

Part 2. Regulatory Landscape

The Accountability Paradox

The Accountability Paradox Explained

The Problem: Australian executives face a unique regulatory challenge that creates significant personal risk.

HIGH ACCOUNTABILITY

Personal Liability Under:

- Financial Accountability Regime (FAR)
- Director duties (Corporations Act s180-184)
- Privacy Act penalties: \$50M or 30% turnover
- Sector-specific regulations

You WILL be held personally responsible

THE GAP: ? ?

- > **No clear playbook**
- > **No specific AI laws**

Interpretation required

LOW PRESCRIPTION

What Exists:

- Voluntary AI6 guidance
- Technology-neutral existing laws
- Sector regulator "expectations"
- International best practices

Here are some suggestions... figure it out yourself

Executives must bridge this gap themselves: building defensible governance without clear regulatory guidance, while facing severe personal consequences if they get it wrong

The Accountability Paradox: Why Australia Won't Have an 'AI Act'

Australia's Deliberate Policy Choice: In December 2024, the Australian Government paused work on AI-specific legislation and mandatory guardrails. This wasn't a delay : it was a **strategic decision** to take a fundamentally different approach from Europe.

WHY THIS APPROACH:

Encourage Innovation

Prescriptive rules slow adoption

Flexibility for experimentation

Avoid Regulatory Burden

No expensive conformity assessments

Proportionate for all business sizes

Use Existing Laws

Privacy, Consumer, Anti-discrimination laws already apply

Technology-neutral approach

Empower Sector Regulators

Existing regulators enforce within their mandates

Sector expertise, not one-size-fits-all

WHAT THIS MEANS:

- ✗ **No AI-specific laws** (not coming - this IS the framework)
- ✓ **Existing laws apply** (Privacy Act, Consumer Law, Corporations Act)
- ✓ **Voluntary guidance** (AI6 = regulator expectations)

THE RESULT:

- High accountability for executives
- Low prescription on how to comply
- **Personal responsibility for outcomes**

Strategy option: "We'll wait for the regulations"

Hazardous option: Australia chose NOT to create AI laws. This voluntary approach IS the framework, meaning that **you're accountable NOW** under existing laws. Waiting means waiting indefinitely while risk grows

Australia's AI Governance Framework

Australian AI governance is complex:

Voluntary ethics principles sit on top of mandatory legal foundations.

Private sector adoption is "voluntary" but executives remain accountable under existing laws (Privacy Act, FAR, director duties).

This creates the "Accountability Paradox".





Three Questions for Your Organisation:

1. Do you know all the AI systems currently in use across your business?
2. Can you confidently explain your AI governance to APRA, ASIC, or OAIC tomorrow?
3. Are your executives protected from personal liability under FAR?

If you answered "no" to any of these, let's talk.

Tricore Tech specialises in helping Australian organisations navigate the Accountability Paradox, building responsible AI governance that enables innovation while protecting executives.

Book your complimentary discovery call:

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 www.tricoretech.com.au/ai-responsibly

Understand your AI risks. Build defensible governance. Protect your executives.