



Submission to the  
Productivity  
Commission's *Harnessing  
data and digital  
technology* inquiry

June 2025

## Executive Summary

We welcome the Productivity Commission's inquiry into how Australia can harness the productivity potential of technology while building public confidence in data and technology. At Meta, we are excited about the transformative economic and social potential of technology, and are committed to privacy, data protection, and the safe and responsible development of artificial intelligence (AI). Recent research commissioned by Meta has highlighted the economic and social benefits of AI: a study undertaken by Deloitte has found that AI's potential impact for Australia is substantial, with an estimated US\$53-US\$127 billion in economic benefits by 2034.<sup>1</sup> More generally, a new study released by Linux Foundation Research shows how open source AI models like Meta's Llama models - which are available to anyone at a low cost, or even for free - are driving economic growth, innovation and competition by making crucial tech solutions more accessible.<sup>2</sup> That research has found that open source AI is a catalyst for economic growth and opportunity, leading to measurable cost savings, increased productivity and rising demand for AI-related skills that can boost wages and career prospects. To realise these benefits, we encourage the Productivity Commission to propose recommendations that ensure that Australia's regulatory settings are enabling of innovation and not conflicting, in terms of the obligations they place on industry.

Meta has invested over US\$8 billion since 2019 in building a robust privacy program. This includes embedding privacy protections into products, maintaining accountability through various measures, including internal audits and global collaborations, and empowering users to control their privacy through tools and transparency, such as through our Privacy Center<sup>3</sup> (which educates people on their privacy options and makes it easier to understand how we collect and use information). We also support data portability to enhance user autonomy and innovation, and the need for clear regulatory frameworks that balance the benefits of portability (including personal autonomy, innovation, and competition) against the potential risks to privacy and security.

Meta has been a pioneer in AI for more than a decade. We use AI in a wide variety of ways, for safety and integrity purposes, to help small businesses better reach customers (by optimizing ads), and to support innovation, including through our open source large language models, Llama. Our work is guided by our Responsible Innovation Principles, including our five pillars of responsible AI that we have developed based on principles from the European Union and the OECD: privacy and

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<sup>1</sup> J O'Mahony, 'AI for Business: APAC trends in AI platform adoption', Deloitte, 30 April 2025, <https://www.deloitte.com/au/en/services/economics/analysis/ai-business-apac-trends-platform-adoption.html>, p4

<sup>2</sup> The Linux Foundation, 'The Economic and Workforce Impacts of Open Source AI', May 2025, <https://www.linuxfoundation.org/research/economic-impacts-of-open-source-ai>; Meta, 'New Study Shows Open Source AI Is Catalyst for Economic Growth', *Newsroom*, 10 June 2025, <https://about.fb.com/news/2025/05/new-study-shows-open-source-ai-catalyst-economic-growth>

<sup>3</sup> Meta, *Privacy Center*, <https://www.facebook.com/privacy/center>

security, fairness and inclusion, robustness and safety, transparency and control, and accountability and governance.<sup>4</sup>

Our open source Llama large language models have been downloaded over 1 billion times.<sup>5</sup> Since we first launched Llama in 2023, enterprises, startups, non-profits, creators, scientists, public institutions and more have used our models and tools to explore the incredible capabilities of AI. From top tech companies to universities, people and organizations all over the world are using Llama to innovate, drive scientific advances, and unlock new economic opportunities.<sup>6</sup> And what we have consistently heard from developers is that the transparency, customizability and security of open source models like Llama help reach new levels of creativity and innovation.

In this submission, we make some general comments regarding privacy reform in Australia. To support productivity, we consider it critical that the current principles-based and risk-based approach of the *Privacy Act 1988* (Cth) (Privacy Act) be retained, to provide industry with flexibility to adapt to technological advancements and diverse user and organisational needs.

Rather than prescribing specific technical standards or compliance mechanisms, which may quickly become outdated, legislation should focus on achieving desired outcomes. For example, instead of mandating a particular encryption standard, the law could require organisations to implement a level of security that is commensurate with the nature of the data, the context in which it is processed, and the current state of information security technology and best practices.

We support attempts to harmonise privacy rules and regulations, both in line with domestic regulatory reforms, and global frameworks, to reduce compliance costs and enhance global competitiveness.

However, we are concerned that recent developments are moving Australia's privacy regime to be out of step with international norms, impose obligations on industry that conflict with broader digital policy objectives to promote age appropriate and safe experiences online, and disincentivise industry investment in AI in Australia or in pro-consumer outcomes.

To enable Australia to harness the productivity potential of technology and avoid unintended consequences, any reform to the Privacy Act should be considered holistically, with proper attention given to policy alignment between overlapping regulatory regimes, such as privacy and online safety, and privacy and AI.

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<sup>4</sup> Meta, 'Meta's five pillars of responsible AI that inform our work', <https://ai.meta.com/responsible-ai>

<sup>5</sup> Meta, 'Celebrating 1 Billion Downloads of Llama', *Newsroom*, 18 March 2025, <https://about.fb.com/news/2025/03/celebrating-1-billion-downloads-llama>

<sup>6</sup> Meta, 'Celebrating 1 Billion Downloads of Llama', *Newsroom*, 18 March 2025, <https://about.fb.com/news/2025/03/celebrating-1-billion-downloads-llama>

# Overview

## Privacy and Data Protection

Meta is committed to ensuring robust privacy and data protection measures across our platforms. Protecting people's information and giving them control over their data is a company-wide priority. Since 2019, we've invested more than US\$8 billion in building and continuing to evolve a rigorous privacy program that identifies and addresses privacy risks early and embeds privacy into our products from the start.

At the heart of this investment are the teams, technology and processes that build privacy protections into our products and create the oversight and accountability for a mature privacy program at an unprecedented scale. We have grown the product, engineering, and operations teams focused primarily on privacy across the company to more than 3,000 people.

For example, our privacy review process<sup>7</sup> is a central part of developing new and updated products, services, and practices at Meta. Through this process, we assess privacy risks that collecting, using, or sharing people's information may present, and to help determine whether steps should be taken to mitigate any identified privacy risks, including through the development and use of AI models and tools.

