



Submission to the Senate
Environment and Communications
References Committee
Inquiry into
Artificial Intelligence and Data Centres

Acknowledgement of Country

We acknowledge the Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the lands across Australia on which we work and live.

We pay our respects to Elders past, present, and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples. We recognise their rich culture and their enduring connection to Country and the role this plays in shaping sustainable communities.

The National Growth Areas Alliance is hosted by the City of Casey, Victoria.

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Version control			
Version	Date	Description	Approved
V1	21 Aug 2026	Draft for Member comments	AH/SK
V2	31 Aug 2026	COM and Member comments incorporated	AH/SK
V3	1 Sep 2026	Final feedback	BC

1 September 2026

Senator Sarah Hanson-Young
Chair of the Senate Environment and Communications References Committee
Parliament House
Canberra ACT 2600
Via email to: ec.sen@aph.gov.au

Dear Senator Hanson-Young,

Submission to Inquiry into artificial intelligence and data centres

The National Growth Areas Alliance (NGAA) welcomes the opportunity to provide a submission to the Senate Environment and Communications References Committee's Inquiry into artificial intelligence (AI) and data centres.

National Growth Areas Alliance

The NGAA is the peak body for local government in Australia's fast-growing, outer metropolitan regions. Growth areas comprise 29 local government areas (LGAs) across five capital cities (see Figure 1). Making up only 5% of all local government areas, growth area councils are home to more than 6 million residents, or 22% of Australia's population.

Member councils of the NGAA are united by the shared experiences of grappling with population growth rates at double the national average, rapid, state-planned greenfield residential development and the challenges of long-term under-investment in strategic transport and social infrastructure.

NGAA advocates for national policy reform and equitable, strategic infrastructure investment aligned to growth to create thriving, liveable and resilient communities.

Why Data Centres are important to growth areas

The Inquiry is timely, as investment in data centres accelerates, while community concerns about their environmental, economic and social implications rises.

Growth area councils are now at the forefront of Australia's government-incentivised, investor-driven data centre development, at the same time as they are expected to deliver 26% of the National Housing Accord housing supply targets — around 300,000 new homes. Importantly, growth area LGAs contain 71% of Australia's major city industrial land supply, but a significant proportion lacks the infrastructure and servicing required to support investment.

The NGAA members recognise the significance of data centre investment to Australia's digital economy and future productivity, but data centre developments are also creating real planning, utility, community and land use pressures for councils. The NGAA welcomes the steps taken by the Australian government to establish a national approach but argues that all states need to engage early with councils and to provide consistent, specific guidance on data centre development to ensure the environmental and social impacts are addressed.

The AI and Data Centre investment boom demonstrates why **a better framework for infrastructure planning and investment in growth areas is needed immediately.**

Growth areas are nationally significant metropolitan regions

Growth areas are already central to national productivity; they are **home to over 6 million people**, support **1.8 million jobs** and contribute an annual economic output of **\$724 billion**.

Industrial land in growth areas are prime locations for many existing and proposed data centres, including the majority of the hyperscale data centre developments.

NGAA recognises the significance of data centre investment to Australia's digital economy and future productivity

Data centres present a major economic opportunity for Australia, but only if both the federal and state governments take a consistent approach and plan for them as infrastructure, not as isolated development applications. The opportunity from data centre investment for growth areas lies in not just in having a data centre. It is the potential for servicing, energy infrastructure and stimulating high-value uses and future industries that can grow around it.

Growth area councils understand the importance of AI infrastructure investments but seek strategic planning and genuine partnership so national benefits are achieved without compromising local outcomes.

Data centre developments are disproportionately impacting growth area councils

While the federal and state governments are actively attracting and expediting data centre investment¹, **growth area councils are bearing the brunt of community concerns**² and managing the social, economic and environmental implications of these new developments.

These local impacts are not hypothetical.

