



Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

Submission to inquiry into artificial intelligence and data centres

I welcome the opportunity to make a submission to the Senate Environment and Communications References Committee's inquiry into artificial intelligence and data centres.

Artificial intelligence (AI) is rapidly expanding across the globe, changing economies, labour markets, land and resource use, and the environment. As this expansion accelerates in Australia, communities are raising legitimate concerns about the impact of AI and data centres on our energy and water resources, whether there are sufficient guardrails to protect children and communities from harm, and whether Australian jobs and creator and artist intellectual property will be protected. These reasonable concerns must be addressed to ensure the risks of AI are minimised and its opportunities are captured and shared by Australian communities.

The pace of proposed data centre development in Australia requires urgent and proactive attention to address these concerns. Without clear regulation and oversight, we risk harm to vulnerable communities and may fail to secure the full benefits of AI development for Australia.

This submission focuses on AI data centre impacts on energy and water resources, and ensuring Australians receive meaningful benefit from hosting AI data centres commensurate with the resources they consume.

Energy and Water Resources

Data centre development will shape Australia's electricity system for decades to come.¹ There is a high degree of uncertainty in forecasting electricity demand from data centres over coming decades.² The most recent data released by the Australian Energy Market Operator forecasts data centres will triple their energy demand from the National Energy Market (NEM) by 2030, and grow nearly seven times to around 34 TWh by 2036.³ This is an extraordinary increase in energy demand in the NEM and must be managed carefully to prevent undermining Australia's energy transition.

Where data centres draw on Australia's energy resources, they should be required to invest in new renewable energy generation and storage sufficient to meet their electricity needs. New data centres and AI infrastructure should not place upward pressure on energy prices and should be required to invest in Australia's energy

¹ <https://www.climatecouncil.org.au/what-does-the-data-centre-boom-mean-for-australias-switch-to-renewables/>

² https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/oxford-economics-australia-data-centre-energy-consumption-report.pdf

³ https://www.aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/nem_esoo/2026/2026-esoo-data-centre-forecasting-overview.pdf



transition.⁴ National Cabinet have recognised this need and committed to working together to develop consistent mandatory standards for data centre energy, water and land-use.⁵ This is a welcome step. As investment in data centre development grows, clear mandatory requirements would provide greater business certainty for developers and greater confidence for communities.

Recommendation 1: The Government should urgently progress binding obligations for new data centres in Australia. This must include a requirement for data centre and AI infrastructure developers to invest in new and additional renewable energy generation and storage infrastructure that meets or exceeds their energy demand.

Proactive planning is needed to manage the impact of this increased demand on the energy grid and on consumers. It is also required to ensure our land is most appropriately and efficiently used among competing land-use priorities for food and fibre farming, renewable energy and environmental protection. Every megawatt of solar generation requires approximately 2 hectares of landmass.⁶ While data centres will not exclusively rely on solar, the increase in energy demanded by data centres will have a substantial impact on the landmass required to build new renewable energy projects to sustain data centre demand. It is essential that the Government responsibly balances the benefits of data centres with the loss of farming, environmental, housing and other land uses.

Recommendation 2: When assessing applications for data centre developments, Commonwealth, state and territory governments must consider the impacts on agricultural land, environmentally significant areas and regional communities, including the effects of new renewable energy projects required to power those facilities.

Water use is also a significant concern. As weather becomes increasingly unpredictable and pressure on water resources grows, communities need confidence that data centre development will not compromise drinking water supplies, agricultural water needs, environmental flows, or place additional pressure on already constrained catchments. The Victorian Farmers Federation have recently raised important questions about data centre water use during drought.⁷

I have previously raised concerns about the need to protect drinking water catchments from the impacts of development, including in my submissions to the Community Engagement Review led by Professor Andrew Dyer and to the inquiry into the Environment Protection Reform Bill 2025.⁸

The Government's expectations for AI data centres state that data centre developers should use water sustainably and efficiently and engage with communities and First Nations people to determine appropriate

⁴ <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers>

⁵ <https://www.pm.gov.au/media/meeting-national-cabinet-26-august-26>

⁶ <https://cleanenergycouncil.org.au/for-consumers/fact-sheets/environment-and-planning-get-the-facts/renewable-energy-agriculture>

⁷ <https://vff.org.au/data-centre-boom-sparks-farmer-debat/>

⁸ <https://www.helenhaines.org/media/submission-the-community-engagement-review/>
<https://www.helenhaines.org/media/submission-environment-protection-reform-bill-2025/>



locations for development.⁹ This is welcome, but it does not prevent data centres from drawing water from drinking water catchments. The Climate Council have recommended that data centres be required to implement best-practice energy and water efficiency standards and avoid drawing on drinking water supplies.¹⁰

Recommendation 3: The Government should prohibit data centres from drawing water from drinking water catchments and impacting agricultural water uses and environmental flows.

Community Benefit

Currently, a large proportion of data centre proposals are in or near Sydney or Melbourne. However, regional communities, including communities in my electorate of Indi, are hosting significant renewable energy infrastructure needed to support the transition to renewable energy. These communities are understandably concerned about the impact of increased demand from AI data centres, particularly where they are already hosting infrastructure for the national energy transition.

As demand for energy grows, regional communities must receive meaningful, long-term benefits from the infrastructure they host. Best-practice community engagement, clear regional economic benefits and intergenerational infrastructure investment are essential to building social licence and ensuring the energy transition is fair.

Recommendation 4: The Government should establish a permanent, nationally consistent community benefit framework that sets out minimum mandatory community benefit contributions to be paid by renewable energy proponents, including data centre developers investing in renewable infrastructure, that deliver long-term economic benefits to the regions that host their infrastructure.

Conclusion

Data centres and AI infrastructure will transform economies, jobs and resource use. With the right regulation and oversight, this transformation can deliver generation-defining benefits for Australia.

I call on the Government to take a proactive approach to AI policy so Australian communities are protected from potential harms and share in the benefits of this transformation. Clear, binding requirements for energy, water and community benefit will help ensure communities are not left behind.

Sincerely,

Helen Haines MP

31 August 2026

⁹ <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers>

¹⁰ <https://www.climatecouncil.org.au/what-does-the-data-centre-boom-mean-for-australias-switch-to-renewables/>