

10.5. Draft Use of Artificial Intelligence Policy - post-exhibition report

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ATTACHMENTS	1. Survey users feedback [10.5.1 -] 2. Use of Artificial Intelligence Policy [10.5.2 - 6 pages]
CSP LINK	Outcome 8 – An effective, accountable and sustainable Council that serves the community G1. Develop clear goals, create a plan to achieve them, and track progress with transparency and honesty G4. Manage risks and maintain independent oversight in business operations and decision-making

PURPOSE:

The purpose of this report is for Council to consider the adoption of the Draft Use of Artificial Intelligence Policy after the finalisation of the public exhibition period.

EXECUTIVE SUMMARY:

- The Draft Use of Artificial Intelligence Policy was endorsed for public exhibition at the Council meeting of 8 December 2025.
- Council resolved to review the results of the public exhibition period to consider any submissions received to adopt the amended policy.
- Two submissions were received. No changes to the Policy are recommended; however, feedback from the submissions will be considered in the development of an operational policy for staff use of AI.

RECOMMENDATION:

1. THAT Council note the outcome of the public exhibition, including the submission received, and adopt the draft Use of Artificial Intelligence Policy as attached to this report.

Background

The Draft Use of Artificial Intelligence Policy was presented to Council meeting of 8 December 2025. The Policy has been developed to support Council's increasing use of digital technologies and to ensure that artificial intelligence (AI) is adopted in a safe, transparent, and responsible manner. The policy provides a framework to guide the use of AI technologies within Council's operations, service delivery, and decision-making processes.

The policy has been developed in response to emerging organisational needs, sector-wide guidance from Digital NSW, and growing expectations for ethical, accountable, and privacy-compliant use of AI technologies. It also reflects the need to manage risks associated with public AI platforms, data security, and the potential for bias or misuse.

The policy applies to all Councillors, employees, contractors, consultants, labour-hire staff, apprentices, and volunteers who may use, procure, develop, or interact with AI systems on behalf of Council. It ensures that AI is used only in ways that align with legal obligations, community expectations, and Council's broader governance and risk management frameworks.

Key objectives of the policy include:

- establishing mandatory principles for the ethical, transparent, and accountable use of AI across Council;
- ensuring privacy and security protections by restricting the use of confidential or sensitive information to approved enterprise-secure AI platforms;
- promoting community benefit by ensuring AI is used to enhance service delivery, improve efficiency, and support informed decision-making;
- ensuring fairness and human oversight to prevent bias, discrimination, or automated decision-making without appropriate review; and
- supporting risk-managed adoption of AI through the use of the NSW AI Assessment Framework (AIAF) for procurement, implementation, and ongoing monitoring.

The policy outlines clear requirements for transparency, including when AI use must be disclosed in public-facing content, reports, or recommendations. It also defines responsibilities for incident management, training, and continuous improvement to ensure Council remains responsive to emerging technologies and risks.

The policy is aligned with relevant NSW legislation, including privacy, anti-discrimination, and information management laws, and is supported by related Council policies and plans.

Report

The draft Policy was placed on public exhibition for 47 days (with additional time allowed for the Christmas holidays), closing on 25 January 2026.

An outline of the engagement activity in relation to the public exhibition is provided below.

‘Your Say’ website engagement statistics

Terminology

Aware: the number of unique visitors who have viewed the project page, minus any visitors who have undertaken any activity e.g., downloaded a document, viewed a video, completed a survey etc.

Informed: any unique visitor who has viewed a document or viewed a FAQ, minus any user who has engaged e.g., done a poll, survey, ideas wall, interactive mapping, interactive document, forum.

Engaged: any unique visitor who has done a poll, survey, ideas wall, interactive mapping, interactive document, forum.

‘Your Say’ site statistics

Total page views - 410

Total unique visitors - 255, comprising 203 Aware Stakeholders, 50 Informed Stakeholders, and two Engaged Stakeholders

Draft Policy viewed/downloaded – 63 times by 50 unique visitors

Email submissions

The engagement team did not receive any emails regarding the project.

E-newsletters

Featured in 2 eNewsletters

E-newsletter	Recipients Opened	Total Clicks	Unique Visitors
Precinct eNews 12 December to 15 January	239	3	3
Precinct eNews 16 to 30 January	289	6	5

The Submission Response

Two submissions were received through Council’s ‘Your Say’ website.

The table below summarises submissions and Council responses. Only small administrative changes were made: two typos were corrected and an outdated platform reference removed. Most feedback concerns operational issues, which will be addressed via policy and procedure updates for AI.

