Australian Alliance for Artificial Intelligence in Healthcare

DON'T WALK. *RUN.*

AI IN HEALTHCARE
THE 3RD NATIONAL POLICY ROADMAP
2026

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Introduction

This 3rd National Policy Roadmap for AI in Healthcare delivers a renewed policy agenda for AI in Healthcare. It describes the critically needed next steps for a co-ordinated national approach to the orderly but energetic adoption of AI.

AI is opening new pathways to a smarter, more efficient, and more adaptive health system. From new digital 'front door' virtual health services, the algorithmic interpretation of imaging and pathology data, triage, resource allocation, clinical documentation to the personalisation of therapy, AI today is being used both by consumers and clinicians and is touching many aspects of healthcare.

AI is also a major disrupter, presenting both opportunities and threats. In the last two years it has become clear that the pace of industry growth far exceeds our current capabilities to ensure the technology is safe and effective. It is becoming clear that system disruption is arriving fast. A handful of 'hyperscaling' international companies dominate the AI market and have turned their gaze to healthcare. They have ample resources to move quickly and at scale in their attempt to become the de-facto front-door for consumers to manage their health.

For Australia's healthcare system to remain sustainable and resilient, it will need to shift gears, and quickly, from catching up with overseas industry, to moving ahead and defining our own pathway. If there is to be wholesale change to healthcare, then it must be on our terms.

There is a clear and increasingly urgent role for Australian governments and agencies to set the conditions for safe and effective adoption of AI services in healthcare. Governments however cannot do this alone. Change on our terms requires a co-ordinated multi-sectoral policy approach. Change at speed requires different approaches to decision making.

Roadmap 3 is designed to assist all levels of government, industry, and civil society. While there has been slow but steady policy and implementation progress since the 2023 Roadmap, rapid change is opening new gaps in Australia's capability to translate AI into effective and safe clinical services.

This Roadmap provides guidance on key issues such as governance, sovereign capability, workforce, industry support, implementation, regulation, and AI safety. It acknowledges and builds on the extensive work already undertaken by Australian Alliance for Artificial Intelligence in Healthcare (AAAiH) in earlier versions of the Roadmap in 2021 and 2023.

Healthcare is well known for its inertia to change, and so we must find new agile ways to meet these historic challenges. Our new mantra has to be **"Don't walk. Run."**

Professor Enrico Coiera
FAAHMS FAIDH FACMI(Dist) MIAHSI
Founder, Australian Alliance for Artificial Intelligence in Healthcare
Professor of Medical Informatics and Director Centre for Health Informatics, Australian Institute of Health Innovation, Macquarie University

National Policy Roadmap

Priority Area Recommendations at a glance

1. LEADERSHIP	2. GOVERNANCE FOR SAFETY, QUALITY, ETHICS AND SECURITY	3. SOVEREIGN CAPABILITIES	4. ACCELERATING THE ADOPTION OF AI ACROSS HEALTHCARE
Priorities			
Provide whole of sector leadership to co-ordinate the ongoing response to the AI challenge.	Ensure patients receive safe, effective, and ethical care from AI services which have been developed in accordance with ethical principles, a safety framework and are appropriately monitored post-implementation.	Develop independent national sovereign capabilities to build and operate large-scale AI.	Develop and share best practice expertise that informs the selection, implementation, and operation of clinical AI.
Key Recommendations			
1. Develop and routinely refresh an ambitious and well-resourced **National AI in Healthcare strategy** led by government but based upon broad engagement with the community and key stakeholders. 2. Establish and resource a **National Health AI Expert Group** to advise government as it develops policy and regulatory proposals for a coherent and strategic approach to national adoption of AI in healthcare.	3. HCOs that use AI for clinical purposes must have **robust clinical governance processes** that prioritise safe, effective and ethical use of AI. 3.1 **HCOs must have access to national tools and guidelines** for effective AI clinical governance at an organisational level. 3.2 The quality of a **HCO's AI clinical governance processes must be independently reviewed**, e.g. as part of existing organisational accreditation processes. 4. Develop actionable national **ethical guidelines, tools, and standards** spanning clinical and consumer AI. 5. Effective **post-market surveillance of AI in routine use** requires immediate prioritisation and resourcing so that new risks are rapidly detected and communicated. 6. Accreditation standards for AI deployment in healthcare organisations should include **national cybersecurity standards compliance.** 7. **AI-specific privacy risks** not covered in national cybersecurity standards should be explicitly addressed in HCO clinical governance, training, and procurement processes. 8. Establish guidance for managing when **Australian patient data is subject to access or disclosure obligations to international jurisdictions.**	9. Australia should **build sufficient technological independence**—including local expertise, infrastructure, and governance—to safely and effectively implement AI in healthcare and reduce our strategic reliance on international technology providers. 10. **AI localisation capabilities** must be available to ensure Australian HCOs can use AI that is calibrated to the characteristics of specific local populations, services, and health needs. 11. Australia should **invest in privacy-preserving data ecosystems** (e.g. federated learning) that enable AI development without necessarily sharing raw patient data across institutions. 12. With federal government support, Australia should **develop, maintain, and provide national access to locally governed generative AI capabilities**, optimised to local healthcare needs. Such national generative AI capabilities may well be developed by industry, with government engagement.	13. **Develop, disseminate**, and routinely refresh **national best-practice guidance for clinical implementation** of AI (e.g. high priority use cases, technical standards compliance, workflows, local calibration, transparency, and explainability). 14. Develop, disseminate, and routinely refresh **procurement guidance** at State and Federal levels to support health services to identify proven AI technology for implementation in healthcare. 15. Identify key national healthcare challenges where AI can significantly enhance outcomes and effectiveness of current and emerging services and create **national beacon sites** where these challenges can be first addressed before broader national translation.

