you accomplish has changed a huge amount... I don't think that there's a single computer-based job that has not changed."

Senior executive, mining company

4. The Impact of AI on Business and Jobs.

Evidence of realised benefits, workforce impacts and hiring reveals where AI is already changing organisational performance, and where rhetoric is beginning to translate into action.

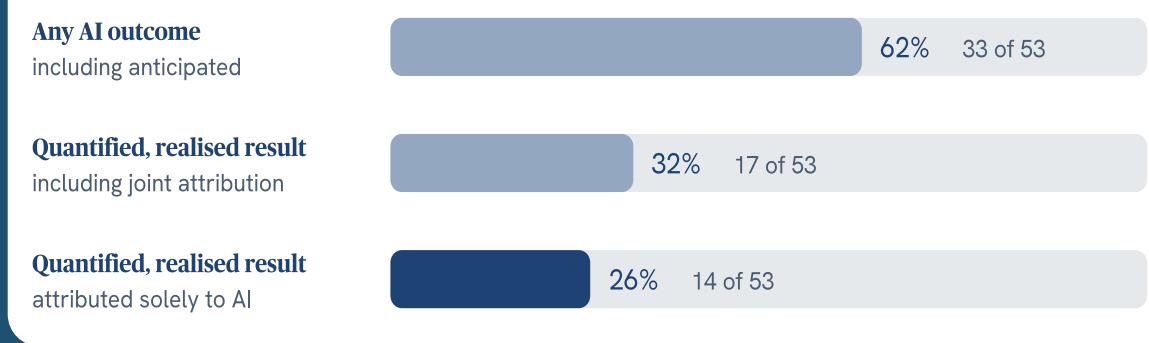
4.1

Measurable AI outcomes remain limited.

Fewer organisations can point to realised results. In FY2026, 62% of ASX 50 reports describe an AI outcome, including anticipated benefits, up from 56% in FY2025. But only about one in four (14 of 53) report a quantified, realised result attributable solely to AI, compared with one in five (13 of 66) in FY2025 and just 3% in FY2021.

Australia sits in the middle of the international comparison. In FY2025, quantified realised results attributed solely to AI appeared in around 29% of UK reports, 23% of US reports and 20% of Australian reports, compared with 14% in Singapore and 13% in Canada.

About one in four reports can point to a realised result from AI alone
Share of FY2026 ASX 50 annual reports, by outcome disclosed n = 53



What a realised result looks like

Examples from FY2026 annual reports, as reported by each company

Company	AI application	Reported realised result
REA Group	Internal AI support bot	Almost 20% reduction in escalated realEstimate valuation support queries
Suncorp	SMART PDS: interpreting and applying Product Disclosure Statements to home claims	About 25% reduction in handling time for that activity
Telstra	MyTelstra AI Assistant	Around 20% increase in customer satisfaction scores for the experience

4.2

AI value extends well beyond efficiency.

AI is extending capacity, automating routine processes and enabling new products and business models.

Its effects take different forms. Some organisations report faster processes, better service or lower costs. Others are operating at a scale their teams could not previously support, spending more time with customers or developing new products.

These changes matter, but are not equally easy to quantify or attribute to AI. Our interviews help explain why: measuring use is easier than measuring value, and a metric suited to one application may miss the benefit of another. Chapter 5 examines how this shapes adoption decisions.

CAR Group

A 26% uplift in session-to-lead conversion from conversational search.

Devonport City Council

Chatbot response accuracy improved from 30% to nearly 80%.

Shire of Ashburton

“Bob” completes sports-ground work in 30 minutes rather than 6–8 volunteer hours.

For small businesses, the outcome is often what a small team can now do.

Although overall AI adoption among small and medium-sized businesses remains low at 11%, our interviews also revealed some of the country's most advanced frontier use. Unconstrained by legacy systems and slow corporate approvals, AI-native SMEs already exist in Australia. From deploying autonomous AI co-workers to redesigning entire business processes around AI, some of the clearest glimpses of the future are emerging first in small businesses.

MadeApt

Customers draw the clothing they want. The platform proposes a design, matches a tailor by skill and nearby materials and orders the material once the customer approves.

The Grout Guy

Automated dispatch and debt collection let a manual trade business scale nationally from an office in Osborne Park.

Purelyte

AI sits at the core of operations, enabling the team to scale a mass-market electrolyte brand in just over a year while freeing the founder to focus on customers and product design.

