Artificial intelligence

A guide to artificial intelligence (AI) for community organisations

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justice connect

Contents

Part 1

Introduction

Introduction

This part of the guide covers:

- what is artificial intelligence?
- the benefits of using AI

In this guide, we consider the legal challenges that artificial intelligence (AI) presents for community organisations.

Disclaimer

This guide provides general information about the legal implications of the use of artificial intelligence on your organisation. This information is a guide only and is not legal advice. If you or your organisation has a specific legal issue, you should seek legal advice before deciding what to do.

Please refer to the full disclaimer that applies to this fact sheet.

AI offers real benefits to community organisations. Used correctly, AI can improve an organisation's work processes and help the organisation meet community needs.

However, your community organisation needs to be aware of the limitations and legal risks associated with use of AI. To manage these, you should implement responsible AI practices. This includes data governance, robust security measures, and human oversight – all essential to use AI ethically and legally.

What is artificial intelligence?

Artificial intelligence (AI) refers to technology that can simulate human intelligence, allowing systems to learn and problem-solve.

With the rapid development of technology, computers can now do complex tasks we once thought required a human brain. This includes learning from experience, understanding natural language, recognizing patterns, and making decisions.

When people talk about AI today, they're not referring to the sentient machines you see in movies. They're talking about computers that mimic human thought processes.

Depending on what the AI does, it may fall into a number of different categories of AI, such as machine learning, deep learning, natural language processing, and generative.

What is machine learning AI?

Machine learning AI programs 'learn' from data to improve their performance over time. These programs are given access to data, and instructed or programmed to recognise and pull out patterns from that data.

Machine learning AI programs are often used to predict consumer behaviour, and suggest products or services (for example, on social media). They do this by collecting and analysing consumer data like spending habits and location and demographic information, and then grouping customers based on that data.

Examples of machine learning AI include:

- recommendation systems – these systems recommend products, services, or content to users based on their past behaviour or preferences (these are used by Amazon, Netflix, and Spotify)
- fraud and detection – machine learning can be used to identify suspicious activity, such as credit card fraud or filtering junk out of your email inbox

A not-for-profit could use a machine learning system to analyse donor data to predict future giving patterns, allowing the organisation to target fundraising efforts more effectively.

What is deep learning AI?

Deep learning AI is an advanced type of machine learning AI.

Deep learning AI uses a series of complex algorithms designed to simulate the human brain which means they can analyse larger amounts of data in more sophisticated ways, leading to more nuanced predictions and conclusions.

Deep learning AI is used in autonomous or self-driving vehicles. These systems have to analyse a constant, live stream of surrounding data (like street signs, pedestrians, and other cars) and make complex, real-time decisions based on that data.

What is natural language processing AI?

Natural language processing AI are programs which can understand, generate and manipulate human language – the way we commonly write or speak it.

Examples of natural language processing AI include:

- voice assistants (like Apple's Siri or Amazon's Alexa) that can understand and respond to spoken requests
- machine translation systems that instantly translate text from one language to another
- chatbots (like ChatGPT) that let you interact with programs in a seamless, natural, conversational way

A not-for-profit could use natural language processing to automate tasks like analysing social media sentiment or to quickly translate donation requests into different languages.

What is generative AI?

Generative AI are programs that generate new content – like images, text, audio, or video – usually based on simple instructions or 'prompts' from a user. It works by learning patterns from existing content and reproducing that content in new forms or combinations.

The most well-known type of generative AI is ChatGPT (the G in ChatGPT stands for 'generative'). Users can 'chat' with it by typing in a question or request, and ChatGPT will instantly generate a text response based on the prompt and the data it has learned from.

A not-for-profit might use generative AI to produce marketing materials or create educational content.

AI is a rapidly evolving field, and new applications are being developed all the time. You can even use AI to help you find other AI tools (for example, theresanaiforthat.com).

The benefits of using AI

AI is revolutionising how various sectors work, enhancing efficiency, accuracy, and decision-making processes. These activities range from automating routine tasks to analysing vast amounts of data swiftly and accurately to provide insights that might otherwise remain hidden.

By bringing AI into their strategy, not-for-profit organisations can streamline their operations, make better use of resources, and increase impact in their communities.

Caution

This next section outlines some of the key benefits and use cases for AI, with reference to specific AI tools. Not all tools are available in Australia, and it is important to bear in mind that **every** AI tool has limitations and risks – including IP infringement, security and data privacy-related risks.

