

Submission on NSW Data Centre Consultation Paper

Infrastructure NSW

8 May 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

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About NSROC

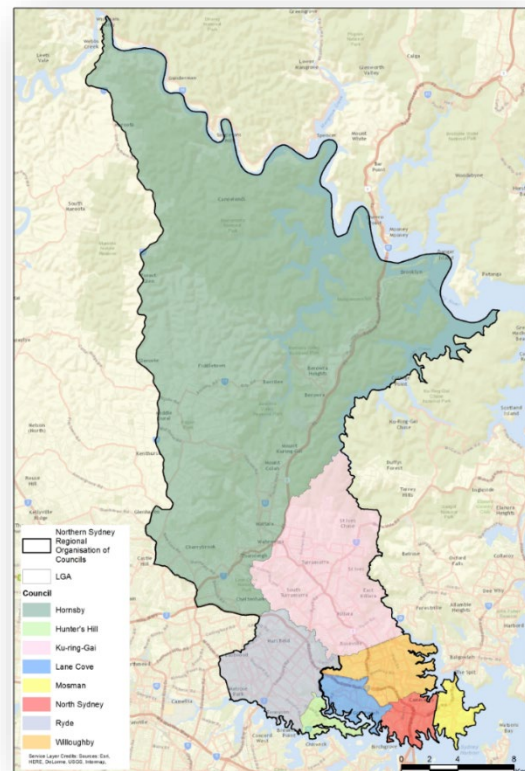
The Northern Sydney Regional Organisation of Councils (NSROC) members are the eight councils in the northern Sydney area: Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, Mosman, North Sydney, Ryde, and Willoughby.

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 2026¹ 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 the map below.

The eight NSROC member councils are:

- Hornsby Shire Council (HSC)
- Hunter's Hill Council (HHC)
- Ku-ring-gai Council (KMC)
- Lane Cove Council (LCC)
- North Sydney Council (NSC)
- Mosman Municipal Council (MMC)
- City of Ryde (CoR)
- Willoughby City Council (WCC)



