

SDA Brief: AI, Sovereign Capability and National Resilience

November 2026

sda NATIONAL

THE UNION FOR WORKERS IN RETAIL. WAREHOUSING. FAST FOOD.

AI, Sovereign Capability and National Resilience

Australia's capacity to remain functional and cohesive in a major crisis or conflict now depends on two things that cannot be separated: the digital systems that run essential supply chains, and the workers who operate them. The supermarkets, pharmacies, distribution centres and warehouses where SDA members work keep food, medicines and household essentials flowing to the community. These operations are increasingly run by AI-enabled systems that forecast demand, manage inventory, route freight, allocate tasks and set rosters.

Properly governed, these systems can make Australia more resilient. Poorly governed, they become new points of failure. Over-dependence on foreign-controlled platforms, weak data and cyber governance, opaque automated decisions, thin workforce skills, and systems that intensify work and strip out human judgement all reduce our capacity to absorb and recover from a shock. The SDA's position is that Australia should pursue pro-worker, safe and sovereign AI as part of its national resilience strategy: building capability while governing risk. This attachment addresses each of the Committee's Terms of Reference in turn.

1. Continuity of essential goods and services: AI and sovereign capability

Terms of Reference (a): whole-of-nation support to National Defence for continuity of government and essential goods and services

COVID-19 accelerated the adoption of AI and automation across retail, warehousing and logistics. The continuity of essential goods now depends, in part, on digital systems most Australians never see. The SDA has argued that sovereignty in the AI era depends not on where data centres sit, but on whether Australia can design, host, govern and secure the systems that underpin its essential functions.1 Frontier models, cloud platforms and data pipelines are concentrated in a small number of foreign firms. Access can be restricted, repriced or interrupted by decisions made offshore, or by cyberattack and disruption to international networks. Where a retailer's replenishment, a distributor's logistics or a pharmacy's dispensing systems depend on such platforms, that dependency is a civil preparedness risk.

The objective is not technological self-sufficiency but AI agency: the national capacity to make deliberate choices about how AI is adopted, governed and relied upon, rather than having those choices made for us. In practice this means knowing where essential services depend on external AI, cloud and data infrastructure; diversifying concentrated dependencies; holding critical data under Australian governance; maintaining domestic expertise to assure, audit and, where strategically necessary, operate key systems; and having tested fallback arrangements if they fail.

2. Investing national savings in resilient AI capability

Terms of Reference (a) and (c): continuity of supply; collaboration with the private sector, infrastructure and manufacturing

Sovereign capability requires sustained, patient investment. Australia already holds one of the world's largest pools of national savings in superannuation and the Future Fund. These long-term investors are well placed to finance domestic compute, data infrastructure, secure cloud capacity and AI-enabled onshore manufacturing and logistics, on commercial terms and in the interests of fund members. Directing a share of that capital toward resilient national infrastructure would reduce strategic dependency while generating long-term returns for working Australians. That

[1]SDA, Submission to the Joint Select Committee on Artificial Intelligence, 11 September 2026; John Curtin Research Centre (JCRC), Defending Australia: A National Artificial Intelligence Sovereign Capability and Security Agenda for the 21st Century, 2026.

investment should carry clear expectations: Australian data governance, secure and diversified supply, and responsible workplace deployment, including consultation with the workers whose jobs it will reshape. Partnerships with trusted, long-horizon investors from allied and regional partners, including Japan, can complement domestic capital where they share these expectations.

3. Workforce resilience in AI-enabled essential industries

Terms of Reference (c): collaboration with key national logistics and infrastructure operators

Resilience is not achieved by technology alone. During COVID-19, essential retail and distribution kept operating because workers adapted in real time to panic buying, shortages, changing public health rules and community distress. That capacity rested on adequate staffing, local knowledge and the discretion to respond to circumstances no system had anticipated.

A supply chain optimised by AI for normal conditions, running on minimum staffing and tightly timed tasks, may be efficient in ordinary times but brittle in exceptional ones. When demand surges, data is corrupted, networks fail or a model's assumptions no longer hold, it is people who must notice, override and adapt. Human capability and staffing headroom are resilience assets, not inefficiencies to be engineered away. Government collaboration with major logistics, retail and distribution operators on preparedness should therefore cover not only systems and stockholdings, but workforce capacity and human fallback capability.