Improving and automating processes

One of the main attractions of AI for organisations of all sizes is the ability to improve and automate processes. This frees up people's time and energy to focus on other tasks. This is especially important for smaller organisations that may not have the resources to hire someone with a particular skill set or capability like marketing or grant writing.

These improvements can range from routine administrative tasks like sorting emails, scheduling meetings, taking notes and processing donations, through to grant and proposal writing tailored to the opportunity.

Similarly, for those organisations with a large volunteer base and who run multiple events, AI scheduling tools can help to match volunteers with suitable roles based on their availability and skill sets.

Research

A range of AI tools that can be used to improve an organisation's research capabilities are available. These programs are designed to analyse and summarise large amounts of data from a range of sources, including websites, academic articles and research papers, and social media. This research can then be used to generate content, aid decision-making and planning, and streamline operations.

Tools like Scite and Consensus are powerful for academic research – they can connect and reference over a billion different citations and tell you if an academic article supports, mentions or contradicts a specific finding or assertion.

If you deal with large documents, tools like PDFgear, Copilot and PDF.ai can analyse large PDF documents (or groups of documents) and present the information in a searchable, easy-to-digest way. Some of these tools act like a chatbot, allowing you to ask questions about the document's content and get an immediate, conversational answer.

Using these tools can help accelerate the research process and make researching more intuitive and streamlined. **However, it is important to always independently verify the research by checking the original source material, like the article or paper itself**.

Virtual assistants

Virtual assistants, like chatbots, can greatly improve how your not-for-profit interacts with its stakeholders by handling routine enquiries and providing general information about the organisation and its activities. They can also monitor and manage online donation platforms and initiatives, ensuring that they are always available for beneficiaries and donors.

One of the significant advantages of AI is its continuous availability. Virtual assistants operate 24/7 without fatigue, meaning that the organisation is always 'open' to stakeholders and can provide timely responses to enquiries.

However, virtual assistants will not be suitable for all organisations and uses.

What about using virtual assistants for meetings?

Most workplace software now includes virtual assistant tools to help with meeting tasks, like real-time transcription and language translation (Like in Microsoft Teams and Zoom).

Before you decide whether a virtual assistant is a good fit for your organisation, consider:

- **Human and ethical concerns**
  - **Bias**: AI models can contain biases embedded in their training data. This can influence how the assistant perceives and responds, potentially affecting different genders or demographics unfairly.
  - **Missing human touch**: Assistants can't replicate the human element – they lack the ability to understand emotional cues, build rapport, or facilitate sensitive conversations, which can make meetings feel less productive or emotionally sterile
  - **Reduced engagement**: If participants expect the AI to handle all note-taking and summarising, they might 'zone out', leading to decreased engagement and inattention during the meeting
- **Security and privacy risks**
  - **Privacy compromise**: Virtual assistants require access to meeting audio or video, meaning there may be privacy risks regarding the handling of personal or sensitive information.
  - **Vulnerability to hacking**: If the assistant itself is compromised, hackers could potentially access sensitive meeting information or disrupt the meeting flow with harmful misinformation.
- **Practical hurdles**
  - **Cost and integration**: Implementing and maintaining these tools can be expensive. Integrating the AI into your existing workflows and ensuring your team actually adopts it can also be challenging.

Also refer to our 'Tips for using AI tools' below.

The Governance Institute of Australia has published an issues paper 'Artificial Intelligence and board minutes', which considers the potential applications and challenges of using AI in board meetings and company secretarial practice.

Content generation

Content generation is critical for most not-for-profits and charities as it increases outreach and engagement.

A wide range of AI tools, especially generative AI, can significantly enhance this part of an organisation's operations. These tools can create diverse content like social media posts, community newsletters, annual reports, blogs and articles. Beyond text, AI can also be used to create images, infographics and videos.

You can even combine tools to create a full audio-visual suite. For example, couple text generators like ChatGPT and JasperAI with visual tools like Canva, DALL-E, and Synthesia for comprehensive content creation.

Caution

There are serious **legal and ethical issues** surrounding the use of AI-generated content. These include whether content should contain disclosures around AI-generation and disclaimers regarding copyright and IP infringement and the risk of misinformation.

We discuss this in more detail below.