¹ 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>

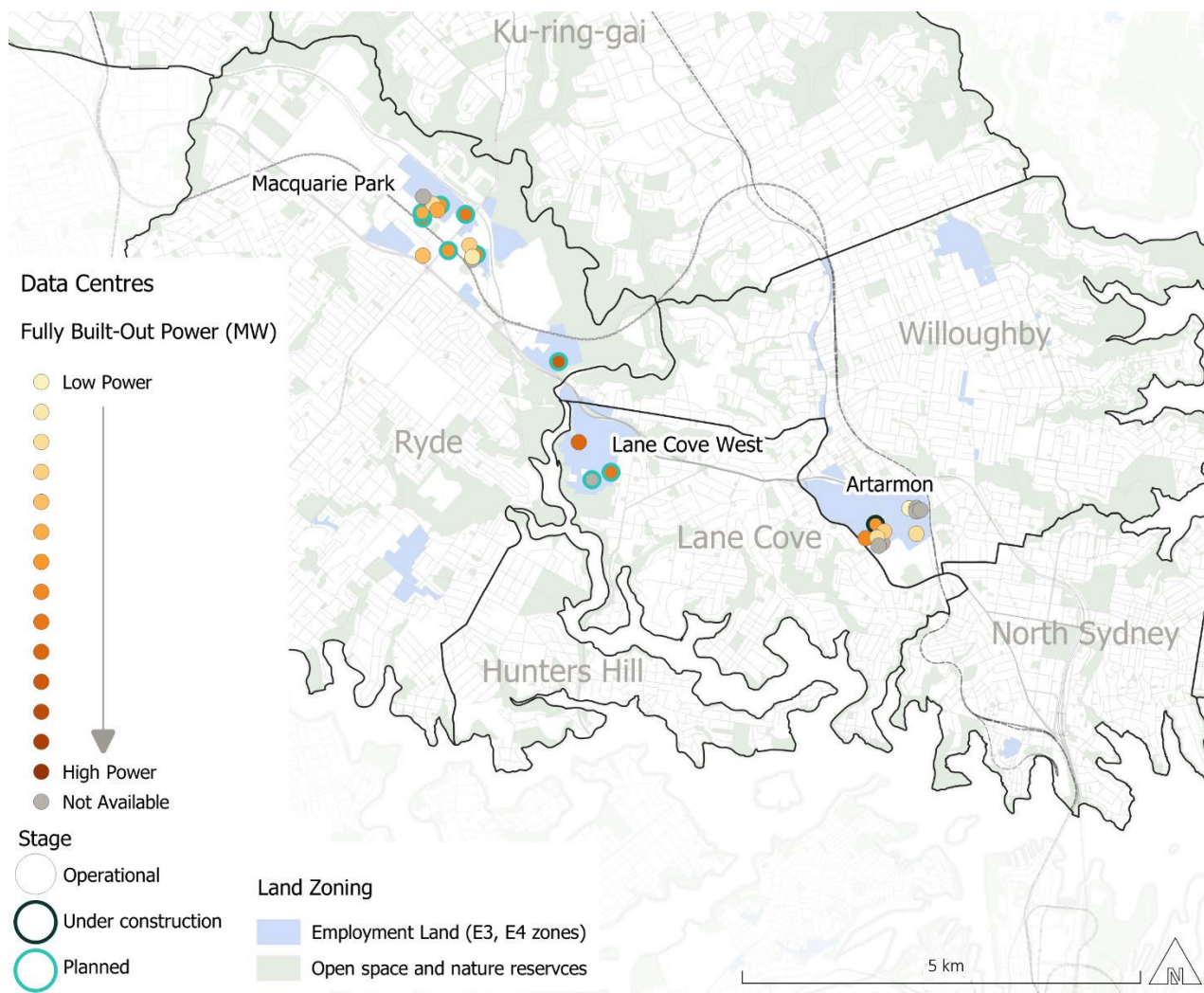
This submission

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.

Figure 1 below shows the location of existing and planned data centres within NSROC Councils – particularly in the City of Ryde, Lane Cove Council, and Willoughby City Council. This represents a substantial share of the over 90 data centres in operation or planned within Greater Sydney, with particular concentrations around Macquarie Park (Ryde) and Artarmon (Willoughby).

Figure 1: Existing and planned data centres in NSROC Member Councils.



Source: SGS Economics and Planning 2026.2

² 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, <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, 2026, 'NSW Government backs data centre investment, sets course for sustainable development,' Ministerial media release, 27 March 2026, <https://www.nsw.gov.au/ministerial-releases/data-centre-investment-sustainable-development>

NSROC welcomes the increased intensity of attention on data centre developments and their implications.

This includes at the Federal level with the Commonwealth Department of Industry, Science and Resources' expectations for data centres and AI infrastructure developers,³ as part of the National AI Plan,⁴ and the current Inquiry into Data Centres by the NSW Legislative Council.⁵ The range of submissions to the latter Inquiry have highlighted many of the same concerns and issues as those identified by NSROC,⁶ which are reinforced in this submission.

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 with the fast pace of delivery. These issues include implications for infrastructure, including water and energy demand, 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.

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 and water demands, 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. 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.

Response to each Principle

This submission is organised around the 5 Principles and associated questions identified in the Consultation Paper, with accompanying practical and implementable recommendations for each.

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>

⁴ Department of Industry, Science and Resources, 2026, 'National AI Plan,' 2 December 2025, <https://www.industry.gov.au/publications/national-ai-plan>

⁵ Parliament of NSW, 'Data Centres,' <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3169#tab-members>

⁶ Northern Sydney Regional Organisation of Councils, 2026, 'Submission to Inquiry into Data Centres,' 27th March 2026, <https://www.parliament.nsw.gov.au/lcdocs/submissions/95030/0092%20Northern%20Sydney%20Regional%20Organisation%20of%20Councils.pdf>

Principle 1: Investment in data centres should enable a wider technology ecosystem that drives job creation and propels economic growth

- What opportunities does data centre investment present to you and your sector?
- How can data centre development best support local businesses and economic activity?
- What are the economic opportunities for NSW?

