

Submission to Inquiry into Data Centres

NSW Legislative Council

Public Accountability and Works Committee

27th March 2026

Prepared by the Northern Sydney Regional Organisation of Councils (NSROC) on behalf of our member councils:

- Hornsby Shire Council
- Hunter's Hill Council
- Ku-ring-gai Council
- Lane Cove Council
- Mosman Council
- North Sydney Council
- City of Ryde Council
- Willoughby City Council

Primary Contact:

Dr Meg Montgomery

Executive Director, Northern Sydney Regional Organisation of Councils (NSROC)

E: mmontgomery@lanecove.nsw.gov.au

M: 0401 640 823

Note: This submission was prepared prior to the release of Infrastructure NSW Data Centre Consultation Paper¹ and should be read in that context.

¹ Infrastructure NSW, 2026, 'NSW Data Centre Consultation Paper'

https://www.infrastructure.nsw.gov.au/media/qwwpt03m/nsw-data-centre-consultation-paper_wcag.pdf

Introduction - NSROC and member councils

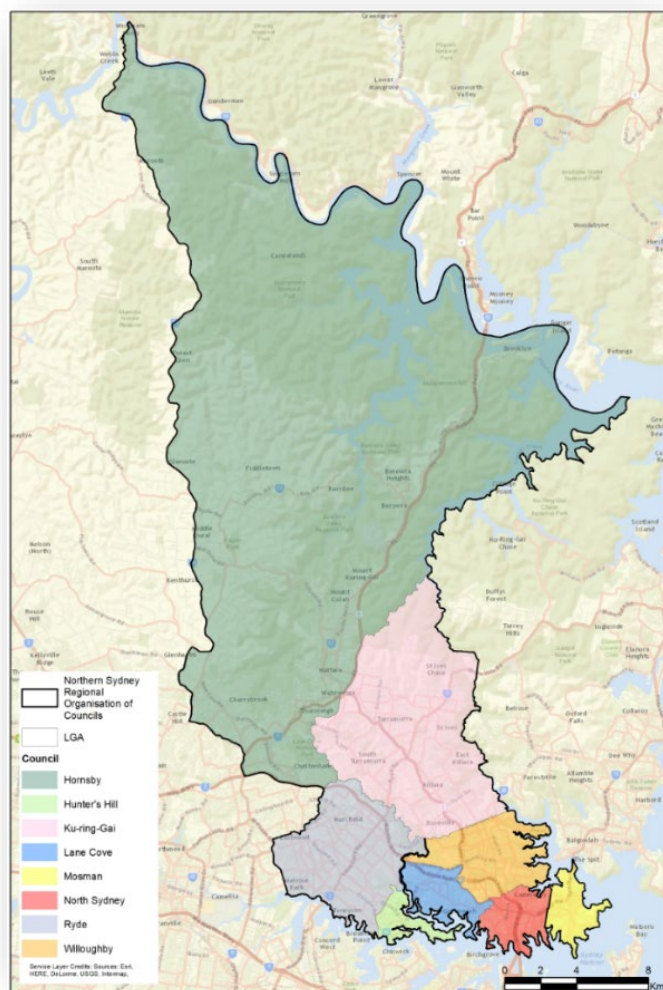
The Northern Sydney Regional Organisation of Councils (NSROC) members are the eight councils in the northern Sydney area: Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, Mosman, North Sydney, Ryde, and Willoughby.

NSROC brings these councils together to work on projects and common goals to create solutions that benefit not just individual communities, but the entire region. NSROC actively seeks opportunities to work with State and Federal government departments and community organisations.

NSROC member councils service an area of 639km² with a population of 662,281 as of 2026² which extends from the Hawkesbury River in the north to Sydney Harbour in the south, west to Meadowbank on the Parramatta River, as shown in below.

The eight NSROC member councils are:

- Hornsby Shire Council
- Hunter's Hill Council
- Ku-ring-gai Council
- Lane Cove Council
- North Sydney Council
- Mosman Municipal Council
- City of Ryde
- Willoughby City Council



² Department of Planning, Housing and Infrastructure, 2026, 'Explore the data – population projections,' released 2024, <https://www.planning.nsw.gov.au/data-and-insights/population-projections/explore-the-data#data-downloads>

This submission

NSROC member Councils are at the forefront of managing the growth in data centre development.

This submission outlines the collective view of NSROC member Councils on the challenges and opportunities emerging from the rapid increase in data centre development in our areas.

We are supportive of investment in data centres and related infrastructure.

We recognise the importance of data centres and AI infrastructure to capitalise on the strengths of our economy and realise future economic outcomes. However, there are concerns from the fast pace of delivery. These issues include implications for local water and energy use, the potential for the displacement of employment lands and other uses, and the opportunity to realise the full benefits of investment.

We are seeking to work collaboratively with the NSW Government to ensure a strategic and spatial approach to planning for data centres in NSW.

This would improve the frameworks and environment in which data centres are being planned, approved, and delivered, to deliver long term benefits for our communities and economies. NSW has a good record of long-term planning for transport and utilities that considers location requirements, industry needs, and long term economic and social outcomes. Data centres should be planned in a comparable way as part of an integrated suite of digital and economic infrastructure.

We are seeking stronger state controls to support regional and local benefits, and deliver on national expectations.