Number	Submission comment / points	Council response
1	<p>1. The use of AI must clearly respect all copyright laws</p> <p>2. Wherever possible, the use of AI should be clearly set out in documents e.g. in appendix and footnotes</p> <p>3. When AI is used, the type should be disclosed e.g. Grok, ChatGPT, Google Gemini</p>	<p>The Policy already requires that all AI use complies with relevant legislation, including copyright and intellectual property obligations.</p> <p>This Policy sets the high level governance framework for AI use. The specific operational requirements, including approved platforms and how they should be disclosed, will be defined in the forthcoming internal operational policy for AI.</p>
2	<p>1. As to the stated purpose: "To encourage innovative approaches to service delivery and decision-making by leveraging the benefits of Artificial Intelligence (AI)."</p> <p>The policy is a strong governance and risk management document. It effectively establishes a framework to ensure AI is used in a safe, responsible, and transparent manner that aligns with legal, ethical, and community expectations - a co-stated purpose.</p> <p>However, the document does not contain explicit elements that "encourage" or incentivise innovation.</p> <p>The focus is on:</p> <ul style="list-style-type: none"> • Defining the Guardrails: What staff must not do (e.g., use public platforms for sensitive data, introduce bias). • Establishing the Gates: The required steps for approval and risk assessment for new systems. • Ensuring Compliance: Human oversight, transparency, and adherence to other Council policies. <p>While a strong governance structure is a necessary foundation for innovation, the policy currently lacks the active "encouragement" mechanisms, such as designated innovation budgets, processes for proposing and testing new</p>	<p>This Policy sets the high-level governance framework for AI use. The practical mechanisms that support innovation, such as processes for trialling new ideas, will be detailed in the forthcoming internal operational policy for AI.</p>

Number	Submission comment / points	Council response
	AI concepts, or incentives for staff to develop novel solutions. Therefore, the policy does not fully meet the purpose statement to "encourage innovative approaches" as written.	
	2. You have done very well to misspell "management" twice.	Council acknowledges the typographical errors, and they have been corrected in the final version of the Policy.
	3. Google Bard was retired in February 2024. Does your mention of it in this Policy indicate that the policy has been under development for a long time? You may wish to instead identify an AI Platform that is current.	The mention of Google Bard was deleted.

Consultation requirements

The draft Use of Artificial Intelligence Policy was placed on public exhibition for 47 days.

Financial/Resource Implications

There are no expected financial or resource impacts as a result of the policy.

Legislation

The Policy includes a comprehensive list of all relevant legislation considered during the preparation of this policy.

USE OF ARTIFICIAL INTELLIGENCE POLICY

ADOPTION DATE:

xxx

REVIEW PERIOD:

xxx

DOCUMENT TYPE:

Council Policy

POLICY OWNER:

Director Corporate Services

POLICY REFERENCE:

CNCL_POL_ECMxxxxxxx



1. PURPOSE

1.1. The purpose of this policy is:

- To encourage innovative approaches to service delivery and decision-making by leveraging the benefits of Artificial Intelligence (AI).
- To ensure Council uses AI in a safe, responsible, and transparent manner that enhances services, improves efficiency, and aligns with legal, ethical, and community expectations.

2. SCOPE

2.1. This policy applies to:

- All Councillors, employees including labour hire, agency employees, apprentices, consultants, and contractors, as well as volunteers who may be purchasing, configuring, developing, operating, or maintaining Council's AI systems or who may be leveraging AI systems to provide services.

3. DEFINITIONS

TERM	DEFINITION
3.1 AI	Refers to Artificial Intelligence - intelligent technology and computing algorithms that can augment decision-making by identifying meaningful patterns in data.
3.2 Enterprise Secure AI Platform	A private, protected environment where council can safely build and use artificial intelligence tools. Unlike public AI platforms (like ChatGPT), it keeps sensitive data secure, follows strict rules, and ensures AI is used responsibly and ethically.
3.3 Public AI Platform	Artificial intelligence services (e.g. ChatGPT) that are available to anyone online and designed for general use and are often free or low-cost. They don't guarantee privacy or security for sensitive or confidential information.

4. PROVISIONS

4.1 MANDATORY PRINCIPLES FOR THE USE OF AI

Council will adhere to the following key principles for the use of AI:

4.1.1. Privacy and security

Inputs into AI tools will not include or reveal any confidential or sensitive information, including personal, commercial information, or legal privilege. This content will only be used in approved Enterprise Secure AI Platforms, where system-level protections

are in place to manage data privacy and storage. It must not be used in Public AI Platforms.

All use of AI platforms must comply with Council's Acceptable Computer Use Policy, Privacy Management Plan, and Records Management Policy.

4.1.2. Community benefit

AI will be used to improve public services, support informed decision-making, or deliver better outcomes for the community. Its use will be purposeful, measurable, and aligned with Council's commitment to serving the public interest.

4.1.3. Fairness

Council will ensure AI use promotes equity and inclusion, avoids bias or discrimination, and supports equal access to services. AI-assisted decisions must be reviewed by humans to ensure fair outcomes and compliance with anti-discrimination laws.

4.1.4. Transparency

Council will ensure transparency in the use of AI by disclosing its involvement when AI tools contribute to public-facing content, influence service delivery, or assist in decision-making that affects individuals or community outcomes.

Disclosure is required when AI is used to generate reports, correspondence, recommendations, or other outputs that inform or represent Council actions. However, disclosure is not required when AI is used solely to improve grammar, clarity, or formatting of existing text without introducing new analysis, research, or substantive content.

Staff must maintain clear records of AI use and ensure that AI-assisted decisions can be explained in plain language, with appropriate human oversight and review.