4.3

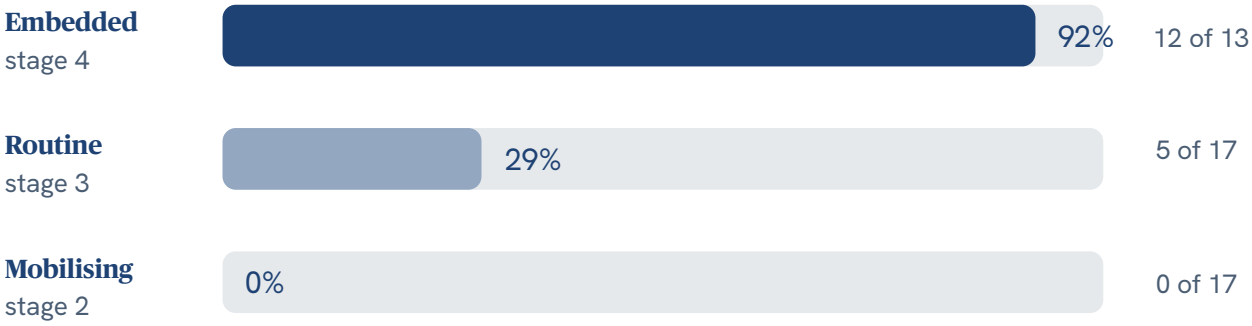
Deeper AI use is associated with more reported results.

Organisations rarely see measurable returns from AI until it is integrated into daily workflows. Almost every company at the embedded stage (12 of 13) reports a quantified result, compared with 29% at the routine stage and none at the mobilising stage. Across the 64 companies reporting in both FY2021 and FY2025, those reporting a quantified result from AI alone rose from 2 to 12.

Embedded use is spreading faster than quantified results. Among the 52 companies reporting in both FY2025 and FY2026, embedded-use disclosure rose from 5 to 13 reports, while quantified realised results increased only marginally, from 16 to 17.

Almost every embedded-stage company reports a quantified result

Share of FY2026 ASX 50 reports with at least one quantified, realised result, by disclosed maturity stage · n = 47



4.4

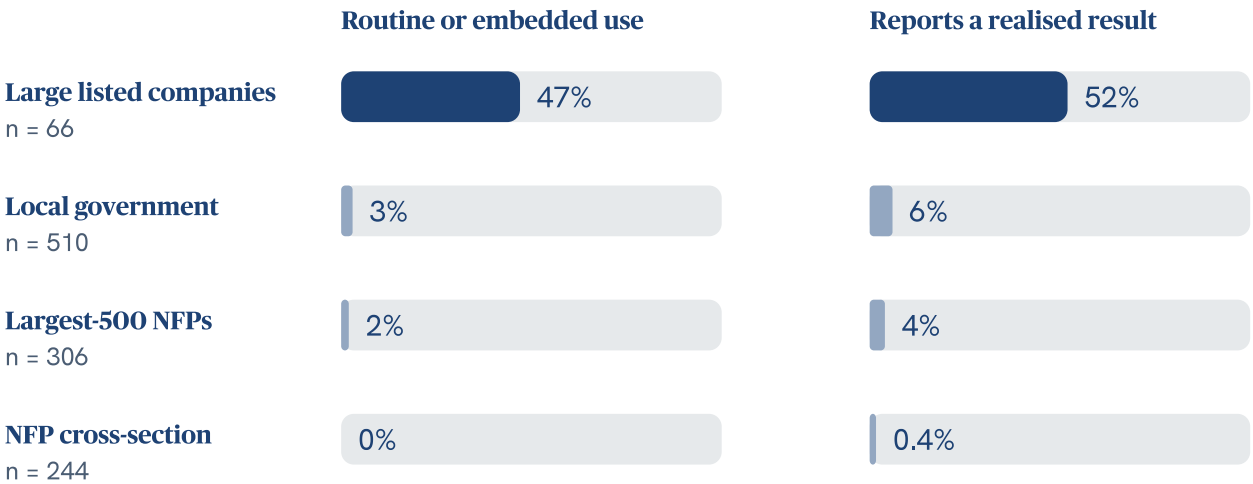
Beyond mentions, large organisations pull further ahead.

Nearly half of large listed companies report routine or embedded AI use, compared with 3% or less of local councils and not-for-profits. This is the stranded frontier described in Section 1.4, now visible in the data.

The realised results identified in Section 4.1 are concentrated among this leading group. Those furthest behind may also have the greatest untapped opportunity.