Generally, we take a layered approach to protecting people and their information, which includes ensuring that users have clear, accessible information and control over their personal data across all Meta platforms.

This layered approach is exemplified in our Privacy Center, which we launched in 2022 as a centralized educational hub for users to learn about Meta's approach to privacy and how they can manage and control their privacy on Facebook, Instagram, Messenger and other Meta products.<sup>8</sup> As expectations around privacy evolve, we recognise it is critical for companies to continue investing in guardrails and processes to meet people's privacy needs and expectations.

We provide multiple levels of user engagement and information dissemination to make our privacy practices more transparent and understandable:

1. **Clear communication:** Meta strives to communicate its privacy practices in a straightforward manner. In 2022, we rewrote and re-designed our Privacy Policy to make it easier to understand and clearer about how we use user

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<sup>7</sup> Meta, 'Privacy progress update', <https://about.meta.com/uk/privacy-progress>

<sup>8</sup> Meta, 'Introducing Privacy Center', *Newsroom*, 7 January 2022, <https://about.fb.com/news/2022/01/introducing-privacy-center>

information, and updated our Terms of Service to better explain what is expected from us and those who use our platforms.<sup>9</sup>

Rather than presenting users with a lengthy and complex document, we break down our policy into smaller, more manageable sections, using clear headings and concise language. This approach allows users to quickly find the information they need, without having to sift through pages of dense text. We also use visual aids, such as icons and illustrations, to help illustrate key concepts and make the policy more engaging. Furthermore, we provide summaries and overviews at the top of each section, giving users a high-level understanding of the content before diving into the details. By structuring our policy in this way, we aim to promote greater understanding and control over personal information, and to empower users to make informed decisions about their online experiences.

2. **Educational resources:** Our Privacy Center includes modules on common privacy topics such as sharing, security, data collection, data use, artificial intelligence and ads. These modules provide users with detailed information on how Meta handles their data and what controls are available to manage their privacy.
3. **Accessible controls:** We provide transparency measures and tools that give people greater insight and control over their experience. Our Privacy Center provides direct links to privacy settings, allowing users to easily adjust their preferences and control how their information is used across Meta's apps and services, and limit who can see what they share.<sup>10</sup>

We have built extensive internal accountability processes to manage data and meet expectations around the world. These include an internal audit function that provides the Board committees (Audit and Risk Oversight and Privacy and Product Compliance), and internal teams with objective and independent testing of the effectiveness of Meta's internal controls and safeguards.

Collaboration with industry partners and stakeholders is key to addressing privacy challenges. Meta participates in global forums and initiatives to share best practices and develop unified strategies for data protection. For example, we support and participate in industry conferences and other events that promote privacy and share advances in privacy practices. In 2024, we shared our advances in privacy enhancing technologies in USENIX's Conference on Privacy Engineering Practice and Respect, and governance and accountability best practices in IAPP's conferences with privacy

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<sup>9</sup> Meta, 'Here's What You Need to Know About Our Updated Privacy Policy and Terms of Service', *Newsroom*, 26 May 2022, <https://about.fb.com/news/2022/05/metas-updated-privacy-policy>

<sup>10</sup> Meta, *Privacy Center*, <https://www.facebook.com/privacy/center>

and governance professionals in each part of the world. These are opportunities for us to both share with and learn from experts, to ensure we are taking their perspectives into account as we build products and policies.

We recognise that Governments play a crucial role in protecting privacy by setting minimum legal standards, and have expressed our support for the Government's review of the Privacy Act and many of its recommendations. We also support the Privacy Act retaining its principles-based approach, which is generally aligned with international norms, and provides industry with flexibility to adapt to technological advancements and diverse user needs. This flexibility is critical given the diverse range of organisations and activities which are subject to the Privacy Act.

## Data Portability

Meta recognizes the importance of data portability - the principle that you should be able to take the data you share with one service and move it to another - in enhancing user autonomy and fostering innovation. We enable people to download their information from Facebook<sup>11</sup> and Instagram<sup>12</sup>, and continue to build on our efforts to make it easier for users to manage their information across our apps. This includes the launch of a centralised Accounts Centre, which allows users to download their information from their Facebook and Instagram accounts at the same time (or separately, if they wish), and to transfer their information from Facebook or Instagram to another service.<sup>13</sup>

We support regulatory frameworks that promote data portability while providing clarity around the right way to strike the balance between the competition and privacy objectives associated with data portability.

While Australia has established the Consumer Data Right, this has been designed with certain types of products in mind: namely, highly regulated products that have largely homogeneous sets of data across industry (such as retail banking accounts and retail energy accounts).

This is not the case for the digital industry, which offers a constantly evolving diversity of services and applications, and therefore data types. Any data portability laws applying to the digital industry will require detailed guidance with respect to how service providers should balance the benefits of portability (including personal autonomy, innovation, and competition) against the potential risks to privacy and security. To build portability tools people can trust and use effectively, clear rules are

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<sup>11</sup> Facebook Help Center, 'Accessing and downloading your information', *Help Center*, <https://www.facebook.com/help/1701730696756992>

<sup>12</sup> Instagram Help Center, 'Access and download your information on Instagram', *Help Center*, <https://help.instagram.com/181231772500920>

<sup>13</sup> Meta, 'Making It Easier To Manage Your Information Across Meta's Apps', *Newsroom*, 17 October 2023, <https://about.fb.com/news/2023/10/manage-your-information-across-apps/>

needed about what kinds of data should be portable and who is responsible for protecting that data as it moves to different providers.

The extent to which, and how, data access and portability rights are enacted into law should also be considered holistically and within the context of proposed privacy reforms, and in particular the Privacy Act Review Report's recommendation that the Privacy Act's definition of "personal information" be amended, including to expand it to include inferred information.

For reasons outlined in our submissions to the Government on the Privacy Act Review Report recommendations,<sup>14</sup> we consider that the definition of "personal information" in the current version of the Privacy Act has proven sufficiently robust to effectively protect privacy despite the many changes in our society, economy and technology since the definition was enacted. To the extent there is any residual uncertainty about how the definition may be applied in practice, including in relation to technical data, that can be addressed through further guidance from the OAIC, without the need to change the definition itself.