Recommendations
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.
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 are likely to be a substantial part of the NSW economy going forward. However, there needs to be more strategic consideration of where they are located and how they can best be capitalised on.

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

As shown above in Figure 1, data centres are clustering in employment lands in the absence of clear guidance on where they are best located spatially. In NSROC council areas, these have been concentrated to date in E3, E4 and E5 zones, with key factors driving this being availability of 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.

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 2026.⁷ * '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.

⁷ Compiled from Data Centre Map, 2026; Wade & Smith, 2026.

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%. To ensure positive economic outcomes from investment in data centre infrastructure, updated employment lands strategies that respond to the draft Sydney Plan employment guidance job ranges and the current context of demand for data centres are needed to assess land supply against demand. Without this, there is a risk that land for other regionally significant industrial and employment uses may be displaced by data centres.

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. 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.

The discussion under Principle 5 in this submission also makes clear that once preferred precincts are identified, applications for data centres could continue to be approved in the State Government State Significant Development (SSD) 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,⁸ 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.⁹

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.¹⁰

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 Statistics¹¹ (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. Analysis undertaken by Mandala Partners¹² 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,¹³

⁸ 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>

⁹ UK Department for Science, Innovation & Technology, 'AI Growth Zones (open for applications), 13 June 2025, <https://www.gov.uk/government/publications/ai-growth-zones>

¹⁰ 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

¹¹ 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>

¹² Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

¹³ 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>

there is a 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.”¹⁴ However, it is currently unclear how data centres align or otherwise with this broad objective, and the accompanying employment ranges identified for specific centres - including Macquarie Park. Many of NSROC member councils’ 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 – such as the approach being taken in the UK (highlighted in the case study below). Anecdotal evidence from our member councils indicates that recent data centre proposals have estimated around 25 to 30 jobs to be generated in a facility’s operational phase, though this will vary depending on the project.

In any case, this is less than what would be the case for other employment lands uses. We have undertaken a high level analysis to compare the estimate jobs generation from data centres to the typical jobs that are seen in employment precincts generally, the results of which are shown in Table 2. This shows that based on the sampled precincts and current data centre proposals, on a per hectare basis there are a higher number of jobs accommodated by existing employment precincts and land uses compared to data centres.

Table 2: Estimate of employment generated from data centres and other employment land

Land use	Approx. average operational jobs per hectare
Data centres (based on current SSD proposals)¹⁵	26
Employment land precincts in Greater Sydney (without existing data centres)¹⁶	46

Source: SGS Economics and Planning 2026.

¹⁴ 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)

¹⁵ Estimate derived from publicly available information on current data centre SSD applications published by the NSW Government, available from <https://www.planningportal.nsw.gov.au/major-projects/projects>. Calculated based on site area and reported operational jobs.

¹⁶ Estimate derived based on Destination Zone (DZN) data from the 2021 ABS Census and GIS analysis of land areas for sampled precincts: Alexandria, Arndell Park, Asquith, Camellia/ Rosehill, Castle Hill, Clyde, East Chatswood, Girraween, Glendenning, Kings Park (Blacktown North), Kingsgrove South, Marrickville, Mascot, Minchinbury, Padstow North, Padstow South, Peakhurst Boundary Rd, Punchbowl, Revesby, Rydalmere, Seven Hills (Blacktown LGA), Silverwater, Smithfield North, Wetherill Park.

Case study: UK – Designated AI Growth Zones – Employment

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 aligned 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.¹⁷
- 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.¹⁸

A stronger evidence base for the benefits generated by data centres in the Australian context 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. Estimates have identified that in Australia there are only around 11,500 direct data centre workers in Australia, with temporary spikes in employment during construction that can also compete with demand from other projects.¹⁹

Industry claims about the economic contribution of data centres also need to be further tested and clarified. Data Centres Australia, in its submission to the NSW Inquiry²⁰ extensively relies on figures sourced from the research undertaken by Mandala Partners (cited above), however this research was commissioned by Data Centres Australia via its members.²¹ It identifies the benefits and relative impacts of the data centres sector, including assertions of \$12.6 billion in gross value add being generated per TWh of energy used, however it is unclear if this has been calculated for data centres only or the wider technology sector that it contributes to, as it is referred to differently within different sections of the report and in other material from Data Centres Australia.²²

