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AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Recent developments in artificial intelligence

Industry snapshot

December 2025

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1. Executive summary

This AI snapshot provides a general update on recent trends and significant developments in generative AI observed by the ACCC since the March 2025 Digital Platform Services Inquiry final report (March 2025 final report).

1.1 Developments in generative AI

Generative AI firms continue to release new models. These new models are increasingly capable of deep reasoning, producing more nuanced and accurate results. For example, new world models (which simulate and predict real-world environments) enable users to design and navigate virtual physical environments. New neurosymbolic AI models (which combine machine learning with explicitly programmed rules and logic) have the potential to improve the reliability of AI outputs by incorporating more human-like reasoning.

Improvements in generative AI are outpacing previously benchmarks, requiring the development of new benchmarks to evaluate how models perform anticipated tasks.

AI is being integrated into more applications and used across digital ecosystems.[1] Integration has benefits for user experience, as products and services are increasingly capable of referencing users' information gleaned across a firm's ecosystem. However, this may have implications for barriers to entry and expansion, and consumers' ability or willingness to switch service providers.

There have been several significant new releases of AI applications in 2025, including AI browsers and advancements in video generation applications. The introduction of AI functionality into browsers could significantly change how users' access and browse the web. The release of standalone apps for generating and viewing AI images and videos has gained widespread attention, with Meta's Vibes and Open AI's Sora each reportedly receiving over a million downloads on iOS in the first fortnight of their release.[2]

1.2 Growth in agentic AI and multi-agent systems

Many generative AI firms are releasing AI agents, capable of autonomously performing tasks with minimal prompts.

Recently launched examples include Microsoft's Copilot, OpenAI's Instant Checkout feature for ChatGPT, Google's AI Mode, and Visa's Intelligent Commerce Program, which facilitates secure communication between AI agents and merchants during online transactions. Alongside these releases, firms are also releasing agentic frameworks designed to enable users to develop, deploy and manage AI agents.[3]

While bringing significant opportunities and benefits to users, AI agents may pose new risks and regulatory challenges. As the use of AI agents grows, the potential for agents to learn to collude with

1 Recent examples of this include Google's Gemini for Home (which integrates with Google's smart home device range) and Gemini's Deep Research mode (which can now access files saved within Google's ecosystem of products and services, such as in Google Docs).

2 Meta, Introducing Vibes: A New Way to Discover and Create AI Videos, 25 September 2025, accessed 9 December 2025; OpenAI, Sora 2 is here, 30 September 2025, accessed 9 December 2025; J Vanian and Z Vallese, 'Meta's AI app has seen growth soar since launch of Vibes, but trails OpenAI's Sora', *CNBC*, 28 October 2025, accessed 9 December 2025.

3 Examples include Adobe's Agent Orchestrator, Google's Vertex AI Agent Builder, and OpenAI's AgentKit.

each other increases. This may occur even if not intended by developers and operators and may be difficult to detect.

The use of AI systems to make decisions and representations on behalf of a business may raise questions regarding liability. While Treasury's review of the AI and the Australian Consumer Law (ACL) final report found no evidence that existing arrangements for attributing liability to corporations are unsuitable in the context of supplier and manufacturer adoption of AI technologies, the emergence of new technologies over time, including agentic AI, may require future consideration as to whether the ACL and other legal frameworks continue to be effective in these situations. Generative AI applications may pose future evidentiary challenges if information is not automatically captured and retained in a form that can be obtained and used in evidence.

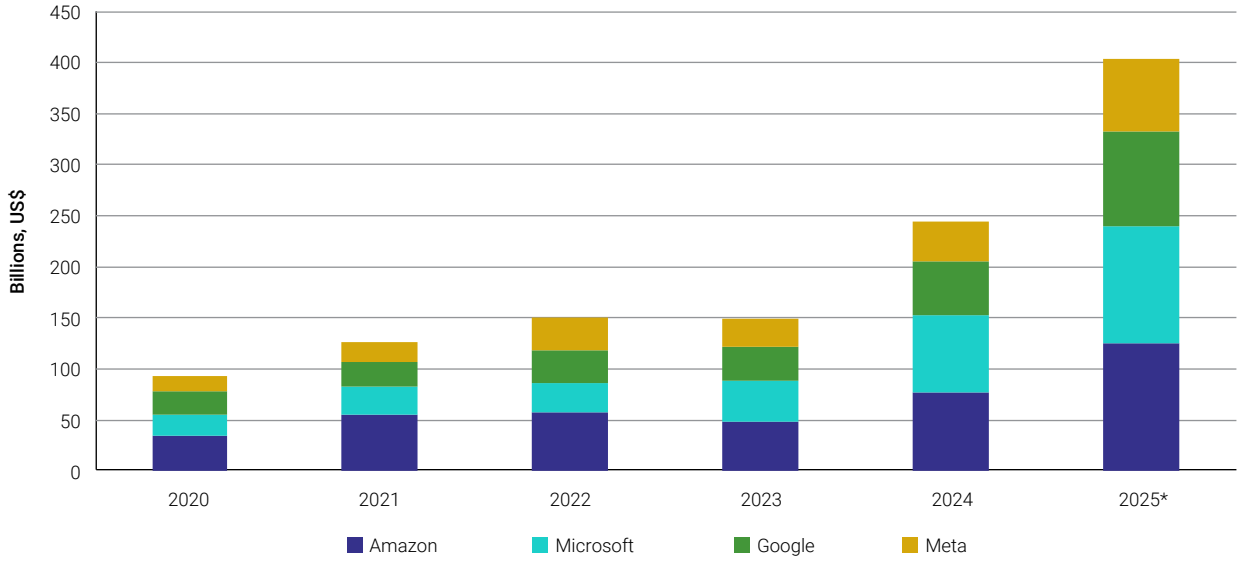
Multi-agent systems, where multiple AI agents work together to achieve a shared goal, are also on the rise. Multi-agent systems may be better able to solve problems by bringing together multiple specialised agents, work faster and act more efficiently than a single agent could. However, the increasing complexity of multi-agent systems also gives rise to novel and potentially hard-to-detect risks. These include unintended emergent behaviours (which are collective behaviours not expressly programmed in individual agents), or instances where a minor error in one agent leads to compounding errors in related agents.

1.3 Investments, partnerships and competition for talent

Significant investments are being made in the AI supply chain. At the infrastructure layer, major firms are investing in data centres to increase cloud computing capacity to support the development of more advanced AI models and meet future demand.

Capital expenditure by Google, Meta, Microsoft and Amazon combined for 2025 is expected to reach A$627 billion.[4]

Figure 1.1: Capital expenditure by select digital platforms, 2020–2025

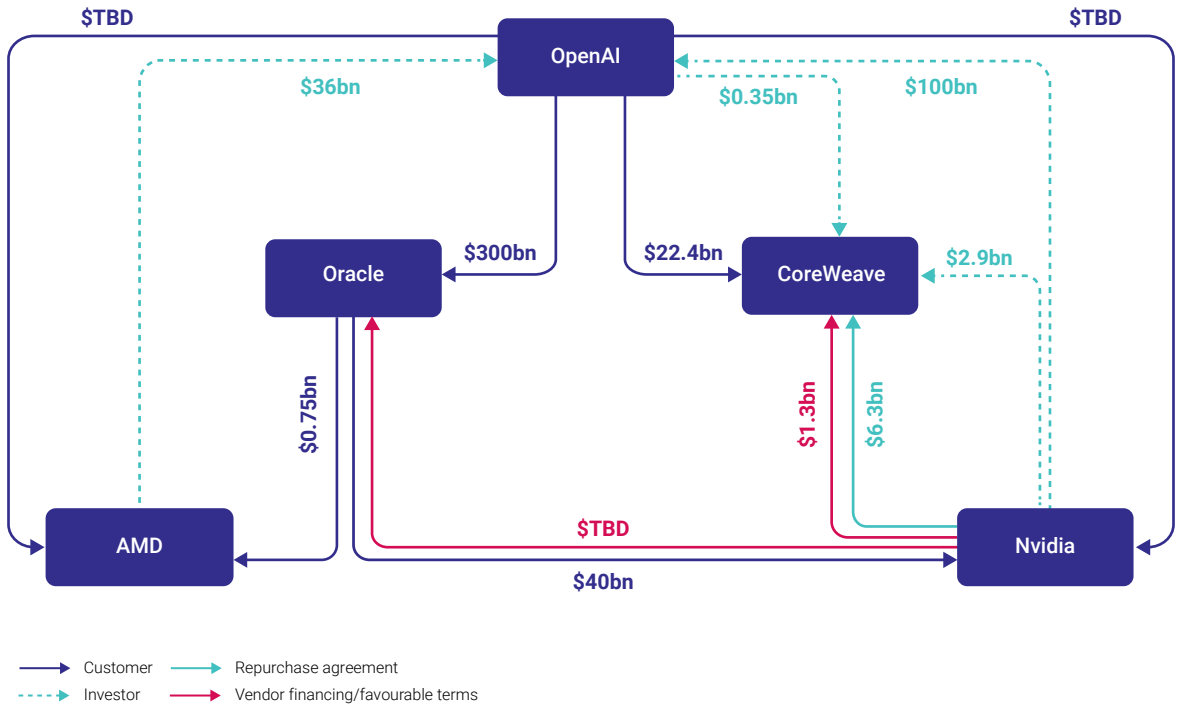


Source: ACCC analysis of company financial reporting. *Note that capital expenditure figures for 2025 include estimates for Q4 2025.

4 While capital expenditure for these companies is not exclusively spent on AI, it is understood to be an important driver of spending.

Partnerships between key firms will create significant new capacity for generative AI development and deployment. For example, OpenAI has announced partnerships with several key players in the AI supply chain (including Nvidia, Broadcom, AMD, Oracle (including through the Stargate Project), Google and Amazon), reportedly resulting in commitments for more than US$1 trillion of investments in the infrastructure layer.

Figure 1.2: Interdependencies in the AI supply chain



Source: R Waters, 'How OpenAI put itself at the centre of a $1tn network of deals', *Financial Times*, 11 October 2025, accessed 9 December 2025.

The development of new AI models demands a high level of technical expertise from a limited pool of professionals resulting in intense competition between firms to attract and retain these professionals. This has led to the formation of arrangements or partnerships between key firms and AI start-ups to hire a start-up's technical experts and licence its technology but not acquire the company directly. These types of arrangements have come to the attention of competition regulators globally, with some jurisdictions taking steps to consider potential anticompetitive impacts and whether they could be classified as mergers.

1.4 Consumer issues

The continued growth of AI-enabled products and services can bring substantial benefits to Australian consumers and businesses. However, these developments have the potential to present new risks to consumers and worsen existing consumer issues.

Vast amounts of consumer data is collected and used to train AI models, often without consumers' knowledge or informed consent.

Product images and descriptions created using generative AI can be used to make false representations about the performance or characteristics of a product or service. For example, generative AI could be used to make products appear more sophisticated, or of a higher quality,

than they are. Generative AI may also be used to generate and disseminate fake and manipulated consumer reviews.

Firms may be incentivised to overstate the AI functionality of their products and services. This could lead to consumers paying higher prices for a product or service claiming to have more advanced AI functionality, compared to what they would pay for products without the same purported capabilities.

AI may also be used to draw on large volumes of personal data to manipulate consumer preferences and purchasing decisions in real-time, more effectively than nudging practices that are not AI-driven.

Generative AI is increasingly being used to facilitate and enhance scam activity. Scammers are creating fake websites and products, deepfakes of celebrities, and deceptive chatbots. Use of AI in scams can make scam activity harder to detect, potentially exposing large numbers of Australians to scam material that may appear legitimate.

1.5 Continued monitoring is needed

Given the fast pace of AI developments, this snapshot is a point-in-time reference as at December 2025. The ACCC will continue to monitor new announcements and consider potential implications for competition and consumers in Australia as further changes occur.

General disclaimer

Unlike the ACCC's previous Digital Platform Services Inquiry interim reports prepared in response to a Ministerial Direction, this snapshot represents the first time the ACCC has initiated the examination of an emerging technology or sector in digital markets. This snapshot is based on desktop research and draws on the experience and observations of other international competition regulators.

It is not intended to provide an exhaustive position of the current state of AI technology or the market, and rather it aims to explore some of the key trends and developments observed since March 2025. This snapshot was finalised in early December 2025.

Generative AI was not used to draft any part of this publication.

2. The continued rise of Gen AI

March 2025 final report

- The ACCC reported developers were searching for new ways to train and scale their foundation models.
- At the time, there was a trend towards smaller, more efficient foundation models which can run locally on mobile devices.
- There was also a trend towards multimodal foundation models that can process and generate text, images, audio content and videos.
- The ACCC identified the most prominent players in user-facing products and applications using AI were OpenAI, Google, Microsoft, Adobe and Meta.
- These large players primarily offered chatbots and had some level of integration of AI into their existing ecosystem.

December 2025 update

- Since March 2025, most major generative AI firms have released new, more powerful foundation models.
- There is a trend towards new types of models, with the development of world models and neurosymbolic AI, with potential significance for the future capability of AI.
- The number and variety of AI applications continue to expand, including the launch of several new AI browsers and AI generated video platforms.
- AI is being increasingly integrated with other products and services within digital platform ecosystems.
- Business models for some AI apps are maturing. Subscription models and advertising revenue are emerging as means to monetise AI applications. However, some firms have not yet stated to fully recoup their investments to date.

2.1 Generative AI models in 2025

Generative AI models (referred to throughout as 'AI models' or 'models') have continued to improve throughout 2025. As firms produce models for more specialised use cases, AI has become increasingly more efficient and accurate.

Foundation models are general-purpose AI models which are trained on large datasets. Further development of new foundation models has continued throughout 2025, including the release of Google's Gemini 2.5 in March, Gemini 3 in November and OpenAI's GPT-5 in August.[5] The volume of computing power, size of datasets and amount of energy required to train these types of foundation models is increasing rapidly.[6]

5 K Kavukcuoglu, 'Gemini 2.5: Our most intelligent AI model', *Google Blog*, 25 March 2025, accessed 9 December 2025; OpenAI, Introducing GPT-5, 7 August 2025, accessed 9 December 2025; S Pichai, D Hassabis and K Kavukcuoglu, 'A new era of intelligence with Gemini 3', *Google Blog*, 18 November 2025, accessed 9 December 2025.

6 A list of relevant benchmarks that have recently been created by AI researchers was usefully summarised by Stanford University – see Stanford University, The 2025 AI Index Report, 2025, accessed 9 December 2025.

Box 2.1: Examples of new AI model releases

There have been new models released by most major AI firms throughout 2025, including Google's suite of Gemini models and OpenAI's GPT-5.[7]

In August 2025, OpenAI released GPT-5:

- OpenAI states this model has 'PhD-level intelligence' and is 'much smarter across the board'.[8] They state GPT-5 delivers improvements across multiple benchmarks, including benchmarks for reasoning, maths, real-world coding and multimodal understanding.[9]

Since the June 2025 release of Google's Gemini 2.5 foundation model, further models have been developed, including:

- Gemini 2.5 Pro, which Google states is the most advanced version of Gemini 2.5, designed for complex tasks and deep reasoning.[10]
- Gemini 2.5 Flash-Lite. In designing this model, Google states its 'goal was to provide an economical model class which provides ultra-low-latency capabilities and high throughput per dollar.'[11]
- Gemini 2.5 Flash Image, an image generation and editing model.[12] This new model enables character consistency and targeted editing of images.[13]
- Gemini 3 Pro, released in November 2025. This is a new foundation model which Google states is its 'most intelligent model yet.'[14]

7 Notable foundation models released include Claude Sonnet 4.5 in September 2025, GPT-5 in August 2025, Grok 4 in July 2025 and Gemini 2.5 in March 2025. Specialised models based on these foundation models have also been released throughout 2025, notably the Gemini 2.5 family of models.

8 OpenAI, Introducing GPT-5, 7 August 2025, accessed 9 December 2025.

9 OpenAI, Introducing GPT-5, 7 August 2025, accessed 9 December 2025.

10 Google DeepMind, Gemini 2.5 Pro, accessed 9 December 2025; K Kavukcuoglu, 'Gemini 2.5: Our most intelligent AI model', *Google Blog*, 25 March 2025, accessed 9 December 2025.

11 Comanici et al, Gemini 2.5: Pushing the Frontier with Advanced Reasoning, Multimodality, Long Context, and Next Generation Agentic Capabilities, *ArXiv* (2025).

12 A Fortin et al, 'Introducing Gemini 2.5 Flash Image, our state-of-the-art image model', *Google for Developers*, 26 August 2025, accessed 9 December 2025.

13 'Character consistency' refers to the ability to generate consistent characters and subjects across multiple images. Google DeepMind, Gemini 2.5 Flash Image, accessed 9 December 2025.

14 Google DeepMind, Gemini 3 Pro, accessed 5 December 2025.

Figure 2.1: A selection of notable AI model releases in 2025

Firm	Model	Release or significant update
Google	Gemini 3 Pro	18 November 2025[15]
xAI	Grok 4.1	17 November 2025[16]
Anthropic	Claude Sonnet 4.5	30 September 2025[17]
DeepSeek	DeepSeek v3.1 Terminus	22 September 2025[18]
Microsoft	Microsoft AI-1	28 August 2025[19]
Mistral	Mistral Medium 3.1	13 August 2025[20]
OpenAI	GPT-5	7 August 2025[21]
Meta	Llama 4	5 April 2025[22]

2.1.1 Benchmarks indicate significant improvements in new models

Benchmarks are used by AI developers, researchers and companies to evaluate and compare model performance. Models are reportedly exceeding previous benchmarks, requiring new benchmarks be created to evaluate models.[23] Current leading models score relatively closely on most benchmarks, with Gemini 3, Claude 4.5 Sonnet, GPT-5 and Grok-4.1 identified by an independent AI benchmarking firm as leading across multiple benchmarks.[24]

15 S Pichai, D Hassabis and K Kavukcuoglu, 'A new era of intelligence with Gemini 3', *Google Blog*, 18 November 2025, accessed 9 December 2025.

16 xAI, Grok 4.1, accessed 9 December 2025.

17 Anthropic, Introducing Claude Sonnet 4.5, 30 September 2025, accessed 9 December 2025.

18 C Lockwood, 'China's DeepSeek launches next-gen AI model. Here's what makes it different', *CNBC*, 30 September 2025, accessed 9 December 2025.

19 Microsoft, Two in-house models in support of our mission, 28 August 2025, accessed 9 December 2025.

20 Mistral AI on X, Introducing Mistral Medium 3.1.,13 August 2025, accessed 9 December 2025.

21 OpenAI, Introducing GPT-5, 7 August 2025, accessed 9 December 2025.

22 Meta, The Llama 4 herd: The beginning of a new era of natively multimodal AI innovation, 5 April 2025, accessed 9 December 2025.

23 K Olszewska and M Risdal, 'Rethinking how we measure AI intelligence', *Google Blog*, 4 August 2025, accessed 9 December 2025.

24 Artificial Analysis compares and ranks the performance of numerous AI models across key metrics including intelligence, price, performance and speed. See Artificial Analysis, LLM Leaderboard – Comparison of over 100 AI models from OpenAI, Google, DeepSeek & others, accessed 9 December 2025; Artificial Analysis, MMLU-Pro Benchmark Leaderboard, accessed 9 December 2025.

Box 2.2: Benchmarks provide an indication of model quality

Foundation model benchmarks are evaluation tools used to determine a model's ability to generate accurate or expected output for specific tasks.[25] Benchmarks are composed of datasets with inputs and expected outputs and metrics that quantify the quality of a model's responses by measuring factors such as accuracy, harmfulness, and bias.[26]

Despite their usefulness to developers, researchers and other firms, it is likely that benchmarks are of limited utility for consumers and business users of AI seeking to evaluate the strengths and limitations of generative AI, as they generally provide a level of technical detail that may not be relevant of meaningful to end users.