If changes were to be made to the Privacy Act to apply to inferred information, careful consideration should be given to the broader implications of this. For example, data access and portability rights with respect to inferred information devalue significant intellectual effort that may have been invested in the creation of that information (for example, through the application of advanced analytics capabilities). In those circumstances, it may not be appropriate to allow individuals to freely access and transfer all such inferred information to other entities, as such access could reveal commercially sensitive information about processes used by the entity responsible for generating that information. This is a live issue in relation to the Consumer Data Right regime, which extends to derived data but provides specific exclusions for "materially enhanced information" that is the product of some analysis or insight. Similarly, under the GDPR, the right to data portability is limited to personal data which the data subject has provided to the controller.

## The Fediverse

Further, the ways in which users access and share their data continue to evolve. Meta is committed to exploring the potential of the fediverse as a decentralized social networking model, and encourages consideration of new and emerging ways in which users are sharing data safely and securely.

The fediverse is a global social network of interconnected servers that allows people to communicate and discover new things across different platforms. In 2024, Meta

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<sup>14</sup> See, eg, Meta, 'Submission to the Australian Privacy Act Review Discussion Paper', 31 January 2022, [https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view\\_respondent?show\\_all\\_questions=0&sort=submitted&order=ascending&q\\_text=meta&uuld=350227090](https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q_text=meta&uuld=350227090)

announced that Threads would join the fediverse, as our first app built to be compatible with the fediverse through integration with ActivityPub, the open social networking protocol.<sup>15</sup> We are one of many servers that have joined the fediverse.

This means that people 18 and over with public Threads profiles in 100+ countries can turn on sharing to the fediverse.<sup>16</sup> If a user turns on sharing to the fediverse, people on other fediverse servers will be able to search for and follow their Threads profile, see and interact with your content, and share their content with anyone on or off their server.

We are taking a phased approach to Threads' fediverse integration to ensure we can continue to build responsibly and get valuable feedback from our users and the fediverse community.

Our vision is that people using other fediverse-compatible servers will be able to follow and interact with people on Threads without having a Threads profile, and vice versa, helping people find their community, no matter which server they use. For example, a user can post on Threads and have people see their post on Tumblr or Flipboard.

As a user sharing to the fediverse impacts on their privacy and control over their information, we have provided tailored privacy information in our Help Centre<sup>17</sup>, a Fediverse Guide in our Privacy Centre,<sup>18</sup> and Threads Supplemental Privacy Policy<sup>19</sup>.

Building Threads on an open social networking protocol gives people more freedom and choice in the online communities they inhabit. Every fediverse server can set its own community standards and content moderation policies, meaning people have the freedom to choose spaces that align with their values.

We believe this decentralized approach, similar to the protocols governing email and the web itself, will play an important role in the future of online platforms. The fediverse promotes innovation and competition by fostering a more diverse and vibrant ecosystem of social media platforms that can easily connect with a wider audience.

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<sup>15</sup> Meta, 'What is the Fediverse?', *Newsroom*, 25 June 2024, <https://about.fb.com/news/2024/06/what-is-the-fediverse>

<sup>16</sup> Instagram Help Center, 'Turn on sharing to the fediverse on Threads', <https://help.instagram.com/760878905943039>

<sup>17</sup> Instagram Help Center, 'About Threads and the fediverse', <https://help.instagram.com/169559812696339>

<sup>18</sup> Meta, 'Threads and the fediverse', *Privacy Centre*, <https://www.facebook.com/privacy/guide/fediverse>

<sup>19</sup> Instagram Help Center, 'Threads Supplemental Privacy Policy', <https://help.instagram.com/515230437301944>

## AI Investment and Use

Millions of Australians regularly use Meta's family of apps to share and connect with friends and family, community groups as well as small businesses and creators. We invest in policies, proactive detection technology - including AI-powered tools - and processes and partnerships to work to ensure that our services make a positive contribution in Australia.

Whilst the public debate with respect to AI is relatively new, the work on developing this transformative technology is not. Meta has been a pioneer in AI for more than a decade. AI helps deliver relevant content to people who use our services, helps small businesses better reach customers, and supports identifying and combating harmful content. And now, with our open source large language model, Llama, and Meta AI, we are bringing an industry-leading AI assistant experience across apps that billions of people use every day.

Many of these applications are underpinned by breakthroughs made by our Fundamental AI Research (FAIR) team, which was established over a decade ago. We have released more than 1,000 open source AI projects so far, which level the playing field and foster innovation for people and businesses.

Our open source Llama models have been an inflection point in the industry and have been downloaded over 1 billion times, and thousands of enterprises have made our Llama models core to their platform.<sup>20</sup>

At Meta, we believe AI should benefit everyone - not just a handful of companies. AI innovation is inevitable and AI should be built to benefit the whole of society. Meta uses AI in a wide variety of ways as part of our content governance and integrity systems, to optimize ads and drive sales for small businesses, and to support innovation, including in the use of large language models for socially and economically useful purposes. Our work is guided by our Responsible Innovation Principles, including our five pillars of responsible AI that we have developed based on principles from the European Union and the OECD: privacy and security, fairness and inclusion, robustness and safety, transparency and control, and accountability and governance.<sup>21</sup>

Since the earliest days of Feed in 2006, Meta has used machine learning and AI to power all of our apps and services - whether it is personalised content feeds, keeping our platforms safe, or showing relevant ads. Use of AI on Meta's services has already been generating significant benefits in Australia for some time, especially among small to medium enterprises (SMEs). A 2023 study found that 75% of Australian SMEs

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<sup>20</sup> Meta, 'Celebrating 1 Billion Downloads of Llama', *Newsroom*, 18 March 2025, <https://about.fb.com/news/2025/03/celebrating-1-billion-downloads-llama>

<sup>21</sup> Meta, 'Meta's five pillars of responsible AI that inform our work', <https://ai.meta.com/responsible-ai>

report that Meta technologies enabled their business to market and sell products and services and 67% of SMEs believe their business is stronger today because of Meta technologies and apps.<sup>22</sup>