Wyndham City Council, in Victoria, is emerging as one of Australia's major data centre locations, with two existing data centres and a rapid pipeline of six projects under construction and a further five proposals. Wyndham City Council is currently reviewing the local impacts of data centre growth on local infrastructure, high electricity demand, intensive water use, transport and environmental pressures in the absence of a clear state-wide framework or planning policy.

Community concern regarding data centre development is evident in Western Australia's City of Swan, where a recent proposal received 1,890 community submissions. Of those 97% were objections, with submitters raising concerns about noise, river environment, cultural heritage, air quality, heat, traffic, water and energy impacts. In Western Australia, planning assessment reports by councils are provided to the Joint Development Assessment Panel for a decision, which is an instrument of the Western Australia Planning Commission, but the Commission itself is yet to have formal data centre guidance.

¹ Australian Government 2025, [National AI Plan](#), outlines actions to attract investment, and NSW Government 2023 planning reform [State Significant Development Warehouses and Data centres](#) enabled proposals for data centres that have a total power consumption of more than 15 megawatts from 1 June 2023, or Capital investment value of more than \$40 million, to be assessed as State Significant Development. The Victorian Government is actively incentivising data centre investment through its [Invest Victoria](#) initiatives and [AI Mission Statement](#).

² Lucas, C and White, D 2026, [Life next to an AI mega-factory](#), *Sydney Morning Herald*, 1 March 2026

With four approved and four proposed data centres, Penrith City Council in New South Wales has highlighted the risk that data centres could place additional pressure on constrained utilities, potentially competing with housing and employment growth unless state planning and infrastructure delivery are better coordinated. Penrith City has called on the New South Wales government to require data centres are self-sufficient in meeting their own power and water needs.

The Victorian City of Whittlesea's recent data centre proposal demonstrates how state-led assessment pathways can diminish both local government and community influence - now and potentially into the future. Despite Council's formal objections on strategic planning grounds and a community petition attracting more than 4,500 signatures, the proposal proceeded through Victoria's Development Facilitation Program. With public notification and third-party appeal rights not applicable, there was no ability to inform the public of the planning permit application. The case highlights the need for transparent planning processes that appropriately consider local expertise, strategic planning objectives and community views.

Many of our members' concerns have been raised with their respective state governments and in their individual submissions to this Senate inquiry. State governments are responsible for the major enabling infrastructure (energy and water) to service the industrial land required for data centre development, all of which have long lead times for investment decisions and infrastructure provision. It is therefore essential that states should be expected to work with councils to help ensure that data centres not only meet the national expectations but are strategically located to minimise impacts and maximise community benefits.

Our collective NGAA submission underscores the importance of empowering growth area councils to facilitate the economic opportunities presented by data centre investment, while ensuring local impacts on communities, infrastructure and the environment are appropriately planned for and managed.

This submission reflects the collective expertise of NGAA members and is informed by extensive engagement through workshops and Congress discussions, as well as input from industry and property advisory groups.

Response to Inquiry Terms of Reference

(a) the effectiveness of **existing regulatory frameworks** in managing the growth of datacentres in Australia, including in relation to existing and future deals between the Australian Government and global Artificial Intelligence (AI) companies

Effectiveness of existing regulatory frameworks

Current planning frameworks generally treat data centres as industrial developments and warehouses rather than nationally significant digital infrastructure. Major data centre applications are increasingly being assessed through state-approval pathways rather than local council processes. State government measures to fast-track approvals act as an incentive for developers to opt for proposals for larger centres. State approval processes are a major concern for many councils who are being excluded from decisions about where data centres may be best located.

When councils are removed from decision-making, valuable local knowledge can be lost, and communities can lose confidence in the planning process. Projects are more successful when communities know their concerns have been heard and local impacts have been properly considered.

What is needed is a nationally consistent planning and regulatory framework that addresses the need for land for data centres as nationally significant digital infrastructure.

States should be expected to engage early with councils to identify suitable sites and apply specific zoning to accommodate data centre development that does not compromise local needs. States must be encouraged to develop a consistent and strategic approach to data centre development which require coordinated state and local review.