NSROC welcomes the Commonwealth Department of Industry, Science and Resources' expectations for data centres and AI infrastructure developers³, as part of the National AI Plan. We understand that these expectations are to work alongside state and local government provisions. Building and maintaining the social licence for data centres, through open and constructive engagement with the communities they operate in, should start with local government – the expectations across energy, water, skills and workforce, and research innovation and local capability all have spatial outcomes. The locations of data centres should be supported by a strategic approach to align infrastructure investment and respond to place-based needs. This submission requests stronger state controls to support regional and local benefits in NSW and Greater Sydney.

Six key themes with recommendations

The submission includes 6 key themes, with practical, implementable recommendations:

- Key Theme 1: Strategic spatial planning
- Key Theme 2: Precinct and site infrastructure and design
- Key Theme 3: Environmental performance
- Key Theme 4: Employment and value creation
- Key Theme 5: Developer contributions, and
- Key Theme 6: Governance.

Attachment 1 aligns these 6 key themes to the 10 points in the Terms of Reference for the Inquiry.

³ Department of Industry, Science and Resources, 2026, 'Expectations of data centres and AI infrastructure developers,' 23 March 2026, <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers>

Key theme 1: Strategic spatial planning

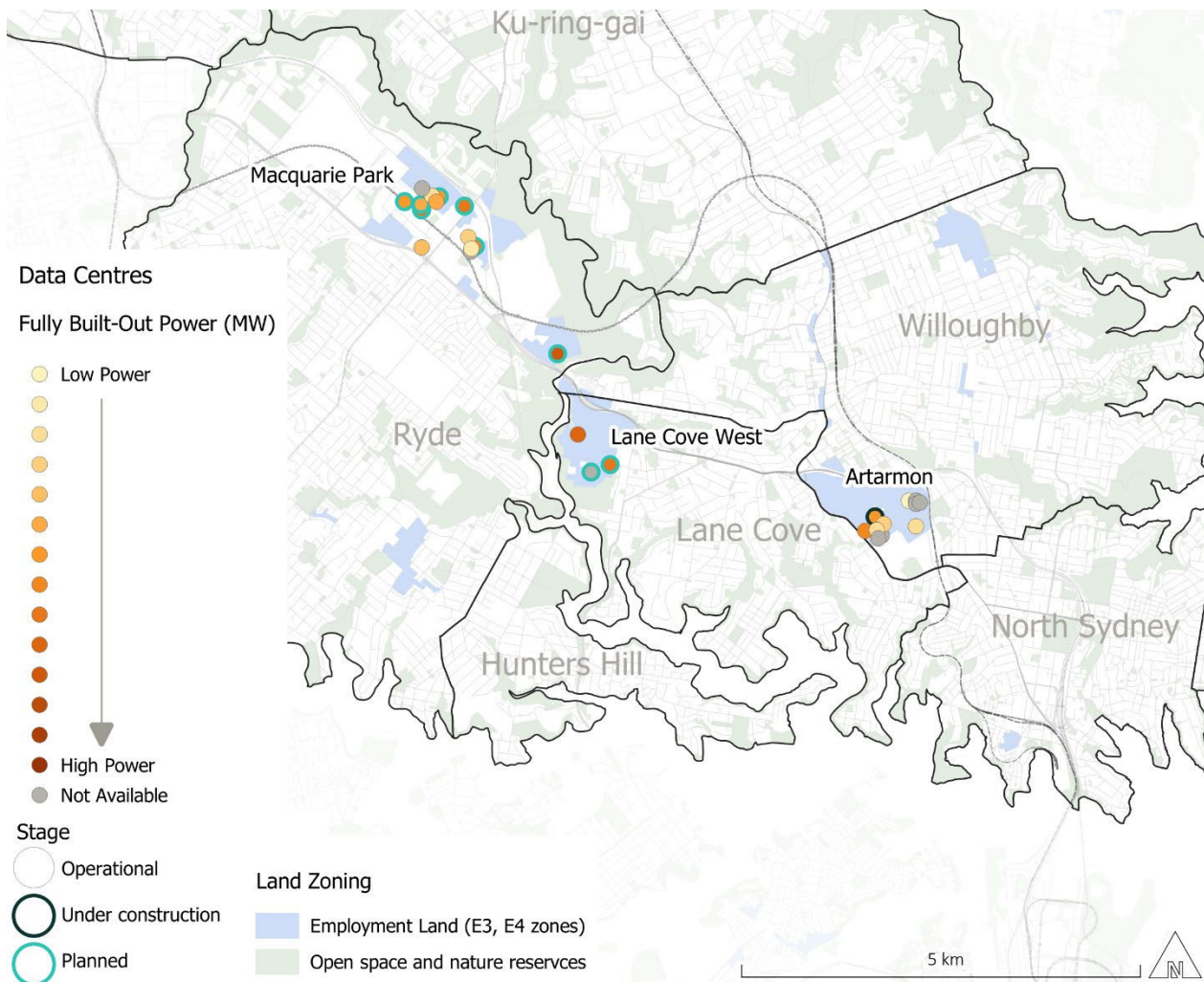
Recommendation

Develop a clear strategic spatial plan to identify preferred locations for data centres within Greater Sydney and NSW, aligned with infrastructure needs (energy and water capacity) and other land use priorities.

Data centres are being developed in locations that experience land use conflicts and pressure.

Publicly available data suggests that there are over 90 data centres currently in operation or planned within Greater Sydney.⁴ A substantial number of these are located within 3 councils in the NSROC region – City of Ryde, Lane Cove Council, and Willoughby City Council, respectively. As illustrated in Figure 1 below, these vary in size and capacity, and to date are largely concentrated in E3, E4 and E5 zones, with concentrations particularly in Macquarie Park (Ryde) and Artarmon (Willoughby).