How far AI gets inside different organisations

Share of FY2025 documents · Australian listed companies, local councils and NFPs · mention rates in 3.3



4.5

AI-use occupations are seeing about 5,500 fewer vacancies a month than expected.

Productivity gains and workforce reductions can appear in the same organisation. WiseTech reports 45% higher engineering productivity alongside an AI Transformation program involving approximately 1,200 fewer roles.

How quickly AI affects jobs, and at what scale, is central to the global debate. Will change be gradual enough for workers and institutions to adjust, or rapid enough to cause significant disruption? Our analysis finds an early signal in the labour market: across occupations where AI is observably used, hiring is running around 390 advertisements per occupation below trend each month, roughly 5,500 in total, or 2%.

This is only a snapshot, so we track the part of the labour market where change is likely to appear first: job advertisements. We call this the canary in the coal mine of AI's impact on jobs and have built the AITAI Hiring Index to monitor it over time.

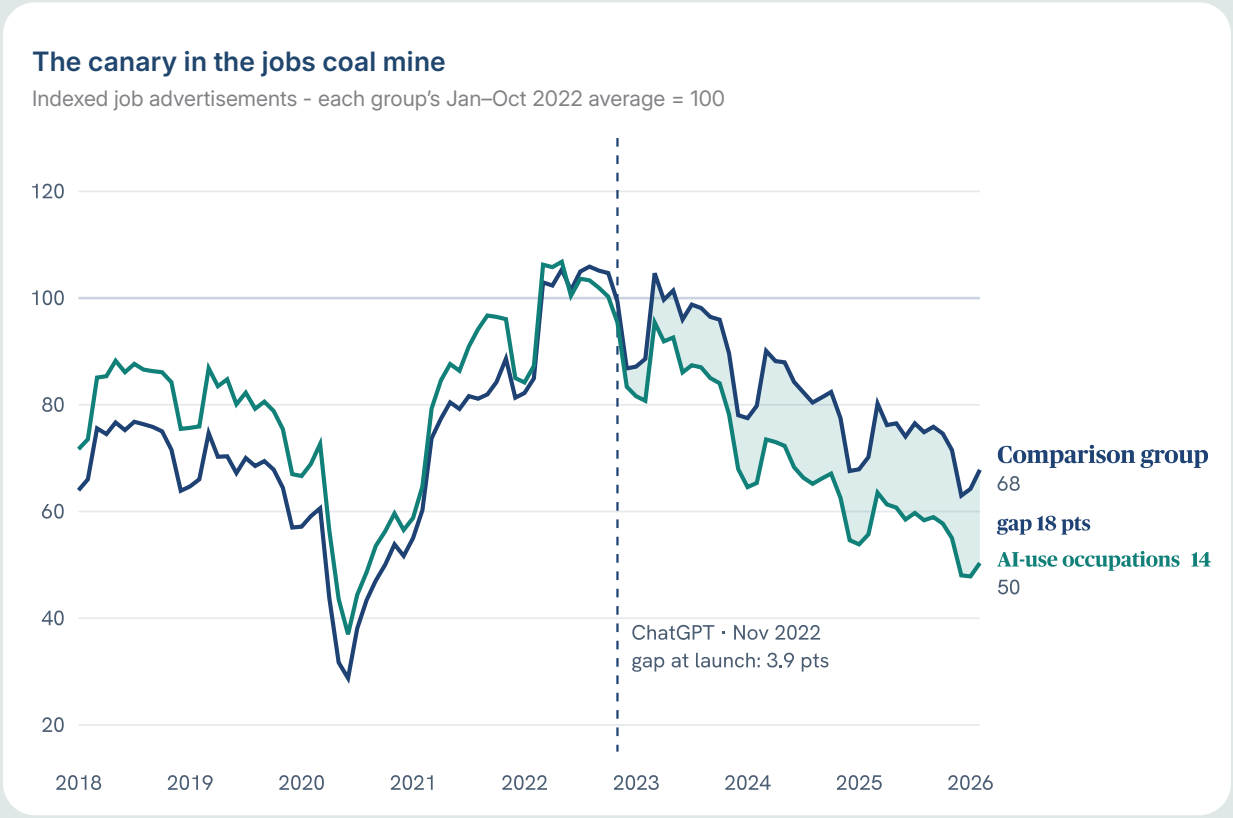
The index compares two groups of occupations. The first comprises 14 roles where AI is already used day to day, including software programmers, accountants, call centre workers and personal assistants. The second is a comparison group of occupations with similar labour-market characteristics but much lower AI use, providing the closest practical equivalent to a control group.

