



WAVERLEY
COUNCIL

Artificial Intelligence Policy



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1. Background

Artificial Intelligence (AI) presents exciting opportunities to improve how we work - enabling smarter, faster and more responsive services for our community. AI, including generative AI, is transforming public sector operations by enhancing efficiency, service delivery, innovation, and decision-making. However, AI also presents privacy, security, ethical, accuracy and accountability risks that must be managed responsibly in public service contexts.

Council has adopted the Digital NSW Government AI policy and Assurance Framework to provide clear guidance on the safe use of AI and to ensure that AI is used responsibly and with clear outcomes so that the community and Council staff has trust that the technology is used appropriately, and that any unintended consequences are avoided or remedied quickly and effectively.

This policy informs a structured and compliant AI governance approach for Council that enables AI use while protecting the community and organisational integrity.

2. Purpose

This policy is intended to:

1. Encourage the adoption of AI to automate repetitive, time-consuming tasks, allowing staff to focus on higher-value activities;
2. Establish a formal AI governance framework that supports responsible, ethical and transparent AI use across Waverley Council;
3. Ensure that AI use aligns with risk-based decision-making, relevant privacy and security obligations, and industry and government best practice;
4. Provide a framework for governance, controls, training, accountability, monitoring, and approval of AI use cases;
5. Enable AI use that delivers measurable business outcomes (efficiency, service delivery, innovation, risk management) while managing risks; and
6. Support the adoption of enterprise-approved AI technology.

3. Scope

Waverley Council is dedicated to ensuring that AI technologies are used responsibly and in ways that respect community values. To uphold this commitment; AI applications need to be carefully reviewed and designed to promote inclusivity and safeguard against any potential harm or marginalisation of individuals or groups. Council may use AI to improve services, solve problems and enhance its operations.

It supports our commitment to innovation as a core value at Waverley Council, encouraging the safe, thoughtful and purposeful use of AI to improve services, streamline operations and drive better outcomes for our community.

This policy applies to:

- All Council staff, elected officials, consultants, contractors, volunteers and third-party service providers engaged in Council work;
- All AI systems, including generative AI, machine learning and embedded AI features within enterprise applications;
- All stages of AI usage — design, procurement, deployment, operation, evaluation, monitoring and decommissioning; and
- All environments in which Council business is undertaken, whether on-premises or via cloud/third-party hosted solutions.

4. Content

AI should always be explored, proposed and introduced with a clear, well-defined purpose that aligns with Waverley Council's strategic goals. It is important to start by identifying the business problem or opportunity, and considering three key questions:

1. What problem are we trying to solve?
2. How will this improve services for staff or the community?
3. Is AI the most appropriate solution?

This purpose-led approach ensures we use AI to deliver value and ensures Waverley Council is in step with the NSW Government AI Assurance Framework, which emphasises that AI use must:

- Be driven by clear business needs
- Deliver measurable public benefit
- Support ethical and responsible innovation

By starting with purpose, we help ensure our AI initiatives are not only technically sound, but also fair, accountable and community centred.

4.1 Principles

Waverley Council AI use must align with the following principles, which aligns with Digital NSW Mandatory Ethical Principles for the use of AI:

- Community Benefit

AI should deliver the best outcome for the community, and key insights into decision-making. AI must be the most appropriate solution for a service delivery or policy problem. It should always be considered against other analysis and policy tools. AI should be the best solution that maximises the benefit for the community, customer and for Council.

- Fairness

Use of AI will include safeguards to manage data bias or data quality risks.

The best use of AI will depend on data quality and relevant data. It will also rely on careful data management to ensure potential data biases are identified and appropriately managed. AI solutions that rely on sub-optimal quality data may result in sub-optimal project outcomes and recommendations. Algorithms that contain systemic and repeatable errors may lead to prejudiced decisions or outcomes

- Privacy and Security

AI will include the highest levels of assurance.

Waverley residents, customers and staff must have confidence that data used for AI projects is used safely and securely, and in a way that is consistent with privacy, data sharing and information access requirements. Any project outcome will be undermined by lack of public trust if there is any risk of a data breach or that personal data could be compromised.

- Transparency

Review mechanisms will ensure Waverley residents, customers and staff can question and challenge AI-based outcomes.

There must be high levels of assurance that data is being used safely and in accordance with relevant legislation and affected individuals must also have access to an efficient and transparent review mechanism if there are questions about the use of data or AI-informed outcomes. The development of AI solutions must be robust technically, legally and ethically. The community should be engaged on the objectives of AI projects and insights into data use and methodology should be made publicly available unless there is an overriding public interest in not doing so.

- Accountability

Decision-making remains the responsibility of Council and its officers.

AI is a powerful tool for analysing and looking for patterns in large quantities of data, undertaking high-volume routine process work, or making recommendations based on complex information. However, AI-based functions and decisions must always be subject to human review and intervention.

4.2 AI Governance Requirements

To uphold the principles of this policy, Council has established strong governance structures:

- Executive Leadership Team (ELT): Oversees AI implementation, ensures compliance with this policy, and reviews high-impact AI projects.
- Solution Design Authority (SDA) and Privacy and Data Governance Officers: Conducts privacy impact assessments (PIAs) for all new AI systems and investigates any cyber and data-related concerns or breaches.

Waverley Council will apply our Enterprise Risk Management Framework as a part of structured AI Risk Management to assess potential risks before deploying AI technologies. This includes conducting impact assessments to evaluate ethical considerations, data protection concerns, and potential biases.

AI projects deemed high-risk will undergo a thorough review by the Executive Leadership Team (ELT) to ensure compliance with ethical and legal standards. Additionally, AI-driven initiatives will be assessed for their long-term implications on Council services and community trust, ensuring a proactive approach to risk mitigation.

4.3 AI Register

Council will maintain an enterprise AI applications register documenting:

- Approved AI tools and systems;
- Use case descriptions, owners, and risk assessments.
- Approval status, monitoring outcomes and review dates.

4.4 Prohibited and Restricted Uses

- No personal or sensitive data should be input into generative AI tools.
- AI must not make statutory decisions, legal judgements or replace human accountability.

- AI systems must not be used in contexts where the rationale behind their outputs cannot be reasonably explained, interpreted and justified to stakeholders.
- Use of unapproved third-party AI tools without governance sign-off is prohibited.

4.5 Staff Training and Capability

Council will prioritise training programs that help staff use AI to enhance their skills, streamline service delivery and improve decision-making.

- AI users must complete responsible and ethical use of AI training prior to access.
- AI access rights (e.g., Co-Pilot licences) are aligned with completed training and tracked transparency declarations.

5. Definitions

Term	Definition
Artificial Intelligence (AI)	Systems that perform tasks requiring human-like intelligence (e.g., language processing, data analysis).
Generative AI	Models that generate content (text, image, audio or video) based on prompts.
Use Case	Specific application of an AI system to achieve defined objectives.
Risk Assessment	Identification and evaluation of risks associated with an AI use case using an established framework such as the NSW AIAF.
Enterprise Endorsed AI Tools	Approved and controlled AI solutions with governance, security and support structures in place.