“Classic AI”<sup>23</sup> is central to our integrity systems, which are designed to protect our platform and our users, ensuring a safer experience for them. For instance, we use AI to help us detect and address content that violates our policies. This is a big part of the reason why, for example, in Q1, 2025, we were able to proactively find the vast majority of violent and graphic content on Facebook and Instagram we actioned, before people reported it (during that period, we actioned 10.7 million pieces of violent and graphic content on Facebook and 4.9 million on Instagram, 98% and 97.5% of which (respectively) we found and actioned before people reported it.<sup>24</sup> As another example, we use AI to provide more age-appropriate experiences on our services.<sup>25</sup> One application of AI in this context is Teen Accounts, which we launched on Instagram last year, and have since expanded to Facebook and Messenger, to automatically place teens in built-in protections and reassure parents that teens are having safe experiences.<sup>26</sup> We recently announced that we are beginning to test AI technology in the US that is designed to proactively find accounts we suspect belong to teens, even if the account lists an adult birthday, and place them in Teen Account settings.<sup>27</sup>

As a developer of AI products, we understand the importance to being responsive to community questions related to privacy and safety. To promote greater understanding of the use of AI across our products and integrity systems, Meta has for many years invested in significant and industry leading transparency measures. With respect to content and ads ranking, we have in-product transparency tools<sup>28</sup> and explanations

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<sup>22</sup> Thoughtlab, *The Digital Journey of SMEs in Australia*, May 2023,

<https://thoughtlabgroup.com/the-digital-journey-of-smes-in-australia/>

<sup>23</sup> Classic AI is known for being able to analyse large amounts of data which can be used, for example, to classify and label content (e.g., integrity models), or predict what content users will find most relevant or valuable (e.g., ranking and recommender models). Generative AI is differentiated through its ability to create new content using existing text, audio, images, or videos.

<sup>24</sup> Meta, ‘Community Standards Enforcement Report - Violent and Graphic Content’, *Transparency Center*,

<https://transparency.meta.com/reports/community-standards-enforcement/graphic-violence/facebook>

<sup>25</sup> Tech at Meta Blog, ‘How Meta uses AI to better understand people’s ages on our platforms’, 22 June 2022

<https://tech.facebook.com/artificial-intelligence/2022/6/adult-classifier/>

<sup>26</sup> Meta, ‘Introducing Instagram Teen Accounts: Built-In Protections for Teens, Peace of Mind for Parents’, *Newsroom*, 17 September 2024, <https://about.fb.com/news/2024/09/instagram-teen-accounts>; Meta, ‘We’re Introducing New Built-In Restrictions for Instagram Teen Accounts, and Expanding to Facebook and Messenger’, *Newsroom*, 8 April 2025,

<https://about.fb.com/news/2025/04/introducing-new-built-in-restrictions-instagram-teen-accounts-expanding-facebook-messenger>

<sup>27</sup> Meta, ‘Working With Parents and New Technology to Enroll More Teens Into Teen Accounts’, *Newsroom*, 21 April 2025, <https://about.fb.com/news/2025/04/meta-parents-new-technology-enroll-teens-teen-account>

<sup>28</sup> See e.g., Meta, ‘More control and context in News Feed’, *Newsroom*, 31 March 2021,

<https://about.fb.com/news/2021/03/more-control-and-context-in-news-feed>; Meta, ‘Understand why you’re seeing certain ads and how you can adjust your ad experience’, *Newsroom*, 11 July 2019,

<https://about.fb.com/news/2019/07/understand-why-youre-seeing-ads>

about the policies and principles that guide ranking and recommendations algorithms in our Transparency Center and Help Center.<sup>29</sup>

In addition to the use of “Classic AI” across our product and integrity systems, Meta has been investing in new generative foundation models that are enabling entirely new classes of products and experiences (“Generative AI”). Innovations driven by this technology will provide enormous benefits for people, the economy, and society. For example, Accenture turned to Llama in 2024 when it received a request from a leading intergovernmental body to create a chatbot that would be the organization’s first large-scale, public facing generative AI application. Built with Llama 3.1, the chatbot operates on AWS and employs various tools and services during customization and inference to ensure scalability and robustness.<sup>30</sup> As another example - building on our track record of partnering to advance open AI innovation - we worked with IBM to offer Llama as part of its watsonx.AI model catalog<sup>31</sup>, a next-generation enterprise studio for AI builders worldwide to train, validate, tune, and deploy AI models. This partnership with IBM means Llama is helping businesses reach their AI goals, and is already being used by local governments, major telecommunications companies, and even by a professional soccer team to help identify potential new recruits.<sup>32</sup>

By democratising access, via this open approach, to foundation language models, potential toxicity, bias, bugs and vulnerabilities can be continuously identified and mitigated in a transparent way by an open community. Advancing our efforts towards an open approach for AI has been welcomed by more than 90 global academics, policy makers and technology companies.<sup>33</sup>

In May 2025, the Linux Foundation Research released a new study, “The Economic and Workforce Impacts of Open Source AI,” commissioned by Meta, which shows how open source AI models, like Llama, are driving economic growth, innovation and competition by making crucial tech solutions more accessible, with open source AI being used in some form by almost nine out of ten (89%) organizations that leverage AI.<sup>34</sup> The study found that many organizations adopt open source AI models because they are more cost effective, with two-thirds of organizations surveyed believing open

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<sup>29</sup> See e.g., Facebook Help Center, ‘What are recommendations on Facebook?’

<https://www.facebook.com/help/1257205004624246>; Instagram Help Center, ‘Recommendations on Instagram’

[https://help.instagram.com/313829416281232/?helpref=uf\\_share](https://help.instagram.com/313829416281232/?helpref=uf_share)

<sup>30</sup> Meta AI blog, ‘Building a chatbot based on Llama to engage an intergovernmental organization’s stakeholders’, 20 November 2024, <https://ai.meta.com/blog/accenture-built-with-llama>

<sup>31</sup> <https://www.ibm.com/products/watsonx-ai>

<sup>32</sup> Meta AI blog, ‘IBM and Llama: Working to enable AI builder creativity globally’, 13 November 2024,

<https://ai.meta.com/blog/ibm-watsonx-ai-llama>

<sup>33</sup> Meta Newsroom, *Statement of Support for Meta’s Open Approach to Today’s AI*, June 2023

<https://about.fb.com/news/2023/07/llama-2-statement-of-support>

<sup>34</sup> The Linux Foundation, *The Economic and Workforce Impacts of Open Source AI*, May 2025,

<https://www.linuxfoundation.org/research/economic-impacts-of-open-source-ai>; Meta, ‘New Study Shows Open Source AI Is Catalyst for Economic Growth’, *Newsroom*, 10 June 2025,

<https://about.fb.com/news/2025/05/new-study-shows-open-source-ai-catalyst-economic-growth>

source AI is cheaper to deploy than proprietary models, while increasing productivity and accelerating collaborative innovation.