Figure 1: Existing and planned data centres in NSROC Council areas.



Source: SGS Economics and Planning 2026.⁵

⁴ Data Center Map, 2026, 'Australia Data Centers,' <https://www.datacentermap.com/australia/>

⁵ Compiled from Data Centre Map, 2026, 'Australia Data Centers,' extracted 13 March 2026, <https://www.datacentermap.com/australia/>; Wade & Smith, 2026, 'Your every swipe, tap and click goes through one of these buildings. They are also driving the NSW economy,' *Sydney Morning Herald*, 26 March 2026,

Combined, the existing and planned facilities in the NSROC region total *more than* 1,000 MW, taking up *at least* 232,000 square metres of space (see Table 1) – noting that other applications are also in the pipeline and not shown here (at least 1 more in the Lane Cove LGA).

Table 1: Existing and planned data centres in NSROC Council areas detail

LGA	Number of sites	Total known built-out power (MW)	Total known built-out whitespace* (sqm)
Lane Cove	3 (1 operational)	210	47,830
Ryde	13 (7 operational)	677.1	96,450
Willoughby	11 (10 operational)	186	88,364
Total	27	1,073.1	232,644

Source: SGS Economics and Planning 2026.⁶ * 'Whitespace' refers to the designated, controlled area where IT equipment—servers, storage systems, and network racks—is housed and operated. Note: in Ryde one planned site will replace a current operational site.

Employment lands in Hornsby Shire Council, Ku-ring-gai Council, Lane Cove Council, North Sydney Council, City of Ryde Council and Willoughby City Council are identified in the draft Sydney Plan as regionally significant. The land area covered by the existing and planned data centres is potentially sizeable. For example, in Willoughby, with all 11 identified sites developed, around 9% of all the E3 and E4 land in Willoughby would be allocated to data centres; in Ryde the figure is around 8%. Updated employment lands strategies that respond to the draft Sydney Plan employment guidance job ranges are needed to assess land supply against demand. There is a risk that land for other regionally significant industrial and employment uses may be displaced by data centres.

We understand that proponents for data centres typically seek sites within large industrial precincts with proximity to transmission infrastructure with energy and water availability. Locating in established employment precincts in Macquarie Park and the Lower North Shore is reflecting the demand for low-latency services and proximity to underlying infrastructure and customers. These are locations that are already experiencing land use conflicts and pressure from increasing employment uses, growing housing demand, transport network constraints, and community expectations around amenity and environmental performance.

Greater clarity and strategic direction on the preferred locations for data centres would reduce risks.

With the significant role that data centres are likely to play in our economy going forward, NSROC recommends that the State Government expedites the development of a clear spatial plan that considers the best locations for these facilities to guide development and investment in supporting infrastructure. Data centres are strategic assets – they should not be seen as just another industrial land use. In the absence of a strategic spatial plan for data centres, data centres should not be located within 800m of train or metro stations to ensure these locations are prioritised for housing and commercial uses that generate travel movements and maximise the productivity and returns from public investment. NSROC takes the view that no data centres should be approved without clear direction on preferred locations.

<https://www.smh.com.au/politics/nsw/your-every-swipe-tap-and-click-goes-through-one-of-these-buildings-they-are-also-driving-the-nsw-economy-20260320-p5qx3j.html>; NSW Government, ministerial media release, NSW Government backs data centre investment, sets course for sustainable development, accessed 27 March 2026

⁶ Compiled from Data Centre Map, 2026 ; Wade & Smith, 2026.

This would consider data centre industry needs, Sydney's preferred spatial structure, existing and planned energy and water infrastructure, regional priorities, and local perspectives. We see a role for local governments to be engaged in this process. This approach would also support understanding the cumulative impacts and infrastructure needs. This could take a similar form to the UK's AI Growth Zones – see the case study below. This in turn will help industry as well as local government, in providing clear signals to guide future investment.

This strategic spatial planning could consider the following principles, including considerations from locations in NSROC councils:

- Aligning with strategic capacity in existing and planned energy, water, fibre, and power to support operational needs, including proximity to high-capacity transmission and substations, and access to international fibre gateways.
- Compatibility with surrounding land uses, and need for clustering in precincts or being dispersed, pending operational latency and other requirements.
- The strategic demand for regional and local industrial and employment uses and addressing risks of inadvertently reducing the capacity for jobs. For example: this is particularly the case for Macquarie Park and Artarmon employment precincts which are identified as regionally significant in the draft Sydney Plan.
- Realising benefits from integrated land use with public transport investment. For example: data centre development within walking distance of Macquarie Park's metro station undermines public investment in high-capacity public transport.
- Maximising the productivity and benefits of light industrial, mixed-use, and local centre zones (such as E3, E4, E5, MU1, and E1), which function most effectively when maintaining a diversity of uses and scales of premises. For example – East Chatswood in Willoughby, and Thornleigh in Hornsby Shire. Data centres' status as a permitted use in MU1 and E1 zones should be re-considered. These lands in Ku-ring-gai, for example, have important local economic functions.
- Enabling employment lands to continue to evolve and respond to economic changes if a large proportion of lands are consolidated in one use, impacting economic resilience.

NSROC would welcome the opportunity to collaborate on the development and refinement of principles and their application in Greater Sydney to identify preferred locations for data centres.