That comparison matters because job advertisements move for many reasons, including interest rates, the mining cycle and the post-COVID-19 correction. Over the past three years, those forces have moved far more jobs than AI. By comparing occupations exposed to the same broader economy, we can isolate the additional fall in hiring among roles where AI use is higher. That difference is the AITAI Hiring Index.

When asked whether they were reporting what other firms had told them:

"It's fair to say that law firms generally are hiring less graduates, and I have had law firms tell me that that is because they have specific legal AI that is capable of doing things better, quicker and cheaper."

Partner, legal services



When ChatGPT launched, the two groups were only about 4 percentage points apart. Since then, hiring in occupations with higher AI use has fallen about 18 percentage points further than in comparable occupations with lower AI use.

The gap is still widening, although it remains small relative to the broader forces shaping the labour market.

≈ 450/month

In Western Australia, the same analysis suggests a shortfall of about 450 vacancies a month across the 14 occupations, or 33 per occupation ($p = 0.014$). WA accounts for about 7.5% of vacancies in these occupations, compared with 10.7% of all vacancies, so the smaller shortfall largely reflects the state's smaller market.

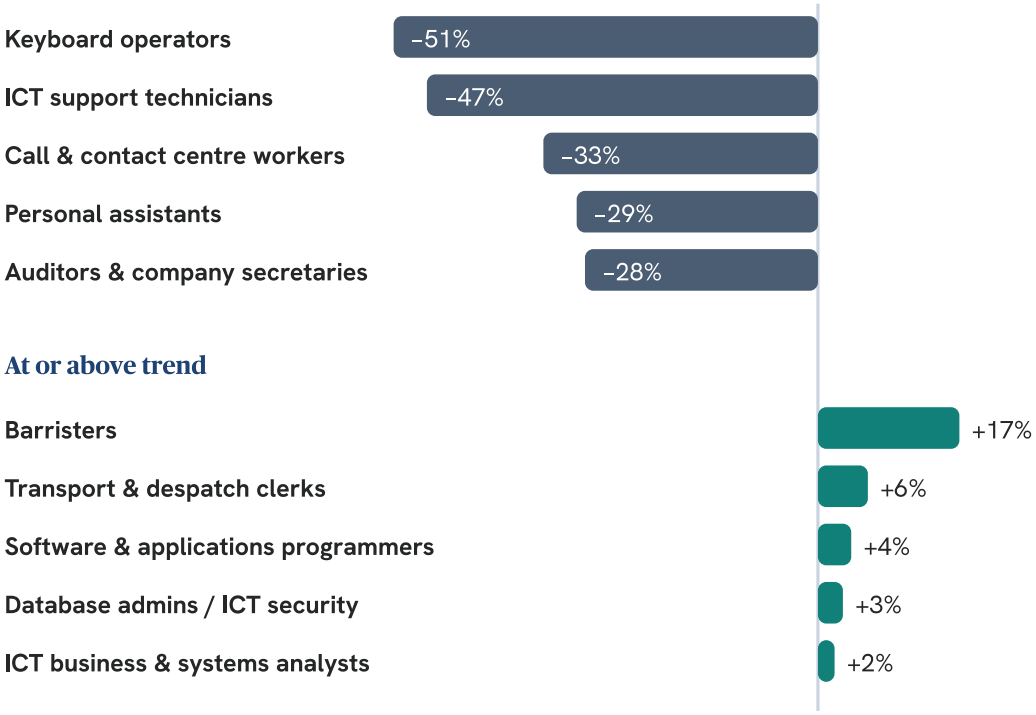
24 in 100

The shortfall is equivalent to about 24 in every 100 vacancies these occupations advertised each month before ChatGPT, based on the March 2006–October 2022 average.

Scale context: Australia's overall job-ad market fell by roughly 74,000 ads a month between 2022 and 2025. That decline was around 14 times larger than the shortfall associated with AI in our analysis.

Within the 14 AI-use occupations, automation-leaning roles sit below trend while augmentation-leaning roles sit at or above it

Deviation from pre-ChatGPT baseline





REPRESENTATIVES OF THE AITAI-LED WESTERN AUSTRALIAN DELEGATION TO THE AI ENGINEER WORLD'S FAIR, SAN FRANCISCO, JUNE 2026.