GPT-5 and Gemini 2.5's recent performances at the 2025 International Maths Olympiad illustrate the improvement in these models compared with earlier versions.[27] In 2024, Gemini scored 28/42 and achieved a silver medal.[28] In 2025, Gemini scored 35/42, achieving a gold medal. This represents a 25% improvement in model performance (in respect of this metric) in a single year.

Improvements in models allow AI to be used for more purposes, such as agentic AI (discussed in section 3) and new AI applications (discussed in section 2.2 below).[29] Despite notable improvements across benchmarks, OpenAI recently acknowledged ongoing issues with models 'confidently generat[ing] answers that aren't true' (known in industry literature as 'hallucinations').[30] The continued tendency of LLMs to produce responses that contain factual inaccuracies, misleading references and biased information is an ongoing issue.[31] The potential consequences arising from AI hallucinations remains a concern for the ACCC, particularly as usage of AI applications by consumers continues to grow.

2.1.2 New types of models are being released

In the March 2025 final report, the ACCC noted the emergence of 'multimodal models' that understand and can generate visual, text and audio outputs.[32] Continued improvements in model capabilities have led to new types of models, including the growth of 'world models' that can understand and simulate real world physics. The capability of world models significantly expanded in 2025. Researchers are also experimenting with new techniques to address previous limitations in AI, such as 'neurosymbolic AI' which is capable of more human-like reasoning, compared with traditional models that rely more on pattern recognition than reasoning.[33]

25 IBM, Foundation model benchmarks, 23 October 2025, accessed 9 December 2025.

26 IBM, Foundation model benchmarks, 23 October 2025, accessed 9 December 2025.

27 The International Mathematical Olympiad is the World Championship Mathematics Competition for high school students, with teams representing more than 100 countries competing to solve difficult math problems.

28 Google DeepMind, AI achieves silver-medal standard solving International Mathematical Olympiad problems, 25 July 2024, accessed 9 December 2025.

29 New AI apps are discussed at section 1.2. of this snapshot. Agentic uses for AI are discussed in section 2.

30 OpenAI, Why language models hallucinate, 5 September 2025, accessed 9 December 2025.

31 S Wachter B Mittelstadt and C Russell, Do large language models have a legal duty to tell the truth?, *Royal Society Open Science*, Vol 11:8 (2024).

32 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025; Multimodal models were also considered by the Digital Platform Regulators Forum – see DP-REG, Working Paper 3: Examination of technology – Multimodal Foundation Models, 19 August 2024.

33 A Sekar, 'The Rise of Neuro-Symbolic AI: Bridging Intuition and Logic in Artificial Intelligence', *Medium*, 1 July 2025, accessed 9 December 2025.

Improvement of world models

World models are AI models that can understand the dynamics of the real world, including physical and spatial properties. They can be used to simulate real-world environments, allowing users to design and navigate virtual physical environments (as illustrated by Figure 2.3 below).[34] World models are an advancement on existing multimodal models, as they build on these models' ability to understand text, image, video and movement to create a simulation of real-world environments.

Current use cases for world models include in robotics, autonomous vehicles, video generation and predictive modelling.[35] It is predicted their use will continue to grow and expand, for example further advancing how robots and autonomous vehicles navigate real-world environments, and to assist across a range of areas such as weather prediction and medicine.[36]

Examples of firms currently building world models include Google, xAI and Meta.[37] Improvements between Google's Genie 2 and Genie 3 models, released in December 2024 and August 2025 respectively, illustrate how quickly developments in world models are occurring.[38] Google states that Genie 3 is its first world model to allow interaction in real time, while also improving consistency and realism compared to Genie 2.[39]

Google states that Genie 3 can create dynamic worlds that you can navigate in real time at 0p24 frames per second, retaining consistency for a few minutes at a resolution of 720p.[40] In comparison, Genie 2 was capable of generating consistent worlds for up to a minute, with the majority of examples shown lasting 10–20 seconds.[41]

Additionally, Genie 3 allows for promptable world events, allowing users to do things like altering the weather or introducing new objects in a simulated environment. Google states this ability increases the breadth of counterfactual or 'what if' scenarios, allowing agents to learn from simulated experiences in order to handle unexpected situations in future.[42]

34 Nvidia, World Foundation Models, accessed 9 December 2025.

35 Nvidia, What is a World Model?, accessed 9 December 2025.

36 S Brodsky, 'World models help AI learn what five-year-olds know about gravity', *IBM*, accessed 19 November 2025.

37 C Criddle, 'Musk's xAI joins race to build 'world models' to power video games', *Australian Financial Review*, 12 October 2025, accessed 9 December 2025; Meta, Introducing the V-JEPA 2 world model and new benchmarks for physical reasoning, 11 June 2025, accessed 9 December 2025.

38 Google DeepMind, Genie 3: A new frontier for world models, 5 August 2025, accessed 9 December 2025.

39 Google DeepMind, Genie 3: A new frontier for world models, 5 August 2025, accessed 9 December 2025.

40 Google DeepMind, Genie 3: A new frontier for world models, 5 August 2025, accessed 9 December 2025.

41 Google DeepMind, Genie 2: A large-scale foundation world model, 4 December 2024, accessed 9 December 2025.

42 Google DeepMind, Genie 3: A new frontier for world models, 5 August 2025, accessed 9 December 2025.

Figure 2.3: Example of a simulated environment using Google's Genie 3[43]



Source: Google Deepmind.

Neurosymbolic AI

The development of multimodal, rather than purely text models was noted as a key development in the March 2025 final report.[44] In addition to this trend, different emerging types of AI such as neurosymbolic AI models have the potential to address certain limitations of traditional AI models and more recent multimodal models.

Neurosymbolic AI is a type of AI that combines 'neural network machine learning', which uses pattern recognition based on large datasets to make decisions, with 'symbolic AI' which makes decisions using rules and logic. This combination of methods can potentially address complex issues with AI systems that cannot be solved by either method alone.[45] For example, one concern with neural network machine learning is the tendency for AI to provide unacceptable outputs based on its identification of probabilities based on historical patterns, rather than considering context and understanding. By integrating formal rules and logic into these systems, neurosymbolic AI models may deliberate more reliably, while also requiring less data.[46]

Forbes cites examples of current practical real-world applications of neurosymbolic AI, including use in analysing and interpreting large volumes of data, decision-making in autonomous vehicles, automating legal document analysis, simulating outcomes and suggesting responses for crisis management and improving diagnostic accuracy.[47]

43 Google DeepMind, Genie 3: A new frontier for world models, 5 August 2025, accessed 9 December 2025.

44 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025.

45 P Hitzler et al, Neuro-symbolic approaches in artificial intelligence, *National Science Review*, Vol 9:6 (2022).

46 A Garcez, 'Neurosymbolic AI is the answer to large language models' inability to stop hallucinating', *The Conversation*, 31 May 2025, accessed 9 December 2025.

47 These are the top 5 of 20 practical real-world applications cited by Forbes. Forbes Technology Council, 'Neurosymbolic AI: 20 practical real-world applications', *Forbes*, 23 September 2024, accessed 9 December 2025.

2.2 AI applications in 2025

There have been several significant new releases of AI applications in 2025, including AI browsers and video generation applications. These applications are increasingly personalised and often integrate with other products and services within existing digital platform ecosystems.

2.2.1 AI increasingly draws on personalised data

AI applications are increasingly expanding their ability to retain (and refer to) data and information previously provided by users. For example, since the beginning of 2025, Open AI has updated ChatGPT to proactively save 'memories' about a user and reference the user's prior chat history to inform and improve future conversations. These features are turned on by default, unless users opt-out in settings.[48]

The ACCC has previously considered the risks to competition from expanding digital platform ecosystems.[49] The Digital Platform Services Inquiry Final Report noted that established firms with large user bases may possess significant quantities of proprietary data, creating a 'data feedback loop' which enhances pre-training of generative AI models.[50] However, some stakeholders have argued that access to pre-training data is becoming increasingly inconsequential, driven by the ability to use publicly available or acquired data and the availability of comparable datasets across multiple sources and providers.[51] Data collected from human engagement with AI applications has been identified as potentially being the new 'competitive moat'.[52] Data-feedback loops arise as user-generated inputs enable firms to both improve the service for all users ('across-user learning'), as well as personalise the service for individual users ('within user-learning').[53] Feedback loops which combine both may be the most effective in entrenching a firm's market power.[54]

Increasing individual personalisation of AI applications (like ChatGPT) could have implications for competition by compounding switching costs for consumers.[55] Information such as consumers' specific queries, shopping and travel habits may allow AI firms to generate targeted advertisements and refine products and service offerings, potentially leading to increasing barriers to entry and expansion for rivals. The ACCC acknowledges that more personalised and targeted advertisements and services can bring both benefits and potential risks for consumers.

2.2.2 AI is being integrated across digital ecosystems

The release of new AI applications, and the integration of AI functionalities into existing applications, could result in the entrenchment of existing digital platform ecosystems. As noted in the ACCC's September 2023 Digital Platform Services Inquiry interim report, increasing interconnections within

48 M Sigalos, Sam Altman on GPT-6: 'People want memory', *CNBC*, 19 August 2025, accessed 9 December 2025; OpenAI, Memory and new controls for ChatGPT, accessed 9 December 2025.

49 ACCC, Digital Platform Services Inquiry Seventh Interim Report, 27 November 2023, chapter 7.

50 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, pp 308–309.

51 A Hagiu and J Wright, Artificial intelligence and competition policy, *International Journal of Industrial Organization*, Vol 103:A (2025), pp 5–6.

52 Uplatz, The Feedback Flywheel: How Real-Time User Interaction is Forging the New Competitive Moat in AI, 23 September 2025, accessed 9 December 2025.

53 A Hagiu and J Wright, Data-enabled learning, network effects, and competitive advantage, *The RAND Journal of Economics*, Vol 54:4 (2023).

54 A Hagiu and J Wright, Artificial intelligence and competition policy, *International Journal of Industrial Organization*, Vol 103:A (2025), p 7.

55 S Lee, 'The Economics of Switching Costs: An Algorithmic Perspective', *Number Analytics*, 14 June 2025, accessed 9 December 2025.

a digital platform ecosystem can lead to a range of consequences for competition and consumers.[56] On one hand, they can provide quality and user experience improvements for consumers. However, they may also increase barriers to entry and expansion for rivals, and lead to the potential for locked-in consumers to be subject to more onerous terms or prices in the future.

Recent examples of AI integration across existing digital platform ecosystems include Google's Gemini for Home (which integrates with Google's smart home device range)[57] and Google's Gemini's Deep Research mode (which can now access files saved within Google's ecosystem of products and services, such as Google Docs).[58]

Gemini for Home was announced in October 2025 as Google's new set of intelligence features for its smart home product line known as Google Nest.[59] Gemini for Home expands the capabilities of its smart home devices with functionalities such as the ability to answer questions about what Nest cameras have seen during the day. However, a recent Verge article detailed a reporter's experience with factual errors in Gemini's recap of what it has observed that day,[60] suggesting some of these functionalities may still be in their early stages.

The ACCC previously considered smart home devices in its September 2023 interim report, where it noted that Amazon, Apple and Google have developed smart home systems that benefit from a high degree of interconnection with their existing product ecosystem.[61]

The expanded integration of Gemini across Google's smart home and document storage ecosystems may provide Google with increased access to users' information. This may have benefits for user experience, as Gemini products increasingly reference users' information gleaned across Google's ecosystem. However, these developments may also have implications for barriers to entry and expansion, and consumers' ability or willingness to switch service providers.

2.2.3 AI could change how the internet is accessed

AI developers have claimed that the introduction of AI functionality into browsers could significantly change how consumers access and browse the web.[62]

56 ACCC, Digital Platform Services Inquiry Seventh Interim Report, 27 November 2023, chapter 5.

57 A Kattukaran, 'Gemini for Home: The helpful home gets an AI upgrade', *Google Blog*, 1 October 2025, accessed 9 December 2025.

58 Google, Gemini Deep Research can now connect to your Gmail, Docs, Drive and even Chat, 5 November 2025, accessed 9 December 2025.

59 A Kattukaran, 'Gemini for Home: The helpful home gets an AI upgrade', *Google Blog*, 1 October 2025, accessed 9 December 2025.

60 J Pattison Tuohy, 'I let Gemini watch my family for the weekend — it got weird', *The Verge*, 5 November 2025, accessed 9 December 2025.

61 ACCC, Digital Platform Services Inquiry Seventh Interim Report, 27 November 2023, see chapter 4.2.3 and chapter 5.1.3.

62 OpenAI, Introducing ChatGPT Atlas, 21 October 2025, accessed 9 December 2025; P Tabriz, 'Chrome: The browser you love, reimagined with AI', *Google Blog*, 18 September 2025, accessed 9 December 2025.

OpenAI, Google, and Microsoft are examples of firms that have announced AI browsers in the last few months.[63] Agentic browser capabilities have either been released or announced by each of these firms.[64]

- **AI browsers** are web browsers with integrated AI capabilities, such as the ability to read web pages, remember information and respond to user queries. For example, when planning a dinner party, an AI browser can look at the number of guests attending and any dietary requirements, then create a cooking schedule and grocery list.[65]
- **Agentic browsers** are AI browsers with the ability to take actions on behalf of users. For example, an agentic browser could potentially prepare an email to guests attending a dinner party requesting details of any dietary requirements and then place the order for ingredients.

Current AI browsers generally comprise an AI chatbot with knowledge of users' personal information and tabs, with the ability for the browser to answer questions using information across the browser.[66] These browsers can provide direct assistance to understand content and use the context of other open tabs.

Agentic browsers have the potential to complete time-consuming tasks such as unsubscribing from email subscriptions, or compiling information from multiple sources on the web.[67] Agentic browsers are in a very early phase, and these features presently remain limited, where they have been released at all.[68] AI browsers and agentic browsers have the potential to improve the number and variety of search products and services available to consumers.

Browsers are a key avenue through which users access search engine services – often navigating the internet and searching for information via the default search engine embedded in their browser's navigation bar.[69] The ACCC has previously identified potential competition concerns relating to the relationship between browsers and search engines, particularly default search engine arrangements.[70] While the ACCC is yet to consider the impact of agentic browsers specifically, the Digital Platform Services Inquiry's September 2024 interim report broadly considered that the potential impact of generative AI on the competitive dynamics in search services were still largely unclear.[71] Similarly, on 10 October 2025, the UK's Competition Markets Authority (CMA) announced its finding that Google has strategic market status in respect of general search services in the UK.[72] As part of this decision, the CMA noted that 'the incorporation of generative AI into the products of traditional general search providers has not yet affected Google's position in general search' and 'the evidence does not indicate that the use of generative AI by other traditional general search providers is a significant risk to Google's current position in general search'.[73]

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63 OpenAI, Introducing ChatGPT Atlas, 21 October 2025, accessed 9 December 2025; P Tabriz, 'Chrome: The browser you love, reimagined with AI', *Google Blog*, 18 September 2025, accessed 9 December 2025; Microsoft, AI browser: innovation with Copilot Mode in Edge, 23 October 2025, accessed 9 December 2025.

64 OpenAI, Introducing ChatGPT Atlas, 21 October 2025, accessed 9 December 2025; M Torres, 'Go behind the browser with Chrome's new AI features', *Google Blog*, 18 September 2025, accessed 9 December 2025; S Lyndersay, 'Meet Copilot Mode in Edge: Your AI browser', Microsoft Windows Blogs, 23 October 2025, accessed 9 December 2025.

65 Microsoft, AI browser: innovation with Copilot Mode in Edge, 23 October 2025, accessed 9 December 2025.

66 OpenAI, Introducing ChatGPT Atlas, 21 October 2025, accessed 9 December 2025; R Circelli, 'I've Tested Too Many AI Web Browsers That All Have the Same Fatal Flaws', *PCMag Australia*, 5 November 2025, accessed 9 December 2025.

67 S Lyndersay, 'Meet Copilot Mode in Edge: Your AI browser', *Microsoft Windows Blogs*, 23 October 2025, accessed 9 December 2025.

68 A Ha, 'Who are AI browsers for?', *TechCrunch*, 25 October 2025, accessed 9 December 2025.

69 ACCC, Digital Platform Services Inquiry Ninth Interim Report, 4 December 2024, p 10.

70 ACCC, Digital Platform Services Inquiry Third Interim Report, 28 October 2021, p 68; ACCC, Digital Platform Services Inquiry Ninth Interim Report, 4 December 2024, pp 16–19.

71 ACCC, Digital Platform Services Inquiry Ninth Interim Report, 4 December 2024, p 6.

72 CMA, SMS investigation into Google's general search and search advertising services, Final Decision Report, 10 October 2025.

73 CMA, SMS investigation into Google's general search and search advertising services, Final Decision Report, 10 October 2025, p 78.

2.2.4 Firms are exploring monetisation strategies for AI apps

AI products and services have not generally been profitable so far, as firms have focused on investing in and building their AI capabilities.[74] For example, despite OpenAI's significant market position and user numbers, several media estimates suggest it lost approximately US$12 billion in the first quarter of FY2025–26.[75]

As AI applications gather increasing amounts of data, it is anticipated that AI will be used to further targeted advertising to individual consumers. For example, Meta announced in October 2025 that they would use data gathered through Meta AI for targeted advertisements on its Facebook and Instagram platforms.[76] Reports suggest advertisers are already using AI to understand consumers' online activity and create unique personalised ads.[77]

Subscriptions to AI services are expected to be a key revenue stream in future. This is currently led by users subscribing to use AI tools, but reports indicate companies are increasingly bundling AI costs into subscriptions as part of their product.[78] The ACCC's current proceedings against Microsoft for its communication with Australian customers regarding subscription options and price increases is one example of how costs associated with AI are being incorporated into existing subscriptions.[79] These proceedings are discussed further in section 5. Reports indicate that some AI firms are currently providing some subscription services to users for free in countries such as India to gain greater scale to train AI and introduce users to their digital ecosystems.[80]

2.2.5 Firms have released new AI image and video apps

Towards the end of 2025, the release of Meta's Vibes and OpenAI's Sora as standalone apps for generating and viewing AI content gained widespread attention. Reports indicate that both apps received over a million downloads on iOS in the first fortnight of release.[81] These apps allow users to animate and edit their own photos, or generate images and videos based on conversational prompts. Users can also watch AI generated content presented in a scrolling format, similar to TikTok or Instagram Reels.

While still relatively new, the popularity of apps such as Vibes and Sora underscores the rapid uptake of new AI applications, allowing users to easily generate content that previously required sophisticated skills and training.[82]

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74 A Singla et al, 'The state of AI in 2025: Agents, innovation, and transformation', *McKinsey*, 5 November 2025, accessed 9 December 2025.

75 P Thurrott, 'OpenAI lost $12bn in the previous quarter', *Thurrott*, 31 October 2025, accessed 9 December 2025; F Landymore, 'The Amount of Money OpenAI Lost Last Quarter Will Make You Choke on Your Slurpee', *Yahoo! Finance*, 3 November 2025, accessed 9 December 2025.

76 Meta, Improving Your Recommendations on Our Apps With AI at Meta, 1 October 2025, accessed 9 December 2025.

77 M Costa, 'Will AI mean better adverts or 'creepy slop'?', *BBC News*, 14 November 2025, accessed 9 December 2025.

78 K Williams, 'As big tech pushes AI spending to the max, you may be helping to pay for it', *CNBC*, 31 October 2025, accessed 9 December 2025.

79 ACCC, Microsoft in court for allegedly misleading millions of Australians over Microsoft 365 subscriptions, Media release, 27 October 2025, accessed 9 December 2025.

80 N Yadav, Why tech giants are offering premium AI tools to millions of Indians for free, *BBC News*, 8 November 2025, accessed 9 December 2025.

