Helping local government
build stronger communities.

Data Centre Management Act 2026

November 2026

lga South Australia

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Executive summary

LGA South Australia (LGA) welcomes the opportunity to support the development of a Data Centre Management Act for South Australia. Data centres provide the opportunity as enabling economic infrastructure to bring growth, investment and productivity to South Australia. This is a significant growth area for the economy with Australia's data centre pipeline estimated to exceed A$150 billion by 2030[1], around 5.6% of national GDP.

South Australia's data centre industry is in its early stages of development. But there are opportunities through the state's abundant renewable energy resources, extensive areas of land and low population density, particularly in regional areas, positions it as an increasingly attractive destination for large-scale data centre investment.

The scale of data centres represents a significant step change for the state and reinforces the need for planning and regulatory frameworks that are equipped to manage their long-term environmental, infrastructure and community impacts.

The proposed Data Centre Management Act presents a significant opportunity for South Australia to attract large-scale investment in digital infrastructure, support the growth of artificial intelligence and advanced technology industries, and leverage the state's competitive advantage in renewable energy.

By establishing a principles-based framework, the legislation seeks to provide investors with flexibility while ensuring developments contribute to economic growth, regional development, workforce capability and broader community benefits.

LGA agrees that there are several challenges associated with rapid data centre growth. Large-scale facilities can place significant demands on electricity networks and water resources, potentially affecting grid reliability, energy prices and long-term water security. These challenges need to be appropriately managed and legislation developed to prevent costs and risks being transferred to existing consumers, taxpayers or other water users.

As data centre infrastructure represent an emerging area, LGA and local government sector will continue to investigate opportunities, challenges and implications for communities. We would welcome the opportunity to be regularly engaged as we develop the framework for South Australia.

[1] Publications – From cloud to concrete: The planner's role in data centres

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Recommendations

To maximise public benefit while ensuring potential impacts are appropriately managed, LGA has made recommendations on both the principles outlined in the discussion paper supporting the development of a Data Centre Management Act[2], as well as a further set of considerations that the State Government should address as part of developing the legislation.

A principles-based framework

LGA supports the principles-based framework approach to underpin the development of legislation for data centres in South Australia. The following five principles outlined in the discussion paper are generally supported:

a. Manage energy use
b. Secure water sustainability
c. Strengthen trust and transparency
d. Deliver benefits for all South Australians
e. Staged, streamlined and coordinated development

Manage energy use

- Support the requirement for new data centres to be powered by additional renewable energy generation.
- Recommend the implementation of emissions reporting and transparency frameworks.
- Learning from experiences in other jurisdictions which are aligning data centres with energy users, e.g. CDC's Brooklyn Data Centre in Melbourne has an energy program that provides 100% renewable energy.
- Monitor electricity usage to ensure data centres have no adverse impact on consumer power bills or grid stability and reliability, particularly as the state become hotter and drier with climate change.

Secure water sustainability

- Mandate water efficiency standards and recycling requirements including controls on water capture and reuse.
- Restrict development in water-stressed regions.

[2] Data Centre Management Act | YourSAy

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- An example of innovative technology to reduce reliability on water to cool a data centre is the closed loop cooling system that achieves a water usage effectiveness of just 0.01 and ensuring water is not consumed for primary cooling at the Brooklyn data centre.
- Monitor water usage to ensure data centres have no adverse impact on consumers, particularly as the state become hotter and drier with climate change.

Strengthen trust and transparency

- Mandate that data centres must have a clear contact point for government and community members.
- Enable early public disclosure of key information at project commencement, including energy demand, water consumption, exemptions, community/neighbour benefits and performance against approved conditions.
- Publish regular reports on resource consumption, employment outcomes and compliance with planning conditions.

Deliver benefits for all South Australians

- Require meaningful, timely and informed community consultation.
- Embed local benefit-sharing mechanisms (e.g. infrastructure upgrades, community funds).
- Through innovation, technology and sustainability can be balanced to ensure the implementation of responsible infrastructure that benefits South Australians and contributes to sovereign digital infrastructure.