The discussion under the Governance theme in this submission is clear that once preferred precincts are identified, applications for data centres could continue to be approved in the State Government SSDA assessment process. Local government should have a role in approvals for any proposed development sites outside of these precincts.

Case study: UK – Designated AI Growth Zones

The UK in 2025 established designated AI Growth Zones, which are clusters designed to accelerate and host large AI enabled data centres and supporting infrastructure. Initially outlined in the AI Opportunities Action Plan (2025), there are currently 5 AI growth zones across Great Britain with a small number of additional Zones to be designated in the future,⁷ and are expected to be used to support regional post-industrial communities.

Regional, local authorities and industry (including data centres and energy firms) can apply for an area to become an AI Growth Zone if it can drive innovation, create high skilled jobs and strengthen the UK's position as an AI leader.⁸

The designation of the Growth Zones gives a clear signal of where this infrastructure should be located, and allows for targeted supporting investment from government, such as:

- accelerated grid connections and enhanced capacity,
- the creation of a specialised Delivery Unit to act as a single point of contact for investors and developers, and
- clear processes for the streamlining of data centre development applications.⁹

⁷ UK Department for Science, Innovation & Technology, 2025, 'AI Opportunities Action Plan,' 13 January 2025, <https://www.gov.uk/government/publications/ai-opportunities-action-plan/ai-opportunities-action-plan>

⁸ UK Department for Science, Innovation & Technology, 'AI Growth Zones (open for applications), 13 June 2025, <https://www.gov.uk/government/publications/ai-growth-zones>

⁹ UK Department for Science, Innovation & Technology, 'Delivering AI Growth Zones,' November 2025, https://assets.publishing.service.gov.uk/media/6915a2609d50fc2fe81616fe/delivering-ai-growth-zones_web_accessible.pdf

Key theme 2: Precinct and site infrastructure and design

Recommendations

Establish best practice precinct and site-based design criteria to guide future data centre projects, addressing risks impacts on bushland, trees, views, stormwater and noise.

The development of data centres raises a range of site-based impact concerns that require careful consideration.

These facilities typically involve large-scale built form and extensive plant infrastructure, which can result in visual bulk, loss of local character and reduced streetscape amenity. Significant energy demand and the operation of backup generators, cooling systems and substations can generate noise, heat discharge, and air quality impacts, particularly affecting nearby sensitive uses. Construction and ongoing operation can increase heavy vehicle movements, contributing to traffic congestion, road maintenance and safety impacts. Without appropriate mitigation measures, these cumulative impacts risk undermining environmental performance, local liveability and surrounding land uses.

There should be a considered approach to the location of data centres at the site level to address these concerns. These site-based design criteria would complement the strategic spatial planning recommended in Key Theme 1.

Clearer guidance on precinct and site-specific decision making would provide both investor and community confidence.

Once preferred precincts are identified and planned for at the strategic level (see Key theme 1), specific guidance should inform precinct and site level development. NSROC recommends that clear criteria be developed to inform site-by-site decisions in the approvals process for data centres. These criteria should be informed by experiences of recent development and local government expertise. The principles for precinct and site design criteria should include:

- clear buffers to bushland, flood risk, including managing risks of sediment runoff
- being sited away from 'sensitive' uses, such as schools, childcare, and other uses that present higher risks from noise, or fuel storage risks
- sensitivity to adjacent current and planned building heights, footpath, street connections, public domain and heritage values
- accommodate future access needs for asset renewal and maintenance
- safe connections to fibre, water and energy infrastructure networks (see Key theme 3 of this submission), and
- including precinct solutions for sustainable energy generation, heat re-use, and use of recycled water.

The establishment of these criteria would set clear expectations for data centre proponents and reduce speculative investments undermining local planning. While a clear design guide should be implemented to streamline SSD and DA assessments, it should not entirely bypass local expertise. For proposals located outside specific SSD-permitted precincts, particularly those adjacent to non-industrial land uses, applications should be referred to Council design review panels to ensure site-specific compatibility and high-quality urban design outcomes.

Case study: Netherlands National Spatial Strategy (NOVI) and Spatial Strategy for Data Centers

The Netherlands' have a National Strategy which outlines the spatial and environmental planning responsibilities of different levels of government. The most recent version of the Strategy builds on the Spatial Strategy for Data Centers 2030, to include recommendations for the conditions in which data centres should be established, being where:

- energy demand can be sustainably met via current or future electricity grids
- residual heat from data centres can be recovered and fed into district heating networks, and
- market players' requirements for digital connectivity can be met.

Most data centres in the Netherlands are located in the North Holland province, which includes the Haarlemmermeer and Amsterdam municipalities. These municipalities have introduced specific policies concerning the establishment of data centres. Haarlemmermeer's Umbrella Zoning Plan requires the following conditions to be met:

- **Connection to an energy network**—a new data centre may only be put into operation if it is connected to an energy network with sufficient capacity and if written advice has been obtained from the network operator in advance.
- **Maximum connection capacity of electricity**—the Umbrella Plan limits the total connection capacity of new data centres to 550 MVA (excluding a number of data centres for which applications for environmental permits have been submitted).
- **Own procurement station**—data centres with a connection capacity greater than 80 MVA must have a 150 kV procurement station on their own premises.
- **Pavement**— in the interest of good water management and to stimulate a green approach, it has also been stipulated in the Umbrella Zoning Plan that 75% of the unbuilt area must be unpaved, with a minimum of 250 m², and that the unpaved areas must be integrated in the landscape.
- **Landscape integration**—the use of land for a new data centre is only permitted if, within two years after an environmental permit for building a new data centre becomes irrevocable, the unpaved grounds are integrated in the landscape.