5. WORKFORCE	6. CONSUMERS	7. INDUSTRY	8. RESEARCH AND DEVELOPMENT
Priorities			
Understand workforce knowledge gaps and provide training in the use and implementation of AI-enabled healthcare services.	Help all Australians, including vulnerable consumers, to safely use AI to navigate the complex healthcare system and actively participate in managing their own care and wellbeing.	Support development of the local healthcare AI industry to become globally competitive and deliver significant clinical and economic benefits to Australia.	Ensure development and deployment of AI in healthcare is based on up-to-date research evidence, using world-class sovereign AI capability to support this research.
Key Recommendations			
16. **AI governance standards should encompass workforce training requirements**, ensuring that HCOs can deliver safe, secure, and effective services using AI. 17. Safe, secure, and effective use of AI should be a component of **clinical training and digital health training programs.** 18. A **national Chief AI Officer training program** should be resourced to produce a new generation of executive leaders, and upskill existing leaders such as CIOs, to drive the procurement, governance, and implementation of HCO AI.	19. **Upskill consumers** to safely and effectively adopt healthcare AI products and services. 20. Undertake a national consumer educational campaign to build trust in HCOs and **counter health misinformation and disinformation** that consumers encounter when using publicly available AI. 21. AI-driven consumer health services should support disadvantaged populations. A mandate and resources are needed to **support inclusive, safe, and accessible access to AI-driven consumer resources** by, for example, people living with disabilities, Culturally and Linguistically Diverse (CALD) communities, and Aboriginal and Torres Strait Islander communities, based on deep engagement with these populations. 22. Adopt an **AI front door strategy for consumer-facing health services:** Use AI to enhance access to and navigation across and within critical services such as My Aged Care and 1800 Medicare.	23. Develop a **data and technology standards roadmap** that identifies AI-specific requirements for healthcare that extend beyond current digital health standards and clearly sets out how these standards will be adopted, embedded, and sustained across the health ecosystem. 24. Develop a business case for government to **provide financial incentives and targeted support** for local industry to assist with regulatory compliance.	25. AI should be an explicit focus of any **National Health and Medical Research Strategy,** generating urgently needed evidence for AI safety, quality, and effectiveness in health services. 26. **Dedicated AI review panels** should be created within the MRFF/ NHMRC to ensure expert assessment of grant applications involving AI across schemes such as Investigator and Partnership grants. 27. Funding should be allocated to one or more large scale **Centres of Research Excellence in Healthcare AI**, e.g. with support potentially coming from the NHMRC, ARC, MRFF, DoHDA, and the States. 28. Funding and resources for **industry-academia collaborations that progress the meaningful adoption of AI** should be prioritised within existing schemes such as MTPConnect and NHMRC Partnership Grants. National resources (e.g. synthetic or privacy preserving data sets or adoption of localised LLMs) should be early foci for MRFF investment.

The AI Opportunity for Healthcare

We are still in the early stages of a profound and rapid digital disruption of healthcare.

Creating a smart, adaptive health system has long been considered key to ensuring the sustainability of quality healthcare. AI allows us to imagine ways of making that happen, by creating entirely new ways of delivering care. AI offers profound new opportunities to improve clinical diagnosis, treatment, and reshape workflows.

If developed in a meaningful, careful, and collaborative way, AI-enabled services will herald new modes of delivery and models of healthcare that are more personalised, effective, and safe, and will ensure our healthcare system is sustainable and remains an international leader. From research bench to clinical bedside and into the hands of patients, AI promises to make Australian healthcare a learning system that is more nimble, adaptive, personalised, safe, effective, and equitable.

Australia's Productivity Commission 2024 digital health report[1] identified that 30% of routine healthcare tasks could be automated, generating $5.4 billion in annual savings, and saving about 11 hours per week for every healthcare worker. Internationally, there have been significant investments in AI in healthcare. In 2025, the US AI healthcare market stood at US$8.65 billion, and it is on a remarkable trajectory, projected to reach US$43.3 billion by 2030.[2] By the end of 2025 the US Food and Drug Administration (FDA) had approved over 1450 AI software products.[3]

While Australia is well positioned to be a global leader in the real-world application of AI, we have yet to develop a coordinated approach for how that might happen, let alone invest at anywhere near the scale of other nations. Many of the necessary elements for a world-class translational capacity are in place. We have a high performing health system and substantial digital infrastructure at State and Federal levels. Australia has particular strengths in computer and data science, bioscience, and implementation science. Our researchers have long applied AI to healthcare, stretching back over four decades. Yet, despite some encouraging early progress, Australia appears still unprepared to manage the opportunities and risks of an AI-enabled health system.