Staged, streamlined and coordinated development

- Mandate pre-lodgement process for data centre developments over $10 million.
- Develop and implement a Code Amendment to:
    - Prepare a planning policy regime to guide appropriate development of data centres, their energy requirements and manage environmental impacts. Strengthening planning frameworks will enable better assessment of cumulative environmental, social and economic impacts.
    - Establish a land use definition for ‘data centre’ to underpin land use policy.
    - Encourage regional development, where appropriate infrastructure exists and won’t reduce or impact energy requirements of that community.
    - Include appropriate buffer zones to non-compatible development such as houses or development for vulnerable communities.

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- Prepare a specific environment protection policy (EPP) or update relevant existing EPPs under the *Environment Protection Act 1993* to identify separation distances to sensitive receivers and to manage or reduce community amenity impacts such as noise and light. For example, the Victorian "The Sustainable Data Centre Action Plan" provides locational controls, including a buffer between residential buildings and proposed data centres of 150 metres and a prohibition in rural areas unless they can be serviced by data centre infrastructure.
- Mandate Community Benefit Schemes agreements between proponents and council.
- Clearly define responsibilities of the state agencies and councils for compliance monitoring, enforcement and incident response to avoid cost shifting and regulatory duplication.
- Where developments require upgrades to local infrastructure or services, mechanisms should be established to secure appropriate developer contributions and ensure infrastructure is delivered before operational impacts occur.

Further recommendations

In addition to the above recommendations on the principles, LGA also recommends the following:

1. Add a circular economy principle to ensure that data centre designs incorporate e-waste recycling and reuse requirements. It is also important that as materials are recycled that any critical minerals are recovered.
2. To minimise greenhouse emissions, data centres should be mandated to install renewable power as art of the planning approval.
3. Ensuring that any new facility complies with the *Local Nuisance and Litter Control Act 2016*, particularly in relation to noise and lighting.
4. Consider a funding model to support expansion of the road network for the building and operation of any data centre infrastructure, especially where these may use oversize or over-dimension vehicles to construct and maintain the facility.
5. Consider the security requirements as part of the planning for data centre infrastructure.
6. Ensure bushfire and flood hazards are considered and mitigates as part of the planning and approvals processes.
7. Treat data centres as major hazard facilities and strengthen the relationship with the emergency management sector.
8. Remove the mandatory rate rebate for electricity generators.

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9. The practical experience and local knowledge held by councils is critical to ensuring the final framework is effective, workable and responsive to community expectations Therefore, LGA seeks a commitment from the State Government that the local government sector will continue to be meaningfully engaged throughout the development of this legislation. Including the associated regulations and implementation arrangements, as these are development and refined.

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About us

At LGA South Australia our purpose is to help local government build stronger communities.

As the peak body proudly representing 68 councils across South Australia and the Anangu Pitjantjatjara Yankunytjatjara, we champion the needs of our members every single day.

Working for our members, we represent the interests of local government at both state and federal levels and provide robust and innovative solutions to local challenges.

Whether it's policy development, coordination on important issues or training and development, our work is about empowering local government to deliver a real, lasting impact for South Australians. Our trusted services also include tailored cover and risk services for the sector, and access to pre-qualified suppliers and panels to save councils time and money.

With a focus on leadership and representation, our work is driven by a shared passion for making a difference in the lives of the communities.

LGA welcomes the opportunity to provide a submission to the Data Centre Management Act discussion paper. Working together we can make positive contributions to the development of a principles -based framework to management data centres for the benefit of all South Australians.

Submission

LGA welcomes the opportunity to contribute to the development of a principles-based legislative framework for the management of data centres in South Australia.

The rapid growth of data centre infrastructure present both significant opportunities and emerging challenges for local communities and therefore councils that represent them. While this is an evolving area that LGA continues to investigate, initial research and feedback from councils have identified several elements to strengthen the framework.

LGA provides in principle support for the framework that aims to deliver long-term economic, social and local benefits for South Australians. This includes the five principles outlined for the draft legislation:

1. Manage energy use
2. Secure water sustainability
3. Strengthen trust and transparency
4. Deliver benefits for all South Australians
5. Staged, streamlined and coordinated development

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This submission responds to the discussion paper and provides additional information to strengthen the framework, with particular focus on the implications for local government.