Amsterdam's data centres policy includes similar guidance, with a particular focus on making data centres more environmentally friendly and sustainable.¹⁰

¹⁰ Stibbe, 2021, 'Increasing control of data centre locations,' 26 August 2021, <https://www.stibbe.com/publications-and-insights/increasing-control-of-data-centre-locations>

Key theme 3: Environmental performance

Recommendations

Develop clear performance standards for energy and water efficiency, including alignment with local government and NSW Net Zero Plans and precinct circular economy principles, including monitoring and reporting.

The pace and scale of data centre development in Greater Sydney is raising concerns about pressures on energy and water infrastructure and their implications for net zero targets.

Most data centres are still drawing from the energy grid and drinking water supplies for their operations, with energy needed for computing, and water to cool down the servers.

Estimates vary in the amount of energy and water that is consumed by data centres, and this varies by project. At an aggregate level, recent reports have included the following:

- As of 2025 data centres used around 2% of Australia's electricity (3.9 TWh annually), and 0.04% (5.5 gigalitres) of potable water; 0.7% of Sydney's water.¹¹
- Influenced by growth in AI, Sydney Water has estimated 250 megalitres per day may be needed by 2035 to service the industry; Melbourne Water has identified that projected demand based on applications for hyperscale data centres would exceed the usage of nearly all the top 30 non-residential customers in Melbourne.¹²

New federal expectations set a high standard for sustainable and efficient water use, and to support Australia's energy transition. These expectations would benefit from further detail at the state level to support precinct and site development.

There has been limited strategic consideration of the impacts of this energy and water usage at a broader scale, including the cumulative effect of the rapid approval of projects on regional available energy and water supplies in Sydney. As well as this underlying usage of energy and water, and the potential for impacts on supply, there are flow on effects in the resulting greenhouse gas emissions. This is particularly notable in light of climate change, the impacts of which are already evident, and likely to intensify.

It is also pertinent at a time when governments have clear directions and targets for achieving net zero and other climate-related mitigation and adaptation efforts. The NSW Government, in its Net Zero Plan, has a goal for a 70% reduction in emissions by 2035 (compared to 2005), and to achieve net zero emissions by 2050.¹³ The largest share of the State's emissions currently come from energy generation. By extension, the additional usage required to power data centres will only add to this, in turn affecting overall emissions and putting at risk these broader objectives – particularly with the rapid scale at which data centres are being developed. A 1GW facility, which is the size of a currently proposed data centre at Mamre Road in Western

¹¹ Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

¹² Taylor and Stock, 2025, 'Thirsty work: how the rise of massive datacentres strains Australia's drinking water supply,' *The Guardian*, 5 December 2025, <https://www.theguardian.com/environment/2025/dec/04/thirsty-work-how-the-rise-of-massive-datacentres-strains-australias-drinking-water-supply>

¹³ Department of Planning, Industry and Environment, 2020, 'Net Zero Plan – Stage 1: 2020-2030,' <https://www.energy.nsw.gov.au/sites/default/files/2022-08/net-zero-plan-2020-2030-200057.pdf>

Sydney and would be the largest in Australia to date, if sourced from coal-fired power, is estimated to generate 6.3 million tonnes of CO₂ annually, or would require 2.8 million solar panels to power.¹⁴

All of the NSROC councils have made commitments to net zero. These targets are currently being undermined by the emissions and energy use from data centres located in our LGAs.

Clear performance standards are needed to limit the energy and water usage impacts of data centres, and align with net zero commitments.

The accelerated pace of the development of data centres means that their regulation has not necessarily kept up, and there remains uncertainty around the long-term impacts. As for other types of potential hazards and significant infrastructure, there should be robust standards which aim to limit the negative impacts that result from data centre development, particularly as their potential energy and water usage will affect the achievement of NSW's broader net zero targets.

This should include strong ambitions and expectations for data centres to be delivered with the best possible energy and water efficiencies, built on circular economy principles. An example where such standards have been introduced is in Singapore – see case study below – as part of a suite of incentives to promote innovation and energy efficiency in data centres. Some data centres in Australia are already using innovative approaches, such as closed loop water systems,¹⁵ however, this is not the norm across the industry.

The establishment of a clear spatial strategic plan will also allow for better planning and management of energy and water impacts, including the opportunity for targeted circular economy initiatives, such as using wastewater for cooling servers rather than from the drinkable supply. Examples of this approach can be seen in The Netherlands' Spatial Strategy for Data Centers, which includes ideas to build on the collective heating networks of existing buildings in cities and use the heat generated by data centres to for urban heating,¹⁶ and, (though not specifically for a data centre) at Barangaroo, which has a sophisticated water re-use system.¹⁷

Requirements for monitoring and reporting on environmental outcomes will build community confidence and accountability.

Ongoing monitoring of the actual usage of resources by data centres will also be critical to not only holding proponents to account for their impacts but also providing an evidence base on the Australian context to inform future policies for data centre development, including their strategic location.