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SELECTED APPLICATIONS FOR AI IN HEALTHCARE

Documenting:
Digital (or ambient) scribes use large language models (LLMs) to reduce documentation loads for clinicians by automating the creation of documentation such as specialist letters, electronic health records, and discharge summaries.

Back-room automation:
Many routine office tasks can now be automated using AI e.g. sending reminders to patients, ordering tests or medical equipment, and helping to manage office communications such as telephony and email.

Learning:
Machine learning systems discover patterns, categories, and relationships within clinical, genomic, imaging, population, administrative, and personal heath data. The resulting models can then be used for a wide variety of classification or prediction tasks such as diagnosis and therapy planning.

Decision support:
Decisions such as ordering investigations, making diagnoses, screening images, and selecting therapy are classic AI applications with a strong evidence base for their effectiveness. Data-driven approaches leveraging newer AI technology are an active focus of innovation.

Planning:
Using knowledge about tasks, resources, and goals as well as information about trade-offs, AI can be used to create plans as well as dynamically update them, for example optimising a patient's chemotherapy treatment regime over an extended period.

Virtual services:
"Digital front door" AI services can provide consumers with information and guidance, including automated triage to emergency care, booking services such as consultations with clinicians, and provision of evidence-based information to help in consumer decision making and education.

Communication:
Conversations are essential to communicate complex ideas, or to obtain additional information in pursuit of a diagnostic or therapeutic goal. AI can help translate complex information into consumer-friendly language, or to support culturally and linguistically diverse communities. Chatbots can participate in structured conversations with patients or clinicians to accomplish specific tasks such as obtain information or deliver cognitive behavioural therapy.

Research and discovery:
A special class of learning algorithms is focused on creating new knowledge, for example, discovering natural scientific laws, identifying previously unexpected associations such as the genetic basis of a disease, or repurposing a drug for a novel use. "AI Co-scientists" can assist researchers in designing, executing, and documenting research.

The need for a 3rd National Policy Roadmap for Artificial Intelligence in Healthcare

Roadmap 3 identifies the critically needed next steps for a co-ordinated national approach to the adoption of AI. This Roadmap builds on extensive prior work that produced two earlier versions of the Roadmap in 2021 and 2023. Roadmap 1 appeared in the middle of the COVID-19 pandemic, when health system attention was rightly focused on navigating that crisis. Roadmap 2 sought to refocus attention post-pandemic on the rapidly emerging disruption triggered by advances in AI, and had two overarching goals. Firstly, AAAiH wished to seed the creation of a formal national plan by the end of 2025 to create an AI-enabled Australian healthcare system. Secondly, it sought to identify short-term achievable priorities that plugged urgent gaps – wherever possible exploiting existing structures, processes, and organisations. While in 2026 there is still no co-ordinated national approach to advancing the safe and effective use of AI in healthcare, there have been many success stories where organisations have stepped up to the Roadmap 2 recommendations (see Box 1).

The rapid pace of change in this sector continues, and if anything, is accelerating. This has created a critical need to update and refocus earlier Roadmap recommendations, reflecting both national progress and urgent emerging challenges.

Roadmap 3 identifies potential and ongoing gaps in Australia's capability to adopt AI into effective and safe clinical services. It makes 28 recommendations across 8 priority areas that, if adopted, would help ensure Australia makes substantial progress with AI in healthcare over the next 2-5 years. The Roadmap identifies potential gaps in Australia's capability to translate AI into effective and safe clinical services, across areas such as sovereign capability, clinical adoption, regulation, and AI safety.

The current Roadmap has been developed through extensive stakeholder engagement across the healthcare sector, including with government, industry, peak bodies, and consumers. Over 96 organisations contributed to an initial priority setting survey late in 2025 and these draft recommendations were then tested in a series of focus groups and interviews with 38 people from 20 peak bodies and government agencies. These consultation activities were undertaken with the support of Macquarie University, the Digital Health Cooperative Research Centre, CSIRO's Australian eHealth Research Centre, and RMIT University.

AI POLICY PROGRESS SINCE RELEASE OF ROADMAP 2 (2023)

- ✓ Adoption of a Whole of Government approach to AI oversight, led by the Federal Department of Industry, Science and Resources.
- ✓ Completion of a Legislation and Regulation Review for the safe and responsible use of AI in Healthcare by the Federal Department of Health, Disability and Ageing.
- ✓ Creation of an AI Safety Institute by the Australian Government, focusing on AI safety policy for government across all industry sectors.
- ✓ The launch of AI implementation guidelines in hospitals by the Australian Commission on Safety and Quality in Healthcare.
- ✓ Release of the Medical Software Industry Association (MSIA) and Medical Technology Association of Australia (MTAA) AI governance code, a voluntary medical software industry framework.
- ✓ Establishment of an AI taskforce by NSW Health to inform and guide the use of AI in the NSW public health system.
- ✓ Establishment of a Technical Reference Group for AI by the Therapeutic Goods Administration (TGA) and provision of advice by the TGA on the safe use and regulation of generative AI (GenAI).
- ✓ Establishment of an Artificial Intelligence Enabled Care Expert Advisory Group by the Australian Digital Health Agency (ADHA).
- ✓ Publication of an Advisory on the use of unregulated AI in the Victorian Public Health System.
- ✓ Inclusion of specific advice to all health professionals on their obligations when using AI by the national professional regulator Ahpra.
- ✓ Professional guidance on the safe and effective use of AI scribes and LLMs by the Royal Australasian College of General Practice, the Royal Australian and New Zealand College of Radiologists, the Australian Physiotherapy Association, and the Australian College of Nursing.
- ✓ The funding of four national AI Adopt Centres, intended to support Australian businesses. Unfortunately, no healthcare-specific Centre was funded.