(b) the potential impacts of AI and data centres on Australian communities, industries and the environment, water and energy;

Councils are concerned about the cumulative impacts on electricity, water, transport and employment land. The biggest issue is coordination of the planning and delivery of the enabling infrastructure that is necessary for both data centre development as well as local residential and economic development.

Data centres influence the availability and servicing of industrial lands

Growth areas LGAs contain 71% of Australia's major city industrial land supply — and as much as 94% of Adelaide's future industrial land supply is in one growth area, the City of Playford. This makes them the ideal location for data centre developments.

However, much of the industrial land in growth areas remains unserviced. When much of the undeveloped industrial land in growth areas is yet to be serviced, and new greenfield residential areas and commercial centres in growth areas equally require enabling infrastructure, state governments must genuinely engage with local governments to coordinate strategic and infrastructure planning and resourcing across agencies.

On one hand, data centre development might invest and can expedite connections to services and utilities in an undeveloped industrial precinct, which might then attract other industrial development in the precinct. But on the other hand, some hyperscale data centres can take up large areas of land that might otherwise be used for more job-intensive, industrial uses in these precincts. Data centre developments in industrial lands can also push land values well beyond what other employment industrial uses can justify³.

If AI and data centres are to be considered critical infrastructure for Australia's future economy, then **decisions about where data centres are best located should be based on integrated planning processes that are coordinated across the three tiers of government.**

NGAA argues that data centre approvals should be integrated within broader precinct plans, as well as utility and economic development strategies. Data centre clusters should be planned alongside power, water, roads, buffers and future employment uses.

³ Hyland, T, 2026, The Role of Data Centres in Growth Area Economies: The Industrial Land Sales Perspective RPM, presentation to the National Growth Areas Alliance, 2026 National Congress, 6 August 2026.

Strategic identification and zoning of land specifically for data centres within industrial precincts, similar to Renewable Energy Zones (REZ) would provide greater certainty to investors and communities alike.

The Australian Government could assist growth area councils with precinct planning and servicing of their industrial precincts to accommodate data centres through a dedicated funding program in partnership with state governments, modelled on the Urban Precincts and Partnerships program, which offered two streams of funding, one for planning and the other for delivery.

(c) any other related matters

Growth area councils and their communities want confidence that data centre development is properly planned and that local communities will share in the benefits. Two areas where data centre development could benefit communities are supporting local employment and skills and enhancing the local environment.

Data centres should support local employment and skills development

Growth area economies are characterised by longstanding jobs deficits, as population growth has outpaced the creation of local employment opportunities, resulting in fewer local jobs than resident workers. Community benefit frameworks for data centre developments in growth areas should support local employment, procurement and skills development.

Some concerns raised have noted that, after construction, data centre operations offer relatively few direct and ongoing employment opportunities compared to other industrial uses. However, development of large-scale transport logistics, warehousing and automated distribution centres, similarly offer fewer ongoing jobs.

Data centre developments present an opportunity to make direct investment in local skills development, workforce training and employment initiatives that are necessary to reduce the significant jobs deficits that persist across growth areas. Data centre construction is generally more complex and lengthy, requiring additional labour and skills compared to traditional warehouses and logistics and distribution centres. Broader economic contributions can help offset low employment density over the life of the facility.

These may include:

- Commitments to local construction employment and procurement.
- Investment in local skills development, training pathways or apprenticeships.
- Partnerships with local TAFEs, universities or research institutes.

Data centres should enhance local environment and amenity

The physical scale and operation characteristics of data centres create environmental impacts that can differ from other industrial uses. Large building footprints, heat exhaust systems and mechanical operations can contribute to urban heat and affect surrounding amenity.

Decisions about what can actions might enhance environments and amenity are best made by engaging with communities directly impacted. **Local government is best placed to support engagement with their communities and to work with state government**

agencies and industries to identify innovative ways to minimise impacts of data centres and improve the amenity of surrounding areas.