¹⁴ Cumbo & The Conversation Digital Storytelling Team, 2026, 'Can Australia build one of the world's largest data centres?' *The Conversation*, 10 February 2026, <https://stories.theconversation.com/can-australia-build-one-of-the-worlds-largest-data-centres/>

¹⁵ See for example, CDC's closed loop system, estimated to save 706 million litres per year across 2 sites in Auckland – CDC, 2026, 'Saving water on an epic scale,' <https://cdc.com/resources/insights-and-reports/saving-water-on-an-epic-scale/>

¹⁶ Government of the Netherlands, 2019 'Spatial Strategy Data Centers – Roadmap to 2030 for the growth of data centers in the Netherlands,' (Ruimtelijke Strategie Datacenters), <https://www.rijksoverheid.nl/documenten/rapporten/2019/03/15/ruimtelijke-strategie-datacenters>

¹⁷ Barangaroo, 2026, 'Sustainability,' <https://www.barangaroo.com/past-present-future/a-21st-century-transformation/sustainability>

Case study: Singapore – Incentives for data centre efficiency and innovation

The Singapore Government has implemented a series of policies and funding mechanisms that focus on improving the energy efficiency and innovation of Data Centres. The 2024 Green Data Centre Roadmap has an overall aim to provide at least 300 MW of additional capacity in the near term, with a focus on collaboration with industry, innovative ways to accelerate energy efficiency, and hybrid ways to unlock capacity through green energy are at its core.

The Roadmap commits to supporting a range of green practices for data centres, including the following initiatives:

- **A refreshed Green Mark certification scheme for data centres** – aimed at raising the sustainability standards through recognition for those that have demonstrated high environmental performance, across areas such as energy efficiency, sustainable design and construction, use of digital tools and maintainability.¹⁸
- **Grants for energy efficiency** – per company up to \$30,000, supporting data centre end users to adopt pre-approved energy efficient IT equipment, with additional support for SMEs.¹⁹
- **New industry standards** – targeted at data centre operators, consultants, customers, and sustainability professionals seeking to optimise IT equipment procurement and operations for energy efficiency, 'SS 715:2025: Energy Efficiency of Data Centre IT Equipment' provides guidance on:
 - Setting minimum energy efficiency performance levels for IT equipment in data centres
 - Best practices and guidelines for the selection and operation of IT equipment in data centres, and
 - Safe operating temperatures for data centres.²⁰

¹⁸ Infocomm Media Development Authority, 2026, 'BCA-IMDA Green Mark for Data Centres Scheme,' <https://www.imda.gov.sg/how-we-can-help/bca-imda-green-mark-for-data-centres-scheme>

¹⁹ Infocomm Media Development Authority, 2026, 'Energy Efficiency Grant for the Data Centre (DC) sector,' <https://www.imda.gov.sg/how-we-can-help/energy-efficiency-grant>

²⁰ Infocomm Media Development Authority, 2025, 'Singapore IT Energy Efficiency Standard for Data Centres Launched,' 22 August 2025, <https://www.imda.gov.sg/resources/press-releases-factsheets-and-speeches/press-releases/2025/sg-it-energy-efficiency-standard-for-data-centres-launched>

Key theme 4: Employment and value creation

Recommendations

Undertake more detailed research to understand actual economic benefits and the productivity gains associated with data centres.

Prepare a digital spatial economic strategy, to target investment in skills, workforce development, and leverage innovation to grow aligned sectors locally.

Data centres in industrial precincts risk displacing other employment uses.

Data centres will continue to be important infrastructure needed to support NSW's economy. The Australian Bureau of Statistics²¹ (ABS) recently provided guidance on the treatment of data centres within the national accounts, outlining the range of economic statistics through which their impacts are captured, including private capital formation, industry output, productivity, and energy use. This guidance clarifies how data centre activity is reflected in measures such as Gross Domestic Product (GDP), reinforcing their growing significance within Australia's economic structure. Consistent with this, analysis undertaken by Mandala Partners²² for Data Centres Australia in December 2025 found data centres are making a material contribution to private investment and economic growth, with these effects already evident in recent GDP figures.

While noting the economic case for data centre delivery, in the context of broader shifts in public policy and performance measurement – such as that outlined in the NSW Performance and Wellbeing Framework,²³ there is need for a more holistic understanding of the outcomes generated by data centres. These outcomes extend beyond private investment alone to encompass wider economic, social, and wellbeing impacts. Existing strategic ambitions for employment, at the State and local level, should also be part of the considerations around data centres.

The Draft Sydney Plan includes under the theme of 'Prosperous,' a priority of "Increasing the number of jobs in the region will promote economic growth, improve people's lives and help to provide equitable access to employment opportunities."²⁴ However, it is currently unclear how data centres aligns or otherwise with this broad objective, and the accompanying employment ranges identified for specific centres including Macquarie Park. Many of NSROC member council's economic development strategies also include a focus on increasing the number of jobs in their LGAs.