Box 1: AI Policy Progress Since Release Of Roadmap 2 – 2023

THE RECOMMENDATIONS

Leadership

Provide whole of sector leadership to co-ordinate the ongoing response to the AI challenge.

Left to its own devices our fragmented health system has defaulted to solving the AI challenge in silos that poorly co-ordinate with each other, double up effort and miss critical pieces of the solution. Governments and agencies are setting up multiple AI committees and sub-committees, and parallel work is underway in the non-government sector. We need harmonisation of these activities to avoid waste, duplication, and inertia. A fully funded national plan, crafted in collaboration by the key stakeholders from government, agencies, the health system, industry, and consumers would go a long way to solving this problem.

Recommendations

1. Develop and routinely refresh an ambitious and well-resourced **National AI in Healthcare strategy** led by government but based upon broad engagement with the community and key stakeholders.

- The national strategy should focus on federal issues but be supportive of developments elsewhere e.g. State level strategies. We do have a national industry neutral AI plan,[4] and a national cross-sectoral committee — which has previously advised the Department of Industry, Science and Resources. Healthcare, with its many unique needs and the complexity of the health system — requires additional focused attention and input from beyond the bounds of government.

2. Establish and resource a **National Health AI Expert Group** to advise government as it develops policy and regulatory proposals for a coherent and strategic approach to national adoption of AI in healthcare.

- The rapid evolution of technologies and emergence of new use cases suggests that an expert group will be needed to permit flexible agile responses, rather than adopt the slower more considered approach usually associated with government advisory groups.
- The Expert Advisory committee should include representation from consumers, Aboriginal and Torres Strait Islander people, industry, health services, academia, and government agencies such as the TGA, ACSQHC, Ahpra, and ADHA.
- A consumer panel or sub-committee feeding into the high-level committee may help capture a more representative community perspective. The Strategy should align with the National Agreement on Closing the Gap.[5]

Governance for safety, quality, ethics and security

Ensure patients receive safe, effective, and ethical care from AI services which have been developed in accordance with ethical principles, a safety framework and are appropriately monitored post-implementation.

Patients must receive safe, effective, and ethical care from AI-enabled healthcare services and be assured sensitive healthcare data are protected from cybersecurity threats, privacy breaches, or unauthorised use. In Australia, the Therapeutic Goods Administration (TGA) has legal responsibility to regulate software-based medical devices including those with AI. The Australian Commission on Safety and Quality in Health Care (ACSQHC) has the remit to oversee quality of care standards that will need to embrace AI. The Australian Digital Health Agency (ADHA) would most likely provide guidance to health care organisations (HCOs) on AI safety governance processes.

There are significant gaps and overlaps in remit which can only be identified through inter-agency collaboration, and targeted resourcing is needed to address emerging challenges. While clinical AI is subject to TGA software as a medical device (SaMD) safety regulation, non-medical generative AI still falls into a grey zone. Although it is being used for clinical purposes, it evades scrutiny because it is a general purpose technology not explicitly intended for healthcare. Uploading or processing sensitive patient data into a non-medical AI chatbot hosted in servers outside Australia is also problematic from a privacy and consent perspective.

The current model for regulating AI was designed over 30 years ago in an environment where technology was single function and predictable. Today, governance needs to move from a 'certify once' model to one which ensures adaptive AI remains fit for purpose as it evolves where in use. Localisation of AI models by health services will be a common strategy to deal with data biases, and governance is needed to ensure local AI services function as expected.

Recommendations

3. HCOs that use AI for clinical purposes must have **robust clinical governance processes** that prioritise the safe, effective and ethical use of AI.

    3.1. **HCOs must have access to national tools and guidelines** that support effective AI clinical governance at an organisational level.

    3.2. The quality of a **HCO's AI clinical governance processes must be independently reviewed,** e.g. as part of existing organisational accreditation processes run by ACSQHC.[6]

- Where possible, AI governance should build on existing digital health and patient safety governance arrangements and collaborate with agencies that have related missions, e.g. the AI Safety Institute. Data storage governance should adhere to the principles of Indigenous Data Sovereignty, Indigenous Data Governance, and existing related national policies.[7,8]
- Governance requires recognition that different technologies (e.g. GenAI vs Deep Learning) and different applications (e.g. SaMD vs scribes) will require different approaches.
- AI governance should extend from AI procurement, through to implementation and post-implementation performance monitoring that includes clinical outcomes. National Healthcare AI governance accreditation standards will need to be developed to augment existing organisational standards.
- Governance should include AI safety incident reporting (Recommendation 5) and guidance to preferentially adopt technologies that meet appropriate standards such as medical device regulatory approval.

4. Embedding ethics into clinical governance will require a move from developing AI ethics principles and frameworks to the use of actionable national **ethical guidelines, tools, and standards of care** that reflect value-based care spanning clinical and consumer AI.