81 Meta, Introducing Vibes: A New Way to Discover and Create AI Videos, 25 September 2025, accessed 9 December 2025; OpenAI, Sora 2 is here, 30 September 2025, accessed 9 December 2025; J Vanian and Z Vallese, 'Meta's AI app has seen growth soar since launch of Vibes, but trails OpenAI's Sora', *CNBC*, 28 October 2025, accessed 9 December 2025.

82 J Vanian and Z Vallese, 'Meta's AI app has seen growth soar since launch of Vibes, but trails OpenAI's Sora', *CNBC*, 28 October 2025, accessed 9 December 2025.

3. Agentic AI since March 2025

March 2025 final report

- In March 2025, several key firms in the generative AI sector had announced plans to develop AI agents. The ACCC cited announcements from Google, Microsoft, Oracle, Anthropic and OpenAI.[83]
- The ACCC discussed three launches of AI agents in the report: OpenAI's 'Operator', Amazon's 'Alexa+', and Chinese start-up Butterfly Effect's 'Manus'.[84] Some firms had added agentic features to existing software, such as Microsoft adding Copilot into Microsoft 365 plans.[85]
- At the time, the ACCC's observation was that 'few companies ha(d) launched a fully operational and robust AI agent'.[86]
- The ACCC noted the continued development of AI agents could potentially disrupt competition in other markets. For example, the ability of AI agents to plan and execute a series of multi-step tasks could affect consumers' use of intermediary platforms such as online marketplaces.[87]

December 2025 update

- Many of the largest generative AI firms have now released AI agents, as well as tools to build and manage AI agents (agentic frameworks). This includes releases from Adobe, Amazon, Anthropic, Bytedance, IBM, Google, Microsoft, and Nvidia.
- While it remains too early in the continued growth and uptake of AI agents to observe the extent of potential impacts on competition and consumers, growing literature has identified potential benefits and areas of concern.
- Overseas competition and consumer protection regulators are also responding to these developments. For example, the UK Competition and Markets Authority issued guidance on agentic AI, while the UK Digital Regulation Cooperation Forum published a call for views on regulatory challenges associated with agentic AI.
- The rapid pace of developments underscores the need for the ACCC to have an ongoing monitoring function for emerging digital technologies under the future digital competition regime.

Throughout 2025, there have been significant developments in agentic AI applications and frameworks. This section introduces key concepts including AI agents, multi-agent systems and agentic frameworks, before updating on key developments since March 2025.

3.1 What are AI agents?

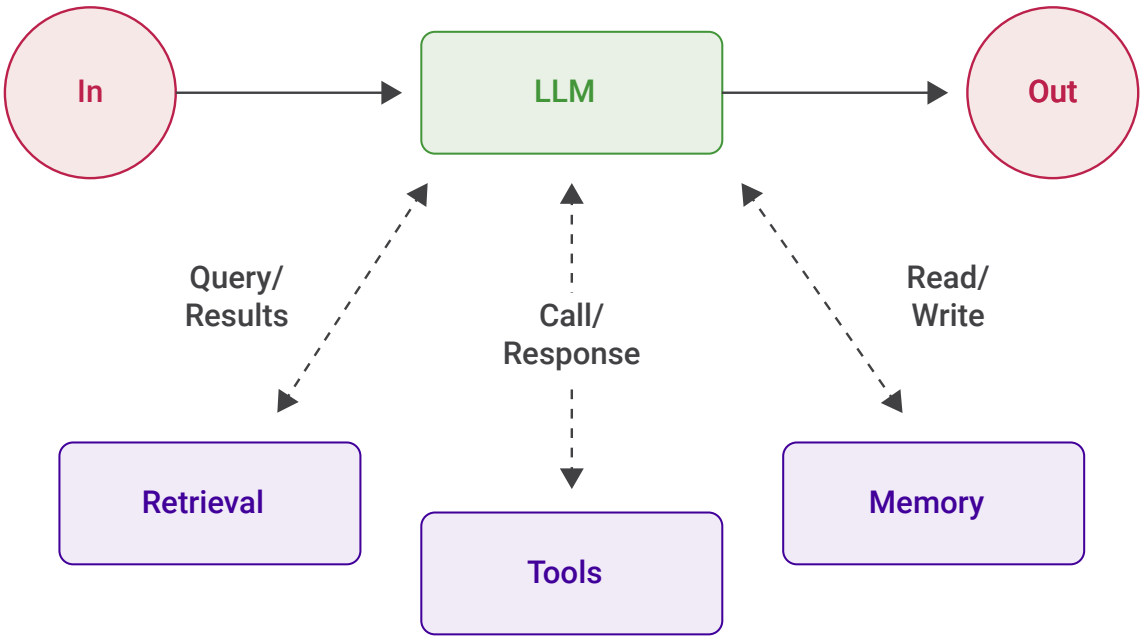
AI agents are software programs designed to autonomously perform tasks with minimal prompts, often by mimicking human-like reasoning and decision-making.[88]

83 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 294.
84 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 295.
85 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 290.
86 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 295.
87 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 324.
88 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 324.

There does not appear to be one settled definition within industry on what exactly constitutes an AI agent or agentic AI.[89] We use the term AI agents to describe software systems that can autonomously gather information and use tools to accomplish objectives on behalf of users.[90] This working definition draws on industry usage by Google, AWS, and IBM, which each identify *observation*, *reasoning*, and *autonomy* as key defining characteristics of agentic technology.[91]

AI agents are built around a large language model (LLM), allowing them to interpret and respond to natural language user inputs and action complex instructions.[92] In this sense, the LLM is the brain of an agentic application, but unlike purely generative AI applications using LLMs, agentic AI applications can use tools (for example running searches, storing memory and controlling other programs) to respond to users' tasks.[93] Figure 3.1 shows how a basic AI agent can be structured as an augmented LLM with added functions including retrieval (for example conducting searches), tools (for example performing calculations), and memory (for example storing user inputs). By contrast, a standard (non-agentic) LLM can respond to users' requests based only on the dataset it was trained on and is unable to search the internet for up-to-date information or use other applications to accurately solve complex problems.

Figure 3.1: An augmented LLM AI agent



Source: Diagram reproduced from Anthropic, Building effective agents, 19 December 2024.

AI agents can also be configured in a multi-agent system (also known as multi-agent architecture or a crew of agents). A multi-agent system uses multiple agents working together to achieve a shared goal by carrying out complementary tasks.[94] For example, AI provider Hugging Face gives the example of a crew in which a manager agent delegates tasks, a code interpreter agent executes

89 See R Miller, 'What exactly is an AI agent?', *TechCrunch*, 15 December 2024, accessed 9 December 2025; Anthropic, Building effective agents, 19 December 2024, accessed 9 December 2025.

90 AI x Product, 'Why defining AI agents is hard', *Medium*, 25 July 2025, accessed 9 December 2025.

91 See AWS, What are AI agents, accessed 9 December 2025; IBM, How AI agents work, accessed 9 December 2025; Google, What is an AI agent, accessed 9 December 2025.

92 AWS, What are AI agents, accessed 9 December 2025. IBM, How AI agents work, accessed 9 December 2025.

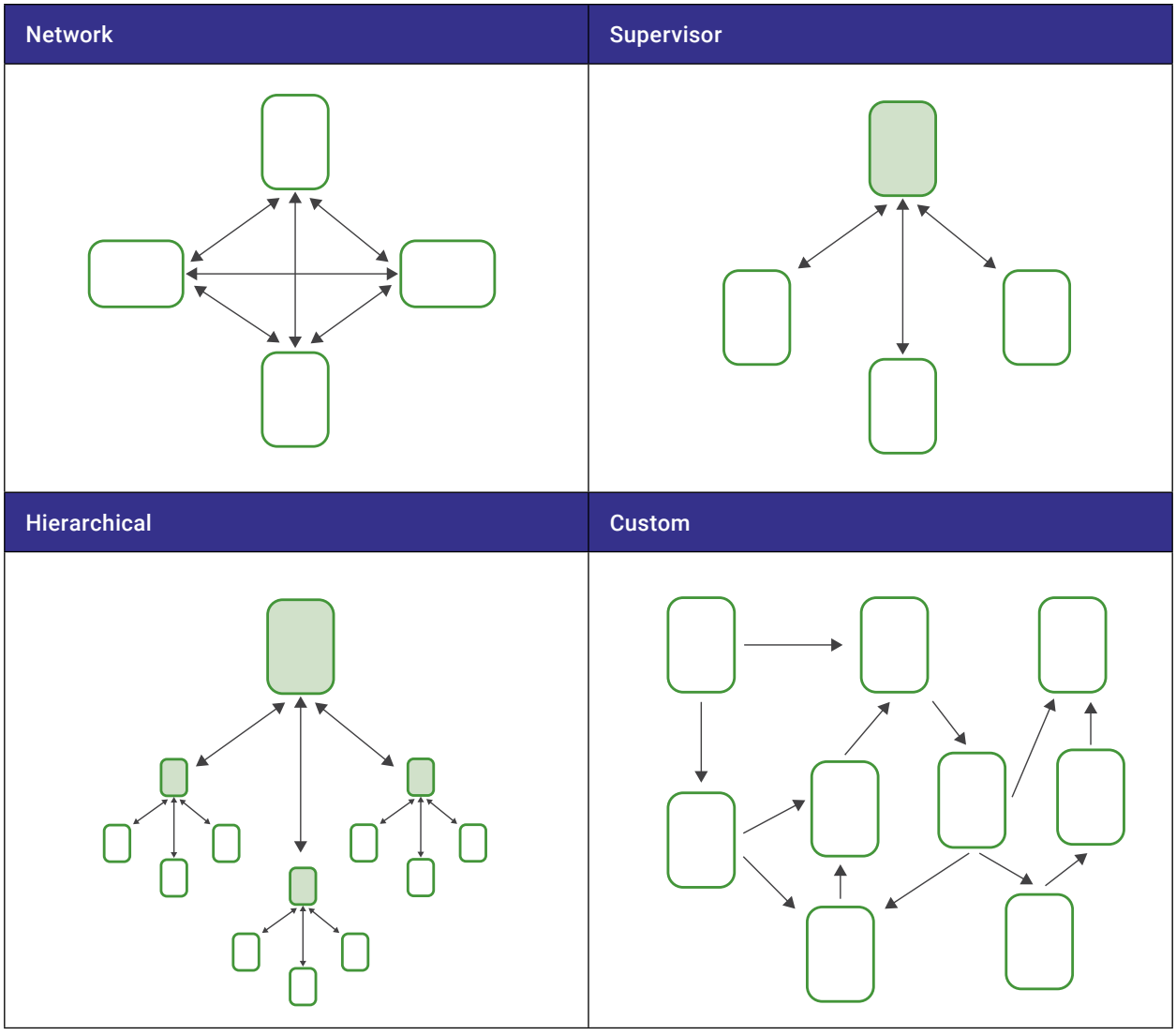
93 IBM, How AI agents work, accessed 9 December 2025.

94 See LangChain, Multi-agent, accessed 9 December 2025; see also P Waters, 'When your AI system has a crew of agents on board', *Gilbert + Tobin*, 25 August 2025, accessed 9 December 2025.

code, and a web search agent retrieves information from the internet (see supervisor architecture in Figure 3.2 below).[95]

Multi-agent systems can be configured in various ways, as illustrated in Figure 3.2 below. Figure 3.2 illustrates how in a *network architecture*, each agent can interact with every other agent. In contrast, in a *supervisor architecture*, agents in a crew are responsive to one supervising manager agent.[96] There is no apparent upper limit to the potential complexity of a multi-agent system. For example, a system could comprise several interconnected supervisory systems (see *hierarchical architecture* example below), or a custom architecture with various bespoke connections between component agents.

Figure 3.2: Multi-agent systems can be set up in various architectures



Source: Diagram reproduced from D Kumar, 'Building Multi-Agent Systems with LangGraph and Ollama: Architectures, Concepts, and Code', *Medium*, 11 April 2025.

Multi-agent systems bring new benefits and challenges. They may be better able to solve problems, work faster and act more efficiently than single agents.[97] Multi-agent systems can also demonstrate sophisticated behaviours arising from many interactions between simple member agents, even

95 Hugging Face, Multi-agent systems, accessed 9 December 2025.

96 D Kumar, 'Building multi-agent systems with LangGraph and Ollama: architectures, concepts and code', *Medium*, 11 April 2025, accessed 9 December 2025.

97 Google Cloud, Guide to multi-agent systems (MAS), accessed 9 December 2025.

where these behaviours are not explicitly programmed in individual agents (known as 'emergent behaviours').[98]

However, multi-agent systems' complexity and expanded capabilities may give rise to unintended consequences. Google notes multi-agent systems may be harder to manage and debug, and agents cooperating may lead to unintended results which are difficult to test for and predict.[99] For example, Galileo (an AI development platform) describes the risk of 'error propagation' in multi-agent systems, where minor errors in one agent lead to issues in other related agents, which may be difficult to observe and may be vulnerable to exploitation by bad actors.[100] A 2025 report by the Gradient Institute explains highlights risks around emergent behaviours, noting that 'a collection of safe agents does not guarantee a safe collection of agents'.[101] The Gradient Institute's report explores in detail several types of multi-agent system failures, including due to inter-agent communication issues and errors or conflicts in information.[102]

3.2 Agentic product announcements and releases

Since the March 2025 final report, several major AI firms have released agentic products for both consumer and enterprise use. The below examples are not an exhaustive list of recent agentic product releases, but a selection showing the rapid pace of change and potential breadth of impacted services.

- **Microsoft**: Agent Mode and Office Agent for Copilot, launched 29 September 2025, allows users to give natural language prompts to Microsoft Office products.[103] Microsoft provides the example that if a user prompts Agent Mode in Excel to 'run a full analysis on this sales data set…', the agent can autonomously decide which formulas to use, produce new sheets, and create data visualisations based on the dataset.
- **OpenAI**: On 29 September 2025, OpenAI announced Instant Checkout for ChatGPT.[104] This update adds agentic commerce functionality to the ChatGPT app, allowing users to transact with merchants directly within the app. When a user asks a question related to shopping, ChatGPT can now run a search, show relevant products, and give users the option to complete a purchase without leaving the app. As at December 2025, Instant Checkout is currently limited to US users purchasing from Etsy sellers and a select list of Shopify merchants including Glossier, SKIMS and Spanx.[105] However, OpenAI states it is expanding its geographic coverage and the number of participating merchants with 'over a million Shopify merchants available to purchase from soon'.[106]
- **Google**: On 8 October 2025, Google launched AI Mode (bundled as a feature of Google Search) in Australia.[107] The Australian release came after Google first added agentic features to AI Mode

98 See Y Zhao and E Santos Jr, Emergence in Multi-agent Systems, *The Thirty-Second International Florida Artificial Intelligence Research Society Conference*, 2019.

99 Google Cloud, Guide to multi-agent systems (MAS), accessed 9 December 2025.

100 C Bronsdon, 'How multi-agent coordination failures unleash dangerous hallucinations', *Galileo*, 11 July 2025, accessed 9 December 2025.

101 A Reid et al, Risk analysis techniques for governed LLM-based multi-agent systems, *The Gradient Institute*, 29 July 2025, p 2.

102 A Reid et al, Risk analysis techniques for governed LLM-based multi-agent systems, *The Gradient Institute*, 29 July 2025, p 2.

103 S Chauhan, 'Vibe working: introducing Agent Mode and Office Agent in Microsoft 365 Copilot', *Microsoft 365*, 29 September 2025, accessed 9 December 2025.

104 OpenAI, Buy it in ChatGPT: Instant Checkout and the Agentic Commerce Protocol, 29 September 2025, accessed 9 December 2025.

105 OpenAI, Instant Checkout: Buy Directly from Merchants through ChatGPT, 22 November 2025, accessed 9 December 2025.

106 OpenAI, Buy it in ChatGPT: Instant Checkout and the Agentic Commerce Protocol, 29 September 2025, accessed 9 December 2025.

107 H Budaraju, 'Google Search: Introducing AI Mode in Australia', *Google Australia Blog*, 8 October 2025, accessed 9 December 2025.

overseas in August 2025, starting with restaurant reservation functionality. Google describes this first update allowing users to search for a dinner reservation according to various potential preferences (such as party size, date, time, location and cuisine). In response, AI mode will generate a curated list of restaurants with available reservation slots before linking directly to restaurant booking pages.[108] This technology incorporates several features of Google's broader ecosystem including its search service, Google Maps, the Google Knowledge Graph,[109] and Project Mariner, an AI agent prototype developed by Google DeepMind.[110]

- **Visa**: On 30 April 2025, Visa announced its Visa Intelligent Commerce agentic payments platform.[111] This program partners with several major AI firms, delivering application programming interfaces for AI agent developers to enable AI agents to undertake transactions and payments online. As at November 2025, Visa reportedly plans to launch Visa Intelligent Commerce across the Asia Pacific region by early 2026.[112]

While it remains early in the roll-out of agentic AI products, these examples indicate the potential breadth of impact that they may pose across the economy. For example, agentic commerce enabled by offerings like OpenAI's Instant Checkout and Visa's Intelligent Commerce platform could conceivably lead to changes in consumers' use of other online commerce intermediaries (such as online marketplaces) if there is significant user uptake of these services. An estimate by Adobe in August 2025 suggests traffic from generative AI applications to US retail sites (AI-driven visit share) grew by 4,700% year-on-year between July 2024 and July 2025.[113]

108 R Stein, AI Mode in Search gets new agentic features and expands globally, *Google Australia Blog*, 21 August 2025, accessed 9 December 2025.

109 Google, How Google's Knowledge Graph works, accessed 9 December 2025.

110 Google DeepMind, Project Mariner, accessed 9 December 2025.

111 Visa, Intelligent Commerce, accessed 9 December 2025; PYMNTS, Visa gives AI shopping agents 'Intelligent Commerce' superpowers, 30 April 2025, accessed 9 December 2025.

112 Antara, Visa Expands Visa Intelligent Commerce Across Asia Pacific, Prepares for AI Commerce Pilot by Early 2026, Press Release, 18 November 2025, accessed 9 December 2025.

113 V Pandya, 'Adobe: generative AI-powered shopping rises with traffic to US retail sites up 4,700%', *Adobe for Business*, 21 August 2025, accessed 9 December 2025.

Box 3.1: Case study – ChatGPT Instant Checkout uses OpenAI's open-source Agentic Commerce Protocol

OpenAI's Instant Checkout is powered by the open-source Agentic Commerce Protocol[114] (co-developed by OpenAI and Stripe, a payments platform). This provides a language for AI agents and businesses to use to conduct transactions. At present, the Agentic Commerce Protocol is an open standard, meaning any business or AI platform can implement it to participate in agentic commerce.

As noted by the ACCC in the March 2025 final report, open-source AI technologies may lower barriers to entry and expansion by allowing firms to access technology without having to make significant sunk investments.[115] However, there are limitations to the benefits of open-sourcing for competition, and there are ongoing risks of existing power dynamics being reinforced in the AI industry. Some firms may choose to initially provide open-source technologies to grow their market share before later restricting access, creating challenges for competition (the 'open-then-closed' approach).[116] For example, OpenAI previously provided public information on its large language models, however stopped releasing information after GPT-4, citing the 'competitive landscape'.[117]

The ACCC's view is that open-source technologies have a positive role to play in promoting competition in AI, though they are not a panacea for all potential competition concerns. A more detailed discussion of the limitations that restrict the potential pro-competitive effects of open-source approaches is available at pages 313 to 314 of the March 2025 final report.

3.3 Agentic frameworks

Agentic frameworks are software systems that enable businesses or consumers to develop, deploy and manage AI agents or multi-agent systems.[118] Agentic frameworks can incorporate building blocks for building and managing agents such as pre-built AI components and APIs, communication protocols to set up multi-agent systems, planning and reasoning functions, and monitoring and debugging tools.[119] The ACCC notes that this is a broad category of software products with many potentially different functionalities, and not all agentic frameworks may be substitutable or direct competitors. Since March 2025, many of the largest AI firms have released agentic frameworks, mainly for enterprise use (Figure 3.3 below). This trend may result in significant uptake in the use of bespoke AI agents by businesses in coming years.

