

# Artificial Intelligence (AI) Technologies Policy

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VI.1	Julianne Hickey	June 2024	Renamed, broadened the scope to include other AI technologies. Updated to align with development of AI Strategy. Includes guidelines for staff and council.
VI.2	Chris Nelson	February 2025	Updates as per development of the AI Risk Management Framework, changes to definition for approved and non-approved AI tools.

Contents

1. Policy Statement ..... 4

2. Purpose..... 4

3. Scope..... 5

4. Definitions ..... 5

5. Risks and Considerations ..... 6

    5.1. Legal .....7

    5.2. Reputation .....7

    5.3. Accuracy.....7

    5.4. Bias .....7

    5.5. Security .....7

    5.6. Data Sovereignty ..... 8

    5.7. Copyright..... 8

    5.8. Confidentiality ..... 8

    5.9. Ethical Use..... 8

    5.10. Decision Making ..... 8

    5.11. Development and Use of API and Plugin Tools ..... 9

    5.12. Security Risk Assessment requirement ..... 9

6. Breaches of Policy..... 9

7. Acknowledgement..... 9

Appendix 1 – Guidelines for workers ..... 11

Appendix 2 – Governance and Monitoring of AI..... 12

Appendix 3 – Related documents..... 13

# 1. Policy Statement

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Hutt City Council (HCC) and its wholly-owned Council Controlled Organisations (Council Group) believe AI will help support Te Awa Kairangi ki Tai and all its people to thrive. Council embraces the potential for the positive, transformational change that the integration of AI can bring to its work and welcomes its use.

Our approach to the use of AI is built on the following principles:

- It will be grounded in the principles of Tika and Pono
- We are committed to the ethical use of AI
- It will be mana enhancing
- We will regularly review and update our policies, procedures and guidelines to ensure they are relevant and effective for an AI-enabled organisation.

Council is committed to ensuring that the utilisation of AI aligns with Council's legal, ethical, and community standards. Only when AI is deployed responsibly can it improve the efficiency, effectiveness and quality of services and advice delivered. This policy outlines the principles and requirements for the safe and responsible use of AI by Council Officers.

## 2. Purpose

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The purpose of this policy is to establish guidelines, to ensure ethical, responsible and lawful use of artificial intelligence (AI) technologies within HCC and its wholly owned CCOs. This will help enhance decision-making, service delivery and operational efficiency, by employees, contractors, temporary staff, or other third parties, hereafter referred to as 'staff or workers' of Hutt City Council (HCC).

This policy identifies the risks staff need to consider when using AI. The policy provides guidelines for staff using AI, and how HCC will apply their Governance systems and frameworks to build trust and confidence.

## 3. Scope

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This policy applies to all workers (employees, contractors, councillors, temporary staff, or third parties) with access to AI technologies, whether through council-owned or personal devices in pursuit of Council activities. It also applies to the organisation, providing guidelines for the ethical and responsible use of AI technologies within HCC to enhance decision-making, service delivery, and operational efficiency. The policy outlines the governance and monitoring of AI operations and technologies, as well as the roles and responsibilities of the organisation and its workers in ensuring compliance with the policy.

## 4. Definitions

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### **AI Technologies Definition**

This policy applies to all AI technologies, including but not limited to technologies, predictive analytics, automation tools, and decision support systems. It encompasses all AI technologies such as GenAI, ChatGPT, Microsoft CoPilot, and other products with built-in AI capabilities.

### **Approved AI tools**

HCC differentiates between approved AI tools and unapproved AI tools. This differentiation is important, as, at this time, staff are only permitted to use approved tools for Council-related work where sensitive or non-anonymised data is involved. This is because HCC holds agreements and licenses with these vendors for these products. Data entered into these tools is not used for the purposes of training the AI models and is not considered to enter the public domain. This means we can utilise them for Council business, including the inputting of sensitive information and data, with reduced risk of that information becoming compromised.

At this time, HCC has x2 approved tools:

- HCC ChatGPT Teams
- Microsoft CoPilot licensed.

### **Non-approved AI tools**

Refers to any other AI tool outside of HCC's current suite of approved tools (ChatGPT Teams or Microsoft CoPilot licensed), including the free versions of both ChatGPT and Microsoft CoPilot. While HCC has a high appetite for AI-related risk, these tools are not secure and data inputted into them for work purposes should be considered to be in the public domain. For these reasons, while staff are permitted to utilise non-approved AI tools for Council-related work, strictly no sensitive Council data or non-anonymised data is to be entered into them (except for in cases approved by either the AI Governance Group or Chief Executive Officer).

NB, the list of approved tools may expand/reduce on an ongoing basis with direction from the AI Governance Group.