Local government understands that data centres are critical essential infrastructure for the modern digital economy. They underpin essential services, economic growth, and national capability. They are important in ensuring Australia has sovereign, secure and sustainable digital infrastructure. However, their rapid expansion also presents significant environmental and social challenges that require proactive policy responses, including appropriate legislation.

It is important also, that there is alignment with the Australian Government's principles for data centre development, including:

- Supporting the energy transition
- Ensuring water sustainability
- Investing in Australian jobs and skills
- Strengthening research and innovation
- Engaging with communities.

LGA understands that these principles, along with those outlined in the discussion paper, provide a strong foundation for the development of data centres. However, their success will depend on legislation, robust planning frameworks and meaningful engagement with local government on behalf of their communities.

LGA encourages the state government to continue to work with local government to ensure we appropriately balance innovation and economic opportunity with the interests of local communities.

LGA provides the following commentary to underpin and strengthen the principle-based framework.

Principle 1 - Manage energy use

Impacts

LGA has identified the following potential impacts arising from the energy demands of data centres relating to energy use are:

- Data centres in Australia currently account for approximately 2–5% of all electricity consumption, with projections reaching 8-15% by 2030 or up to 13% by 2040.
- Rapid expansion of data centres could risks placing pressure on electricity grids and may contribute to higher energy prices, if there is not sufficient new supply or if the

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rollout of new infrastructure is not appropriately aligned with new data centres demand.

- Local government does not benefit from the rates which might otherwise flow to councils from sites used for electricity generation due to the mandatory rate discounts applied to land used for electricity generation. This legislation has not been designed in the interest of all South Australians.

Opportunities

LGA supports the principle that data centres have no adverse impact on consumer power bills or grid stability and reliability. This would require data centres considering investment in renewable energy, long-term power purchase agreements (PPAs), and alternative power sources to meet nighttime energy requirements.

Principle 2 - Secure Water Sustainability

South Australia is the driest state in the driest inhabited continent, making effective water management essential to maintaining quality of life, public wellbeing and the health of the state's natural environments[3]. Ensuring long-term water security is a key challenge with the state already considering measures to meet the needs of communities over the coming decades[4].

Local government plays a critical role in water management across South Australia, including through the delivery and operation of community wastewater management systems (CWMS)[5] and collaboration with the State Government on stormwater management[6].

Impacts

LGA has identified the following potential impacts associated with water use by data centre developments:

- The substantial amount of water which data centres use for cooling, with demand projected to triple by 2030. This is a significant issue with South Australia facing challenges in providing water security for the state, the challenge amplified with climate change projections for reduced annual rainfall.

[3] Department for Environment and Water - Water and dry conditions
[4] About the Project | Northern Water
[5] Overview of CWMS | LGA South Australia
[6] Stormwater Management Agreement – Stormwater Management Authority

- Acknowledge that innovative technology such as the LiquidCore™ closed loop cooling system used by CDC at Brooklyn in Victoria, can lower water usage and ensure water is not consumed for primary cooling.[7]
- The potential impact of many new data centres using potable water, impacting on local supplies and potentially increasing salinity is a challenge for South Australia.

Opportunities

LGA supports the principle that data centres need sustainable water arrangements. The state should consider measures to manage these impacts and support the sustainable development of data centre infrastructure, including:

- The State Government to advocate for and support tax benefits to invest in the development of advanced cooling technologies to reduce water consumption.
- Requiring organisations to invest in water recycling infrastructure as part of planning approval, which may also provide co-benefits to local communities.

Principle 3 – Strengthen Trust and Transparency

South Australia's data centre infrastructure should be secure, transparent, sustainable and accountable, delivering public value through responsible resource use, strong governance, meaningful community engagement and measurable economic and social benefits for current and future generations.

Therefore, LGA supports the principle to strengthen trust, transparency and social licence for data centre infrastructure in South Australia. However, the transparency should extend beyond water and energy so that local communities can understand the impact and the ongoing benefits from the infrastructure.

Impacts

- There is current no governance and reporting framework to demonstrate tangible benefits for South Australians through local employment, skills development, industry participation, digital capability and economic growth.
- Unlike other states, South Australia does not have a formal community or neighbour benefit sharing scheme for these major developments.