According to the study, open source AI models like Llama:

- **Help smaller businesses:** Smaller businesses are adopting open source AI at a higher rate than larger ones. Because small and medium businesses are so often the engine of new ideas and products, this shows the value of open source AI in propelling the innovation economy and helping cutting-edge enterprises be more competitive.
- **Reduce costs:** Researchers estimate that companies would have to spend 3.5 times more if open source software didn't exist, and that as AI adoption increases, open source models will drive even more cost savings than traditional open source software.
- **Create potential revenue gains:** AI's 50%+ reduction in business unit costs – for example by simplifying previously complex processes – suggests that open source AI holds great potential for increasing revenue and helping businesses do more with their resources.

The report also notes that holding AI-related skills could increase a worker's wages up to 20%, emphasizing the importance of workforce development in the AI age.

In relation to Australia, recent research undertaken by Deloitte, commissioned by Meta, has found that AI's potential impact for Australia is substantial, with an estimated US\$53-US\$127 billion in economic benefits by 2034.<sup>35</sup> However, this is dependent on continued adoption of AI across businesses, with the report noting that Australia - of the six APAC countries surveyed - has the lowest rate of AI adoption and is therefore estimated to receive the smallest relative benefit (with the total potential impact of AI for the six surveyed countries - Australia, Indonesia, Malaysia, Taiwan, Thailand, and Vietnam - estimated to be US\$211-US\$512 billion by 2034).<sup>36</sup> According to the report, 65% of Australian SMEs have adopted AI technologies in their operations, and a majority of SMEs consider that AI increases business productivity (73%), improves customer experience,<sup>37</sup> and reduces business costs (68%).<sup>37</sup>

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<sup>35</sup> J O'Mahony, 'AI for Business: APAC trends in AI platform adoption', Deloitte, 30 April 2025, <https://www.deloitte.com/au/en/services/economics/analysis/ai-business-apac-trends-platform-adoption.html>, p4

<sup>36</sup> J O'Mahony, 'AI for Business: APAC trends in AI platform adoption', Deloitte, 30 April 2025, <https://www.deloitte.com/au/en/services/economics/analysis/ai-business-apac-trends-platform-adoption.html>, p2

<sup>37</sup> J O'Mahony, 'AI for Business: APAC trends in AI platform adoption', Deloitte, 30 April 2025, <https://www.deloitte.com/au/en/services/economics/analysis/ai-business-apac-trends-platform-adoption.html>, p20

## Discussion

### The importance of a principles-based approach and global alignment

As we noted above, we believe the Privacy Act's current principles-based approach is critical in providing industry with flexibility to adapt to technological advancements and diverse user and organisational needs. A principles-based approach offers a flexible and responsive solution, allowing for adaptability in the face of rapidly evolving technological advancements and changing business practices.

Rather than prescribing specific technical standards or compliance mechanisms, which may quickly become outdated, legislation should focus on achieving desired outcomes. For example, instead of mandating a particular encryption standard, the law could require organisations to implement a level of security that is commensurate with the nature of the data, the context in which it is processed, and the current state of information security technology and best practices.

In adopting a principles-based approach, Australian policymakers can create a regulatory environment that is both effective and agile, capable of responding to swiftly evolving challenges and opportunities.

The Privacy Act's current risk-based approach should also be preserved. Harm prevention while enabling the benefits of data use should be a key focus of any privacy law. *"A risk-based approach to privacy facilitates this focus on harm and benefit, as it requires organizations to assess the risks of harm to individuals and the benefits that are associated with the specific uses of personal information. It also enables risk mitigations that are tailored to the specific risk/benefit assessment."*<sup>38</sup> This approach places the onus of protecting consumers where it belongs - on the organizations using personal information.<sup>39</sup> Accordingly, the Privacy Act should take a flexible, risk-based approach that:

... enables calibration of legal requirements and compliance measures to the actual risks to individuals that are associated with or could flow from the intended uses of personal information. This approach would at the same time take into account the benefits of data use and the risks of not using data in a specific context, i.e., the risk of loss of opportunity. It will also help smaller organizations and start-ups avoid taking on unnecessary administrative burdens by

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<sup>38</sup> Ten Principles for a US Privacy Law, Centre for Information Policy Leadership  
[https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten\\_principles\\_for\\_a\\_us\\_privacy\\_law\\_apr25\\_.pdf](https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten_principles_for_a_us_privacy_law_apr25_.pdf)

<sup>39</sup> Ten Principles for a US Privacy Law, Centre for Information Policy Leadership  
[https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten\\_principles\\_for\\_a\\_us\\_privacy\\_law\\_apr25\\_.pdf](https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten_principles_for_a_us_privacy_law_apr25_.pdf)

allowing them to scale and calibrate their compliance based on actual risks and benefits. Importantly, a risk-based approach also ensures that the law is technology-neutral and future proof, as an appropriate risk/benefit assessment process can be applied to any current and future technology, data uses, and business practices.<sup>40</sup>

Similarly, in relation to AI, we fully support risk-based approaches to AI regulation, which are technology-neutral and interoperable with regulatory frameworks around the world, many of which Australia is also a party to, such as the Seoul Frontier AI Safety Commitments,<sup>41</sup> the Munich Tech Accord,<sup>42</sup> the Thorn Principles,<sup>43</sup> and the White House Frontier AI Commitments.<sup>44</sup>

In our submissions to the Government on proposed reforms to the Privacy Act, we have consistently supported any attempts to harmonise privacy rules and regulations, both in line with domestic regulatory reforms, and global frameworks. As the OECD and others have recognised,<sup>45</sup> ensuring alignment with global norms enhances Australia's global competitiveness and this type of regulatory harmonisation reduces unnecessary compliance costs and leads to increases in productivity. Crucially, a globally harmonised privacy and data protection framework will ensure that Australians, and people around the world, can continue to benefit from the opportunities afforded by access to an internet which is not fragmented by localised regulatory barriers.

