



Artificial Intelligence (AI) Usage Policy

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| Policy | 08Q |
| Officer Responsible | Manager Information Technology |
| Last Review Date | 16/12/2025 |

Strategic Policy

1. Purpose

Blayney Shire Council is committed to the safe, ethical and transparent use of Artificial Intelligence (AI) to improve service delivery, decision-making and operational efficiency. This policy establishes the strategic framework for governing AI use across Council, ensuring privacy, security, accountability and public trust.

2. Scope

This policy applies to all Councillors, employees and contractors using AI technologies for any Council-related purpose. It covers all AI systems, including generative AI, whether licensed, embedded in existing platforms, or publicly available.

3. Strategic Principles

Council's use of AI must align with NSW Government AI Strategy, Cyber Security Policy, and ethical standards. All AI activity must reflect the following principles:

- Transparency – AI use must be declared when it influences decisions, communications or outputs.
- Accountability & Human Oversight – Humans remain responsible for all decisions. AI must support, not replace, human judgement.
- Privacy & Security – Sensitive, personal or confidential information must never be entered into public AI tools.
- Fairness & Non-Discrimination – AI must avoid bias, harmful impacts or inequitable outcomes.
- Explainability – AI processes and outputs must be understandable, reviewable and auditable.

4. Governance & Responsibilities

General Manager – Endorse and oversee AI governance, culture, risk management and compliance.

Manager Information Technology – Lead implementation of this policy, maintain the AI Register, assess AI risks, and ensure technical safeguards, security controls and monitoring.

Directors and Managers – Own business use cases, ensure appropriate human oversight, and ensure staff compliance.

Staff and Councillors – Use only approved AI tools, comply with this policy, complete required training and report misuse or incidents.

Contractors – Must meet Council's security, privacy, ethical and contractual requirements.

5. Strategic Use of AI

Council supports the responsible use of AI to:

- Improve efficiency in service delivery
- Enhance communication and customer experience
- Support data analysis and internal operations
- Assist with drafting and summarising non-sensitive content

AI must not be used to make autonomous decisions that impact individuals, finances, compliance obligations or statutory responsibilities.

6. Approved AI Technologies

- Council may approve licensed AI tools that meet security, privacy and data protection standards.
- Public AI tools may only be used with prior approval and must not process confidential or personal information.
- Staff with existing paid AI subscriptions may use them for work only with General Manager approval.

7. Information & Data Controls

Permitted inputs include:

- Public information
- Unofficial or non-sensitive Official information
- De-identified content with minimal re-identification risk

Prohibited inputs include:

- Personal information
- Confidential or privileged material
- Internal operational or security information
- Any “Official: Sensitive” or higher-classified data

Refer to the AI Procedure for more comprehensive requirements and operational steps relating to data controls.

8. AI Use Approval

Any new AI use case, pilot or trial must be approved prior to use. Assessments consider data sensitivity, privacy impact, ethical risk, vendor security and human oversight requirements.

9. Security, Audit & Monitoring

Council will monitor AI usage to protect information security and ensure compliance, including:

- Activity logging
- Network and endpoint monitoring
- Restrictions on model training and prompt retention
- Ongoing risk review

10. Training & Awareness

All staff and Councillors must complete AI awareness training before accessing Council-approved AI tools.

11. Recordkeeping

AI-generated content used for Council business is a state record and must be saved to the Enterprise Content Management System with metadata noting AI involvement.

12. Related Documents

- Information Technology Security & Usage Policy
- Privacy Management Plan
- Code of Conduct
- NSW Artificial Intelligence Ethics Policy
- State Records Act 1998
- Privacy and Personal Information Protection Act 1998

| | Date | Minute No. |
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| Adopted: | 16/12/2025 | 2512/010 |
| Last Reviewed: | 16/12/2025 | 2512/010 |
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| Next Review: | 19/12/2029 | |