¹⁷ 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>

¹⁸ 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>

¹⁹ Rankin, 2025, 'Is Australia Set to Be Data Central?' e61 Institute, 5 December 2025, <https://e61.in/is-australia-set-to-be-data-central/>

²⁰ Data Centres Australia, 2026, 'Submission to Public Accountability and Works Committee inquiry into Data Centres,' Submission #30, 24 March 2026,

<https://www.parliament.nsw.gov.au/lcdocs/submissions/94922/0030%20Data%20Centres%20Australia.pdf>

²¹ Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

²² The \$12.6 billion GVA figure is quoted as follows in Data Centres Australia's submission to the NSW Inquiry, which is different to how the figure is reported in the Mandala Partners document: "Data centres use the same amount of energy as shopping centres and much less than other industrial activities like mining and manufacturing. For every unit of TWh of energy used, data centres generate around \$12.6 billion in gross value added, higher

Similarly, there is limited transparency around the economic value of the investment in data centres that is retained in Australia. Recent reporting has suggested that between \$70 and \$80 out of every \$100 invested in data centres in Australia by multinationals flows out of the country, due to the majority of data centre components being manufactured overseas. Forecasts of the future contribution of the sector also need to be tested, as many of these rely on a range of assumptions, particularly improved productivity benefits that are reliant on multiple other factors to eventuate.²³ A strategic approach to data centres could identify how more of the investment value could be retained locally to reduce the extractive nature of the projects.

Maximising economic benefits requires understanding complementary sectors and their spatial distributions.

To plan effectively for data centre growth and understand the benefits that are being (and could be) generated from this investment, understanding complementary sectors will be critical at the NSW and Greater Sydney level. The Consultation Paper highlights a number of the industries which are reliant on data centre capacity – AI, fintech, gaming, remote healthcare, weather forecasting, police operations, and financial system operations. To maximise the agglomeration and other economic benefits, data centre provision should be cognisant of and aligned with the location of these sectors, informed by spatial mapping of where existing jobs in trade sectors are located.

Similarly, effective planning for economic development will need a sound understanding of where there may be negative impacts, including where there are concentrations of jobs that may be at risk from displacement by data centres. As noted above, within the NSROC region data centres are locating in existing industrial and commercial precincts, some of which have already been earmarked as strategic locations for employment sectors and population growth (e.g. Macquarie Park), which may be vulnerable or compromised without strategic planning for data centres growth.

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

Data centre development must therefore be considered within a wider economic lens and supported by initiatives that deliver investment in workforce and skills needs, along with research, innovation, and capabilities to grow local sectors that make use of the data centre infrastructure.

Submissions to the recent NSW Inquiry have highlighted the need for strong workforce planning and potential opportunities to make the most of data centre investment and deliver local employment benefits:

- The National Electrical & Communications Association (NECA) suggests that workforce development plans should be part of the major data centre development approvals process, and include commitments from proponents to support training and skills development.²⁴
- The UNSW Institute for Industrial Decarbonisation puts forward that with the right initiatives, including planning at the precinct scale, NSW can be positioned as a hub for sustainable computing,

than mining and manufacturing. So there is very good return on the energy use in economic terms." See Data Centres Australia, 2026, 'Submission to Public Accountability and Works Committee inquiry into Data Centres,' page 10,

<https://www.parliament.nsw.gov.au/lcdocs/submissions/94922/0030%20Data%20Centres%20Australia.pdf>

²³ Swan, 2026, 'For every \$100 in data centres, \$80 leaves Australia almost immediately,' *Sydney Morning Herald*, 6 April 2026, <https://www.smh.com.au/technology/for-every-100-in-data-centres-80-leaves-australia-almost-immediately-20260331-p5zkb5.html>

²⁴ National Electrical & Communications Association (NECA), 2026, 'NECA Submission to the NSW Legislative Council Inquiry into Data Centres in New South Wales,' Submission #42, March 2026, <https://www.parliament.nsw.gov.au/lcdocs/submissions/94941/0042%20National%20Electrical%20and%20Communications%20Association.pdf>

align digital infrastructure with broader aims like Net Zero, and support sovereign data centre technology capabilities.²⁵

This approach is evident in the London Infrastructure Framework²⁶ which documents the links between transport, energy, water, waste and digital connectivity and data centres. The framework is a commitment in the London Growth Plan and is a collaboration between the Mayor of London and London Councils to establish a shared long-term vision for London's critical economic infrastructure through to 2050. This case study could be further explored to identify opportunities for strategic planning to considers these critical interdependencies.