114 Stripe and OpenAI, Agentic Commerce Protocol, accessed 9 December 2025.

115 See discussion at ACCC, Digital Platform Services Inquiry Final Report, 31 March 2025, p 313.

116 FTC, Generative AI Raises Competition Concerns, 29 June 2023, accessed 9 December 2025; Portuguese Competition Authority, Competition and generative AI: Opening AI models, 4 December 2024, p 9.

117 OpenAI et al, GPT-4 Technical Report, *ArXiv* (2023), p 2.

118 R Caballar and C Stryker, 'AI agent frameworks: Choosing the right foundation for your business', *IBM*, accessed 9 December 2025.

119 A Brennan, 'Agentic frameworks: The complete guide to the systems used in building autonomous agents', *Moveworks*, 14 February 2025, accessed 9 December 2025.

Figure 3.3: Examples of agentic framework releases by major AI firms since March 2025

Firm	Agentic framework(s)	Release or significant update
Adobe	Agent Orchestrator	Full release: 30 September 2025[120]
Amazon	Amazon Bedrock AgentCore	Full release: 13 October 2025[121]
Amazon	Quick Suite	9 October 2025[122]
Anthropic	Claude Code: Agent Skills	16 October 2025[123]
Google	Gemini Enterprise	New agentic features: 31 July 2025[124]
Google	Vertex AI Agent Builder	Various agentic updates in 2025[125]
IBM	Watsonx Orchestrate	New agentic features: 6 May 2025[126]
Meta	PyTorch Native Agentic Stack[127]	24 October 2025[128]
Microsoft	Microsoft CoPilot Studio	New agentic features: 15 October 2025[129]
Nvidia	NeMo Agent Toolkit	29 October 2025[130]
OpenAI	AgentKit	6 October 2025[131]

3.4 Continued monitoring is required

Although it is still too early to definitively assess the impact of agentic AI on either markets for AI services or related markets, there is growing literature identifying potential competition risks and regulatory challenges arising from the roll-out of AI agents.[132]

A 2025 Centre on Regulation in Europe (CERRE) report examines the possibilities of both:

- foreclosure *of* AI agents (where a firm with market power pre-installs, ties, or bundles its existing products and agent, leading to reduced competition in AI agent services)
- foreclosure *by* AI agents (if powerful agents steer demand for other services anti-competitively, for example by self-preferencing first-party services).[133]

120 P Parmar, 'September 2025 release highlight: Agent Orchestrator is now officially available', Adobe Experience Platform, 30 September 2025, accessed 9 December 2025.

121 AWS, Document history for the AgentCore User Guide, accessed 9 December 2025.

122 E Kayabali and D Prakoso, 'Announcing Amazon Quick Suite: your agentic teammate for answering questions and taking action', *AWS*, 9 October 2025, accessed 9 December 2025.

123 Anthropic, Equipping agents for the real world with Agent Skills, 16 October 2025, accessed 9 December 2025.

124 Google Cloud, Gemini Enterprise release notes, 31 July 2025, accessed 9 December 2025.

125 Google Cloud, Vertex AI Agent Builder release notes, 7 November 2025, accessed 9 December 2025.

126 A Ghoshal, 'IBM updates watsonx Orchestrate with new agent-building capabilities', *InfoWorld*, 6 May 2025, accessed 9 December 2025.

127 Note: Rather than a single tool, this is a stack of several components in PyTorch, an open-source machine learning framework developed by Meta's AI research lab.

128 Meta, The building blocks of agentic AI: from kernels to clusters, 24 October 2025, accessed 9 December 2025.

129 K Springer, 'What's new in Copilot Studio: September 2025', *Microsoft Copilot*, 15 October 2025, accessed 9 December 2025.

130 Nvidia, Now available – NVIDIA NeMO tools for managing the AI agent lifecycle, 29 October 2025, accessed 9 December 2025.

131 OpenAI, Introducing AgentKit, 6 October 2025, accessed 9 December 2025.

132 See, for example, F Bostoen and J Krämer, AI Agents and Ecosystems Contestability: Issue Paper, *CERRE*, November 2024; A Hagiu and J Wright, Artificial intelligence and competition policy, *International Journal of Industrial Organisation*, Vol 103:A (2025); CA Suarez et al, Agentic AI: Future issues at the intersection of technology, innovation and competition policy, *TechREG Chronicle*, June 2025; F Bostoen and J Krämer, Is the DMA Ready for Agentic AI, *CERRE*, July 2025.

133 F Bostoen and J Krämer, Is the DMA Ready for Agentic AI, *CERRE*, July 2025.

These risks are not necessarily unique to agentic AI technologies. For example, the Digital Platform Regulators Forum (DP-REG) have previously found that large digital platforms could use LLMs to anti-competitively self-preference their services, tie LLMs to other services, or restrict data access for rival LLMs.[134] It is possible these competition risks may apply in relation to AI agents, however at this early stage, the ACCC has not yet observed conduct that gives rise to specific concerns.

AI agents may pose novel risks and regulatory challenges related to their speed, complexity, individualisation and ability to act autonomously.[135] For example:

- **Collusion among AI agents**: As businesses increasingly incorporate AI agents, agent-to-agent communications and dealings will become more commonplace. This may give rise to the risk of AI agents learning to collude with one another, even when collusion is not intended by their developers or operators.[136] For example, in a recent paper, Suarez et al describe the possibility that competitors using the same AI agent may end up exchanging competitive pricing information, without knowing or intending to do so.[137] Additionally, collusion between AI agents may be difficult to prevent or detect. A 2025 paper by the Cooperative AI Foundation cites research indicating LLMs can learn to capably exchange hidden messages within apparently innocuous communications, even while being monitored for this behaviour by equally powerful oversight systems.[138]
- **Liability for conduct of AI agents**: The complexity of AI supply chains and the use of AI systems that make decisions and representations in place of a corporation's employees and human agents may lead to corporations disputing their liability for the outputs or actions of their AI agent software systems. There is at least one case internationally where a corporation was held liable for the output of its AI system, as if the output had been generated by an employee.[139] In the 2024 decision of the Canadian Civil Resolution Tribunal *Moffatt v Air Canada*, 2024 BCCRT 149, the Tribunal held that Air Canada was liable for a misleading representation made by an automated chatbot to a customer on its website.

  In Australia, Treasury's review of the AI and the Australian Consumer Law (ACL) final report found no evidence that existing arrangements for attributing liability to corporations are unsuitable in the context of supplier and manufacturer adoption of AI technologies. It acknowledges however that the emergence of new technologies over time, including agentic AI, may need us to consider whether the ACL continues to be effective in these situations.[140]
- **Evidentiary challenges:** Agentic AI systems (like other generative AI applications) may provide consumers with individualised communications resulting in unique representations. If this information is not automatically captured in business records in a form that can be obtained and used in evidence, it may be more difficult to obtain evidence when investigating a potential contravention of the ACL. If agentic AI systems see significant user uptake in Australia, further consideration as to the potential benefits and costs of requirements to preserve communications in an auditable form may be necessary.

134 DP-REG, Working Paper 2: Examination of technology – Large language models, 25 October 2023.

135 Discussed in detail in L Hammond et al, Multi-Agent Risks from Advanced AI, *ArXiv* (2025).

136 L Hammond et al, Multi-Agent Risks from Advanced AI, *ArXiv* (2025), p 17; see also CA Suarez et al, Agentic AI: Future issues at the intersection of technology, innovation and competition policy, *TechREG Chronicle*, June 2025, p 4.

137 CA Suarez et al, Agentic AI: Future issues at the intersection of technology, innovation and competition policy, *TechREG Chronicle*, June 2025, p 4.

138 L Hammond et al, Multi-Agent Risks from Advanced AI, *ArXiv* (2025), pp 18-19; citing S Motwani et al, Secret Collusion Among AI Agents: Multi-Agent Deception via Steganography, *38th Conference on Advances in Neural Information Processing Systems*, Vol 27 (2024).

139 *Moffatt v Air Canada*, 2024 BCCRT 149, 14 February 2024.

140 Treasury, Review of AI and the Australian Consumer Law Final Report, October 2025.

3.5 International monitoring

Internationally, regulators are taking steps to monitor, and where needed respond to, the rapid pace of developments in agentic AI. For example, in December 2024 the UK's Competition and Markets Authority (CMA) identified agentic AI as an emerging technology trend to monitor as part of its annual technology horizon scanning function.[141] This year, the CMA published a guidance to businesses outlining some of the benefits and risks of incorporating agentic AI.[142]

Similarly, the European Commission (EC) has specifically consulted on AI issues in general in its first review of the European Union's Digital Markets Act.[143] On 3 July 2025, the EC opened consultation seeking feedback on (among other things) 'how and whether the DMA can effectively support a contestable and fair AI sector in the EU'.[144] The feedback collected inform the EC's report on the first triennial DMA review to be finalised in May 2026.

141 L Taylor, 'Top 10 technologies – a CMA horizon scanning perspective', *CMA Blog*, 23 December 2024, accessed 9 December 2025.

142 CMA, Guidance – AI insights: Agentic AI, 4 November 2025, accessed 9 December 2025.

143 European Commission, Commission gathers views on how the DMA can support fair and contestable digital markets and AI sector, Media Release, 27 August 2025, accessed 9 December 2025.

144 European Commission, Consultation on the first review of the Digital Markets Act, accessed 9 December 2025.

4. Investments, acquisitions, and partnerships

March 2025 final report

- Large digital platforms are making significant investments into their generative AI businesses. Costs are incurred at each layer of the generative AI stack, including enormous investments into AI data centres (including the AI accelerator chips to power them). Estimates suggest that in 2025, major digital platforms' expenditure on generative AI will exceed US$250 billion.
- Recent years have seen a range of strategic partnerships between prominent digital platforms and emerging developers of foundation models, such as Microsoft and OpenAI.
- These partnerships can benefit competition by granting developers access to resources and enabling firms across the supply chain to compete effectively.
- However, competition authorities in the UK, EU, US, Brazil and Germany have taken, or are taking, steps to consider the potential competitive impact of some of these partnerships and whether they could be classified as mergers.
- Competition authorities worldwide have expressed concern that large digital platforms may use these mergers, acquisitions and partnerships with foundation model developers to steer technological developments in a manner to insulate themselves from competition.

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- Significant investments continue to be made in the AI supply chain, with the scale of investments at the infrastructure layer accelerating to support the development of more advanced AI models and to meet future demand. OpenAI has reportedly committed to investments of more than US$1 trillion. Google, Meta, Microsoft and Amazon are expected to spend a combined US$400 billion on capital expenditure in 2025, with further increases expected in the coming years.
- These investments include firms investing to vertically integrate and self-supply compute.
- Partnerships, mergers and acquisitions continue to play an important role across the AI supply chain, accelerating investment in cloud computing capacity. The circular nature of investments and partnerships has resulted in increasing interdependencies across the AI supply chain.
- Digital platforms and AI companies are competing to attract a limited pool of technical expertise, including through acquihires.
- Competition authorities continue to monitor and scrutinise mergers, partnerships and acquisitions across the AI supply chain.

4.1 Significant investments continue to be made in the AI supply chain

4.1.1 Significant investments are being made in AI infrastructure

Major digital platforms and AI firms are making significant investments at the infrastructure layer, including to build out AI data centres and provide the cloud computing capacity to support the development of more advanced AI models and to meet future demand.

The scale of investments has continued to accelerate in 2025. OpenAI has announced partnerships with several key players in the AI supply chain in recent months, reportedly resulting in commitments for more than US$1 trillion worth of investments in cloud computing capacity in the coming years.[145] As explored below, these and other partnerships have resulted in commentary regarding the circularity of investments across the AI supply chain, as firms supplying AI infrastructure invest in companies that are also their customers.

Google, Meta, Microsoft and Amazon each increased their projected capital expenditures for the year when reporting quarterly figures in October 2025, with media reports noting spending by these companies is expected to collectively reach US$400 billion (A$627 billion[146]) annually.[147] While capital expenditure for these companies is not exclusively spent on AI, it is understood to be an important driver of spending.[148]

This represents hugely significant spending by a small number of companies. By comparison, for example, total expenses in Australia's 2025-26 budget for social security and welfare, defence, education and health were a combined A$521.3 billion.[149] This also compares with an estimated A$45 billion gross expenditure on research and development (R&D) in Australia in 2023–2024.[150]

145 C Hammond and C Criddle, 'OpenAI makes 5-year business plan to meet $1tn spending pledges', *Financial Times*, 15 October 2025, accessed 9 December 2025.

146 Estimated capital expenditure from Figure 4.2 (US$403 billion) has been converted to A$ from US$ using an average exchange rate for 2025 (US$1=A$1.55) sourced from the Reserve Bank of Australia for 2022 as at 14 November 2025 (historical data).

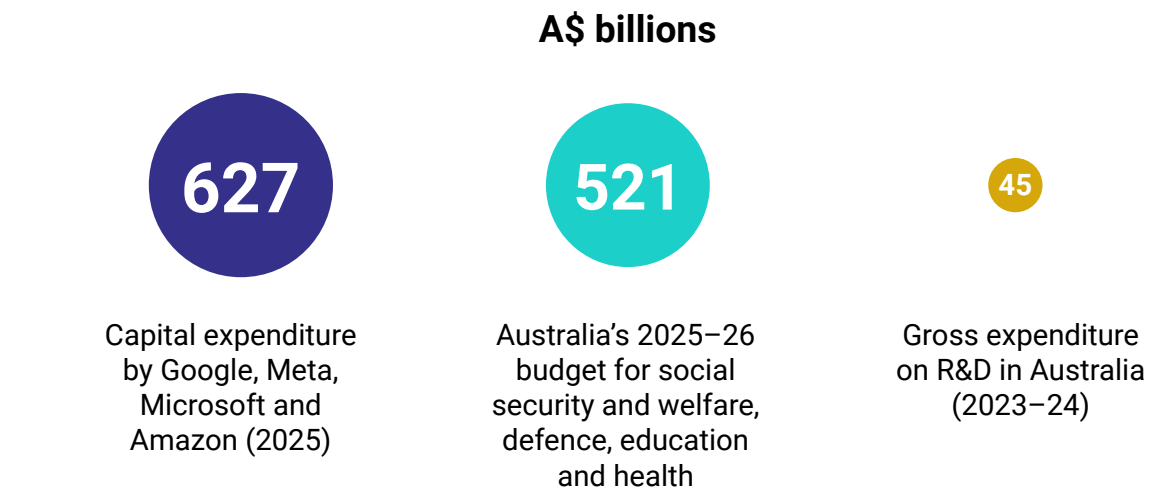
147 M Bobrowsky, 'Big Tech Is Spending More Than Ever on AI and It's Still Not Enough', *Wall Street Journal*, 30 October 2025, accessed 9 December 2025.

148 For example, Alphabet's (Google) most recent 10-K filing notes that 'our expectation that our capital expenditures will increase, including our expected spend and the expected increase in our technical infrastructure investment to support the growth of our business and our long-term initiatives, in particular in support of artificial intelligence (AI) products and services'.

149 Treasury, Budget Overview 2025-26: Building Australia's Future, March 2025. See Appendix B: Revenue and spending.

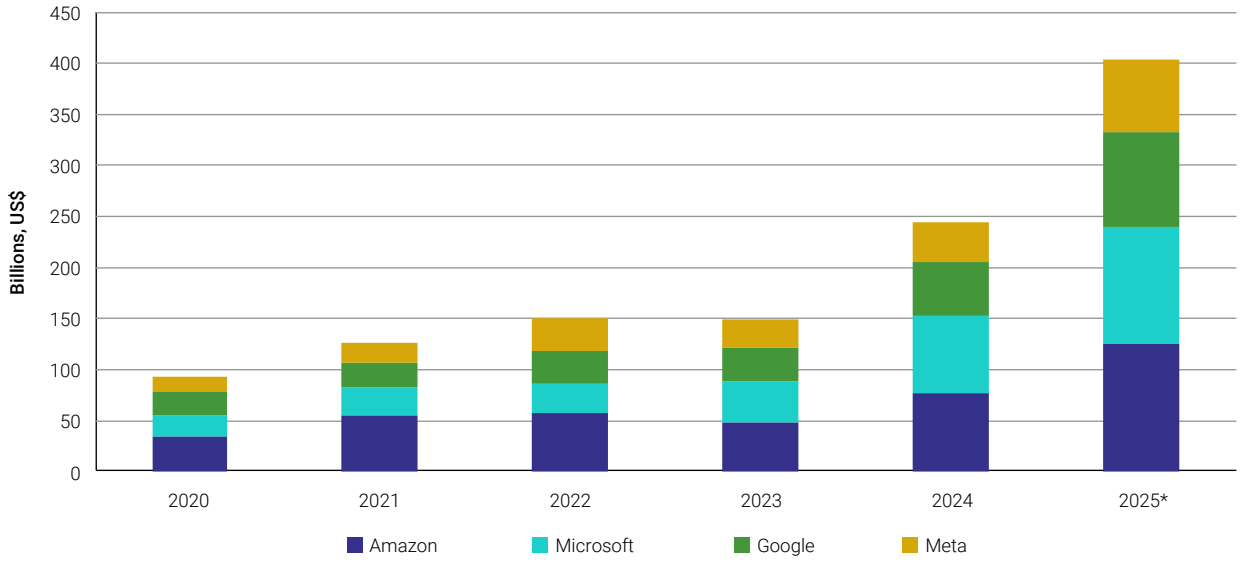
150 Australian Bureau of Statistics, Research and Experimental Development, Businesses, Australia, 22 August 2025, accessed 9 December 2025. Gross expenditure on R&D represents the total expenditure devoted to R&D by the business, government, higher education and private non-profit sectors.

Figure 4.1: Comparison of digital platforms' capital expenditure and Australian spending (A$ billions)



This represents significant growth in capital expenditure by these digital platforms. For example, Amazon is expected to spend US$125 billion in 2025, compared with US$83 billion in 2024, while Meta will nearly double its capital expenditure from US$39 billion to US$70-72 billion.[151] Figure 4.2 below shows trends in capital expenditure by a select number of digital platforms which are heavily investing in the AI infrastructure layer.

Figure 4.2: Capital expenditure by select digital platforms, 2020–2025



Source: ACCC analysis of company financial reporting. *Note that capital expenditure figures for 2025 include estimates for Q4 2025.

151 E Thomas, 'We broke down the eye-popping AI spending for 4 Big Tech firms — and their plans to go even harder next year', *Business Insider*, 31 October 2025, accessed 9 December 2025.

Capital expenditures on AI are expected to continue to increase in the coming years.[152] Morgan Stanley has estimated that capital expenditures could grow to nearly US$550 billion in 2026.[153]

These investments aim to make sure that firms can reap the potential benefits that AI is expected to create.[154] Digital platforms and AI companies are competing to develop the most advanced AI models and applications.[155]

These investments also seek to ensure that supply can meet the expected increases in demand for AI services as they become more widely used by businesses and consumers over the coming years.[156] Cloud providers and AI firms have reported struggles to meet demand for compute.[157] Morgan Stanley research estimates that global data centre capacity will need to grow six-fold by 2035 to meet the demands of cloud computing and AI. This translates to an estimated US$3 trillion investment in data centre infrastructure between 2025 and 2028.[158]

At the same time, these firms will require significant growth in revenue to recoup the scale of investments being made. For example, OpenAI reportedly has annual revenue of US$13 billion while it has committed to more than US$1 trillion in investments over the coming years.[159]

152 E Thomas, 'We broke down the eye-popping AI spending for 4 Big Tech firms — and their plans to go even harder next year', *Business Insider,* 31 October 2025, accessed 9 December 2025; Alphabet (Google) has noted that it expects to 'significantly increase' investments in technical infrastructure in 2026 relative to 2025, particularly in support of AI products and services. Similarly, Meta has noted that it expects capital expenditures dollar growth to be 'notably larger' in 2026 than 2025. Meta has also committed to spending over US$600 billion in the US by 2028. See Alphabet, 10-Q quarterly report for the period ended 30 September 2025, accessed 9 December 2025; Meta, Meta Reports Third Quarter 2025 Results, Press Release, 29 October 2025, accessed 9 December 2025; Meta, How Meta's Data Centers Drive Economic Growth Across the US, 7 November 2025, accessed 9 December 2025.

