

COUNCIL POLICY

Artificial Intelligence (AI) Use

Policy No:	3.11
Policy Subject:	Artificial Intelligence (AI)
Preamble:	This policy establishes expectations to ensure AI is used responsibly, ethically, lawfully and in alignment with public sector values.
Policy Statement:	<p>The Shire of Katanning supports the appropriate and responsible use of AI to enhance organisational capability and community outcomes.</p> <p>The Shire has adopted Microsoft Copilot within the Microsoft 365 environment as its preferred AI tool for staff use, as it operates within existing security, privacy and data governance frameworks.</p> <p>AI technologies may be used by staff and elected members however:</p> <ul style="list-style-type: none">• AI does not replace human judgement or accountability• All decisions remain the responsibility of the Shire of Katanning• AI use must align with legislative obligations, public sector values and community expectations
Objectives:	<ol style="list-style-type: none">1. Ensure AI is used ethically, lawfully and transparently.2. Support innovation and improved service delivery while managing organisational, workforce and social risks.3. Provide clear governance principles for the adoption and use of AI technologies.4. Protect privacy, data security and public trust.
Scope:	<p><u>This policy applies to:</u></p> <ul style="list-style-type: none">• All Shire of Katanning employees and volunteers and,• Councillors when using AI for Council related business.
Legislation:	<p>AI use must comply with all relevant legislation, policies and standards, including but not limited to:</p> <ul style="list-style-type: none">• Local Government Act 1995 (WA) and Associated Regulations• State Records Act 2000 (WA)• Privacy Act 1988 (Commonwealth), where applicable• Freedom of Information Act 1992 (WA)¹

Policy Detail:

Principles for AI Use:

1. **Human Oversight and Accountability:** All AI-assisted outputs must be carefully reviewed by shire staff prior to use. Accountability for decisions and outputs remains with Shire officers and elected members.
2. **Fairness, Equity and Inclusion:** AI use must avoid discriminatory outcomes and be appropriate to Katanning's local, cultural and community context.
3. **Transparency:** Where AI materially influences a decision or output, this influence must be explainable in plain language.
4. **Workforce and Social Responsibility:** AI will be used to support staff capability and productivity.

Preferred AI Platform: The Shire of Katanning's nominated AI platform is Microsoft Copilot due to:

1. Integration with Microsoft 365
2. Alignment with Shire security, identity and access controls
3. Improved data protection compared with public consumer AI tools

Use of public generative AI tools (such as ChatGPT or similar platforms) is not permitted.

These tools generally operate outside the Shire's controlled ICT environment and process or store data in external systems that are not governed by the Shire's security, privacy or recordkeeping frameworks.

Unauthorised use of external AI tools presents a risk of unintended data disclosure, loss of control over information, and non-compliance with regulatory requirements.

Use of other AI tools must be approved in accordance with ICT, procurement and governance processes.

Appropriate Use of AI: AI may be used to:

- Assist with drafting non-final documents and correspondence
- Summarise documents, emails and meeting notes
- Support research, analysis and reporting
- Improve accessibility and clarity of information
- Assist with operational planning and internal reporting

Restricted and Prohibited Uses: AI must not be used to:

1. Make final decisions relating to employment, disciplinary action or performance management
2. Replace legally required professional, statutory or human judgement
3. Generate final legal advice without qualified professional review
4. Process or store personal, confidential or sensitive information outside approved systems
5. Conduct surveillance or monitoring of staff or community members
6. Bypass governance, approval, recordkeeping or accountability requirements
7. Publish or communicate information without human review

Procurement and Third-Party AI Systems: Microsoft Copilot use is governed through existing Microsoft licensing and ICT governance arrangements.

Review: This policy will be reviewed every two years or earlier if required due to legislative, technological or organisational change.

Definitions:

Artificial Intelligence (AI): Computer systems or software that perform tasks which normally require human intelligence, such as learning from data, recognising patterns, generating content or assisting decision making.

Microsoft Copilot: Microsoft’s AI capability integrated into Microsoft 365 and related services, designed to assist users with drafting, summarising and analysing information while operating within organisational security controls.

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Amended:

Source: Manager Information and Communication Technology

Review Responsibility: Executive Manager Corporate Services

Due for Review: 1 June 2028