Data analysis

Charities and not-for-profits can also use AI to organise and analyse large amounts of data from various sources. The insights from this process can be used to shape your strategic direction and activities. This includes guiding program development, accurately measuring impact, and identifying new funding opportunities based on community and donor behaviour.

How AI helps with strategy and planning – operational AI tools can collect and analyse participant feedback from a workshop or activity and then generate instant recommendations on how to improve it. You can then use those recommendations to quickly refine your strategies for greater impact.

How AI helps with fundraising – tools like DonationDrive AI and DonorSearch AI leverage your existing donor lists and donation data to predict when a current donor is likely to give again or when someone is likely to become a first-time donor. You can use these predictions to tailor your outreach and target fundraising campaigns with more precision, increasing your chances of securing a donation.

Caution

The main concern with data analysis, however, involves the potential disclosure of **confidential and personal information**. Because many publicly available AI models are trained using the data that users input, there is a risk that the information you share could become publicly available. This can have serious consequences and means it might be inappropriate or unsafe to use certain AI tools in some cases.

Aiding decision-making

Supported by data, AI can provide real-time data analysis which can be used to identify trends and inform strategic decision-making.

Example – use of AI for decision-making (managing the risks)

A local not-for-profit organisation that supports disadvantaged youth wants to use a grant management platform that incorporates AI functionalities to help allocate grant funding based on various criteria.

To proactively manage the risks of using AI, the organisation:

- conducts a bias assessment of the AI algorithm before deployment, ensuring it doesn't unfairly discriminate against certain groups, and
- only uses the AI system as a decision-support tool, and ensures human experts review and approve the final grant allocations

Example – how Justice Connect uses AI

Every year millions of people miss out on legal help. Legal services funding isn't growing, but the huge amount of unmet legal need in our community is.

To maximise our reach, Justice Connect uses AI in our online tools. These tools help people correctly identify their legal issue and connect with the right information and services.

Justice Connect worked with the University of Melbourne to develop and train an algorithm to correctly identify legal issues based on the language of help seekers.

We did this by analysing loads of data – specifically, the language people use to describe their legal issue (nearly 15,000 language samples) – and worked with pro bono lawyers to match that 'natural language' data with the correct legal issue (lawyers made more than 67,000 annotations). Using this data and analysis, the University of Melbourne built an algorithm.

The model has been incorporated into our intake form. There's been a significant increase in people identifying their legal issue correctly, as well as an increase in conversion from intake form to service delivery. We are now considering how else this technology could be used and applied.

Part 2

Legal risks associated with use of AI

Legal risks associated with use of AI

This part of the guide considers:

- misleading information and defamation
- intellectual property infringement
- data privacy and security
- cyber security
- bias and unlawful discrimination
- duty of care and work health and safety laws
- fraudulent and unlawful activity
- compliance and legal risks

Caution

The legal and regulatory landscape is still rapidly developing in Australia (and globally).

Because generally accepted practices for AI use are constantly shifting, your organisation should keep itself informed of any developments relevant to your AI use.

Note – AI policy

This part of the guide discusses some of the risks associated with using AI. Creating and implementing an AI policy for your organisation can help to mitigate some of these risks.

See our guidance on drafting an AI policy in part 3 of this guide.

While there no Australian laws currently directly targeting and regulating AI across all sectors, this doesn't mean AI use is unregulated. Instead, existing legislation applies to specific AI contexts. This includes consumer protection, defamation, unlawful discrimination, WHS, intellectual property, and privacy laws.

Misleading information and defamation

AI-generated content (text, images, videos) might be inaccurate or misleading, potentially causing harm to people or other organisations. If an organisation publishes this content, it could be liable for spreading misinformation. If the content damages someone's reputation, it could be considered defamation.

In certain circumstances, the Australian Consumer Law (**ACL**) may apply. The provisions in the ACL are designed to protect consumers against behaviours which may be considered harmful to them, such as misleading or deceptive conduct, false or misleading representations, and unconscionable conduct.

If an organisation uses AI in a tool (for example, an AI-powered financial advice tool) that provides inaccurate recommendations, this could be seen as a defective service under the ACL.

For more information about the Australian Consumer Law, see our webpage 'Communications and advertising'.

For more information on defamation laws, see our webpage 'Understanding defamation laws'.