[7] CDC opens its first Melbourne data centre campus, expanding Australia's sovereign digital infrastructure | CDC

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Opportunities

- Obligation to clearly identify contact points for government and community members for each site.
- Establish governance arrangements that define responsibilities for operators, regulators and government agencies, supported by independent auditing, compliance monitoring and public reporting of outcomes.
- Commence trust building early with the public disclosure of key information at project commencement, including energy demand, water consumption, emissions, community/neighbour benefits and performance against any federal and state benchmarks prior to lodgement of any development application. This will improve accountability and community confidence.
- Data centre operators should make public regular reports on environmental, social and governance outcomes, including energy sources, water use, emissions, employment outcomes, community benefit commitments and compliance with any planning and environmental obligations (e.g. noise levels, glare from solar panels).

Principle 4 – Deliver Benefits for all South Australians

LGA agrees with the principle that data centre developments should demonstrate and deliver long-term economic, social and workforce benefits that extend beyond the construction phase.

Any benefit obligations should be clearly defined, measurable and capable of being monitored and enforced over time. Requirements should provide sufficient flexibility to accommodate changes in technology, market conditions and operational needs, while maintaining accountability for agreed outcomes.

The proposal to establish mechanisms that ensure commitments continue throughout the life of the project, including through changes in ownership or control, is supported in principle. Any such arrangements should be transparent, legally robust and avoid creating unnecessary administrative complexity for councils or project proponents.

In relation to workforce and skills development, the State Government should take a lead role in coordinating industry partnerships with universities, TAFE SA and vocational training providers to ensure that skills programs align with current and future workforce needs. This will assist in maximising employment opportunities for South Australians while minimising workforce pressures on other sectors and regional communities.

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Impacts

- Data centers create generational changes in the communities where they are built. While they have potential to generate some rate revenue, their long-term footprint impacts local resources, community health, and the economy.
- Large developments tend to be located on useable, primary production land, altering the natural environment.
- Potential to create respiratory, cardiovascular and neurological harm if located close to sensitive receivers.

Opportunities

LGA supports the requirement for proponents to prepare an Economic and Community Benefits Plan that is proportionate to the scale and impact of the development.

The Economic and Community Benefit Plans should include commitments to:

- local procurement
- investment in regional supply chains
- workforce development initiatives, including education, apprenticeship and pathways into employment for university graduates
- community infrastructure or sponsorship initiatives. Establish a requirement for each site to design and implement a Community and Neighbour Benefits Sharing Programs to distribute some of the financial benefits with both the wider local community and immediate neighbours.

Principle 5 - Staged, Streamlined and Coordinated Development

As 'new' infrastructure, there are opportunities to improve the end-to-end planning and development process. There is currently an urgent need for statewide planning policy to guide location, design, scale and infrastructure.

Impacts

LGA considers that the current planning and assessment framework gives rise to several potential impacts and concerns:

- The Planning and Design Code is not sufficiently equipped to address and mitigate the unique impacts associated with large-scale data centre developments.
- Statutory consultation timeframes - 15 business days for impact assessed development exceeding $10 million and four weeks for council referrals are

insufficient to enable meaningful community engagement or provide councils with adequate time to assess proposals and influence local outcomes.

- The extent to which council advice and local requirements are reflected in final decisions remains at the discretion of the relevant decisionmaker, creating a risk that important local considerations, including infrastructure requirements and servicing impacts may not be adequately addressed.
- There is no formal mechanism requiring proponents and councils to negotiate broader community benefits, such as through a bi-lateral (or similar) Community Benefits Scheme, limiting opportunities to ensure local communities share in the benefits of major developments.
- The intervention powers available to the Coordinator-General's Office under the SDCF Act may further reduce the influence of councils and local communities in planning and development decisions.

