Submission to the South Australian Government

Public Consultation on Proposed Principles for the Regulation of Data Centres

Submitted by: Northern and Yorke Local Government Association (N&YLGA)
Representing: 15 member councils across South Australia's Northern and Yorke region

Introduction

Northern and Yorke Local Government Association (N&YLGA) welcomes the opportunity to provide feedback on the South Australian Government's proposed principles for legislation to regulate the development and operation of data centres.

N&YLGA represents 15 local councils across the Northern and Yorke region and advocates for the collective interests of regional communities, businesses, industries and local government.

N&YLGA recognises that data centre investment presents opportunities for South Australia, including economic diversification, private investment, employment, skills development and increased demand for supporting industries. Regional South Australia may be particularly relevant to this investment given the availability of land, renewable energy resources and existing energy infrastructure.

However, the scale and long-term operational requirements of data centres mean that their development must be carefully managed. Electricity demand, water availability, infrastructure requirements, land use and the distribution of economic benefits have direct implications for regional communities and the councils responsible for planning for their future.

N&YLGA supports the development of a clear, coordinated and proportionate legislative framework that enables responsible investment while ensuring that data centres deliver measurable benefits to South Australians and do not transfer unreasonable costs or risks to households, businesses, regional industries or local government.

This submission responds specifically to the five principles identified in the South Australian Government's consultation:

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

N&YLGA's overarching position is that these principles should be translated into enforceable requirements, with appropriate monitoring, reporting, accountability and consequences for non-compliance. The legislation should also recognise the cumulative effects of data centres and their associated infrastructure, particularly in regional areas that already accommodate significant energy generation and transmission infrastructure.

Principle One: Manage energy use

N&YLGA supports the proposed principle of preserving electricity grid security, reliability and stability while ensuring that data centre development does not adversely affect consumer energy prices.

Data centres are energy-intensive facilities with potentially substantial and continuous electricity requirements. Their development can create demand for new generation, energy storage, transmission and distribution infrastructure. These requirements must be assessed in the context of existing and projected demand from households, agriculture, manufacturing, mining and other regional industries.

N&YLGA considers that the legislation should establish a clear principle: the costs of meeting additional electricity demand attributable to a data centre should not be unfairly transferred to existing electricity consumers or regional communities.

Recommendations

Require demonstrable additional energy supply

Before a data centre is approved to commence operations or increase its electricity consumption materially, the proponent should demonstrate that sufficient electricity supply and network capacity are available to meet its demand without compromising system reliability or the needs of existing users.

Where a project depends on new generation, storage or network infrastructure, approvals should be staged against the actual delivery and availability of that infrastructure.

Establish fair arrangements for infrastructure costs

The legislation should require transparent arrangements for identifying and allocating the costs of network upgrades, transmission infrastructure, additional generation and other electricity infrastructure attributable to a data centre.

Data centre proponents should meet their fair share of the costs associated with their additional demand. Those costs should not be shifted to households, small businesses, agricultural producers or councils through electricity prices or other charges.

Require energy efficiency and demand management

Data centres should demonstrate the adoption of appropriate energy efficiency technologies, operational practices and demand management measures. Proponents should also explain how they will respond to periods of electricity supply constraints and peak demand.

Consider the cumulative impact of energy infrastructure on regional communities

The assessment of data centre proposals should extend beyond the facility boundary to consider the associated generation, battery storage and transmission infrastructure required to support operations.

In the Northern and Yorke region, this is particularly relevant where renewable energy projects and associated infrastructure may occupy or affect agricultural land. The legislation should recognise that the cumulative impacts of energy infrastructure can extend across multiple council areas and affect agricultural production, local roads, landscapes and community expectations.

Address the limited capacity of councils to capture revenue from energy infrastructure

N&YLGA highlights a structural issue for regional local government. Councils have limited capacity to capture ongoing revenue from electricity generation and supply infrastructure through local government rates, including infrastructure associated with wind and solar energy developments on agricultural land.

As data centre demand potentially drives further investment in electricity generation, storage and transmission, regional communities may accommodate an increasing infrastructure footprint without a corresponding increase in the revenue available to councils to manage associated local impacts.

N&YLGA recommends that the Government examine appropriate mechanisms for regional benefit-sharing and infrastructure contributions. These mechanisms should complement existing rating and planning arrangements rather than assume that councils can recover the costs through rates.

Principle Two: Secure water sustainably

N&YLGA supports the proposed requirements for sustainable water sources, efficient water use and protection of consumers from adverse water bill impacts.

Water is a critical resource for regional communities, agriculture, industry and the environment. In regional South Australia, water availability and security can be affected by climate variability, drought, infrastructure constraints and competing demands.

The location of a data centre should be informed by a credible assessment of the availability, reliability and sustainability of the water required throughout its operational life.