- Ethics guidelines must be sufficiently specific to inform the development of professional and organisational standards of care. Development of such guidelines may best occur with expert input, but ownership and stewardship should sit with an accrediting body such as the ACSQHC.
- Ethics guidelines and tools will require timely and regular updating as new challenges emerge with new technologies, uses, and norms.
- Ethical guidelines will need to grapple with multiple open questions including:
    i. Clinical obligations related to care access and equity, e.g. non-use of AI when it is the standard, or denying access to care if patients do not consent to the use of AI tools such as digital scribes. Where a choice is possible, conscientious objection to the use of AI by consumers should be respected.
    ii. Clinical systems are increasingly embedding AI, which becomes hard to consent to. For example, consenting to an MRI already implies consent to the many algorithms within the MRI software.
    iii. Patient consent for secondary use of their health data and AI history for model training.
    iv. The use of AI from international sources, e.g. the unconsented use of patient data, or the unlicenced use of academic publications for AI training.

5. Effective **post-market surveillance of AI in routine use** requires immediate prioritisation and resourcing so that new AI risks are rapidly detected and communicated to all relevant parties, including consumers.

- The rapid advance of technology and relatively slower processes of regulation and accreditation will mean that new risks will emerge after clinical AI is implemented.
- ADHA, regulators such as the TGA, and accreditation organisations such as the ACSQHC should jointly examine their potential responsibilities for monitoring of AI in use and enhance their mission and capabilities as appropriate.
- Routine patient safety incident reports are a potential source of monitoring data for AI but are reported in a fragmented way. Each State runs their own process, and there is no formal mechanism for primary care reporting. Manufacturers report incidents for medical devices to the TGA. Harmonising and integrating patient safety reporting should be a national priority.
- Formal clinical governance processes should include routine post-market monitoring for AI-related safety incidents, and their reporting to regulators.
- Generative AI products, such as AI scribes, require additional scrutiny because safety assessment will necessarily rely more heavily on post-market mechanisms than other forms of AI.[9]
- Given that Generative AI is now being adopted at scale, it will soon require real-time monitoring for risks and harms, e.g. of live patient records, and transactions such as e-prescriptions.
- Pre-market assessment will continue to be important but will need to adapt, e.g. using predetermined change control programs.

6. Accreditation standards for AI deployment in healthcare organisations should include a requirement for **national cybersecurity standards compliance.**
7. **AI-specific privacy risks** in healthcare that are not covered in national cybersecurity standards (such as patient re-identification from machine learning models), should be explicitly addressed in HCO clinical governance, training, and procurement processes.
8. Establish guidance for managing when **Australian patient data is subject to access or disclosure obligations to international jurisdictions.**

Sovereign Capabilities

Develop independent national sovereign capabilities to build and operate large-scale AI.

There is a view in some quarters that all we need to do as a nation is adopt the best of what is produced internationally, and that we do not need deep AI sovereign capabilities. Nothing is further from the truth. Without some degree of algorithmic sovereignty (the capability to produce or modify AI in Australia), the nation is exposed to new risks and will miss one of the most significant industrial revolutions of our times.[10] If our nation's citizens receive most of their health information from online sources which can be algorithmically manipulated by foreign corporations or nations, then the nation is at risk of direct interference.[11]

We do not want to just export our clinical datasets and import back the models built with them. We should be a value-adding economy that builds and exports these technologies ourselves. For example, Australia's $1.4 billion clinical trials sector will face stiff international competition from those who use AI to identify, enrol, and monitor patients more effectively and at a lower cost. Further, AI requires local customisation to reflect diverse populations or health service differences. Critically, using AI requires retraining of the workforce, retooling health services, and transforming workflows.

Recommendations

9. Australia should build **sufficient technological independence**—including local expertise, infrastructure, and governance—to safely and effectively implement AI in healthcare and reduce our strategic reliance on international technology providers.

- We must balance reliance on international providers (who could provide cutting edge expertise and resources) with the need for local independent capability (which is under local governance and available in times of crisis).
- Development of national AI policy that ensures sovereign capability is developed to avoid the risks of over-reliance on international providers in geopolitically unstable times is a priority (see Industry recommendations).

10. **AI localisation capabilities** must be available to ensure Australian HCOs can use AI that is calibrated to the characteristics of specific local populations, services, and health needs.

- Australian companies and HCOs should have access to the best-practice expertise, high-quality datasets, and technologies needed to support model localisation. The Australian Institute of Health and Welfare (AIHW) is already a trusted source of health and welfare data, and making data available for AI development, including by industry, will require different and accelerated approaches to data governance. The new NHMRC National Data Integration, Sharing and Access Plan should ensure it supports not just data use for research but also data use for quality improvement, including the localisation of AI models.

11. Australia should **invest in privacy-preserving data ecosystems** (e.g. federated learning) that enable AI development without necessarily sharing raw patient data across institutions.

- The development of data ecosystems will be enhanced by universal adoption of data interoperability and policy that prioritises and rewards data sharing across public and private sectors, and State and Federal jurisdictions.
- Indigenous Data Sovereignty and Indigenous Data Governance must be considered alongside national data sovereignty concerns.

12. With Federal government support, Australia should **develop, maintain, and provide national access to locally governed generative AI capabilities,** optimised to local healthcare needs. Such national generative AI capabilities may well be developed by industry, with government engagement.