4.1.5. Accountability

Council will retain human oversight over all uses of artificial intelligence (AI), ensuring clear responsibility for decisions and outcomes.

All AI-assisted decisions will be subject to human review and aligned with organisational governance frameworks.

Oversight will ensure compliance with relevant legislation, including privacy, copyright, intellectual property, and common law obligations.

Council is responsible for content produced using AI tools; however, copyright protection applies only where sufficient human input and creative direction are demonstrated. Staff must ensure originality and avoid reproducing third-party material or using prohibited platforms.

4.2. RISK MANAGEMENT, MONITORING AND EVALUATION

- 4.2.1.** Council will utilise the NSW AI Assessment Framework (AIAF) to assess the risks of each new AI system and decide what actions are needed to manage those risks when making decisions regarding the procurement, system design or use of AI within Council processes.
- 4.2.2.** Council will manage AI-related risks through ongoing monitoring, evaluation, and assurance practices aligned with the NSW AI Assessment Framework and updated standards and guidelines from Digital NSW.
- 4.2.3.** Staff feedback, usage records, and system reviews will also inform continuous improvement, training updates, and future policy revisions to reflect emerging risks and technologies.

4.3. INCIDENT MANAGEMENT

- 4.3.1.** Council will manage any suspected misuse or breach involving artificial intelligence in accordance with existing governance and compliance frameworks, including privacy, data breach, and code of conduct requirements.

4.4. TRAINING AND AWARENESS

- 4.4.1.** Council will promote responsible and informed use of artificial intelligence by ensuring staff have access to appropriate guidance and awareness resources. Training will focus on understanding AI capabilities, limitations, ethical considerations, and privacy obligations.

5. ROLES & RESPONSIBILITIES

AREA	RESPONSIBILITIES
5.1 Responsible Officer	The Chief Information Officer is the responsible officer for this Policy and is accountable for its currency and communication, as well as approving the use of new AI systems and the monitoring and evaluation of current AI systems use under the AIAF Framework.
5.2 Mayor and Councillors	The Mayor and Councillors have a governance role in relation to council policies. They are responsible for reviewing and adopting policies that reflect legislative requirements and community expectations.
5.3 Chief Executive Officer	Council has delegated the Chief Executive Officer the authority to exercise the responsibilities detailed in this Policy.
5.4 Executive Leadership Team	ELT are responsible for ensuring their departments adhere to the requirements of this Policy and providing guidance in respect of the strategic objectives of the Policy within their Division and the organisation.

5.5 Digital Transformation Team	Is responsible for application the AIAF Framework to govern the implementation of Enterprise-Secure AI platforms, assess and mitigate risks, support staff guidance and training, ensure compliance in procurement, and monitor ongoing AI performance and accountability.
5.6 Employees	Employees must comply with this Policy and act within the authorities and boundaries it establishes.

6. RELATED DOCUMENTS

DOCUMENT	LOCATION
6.1 Acceptable Computer Use Policy (Operational Policy)	OPS_POL_ECM10623491
6.2 Code of Conduct – Councillors and Staff	As published on Council’s Website
6.3 Enterprise Risk Management Policy	As published on Council’s Website
6.4 Community Engagement Strategy	As published on Council’s Website
6.5 Data Breach Policy	As published on Council’s Website
6.6 Media Liaison Policy	As published on Council’s Website
6.7 Privacy Management Plan	As published on Council’s website
6.8 Records Management Policy	As published on Council’s Website
6.9 Social Media Policy	As published on Council’s Website

7. RELATED LEGISLATION AND GUIDANCE

LEGISLATION/GUIDANCE	LOCATION
7.1 AI Assurance Framework (AIAF)	A recommended self-assessment tool guiding ethical, transparent, and risk-managed AI use across NSW public sector agencies, especially for high-risk or large-scale projects, available through Digital NSW.
7.2 Local Government Act 1993 (NSW)	Underpins enterprise risk management by mandating sound governance. Key sections include Chapter 3 Principles for local government
7.3 Health Records and Information Privacy Act 2002 (NSW)	Outlines how Council must manage health information. The Act contains 15 Health Privacy Principles that Council must comply with.
7.4 Privacy and Personal Information Protection Act 1998 (NSW)	Outlines how Council must manage personal information. The Act contains 12 Information Protection Principles that Council must comply with.

7.5 Anti-Discrimination Act 1977 (NSW)	Renders unlawful racial, sex and other types of discrimination in certain circumstances and promotes equality of opportunity between all persons.
7.6 ANZ/NZS ISO 31000:2018 Risk Management	Standard that provides principles and guidelines for effective risk management, promoting a structured, integrated approach to identifying, assessing, treating, and monitoring risks, enhancing decision-making, resilience, and continuous improvement across organisations.
7.7 Generative AI: basic guidance Digital NSW	Provides foundational guidance for NSW public sector on safely using generative AI, aligning with transparency, ethics, and human oversight principles.

8. VERSION HISTORY

Version	Date Approved	Approved by	Resolution No.	Review Date
1	XX XXXXXXXX 2025	Council	XXX	XXX