Around the world, there are varying estimates of the material impact that data centres will have, and the realisation of benefits will also be dependent on accompanying initiatives and approaches (see example below). Anecdotal evidence from our member councils indicates that recent data centre proposals have estimated around 25 to 30 jobs to be generated in facility's operational phase, though this will vary

²¹ Australian Bureau of Statistics, 2026, 'Spotlight – Data Centres in Economic Statistics,' 26 February 2026, <https://www.abs.gov.au/articles/spotlight-data-centres-economic-statistics>

²² Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

²³ NSW Government, 2024, NSW Budget 2024-25, 'Performance and Wellbeing – Consultation Paper,' <https://www.budget.nsw.gov.au/sites/default/files/2024-06/NSW-Budget-2024-25-Performance-and-Wellbeing-consultation-paper-glossy-accessible.pdf>

²⁴ Department of Planning, Housing and Infrastructure (DPHI), 2025, 'The Sydney Plan,' p.25, [https://shared-drupal-s3fs.s3.ap-southeast-2.amazonaws.com/master-test/fapub_pdf/*DPPs/Sydney+Plan+Combined/The+Sydney+Plan+\(public+exhibition\).pdf](https://shared-drupal-s3fs.s3.ap-southeast-2.amazonaws.com/master-test/fapub_pdf/*DPPs/Sydney+Plan+Combined/The+Sydney+Plan+(public+exhibition).pdf)

depending on the project. In any case, this is less than what would be the case for other employment lands uses.

A stronger evidence base for the benefits generated by data centres is needed to inform robust strategic planning and supporting productivity.

Noting the potential for data centres to displace other employment uses, a sound understanding of the costs and benefits they generate is needed to adequately compare the resulting outcomes to the costs and benefits generated by other land uses. For example, this would be able to put into context whether the 25-30 jobs delivered by a data centre is a net benefit for the community compared to the outcomes that would be delivered from a different land use on employment lands.

This must include clear data on the number of jobs generated specifically during the operational phase, with a detailed breakdown of whether these roles are located on-site, within Greater Sydney, elsewhere in Australia, or offshore.

Investing in the broader digital and AI growth infrastructure will ensure data centre investment occurs with supporting workforce and industry development.

This understanding is critical to making informed decisions around where data centres should be located from a strategic perspective. A stronger understanding of the economic implications of data centres will also support informed investment in complementary infrastructure and initiatives that can use data centres to deliver wider economic benefits and leverage the opportunities from investment.

This will support aligned investment in workforce and skills needs, along with research, innovation, and capabilities to grow local sectors that make use of the data centre infrastructure.

Case study: UK – Designated AI Growth Zones

Planning for the AI Growth Zones in the UK has produced estimates of the direct and flow on associated employment, as well as highlighting opportunities for the investment in data centres to be align with complementary infrastructure, such as working with tertiary institutions.

- Scotland's AI Growth Zone in Lanarkshire will support more than 3,400 jobs ranging from high paying AI jobs, maintenance staff, and construction jobs. Links between the AI growth zone, universities and businesses will be created by apprenticeships and training packages to support local talent with the tools to work with AI. Alongside private investment, a new community fund will provide up to £543 million to support local programmes.²⁵
- North Wales AI Growth Zone will support more than 3,400 new jobs spanning temporary and constructions roles to high-paid careers in AI research and development.²⁶

²⁵ UK Government, 2026, 'More than 3,400 jobs and targeted support for local communities to help tackle the cost of living as Lanarkshire named latest AI Growth Zone,' <https://www.gov.uk/government/news/more-than-3400-jobs-and-targeted-support-for-local-communities-to-help-tackle-the-cost-of-living-as-lanarkshire-named-latest-ai-growth-zone>

²⁶ UK Government, 2025, 'AI Growth Zones to create thousands of jobs and unlock up to £100 billion in investment, as new site confirmed for North Wales,' <https://www.gov.uk/government/news/ai-growth-zones-to-create-thousands-of-jobs-and-unlock-up-to-100-billion-in-investment-as-new-site-confirmed-for-north-wales>

Key theme 5: Developer contributions

Recommendations

In line with national expectations, data centre developers should be responsible for the additional costs of connecting data centres to energy and water infrastructure and their share of use.

Data centre developers must be responsible for the full cost of making good (on a like-for like basis) for any unanticipated impacts of data centre projects, enabled through SSDA conditions of consent.

Funding for the infrastructure services associated with or required by data centres presents two related challenges across the costs of energy and water infrastructure, and impacts on local infrastructure.

Data centres are high users of energy and water requiring upgrades to transmission and distribution infrastructure.

The additional costs associated with the expansion and use of energy and water infrastructure should be attributed to data centres. There is an appropriate expectation that the additional costs to expand water and energy infrastructure capacity to satisfy data centre demand should be met by the facilities themselves, rather than spread across the total user base (including residents in the NSROC area). That is, domestic and existing industrial consumers of water and electricity should not be asked to cross-subsidise costs associated with the disruptive additional consumption of water and energy by data centres. This principle is in line with national expectations outlined in the Expectations of data centres and AI infrastructure developers, released 23 March 2026 by Department of Industry, Science and Resources and should be the case if projects are approved through SSDA, RSD or local development approval pathways.

The local infrastructure impacts during construction and operation of data centres, should be the responsibility of developers/operators.

Local councils are encountering unanticipated local costs given the non-typical construction and operating impacts of data centres. Typically, these non-anticipated costs are covered by 'make good' provisions included in development approval conditions or impact mitigation payments (through for example Voluntary Planning Agreements). In this way they are internalised to the development. An example would be where a major unanticipated development creates a need for an otherwise unplanned for signalised intersection; in this case the development would be expected to pay for the signalisation. Major construction projects that break footpaths, trees or cross-overs are expected to 'make good' these impacts. In a similar way, data centres should be responsible for mitigating unanticipated off-site impacts.

NSROC member councils have noted that remediation of public realm infrastructure has been required because of construction impacts, sometimes repeatedly if repair is not completed to a required standard on a like for like basis.. This places additional pressures on local government constrained budgets. The means to require impact mitigation payments or 'make good' development approval conditions must be available to councils.