153 K Liswing, 'OpenAI's spending bonanza has Wall Street focused on capex in Big Tech earnings reports', *CNBC*, 27 October 2025, accessed 9 December 2025.

154 For example, in the context of Meta's capital expenditure, Susan Li (Meta CFO) noted that Meta has a strategic priority to make sure that it has the compute needed to be well positioned to succeed at AI. See Meta, Third Quarter 2025 Results Conference Call, 29 October 2025, p 10.

155 M Mollenbeck, 'The race for AGI: Why 2025 might be the year everything changes', *Medium*, 27 September 2025, accessed 9 December 2025; D Howley, 'Silicon Valley is going all in on 'superintelligent' AI, and there's plenty of hype', *Yahoo! Finance*, 13 November 2025, accessed 9 December 2025.

156 For example, in reporting their Q3 2025 results, Alphabet (Google) noted they are continuing to invest aggressively in AI infrastructure due to the demand they are experiencing from cloud customers as well as the growth opportunities they see across the company. They also noted demand is currently greater than supply – see Alphabet, 2025 Q3 Earnings Call, 29 October 2025, accessed 9 December 2025; Sam Altman (OpenAI CEO) reportedly said in a social media post that 'the risk to OpenAI of not having enough computing power is more significant and more likely than the risk of having too much', while noting restrictions need to be placed on current products due to compute restraints – see G Choudhary, 'Sam Altman clarifies OpenAI will scale AI Cloud to meet global demand, market decides success', *Mint*, 7 November 2025, accessed 9 December 2025; J Elias, 'Google must double AI serving capacity every 6 months to meet demand, AI infrastructure boss tells employees', *CNBC*, 21 November 2025, accessed 9 December 2025.

157 M Bobrowsky, 'Big Tech Is Spending More Than Ever on AI and It's Still Not Enough', *Wall Street Journal*, 30 October 2025, accessed 9 December 2025; H Field, 'The AI industry is running on FOMO', *The Verge*, 4 November 2025, accessed 9 December 2025. Microsoft and Amazon have also agreed to deals worth US$10 billion and US$5 billion, respectively to rent cloud services from smaller cloud providers (Iren, Lambda, Cipher Mining) over the coming years. It is reported this may be to ensure supply meets demand for compute – see A Holmes, 'Microsoft to Spend Over $10 Billion to Rent Cloud Servers From Smaller Firms', *The Information*, 4 November 2025, accessed 9 December 2025; Cipher Mining, Cipher Mining provides third quarter 2025 business update, Press Release, 3 November 2025, accessed 9 December 2025.

158 Morgan Stanley, AI enters a new phase: The rise of inference and data infrastructure, 4 November 2025, accessed 9 December 2025.

159 G Hammond and C Criddle, 'OpenAI makes 5-year business plan to meet $1tn spending pledges', *Financial Times*, 13 October 2025, accessed 9 December 2025; A Capoot, 'Sam Altman says OpenAI will top $20 billion in annualized revenue this year, hundreds of billions by 2030', *CNBC*, 6 November 2025, accessed 9 December 2025.

4.1.2 Key players are investing to vertically integrate and self-supply compute

Key players across the AI stack are investing to vertically integrate and operate across different levels of the supply chain, particularly with investments at the infrastructure layer.

In September 2025, OpenAI reached agreements to develop five new AI data centres in the US, increasing the cost of its AI infrastructure project Stargate[160] to about US$400 billion.[161] All of this capacity will reportedly be for OpenAI's exclusive use.[162] This investment in the infrastructure layer will allow OpenAI to self-supply substantial amounts of compute without relying on cloud providers such as Microsoft.

OpenAI's partnership with Broadcom to deploy 10 gigawatts of OpenAI-designed AI accelerators, announced in October 2025, is a further example of its vertical integration at the infrastructure layer.[163] At the same time, OpenAI is also reportedly preparing to develop its own consumer hardware, following its May 2025 acquisition of io, a hardware company founded by former Apple design chief Jony Ive.[164]

Other key players in the industry have expanded their investments in the infrastructure layer to develop their own AI data centres and to self-supply compute. Meta and Apple will invest over US$600 billion in the US by 2028, including building AI data centres.[165] ByteDance reportedly planned to spend US$12 billion on AI chips in 2025 while xAI has deployed its Colossus supercomputer and is reportedly planning a second data centre.[166] In November 2025, Anthropic also announced US$50 billion investment in computing infrastructure.[167]

As explored in section 3 above, a range of companies have also developed agentic products in recent months to extend their generative AI offerings. Figure 4.3 below shows that firms are vertically integrating across the AI stack.[168]

160 As noted in the March 2025 final report, Stargate Project is an AI joint venture between OpenAI, Oracle, SoftBank (a Japanese technology investment firm) and MGX (an Abu Dhabi-based AI investment firm), which intends to invest US$100 billion immediately, and an additional US$400 billion over 4 years, to build new AI data centres in the US. All Stargate data centres will reportedly be for OpenAI's exclusive use. See ACCC, Digital Platforms Services Inquiry Final Report, 23 June 2025, p 285.

161 G Hammond, 'OpenAI expands Stargate AI project with five US sites', *Financial Times*, 24 September 2025, accessed 9 December 2025.

162 G Hammond, 'OpenAI expands Stargate AI project with five US sites', *Financial Times*, 24 September 2025, accessed 9 December 2025.

163 OpenAI, OpenAI and Broadcom announce strategic collaboration to deploy 10 gigawatts of OpenAI-designed AI accelerators, 13 October 2025, accessed 9 December 2025.

164 J Peters, 'OpenAI is buying Jony Ive's AI hardware company', *The Verge*, 22 May 2025, accessed 9 December 2025.

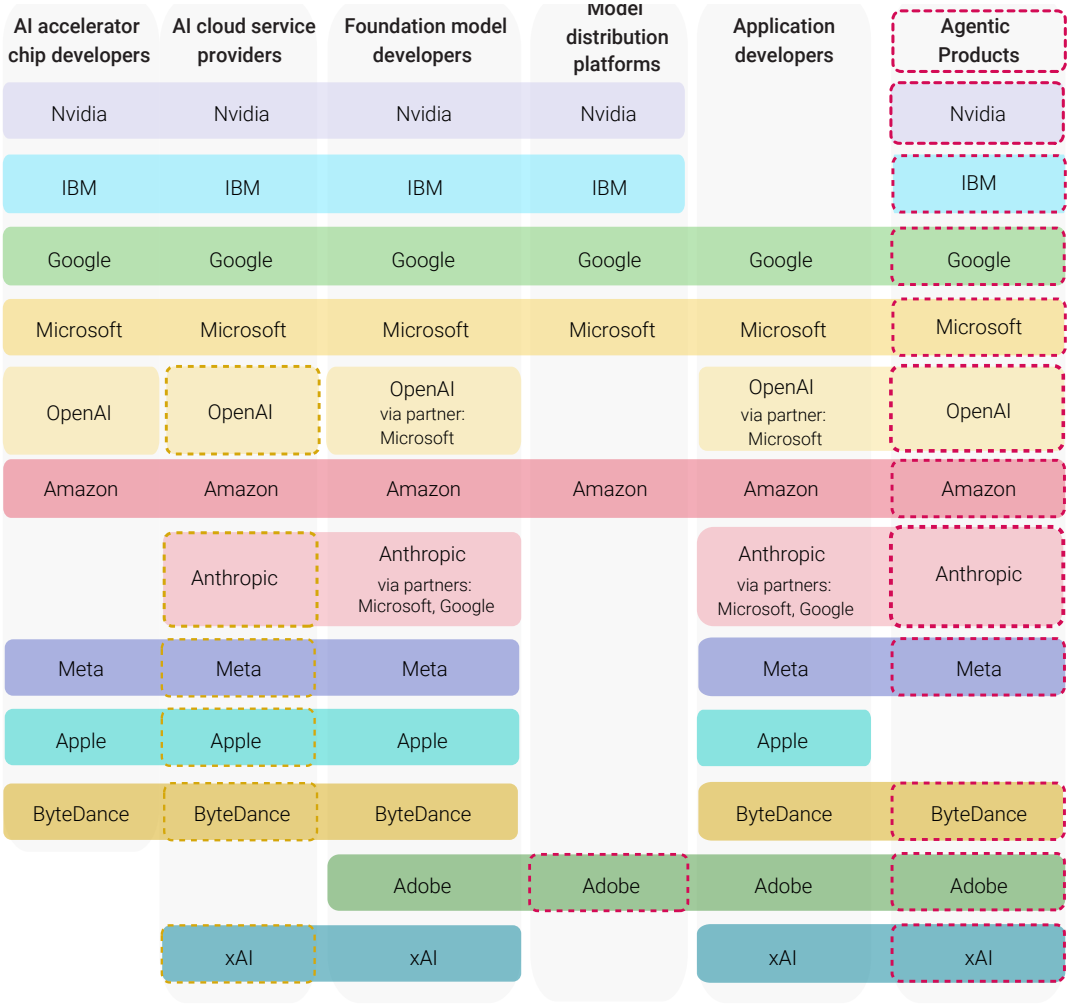
165 Meta, How Meta's Data Centers Drive Economic Growth Across the US, 7 November 2025, accessed 9 December 2025; Apple, Apple increases US commitment to $600 billion, announces American Manufacturing Program, Press Release, 6 August 2025, accessed 9 December 2025; Meta and OpenAI have both noted that they could potentially use their capacity to provide cloud services in future – see A Barr, 'Did Sam Altman just announce an OpenAI cloud service?', *Business Insider*, 7 November 2025, accessed 9 December 2025; J Vanian, 'Meta CEO Mark Zuckerberg defends AI spending: 'We're seeing the returns'', *CNBC*, 29 October 2025, accessed 9 December 2025.

166 Z Wu and E Olcott, 'TikTok owner ByteDance plans to spend $12bn on AI chips in 2025', *Financial Times*, 22 January 2025, accessed 9 December 2025; S Morris and T Kinder, 'Elon Musk plans to expand Colossus AI supercomputer tenfold', *Financial Times*, 5 December 2024, accessed 9 December 2025; M Gooding, 'Elon Musk's xAI buys 1 million sq ft site for second Memphis data center', *Data Center Dynamics*, 10 March 2025, accessed 9 December 2025.

167 Anthropic, Anthropic invests $50 billion in American AI infrastructure, 12 November 2025, accessed 9 December 2025.

168 The ACCC notes this is a simplified graphic compiled using publicly available information.

Figure 4.3: Vertical integration across the AI stack



Source: ACCC analysis of publicly available information in November 2025.

Box 4.1: AI infrastructure in Australia

Investments in AI continue in Australia

Investments continue to be made at the infrastructure layer in Australia in 2025. For example:

- Amazon announced in July 2025 that it had plans to invest A$20 billion over 2025 to 2029 to expand digital infrastructure in Australia, including AI data centres and connected solar farms.[169]
- In December 2025, OpenAI announced it had signed a memorandum of understanding with NextDC to develop a sovereign AI infrastructure partnership as part of its OpenAI for Australia program.[170] OpenAI will reportedly become the major customer of a A$7 billion data centre to be built by NextDC.[171]
- In October 2025, artificial intelligence infrastructure start-up Firmus Technologies signed an agreement worth an initial A$4.5 billion with Nvidia and CDC Data Centres, to build AI data centres across Australia.[172]
- Australian Investment in machinery and equipment by IT firms (including data centres) was a record A$2.8 billion in the quarter up to September 2025, doubling the previous record of A$1.4 billion set in the previous quarter.[173]
- In September 2025, Future Fund announces it increased its investments in the biggest developer of data centres in Australia, CDC Data Centres, giving the Future Fund 34.6% ownership.[174]
- In October 2025, Maincode, an Australian AI firm, announced plans to invest A$30 million in an AI data centre in Melbourne using AMD chips.[175]

Australia attracted A$10 billion in data centre investment during 2024.[176] Between 2023 and 2025, companies announced plans to make investments in Australian data centres that could scale up to more than A$100 billion.[177]

169 Australian Trade and Investment Commission, AWS plans to invest A$20 billion to expand digital infrastructure in Australia by 2029, 14 July 2025, accessed 9 December 2025.

170 OpenAI, Introducing OpenAI for Australia, 4 December 2025, accessed 9 December 2025.

171 P Smith, OpenAI becomes major tenant in $7b data centre deal, *Australian Financial Review*, 4 December 2025, accessed 9 December 2025

172 A McGuire and P Smith, 'Oliver Curtis' Firmus inks $73.3b 'AI factory' plan with Nvidia, CDC', *Australian Financial Review*, 16 October 2025, accessed 9 December 2025.

173 Australian Bureau of Statistics, New capital expenditure rises 6.4 per cent, 27 November 2025, Media Release, accessed 9 December 2025.

174 J Kehoe, 'No one can stand in the way' of AI, says Future Fund chairman', *Australian Financial Review*, 9 September 2025, accessed 9 December 2025.

175 P Smith, 'Billionaire Ed Craven pours $30m into AI factory plan', *Australian Financial Review*, 27 October 2025, accessed 9 December 2025.

176 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

177 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025; In November 2025, analysis from Mandala Partners commissioned for Data Centres Australia (a recently formed dedicated peak body for data centres in Australia) estimated that data centres have invested A$3.1 billion in grid infrastructure since 2020, with a further A$7.2 billion forecast by 2030. See Mandala, Data centres as enabling infrastructure, 25 November 2025, p 1.

Australia's National AI Plan

The National AI Plan, published 2 December 2025, acknowledges that realising the opportunities of AI requires reliable and extensive digital computing infrastructure, such as data centres. It commits to positioning Australia as a leading destination for data centre investment, while ensuring growth is sustainable and secure.[178] The government, in partnership with the states and territories, has committed to developing a set of national data centre principles that will set clear expectations for sustainability and other factors, including bringing new renewable energy online and adopting efficient cooling technologies. Where investment align with these principles, the government will explore opportunities to coordinate data centre approval processes as part of its broader efforts to make it easier to develop major, transformational projects and invest in Australia.[179]

Where investments align with the data centre principles, the government is exploring opportunities to coordinate data centre approval processes with states and territories, as part of its broader efforts to make it easier to develop major, transformational projects and invest in Australia.[180]

Australia's AI Plan for the Australian Public Service

In November 2025, the Australian Government released an AI Plan for the Australian Public Service. The plan aims to improve government service delivery, policy outcomes, efficiency, and productivity, through substantially increasing the use of AI in government.[181]

4.2 Strategic partnerships, mergers and acquisitions

A significant number of partnerships have arisen between digital platforms and AI firms in recent years. These partnerships take various forms, often involving partners providing access to AI chips and cloud computing services, training data and technical expertise. These partnerships can benefit competition by granting developers access to resources (for example, capital or distribution) and enabling firms across the supply chain to compete effectively.

4.2.1 Partnerships for investment in AI infrastructure

Several partnerships have been announced between firms in recent months to develop computing capacity. As noted above, OpenAI has announced partnerships with several key players in the AI supply chain, reportedly resulting in commitments for more than US$1 trillion worth of investments

178 The Final Report of the Digital Platform Services Inquiry noted that growing AI development and deployment is increasing the energy and water consumption of data centres. In August 2025, the Australian Energy Market Operator estimated that data centres consumed around 4 terawatt hours (TWh) of energy across the national energy market, accounting for 2% of grid-supplied electricity in 2024-25, with data centre electricity demand forecast to triple by 2030.
See ACCC, Digital Platforms Services Inquiry Final Report, 23 June 2025, pp 298–300; Australian Energy Market Operator, 2025 Inputs, Assumptions and Scenarios Report, August 2025, p 110.

179 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

180 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

181 Australian Government, AI Plan for the Australian Public Service 2025, accessed 9 December 2025.

in cloud computing capacity.[182] This includes partnerships with Nvidia, Broadcom, AMD, Oracle (including through Stargate), Google, Amazon and updates to their partnership with Microsoft.[183]

These partnerships will create significant volumes of new capacity for generative AI development and deployment, with some estimates suggesting OpenAI has made deals to reach approximately 26 gigawatts (GW) of data centre capacity.[184] (By way of comparison, CBRE estimates that Australian data centre capacity for 2025 is 1.4 GW[185]). The deals include OpenAI diversifying its suppliers of chips and cloud service providers as well as developing capacity to vertically integrate.

Nvidia has also continued to invest in partnerships. In September 2025, Nvidia announced an investment and partnership with chipmaker Intel to build chips to integrate into Nvidia's AI infrastructure. The deal will reportedly reduce Nvidia's reliance on Taiwan Semiconductor Manufacturing Company (TSMC) for chip production, while providing Intel with the ability to build chips that can process AI workloads.

Nvidia, Microsoft and Anthropic have also announced strategic partnerships.[186] This includes commitments from Anthropic to purchase US$30 billion of compute from Microsoft, as well as investments of US$10 billion and US$5 billion in Anthropic from Nvidia and Microsoft, respectively. Microsoft and Nvidia also form part of a consortium which purchased a network of 50 data centres across the Americas for US$40 billion.[187]

Meta has also reportedly agreed to purchase US$10 billion worth of cloud computing from Google over a six-year period.[188]

By October, Nvidia had reportedly invested in 59 AI start-ups, up from 55 in 2024 and 12 in 2022.[189] Nvidia has made investments in leading AI companies such as OpenAI, xAI and Mistral, as well as start-ups such as Scale AI, Thinking Machine Labs and Reflection AI.[190] These partnerships aim to stimulate joint innovation, enhance the Nvidia platform and expand the ecosystem.[191]

Mergers and partnerships are also being used to further the development of models and applications. For example, Atlassian reportedly agreed to purchase two companies in September 2025. Firstly, Atlassian agreed to purchase The Browser Company, an American based developer of AI internet

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182 C Hammond and C Criddle, 'OpenAI makes 5-year business plan to meet $1tn spending pledges', *Financial Times*, 15 October 2025, accessed 9 December 2025.

183 Nvidia, OpenAI and NVIDIA Announce Strategic Partnership to Deploy 10 Gigawatts of NVIDIA Systems, Press Release, 22 September 2025, accessed 9 December 2025; Amazon, AWS and OpenAI announce multi-year strategic partnership, 4 November 2025, accessed 9 December 2025; OpenAI, OpenAI, Oracle, and SoftBank expand Stargate with five new AI data center sites, 23 September 2025, accessed 9 December 2025; M Zeff, 'Sundar Pichai is 'very excited' about Google Cloud's OpenAI partnership', *TechCrunch*, 23 July 2025, accessed 9 December 2025; Microsoft, The next chapter of the Microsoft–OpenAI partnership, 28 October 2025, accessed 9 December 2025.
OpenAI, AMD and OpenAI announce strategic partnership to deploy 6 gigawatts of AMD GPUs, 6 October 2025, accessed 9 December 2025.

184 T Kinder, 'OpenAI extends chip spending spree with multibillion-dollar Broadcom deal', *Financial Times*, 14 October 2025, accessed 9 December 2025.

185 CBRE, AI adoption drives Australia's data centre investment and demand, Press Release, 1 September 2025, accessed 9 December 2025.

186 Microsoft, Microsoft, NVIDIA and Anthropic announce strategic partnerships, 18 November 2025, accessed 9 December 2025.

187 J Gardner and J Moullakis, 'Macquarie sells data centres to Nvidia-backed group in $61b deal', *Australian Financial Review*, 16 October 2025, accessed 9 December 2025.

188 K McLaughlin and K Huang, 'Meta Signs $10 Billion-Plus Cloud Deal With Google', *The Information*, 21 August 2025, accessed 9 December 2025.