²⁵ UNSW Institute for Industrial Decarbonisation, 'Submission to the NSW Legislative Council Public Accountability and Works Committee Inquiry into Data Centres in New South Wales,' Submission #63, 23 March 2026, <https://www.parliament.nsw.gov.au/lcdocs/submissions/94976/0063%20UNSW%20Insitute%20for%20Industrial%20Decarbonisation.pdf>

²⁶ Greater London Authority, 2026, 'London Infrastructure Framework,' <https://www.london.gov.uk/programmes-strategies/business-and-economy/mayors-priorities-londons-economy-and-business/london-growth-plan/london-infrastructure-framework>

Principle 2: Data centre developers and operators need to fund their infrastructure requirements, in addition to what is already planned and funded, so as to not increase prices for households

- How can industry support additional renewable energy generation and firming (e.g. batteries)?
- Are there market-based solutions that can match additive utility capacity with energy and water demand?
- How can industry support government efforts to develop additional water and energy infrastructure, while ensuring costs are shared fairly?

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 is in line with national expectations outlined in the Expectations of data centres and AI infrastructure developers, released 23 March 2026 by the Department of Industry, Science and Resources,²⁷ and should be the case if projects are approved through SSDA, RSD or local development approval pathways. Many of the submissions to the recent Inquiry have also reinforced this point, and highlighted the need for strategic and co-ordinated planning of renewable energy infrastructure to support data centre growth going forward. Examples internationally may also provide helpful precedents on to how to align these and provide clarity for both governments and industry on expectations, such as in Ireland (see case study below).

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

²⁷ Department of Industry, Science and Resources, 2026, 'Expectations of data centres and AI infrastructure developers.'

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 resulting from data centres, sometimes repeatedly if repair is not completed to a required standard on a like for like basis. This places additional pressures on already constrained local government 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 currently, engagement with local councils should have a role to inform likely and actual impacts to scope and put in place these conditions. Local communities should not bear the cost of these impacts.

Case study: Ireland's LEAP and LEUs policies

In late 2025 and early 2026 Ireland's government introduced new policies to facilitate the development of data centres while contributing positively to climate change mitigation and renewable energy investment:

- The Large Energy-User Action Plan²⁸ includes 17 objectives with the intention of aligning energy intensive industries like data centres to new grid infrastructure and renewables projects.
- The Large Energy Users Connection Policy²⁹ sets out the pathway for new large demand connection applications to the electricity system with a focus on being cognisant of system capacities and impacts on carbon emissions.

The requirements resulting from these policies include:

- That data centres of over 1MVA must commit to a 'glide path' to achieve 80% of power being from a renewable source within 6 years.
- That proponents must install their own private electricity infrastructure, with data centres over 10 MVA of capacity needing to provide a power plant or battery storage sufficient to meet its full electricity demand and have capabilities to feed back into the grid.
- That operators submit annual reporting on their energy usage and emissions, with the government regulator given the authority to reduce a site's permitted power intake if targets for onsite and/ or renewable generation are not met.³⁰

²⁸ Department of Enterprise, Tourism and Employment and the Department of Climate, Energy and the Environment, 2026, 'LEAP: Large Energy-User Action Plan,' <https://enterprise.gov.ie/en/publications/publication-files/leap-large-energy-user-action-plan.pdf>

²⁹ Commission for Regulation of Utilities, 2025, 'Large Energy Users Connection Policy,' Decision Paper, 12 December 2025, https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/CRU2025236_Large_Energy_User_connection_policy_decision_paper.pdf