Intellectual property infringement

Use of AI could infringe intellectual property laws and rights, such as:

- **copyright** – it is not clear whether an AI program can be considered the 'author' of words it generates (and have its rights infringed) in Australia, but AI systems that generate content or use material protected by copyright owned by someone else, without proper authorisation, may infringe the other person's copyright
- **patent** – similarly, while Australian law does not recognise AI inventors (patents may only be granted for inventions by humans), an AI program which replicates or makes use of patented technology without permission from the owner may lead to patent infringement
- **trade mark** – AI-generated content or systems that use trade marks without permission may be liable for trade mark infringement

For more information on intellectual property infringement, see our webpage 'Understanding intellectual property laws'.

Also see Copyright Agency's webpage 'AI and copyright in Australia' for links to more information.

Data privacy and security

One of the most significant risks associated with using AI generally is data privacy and security.

Charities and not-for-profits collect and store a range of personal information about their stakeholders, donors, beneficiaries and personnel. Depending on their focus, this can include sensitive or health-related information.

AI systems often need access to large amounts of an organisation's data to function. **Crucially**, many AI programs 'train' themselves using the information users input. This immediately raises privacy concerns, and organisations must ensure their AI systems and use complies with privacy legislation including the Australian Privacy Principles.

Implementing AI tools which do not collect a user's data is one way of minimising the risk of privacy breach or, if that is not possible, limiting the types of information shared with AI tools. Notifying a person about how your organisation will use their personal information is a requirement under privacy laws. You should review your privacy policy and privacy statements or collection notices to make sure they include how you will or might share someone's personal information with AI.

For more information, see:

- the Office of the Australian Information Commissioner's 'Guidance on privacy and the use of commercially available AI products'
- our webpage 'Privacy laws'

Cyber security

AI systems can be targets for cyber-attacks, leading to potential data breaches and security risks. In addition to liability for not implementing appropriate cyber security measures, some organisations may breach legislation like the *Security of Critical Infrastructure Act 2018* (Cth).

For more information, see our cyber security fact sheet.

Bias and unlawful discrimination

AI tools involve the use of algorithms 'trained' using large amounts of data. For this reason, there is a risk that AI will perpetuate existing biases or discrimination present in the training data. This can lead to unfair treatment and discrimination of certain groups or individuals.

For example, an AI tool used for assessing job applications might unfairly favour specific demographics because the training data reflects historic biases in hiring. Even generative AI can produce content which is impacted by historical biases – for example, some image generators will only show older men when asked to create an image of 'company directors sitting around a board room table'.

Bear this risk in mind when using AI. Your organisation may need to take active steps to combat bias, such as:

- removing personal and demographic information from job applications before they are processed by an AI tool
- auditing AI output to check for harmful or discriminatory patterns, and
- maintaining human oversight and control over AI-driven decisions, particularly in high-risk scenarios (such as decisions that affect people's rights)

For more information on unlawful discrimination, see our Guide to workplace behaviour.

Duty of care and work health and safety laws

Organisations have a duty of care under common law and under work health and safety (**WHS**) laws. Using AI introduces potential legal risks related to this duty.

An organisation could be found to be negligent if it fails to take reasonable steps to mitigate risks associated with AI. For example, if an AI-generated decision (like grant allocation or service provision) leads to harm because of bias, misinformation or a data breach, you could be held responsible.

Under WHS laws, organisations have an overarching primary duty to ensure the health and safety (including psychological health and safety) of workers. Inadequate safeguards around use of AI could lead to psychological risks for staff, such as workplace anxiety or low employee morale and trust. This can happen due to:

- biased AI systems making unfair decisions that affect workers or clients, or
- the perceived threat of job losses caused by AI automation

For more information on an organisation's duty of care, see our resources on managing risk and insurance.

For more information on an organisation's WHS obligations, see our resources on work health and safety laws.

Fraudulent and unlawful activity

AI can be used to facilitate fraud and other illegal activities, such as creating deepfakes or automating cybercrime like hacking and phishing attacks.

For example, an AI system used to process grant applications could be manipulated to generate fake requests. An organisation could be liable for financial losses resulting from such misuse.

Organisations should ensure that they and their personnel do not use AI systems for illegal purposes and implement measures to prevent and detect this kind of misuse.

Compliance and legal risks

The regulatory landscape for AI is evolving, and charities and not-for-profits must stay informed about legal requirements and compliance issues. Non-compliance with laws and regulations related to use of AI can result in legal repercussions and damage to an organisation's reputation.