189 E Forgash, 'Nvidia is accelerating its investing spree in start-ups', *Bloomberg*, 29 October 2025, accessed 9 December 2025.

190 M Temkin, 'Nvidia's AI empire: A look at its top startup investments', *TechCrunch*, 12 October 2025, accessed 9 December 2025.

191 L Archibald, 'How NVIDIA Fuels the AI Revolution With Investments in Game Changers and Market Makers', *Nvidia*, 11 December 2023, accessed 9 December 2025; M Temkin, 'Nvidia's AI empire: A look at its top startup investments', *TechCrunch*, 12 October 2025, accessed 9 December 2025.

browsers, for A$936 million.[192] Secondly, it agreed to purchase US software firm DX, the creator of a developer intelligence platform allowing companies to measure productivity and satisfaction of software engineers, for US$1.5 billion.[193] In June 2025, Optus announced a partnership with Perplexity to offer eligible Optus customers a complimentary 12-month subscription to Perplexity Pro.[194] As another example, in August 2025 Google entered into an agreement with the Australian Associated Press to provide content for Gemini.[195]

These partnerships can serve to accelerate investment in AI. At the same time, they can play an important role in determining which firms have access to critical inputs. Competition authorities worldwide have expressed concern that large digital platforms may use partnerships to steer technological developments in a manner to insulate themselves from competition. This trend could increase competition risks by increasing market concentration and vertical integration, thereby raising barriers to entry for new competitors.[196]

4.2.2 Interdependencies across the AI supply chain

Media reports have noted the circularity of investments across the AI supply chain.[197] For example, OpenAI and Nvidia's strategic partnership will enable OpenAI to purchase Nvidia chips to train and run its models.[198] To support this deployment, Nvidia intends to invest up to US$100 billion in OpenAI. Other examples include Nvidia funding AI infrastructure companies that are also its customers (such as CoreWeave).[199]

Figure 4.4 below depicts the circular nature of some of these investments and partnerships. The breadth and scale of these partnerships underscore the financial interdependencies across the AI supply chain. The scale of investments being made in AI as well as the circularity of these investments has also led to considerable commentary regarding a potential AI bubble.

192 P Smith and T Bennett, 'Atlassian takes on Google, Microsoft with $1b AI-powered browser play', *Australian Financial Review*, 5 September 2025, accessed 9 December 2025.

193 P Smith, 'Atlassian makes its biggest buyout in $1.5b AI deal', *Australian Financial Review*, 18 September 2025, accessed 9 December 2025.

194 Optus, Optus Partners with Perplexity's AI-Powered Search Engine to Provide Mobile Customers with 12 Months Free Access, Media Release, 2 June 2025, accessed 9 December 2025.

195 S Buckingham-Jones, 'Google inks first commercial AI news deal in Australia', *Australian Financial Review*, 19 August 2025, accessed 9 December 2025.

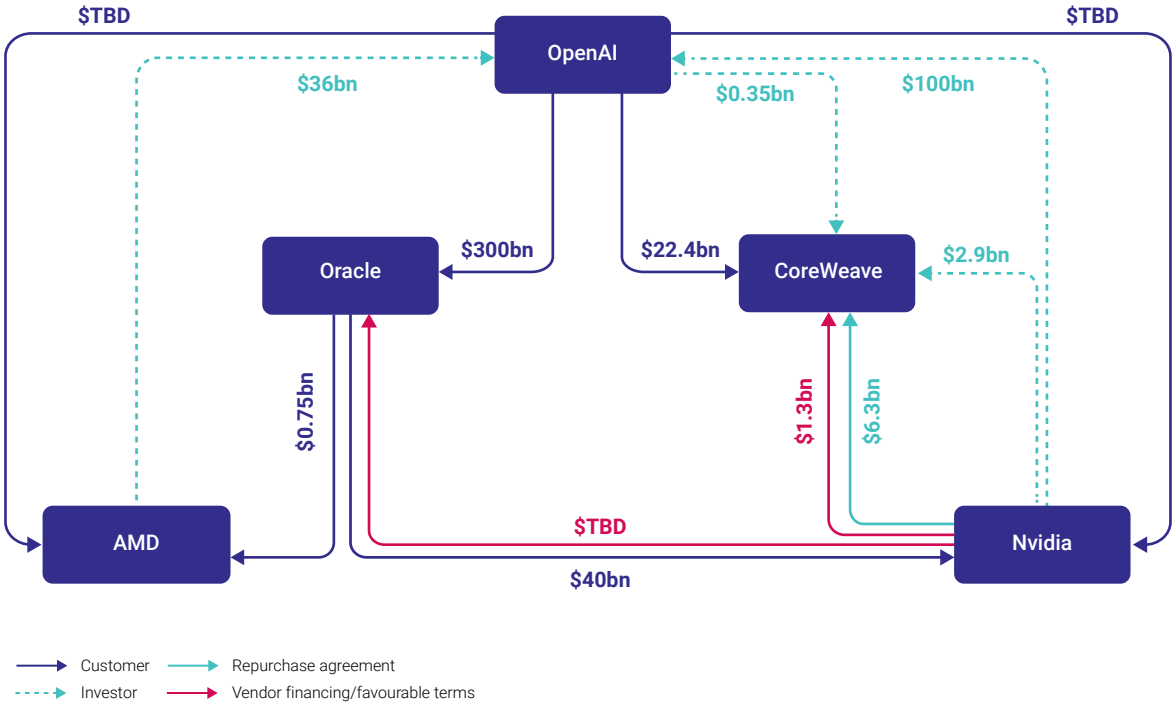
196 See ACCC, Digital Platforms Services Inquiry Final Report, 23 June 2025, p 305.

197 J Gu and C Metz, 'How OpenAI Uses Complex and Circular Deals to Fuel Its Multibillion-Dollar Rise', *The New York Times*, 31 October 2025, accessed 9 December 2025.

198 Nvidia, OpenAI and NVIDIA Announce Strategic Partnership to Deploy 10 Gigawatts of NVIDIA Systems, Press Release, 22 September 2025, accessed 9 December 2025.

199 R Waters, 'How OpenAI put itself at the centre of a $1tn network of deals', *Financial Times*, 11 October 2025, accessed 9 December 2025.

Figure 4.4: Interdependencies in the AI supply chain[200]



Source: Financial Times.

4.2.3 Competition for technical experts

Development and training of foundation models demand a high level of technical expertise from AI specialists with highly specific skillsets. Media reports have estimated that the specialised AI expertise required to develop frontier models may be limited to several hundred AI experts globally.[201] Given this limited talent pool, intense competition among firms to attract and retain these professionals has continued in recent months. For example, in seeking to hire talent, Meta has reportedly offered top tier research talent from competitors pay packages in excess of up to US$300 million over four years, with more than US$100 million in total compensation in the first year.[202] Meta has reportedly recruited AI specialist expertise from OpenAI as well as AI start-ups (such as Thinking Machines) while Microsoft has attracted talent from Google (including DeepMind) and xAI has recruited from Meta.[203]

In a number of cases, large digital platforms have also formed arrangements or partnerships with AI start-ups that involve the large digital platform paying to hire the start-up's AI technical experts

200 R Waters, 'How OpenAI put itself at the centre of a $1tn network of deals', *Financial Times,* 11 October 2025, accessed 9 December 2025.

201 For example, in an interview with The Verge, the head of Amazon's AGI research lab estimated there are globally less than 150 AI specialists capable of leading the building and training of a frontier AI model. A Heath, 'Amazon is betting on agents to win the AI race', *The Verge*, 22 August 2025, accessed 9 December 2025; See also, G Wang, 'Meta and OpenAI's talent wars: How AI mints elites but displaces others', 12 July 2025, accessed 9 December 2025.

202 Z Schiffer, 'Here's What Mark Zuckerberg Is Offering Top AI Talent', *WIRED*, 1 July 2025, accessed 9 December 2025; M Heikkila, C Murray and C Criddle, ''Sign-on bonuses of 150m': AI talent war heats up', *Australian Financial Review*, 2 July 2025, accessed 9 December 2025; M Isaac, E Tan and C Metz, 'AI Researchers are negotiating $250 million pay packages. Just like NBA stars', *New York Times*, 1 August 2025, accessed 9 December 2025.

203 P Smith, 'Zuckerberg snares Australian tech superstar as AI hiring war heats up', *Australian Financial Review*, 13 October 2025, accessed 9 December 2025; A Stewart, 'Leaked Microsoft org chart reveals the top people in Mustafa Suleyman's AI team, including five ex-Googler hires', *Business Insider*, 29 October 2025, accessed 9 December 2025; M Isaac, E Tan and C Metz, 'AI Researchers are negotiating $250 million pay packages. Just like NBA stars', *New York Times*, 1 August 2025, accessed 9 December 2025; J Mann, G Kay and C Rollet, 'xAI has hired 14 Meta employees this year as the AI talent war rages on', *Business Insider*, 8 August 2025, accessed 9 December 2025.

and licensing its technology, but not acquiring the company itself (commonly referred to as reverse acquihires or acquihires).[204] For example, in March 2024, Microsoft's partnership with Inflection AI resulted in nearly all of Inflection's staff joining Microsoft (including its co-founders). Microsoft paid around US$650 million to license the rights to use Inflection's AI models.[205]

These arrangements or partnerships enable a large platform to acquire a pool of technical expertise where these skills are in scarce supply. Some commentators have also argued that arrangements or partnerships may be designed to avoid merger scrutiny.[206]

Two notable examples since March 2025 include:

- **Meta and Scale AI**: In June 2025, Meta invested more than US$14 billion for a 49% stake in Scale AI. Scale AI provides data labelling, model evaluation, and software to businesses and governments to develop and improve AI applications. The deal included Scale's founder (and other staff) joining Meta, while Meta will have access to Scale's data labelling infrastructure.[207]
- **Google and Windsurf**: In July 2025, Google agreed to hire Windsurf's CEO and some of the start-up's researchers. Windsurf provides AI coding assistance for developers and enterprises. Google did not purchase a stake in Windsurf, but reportedly paid US$2.4 billion to hire its employees and for a non-exclusive licence to certain Windsurf technology.[208]

This follows previous partnerships or arrangements reached, including Amazon and Adept AI (June 2024), Google and Character AI (August 2024), and Amazon and Covariant (August 2024), as well as the more recent arrangement between Nvidia and Enfabrica (September 2025).[209]

204 An 'acquihire' usually refers to an acquisition of a startup where the goal is mostly to collect the talented employees of that start-up. The distinguishing feature of the more novel 'reverse acquihire' is that it is not structured as a formal acquisition. However, in practice, these terms are often used interchangeably. J Kanter, 'Billion dollar 'acquihires' are bad for competition', *Financial Times*, 18 August 2025, accessed 9 December 2025; See also the discussion of acquihires at CEPR, AI Acquihires: Competition Risks, Talent Battles and Economic Spillovers, 9 October 2025, accessed 9 December 2025; as well as A Federle and A de Amorin, 'EU: When does the hiring of another company's staff require merger control approval?', *Bird & Bird*, 20 November 2024, accessed 9 December 2025.

205 S Jordan et al, UK and EU antitrust authorities target AI partnerships in expansion of merger control rules, *Global Competition Review*, 22 September 2025, accessed 9 December 2025; J E Lessin, N Mascarenhas and A Holmes, 'Microsoft Agreed to Pay Inflection $650 Million While Hiring Its Staff', *The Information*, 21 March 2024, accessed 9 December 2025.

206 See for example, A Hagui and J Wright, Artificial intelligence and competition policy, *International Journal of Industrial Organization*, Vol 103:A (2025); J Kanter, 'Billion dollar 'acquihires' are bad for competition', *Financial Times*, 18 August 2025, accessed 9 December 2025.

207 J Vanian, 'Scale AI's Alexandr Wang confirms departure for Meta as part of $14.3 billion deal', *CNBC*, 12 June 2025, accessed 9 December 2025; J MSV, 'Meta Invests $14 Billion In Scale AI To Strengthen Model Training', *Forbes*, 23 June 2025, accessed 9 December 2025.

208 M Zeff, 'Windsurf's CEO goes to Google; OpenAI's acquisition falls apart, *TechCrunch*, 11 July 2025, accessed 9 December 2025. Windsurf was subsequently acquired by Cognition – see S Wu, 'Cognition's acquisition of Windsurf', *Cognition*, 14 July 2025, accessed 9 December 2025.

209 K Wiggers, 'Amazon hires founders away from AI startup Adept', *TechCrunch*, 28 June 2024, accessed 9 December 2025; A Heath, 'Google takes another startup out of the AI race', *The Verge*, 3 August 2024, accessed 9 December 2025; A Ha, 'Amazon hires the founders of AI robotics startup Covariant', *TechCrunch*, 31 August 2024, accessed 9 December 2025; L Kolodny, J Novet and K Leswing, 'Nvidia just spent over $900 million to hire Enfabrica CEO, license AI startup's technology', *CNBC*, 18 September 2025, accessed 9 December 2025.

Box 4.2: Competition authorities internationally continue to scrutinise mergers, acquisitions and partnerships

As noted in the March 2025 final report, competition authorities in the UK, EU, US, Brazil and Germany have taken, or are taking, steps to consider the potential competitive impact of some of these partnerships (including acquihires) and whether they could be classified as mergers.[210]

In recent months, competition authorities have continued to issue reports on AI (including the implications of mergers, acquisitions and partnerships) as well as assess specific partnerships. For example:

- the New Zealand Commerce Commission warned that killer acquisitions and acquihires could be caught by their regime[211]
- the Japanese Fair Trade Commission has noted that acquiring specialized talent via partnerships can affect competition[212]
- the Competition Commission of India also noted that while mergers, acquisitions and partnerships can spur growth and innovation in AI, they may also raise competition concerns under certain conditions, requiring scrutiny by competition authorities[213]
- the European Commission concluded that a notified transaction to create a Joint Venture between Meta and Reliance Industries would not raise competition concerns in Europe.[214] The Joint Venture aims to develop enterprise AI solutions built on Llama for Indian enterprises.[215]

It is also notable that ex ante digital competition regimes in the UK and EU allow competition authorities to more closely monitor acquisitions by designated digital platforms.[216]

The ACCC is closely monitoring international developments in relation to these types of mergers, acquisitions and strategic partnerships (including acquihires) and will continue to monitor deals and conduct in Australia.

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210 ACCC, Digital Platforms Services Inquiry Final Report, 23 June 2025, pp 304-305; see also, S Jordan et al, 'UK and EU antitrust authorities target AI partnerships in expansion of merger control rules', *Global Competition Review*, 22 September 2025, accessed 9 December 2025. The South Korean competition authority has also explored these issues, including noting that partnerships may require merger review and that it is also necessary to explore policy measures to address these types of mergers – see Korea Fair Trade Commission, Generative AI and Competition, December 2024, p 79. It is notable that both the European Commission and CMA have considered that acquihires could be captured by merger laws depending on the circumstances. The OECD has also recently noted that acquihires and other transactions involving innovative startups have exposed a potential gap in existing frameworks, where strategic investments, joint ventures, or exclusive supply arrangements may escape merger control scrutiny. On these strategic partnerships more generally, the OECD also notes that competition authorities could also choose to scrutinise partnerships as potential anti-competitive agreements – see OECD, Competition in Artificial Intelligence Infrastructure: OECD Roundtables on Competition Policy Papers, No. 330, 14 November 2025, pp 38, 43.

211 New Zealand Commerce Commission, Paper – Navigating the rise of AI: Perspectives from a competition and consumer regulator, 17 July 2025.

212 Japan Fair Trade Commission, Report regarding Generative AI Ver 1.0 – tentative translation [PDF], June 2025, p 38.

213 Competition Commission of India, Market study on Artificial Intelligence and Competition, September 2025, p iv.

214 European Commission, Daily News 26/09/2025: Commission clears creation of joint venture by Meta and Reliance, 26 September 2025, accessed 9 December 2025.

215 M Zuckerberg, 'Accelerating India's AI adoption: A strategic partnership with Reliance Industries to build Llama-based enterprise AI solutions', *Meta Newsroom,* 29 August 2025, accessed 9 December 2025.

216 Under the UK DMCCA, designated firms are subject to lower notification requirements, potentially capturing mergers that were not previously notifiable. The UK DMCCA also includes a new jurisdictional threshold enabling the CMA to review 'killer acquisitions' – see Ashurst, DMCC Act: Key changes to the UK's merger control regime, 18 June 2024, accessed 9 December 2025. Under the DMA, Gatekeepers are required to inform the European Commission about digital mergers, irrespective of whether it is notifiable to the European Commission or national competition authorities – see European Commission, Digital Markets Act – List of Acquisitions, accessed 9 December 2025.

5. Consumer risks related to AI

December 2025 update

- While consumers and businesses can benefit from the increasing integration of AI into products and services, AI also has the potential to amplify existing consumer risks.
- Businesses may implement privacy degrading data collection practices to facilitate the collection of larger volumes of consumer data to train AI models.
- AI may be used in ways that mislead or deceive consumers. Generative AI can be used to facilitate false representations about the performance or characteristics of products or services, and the suppliers of those products or services. The use of AI chatbots as customer service agents may result in consumers being misled about their consumer guarantee rights under the ACL. Consumers may also encounter misleading or overstated claims about a system's AI capabilities, known as 'AI washing'.
- AI can be used to generate and disseminate large volumes of seemingly credible fake or manipulated reviews.
- The use of large volumes of data, including data on individual consumers, in AI systems may be used to enhance manipulative design practices, such as through personalised data-driven 'hypernudges' that adapt to the consumer's behaviour in real-time. Consumers experiencing vulnerability may be disproportionately harmed by these practices.
- AI is also increasingly being used to facilitate and enhance scam activity, and can make online scams cheaper, more efficient to create and scale, more convincing, and harder to detect.

The ACL is an economy-wide, principles-based and technology-agnostic framework. Treasury's October 2025 Review of AI and the ACL final report found that the ACL is broadly capable of adapting effectively to the increasing uptake of AI-enabled goods and services.

AI is already delivering benefits to Australian consumers and businesses through a wide variety of AI-enabled goods and services. However, the integration of AI into new and existing goods and services may amplify existing risks to consumers.

Given the speed at which new AI products and services are being introduced or incorporated into existing products and services, it is not possible to predict the extent of AI-related harms to consumers that may eventuate. There are early indications that consumers are concerned about being exposed to risks online because of increased use and deployment of AI. For example, recent research indicates that 65% of Australians consider that 'overall, AI creates more problems than it solves.' This figure is 8% higher than in 2023.[217] The ACCC will continue to examine practices that may pose risks to consumers and small business and take action under the ACL where appropriate.

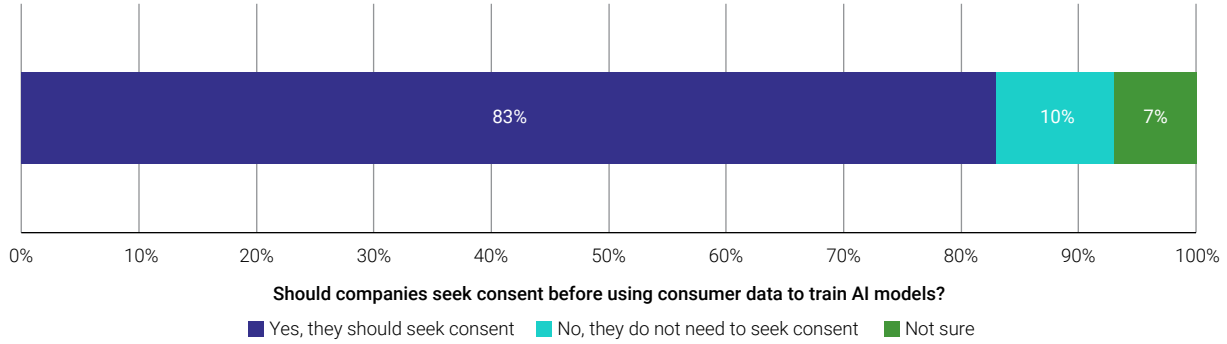
217 Roy Morgan, Growing majority of Australians believe AI creates more problems than it solves, Press Release, 14 October 2025, accessed 9 December 2025. When asked in October 2025, from a personal viewpoint ('For you personally, do you agree or disagree that artificial intelligence (AI) solves more problems than it creates?'), this falls to 61%.