- We must balance the advantages of reliance on international technology (which can be developed at speed and scale), with the risks that when such technology becomes mission critical for HCOs, it is outside of our direct control.
- Sovereign generative AI resources could contribute to enhanced trust, equity, and access to AI enabled health services.

Accelerating the adoption of AI across healthcare

Develop and share best-practice expertise that informs the selection, implementation, and operation of clinical AI.

Inventing technology that works is just the beginning. For AI to be fruitfully embedded into clinical practice requires attention to a bundle of "last mile" issues. Purchasers and adopters need to **not just buy technology that is 'fit for purpose', but buy technology that fits its purpose.** Identifying which products best suit local needs, fit best with local workflows, meet safety and quality criteria, and can co-habit with existing digital infrastructures requires detailed and expert understanding, which may not be available to all HCOs. Finding ways to develop and widely share this knowledge is a key national challenge. Barriers to adoption will vary across different parts of the health sector. Digital scribes, for example, have proven to be a good fit with primary care workflows where adoption has been rapid, but require more effort to fit into hospital settings.

Recommendations

13. **Develop, disseminate,** and routinely refresh **national best-practice guidance for clinical implementation** of AI (e.g. high priority use cases, technical standards compliance, workflows, local calibration, transparency, and explainability). This should leverage the expertise and experience of AI-advanced State and Territory health systems.
14. Develop, disseminate, and routinely refresh **procurement guidance** at State and Federal levels to support health services to identify proven AI technology for implementation in healthcare.

- Procurement guidelines provide an opportunity to set de facto standards for system safety, quality, ethics, and value without necessarily listing recommended vendors or products.
- Such guidance can build upon existing, sometimes sector-neutral, guidance.
- Organisations such as ADHA and MTAA should collaborate with e-health agencies from the jurisdictions and industry to develop and maintain these healthcare AI procurement guidelines.
- Procurement guidelines should, where possible, support local industry and contribute to the development of sovereign capabilities in healthcare AI, its implementation, and operation.

15. Identify key national healthcare challenges where AI can significantly enhance outcomes and effectiveness and create **national beacon sites** where these challenges can be first addressed before broader national translation.

- Beacon projects should strive to be 'full' AI service implementations embedded in routine care, rather than pilots. Potentially spanning from primary through to tertiary care, they will require leadership and resourcing from State and Federal Governments.
- Beacon projects are an opportunity to test and refine national procurement guidelines, interoperability standards, AI safety, quality and ethics standards, and develop training programs for health care workers, patients, and their carers.
- Beacon projects must include fully funded evaluations, covering process, economic, and clinical outcome assessments.
- KPIs for beacon projects should include evidence of translation of the new AI service into other HCOs.

Workforce

Understand workforce knowledge gaps and provide training in the use and implementation of AI-enabled healthcare services.

Developing and sustaining a workforce capable of running a modern health system is high on our national health priorities.[12] Ensuring that this workforce can engage safely and responsibly in AI design, development, implementation, evaluation, and governance is crucial to meeting this ambition. AI-enabled services will be shaped and used by a diverse health workforce across many organisations. This includes clinicians, health service administrators, public health workers, business managers and investors, science and technology researchers and developers.

To prepare the sector for the increased use of AI, we will need to support the creation of national consensus on foundational clinical competencies, scopes of professional practice, and codes of professional conduct to use AI, and provide a basis for patient safety, service quality, and practitioner credentialling.

This program should be ongoing to meet new challenges and technology evolution, leverage existing work where possible, and support new initiatives where gaps exist. For example, the Australian Medical Council and other National Board delegated bodies are developing or updating digital health standards for practitioners and education providers. The Professional Colleges are responsible for developing, updating, and policing the Standards of Practice needed for their Fellows to use AI responsibly.

Recommendations

16. **AI governance standards should encompass workforce training requirements,** ensuring that HCOs can deliver safe, secure, and effective services using AI.
17. Safe, secure, and effective use of AI should be a component of **clinical training and digital health training programs.**
18. **A national Chief AI Officer training program** should be resourced to produce a new generation of executive leaders, and upskill existing leaders such as Chief Information Officers, to drive the procurement, governance, and implementation of HCO AI.

- Ahpra as a developer of professional standards is well-placed to drive workforce education e.g. through its common professional capabilities program. Professional colleges are responsible for medical trainee curricula. The ACSQHC sets standards for HCOs that can inform health service operational and design training needs.
- Training requirements should drive the development of the educational marketplace, e.g. universities and professional organisations such as the AIDH can be providers of appropriately targeted educational programs.
- An AI-literate workforce should be better placed to help consumers understand how to be safe and effective users of AI. AI literacy requirements will vary depending on health profession and specialty.
- As AI changes workflows, so too will the demands it makes of clinicians. For example, if AI screening tools remove the clear-cut normal cases (e.g. breast screening) that will mean human screeners see a greater proportion of disease images than before, with implications for burn out and stress, as well as reduced workload.[13]
- Clinicians should be made aware that use of AI may disrupt current cognitive processes (such as the act of sense-making whilst writing patient notes), and be provided with training to ensure high quality decision making continues.

Consumers

Help all Australians, including vulnerable consumers, to safely use AI to navigate the complex healthcare system and actively participate in managing their own care and wellbeing.