It is crucial to seek legal advice and implement compliance frameworks that address current and emerging regulatory requirements in Australia. These are addressed in more detail below.

Example – use of ChatGPT by an organisation's employee highlights risks

Sarah is employed by a not-for-profit organisation that provides education services. Excited about its potential to streamline content creation, Sarah uses ChatGPT to draft reports for the organisation's board and create social media posts. The organisation doesn't have a policy on use of AI and Sarah doesn't tell her manager or the board that she has used ChatGPT in her work.

In the absence of transparency and established safeguards to ensure factual accuracy and avoid plagiarism, potential legal risks that Sarah's use of ChatGPT poses include:

- the inclusion of incorrect or misleading information in board reports or social media content because the data from ChatGPT may contain biases or factual inaccuracies
- infringement of intellectual property laws because the content generated may infringe copyright, and
- data privacy concerns if Sarah allowed ChatGPT to access the organisation's data

Sarah's use of ChatGPT could expose the organisation to legal liability. The publication of misinformation or copyrighted material could also damage the organisation's reputation with donors, partners, and the public.

Part 3

Regulating the use of AI

Regulating the use of AI

This part of the guide considers:

- ethical concerns associated with use of AI
- legal reforms to regulate the use of AI in Australia
- how does AI impact organisational governance?
- implementing responsible AI practices

Ethical concerns associated with use of AI

As AI takes on a larger role in organisational decision-making, the need for responsible and ethical use is being considered across sectors and by governments.

Using AI raises several ethical concerns that community organisations must navigate carefully. Issues include consent, autonomy, and the potential for misuse. For example, AI-driven surveillance tools could infringe privacy rights, and automated systems might lack the nuanced understanding needed for sensitive situations. Community organisations must establish clear ethical guidelines and ensure their AI use always aligns with their values and purpose.

Lack of transparency

While AI is certainly useful, not all systems are transparent about their decision-making process. This is sometimes called the ‘black box problem’, where even the developers struggle to explain the AI's complex reasoning. When organisations use AI without disclosing it, this lack of transparency can quickly lead to a loss of trust among stakeholders, including donors and beneficiaries.

To combat this, community organisations should ensure they are open about their use of AI, offering clear explanations of how AI-driven decisions are made and which content is AI generated.

Job displacement

AI is good for automating routine, repetitive, and administrative tasks. While this boosts efficiency and saves costs, it can also lead to job losses or significant changes in existing roles.

Community organisations need to proactively balance the adoption of AI with strategies for their workers. This could mean upskilling workers and actively creating new roles that leverage human skills alongside AI capabilities. Crucially, clear communication and a proactive plan are essential to minimise negative impacts and manage staff anxiety about these changes.

AI Ethics Principles

To tackle these challenges and promote safe, responsible, and trustworthy use of AI in a way that benefits all Australians, the Australian Government has adopted a set of national AI Ethics Principles.

The principles are voluntary and align with the international standards set out by the Organisation for Economic Co-operation and Development (**OECD**).

For more information on the OECD's AI principles, see the OECD webpage 'AI principles'.

While the Australian AI principles are not legally binding, the framework serves as a national guide for responsible AI development and implementation.

The AI Ethics Principles comprise eight core principles for responsible use of AI:

1.	**Human, social and environmental wellbeing** Throughout their lifecycle, AI systems should benefit individuals, society and the environment.
2.	**Human-centred values** Throughout their lifecycle, AI systems should respect human rights, diversity, and the autonomy of individuals.
3.	**Fairness** Throughout their lifecycle, AI systems should be inclusive and accessible, and should not involve or result in unfair discrimination against individuals, communities or groups.
4.	**Privacy protection and security** Throughout their lifecycle, AI systems should respect and uphold privacy rights and data protection, and ensure the security of data.
5.	**Reliability and safety** Throughout their lifecycle, AI systems should reliably operate in accordance with their intended purpose.
6.	**Transparency and explainability** There should be transparency and responsible disclosure so people can understand when they are being significantly impacted by AI, and can find out when an AI system is engaging with them.
7.	**Contestability** When an AI system significantly impacts a person, community, group or environment, there should be a timely process to allow people to challenge the use or outcomes of the AI system.
8.	**Accountability** Those responsible for the different phases of the AI system lifecycle should be identifiable and accountable for the outcomes of the AI systems, and human oversight of AI systems should be enabled.