5.1 Use of consumer data

The scale of consumer data collected for use in AI, and how that data is used, poses risks to consumer privacy.

To facilitate the collection of increased amounts and types of consumer data used to train AI models, firms may be incentivised to implement privacy degrading data collection practices (for example opaque policies that describe how data is collected, shared and used), even where this may be contrary to user expectations.[218] Examples of changes to terms in existing privacy policies that have been found to facilitate the use of consumer data for AI training purposes are discussed below. The March 2025 final report identified that there appears to be a disconnect between consumer preferences and industry practice in relation to the use of consumer data for training AI models.[219] Most (83%) Australians believe companies should obtain consent before using personal data to train AI models.[220]

Figure 5.1: Consumer views regarding consent to use personal data to train AI[221]



Source: Lonergan Research, ACCC DPSI Consumer Survey Research Report.

Consumers are generally not aware of how much of their data is collected, shared and used. This is in part because of the length, complexity and ambiguity of online terms of service and privacy policies. The ACCC has previously noted research which estimated that, if Australian consumers were to read all of the privacy policies they encounter in full, this would take nearly 46 hours every month.[222] Consumers may not feel in control of their personal information, or may feel resigned to consent to the use of their information in order to access online services.[223]

Many consumers may also not understand the ways their data can be accessed and used by AI models. For example, training data extracted from an AI model may include personally identifiable information.[224] Some AI systems are also capable of inferring or generating additional personal data, potentially including sensitive attributes such as political opinions, health status or financial

218 J King and C Meinhardt, Rethinking Privacy in the AI Era: Policy Provocations for a Data-Centric World – White Paper, 22 February 2024, pp 17, 18.

219 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, pp 12–13, 15–16. Given Treasury's Review of AI and the Australian Consumer Law, the ACCC did not focus on the consumer protection implications of generative AI (apart from seeking views on Australian consumers' experience with generative AI as part of the ACCC consumer survey).

220 Lonergan Research, ACCC DPSI Consumer Survey Research Report [PDF], p 24. Survey of Australian consumers aged 14+, conducted October–November 2024.

221 For the full wording of this question in the consumer survey, see Lonergan Research, ACCC DPSI Consumer Survey Research Report [PDF], p 99, question C8. Survey of Australian consumers aged 14+, conducted October–November 2024.

222 ACCC, Digital Platform Services Inquiry Eighth Interim Report, 21 May 2024, p 6.

223 ACCC, Digital Platform Services Inquiry Eighth Interim Report, 21 May 2024, pp 95–96.

224 N Carlini et al, Extracting Training Data from Large Language Models, ArXiv (2021), pp 9–10. This paper demonstrates that an adversary can perform a training data extraction attack to recover individual training examples by querying the language model (GPT-2).

vulnerability. AI-generated profiles may be used to target consumers with specific offers, deny them services, or influence their choices.[225]

Some firms are changing their terms of service to facilitate, or better enable, the collection and use of consumer data for AI-related purposes.[226] For example, in August 2025, Anthropic updated their consumer terms and privacy policy. Users of certain Anthropic services now need to opt-out of their inputs being used to improve Anthropic AI models, and Anthropic has extended the length of its data retention practices to allow consumer data to be used for model training for five years.[227] Before this the company had stated this data would only be used for model training if the user 'explicitly opted in to the use of (their) inputs and outputs for training purposes'.[228] Where consumers can opt-out of the updated terms while continuing to use the service, the ease with which they can do so also varies.[229] When a user opts-out of having their data used, this will typically only apply to the collection and use of their data going forward. It may not be possible to remove or erase data already collected and used to train an AI model.

Regulators in Australia and internationally have signalled the importance of clearly communicating changes to privacy policies, or other terms governing the use of user data by AI systems. For example, in October 2024, the Office of the Australian Information Commissioner (OAIC) published guides for entities developing or deploying AI systems on how Australian privacy law applies to artificial intelligence. This included guidance on updating privacy policies and notifications with clear and transparent information about their use of AI.[230]

Consumers also typically have limited ability to decline or avoid privacy-degrading terms of service, including because they may lose access to the service, and barriers associated with switching between service providers. For example, in 2024 Reddit entered into content licencing agreements with Google and OpenAI.[231] It is not clear from Reddit's privacy policy whether Reddit users can opt-out of having their posts and comments on Reddit collected and used by Google and Open AI for training purposes under these agreements.[232]

Consumers using one online service may also be exposed to risks related to the data collection practices of third-party firms. For example, in November 2025, developers found they could access personal and sensitive ChatGPT conversations that those users would likely have assumed were private, after OpenAI scraped data from Google Search Console.[233]

Given these risks, getting policy settings right for privacy is important for protecting Australian consumers from potential privacy-degrading practices associated with the use of AI. The March 2025 final report highlighted the importance of strengthened protections in the Privacy Act and broader

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225 United Nations Conference on Trade and Development, Consumer Protection in the Age of Artificial Intelligence – Technical Note, 2025, p 12.

226 For example, see E Tan, 'When the terms of service change to make way for AI training', *The New York Times*, 26 June 2024, accessed 9 December 2025.

227 Anthropic, Updates to Consumer Terms and Privacy Policy, 29 August 2025, accessed 9 December 2025.

228 J King et al, User Privacy and Large Language Models: An Analysis of Frontier Developers' Privacy Policies, *ArXiv* (2025), p 5.

229 J Bhuiyan, 'Companies building AI-powered tech are using your posts. Here's how to opt out', *The Guardian*, 16 November 2024, accessed 9 December 2025.

230 OAIC, Guidance on privacy and the use of commercially available AI products, 17 January 2025, accessed 9 December 2025; OAIC, Guidance on privacy and developing and training generative AI models, 23 October 2024, accessed 9 December 2025; FTC, AI Companies: Uphold Your Privacy and Confidentiality Commitments, 9 January 2024, accessed 9 December 2025.

231 R Patel, 'An expanded partnership with Reddit', *Google Blog*, 22 February 2024, accessed 9 December 2025; OpenAI, OpenAI and Reddit Partnership, 16 May 2024, accessed 9 December 2025; B Schwartz, 'OpenAI may pay Reddit $70M for licensing deal', *Search Engine Land*, 13 February 2025, accessed 9 December 2025.

232 Reddit's privacy policy notes that 'content and information may also be available in search results on interent search engines like Google or in responses provided by AI chatbot like OpenAI's ChatGP.' Reddit, Reddit Privacy Policy, effective 28 June 2025.

233 Google Search Console is a tool used by developers to monitor search traffic. A Belanger, 'Oddest ChatGPT leaks yet: Cringey chat logs found in Google analytics tool', *Ars Technica*, 8 November 2025, accessed 9 December 2025.

reform of Australian privacy law, given the rapidly evolving nature of digital platform services.[234] In addition, policy settings that protect consumers' interests and preferences about the use of their data are important to encourage participation in the online economy.[235]

5.2 Potential misleading or deceptive conduct related to AI

The ACL plays an important role in ensuring consumers are not misled by businesses. These protections apply equally to consumers of AI-enabled goods and services and include prohibitions on misleading or deceptive conduct, unconscionable conduct and false or misleading representations.

Box 5.1: ACCC action on alleged misleading Microsoft 365 subscription

In October 2025, the ACCC announced it had commenced proceedings in the Federal Court against Microsoft Australia and its parent company Microsoft Corporation. The ACCC alleged Microsoft misled approximately 2.7 million Australian customers when communicating subscription options and price increases, after integrating its AI assistant, Copilot, into Microsoft 365 plans.

The ACCC alleges that since 31 October 2024, Microsoft has told subscribers of Microsoft 365 Personal and Family plans with auto-renewal enabled that to maintain their subscription they must accept the integration of Copilot and pay higher prices for their plan, or, alternatively, cancel their subscription.

The ACCC alleges this information provided to subscribers was false or misleading because there was an undisclosed third option. These were the Microsoft 365 Personal or Family Classic plans, which allowed subscribers to retain the features of their existing plan, without Copilot, at the previous lower price.

Following the integration of Copilot, the annual subscription price of the Microsoft 365 Personal plan increased by 45% from A$109 to A$159. The annual subscription price for the Microsoft 365 Family plan increased by 29% from A$139 to A$179.[236]

234 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 25.

235 ACCC, Submission to the Productivity Commission on the Harnessing data and digital technology interim report, 19 September 2025, p 14.

236 ACCC, Microsoft in court for allegedly misleading millions of Australians over Microsoft 365 subscriptions, Media Release, 27 October 2025, accessed 9 December 2025.

5.2.1 Use of generative AI to facilitate false representations

Generative AI can be used to facilitate false representations about the performance or characteristics of products or services. Ghost store websites, which misrepresent themselves as local businesses, often use generative AI images, typically to build a sense of credibility, such as by using an image of fictional owners or a fictional store front.[237] Product listings may engage generative AI to make products appear more sophisticated, or of a higher quality, than they actually are. The use of generative AI to create or alter existing images may also made it difficult for a consumer to identify that a product is being sold elsewhere, often for a lower price.

5.2.2 Use of AI chatbots in customer service

AI is increasingly being used in customer service contexts, with the retail sector currently using AI applications at higher rates than other sectors in Australia.[238] When used as a complement to customer service personnel, AI chatbots, which can be text- or voice-based, can help resolve customer issues quickly. However, in some circumstances consumers may have worse experiences and outcomes. There is a risk that AI chatbots used by businesses to engage with consumers may not consistently communicate accurate information about their consumer guarantee rights. Consumers may also be frustrated by the issue not being resolved, needing to repeatedly describe the issue or getting stuck in a 'doom loop' of conversation, a lack of personalised responses, or delays connecting to a human agent.[239]

Risks associated with the use of AI chatbots in customer service are likely to be higher when businesses use an AI chatbot without adequate human oversight. Research commissioned for the March 2025 final report found that 45% of Australian consumers are concerned about being forced to talk to an AI when they interact with a business.[240] A separate survey found that approximately half of Australian consumers (51%) are dissatisfied with the ability of AI chatbots and voice-bots to resolve their issues, and most (86%) consider that escalation to a human should occur when appropriate.[241] Following the introduction of an AI chatbot, in July 2025 the Commonwealth Bank of Australia made 45 call centre roles redundant. In August 2025, the bank reversed these redundancies, after experiencing an increase in call volumes.[242]

As discussed in section 3.4, Treasury's review of AI and the ACL final report found no evidence that existing arrangements for attributing liability to corporations are unsuitable in the context of supplier and manufacturer adoption of AI technologies.[243] Businesses using chatbots need to ensure that the responses they provide consumers do not provide information that may be contrary to their obligations under the ACL.

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237 For example, the ACCC recently issued a warning to consumers about the operators of four websites allegedly misrepresenting themselves as local businesses, also known as 'ghost stores.' It was alleged these four ghost store operators are harming consumers by making false representations that they are local Australian businesses, imminently closing down, and selling high-quality clothing and footwear products, when they are instead based overseas, not imminently closing down, and are drop-shipping low-quality products. See ACCC, Consumers warned about 'ghost stores' imitating Australian businesses, Media Release, 3 July 2025, accessed 9 December 2025.

238 Bratanova et al, Australia's artificial intelligence ecosystem: growth and opportunities – Full Report, 25 June 2025, p 7; Australian Government Department of Industry, Science and Resources, AI adoption in Australian businesses for 2025 Q1 | Department of Industry Science and Resources, 6 August 2025, accessed 9 December 2025.

239 Zoom, CX Morning Consult Report: AI alone won't save CX. Resolution will., 2025, pp 7–8.

240 For the full wording of this question in the consumer survey, see Lonergan Research, ACCC DPSI Consumer Survey Research Report [PDF], p 99, question C10. Survey of Australian consumers aged 14+, conducted October–November 2024.

241 Survey of 3,509 adults, including adults in Australia, conducted by Morning Consult for Zoom from 6–13 May 2025. See Zoom, CX Morning Consult Report: AI alone won't save CX. Resolution will., 2025, pp 8, 10.

242 S Chalmers, 'Commonwealth Bank backtracks on AI job cuts, apologises for 'error' as call volumes rise – ABC News', *ABC News*, 21 August 2025, accessed 9 December 2025.

243 Treasury, Review of AI and the Australian Consumer Law Final Report, October 2025.

5.2.3 'AI-washing' practices

Firms may also mislead consumers if they engage in 'AI-washing'. AI-washing refers to misleading or overstated claims about the functionality of a system's AI capabilities.[244] These types of claims may, in some circumstances, lead to consumer detriment in situations where a consumer may be willing to pay more for a product or service that purports to have AI functionality than they would for a comparable product that does not make a similar claim.[245]

Current challenges associated with evaluating the performance of complex AI models, as well as verifying claims about the AI capabilities of products and services,[246] may further increase the risk of AI-washing occurring. For example, the functionalities that terms such as 'agent' and 'agentic' are used to describe vary between providers,[247] and it has been reported that many products that lack 'substantial agentic capabilities', including AI assistants and chatbots, are being rebranded as agentic.[248] The use of AI-washing in investment scams is discussed further in section 5.5.

Box 5.2: US authorities are scrutinising claims about advanced AI functionality

In February 2025, the US Fair Trade Commission (FTC) finalised an order requiring a company (DoNotPay) promoting its online subscription services as 'the world's first robot lawyer' to stop making deceptive claims about the abilities of its AI chat bot.[249]

In August 2025, the FTC filed a complaint against a separate company (Air AI) in relation to representations it made to consumers, including small businesses, about its suite of AI-related business support products.[250] Air AI had claimed their product could replace human customer service representatives and, in combination with other services, make business owners significant sums of money. The FTC stated that, at best, Air AI offered coaching that does not help consumers start or grow a business, glitchy software that does not perform as advertised, and licenses to resell the same, and at worst, a junk suite of services that do not exist or are not consistently available.[251]

244 Definition adapted from: S Ozturkcan and A Asli Bozdag, Responsible AI in Marketing: AI Booing and AI Washing Cycle of AI Mistrust, *International Journal of Market Research*, Vol 67:6 (2025), p 699.

245 Research varies on consumer willingness to pay for AI. See H Zhang, X Bai and Z Ma, Consumer reactions to AI design: Exploring consumer willingness to pay for AI-designed products, *Psychology & Marketing*, Vol 39:11 (2022); C Ciompi, 'How brands can build consumer trust in AI', *Lippincott*, 30 October 2024, accessed 9 December 2025.

246 O Salaudeen et al, Measurement to Meaning: A Validity-Centered Framework for AI Evaluation, *ArXiv* (2025), p 40.

247 M Zeff and K Wiggers, 'No one knows what the hell an AI agent is', *TechCrunch*, 14 March 2025, accessed 9 December 2025.

248 Gartner, Gartner Predicts Over 40% of Agentic AI Projects Will Be Canceled by End of 2027, Press Release, 25 June 2025, accessed 9 December 2025.

249 FTC, FTC Finalises Order with DoNotPay that Prohibits Deceptive 'AI Lawyer' Claims, Press Release, 11 February 2025, accessed 9 December 2025. Previously, in September 2024, the FTC brought 5 cases against companies the FTC alleged had relied on AI to supercharge deceptive or unfair conduct that harms consumers, including DoNotPay – see FTC, FTC Announces Crackdown on Deceptive AI Claims and Schemes, Press Release, 25 September 2024, accessed 9 December 2025.

250 FTC, FTC Sues to Stop Air AI from Using Deceptive Claims about Business Growth, Earnings Potential, and Refund Guarantees to Bilk Millions from Small Businesses, Press Release, 25 August 2025, accessed 9 December 2025. The FTC alleged that, among other things, Air AI made false or unsubstantiated claims that people who purchase its services will or are likely to make substantial earnings, and misrepresenting the performance, efficacy, nature, or central characteristics of its services, refund policies, or the risk, earnings potential, or profitability of its services.

251 FTC v Air.ai – Complaint for Permanent Injunction, Monetary Judgments, and Other Relief, *United States District Court for the District of Arizona*, 25 August 2025.

5.3 Risk of AI-generated fake and manipulated reviews

Reviews of products and services, which can appear on a business's own website, social media, or review platforms, have a significant influence on consumer purchasing decisions.[252] Generative AI tools can be used to quickly produce a large volume of reviews.[253] Those reviews, which may be generated by a business or by an intermediary acting on their behalf, may be seen as more credible and persuasive by consumers. The ACCC has previously described how fake and misleading reviews can frustrate consumer choice, distort competition and erode consumer trust in the digital economy.[254] Research indicates people cannot distinguish between real reviews, and AI-generated reviews.[255] Additionally, generative AI systems have also been found to not distinguish between real reviews and AI-generated reviews when prompted to do so.[256] While convincing fake reviews may increase consumer confidence in individual purchasing decisions, over time widespread use of AI-generated fake reviews may further reduce consumer trust online.

252 E Abedin et al, Predicting Credibility of Online Reviews: An Integrated Approach, *IEEE Access*, Vol 12 (2024).

253 Z Su et al, A multigrained preference analysis method for product iterative design incorporating AI-generated review detection, *Scientific Reports*, Vol 15:2528 (2025), pp 1–2.

254 ACCC, Online product and service reviews, accessed 9 December 2025; For example, see ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 162.

255 W Meng et al, Large Language Models as 'Hidden Persuaders': Fake Product Reviews are Indistinguishable to Humans and Machines, *ArXiv* (2025), p 17.

256 W Meng et al, Large Language Models as 'Hidden Persuaders': Fake Product Reviews are Indistinguishable to Humans and Machines, *ArXiv* (2025), p 17.

Box 5.3: Selected international legislative and regulatory developments on AI-generated fake reviews

United States

- On 14 August 2024, the US FTC announced a specific rule banning fake reviews and testimonials, including 'by someone who does not exist, such as AI-generated fake reviews'.[257]

United Kingdom

- In April 2025, the CMA released guidance on prohibited fake reviews under the DMCCA. The guidance specifies that selling reviews which look like they have been written by individual consumers but have in fact been generated by software applications (such as bots) is prohibited.[258]
- On 6 June 2025, the CMA reported that Amazon Europe Core SARL had signed undertakings committing to enhance its existing systems for tackling fake reviews and catalogue abuse. Catalogue abuse involves sellers hijacking the reviews of well-performing products and adding them to an entirely separate and different product to falsely boost its star rating. Amazon committed to sanctions for businesses that boost their star ratings via bogus reviews or catalogue abuse, and users who post fake reviews.
- On 24 January 2025, the CMA reported that Google LLC had signed undertakings for its processes for tackling fake reviews, committing Google to have in place enhanced processes to tackle fake reviews written about businesses and services. Google also agreed to enforce sanctions to deter businesses that try to benefit from fake reviews and sanction those that write fake or misleading reviews.[259]

Singapore

- In July 2025, the Competition and Consumer Commission of Singapore announced it had taken action against Quantum Globe Pte. Ltd., which admitted to submitting reviews for its car detailing firm using customers' information without their knowledge or consent, and using ChatGPT to generate customised review content.[260]

European Union

- In March 2025, BEUC (the European Consumers Organisation) released a position paper on online reviews which covered AI-generated reviews, including a member complaint into AI-generated recommendations.[261]

Research indicates review summaries positively influence consumer purchasing decisions.[262] Where e-commerce platforms and other online services, such as Amazon and Google Chrome, summarise reviews using AI, this may make it more difficult for consumers to detect AI-generated fake reviews.

257 FTC, Federal Trade Commission Announces Final Rule Banning Fake Reviews and Testimonials, Press Release, 14 August 2024, accessed 9 December 2025.