## **5. Risks and Considerations**

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The use of AI technology carries inherent risks. As such, it has been recognised that HCC requires a comprehensive AI Risk Management Framework (the Framework) to manage this risk. This Framework includes a Risk Appetite Statement, as well a number of controls in place to help both staff and the organisation as a whole manage risks relating to the use of AI at Council. The controls include:

- The AI Strategy
- The AI Policy (this document)
- AI Guidelines for Staff
- Staff training/development
- Privacy and Security arrangements
- AI Governance Group
- AI Risk Tiering Framework (Traffic Lights)
- HCC Strategic Risk Register – AI.

## **5.1. Legal**

Information entered into AI technologies may become public, potentially breaching regulatory requirements, contracts, or compromising intellectual property. Unauthorised release of private or personal information could violate the Privacy Act 2020 principles. Unauthorised release of public information and records may breach the principles of the Information and Records Management Standard issued under s27 of the Public Records Act 2005.

## **5.2. Reputation**

Failures in AI implementation or outcomes that are unethical or non-compliant may damage the Council's reputation, reduce community trust, and cause dissatisfaction among stakeholders without sufficient monitoring and controls. Users should always adhere to both this Policy, the AI Guidelines for Staff and the Traffic Lights to limit exposure to reputational risk.

## **5.3. Accuracy**

AI technologies rely on algorithms to generate content, which may be inaccurate or unreliable. Workers should review, amend and edit (as applicable) AI-generated content for accuracy before use. If in doubt about the accuracy of AI-generated information, do not use the AI technology and seek guidance.

## **5.4. Bias**

AI technologies can sometimes produce biased, discriminatory, or offensive content, if not designed, tested and trained appropriately. Therefore, workers using AI technologies are ethically responsible to ensure, in compliance with Council policies and applicable laws and regulations.

## **5.5. Security**

AI technologies may store sensitive data and information, which could be at risk of being breached and/or hacked.

## **5.6. Data Sovereignty**

AI technology platforms may be hosted internationally, but information created or collected in New Zealand is still under the jurisdiction of New Zealand laws. If information is sourced from an overseas-hosted AI technology for use in New Zealand, the laws of the source country regarding its use and access may apply. AI technology service providers should be assessed for data sovereignty practice and give appropriate consideration to Te Tiriti o Waitangi.

## **5.7. Copyright**

Workers must adhere to copyright laws when using AI technologies. It is prohibited to use AI technologies to generate content that infringes upon the intellectual property rights of others. If a worker is unsure whether a particular use of an AI technology constitutes copyright infringement, they should contact their manager or the Legal team for guidance.

## **5.8. Confidentiality**

Only approved AI tools should be utilised for Council-related work to ensure that it does not become publicly available. Workers must follow all applicable data privacy laws and organisational policies when using AI technologies.

## **5.9. Ethical Use**

AI technologies must be used ethically and in compliance with all applicable legislation, regulations, and organisational policies. Workers must not use AI technologies to generate content that is discriminatory, offensive, or inappropriate, exposing Council Group to risk.

## **5.10. Decision Making**

Workers using AI for decision making must be accountable, transparent, fair, and compliant. They must be able to explain how the AI technology works and what data it uses, inform stakeholders that AI technology is involved and how it affects them, ensure that the AI does not discriminate or harm anyone's



dignity, rights, or interests, and follow the laws, regulations, policies, and standards for using AI in their domain.

## **5.11. Development and Use of API and Plugin Tools**

API and plugin tools enable extra access to, and functionality for, AI services to improve automation and productivity outputs. However, they also represent additional risks. These tools must be rigorously tested for moderation and factual responses. OpenAI's Safety Best Practices guidelines should be followed when developing API and plugin tools for internal systems.

## **5.12. Security Risk Assessment requirement**

A comprehensive Security Risk Assessment is required for any solution or process where AI is proposed to be used. This assessment should consider potential risks regarding legality, output accuracy, bias and discrimination, security, and data sovereignty and protection.

# **6. Breaches of Policy**

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All staff should be aware of and comply with this policy. Council's Code of Conduct sets out the expectation that staff will comply with all policies and procedures. Actions found to be in breach of the Code of Conduct may result in disciplinary action.

All actual or alleged policy breaches will be investigated and actioned in accordance with People and Capability procedures i.e. the Policy Guidelines to Managing Misconduct and disciplinary procedures.

# **7. Acknowledgement**

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By using an AI tool, workers acknowledge that they have read and understood this policy, including the risks associated with the use of AI technologies. Workers

also agree to comply with this policy, operate within the guidelines and to report any violations or concerns to your Manager or HR Business Partner.

# Appendix 1 – Guidelines for workers

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AI can be used to efficiently generate work-related content. For instance, creating comprehensive reports or engaging presentations can be streamlined with AI assistance, enhancing productivity.