Opportunities

To support the sustainable development of AI and data centre infrastructure, LGA encourages the state government to recommend the following measures:

- Mandate a 'pre-lodgement' process for data centre developments exceeding $10 million to facilitate early engagement between proponents, state agencies and local government, identifying key environmental, planning and infrastructure issues and resolve potential risks before a formal application is lodged.
- Develop a consistent, national definition of 'data centre' and establish best practice planning policies to assist states and territories in appropriately assessing and managing the land use, environmental, infrastructure and community impacts of these developments.
- Develop and implement a Code Amendment to:
    - Prepare a planning policy regime to guide appropriate development of data centres, their energy requirements and manage environmental impacts. Strengthening planning frameworks will enable better assessment of cumulative environmental, social and economic impacts.
    - Establish a land use definition for 'data centre' to underpin land use policy.
    - Encourage regional development, where appropriate infrastructure exists and won't reduce or impact energy requirements of that community.
    - Include appropriate buffer zones to non-compatible development such as houses or development for vulnerable communities.

- Prepare a specific environment protection policy (EPP) or update relevant existing EPPs under the *Environment Protection Act 1993* to identify separation distances to sensitive receivers and to manage or reduce community amenity impacts such as noise and light. For example, the Victorian "The Sustainable Data Centre Action Plan" provides locational controls, including a buffer between residential buildings and proposed data centres of 150 metres and a prohibition in rural areas unless they can be serviced by data centre infrastructure.
- Legislate 'pre-lodgement' processes to councils on behalf of their communities are engaged in approvals and management of impacts.
- Develop a nationally consistent framework for Community Benefit Schemes that encourages proponents to negotiate community benefit agreements with state and local governments, ensuring that the economic benefits of developments are shared with affected regional and local communities.
- Consider sustainable funding mechanisms to ensure local government is appropriately resourced to plan for, manage, maintain and renew the infrastructure and services required to support the growth of the AI and data centre sector, recognising the additional costs these developments can impose on local communities.
- Any additional costs incurred by councils as a direct result of the development, assessment, monitoring or operation of a data centre should be recoverable from the proponent and not borne by ratepayers.
- Clear responsibilities should be established between State agencies and councils for compliance monitoring, enforcement and incident response to avoid cost-shifting and regulatory duplication.
- Councils should have access to relevant operational and emergency management information where infrastructure failures, energy disruptions, water supply issues or other incidents may have implications for local communities.
- Where developments require upgrades to local infrastructure or services, mechanisms should be established to secure appropriate developer contributions and ensure infrastructure is delivered before operational impacts occur.

Other Considerations

Greenhouse Gas Emissions

Impacts

LGA has identified the following potential impacts associated with greenhouse gas emissions from data centre developments:

- Rising data centre emissions, with a 16% increase recorded in one year (2024–2025).
- Increased fossil fuel emissions, if these are used to meet demand.
- Environmental impact through challenging waste disposal and increased likelihood of fires, due to lifecycle emissions from hardware manufacturing and disposal (e.g. if lithium-ion batteries are used).

Opportunities

LGA encourages the state government to identify appropriate policy and regulatory measures to manage these impacts, including:

- Transitioning to renewable-powered data centres to significantly reduce emissions intensity. Investment in renewable energy could be a condition for planning approval.

Land Use

Impacts

LGA has identified the following potential impacts associated with land use planning and development of data centre infrastructure:

- The use of large sites by data centres (typically 10,000–100,000 m² or more) which are often located near urban infrastructure.
- Development competing with agriculture, biodiversity, and residential land use, all of which are in high demand.
- Creation of significant noise, visual, and heat impacts of data centres which affect nearby communities, therefore creating additional workload for councils through compliance obligations under the local legislation on nuisance and litter.

Opportunities

LGA encourages the state government to consider measures to appropriately plan for and manage these impacts, ensuring data centre developments are integrated into communities in a way that supports sustainable growth and positive local outcomes, including:

- The potential of data centres to generate high economic output per unit of land, reflecting efficient land use in economic terms.
- Ensuring that any new facility complies with the *Local Nuisance and Litter Control Act 2016*, particularly in relation to noise and lighting.
- Considering a funding model to support expansion of the road network for the building and operation of any data centre infrastructure, especially where these may use oversize or over-dimension vehicles to construct and maintain the facility.

Waste and Recycling

Impacts

LGA has identified the following potential impacts associated with waste management and recycling arising from data centre developments:

- Generation of significant electronic waste (e-waste) from AI and data centres due to rapid hardware obsolescence, which will likely increase to quantity of lithium-ion battery waste due to no current recycling facility in Australia.
- The lifecycle impacts of extracting, manufacturing, and disposing of hardware which contribute to environmental pressures.