5. Six obstacles stand in the way of broader, shared AI benefits.

What paths are open to Australia, and what obstacles stand in our way? Our research measures some obstacles directly; others emerge from structured interviews.



MEMBERS OF THE WESTERN AUSTRALIAN DELEGATION WITH US CONSUL GENERAL COLLEEN ALTSTOCK AND GUESTS AT THE POST-CONFERENCE SHARE-BACK FOLLOWING THE AI ENGINEER WORLD'S FAIR.

5.1

The obstacles between Australia and shared AI benefits.

01

Measuring the value of AI

Four in five interviewees in our first round raised the difficulty of quantifying AI's impact. Annual reports reveal a similar gap. Of 53 Australian FY2026 reports available so far, 33 described AI outcomes, but only 14 disclosed a quantified, realised result attributable solely to AI. Examples include Suncorp's roughly 25% reduction in handling time for interpreting policy documents and REA Group's almost 20% reduction in escalated valuation queries.

Activity, however, is not the same as outcome. Maribyrnong's AI engagement trial generated 440 conversations from 358 users, yet was not extended because it failed to deliver the depth of engagement sought. The government's predicted-exposure model also misses what observed use reveals. Closing this evidence gap is a central purpose of the AITAI transformation indices.

02

Public sentiment narrows political room

When jobs coverage is 87% negative across the highest-reach outlets, the space for political action narrows. The pattern holds across editorial leanings and runs ahead of the labour-market evidence, where the Hiring Index gap is widening but remains small.

It also aligns with survey findings: Australians rated AI's benefits lower than respondents in any other country in the Melbourne/KPMG study. Inside organisations, interviewees describe the same caution: "trust is clearly front of mind."

03

Governance and implementation gaps

Australian AI policy is the weakest of the four jurisdictions on implementation. No Australian document establishes a sandbox or testbed, while WA's policies specify no funding, timelines or delivery partnerships. The governance gap extends into business: across the five-market sample, 45% of listed-company reports disclose no AI governance.

04

Data access and organisational permission

Employee appetite can run ahead of organisational readiness. Not-for-profit applicants described staff already using AI while leaders worked to establish the governance, knowledge and safeguards to support them.

Data restrictions and regulatory uncertainty, whether perceived or real, can also slow adoption. Leaders play an important role in clarifying what is permitted and providing suitable tools, guidance and support.

05

Skills, knowledge and talent

A home-hospital service lifted resource utilisation from around 30% to 75% using an off-the-shelf assistant, once staff knew how to use it effectively. As one interviewee put it: "The [tool] is there, but they had no clue what needs to be input to get the output back."

The constraint was not access to the technology, but capability. In Western Australia, practitioners identify talent as a constraint, although views differ on its severity.

06

Difficulty imagining a better future

When technological change is associated mainly with disruption and loss, it becomes harder to imagine and work towards better outcomes. Practical demonstrations of benefit matter, but so does a credible account of how those benefits could improve everyday lives.

People also need opportunities to help shape that future, and confidence that they have a place in it.

5.2

Demand for AI capability is running ahead of organisational readiness.

50

applicants for the first intake of AITAI's not-for-profit and for-purpose directors program.

Low adoption rates in sectors like not-for-profits do not reflect a lack of interest. When we opened our not-for-profit directors program, 50 leaders applied immediately. Compared with AI disclosure of just 5% among the largest not-for-profits, demand for capability is clearly running ahead of current practice.

Practitioners see the same shift: "This is a technology where people are adopting it in their home lives faster than work is adopting it... Computers showed up in offices first. This one is the exact opposite."

The obstacles above are constraining people who are already willing to engage.

