

The background of the slide is a photograph of a city street, likely in Melbourne, featuring historic brick buildings. A semi-transparent red overlay covers the right side of the image, creating a modern, tech-oriented aesthetic.

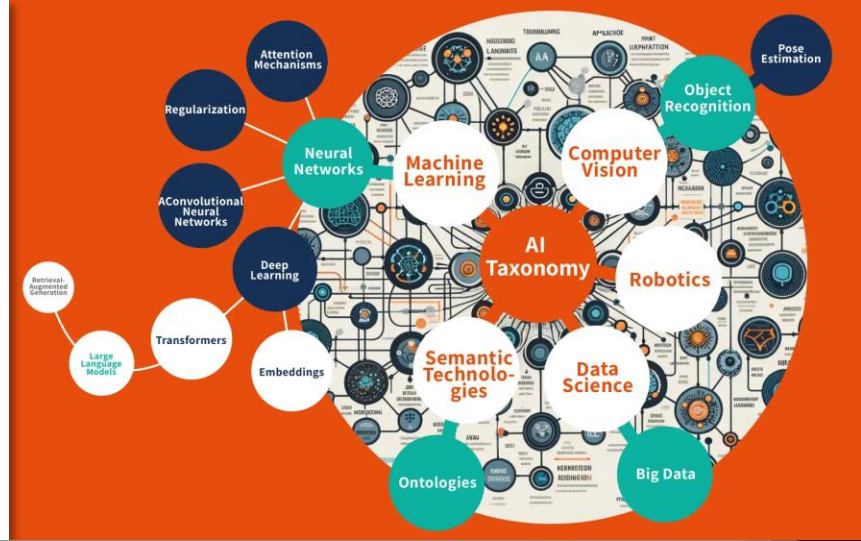
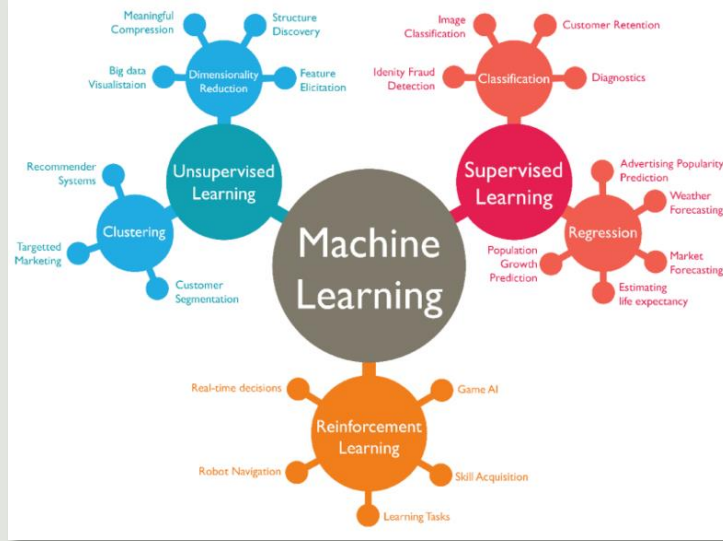
Melbourne Economic Forum

What the new government AI guardrails mean for businesses

Professor Kok-Leong Ong
Director, Enterprise AI and Data Analytics Hub

What's next...

AI is not just LLM



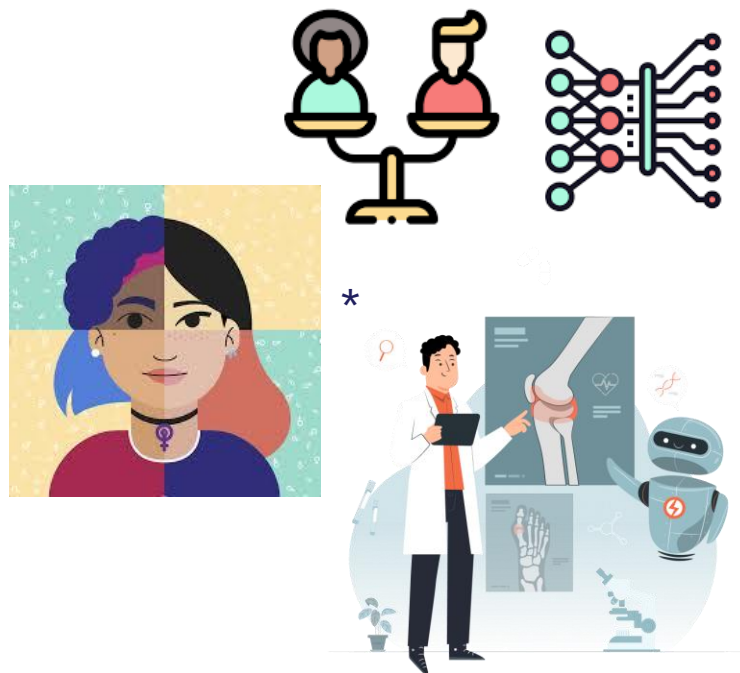
<https://www.ontotext.com/blog/the-innograph-artificial-intelligence-taxonomy/>

<https://www.linkedin.com/pulse/artificial-intelligence-5-taxonomy-machine-learning-deep-ajit-jaokar/>

What's next...

Why do we require guardrails?

- Managing risks and meeting compliance
- Building transparency and trust
- Ensuring responsible use of AI in business
- Protection of the community
 - Fairness
 - Bias/discrimination
 - Privacy



Australia's AI guardrails

- Just released early September
- Two parts:
 - Voluntary AI safety standard (10 guardrails)
 - Mandatory AI guardrails (under consultation)
- Earlier consultations:
 - AI regulatory framework (June 2023)
 - AI Senate Select Committee (May 2024)

Voluntary guardrail	Description	Relevance to economics
Accountability process	Establish governance, internal capability, and regulatory compliance for AI systems.	Yes
Risk management	Identification and mitigation of risks associated with AI systems	Yes, e.g., economic modelling
Data governance	Data quality assurance, governance and provenance	Yes
Model performance testing	Meeting model performance SLA	Yes, e.g., financial markets
Human oversight	Putting in place human intervention of AI systems	Yes, financial decisions
End user transparency	Providing transparency around AI decision making	Yes
Review process to AI outcomes	Provision for AI decisions to be challenged or reviewed	Yes, economic justice and fairness, e.g., loan
Supply chain transparency	AI components, services used to develop solution	Yes
Records for compliance	Records and logs to enable accountability and legal obligations	Yes
Stakeholder engagement	Stakeholders understands and has information required to use AI confidently, safely, productively, etc.	Yes

Implications for businesses

- Should businesses adopt voluntary standards?
- Arguments ‘for’
 - Reduces legal and reputational risks
 - Competitive advantage as first-mover/early adopter
 - Builds trust and transparency with stakeholders
- Other considerations (not necessarily ‘against’)
 - Additional operational burden
 - Lacking know-how or workforce
 - Fast moving environment

How can businesses respond?

- Understand your risk profile
- Assess current AI practices/plans
- Aligning AI strategy with NAIC's AI patterns
- Develop your workforce

**Voluntary
AI Safety
Standard**



**Mandatory
guardrails
for AI in
high-risk
settings**



Thank you

Aboriginal artwork of AI by DALL-E