When using AI technologies all workers should be aware of the following:

1. **Verify Accuracy:** Before using AI-generated content, it's essential to ensure its accuracy. An example of this is cross-verifying AI-generated data with existing records for precision before finalising a report.
2. **Respect Copyright:** Use AI to create original content or to paraphrase existing materials while ensuring it does not infringe on intellectual property rights. For example, AI can help draft unique responses to customer inquiries that reflect Hutt City Council's voice.
3. **Guard Confidentiality:** Confidential information may be entered into either of the two Council-approved AI tools (ChatGPT Teams and Microsoft CoPilot licensed) for work-related purposes. This data is not used for the purposes of training the AI models and is not considered to enter the public domain. While staff are permitted to utilise non-approved AI tools for Council-related work, strictly no sensitive Council data or non-anonymised data is to be entered into them (except for cases approved by either the AI Governance Group or Chief Executive Officer). These tools are not secure, and data entered into them should be considered to be in the public domain.
4. **Ethical AI Use:** AI should be used to create inclusive and respectful content. For instance, AI can help ensure language in customer communications is culturally sensitive and non-discriminatory.
5. **Transparent AI Use:** When AI supports any decision-making, its role should be clear, and decisions should be made without bias. An example is using AI to shortlist candidates for a job while ensuring the final decision is made by a human to avoid potential biases.
6. **Label AI Content:** In cases where content is written solely by AI, with limited human review or editing, clearly indicate when content has been

generated with AI assistance, maintaining transparency. For example, where AI is being heavily utilised, by letting your manager know how you are using AI, or putting a footnote in a report can state that certain analyses were AI-assisted.

7. **Adhere to the AI Traffic Lights:** When using AI tools for completion of Council-related duties, ensure application of the AI Traffic Lights, which clearly categorise the risk of each use case and provide guiding actions to manage that risk.
8. **Adhere to AI Policy:** Comply with this AI policy and other related policies (Appendix 3) and promptly report any concerns to your manager. For instance, if an AI tool is not functioning as expected, report the issue to ensure it's addressed in line with the policy.

## Appendix 2 – Governance and Monitoring of AI

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Hutt City Council (HCC) is committed to building and maintaining trust in our use of artificial intelligence (AI) technologies. We recognise the importance of ensuring that our AI systems are mana enhancing through being tika, and pono. To achieve this, we have established a robust governance and monitoring framework to ensure that our AI operations and technologies align with our ethical standards and strategic objectives. This section outlines the framework for the oversight and review of AI systems within HCC.

**3.1 Governance Structure** The AI Governance Group functions as the mechanism by which HCC governs all risks and issues relating to AI usage, as they emerge or are identified, at Council (except for the AI-Volution Project, which has its own governance group). The group comprises representatives from across relevant areas of the business and is responsible for the development, implementation, and continuous improvement of AI governance policies. CLT acts as its escalation point.

**3.2 Monitoring Mechanisms** Regular audits and reviews will be conducted to monitor compliance with the AI policy, evaluate the performance of AI systems,

and identify any potential ethical or legal issues. These assessments will be carried out by both internal and/or external auditors to ensure objectivity.

**3.3 Transparency and Reporting** HCC will maintain transparency in AI operations by documenting all AI systems (through an AI Data Registry) and their decision-making processes. An annual AI Transparency Report will be published, detailing the use, performance, and impact of AI technologies within HCC.

**3.4 Risk Management** HCC's AI Risk Management Framework has been established to address the specific risks associated with AI, including bias, discrimination, and privacy concerns. This plan will include mitigation strategies and contingency plans for any identified risks.

**3.5 Training and Awareness** Ongoing training programmes will be provided to all staff involved in the development, deployment, and management of AI systems. These programmes will focus on ethical AI practices, transparency policy compliance, and the importance of human oversight.

**3.6 Stakeholder Engagement** HCC will engage with stakeholders, including citizens, employees, and external partners, to gather feedback on AI applications and address any concerns. This engagement will be facilitated through public forums, surveys, and direct communication channels.

**3.7 Continuous Improvement** The AI policy and its governance mechanisms will be subject to continuous review and improvement. Feedback from monitoring activities, stakeholder engagement, and emerging best practices will be incorporated to ensure the policy remains relevant and effective.

## Appendix 3 – Related documents

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In the implementation and application of this AI Policy, the following Strategy and Policies must be taken into account:

- Rautaki Māori – Māori Strategy
- AI Risk Management Framework
  - AI Strategy
  - AI Guidelines for Staff

- AI Governance Group Terms of Reference
  - AI Risk Tiering Framework (Traffic Lights)
  - HCC Strategic Risk Register – AI
- Privacy Policy
- Information Management Policy
- Research Ethics Policy
- Privacy Impact Assessment (PIA) Guideline
- Procurement Policy
- Internet Acceptable Use Policy.