5.3

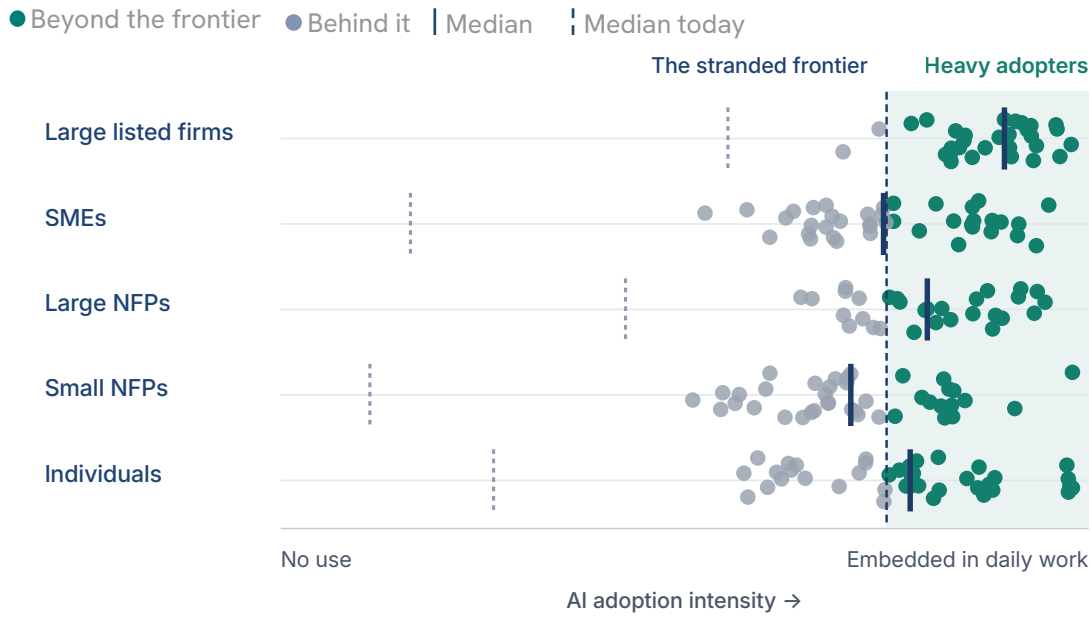
From here, Australia has three paths.

The frontier stays where it is. What changes is how many organisations cross it. Only the first path broadens the benefits. The next section tests that path against all four futures.

Path 1 Build readiness

Policy, skills and public trust catch up with what leading organisations already do. Adoption spreads beyond listed companies to local councils, not-for-profits and smaller businesses.

If the majority crosses, use and benefits spread widely

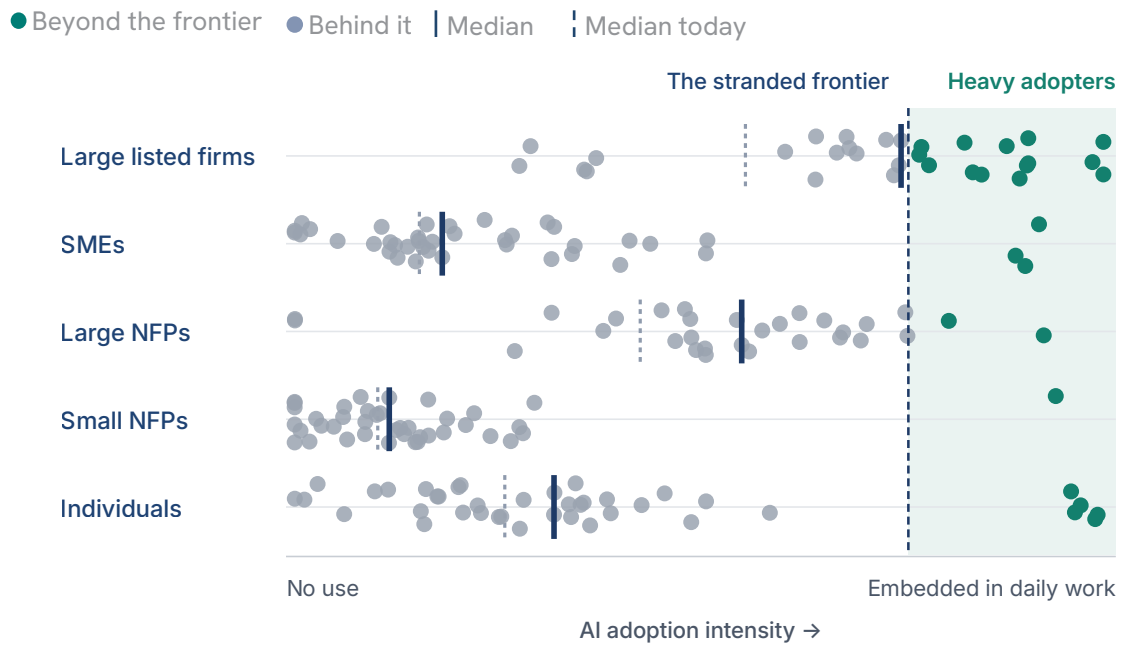


Conceptual illustration. Positions and movements are not measured.