Harmonisation reduces the risk of overlap or inconsistency across different laws, both domestically or internationally, which could result in an inconsistent or confusing experience for users, and a high compliance burden for businesses.

However, domestically, we are already seeing inconsistencies across overlapping regulatory frameworks and policy directions in Australia, which we are concerned will impact not only on Australia's ability to leverage AI's productivity benefits, but also on the ability of companies such as Meta to use data and AI to protect the safety of Australian users and the integrity of our services.

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<sup>40</sup> Ten Principles for a US Privacy Law, Centre for Information Policy Leadership [https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten\\_principles\\_for\\_a\\_us\\_privacy\\_law\\_apr25\\_.pdf](https://www.informationpolicycentre.com/uploads/5/7/1/0/57104281/ciplten_principles_for_a_us_privacy_law_apr25_.pdf)

<sup>41</sup> UK Government, *Frontier AI Safety Commitments, AI Seoul Summit 2024*, 21 May 2024, <https://www.gov.uk/government/publications/frontier-ai-safety-commitments-ai-seoul-summit-2024/frontier-ai-safety-commitments-ai-seoul-summit-2024>

<sup>42</sup> Munich Security Conference, *A Tech Accord to Combat Deceptive Use of AI in 2024 Elections*, <https://securityconference.org/en/aielectionaccord>

<sup>43</sup> Thorn, 'Thorn and All Tech Is Human Forge Generative AI Principles with AI Leaders to Enact Strong Child Safety Commitments', 16 July 2024, <https://www.thorn.org/blog/generative-ai-principles>

<sup>44</sup> The White House, 'Ensuring Safe, Secure, and Trustworthy AI', July 2023, <https://www.whitehouse.gov/wp-content/uploads/2023/07/Ensuring-Safe-Secure-and-Trustworthy-AI.pdf>

<sup>45</sup> OECD, *Privacy Principles*, <https://www.oecd.org/en/topics/privacy-principles.html>

Additionally, although we recommend alignment with global norms, efforts to harmonize and build interoperable privacy frameworks must still be done judiciously. For instance, although the GDPR has laudable aspects we've previously cited, such as *"a right to erasure of personal information in certain circumstances, a requirement for entities that engage in certain restricted practices to take reasonable steps to identify and mitigate privacy risks, and measures to facilitate the efficient transfer of data internationally while protecting individuals' privacy"*<sup>46</sup> and measures that seek to give consumers more meaningful and genuine transparency around how their information is collected, used, and disclosed,<sup>47</sup> other aspects of GDPR - and similarly, the Privacy Act - could benefit from certain improvements.

As the digital landscape evolves, a balanced and proportionate privacy framework is crucial for safeguarding all fundamental rights and freedoms (including but not limited to privacy). These include fostering innovation and economic growth. To strike a balance between competing interests, a nuanced approach is needed - one that recognizes innovation and economic interests, prioritizes a risk-based approach, and introduces a balanced framework to simplify and refine regulations for businesses, individuals, and society.

We thus recommend for the Privacy Act (as we recommend for the GDPR as it undergoes reform to simplify EU rules and reduce administrative burdens)<sup>48</sup> ***that it explicitly incorporates innovation and economic interests as key objectives***. This will enhance alignment with the dynamic needs of the digital economy and ensure that privacy is not viewed in isolation but as a part of the broader framework that supports modern business operations and economic growth.

Complementarily, we would also recommend that the functions of the Privacy Commissioner be updated to explicitly require due regard to innovation and economic interests. By explicitly tasking the Commissioner with these, the amended Privacy Act will more strongly encourage a holistic approach to enforcement. This ensures that privacy efforts are aligned with broader economic and innovation objectives, fostering an environment where technological advancements can thrive alongside the protection of individual rights.

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<sup>46</sup> Meta, 'Submission to the Australian Privacy Act Review Discussion Paper', 31 January 2022, [https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view\\_respondent?show\\_all\\_questions=0&sort=submitted&order=ascending&q\\_text=meta&uuld=350227090](https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q_text=meta&uuld=350227090)

<sup>47</sup> Meta, 'Submission to the Australian Privacy Act Review Discussion Paper', 31 January 2022, [https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view\\_respondent?show\\_all\\_questions=0&sort=submitted&order=ascending&q\\_text=meta&uuld=350227090](https://consultations.ag.gov.au/rights-and-protections/privacy-act-review-discussion-paper/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q_text=meta&uuld=350227090)

<sup>48</sup> EU Commission, 'Commission proposes to cut red tape and simplify business environment', 26 February 2025, [https://commission.europa.eu/news-and-media/news/commission-proposes-cut-red-tape-and-simplify-business-environment-2025-02-26\\_en](https://commission.europa.eu/news-and-media/news/commission-proposes-cut-red-tape-and-simplify-business-environment-2025-02-26_en), specifically Omnibus IV ([https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_25\\_1278](https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_1278)), which includes plans to amend the GDPR, among other laws, with the goal of simplifying EU rules and reduce administrative burdens.

To ensure the successful implementation of privacy laws, it is imperative that regulators are equipped with the necessary tools and a clear focus to maintain a delicate balance between fundamental rights and regulatory objectives such as innovation, privacy, safety, security, productivity, and competitiveness. It is crucial that regulators do not concentrate solely on one policy aspect, as this could lead to the inadvertent neglect of other significant considerations. By explicitly mandating regulators to foster and safeguard innovation within their responsibilities, a regulatory environment can be created that holistically protects fundamental rights.

This approach ensures that innovation serves as an enabler of fundamental rights, rather than inadvertently jeopardizing them. Unlocking the full potential of innovation leads to improved living standards, healthcare, education, and environmental sustainability, ultimately contributing to a more prosperous and equitable society. Innovation enables the exercise of other fundamental rights, including the right to health, education, freedom of expression, or non-discrimination, and fosters a culture of entrepreneurship, creativity and experimentation, driving economic growth, social progress, and human dignity.