The framework:

- is aimed at businesses and government agencies developing or using AI, and
- emphasises human oversight, avoiding bias in AI systems, and ensuring data privacy

For more information, see the Australian Government's webpage 'Australia's AI Ethics Principles.

Legal reforms to regulate the use of AI in Australia

The Australian Government has signalled a shift toward mandatory rules for AI. In 2024, the government sought feedback on a proposals paper detailing proposed mandatory guardrails to ensure the safe and responsible adoption of AI, particularly in high-risk settings. This initiative was supported by a federal parliamentary inquiry report which also recommended implementing legislation to regulate high-risk AI use.

The government has also published a Voluntary AI Standard (as a 1st iteration) that organisations can apply now.

The guardrails in the Voluntary AI standard closely resemble the guardrails set out in the proposals paper and build on the foundation of the existing Australian AI Ethics Principles (discussed above), which continue to serve as a high-level guide for responsible AI development and implementation.

The Voluntary AI Safety Standard consists of 10 voluntary guardrails:

1.	**Establish, implement, and publish an accountability process including governance, internal capability and a strategy for regulatory compliance.** This creates the foundation for your organisation's use of AI.
2.	**Establish and implement a risk management process to identify and mitigate risks.** Conduct risk assessments on an ongoing basis.
3.	**Protect AI systems, and implement data governance measures to manage data quality and provenance.**
4.	**Test AI models and systems to evaluate model performance and monitor the system once deployed.**
5.	**Enable human control or intervention in an AI system to achieve meaningful human oversight.**
6.	**Inform end-users regarding AI-enabled decisions, interactions with AI and AI-generated content.** This creates trust with users.
7.	**Establish processes for people impacted by AI systems to challenge use or outcomes.**
8.	**Be transparent with other organisations across the AI supply chain about data, models and systems to help them effectively address risks.**
9.	**Keep and maintain records to allow third parties to assess compliance with guardrails.**
10.	**Engage your stakeholders and evaluate their needs and circumstances, with a focus on safety, diversity, inclusion and fairness.** Organisations must identify potential bias, minimise negative effects of unwanted bias, ensure accessibility and remove ethical prejudices from the AI solution or component.

How does AI impact organisational governance?

Directors, committee members and office-holders hold the ultimate responsibility for overseeing all organisational risk, including risk arising from AI. These legal duties arise from a mix of common law principles and legislation and include duty of care, negligence and privacy laws.

Legal duties

Legal duties apply to people involved in governing a not-for-profit organisation, which includes people who sit on a committee or board, or are office holders (people with control and influence over the governance of an organisation, even if they don't hold an official position).

The legal duties that apply depend on the legal structure of an organisation (duties can apply to an unincorporated group) and whether the organisation is registered as a charity with the Australian Charities and Not-for-profits Commission (**ACNC**).

We have simplified the main duties by listing them as four main duties below. For more information about the legal duties that apply to your organisation, see our Duties guide.

In practical terms, a director, committee member or office-holder has the following four main legal duties:
1. **Good faith** – the duty to act in good faith in the best interests of the organisation and for a proper purpose
2. **Reasonable care** – the duty to act with reasonable care, skill and diligence (including the duty to prevent insolvent trading)
3. **Conflicts of interest** – the duty to disclose and manage conflicts of interest
4. **Use of information or position** – the duty not to use the position (or information gained as a result of that position) improperly. This duty flows from the duty relating to conflicts.

An office-holder should not use AI for personal gain or for purposes that could undermine the public's trust in the organisation.

In complying with their duties, particularly the duties to act in good faith in the best interests of the organisation and with reasonable care, skill and diligence, office-holders should:

