

30 June 2026

IPART

Have Your Say

Review of developer charges and recycled water prices for metropolitan water businesses

Submitted online via [IPART Submission Form](#)

Dear IPART

Thank you for the opportunity to provide feedback on the *Review of developer charges for metropolitan water businesses – Issues Paper*. This submission has been prepared with the input and support of our member councils but should be considered draft until it is formally endorsed by the NSROC Board.

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 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.

The rapid expansion of high-capacity data centres and artificial intelligence (AI) infrastructure across metropolitan Sydney places volumetric and peak demand strain on the local water distribution network. We broadly support IPART updating financial frameworks to ensure that the costs of building, extending, and upgrading water infrastructure for new developments such as data centres are borne by developers and not the broader community.

NSROC member Councils are at the forefront of managing the growth in data centre development. The existing and planned data centre sites in the NSROC region total more than 1,000 MW, taking up *at least* 232,000 square metres of space, particularly in the City of Ryde, Willoughby City Council and Lane Cove Council.

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>.

LGA	Number of sites	Total known built-out power (MW)	Total known built-out whitespace* (sqm)
Lane Cove ²	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

The pace and scale of data centre development in Greater Sydney are raising concerns about pressures on water infrastructure.

- As of 2025, data centres used around 0.04% (5.5 gigalitres) of potable water: 0.7% of Sydney's water.³ A single existing facility 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.⁴
- Driven 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.⁵

Data centre developers should pay for the impact their facilities have on existing infrastructure. Because data centres use large amounts of water, they often require upgrades to water distribution networks. The cost of these upgrades should be covered by the developers, not other customers.

As high-volume water users, data centres should also be subject to different water usage charges and demand measures than residential customers.

² NSROC has become aware of an additional data centre proposed for the Lane Cove area taking the number of sites to 4. As the power and whitespace for the new data centre are not yet known it is not included in the table.

³ Mandala Partners, 2025, 'Data Centres as Enabling Infrastructure,' 25 November 2025, <https://mandalapartners.com/reports/data-centres-as-enabling-infrastructure>

⁴ 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>

⁵ 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>

The developer charges regulatory framework should support ambitions and set expectations that data centres will deliver peak water efficiency including the use of recycled water. Ideally the framework should incentivise the conservation of potable water and consider mechanisms that align with circular economy principles. Some data centres in Australia are already using innovative approaches, such as closed-loop water systems,⁶ however, this is not the norm across the industry.

NSROC also seeks transparency and clarity from government and developers to ensure that data centres remain compliant with water and electricity usage, noise, fire and stormwater requirements.

NSROC supports IPART reviewing developer charges for water to ensure they remain fair, sustainable, and capable of supporting government housing policies. It is important that any costs associated with upgrading or expanding the network rest with the developer and not the surrounding community.

For any further information, please contact Dr Meg Montgomery, NSROC Executive Director on 0401 640 823 or mmontgomery@lanecove.nsw.gov.au.

Yours sincerely



Dr Meg Montgomery

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Northern Sydney Regional Organisation of Councils

⁶ 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/>