

## Part 2. Regulatory Landscape

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### 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".

AUSTRALIAN AI FRAMEWORK

Federal Policy & National Strategy

LEGAL & REGULATORY FOUNDATION

Privacy • Consumer • Anti-Discrimination

AI ETHICS PRINCIPLES (VOLUNTARY)

Fairness • Privacy • Safety • Transparency

GOVERNMENT AI USE (MANDATORY)

Registers • Impact

PRIVATE SECTOR AI (VOLUNTARY)

Ethical Adoption



OPERATIONAL GOVERNANCE

Accountability • Human Oversight

RISK MANAGEMENT & SAFETY CONTROLS

Bias • Privacy • Security • Reliability

TRANSPARENCY & ACCOUNTABILITY OUTCOMES

Public Disclosure • Review • Redress



### 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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