258 CMA, Fake reviews: CMA208, 4 April 2025, p 6.

259 CMA, Online reviews, 6 June 2025, accessed 9 December 2025.

260 Competition and Consumer Commission Singapore, Action Taken Against Lambency Detailing for AI-Generated Fake Reviews on Sgcarmart.com, Media Release, 3 July 2025, accessed 9 December 2025.

261 BEUC, Turning Stars into Trust: How to make online reviews more reliable?, 24 March 2025, pp 6–7.

262 K Lei and Y Liu, When AI Becomes a Shopping Advisor: A Study on the Impact of Generative AI Review on Consumer Purchase Decision, *Sage Open*, Vol 15:3 (2025), p 11.

AI-paraphrased fake reviews, such as reviews generated on ChatGPT 4.0, can also be more challenging for consumers to detect.[263]

A high prevalence of AI-generated fake reviews may also distort competition, such as between different sellers on online marketplaces.

5.4 Use of AI in manipulative design practices

Manipulative design practices are user interfaces design strategies intended to confuse users, make it difficult for them to express their actual preferences, or manipulate them into taking certain actions. Many experts are concerned the use of AI may supercharge these types of practices.[264] AI may be used to aggregate large amounts of data and build user profiles, and to apply those profiles to target users using deceptive methods.[265]

5.4.1 Hypernudging

AI may be used to manipulate consumers into making choices they otherwise would not make through hypernudging. Hypernudging involves using a system of dynamically personalised data-driven nudges to shape user preferences and purchasing decisions. Using large volumes of personal data, and the ability of AI systems to adapt to an individual consumer's behaviour in real-time, may make hypernudging more effective than traditional nudging practices. For example, generative AI may be used to learn consumer behaviour and produce content that mirrors a consumer's interests and emotional states, which could enable a more effective targeting of vulnerabilities.[266] This may involve the use of AI to analyse behavioural data to determine what persuasive techniques work on a particular individual or group.[267]

Box 5.4: General prohibition on unfair trading practices to be introduced in Australia

The ACCC has previously identified examples of problematic conduct occurring on digital platforms that are unlikely to breach the existing ACL, including manipulative design practices.[268]

On 23 November 2025, the Government announced that Commonwealth and states and territories had agreed to introduce a general prohibition on unfair trading practices, which will assist to address manipulative design practices.[269]

263 K Xylogiannopoulos et al, ChatGPT paraphrased product reviews can confuse consumers and undermine their trust in genuine reviews. Can you tell the difference?, *Information Processing & Management*, Vol 61:6 (2024). This is because paraphrased reviews are likely to preserve the sentiment of the original review and thus, detection methods based on linguistic features are not applicable, and because paraphrased text is likely to be closer to actual human writing and more difficult for conventional AI to detect.

264 CPRC, Made to manipulate: The impact of deceptive online design practices on wellbeing and strategies to mitigate harm, 13 May 2025, p 29.

265 J Baumeister et al, Patterns in the dark: Deceptive practices in online interactions, 8 August 2024, p 74.

266 European Commission, Commission staff working document: Fitness check of EU consumer law on digital fairness [PDF], 3 October 2024, pp 32–33.

267 H Brugnell, Chapter 32: AI, hypernudging and system-level deceptive patterns, in *Deceptive Patterns: Exposing the Tricks Tech Companies Use to Control You*, 2023.

268 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025, p 66.

269 A Leigh, Press conference, Mural Hall, Parliament House, Canberra | Treasury Ministers, 23 November 2025, accessed 9 December 2025.

5.5 Use of AI in scams

AI is increasingly being used to facilitate and enhance online scam activity. While many online scams do not use AI, AI can make scams cheaper and more efficient to create and scale, and more convincing, while making the scams harder to detect.

Australians reported nearly A$260 million in losses to scams to the National Anti-Scam Centre's Scamwatch service in the first nine months of 2025, with online shopping scams increasing.[270] Given the increasing use of AI by scammers, AI likely contributed to those losses. For example, AI is being used to create fake e-commerce websites that mimic legitimate sites in minutes rather than days or weeks, which may include images and descriptions of fake products.[271] As discussed in section 5.2, AI can be used to generate images that lend credibility to online ghost stores and make false or misleading representation about the quality of goods sold online.

Losses from investment scams in the first nine months of 2025 were the highest category of reported losses (A$128.4 million).[272] The Australian Investment and Securities Commission (ASIC), removes an average of 130 malicious websites every week, including sites that use AI-washing and AI-generated content.[273] One common 'AI washing' investment scam method involves scammers claiming their fake trading bots use AI to generate passive income and high returns.[274]

270 The ACCC is not suggesting that AI was used in all scams that contributed to these losses. ACCC, Australians report nearly $260M in losses as shopping scams surge, Media Release, 18 November 2025, accessed 9 December 2025.

271 Microsoft, Cyber Signals Issue 9: AI-powered deception: Emerging fraud threats and countermeasures, 16 April 2025, accessed 9 December 2025.

272 ACCC, Australians report nearly $260M in losses as shopping scams surge, Media Release, 18 November 2025, accessed 9 December 2025.

273 ASIC, Scammers on notice as ASIC steps up action to protect consumers from online investment scams, Media Release, 21 August 2025, accessed 9 December 2025.

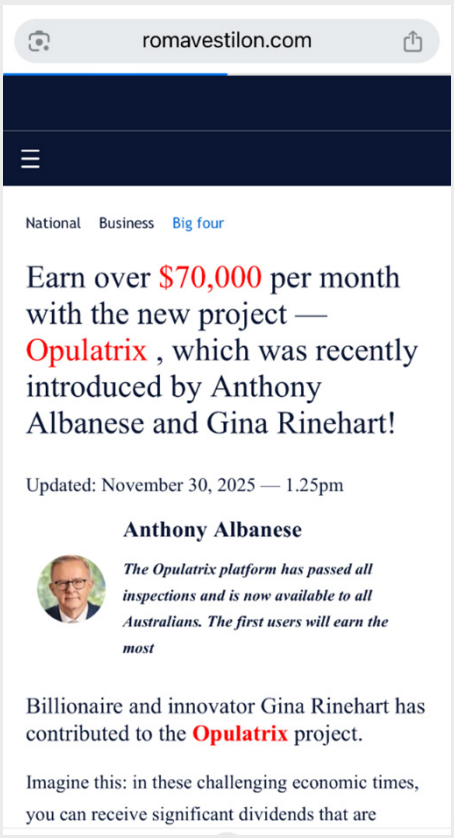
274 ASIC, Scammers on notice as ASIC steps up action to protect consumers from online investment scams, Media Release, 21 August 2025, accessed 9 December 2025. ASIC identified this investment scam method as trending in the previous 6 months, based on ASIC's website takedown work.

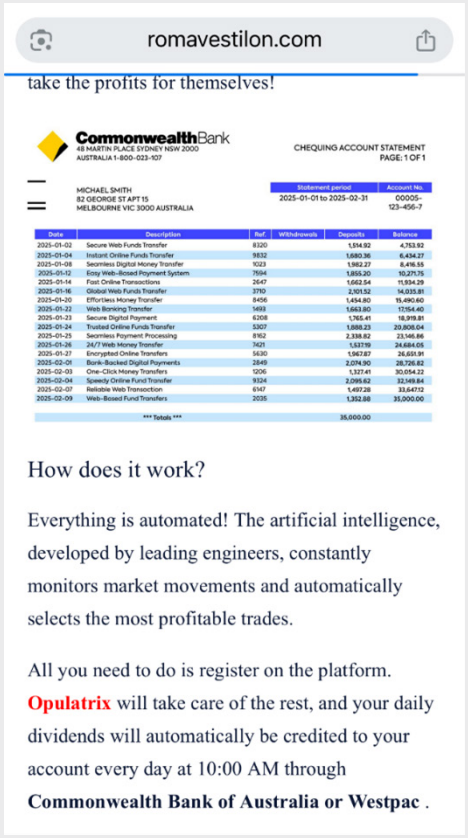
Box 5.5: Example AI-washing investment scam website

Figures 5.2 and 5.3 show screenshots from a website, romavestilon.com, appearing to make false claims about the AI capabilities of an investment platform, when in fact no investment services were provided.

The site (which has since been removed) appeared to display a news article, in the style of a legitimate Australian news organisation's online site, promoting an AI-driven investment platform purportedly launched by Prime Minister Anthony Albanese 'based on his years of experience and close collaboration with Gina Rinehart', and 'supported by the Australian government'. The investment platform claimed to generate 'significant dividends credited to your account daily', using AI to 'constantly monitor market movements and automatically select the most profitable trades'. Consumers were invited to invest a minimum of $400, accompanied by the statement 'Don't hesitate: registration is free until [the current day]!', designed to create a sense of false urgency in consumers viewing the site.

Figure 5.2: Screenshots of landing page[275]

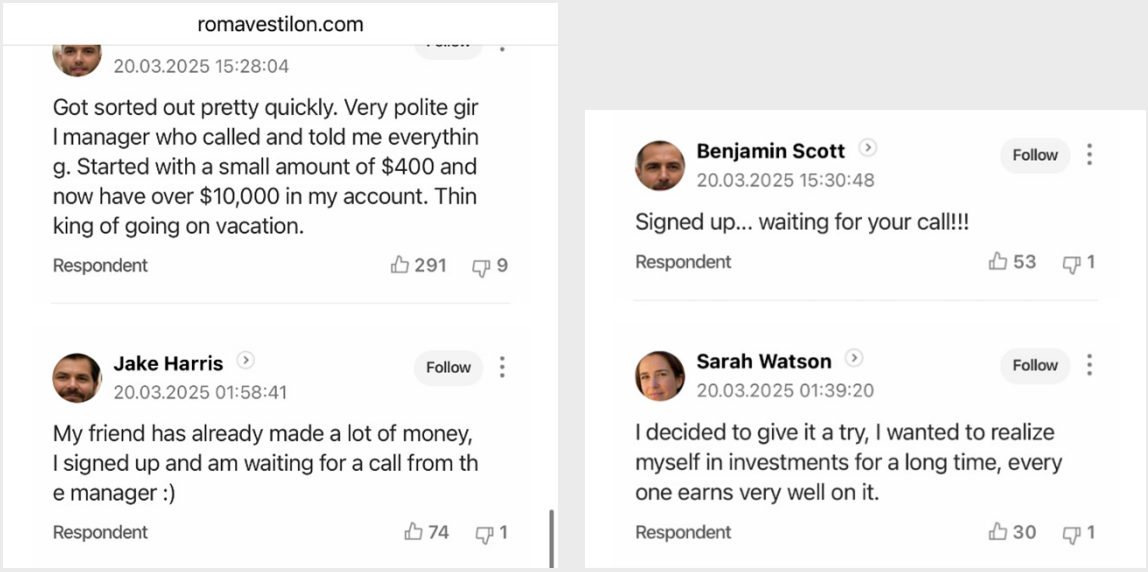




275 Screenshots captured from http://romavestilon.com on 30 November 2025 on the Google Chrome browser on an Apple iPhone.

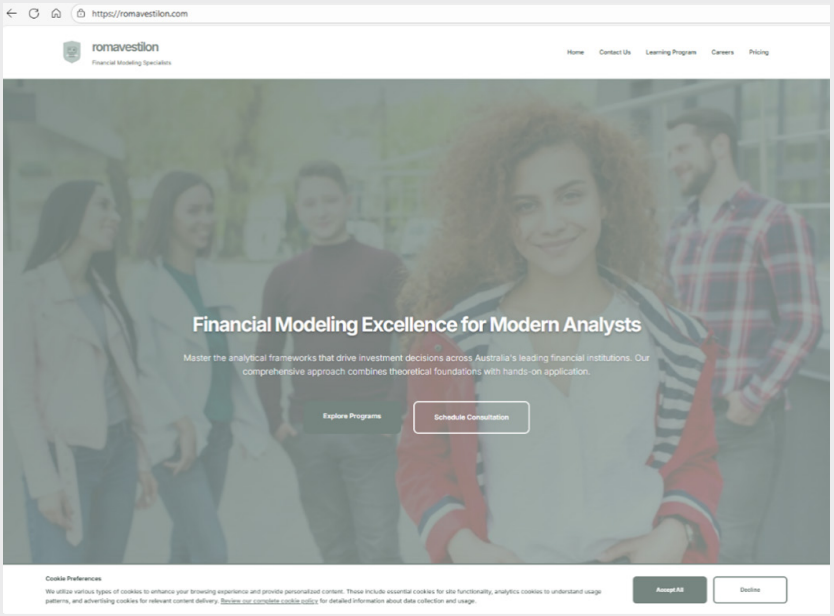
The site included a comments section displaying positive reviews of the platform that appear to be from customers, but were likely AI-generated fake reviews.

Figure 5.3: Screenshots of landing page[276]



Some visitors to the site would see a different landing page (Figure 5.4) that did not appear to be facilitating a scam. This is an example of 'cloaking', where the content of the site varies, depending on the viewer's location and device type.[277]

Figure 5.4: Screenshot from alternate landing page[278]



276 Screenshots captured from http://romavestilon.com on 30 November 2025 on the Google Chrome browser on an Apple iPhone.

277 ASIC, Scammers on notice as ASIC steps up action to protect consumers from online investment scams, Media Release, 21 August 2025, accessed 9 December 2025.

278 Screenshots captured from http://romavestilon.com on 27 November 2025 on the Microsoft Edge browser.

There have also been reports of scammers inviting consumers to join group chats on online private messaging services. For example, consumers in group chats on WhatsApp, Telegram and Viber have been encouraged to make investments through fake trading accounts. These groups appear to be led by a person with expertise in investing, but are actually bots.[279] Scammers are also using ChatGPT to translate between different languages, in order to reach more potential victims across different messaging platforms.[280]

AI is also being used to create fake endorsements of products and services using realistic deepfake images, videos and audio of high-profile figures. Generative AI deepfake generators, which are cheap and easy to use, are driving the proliferation of deepfakes.[281] Deepfake videos featuring physician and journalist Dr Norman Swan and celebrities such as Adele promoting unproven health products have been shared on Meta and Instagram, linking to websites where the products are available for purchase.[282] Scams may also be enabled or supported by deceptive AI customer service chatbots, or phishing emails crafted using generative AI to engender trust in the recipient.[283]

5.6 Protecting consumers from AI harms

The final report of the Treasury Review of AI and the Australian Consumer Law (ACL) was released on 3 October 2025.[284] As noted earlier, the review found that the ACL can adapt to AI-enabled goods and services when considered in combination with other relevant legal frameworks. While current policy settings are generally capable of addressing risks to consumers arising from the continued growth and use of AI products and services, the final report acknowledges that the emergence of new technologies over time, including agentic AI, may necessitate further consideration.[285] It also noted regular review of the ACCC's powers should continue in order to ensure the ongoing sufficiency of those powers in contexts including, but not limited to, AI.

The ACCC has previously recommended additional targeted measures which should apply to all relevant digital platform services, including:

- mandatory processes to prevent and remove scams, harmful apps and fake reviews[286]
- mandatory internal dispute resolution standards that ensure accessibility, timeliness, accountability, the ability to escalate to a human representative and transparency
- ensuring consumers and small business have access to an independent external ombuds scheme.[287]

The ACCC continues to support these recommendations. Consumers are being exposed to a growing number of new AI products and services, and AI functionalities are increasingly being integrated into existing products and services. While this presents many benefits and opportunities, it also exacerbates existing risks of consumer harm. Strong consumer protection mechanisms, including

279 Financial Markets Authority, Txex – WhatsApp educational and investment platform scam, 20 August 2025, accessed 9 December 2025.

280 For example, see OpenAI, Disrupting malicious uses of AI: June 2025, 5 June 2025, pp 41–46.

281 M Clarke, 'Keeping it real: How to spot a deepfake', CSIRO, 9 February 2024, accessed 9 December 2025.

282 N Swan, 'Deepfake videos of Norman Swan are tricking people into buying unproven supplements at a risk to their own health', *ABC News*, 22 May 2025, accessed 9 December 2025.

283 G Atta, 'How AI is being used to create sophisticated scams that leave even experts second-guessing', *ABC News*, 28 April 2025, accessed 9 December 2025; Microsoft, Cyber-signals-issue-9-ai-powered-deception-emerging-fraud-threats-and-countermeasures, 16 April 2025, accessed 9 December 2025.

284 Treasury, Review of AI and the Australian Consumer Law Final Report, October 2025.

285 Treasury, Review of AI and the Australian Consumer Law Final Report, October 2025.

286 Recommended mandatory processes include: a notice-and-action mechanism; verification of certain business user; additional verification of advertisers of financial services and products; improved review verification disclosures; public reporting on mitigation efforts.

287 ACCC, Digital Platform Services Inquiry Final Report, 23 June 2025.

access to internal and external dispute resolution mechanisms, are important to ensure that the frameworks in place are capable of responding to future issues that may arise as AI continues to grow.

The integration of AI into consumer services also raises concerns across other policy areas that may fall outside the ACCC's role as consumer and competition regulator, such as in relation to copyright, misinformation and disinformation, cyber security.[288]

Box 5.6: Selected recent AI regulatory and policy developments in Australia

National AI Plan

On 2 December 2025, the Australian Government released the National AI Plan which sets out the steps government will take to support Australia to build an AI-enabled economy that is more competitive, productive and resilient.[289] The plan sets out 3 goals:

1. Capturing the opportunity of AI by building smart infrastructure, backing domestic AI capability and attracting global investment.[290]
2. Spreading the benefits through widespread AI adoption, supporting and training Australian workers and improved public services.[291]
3. Keeping Australians safe with legislative and regulatory frameworks that mitigate AI harms, while promoting widespread responsible practices and international engagement.[292]

The National AI Plan is discussed further at section 4.1.

Australian AI Safety Institute

On 25 November 2025, the Australian Government announced the establishment of an Australian AI Safety Institute (AISI). The AISI, which will become operational in early 2026, is intended to evaluate emerging AI capabilities, share information and support timely actions to address potential risks.[293] The work of the AISI will completement existing legal and regulatory frameworks.

288 For example, in relation to misinformation, there may be accuracy and sourcing issues in AI generated answers. See European Broadcasting Union, Largest study of its kind shows AI assistants misrepresent news content 45% of the time – regardless of language or territory, Press Release, 22 October 2025, accessed 9 December 2025.

289 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

290 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

291 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

292 Australian Government, National AI Plan, 3 December 2025, accessed 9 December 2025.

293 Minister for Industry and Innovation and Minister for Science, Establishment of Australian AI Safety Institute, Press Release, 25 November 2025, accessed 9 December 2025.

Copyright

On 5 August 2025, the Productivity Commission released its interim report into Harnessing Data and Digital Technology.[294] The report noted concerns that the Australian copyright regime is not keeping pace with the rise of AI technology and sought feedback about whether reforms to copyright settings are needed to better facilitate the use of copyrighted materials, in the context of training AI models. The interim report considered whether there is a case for a new fair dealing exception that explicitly covers text and data mining (a 'TDM exception').

Australia takes a 'fair dealing' approach to copyright exceptions, which allows for using copyright material without permission from the copyright owner, so long as it is used for one of several specified purposes and is considered fair. There is currently no exception to Australia's 'fair dealing' copyright regime that covers AI model training.

On 26 October, Attorney-General the Hon Michelle Rowland issued a media release announcing further consultation on possible updates to Australia's copyright laws, but confirmed that any reform would not include a TDM exception.[295] Ongoing AI-related policy initiatives in Australia include the Copyright and Artificial Intelligence Reference Group, led by the Attorney-General's Department, intended to facilitate engagement between government and non-government sectors to better prepare for copyright challenges emerging from AI.

294 Productivity Commission, Harnessing data and digital technology – interim report, 5 August 2025.

295 M Rowland, Albanese Government to ensure Australia is prepared for future copyright challenges emerging from AI, Media Release, 26 October 2025, accessed 9 December 2025.


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