Path 2 Adoption without readiness

Leading companies keep moving while policy, skills and trust lag. The gains concentrate and the gap to the rest of the economy widens.

If leaders pull ahead, the gap widens

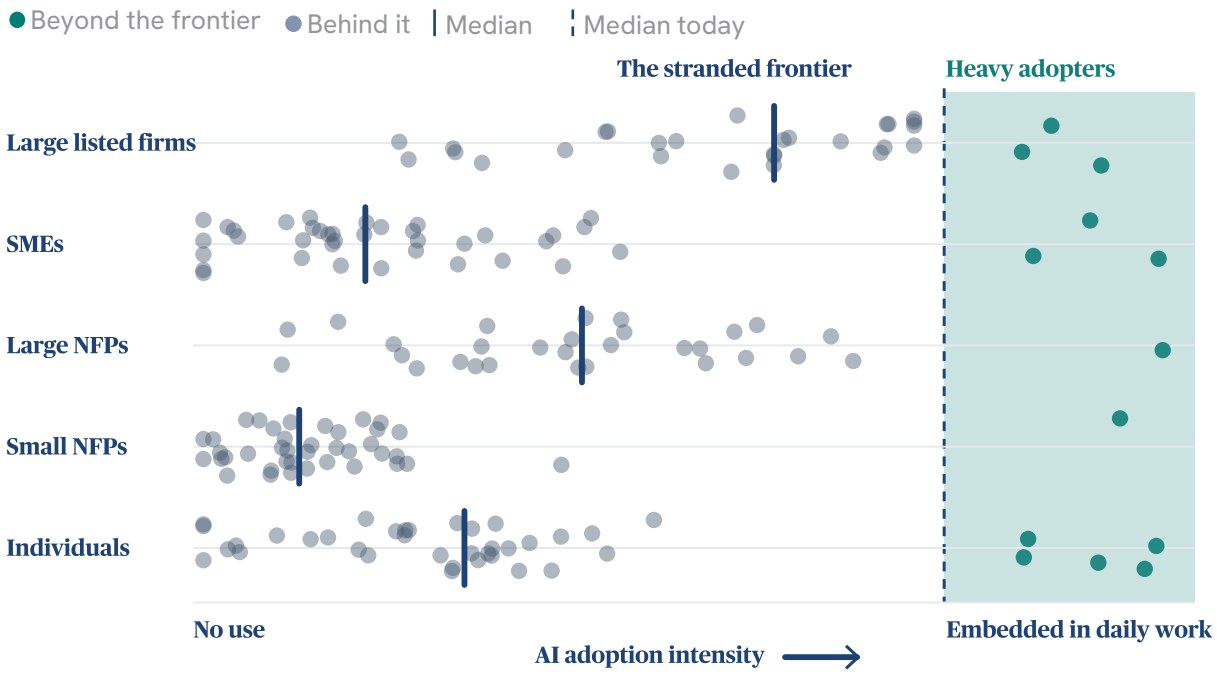


Conceptual illustration. Positions and movements are not measured.

Path 3 Adoption stalls

Negative sentiment and unclear rules slow adoption, and leading organisations hold back.

If adoption stalls, even the leaders hold back



Conceptual illustration. Positions and movements are not measured.

5.4

The no-regret discipline: prioritise actions that hold up across every future.

When the future is uncertain, decisions should be tested against more than one possible outcome and measured over time to see whether they are working.

Scenario planners call this the no-regret discipline: test each proposed action against every plausible future and prioritise those that deliver value across all of them. Actions that depend on one future are bets; actions that hold up across all four are investments.

The quadrant framework from Section 1.2 turns this into a practical tool.

A government considering a skills program, or a board considering an AI investment, can ask the same four questions: What happens if capability plateaus? If adoption remains shallow? If both accelerate? If capability races ahead of adoption?

Talent and skills capability in WA across four futures

Long runway	Capability built slowly compounds; no wasted urgency.
Quiet adoption	Skills are the binding constraint — this is the quadrant where talent pays most.
Capability overhang	A skilled workforce is what closes the adoption lag.
Fast transformation	Transition support and retraining absorb the disruption.

The hiring side is already moving. As one senior executive in professional services put it: “In knowledge-worker roles, you wouldn’t hire someone who doesn’t use a computer. That’d be obscene. That’s where it’s going with AI… We’re also looking at a baseline AI literacy requirement for all new hires.”

5.5

The human transition: identity, skills and access.