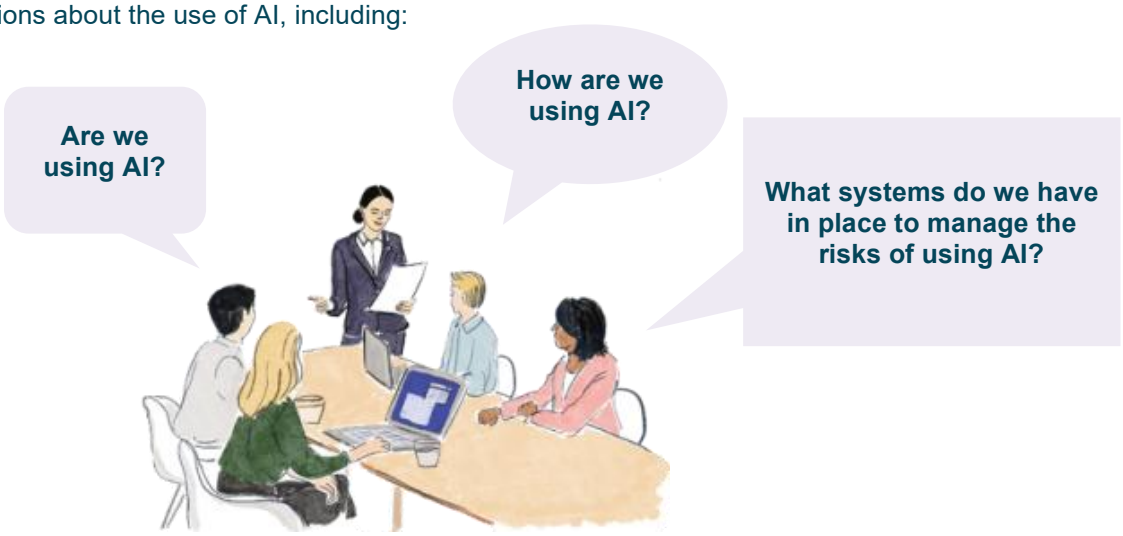
- understand how the organisation is using AI and manage the potential risks associated with those uses, and
- ensure AI is used ethically and aligns with the organisation's purpose

Note

At a minimum, directors and committee members of community organisations should be getting informed about AI, its uses, its benefits and shortcomings, and the risks associated with its use.

Good governance and good decision-making comes with awareness and understanding. By being informed about these matters, directors and committee members will be in a better position to be able to discharge their duties.

Directors and committee members should ask questions of management and others within their organisations about the use of AI, including:



Armed with an understanding of AI and its use within their organisations, directors and committee members will be able to provide oversight and controls.

Implementing responsible AI practices will help to mitigate the risks associated with AI use identified above (for example, bias, discrimination, or data breaches) and protect the organisation from legal and reputational harm.

The Australian Institute of Company Directors has published a suite of resources on the use of AI, comprising:

- Director's introduction to AI
- Director's guide to AI governance
- a snapshot of the 'Eight elements of safe and responsible AI governance', and
- a governance checklist

Also see the Institute of Community Directors Australia's help sheet: Artificial intelligence and governance frameworks.

Implementing responsible AI practices

To implement responsible AI practices, an organisation should:

- adopt an **AI risk assessment system** (or include AI as part of their usual risk management practices), which could include an AI oversight committee, to:
  - establish roles and responsibilities within the organisation around AI initiatives
  - keep up to date with legal and regulatory requirements and changing laws
  - conduct regular risk assessments for AI projects considering potential biases, transparency, data security, privacy concerns and misuse, and
  - develop appropriate mitigation strategies to address identified risks
- develop a comprehensive **AI policy** that establishes clear guidelines for responsible AI development and use in the organisation
- where possible, prioritise AI systems with understandable decision-making processes to **promote transparency and trust**

- maintain **human oversight** and control over AI-driven decisions, particularly in high-risk scenarios
- integrate AI management with the organisation's existing policies and procedures to streamline governance and mitigate risks
- **educate staff** about AI capabilities, limitations, and potential biases to promote responsible use:
  - train staff on the organisation's AI policy and proper procedures for using AI tools
  - provide clear guidelines and policies for employees using AI tools for content creation or problem-solving, and
  - emphasise the importance of using AI ethically and responsibly, aligning with the organisation's values and purpose

Note – privacy laws

An organisation should already have a privacy policy that implements a framework for data collection, storage, usage, and security, complying with privacy laws.

For more information, see our webpage 'Privacy laws'.

Developing an AI policy

An AI policy should cover what is acceptable use of AI, (including data governance principles), set out risk mitigation strategies and human oversight procedures, and align with your organisation's existing policies including policies on data privacy, information security, and discrimination.