The Privacy Act reforms should, therefore, provide the Privacy Commissioner with a clear mandate, incorporated into the Act, to support innovation and foster an environment where technological advancements can flourish while ensuring the protection of all individual rights. This balanced approach will not only enhance the effectiveness of the Privacy Act but also contribute to a dynamic and forward-thinking economy.

## The need for domestic policy alignment

The following are examples of why a holistic consideration of privacy is important, in order to ensure alignment between overlapping regulatory regimes not only globally but also within Australia.

### The importance of policy alignment between privacy and safety

The pursuit of privacy reform must be carefully aligned with online safety considerations to ensure the effective protection of users on digital platforms. Policy misalignment between privacy and safety can pose significant risks, potentially undermining both user safety and the broader public interest. To help avoid misalignment, privacy reform should be developed with a comprehensive understanding of the wider implications, spanning online safety, user experience and broader economic and societal impacts.

For instance, overly broad consent requirements for data processing may inadvertently compromise platform safety if they hinder processing for essential integrity measures, such as providing age-appropriate experiences for younger users

or removing age-inappropriate content. This is because user consent is often not the most effective mechanism for enabling essential data processing purposes, such as those that underpin integrity or safety efforts, because consent could be refused by users for essential purposes or later in time the consent could be withdrawn.

To achieve policy alignment and avoid unintended consequences, it is critical that there is thorough and inclusive consultation with all relevant stakeholders throughout the reform process, particularly with industry experts who can explain the technical and operational challenges and offer practical insights and potential solutions that balance privacy considerations with other interests including online safety.

### The importance of policy alignment between privacy and AI

We are conscious that much of the public debate frames key innovations that are driving the digital economy – such as targeted advertising and AI – as antithetical to privacy.

However, from Meta’s perspective, this perspective overlooks our considerable investment in privacy, including our efforts to empower users to control their privacy through tools and transparency. They also disregard the significant economic benefits of targeted advertising to consumers and small businesses. As mentioned above, we use AI for multiple purposes, including helping to ensure a safer online environment, and providing more personalised online experiences.

AI does not just bring benefits in terms of convenience, ease or helping people discover new online content; it also brings significant economic benefits.

### Empowering people’s privacy choices

At Meta, we are committed to empowering users to control their privacy through a range of tools and transparency measures. This includes providing greater transparency to users through measures that explain how our AI-powered products work and enable users to understand when they are engaging with AI-generated content. People who use our products should have meaningful transparency and control around how data about them is collected and used, and this should be explained in a way that is understandable. That is why we are:

- Being meaningfully transparent about when and how AI systems are making decisions that impact the people who use our products;
- Informing people about the controls they have over those systems;
- Making sure these systems are explainable and interpretable; and
- Investing in research, explainability and collaboration.

This is complemented by Meta’s Transparency Center<sup>49</sup> and Privacy Center<sup>50</sup>. Our Transparency Center provides a one stop-shop that contains details of our policies, enforcement and integrity insights, including in relation to the use of AI to inform ranking of content, our efforts to reduce problematic content and our AI-driven integrity efforts as part of our content governance.<sup>51</sup> As noted above, our Privacy Centre informs people of how we build privacy into our products, including how we use information for generative AI models and features,<sup>52</sup> and how users can manage and control their privacy on Facebook, Instagram, Messenger and other Meta products. It includes guides about Generative AI and a Teen Generative AI Guide.<sup>53</sup> We also provide a deeper look at the types of signals and prediction models that we use in our ranking systems to reduce problematic content.<sup>54</sup>

Additionally, our Privacy Centre informs people of how we build privacy into our products, including how we use information for generative AI models and features,<sup>55</sup> and how users can manage and control their privacy on Facebook, Instagram, Messenger and other Meta products. This includes instructions to change or delete their information from chats with AIs from Meta,<sup>56</sup> and Meta support and resources for teens relating to generative AI.<sup>57</sup>

#### The use of data for personalised advertising

Delivering personalized ads maximizes value for both people and businesses. It helps businesses reach customers affordably, grow and create jobs, and provides people a better experience. We provide transparency on why users are seeing particular ads on Facebook and Instagram, and give users control over the ads they see.

Some of the transparency measures and tools that provide people with greater insight and control over the ads they see include:

- *Why Am I seeing this Ad?* - provides users with context on their ads, to help them understand how factors like basic demographic details, interests and website visits contribute to the ads in their Feed. We are continually improving our transparency offerings to reflect feedback we receive. In 2023, we updated this tool to provide users with clear information about the machine learning

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<sup>49</sup> Meta, *Transparency Center*, <https://transparency.meta.com/en-gb>

<sup>50</sup> Meta, *Privacy Center*, <https://www.facebook.com/privacy/center>

<sup>51</sup> Meta, ‘Our approach to ranking explained’, *Transparency Center*, June 2023, <https://transparency.fb.com/features/explaining-ranking>

<sup>52</sup> Meta, ‘How Meta uses information for generative AI models and features’, *Privacy Center*, <https://www.facebook.com/privacy/genai>

<sup>53</sup> See information about GenA: <https://www.facebook.com/privacy/genai>; a Generative AI Guide:

<https://www.facebook.com/privacy/guide/generative-ai> and the Teen Generative AI Guide:

<https://www.facebook.com/privacy/dialog/an-introduction-to-generative-ai-teens>

<sup>54</sup> Meta, ‘Our approach to Facebook Feed ranking’, *Transparency Center*, June 2023, <https://transparency.fb.com/en-gb/features/ranking-and-content>

<sup>55</sup> Meta, ‘How Meta uses information for generative AI models and features’, *Privacy Center*, <https://www.facebook.com/privacy/genai>

<sup>56</sup> Meta, ‘Generative AI at Meta’, *Privacy Center*, <https://www.facebook.com/privacy/guide/generative-ai>

<sup>57</sup> Meta, ‘Access support and resources for teens’, *Privacy Center*, <https://www.facebook.com/privacy/guide/teens>

models that help determine the ads they see on Facebook and Instagram Feed.<sup>58</sup>

- *Ad Preferences* - allows users to adjust the ads they see while on Facebook and gives them the ability to update their ad settings to control information we can use to show their ads.<sup>59</sup>

We emphasize, however, that we do not share information with advertisers that personally identifies individuals unless they have given us permission. We also do not use information with special protections our users choose to provide to show them ads.<sup>60</sup> At Meta, our goal is to create personalized, data-driven ad experiences that are interesting and useful for people and effective for businesses. When we are able to show someone the right ad for the right product, it is valuable for everyone, and value is what good personalized advertising is all about.