> *"We've got a group of people in the business who are trained schedulers, and they have [spent] 20 years planning the rail network, which is one of the most important parts of our supply chain. I am convinced if you were to stick them in an MRI machine while they're thinking about the rail network, you'd be able to map our rail network in their brain… As some of these tools come out, the way that we need them will be different. And if you think of someone whose body has actually shaped itself to help us solve a problem, and we're now telling them we need them to do something different. That's an incredible ask."*
>
> **Senior executive, mining company**

Identity may become the next constraint. As one interviewee put it: "I think that's going to be the next thing that slows us down a lot."

Any credible transition plan will need to address this alongside the practical challenge of retraining.



PROFESSOR SHARATH SRIRAM | CHIEF SCIENTIST OF WESTERN AUSTRALIA
JORDAN HILL | LECTURER AT NORTH METROPOLITAN TAFE
AITAI'S ARCHITECTS OF OUR AI FUTURE, MARCH 2026

Crossing the Stranded Frontier

AI capability will keep moving. Whether Australia moves with it is ours to decide.

This first edition of The AI Transformation Monitor shows a country moving at two speeds. Australia's leading enterprises are embedding AI into daily work and already capturing measurable returns. Yet most organisations, particularly small and medium-sized businesses, local councils, and not-for-profits, remain behind the stranded frontier.

The gap is not a lack of appetite. Australians want to engage, and employers want to make their teams more productive. What stands in the way are practical, solvable constraints: clearer governance, better ways to measure value and the everyday skills and confidence to put these tools to work.

At the Australian Institute of Transformation and AI, our mission is to ensure the benefits of this transition are shared broadly across society. Insights are only our starting point.

Over the year ahead, we will update these indices quarterly to track where Australia is making progress and where it is stalling. Alongside the research, we are putting these findings directly into practice, starting with equipping directors and leaders of SMEs and not-for-profits to cross the frontier with confidence.

Shaping Australia's AI future is a collective effort, and this report is an invitation to join the conversation.

Partner with AITAI

Support independent Australian research and help expand our capability programs across industry and the community.

Bring AITAI to your boardroom

Engage with our programs for directors, executives and for-purpose leaders.

Follow the research

Explore the live indices and quarterly updates at aitai.org.au.

From the Head of Research



What is AI for?

This report is a prime example of the thing it seeks to study. It simply could not have existed in this form and time frame without the extensive use of AI. For example, we classified more than four thousand Australian news articles for under $20 and in less than 3.5 hours.

AI was used in almost every aspect of the production of this report:

- Data gathering
- Data preparation and cleansing
- Initial analysis
- Testing hypotheses

AI also supported the processes behind the research, from assessing applications and planning weekly sprints to communicating project status, saving many hours of work.

There were some aspects of production of this research that did not use AI. For example:

- The identification of the need for this report. Why are we doing this? What gap did we see?
- Forming a theory of change about AI and the Australian economy and society.
- Understanding the interplay between public perception, policy and AI adoption.
- The research hypotheses themselves.

These are fundamentally human concerns that motivated this research program and the communication of its findings.

AI also extended my capabilities beyond areas in which I have direct expertise. It helped me coordinate research at this scale, understand unfamiliar fields and learn from people advancing the use of AI in social science and economics. I expect this kind of personal reach to increase.

That is what I find most hopeful in this work. Not the speed (although that's truly impressive) but what the speed makes possible: people creating new knowledge and doing serious work at a pace that can make a meaningful difference.

I have seen that firsthand this year, and I am not alone. In conducting many of our interviews, I heard from people using AI to improve health outcomes, reduce the environmental impact of industry and help new businesses get started.

I want that for many more of us. I hope for a future in which these tools extend our capacity to produce new ideas and new ways of examining our lives and the human condition.

What we do with them is up to us.

Justin Strharsky
Head of Research



The AITAI Network

A collective effort for Australia's AI future.

The Australian Institute of Transformation and AI (AITAI) is an independent national institute powered by St Catherine's College, established to strengthen Australia's AI capability and support its responsible, productive adoption across industry and society.

AITAI brings together practitioners, researchers and leaders from across industry, government, education and the not-for-profit sector. Its work spans research, policy engagement, convening across sectors and workforce capability, with a focus on practical application.

Together, this network brings the technical expertise, practical experience and diverse perspectives needed to help Australia navigate AI transformation and broaden its benefits.

RESEARCH | ADVOCACY | IMPACT

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