Article Information

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Australia now has a National AI Plan. Now What?

The Federal Government launched a new National AI Plan on 2 December 2025. It signals a change in approach to regulating the use of artificial intelligence in Australia, changing tack on the use of "mandatory guardrails" to restrict the use of generative AI technologies. Where it leaves businesses is yet to be seen.

What is the National AI Plan?

The Government asserts that the **Plan** is "designed to fully harness the economic and social potential of artificial intelligence, while managing associated risks and ensuring inclusive benefits for all Australians". It promises to "position Australia as a competitive, AI-enabled economy" that "sustains productivity growth, fosters innovation and builds resilience to future technological shifts".

Under the Plan, the Government intends to establish and expand a "National AI Centre" to act as a "hub to coordinate AI efforts across industry, government, and communities".

The Government states that the Plan is designed to foster investment, innovation and job creation, particularly in relation to the establishment and operation of data centres in Australia and the development of a local AI software industry. The long-term vision of the Plan is to turn Australia into a regional leader in artificial intelligence by becoming an infrastructure and computing hub in the Indo-Pacific. The Government also notes that it is currently agreeing collaborative arrangements with "leading AI innovators".

The Plan promises to "spread the benefits" of AI through the Australian economy. It does so through three methods.

First, the Government promises to support the adoption and integration of AI by small and medium enterprises (**SMEs**) in order to "ensure that they remain competitive, efficient and well-positioned to seize emerging market opportunities in an increasingly digital landscape". The Government will fund the safe and practical adoption of AI by SMEs, including through the provision of tailored support via the "AI Adopt Program". Such support will also be made available to non-profit organisations.

Additionally, the Government promises to assist workers train and develop skills on the use of AI technologies. The Government acknowledged that AI tools used in the workplaces could boost productivity, but also pose risks through surveillance, bias, workplace discrimination and reduced autonomy. The Government focuses on the involvement of "meaningful consultation with workers", including in the "design of AI systems".

Thirdly, the Plan promises to "keep Australians safe" by protecting the rights of individuals and by building trust with robust legal, regulatory and ethical frameworks.

Australia's shifting approach to regulating the adoption and use of AI

In 2024, the Government had introduced voluntary guardrails to assist in the adoption of generative AI technology and promised that it would introduce mandatory guardrails for "high-risk AI systems". With the release of the Plan, the Government has officially abandoned its intention to introduce those mandatory guardrails in favour of the application of updating the existing legal and regulatory framework for AI.

Instead of AI-specific regulatory action, the Government now prefers to use a two-pronged approach to regulating the development and use of AI in Australia.

- First, the Government intends to uplift and clarify existing technology-neutral laws.
- Secondly, the Government intends to release additional guidance to business on promoting responsible practices, and it will establish an "AI Safety Institute" in order to monitor, test and share information on emerging AI capabilities, risks and harms.

What does this mean for existing regulatory frameworks?

Accordingly, it seems likely that the Government will propose amendments to existing legislation, such as the *Privacy Act 1988* (Cth) and the Australian Consumer Law (part of the *Competition and Consumer Act 2010* (Cth)) to deal with the impact of AI.

Notably, in July this year, the Attorney-General, Michelle Rowland MP confirmed that she was in the process of preparing the second tranche of privacy law reforms for cabinet approval, and which would include new measures on how to deal with the impact generative AI has on the privacy of individuals. While declining to go into specifics, the Attorney-General declared that the current privacy legislation is "not fit for the digital age".

Further, the Government may also look to amend other existing laws to extend their scope to AI based on the wave of agency reviews into the impact of AI in their specific fields, such as the Therapeutic Goods Administration's review regarding the regulation of medical device software, and the Department of Health's assessment of AI's potential impact on healthcare regulation.

In August 2025, the Productivity Commission called for a pause on economy-wide AI regulation (including a pause on the development of the mandatory guardrails). It also put forward a suggestion that the Government reforms Australia's copyright legislation to introduce a new fair use exemption to enable providers of AI systems to train their AI on copyrighted materials.

In October 2025, the Government definitively ruled out amending Australia's copyright legislation to introduce an exemption for AI companies training their models on copyrighted works. The National AI Plan is short on details as to how AI companies can access the voluminous amount of copyrighted works generally required to adequately train their models.

Conclusion

The Government's pivot towards the use of existing legislative frameworks to regulate the development and use of generative AI in Australia creates challenges and opportunities for businesses seeking to harness the promised productivity of generative AI.

On the one hand, it releases Australian businesses from the need to brace for a completely new set of regulatory oversight on the use of this increasingly popular technology. However, the Government has made it clear through the newly-released National AI Plan that businesses are expected to adhere to existing regulatory regimes when adopting, developing and deploying AI within their business.

Accordingly, businesses should take the time to understand how existing laws (including privacy, competition and consumer protection laws, statutory directors duties and workplace laws) impact the development and use of AI. This can be assisted through the use of reviewing guidance issued by relevant regulatory authorities in the short term, together with review and application of court decisions that will act as precedent for further regulatory action.

Further, as illustrated by the public comments from the Attorney-General, while the Government has seemingly abandoned its approach to specifically regulate AI through the use of mandatory guardrails, this does not mean that the Government will adopt a laissez-faire approach to regulating AI. While the devil is in the detail, and we are yet to see any proposed legislation on amending the *Privacy Act* to deal with AI, it seems almost certain that the *Privacy Act* will be one example of the Government's new approach to AI regulation. Accordingly, it is important that businesses remain informed on changes to Australia's legal and statutory framework in the context of AI regulation.

In order to ensure that businesses minimise their risk of contravening existing statutory frameworks when adopting, developing and using AI, the creation and adoption of an internal governance statement on the use of AI within the workplace is advisable. Such statement could deal with the regulatory challenges facing the business and can be crafted to take into account the specific challenges facing the business.