Many Australian businesses, especially small businesses, benefit from using personalised advertising because it is more efficient and allows them to better reach the right consumer for their business and compete with larger established businesses.

Even just a few years ago, effective advertising was simply not an option for many Australian small businesses: either because it was too expensive (for example, a commercial on free-to-air TV) or too inefficient (for example, newspaper ads which would only be relevant to a subset of a newspaper's readers).

Innovation in advertising (in particular, personalised advertising) has transformed and improved the options available to small businesses for effective advertising.

Firstly, personalised advertising has driven down the cost of advertising overall. According to the Progressive Policy Institute, the share of GDP that is spent on advertising in Australia dropped 26 per cent from 1991-2000 to 2010-2018. And globally, internet advertising dropped in price by 42 per cent from 2010 to 2019 (at the same time that other forms of advertising increased in price), due to innovation and advancements in targeting that have made advertising more efficient.<sup>61</sup> These developments are good for advertisers like small businesses and the benefits flow through to consumers, since lower advertising costs means lower prices for the items they buy.

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<sup>58</sup> Facebook Help Center, 'How does Facebook decide which ads to show me?', [https://www.facebook.com/help/562973647153813/?helpref=uf\\_share](https://www.facebook.com/help/562973647153813/?helpref=uf_share); Instagram Help Center, 'Why am I seeing ads from an advertiser on Instagram?', <https://help.instagram.com/609473930427331>; Meta, 'Increasing Our Ads Transparency', *Newsroom*, 14 February 2023, <https://about.fb.com/news/2023/02/increasing-our-ads-transparency>

<sup>59</sup> Facebook Help Center, 'Your Ad preferences and how you can adjust them on Facebook', <https://about.fb.com/news/2023/02/increasing-our-ads-transparency>

<sup>60</sup> Meta, 'Privacy Policy', Privacy Center, <https://www.facebook.com/privacy/policy>

<sup>61</sup> M Mandel, *The Declining Price of Advertising: Policy Implications*, [https://www.progressivepolicy.org/wp-content/uploads/2019/07/Advertising2019\\_Mandel.pdf](https://www.progressivepolicy.org/wp-content/uploads/2019/07/Advertising2019_Mandel.pdf)

Secondly, it has made advertising much more effective. There is a much greater level of transparency and measurement for advertisers' return on investment when using personalised advertising compared to other forms of advertising.

Consumers also benefit from personalised advertising because they receive advertisements that are more relevant and tailored to their interests. Personalised advertising enables them to discover relevant content (like new brands, new travel destinations or new communities of interest) and find products and services that are more likely to be meaningful and engaging to them.

Further evidence of the benefit of AI-driven advertising is found in research that shows that users prefer personalised advertising to non-targeted advertising: research found that *"the high personalization ad was clearly preferred to the low personalization ad"* by participants in the research, and those users would *"rather share their clicking behaviour and receive behavioural targeted and therefore relevant ads, than random ads"*.<sup>62</sup> The UK Centre for Data Ethics and Innovation described it as: *"[p]eople do not want targeting to be stopped"* and that most people see *"the convenience of online targeting as a desirable feature of using the internet"*.<sup>63</sup>

It is important that any regulatory approach to targeted advertising not proceed from a mistaken assumption that such advertising is inherently detrimental to consumers. For example, recent research from Deloitte, commissioned by Meta, found that 51% of Australian SMEs consider that customer experience will be the most negatively impacted by digital platforms offering less personalised ads.<sup>64</sup>

#### The use of data for AI model training

The development of effective generative AI models requires large and diverse datasets. Meta has found that the nature of AI technology necessitates the processing of comprehensive real data to avoid biases and ensure language accuracy. For example, synthetic data is not workable because it needs to be generated by a generative AI model itself; therefore, in order for a model to even create synthetic data, it needs to first be trained on an appropriate data source. Generative AI models need to understand common concepts such as language, visual elements, and abstract ideas.

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<sup>62</sup> M Walrave, K Poels, M Antheunis, E Van den Broeck and G van Noort, *Like or Dislike? Adolescents Responses to Personalized Social Network Site Advertising*, *Journal of Marketing Communications*, Vol. 24, No. 6, 2018, pp. 607, 609, available at: <https://www.tandfonline.com/doi/abs/10.1080/13527266.2016.1182938?journalCode=rjmc20>; see also, NS Sahni, CS Wheeler, and C Pradeep, 'Personalization in Email Marketing: The Role of Noninformative Advertising Content,' *Marketing Science*, Vol. 37, No. 2, 2018, pp. 241, available at: <https://pubsonline.informs.org/doi/10.1287/mksc.2017.1066>

<sup>63</sup> Centre for Data Ethics and Innovation, *Review of online targeting: Final report and recommendations*, February 2020, pp. 6, 48, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864167/CDEJ7836-Review-of-Online-Targeting-05022020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864167/CDEJ7836-Review-of-Online-Targeting-05022020.pdf).

<sup>64</sup> J O'Mahony, 'AI for Business: APAC trends in AI platform adoption', Deloitte, 30 April 2025, <https://www.deloitte.com/au/en/services/economics/analysis/ai-business-apac-trends-platform-adoption.html>, p20

It is worth bearing in mind that, although there are databases of information that may not contain personal information, like Australian legislation, there are limits to the utility of such corpuses. Human beings' discussions of culture, art, and emerging trends are not borne out in such legislative texts, and the discourse that takes place on Meta products both represents vital learning on both how individuals discuss Australian concepts, realities, and figures, as well as, in particular, how users of our products engage. This means that authentic and effective learning to ultimately power meaningful products of communication is best realised from training that includes those discussions and artefacts themselves.

These are just some of the reasons why reform to the Privacy Act should be considered holistically, and that modern privacy laws need to be cognisant of multiple individual rights and multiple social and economic objectives.