Genuine engagement with local government and communities is essential

The Australian Government has made progress towards a nationally consistent strategic approach to data centre development with the statement of five [expectations for data centres and ai infrastructure developments](#)⁴ that aim to incentivise investment in data centres that support everyday digital services, create jobs, strengthen the economy, enable cutting-edge scientific research and help meet sustainability goals.

The State governments should now ensure that expectations of data centres are met through the strategic and statutory planning processes. Planning for data centres should be consistent across jurisdictions and require best practice:

- Energy efficiency, including use of renewable energy and investment in electricity grids
- Water efficiency, such as the use of closed-loop cooling systems and recycled water
- Construction and design to mitigate noise, visual and other environmental impacts

If growth areas councils are expected to deliver a substantial share of national housing, as well as accommodating data centres in their industrial lands, they must be genuinely engaged in early-stage planning, funding and governance settings and equitably resourced to help coordinate infrastructure delivery to avoid fragmentation and provide greater certainty.

What is needed is a long-term strategic approach to data centre development that is evidence-based and transparently balances national and state interests with local place-based impacts.

Councils should have the opportunity for input into decision-making around data centres within their local government area, to ensure site specific strategic opportunities are realised and support community needs.

Recommendations

Given their strategic importance for current and future data centre development, the NGAA recommends that the Australian Government adopt a specific and strategic approach to data centre development, where Australia's **growth areas councils** are:

- i. **Classified** as nationally significant metropolitan regions, where substantial data centre development is already underway and where most of Australia's potential employment lands for future data centre development have been identified;
- ii. **Prioritised** for investment in enabling infrastructure to service industrial lands in tandem with, and not at the expense of, enabling infrastructure for new residential development, balancing population growth with employment growth;
- iii. **Genuinely engaged** in early planning stages for data centres to ensure alignment with local planning priorities;

⁴ Australian Government 2026, [Expectations for data centres and AI infrastructure developments](#), Department of Industry, Science and Resources, Canberra.

- iv. **Equitably resourced** for planning and infrastructure delivery to support growth in demand for data centre developments and other industrial enterprises in industrial precincts.

In relation to data centre regulatory frameworks and impacts on communities, industries and the environment, more specifically, the NGAA recommends that the Australian Government:

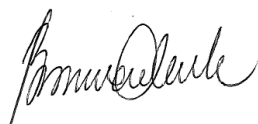
1. **Establish a nationally consistent regulatory framework for data centres and AI infrastructure** that
 - a. requires coordinated local government participation in state government major project assessment and infrastructure planning;
 - b. supports strategic data centre precincts linked to broader employment and innovation outcomes;
 - c. requires cumulative impact assessment of major data centre precincts.
2. **Support strategic industrial precincts where data centres are best located** linked to broader utilities plans, economic strategies and innovation outcomes
3. **Require states to work with councils** to apply data centre development zones in suitable locations within strategic industrial precincts
4. **Prioritise enabling infrastructure investment for strategic industrial precincts in growth areas** following a similar model to the Government's Urban Precincts and Partnerships Program
5. **Require best-practice energy efficiency measures, water use and construction and design for data centre developments**
6. **Develop a national community benefit and social licence framework for data centres.**

Growth area councils are ready to be partners in Australia's digital future. We want data centres in the right locations, supported by the right infrastructure, with genuine community engagement and long-term economic benefits. Local government should be part of those decisions because councils know their communities, their constraints and their opportunities.

A truly coordinated and strategically-focussed approach across three tiers of government is the best way to optimise the benefits of data centre developments in growth areas, balanced against the needs of their local communities.

We appreciate the opportunity to provide this submission and would welcome the opportunity to discuss our recommendations with the Committee.

Yours sincerely,



Bronwen Clark
Chief Executive Officer
National Growth Areas Alliance

Figure 1 Population, growth rates and dwelling approvals in Australia's growth areas