Information to include in an AI policy:	
Purpose and scope of the policy	• state the purpose of the policy (for example, to ensure the responsible use of AI within the organisation) • state the scope of the policy (for example, who does it apply to, what AI tools and uses are covered)
Principles to guide responsible use of AI	• **ethical use** – ensure AI technologies are used ethically • **transparency** – inform stakeholders about AI use and decisions • **accountability** – establish clear accountability for AI systems • **compliance** – adhere to relevant laws, regulations, and industry standards • **purpose and values** – AI use is consistent with the organisation's purposes and values and helps to achieve the organisation's purpose
Governance and oversight	• appoint a committee or officer to oversee AI activities (this person may also be responsible for exploring and implementing AI projects) • consider involving subject-matter experts and other stakeholders to provide input into AI activities and use • ensure the board or committee provides oversight of AI initiatives with regular formal and informal reporting
Risk management	• conduct regular risk assessments for AI technologies depending on their use (identifying potential biases, security vulnerabilities, and privacy concerns)

and data management	• implement processes for reducing the likelihood of risks (for example, through safeguards like bias detection tools, data security measures, and human review procedures) • implement measures to ensure data protection and compliance with the *Privacy Act 1988* (Cth) and Australian Privacy Principles, and any other applicable state or territory-based privacy laws • update the organisation's privacy policy
Ethical considerations	• ensure AI systems are free from bias and do not discriminate (and include this as a guiding principle in the governing body's and the AI committee's consideration of proposed AI use) • consider the impact of AI technologies on stakeholders like beneficiaries, employees and donors
Training and awareness	• provide staff and other key personnel with training on AI, its benefits, drawbacks and risks, and responsible use • provide training on the AI policy and its content and requirements
Monitoring and reporting	• implement continuous monitoring AI systems for correct and ethical functioning • provide regular reports on AI initiatives to the governing body and other stakeholders
Compliance and enforcement	• ensure all employees, volunteers, contractors, and partners comply with the policy • review the policy annually for relevance and effectiveness • outline consequences for non-compliance
Reviews and updates	• include a clearly defined process for reviewing and updating the policy at regular intervals, to ensure it remains current

Example – use of ChatGPT by an organisation's employee in accordance with an AI policy

Ben (the employee of a not-for-profit organisation) uses ChatGPT to draft reports for the organisation's board and craft social media posts.

In this scenario, the organisation has a policy on use of AI and Ben informs his supervisor about using ChatGPT and seeks guidance on appropriate content creation methods.

Ben and his manager review the organisation's AI policy to check that use of ChatGPT aligns with their guidelines. The AI policy includes guidelines on fact-checking and reviewing all AI-generated content before publication.

Ben follows the AI policy to ensure factual accuracy and to avoid plagiarism and other potential legal risks.

AI policy templates

Infoxchange has published an ethical AI policy template.

Also see the Australian Government's Guidance for AI Adoption, which includes an AI policy guide and template.

Tips for using AI tools

- Before using an AI tool, clearly define the problem you're trying to solve or the task you want to automate. This helps you choose the right tool with the functionalities that best suit your needs.
- Understand the AI tool's capabilities and limitations. Most AI tools have limitations in terms of accuracy, bias, and the type of data they can handle.
- If possible, choose AI tools that offer some level of explainability. This allows you to understand how the AI arrived at a particular decision or output.
- Be cautious about what data you feed into AI tools. Don't share information that belongs to your organisation, or information that is personal, sensitive, or confidential.
- Always follow your organisation's privacy and AI policies when using an AI tool.
- Ensure the words or data you use to prompt the AI tool are accurate, complete, and unbiased to avoid skewed or misleading results. The specificity of your prompts significantly impacts the quality of the outputs.
- Treat AI outputs as a starting point, not a final or correct piece. AI systems can be wrong, and their outputs might be biased or inaccurate. **Maintain human oversight and critical thinking when using AI-generated content or recommendations**.
- Always double-check information you receive from AI tools against reliable sources before using it for content creation or to make decisions.
- **Remember** – AI tools can inherit and amplify biases present in the data they're trained on. Be mindful of potential biases in your data and the AI tool itself. Consider using tools with built-in bias detection features.
- The field of AI is constantly evolving. Stay informed about advancements, best practices, and potential risks associated with AI tools.

More information – the Australian Government's Guidance for AI Adoption

The Australian Government's Guidance for AI Adoption includes:

- guidance for getting started in responsible AI governance and governance professionals and technical experts, and
- an AI screening tool, AI register template, and AI policy guide and template.

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