Many consumers are accessing generative AI-powered services to answer important questions about their health, often in advance of any engagement with health services. They should have the skills to do so safely and effectively. Symptom checkers, for example, can tell a consumer whether they need to see a doctor or even provide a diagnosis, increasingly as part of a "digital first" virtual care model. Consumers should have an understanding of the limits of these technologies, and their place in care pathways. They should be aware of the risks of misinformation and bias. For example, if they use any of the common publicly available GenAI chatbots, they may read information tailored to US and not Australian conditions, such as vaccination schedule recommendations, which differ for Australia and the US.

Consumers must also be informed and engaged in decisions about the development and use of AI and its implications for them, to foster public confidence. If patients, carers, consumers, and citizens are to be involved in co-designing AI-enabled services, and advising on ongoing management, this will require a level of literacy currently inaccessible to most Australians.

Recommendations

19. **Upskill consumers** to safely and effectively adopt healthcare AI products and services.

- Consumers should have access to appropriate, accessible, and targeted educational material that covers how to use AI for health purposes, AI safety, and the professional obligations of clinicians who use AI e.g. how patient consent to use AI like digital scribes should be obtained.
- Training in the safe and effective use of AI by consumers might best occur as a part of using real services such as the 1800 Medicare helpline, My Health Record, or the 1800 Medicare app.
- Consumers should have access to information on how to best use AI-generated information e.g. discussing such information during a clinical consultation with a doctor or other health professional.
- Specific educational material should be created for different subgroups, e.g. age specific groups and individuals from Culturally and Linguistically Diverse (CALD) communities. Partnership with the Aboriginal and Torres Strait Islander community-controlled, CALD, and disability sectors will determine effective strategies to build AI literacy for these communities.

20. Undertake a national consumer educational campaign to build trust in HCOs, and **address health misinformation and disinformation** consumers encounter when using publicly available AI.

- It will be challenging to enforce rules and regulations around health misinformation generated by commercial LLMs, making it important that Australians have the skills to recognise and manage mis- and dis-information when they use healthcare AI.
- Consumers will need to be embedded in the campaign from conception to implementation.
- As AI capabilities are rapidly evolving, new (mis)uses for AI are always emerging. Hence, the campaign should extend over a lengthy period and be agile to counter new threats.
- The campaign should seek to counter the specific risks of online healthcare misinformation and disinformation.
- 1800 Medicare in partnership with clinical peak bodies may be an appropriate lead for such a campaign.

21. AI-driven consumer health services should support disadvantaged populations. A mandate and resources are needed to **support inclusive, safe, and accessible access to AI-driven online consumer resources** by, for example, people living with disabilities, CALD communities, and Aboriginal and Torres Strait Islander communities, based on deep engagement with these populations.
22. Adopt an **AI front door strategy for consumer-facing health services:** Use AI to enhance access to and navigation across and within critical services such as My Aged Care and 1800 Medicare.

Industry

Support development of the local healthcare AI industry to become globally competitive and deliver significant clinical and economic benefits to Australia.

Australia excels in healthcare delivery globally and should be positioned as a leader in health AI, supported by appropriate policies, regulation, and financial incentives. The Australian AI in healthcare market is projected to grow from $479.4 million in 2025 to $7.2 billion by 2033.[14] The global market will grow from US$36.67 billion in 2026 to US$505.59 billion by 2033.[15, 16] While Australia has great potential, our existing healthcare AI industry is still small when compared to other nations.

There remains a high regulatory burden on medical technologies, and industry must navigate the tension between investing in innovation and compliance with regulation. Small and medium-sized enterprises (SMEs) are particularly disadvantaged. Pressure from international competitors operating under looser strictures reduces the time available to bring a product to market. Larger companies with access to AI talent, technologies, training data, and the resources to avoid or meet regulatory hurdles are advantaged. Current Research and Development (R&D) tax incentives support innovation but not regulatory compliance. US figures suggest regulatory costs can represent >75% of product development costs.[17]

Recommendations

23. Develop a **data and technology standards roadmap** that identifies AI-specific requirements for healthcare that extend beyond current digital health standards and clearly sets out how these standards will be adopted, embedded, and sustained across the health ecosystem.

- Clear AI standards adoption guidance for industry facilitates timely investment and development decisions.
- This standards guidance could be incorporated into the ADHA Conformance framework.[18]
- Industry (e.g. via MSIA) have created a self-regulatory pathway and so should be a core partner for these discussions.
- Procurement guidelines can mandate standards adoption if necessary and be a lever for driving industry adoption.

24. Develop a business case for government to **provide financial incentives and targeted support** for local industry to assist with regulatory compliance.

- Regulatory compliance costs (e.g. TGA approval) may be a substantial component of overall product development costs and thus a barrier to local SME innovation and sustainability. Many incentives already exist for product development, but not for obtaining product regulatory approval.

Research and Development

Ensure development and deployment of AI in healthcare is based on up-to-date research evidence, using world-class sovereign AI capability to support this research.

The research sector generates intellectual property and inventions that can be translated into new Australian products and services. It also provides high quality evidence to guide how we adopt technologies such as AI. Research Australia estimates that the biomedical research sector returns close to $4 for every $1 invested.[19] Despite its critical importance, the research sector is under extreme pressure, accelerated by the generative AI revolution.