The consent authority must ensure conditions of consent are in place that require proponents to be responsible for the full cost of making good the impacts of development. This should include like-for-like replacement of assets and not temporary or minimum standard replacements of higher specification assets. Given that councils are not the consent authority under the SSD pathway for data centres, engagement with local councils should inform likely and actual impacts to scope and put in place these conditions. Local communities should not bear the cost of these impacts.

Key theme 6: Governance

Recommendations

Include opportunities for local government to have greater input into the assessment frameworks for data centres and infrastructure, to inform the SSDA process.

Undertake research to better understand the life cycle and long-term implications for land use of data centres, to inform future guidance – for example, post-occupancy / remediation requirements.

Local government is at the coalface in dealing with the issues arising from data centre development and should have a greater level of influence in their planning and assessment.

As the third tier of government in Australia and NSW, local governments have a unique role to manage the impacts of State and federal policy at the local level. Our member councils are seeing this play out in real time with the number of data centre proposals in their LGAs. This experience is invaluable and can be an asset to inform State planning and decision making – however the framework needs to be there to support this.

In NSW currently, most large data centres are assessed as State Significant Development (SSD), reflecting their capital investment value, electricity and water demand, and strategic importance. Planning reforms introduced since 2021 have clarified data centres as a distinct land-use category and streamlined approval pathways, with SSD thresholds now commonly triggered by scale and infrastructure intensity, rather than local planning controls. More recently, fast-track mechanisms such as the Investment Delivery Authority (IDA) have been used to expedite approvals for major data centre projects.

These settings seek to attract investment to NSW, of which NSROC is supportive. However, the current processes as they are applied also concentrate decision-making at the State level, and in turn reduce the role of local strategic planning. Our member councils have highlighted concerns with this raised in their local communities, including the cumulative impact of rapid data centre development, which is not currently part of decision-making processes. Examples have also occurred where, because of the framework under which telecommunications infrastructure is managed (separate from planning legislation), there have been substantial local environmental impacts, such as the loss of native vegetation, which councils are not required to be informed of, but experience the impact of, including the costs of advocating for proponents to make good.

The longer-term land use impacts of growth in data centres are not clear.

Little attention has been given to how data centre sites will be managed as the on-site infrastructure reaches its end of life, nor what the expectations of proponents' roles in any remediation that may be required should be, including the disposal of e-waste. This is not the case for other substantial land uses which have environmental risks – such as petrol stations, mining – where there are make good or other requirements placed on how the land is used after the activity has ceased. The current flurry of investment in and delivery of data centres in Australia is being driven by a range of market and short-term factors, whereas governments have the responsibility to think about, and plan for the long term.

Additional research is required to ensure proponents take responsibility for costs of end of life into projects to reduce any long-term risks to local communities.

Summary and conclusion

Data centres are critical infrastructure to underpin wider technological opportunities. NSROC is supportive of the need for data centres. We seek a long-term and strategic lens for how and where they developed. Local governments, as the third tier of government, are uniquely placed to manage the interface of local communities, businesses, and broader public interests with the needs of the data centre industry and would welcome the opportunity to have greater input to the planning and delivery of data centres.

NSROC appreciates the opportunity to respond to this Inquiry and looks forward to working constructively with the NSW Government to plan for data centres in our region and realise the substantial benefits for communities and business north of Sydney, across Greater Sydney and NSW.

Summary of NSROC Recommendations
Strategic spatial planning
Develop a clear strategic spatial plan to identify preferred locations for data centres within Greater Sydney and NSW, aligned with infrastructure needs (energy and water capacity) and other land use priorities.
Precinct and site infrastructure and design
Establish best practice precinct and site-based design criteria to guide future data centre projects, addressing risks impacts on bushland, trees, views, stormwater and noise.
Environmental performance
Develop clear performance standards for energy and water efficiency, including alignment with local government and NSW Net Zero Plans and precinct circular economy principles, including monitoring and reporting.
Employment and value creation
Undertake more detailed research to understand actual economic benefits and the productivity gains associated with data centres.
Prepare a digital spatial economic strategy, to target investment in skills, workforce development, and leverage innovation to grow aligned sectors locally.
Developer contributions
In line with national expectations, data centre developers should be responsible for the additional costs of connecting data centres to energy and water infrastructure and their share of use.
Data centre developers must be responsible for the full cost of making good (on a like-for like basis) for any unanticipated impacts of data centre projects, enabled through SSDA conditions of consent.
Governance
Include opportunities for local government to have greater input into the assessment frameworks for data centres and infrastructure, to inform the SSDA process.
Undertake research to better understand the life cycle and long-term implications for land use of data centres, to inform future guidance – for example, post-occupancy / remediation requirements.

Attachment 1: Aligning the 6 themes with the Inquiry Terms of Reference

Inquiry Terms of Reference	NSROC submission 6 themes					
	1. Strategic Spatial Planning	2. Precinct and Site infrastructure and design	3. Environmental performance	4. Employment and value creation	5. Developer contributions	6. Governance
Scale and trajectory of data centre development in NSW						
Planning framework enabling data centre developments						
Electricity demand, grid impacts, and implications on emissions reduction targets						
Water usage and cooling						
Local environmental and community impacts						
Land use and housing						
Economic and distributional outcomes of data centre developments						
Governance transparency and accountability						
Workforce considerations						
Lessons from other jurisdictions						