³⁰ Byrne, Wallace, Shields, 2026, 'LEAP Forward in Clarity for Ireland's Data Centre Sector and Large Energy Users,' 16 January 2026, <https://www.byrnewallaceshields.com/news-and-recent-work/publications/leap-forward-in-clarity-for-irelands-data-centre-sector-and-large-energy-users.html>; Salivio, 2026, 'Ireland unveils strict new rules for data centre power use,' 30 Jan 2026, <https://datacentrenews.uk/story/ireland-unveils-strict-new-rules-for-data-centre-power-use>

Principle 3: Data centres need to be efficient and make sustainable use of our energy and water systems as well as the environment

- What performance measures and actions will be effective in driving sustainable data centre investment in line with the proposed principles?
- What are the impacts that need to be considered for broader community resources as well as the requirements for investment?
- How can industry support water and energy system sustainability and mitigate environmental impacts?

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.

Where proposals are located outside specific SSD-permitted precincts applications should be referred to Council design review panels to ensure site-specific compatibility and high-quality urban design outcomes.

In addition to the themes and recommendations raised above, further attention needs to be given to the potential for environmental impacts resulting from data centre development – in both local and broader regional impacts.

The pace and scale of data centre development in Greater Sydney is raising concerns about pressures on energy and water infrastructure and 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. Data Centres Australia has reported that around 20% of total energy use in data centre sites is associated with the infrastructure load for cooling, lighting and power delivery.³¹

Estimates vary in the amount of energy and water that is consumed by data centres, and this varies by project. The data centres industry has pointed out that how data centre capacities are reported is typically the capacity in the connection request by the proponent and therefore may not reflect the actual resources used, and that data centre usage is ultimately supporting the wider digital ecosystem.³² However, 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.³³
- 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.³⁴
- Submissions to the recent NSW Inquiry have also highlighted the significant water and energy usage of existing data centres – one in the City of Sydney is reported as requiring 21.1 megalitres of water per week for cooling purposes (all of which is potable water), equivalent to 5,000 homes annually,

³¹ Data Centres Australia, 2026, 'Submission to Public Accountability and Works Committee inquiry into Data Centres.'

³² Data Centres Australia, 2026, 'Submission to Public Accountability and Works Committee inquiry into Data Centres.'

³³ Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

³⁴ 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>

and on a per annum basis drawing the equivalent of the energy use of 145,000 average households;³⁵ Transgrid has reported the surge in interest in data centres is affecting its network planning, and that connection inquiries are of increasingly larger scales.³⁶

- Examples internationally where approvals for data centres have been given without consideration of the cumulative impact on energy supply, resulting in stranded assets and data centres accounting for significant shares of national electricity demand.³⁷

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 2050.³⁸ 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 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.³⁹

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.

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

Data centre 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.

One of the significant challenges with data centres in particular, is that unlike other forms of industrial use, they are required to run 24 hours a day, with limited capacity to reduce or interrupt operations.⁴⁰ This means

³⁵ Deputy Lord Mayor Jess Miller, 2026, 'Data Centres in Cities,' Submission #26, 23 March 2026, <https://www.parliament.nsw.gov.au/lcdocs/submissions/94914/0026%20Councillor%20Jess%20Miller,%20Deputy%20Lord%20Mayor,%20City%20of%20Sydney.pdf>

³⁶ Transgrid, 2026, 'NSW Legislative Council Public Accountability and Works Committee Inquiry into Data Centres,' Submission #114, 2 April 2026, <https://www.parliament.nsw.gov.au/lcdocs/submissions/95076/0114%20Transgrid.pdf>

³⁷ Committee for Sydney, 2026, 'Parliamentary inquiry into data centres Committee for Sydney submission,' Submission #40, March 2026 https://www.parliament.nsw.gov.au/lcdocs/submissions/94950/0040%20Committee%20for%20Sydney_Redacted.pdf

³⁸ 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>

³⁹ 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/>

⁴⁰ Lim, 2026, 'Powering the cloud: Data centres and the future of Australia's grid,' United States Studies Centre, 8 April 2026, <https://www.uscc.edu.au/powering-the-cloud-data-centres-and-the-future-of-australias-grid>

that noise pollution impacts from their operations such as for cooling, particularly where data centres are sites near residential areas, can be more substantive. Similarly, the necessity of data centres having diesel or gas back-up generators on site has the potential for air quality and health impacts..⁴¹ These concerns have been raised in many of the submissions to the recent NSW Inquiry.