Opportunities

LGA encourages the Inquiry to consider measures to manage waste and recycling impacts associated with data centre developments, including:

- Expansion of the sector to support a circular economy, including:
    - Hardware refurbishment
    - Recovery of critical minerals
- Centralised infrastructure reducing duplication of recycling facilities, improving overall resource efficiency.

Major Hazard Facility

The State has regulations for identifying and managing facilities classified as MHFs. However, it is not clear if high-energy buildings such as data centres will be captured within that framework. Traditionally, the classification has focused on facilities such as oil refineries, chemical manufacturing plants, gas-processing plants, LPG storage facilities and wool stores.

If data centres are classified as major hazard facilities, for community safety, the Planning, Development and Infrastructure Act should be amended to incorporate major hazard facility planning. This would include consideration of other hazards such as bushfire and flooding.

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If data centres are classified as major hazard facilities, one of the benefits would be that the facility owner would be required to plan for specified emergency scenarios and share that information with the relevant council and other authorities, including the MFS, CFS, SES and police.

This area of planning is also important as these facilities would be considered critical infrastructure and therefore could be susceptible to terrorism. Therefore, the connection with emergency services is more important.

Opportunities

- Treat data centres as major hazard facilities and strengthen the relationship with the emergency management sector.
- Consider the security requirements as part of the planning for data centre infrastructure.
- Ensure bushfire and flood hazards are considered and mitigated as part of the planning and development process

Mandatory Rate Rebate

South Australia has a more extensive system of mandatory council rates rebates and exemptions than in most Australian jurisdictions. One of the key areas of mandatory rate rebates is for electricity generators and this restriction puts upward pressure on council rates paid by other ratepayers and undermines the financial sustainability of the local government sector. This state policy also creates inequity across the commercial and industrial rate category as electricity generators are the only sector who receive this generous concession.

This state policy:

1. **Perpetuates inequity in communities:** the current system arbitrarily shifts a financial burden onto other ratepayers while benefits are enjoyed by a select few. This contributes to the cost-of-living pressures being experienced by many South Australians.
2. **Does not fulfil intended policy objectives:** there is no evidence that exemptions benefit wider society through lowered costs, improved access, or improved quality of goods and services. In some cases, the policy objective has long-passed.
3. **Undermines long-term financial sustainability:** across the state's 68 councils, the value of mandatory rebates has more than doubled between 2009-10 ($15 million) and 2019-20 ($32 million). An erosion of the rate base puts the core and valued services that councils deliver at risk.

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The South Australian exemptions for electricity generators result in local communities subsidising electricity generated for use across a broader (and national) marketplace. It is the only state, along with Victoria, to feature a broad application of capital value as the valuation method for rating purposes. Anticipated future growth in the installation and operation of electricity generation sites is expected to place an increasing burden and degree of cross subsidy on South Australian councils and their communities.

Independent research conducted by the AEC Group in 2024 for LGA estimated the annual forgone revenue to regional South Australian councils to be $6.28 million. This is based on comparing the potential contribution from energy sector developments using the Victorian formula (i.e. includes electricity generation plant and equipment within capital valuations) with current South Australian contributions. It should be noted however, that the actual revenue impact for SA councils is much greater when compared to the rates payable under the adjusted capital value approach with the estimated annual impact being around $27.85 million.

This is expected to increase exponentially, with the Australian Energy Market Operator, the energy market regulator, predicting a doubling of electricity generation in South Australia, over the next decade. Each new parcel of land used for electricity generation will thereby gain the benefit of this rates discount. This is inconsistent with all other commercial and industrial businesses with the council boundary.

The AEC Group report also shows that the competitiveness of SA regions in attracting renewable energy developments will not be impacted when the rating policy is amended, particularly if rates levied are comparable with Victoria. Consequently, there would be 'no negative impact on investment and employment opportunities in SA regions' because of levying appropriate rates on electricity generators.

Opportunities

- Remove the mandatory rate rebate for electricity generators.
- Contribute to lowing the cost of living pressure on South Australian ratepayers.

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