



Australia's Sovereign AI Moment

The case for a sovereign operating ontology: three actions that would change Australia's position

Australia's AI debate has focused on data residency: where information is stored. That is the wrong question. What matters is who controls the **operating logic** governing how institutions function. Most Australian institutions have never owned that logic. It lives in vendor platforms: fragmented, subject to foreign law, impossible to exit on demand. AI does not create this problem. It executes decisions at scale against logic the institution cannot inspect. The answer is structural: a sovereign layer that makes any tool genuinely replaceable.

<p>THE PROBLEM</p> <p>Operating logic, not data, is the sovereign question</p> <p>Every customisation and integration an institution commissions transfers operating logic into the vendor's platform. Decades of Systems of Record investment have produced institutional IP siloed across platforms Australia cannot exit without operational paralysis.</p>	<p>THE GAP</p> <p>A system of work institutions actually own</p> <p>A sovereign operating ontology is the governed layer where institutional logic is owned and applied independently of any vendor. Most Australian institutions have never had this. Building it returns IP to the institution and makes every tool beneath it replaceable.</p>	<p>THE OPPORTUNITY</p> <p>Capability and sovereignty are not in tension</p> <p>Australia does not need to build its own AI models. It needs the layer that preserves choice. Own the operating ontology and use the best available tools from anywhere, replacing them whenever that no longer serves Australian interests.</p>
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<p><i>“Widespread views that Australia can simply purchase innovations from overseas will yield a bleak Australian economy and greater sovereign risk.</i></p> <p><small>Ambitious Australia: Strategic Examination of R&D; · December 2025</small></p>	<p><i>“Flexibility without a defined destination is indistinguishable from drift, and drift is a luxury that nations do not have in a fast-closing technological gap.</i></p> <p><small>Lowy Institute, responding to the National AI Plan · 12 March 2026</small></p>
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THREE CONCRETE RECOMMENDATIONS

<p>01</p> <p>Establish a Sovereign Infrastructure Framework</p> <p>Mandate that Commonwealth agencies maintain sovereign operating ontologies: Australian-owned, Australian-governed, subject only to Australian law. The APS AI Plan is a foundation. This is the architecture that sits above it.</p>	<p>02</p> <p>Commission an Independent Review of Vendor Dependencies</p> <p>Map where operating logic has migrated to foreign-controlled platforms across Defence, intelligence and critical infrastructure, and what exit looks like. Switzerland did this. Australia should do it comprehensively.</p>	<p>03</p> <p>Position Australia as a Trusted Governance Partner</p> <p>Arrive at AUKUS and multilateral forums with a clear position: sovereign infrastructure makes partnerships more durable. Australia is the natural candidate to demonstrate this to the region.</p>
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