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. This would complement the strategic spatial planning recommended under Principle 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 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 residential accommodation, 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, 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.

⁴¹ Environmental Health Australia (NSW) Inc, 2026, 'Inquiry into Data Centres Environmental Health Australia (NSW) Submission,' Submission #19, 17 March 2026, [https://www.parliament.nsw.gov.au/lcdocs/submissions/94885/0019%20Environmental%20Health%20Australia%20\(NSW\)%20INC.pdf](https://www.parliament.nsw.gov.au/lcdocs/submissions/94885/0019%20Environmental%20Health%20Australia%20(NSW)%20INC.pdf)

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.⁴²

⁴² Stibbe, 2021, 'Increasing control of data centre locations,' 26 August 2021, <https://www.stibbe.com/publications-and-insights/increasing-control-of-data-centre-locations>

Principle 4: Data centre approval and compliance must be based on reliable and transparent data

- What performance measures and actions will be effective in driving sustainable data centre investment in line with the proposed principles?
- What information does industry need to provide clarity in proposals?

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 potential environmental impacts and consequences of rapid and ad hoc data centre development means robust monitoring and accountability is essential.

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,⁴³ however, this is not the norm across the industry.

The establishment of a clear spatial strategic plan (as recommended under Principle 1) 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,⁴⁴ and, (though not specifically for a data centre) at Barangaroo, which has a sophisticated water re-use system.⁴⁵

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

⁴³ 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/>

⁴⁴ 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>

⁴⁵ 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.⁴⁶
- **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.⁴⁷
- **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.⁴⁸

⁴⁶ 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>

⁴⁷ 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>

⁴⁸ 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>

Principle 5: Regulatory and planning settings must take account of differences in the size and location of data centres, and community needs

- What further collaboration opportunities could be investigated?
- How can planning and regulatory settings support industry to adopt and invest in best practices that are tailored to project conditions?

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.

Ongoing monitoring of the actual usage of resources by data centres will be critical to not only holding proponents to account for their impacts but also providing a sound evidence base to inform future policies and regulation at the local and state level.

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 – as identified above, a substantial share of data centre development is being concentrated within NSROC councils.

Local Government 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. Currently, most large data centres are assessed as 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. As for other forms of development, the SSD application process for data centres has minimum requirements for public exhibition and consultation, and notifications to surrounding residents, with the opportunity to lodge formal submissions on a given proposal.⁴⁹ However, this ignores the critical role and expertise of local government in managing the actual impacts of development on the ground, with no legislated role in the process.

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

⁴⁹ NSW Government, 2026, 'State Significant Development,' <https://www.planning.nsw.gov.au/assess-and-regulate/development-assessment/planning-approval-pathways/state-significant-development#frequently-asked-questions>

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. There needs to be a strong voice for local government in the process to ensure that community needs are fully considered in data centre developments.

The NSW Government's Benefit Sharing Guideline,⁵⁰ introduced as part of the Renewable Energy Planning Framework, may also be instructive in developing a similar framework for data centres, to ensure that the communities which host data centres infrastructure see tangible benefits from the investment.

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

In addition, 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 specific requirements placed on how the land is rehabilitated and remediated 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.

There needs to be meaningful engagement, transparency, and sufficient caution exercised when it comes to data centres.

Submissions to the current Inquiry into Data Centres made by local governments and their advocates have highlighted many of the above issues and include a number of consistent themes relating to regulatory and planning settings,⁵¹ which can be summarised as:

- The need to improve transparency around the fast-tracking process for data centre applications, monitoring of where data centres are being located, and tracking of environmental and social impacts.
- The need for more consideration and clearer guidance in assessing the cumulative impacts of data centre development, such as for emissions and direct local impacts (water, air, noise, traffic etc.).
- The need to exercise caution in approving projects until there is sufficient understanding of the likely impact and a clearer understanding/ guidance from the State of where data centres *should* be located. (Submissions to the Inquiry have identified examples where governments have chosen – or been forced to – pause the delivery of data centres until strategic frameworks were put in place or to manage impacts, highlighted in the case study below).
- The need for meaningful engagement with the community and stakeholders that informs mitigation measures, with significant input from Councils.