SDA members report the opposite trend. Algorithmic rostering, automated task allocation, productivity targets built on work as imagined rather than work as done, and growing surveillance are reducing worker and frontline manager discretion and intensifying work.2 In the SDA's Under Pressure survey of more than 11,000 retail workers, 72 per cent reported burnout, 77 per cent were assessed at high risk of psychosocial harm, and 62 per cent rated consultation on workplace change as inadequate.3 An essential workforce that is exhausted and deskilled before a crisis begins has less capacity to sustain one. Safe staffing, sustainable workloads and psychosocial health are preparedness issues, not only WHS and industrial issues.

4. Insurance and psychological resilience

Terms of Reference (d): activating and preparing the broader community

Community resilience includes the capacity of individual workers to recover from harm and return to work. As AI-driven work intensification and surveillance increase psychosocial risk, more workers are likely to experience episodic periods of mental ill-health rather than permanent incapacity. Insurance arrangements, particularly default group insurance through superannuation, have not kept pace. Total and permanent disability (TPD) cover is built around permanence, which fits poorly with conditions that fluctuate and from which workers can recover. Income protection that supports workers through episodic unwell periods and back into work does more for individual and workforce resilience than a system that effectively rewards permanent exit. The design of insurance through super, and any use of AI by insurers to assess claims, should be reviewed with workforce resilience in mind.

[2] JCRC, For All of Us: Making Artificial Intelligence Work for Working People, April 2026; SDA, Submission to the Joint Select Committee on Artificial Intelligence, September 2026.

[3] SDA, Under Pressure (2025), survey of more than 11,000 retail workers.

5. Coordination, skills, worker voice and community trust

Terms of Reference (b) and (d): coordination with state, territory and local governments; preparing the community

Human oversight matters most when conditions are abnormal. The SDA's position is that workers and their union must be consulted early, before decisions about AI are made; that AI systems must be transparent about purpose, data use and decision logic; that significant decisions must be subject to meaningful human review; and that workers must be able to challenge automated outcomes. These rights are usually framed as industrial protections. They are also resilience mechanisms: workers who understand the systems they operate, can see when something is going wrong and have the authority to act are a first line of defence when automated systems fail. Because WHS regulation, emergency management and much of the community-facing response sit with states and territories, national preparedness planning should align state WHS regulators' approach to AI-related psychosocial risk with Commonwealth resilience planning.

Preparedness also requires broad AI capability across the workforce, not only among technology specialists. Frontline workers and managers must be able to use AI effectively, understand its limits, detect errors, exercise judgement and take over when systems fail, including in regional communities where local stores and distribution centres are critical during emergencies. This should be built through existing institutions, including Jobs and Skills Australia, the Jobs and Skills Councils and the Future Skills Organisation, with genuine tripartite participation by government, employers and unions.

Finally, preparedness depends on trust. Intrusive surveillance, misuse of biometric data, discriminatory or unexplained decisions, and technology imposed without consultation erode the trust of workers and the community in institutions they will rely on in a crisis. Transparent, accountable AI governance is part of building a cohesive society capable of responding together.

6. International best practice

Terms of Reference (e): international best practice and collaboration with partners

Comparable democracies treat preparedness as a whole-of-society effort. Nordic 'comprehensive security' and 'total defence' models expressly involve business, unions and civil society in continuity planning for essential supply. Australia should adapt that approach to the digital era by including AI and data dependencies in continuity planning, and by drawing on international approaches that require worker consultation and human oversight when AI is deployed at work. Collaboration with trusted partners on secure compute, data standards and AI assurance can strengthen sovereign capability without pursuing self-sufficiency.

sda NATIONAL

Level 6, 53 Queen Street, Melbourne VIC 3000 | T: 03 8611 7000 | E: general@sda.org.au | ABN: 99 789 302 470
Shop, Distributive and Allied Employees' Association
www.sda.au