The successful adoption of AI into healthcare requires research evidence of best practice to guide it. That evidence will need to be developed more quickly than traditional approaches allow, given the technological pace of change. We will require new research models, new funding mechanisms, better ways of assessing grant applications to ensure they truly are cutting edge, and better allocation of research grant funding to prioritise AI research.

AI is also transforming the research enterprise. Game-changing new generative AI tools are supporting traditional tasks such as searching for and synthesising research, creating hypotheses, designing and executing experimental protocols, and writing up results. Researchers with access to the best AI will produce higher quality research, more rapidly, in greater volume, and using fewer researchers. There will be a substantial competitive advantage for nations that can access the best of such technology. Australia will not be well placed to innovate in the invention and application of research AI technologies unless it develops core sovereign AI capabilities.

Recommendations

25. AI should be an explicit focus of any **National Health and Medical Research Strategy,** generating urgently needed evidence for AI safety, quality, and effectiveness in health services.

- In 2026 the NHMRC released its updated National Health and Medical Research strategy.[20] The Plan is largely silent on how we should support AI research or support the use of AI in research.
- The 2026 Strategy does propose a much-needed National Data Integration, Sharing and Access Plan to maximise research access to national health data sets, for example to support AI model building.
- The NHMRC Strategy makes no specific recommendations about whether and how we should support AI research (whether developing new technologies or testing existing technologies to support specific use cases).
- The Strategy is also silent on the need to upskill researchers in the effective use of AI as part of the research enterprise. The NHMRC and ARC have released recent guidance on the use of Generative AI in the grant application process. [21]
- These gaps are a missed opportunity. They could be addressed in the short term by specific targeting of AI research within existing research funding programs.
- Longer term, incorporation of broader strategic considerations into updates to the NHMRC Strategy will be essential. For example, the current pace of technology change means that traditional funding cycles are just too slow to answer urgent questions. Alternate funding models will need to be contemplated e.g. fast turnaround targeted calls, pre-approved short-lists, and funded consortia able to provide rapid evidence-based responses to urgent questions.

26. **Dedicated AI review panels** should be created within the Medical Research Future Fund (MRFF)/National Health and Medical Research Council (NHMRC) to ensure expert multidisciplinary assessment of grant applications involving AI, across schemes such as Investigator and Partnership grants.

- To accelerate research, there will need to be research sector support to “re-tool” and to effectively and safely adopt new AI-enabled research tools. Review panels should have the expertise to assess whether such AI research automation methods are appropriately declared and used within grant applications.

27. Funding should be allocated to one or more large scale **Centres of Research Excellence in Healthcare AI,** e.g. with support potentially coming from the NHMRC, Australian Research Council (ARC), MRFF, DoHDA, and the States.

- To achieve economies of scale necessary for AI research, the most effective funding approach may involve supporting a relatively small number of high-investment research centres, with emphasis on cross-centre collaboration.

28. Funding and resources for **industry-academia collaborations that progress the meaningful adoption of AI** should be prioritised within existing schemes such as MTPConnect and NHMRC Partnership Grants. National resources (e.g. synthetic or privacy preserving data sets or adoption of localised LLMs) should be early foci for MRFF investment (see recommendations in Sovereign capabilities).

- R&D funding should not just focus on specific AI applications or AI tool development, but on large-scale infrastructure and foundational advances that enable sustainable and sovereign AI innovation.
- Research funding should prioritise funding for populations with significant unmet needs or special circumstances, e.g. Aboriginal and Torres Strait Islander led research with support from Aboriginal Community-Controlled Organisations (ACCO) as lead researchers to produce high-impact, culturally grounded evidence to guide AI policy and practice.

APPENDIX A

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APPENDIX B

Acronyms

AAAiH	Australian Alliance for Artificial Intelligence in Healthcare
ACCO	Aboriginal Community-Controlled Organisation
ACSQHC	Australian Commission on Safety and Quality in Health Care
ADHA	Australian Digital Health Agency
AEHRC	Australian eHealth Research Centre
AIDH	Australasian Institute of Digital Health
AIHW	Australian Institute of Health and Welfare
AHPRA	Australian Health Practitioner Regulation Agency
ARC	Australian Research Council
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DHCRC	Digital Health Cooperative Research Centre
DoHDA	Department of Health, Disability and Ageing
FDA	United States Food and Drug Administration
MRFF	Medical Research Future Fund
MSIA	Medical Software Industry Association
MTAA	Medical Technology Association of Australia
NHMRC	National Health and Medical Research Council
RMIT	RMIT University
TGA	Therapeutic Goods Administration

About the Australian Alliance for AI in Healthcare

The **Australian Alliance for Artificial Intelligence in Healthcare (AAAiH)** brings together around 150 national and international partners and stakeholders in academia, government, consumer, clinical, industry organisations, and peak bodies to translate frontier AI technologies into real-world health services. Working together we are supporting and accelerating the adoption of AI-enabled healthcare in Australia.

**Australian Alliance
for Artificial Intelligence
in Healthcare**

Level 6, 75 Talavera Road
North Ryde, NSW, 2113

p +61 2 9850 2417

e info@aihealthalliance.org

w aihealthalliance.org