Effective collaboration between local and state governments, and their respective approval processes and regulations, will be critical to ensuring that NSW actually sees the benefits from data centre investment.

⁵⁰ Department of Planning, Housing and Infrastructure, 2024, 'Benefit-Sharing Guideline,' November 2024, <https://www.planning.nsw.gov.au/sites/default/files/2024-11/benefit-sharing-guideline.pdf>

⁵¹ See submissions 24 (Wingecarribee Shire Council), 31 (Lane Cove Council), 32 (Penrith City Council), 45 (City of Sydney Council), 51 (Western Sydney Regional Organisation of Councils Ltd), available from <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3169#tab-submissions>

Case study: Moratoria applied to data centre development

Internationally there have been examples where the growth of data centre investment has seen governments pause approvals for new developments for a period of time. This includes:

- Singapore – in 2019, concerns about the environmental impacts of data centres cause the government of Singapore to impose a moratorium on new projects for 3 years. Following the moratorium, additional sustainability requirements were imposed for new projects, which in turn forced the industry to give greater attention to how centres are designed and operate.⁵²
- Ireland – in 2021, regulators stopped approvals for any new connections for data centres due to the increase in electricity demand that was being generated by the sector, with Ireland being one of the largest hubs for data centres in Europe. The moratorium has been lifted following the finalisation of the government's connection policy for data centres, which sets requirements around renewable energy usage and consideration of proposals in relation to energy network capacity locally.⁵³

⁵² Choo, Cope & Hilton, 2023, 'Lessons from Singapore Data Centres,' 30 August 2023, <https://www.ashurst.com/en/insights/lessons-from-singapore-data-centres/>; Infocomm Media Development Authority, 2026, 'Turning the red dot, green: Helping data centres get better at staying cool,' <https://www.imda.gov.sg/resources/blog/blog-articles/2025/02/red-dot-analytics-help-data-centres-be-cool>

⁵³ Energy Connects, 2025, 'Ireland Ends Moratorium on New Power Links to Data Centers,' 12 December 2025, <https://www.energyconnects.com/news/utilities/2025/december/ireland-ends-moratorium-on-new-power-links-to-data-centers/>; Commission for Regulation of Utilities, 2025, 'The CRU Publishes its Decision on New Electricity Connection Policy for Data Centres,' 12 December 2025, <https://www.cru.ie/about-us/news/the-cru-publishes-its-decision-on-new-electricity-connection-policy-for-data-centres/>

Summary and conclusion

Data centres are critical economic infrastructure to underpin wider opportunities in a digital economy. NSROC recognises the need for data centres. We seek a long-term and strategic lens for how and where they are 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. NSROC member councils would welcome the opportunity to have greater input to the planning and delivery of data centres.

NSROC appreciates the opportunity to provide a response to INSW's Consultation Paper and looks forward to working constructively with the NSW Government to plan for data centres in our region and realise the benefits for communities and business north of Sydney, across Greater Sydney and NSW.

Summary of NSROC Recommendations
Principle 1: Investment in data centres should enable a wider technology ecosystem that drives job creation and propels economic growth
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.
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.
Principle 2: Data centre developers and operators need to fund their infrastructure requirements, in addition to what is already planned and funded, so as to not increase prices for households
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.
Principle 3: Data centres need to be efficient and make sustainable use of our energy and water systems as well as the environment
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.
Where proposals are located outside specific SSD-permitted precincts applications should be referred to Council design review panels to ensure site-specific compatibility and high-quality urban design outcomes.
Principle 4: Data centre approval and compliance must be based on reliable and transparent data
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.

Principle 5: Regulatory and planning settings must take account of differences in the size and location of data centres, and community needs

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.