Recommendations

Require a water security assessment for each project.

Proponents should demonstrate the volume and quality of water required during construction, commissioning and full operation, including peak demand and projected future requirements.

Assessments should consider the reliability of supply under drought conditions, climate change scenarios and periods of competing demand. They should also identify the consequences of supply interruptions for the facility and the surrounding community.

Protect existing community and industry water needs

Data centre approvals should not proceed on the assumption that additional water can be made available without considering existing users and regional development priorities.

The assessment process should identify potential effects on household water security, agricultural production, regional industries and environmental requirements. Where additional water infrastructure is proposed, the costs, impacts and benefits should be transparent.

Require efficient water use and appropriate cooling technologies

Proponents should demonstrate that they have considered water-efficient cooling systems, water recycling, reuse and suitable non-potable water sources where technically and environmentally appropriate.

The legislation should require measurable water efficiency commitments proportionate to the scale and operating requirements of each facility, supported by ongoing monitoring.

Prevent unreasonable water cost transfers

The costs of water infrastructure, treatment, storage and delivery required specifically to support a data centre should be allocated fairly. Existing households, businesses and regional communities should not bear unreasonable costs arising from the additional demand.

Require ongoing water reporting

Operators should report actual water consumption against approved projections and efficiency commitments. Material increases in consumption should trigger review and, where necessary, corrective action.

N&YLGA considers that water security must be assessed at a regional and catchment level where appropriate, rather than solely by reference to whether a utility can technically supply an individual project.

Principle Three: Strengthen trust and transparency

N&YLGA supports greater transparency concerning data centre electricity and water consumption, as well as the proposed alignment of the State's framework with the national interest.

Transparency is essential to public confidence, informed decision-making and the effective management of cumulative impacts. Councils need reliable information to understand how major developments may affect local infrastructure, land use, economic development and community services.

While some commercially sensitive and security-related information may legitimately require protection, confidentiality should not prevent the disclosure of information necessary to assess public impacts and monitor compliance.

Recommendations

Establish clear reporting requirements

The legislation should require operators to provide regular, standardised information about:

- Electricity consumption and peak demand
- Water consumption and water efficiency performance
- Approved and actual operational capacity
- Compliance with energy and water conditions
- Infrastructure upgrades and material changes to approved operations
- Employment, workforce training and local procurement outcomes
- Delivery of agreed community and economic benefit commitments.

Information should be published in a consistent format that enables meaningful comparison between approved commitments and actual outcomes.

Require early engagement with affected councils

Councils should be notified at the earliest practicable stage of proposals likely to have material implications for their areas, including associated electricity, water, transmission and access infrastructure.

Engagement should occur before key decisions are finalised, allowing councils to identify local impacts, provide regional information and raise issues relating to roads, land use, emergency management and community infrastructure.

Provide councils with access to relevant project information

Affected councils should receive information reasonably necessary to understand and manage the local implications of a proposal. This should include relevant infrastructure plans, projected resource requirements, construction traffic arrangements, environmental management measures and approved community commitments.

Require accountability for public commitments

Commitments made during project assessment or community consultation should be documented and monitored. The legislation should provide mechanisms to address material failures to meet enforceable commitments.

Protect legitimate confidentiality without undermining public accountability

The framework should distinguish genuinely sensitive commercial, personal and security information from information necessary for public scrutiny. Any exemptions should be clearly defined and applied consistently.

N&YLGA considers that public trust will depend on more than the publication of initial project approvals. It will require ongoing evidence that data centres are operating within approved limits and delivering the benefits used to justify their development.

Principle Four: Deliver benefits for all South Australians

N&YLGA supports the proposed principle that data centres should contribute to community and economic benefits, industry development, workforce and skills development, local content and employment.

The scale, investment value and long operational life of data centres mean that their benefits should extend beyond construction activity and the direct employment of a relatively limited operational workforce. Regional communities should have a meaningful opportunity to participate in the economic activity generated by these developments.

N&YLGA also considers that the legislation should distinguish between benefits that would occur regardless of a project and additional benefits that arise directly from the investment. This will help ensure that commitments are credible, measurable and proportionate.

Recommendations

Require a project-specific Regional and Community Benefits Plan

For significant data centre developments, proponents should prepare a plan setting out the proposed economic, workforce and community benefits, developed in consultation with affected councils and communities.

The plan should identify measurable commitments, delivery timeframes, responsible parties and reporting arrangements. Requirements should be proportionate to project scale, location, infrastructure demand and operational lifespan.

Strengthen local employment and skills development

Proponents should demonstrate how they will provide opportunities for South Australian workers and businesses during construction and operation.

Commitments could include apprenticeships, traineeships, technical training, partnerships with education and training providers, local supplier development and pathways into information technology, engineering, electrical trades, facilities management and other relevant occupations.

Workforce plans should distinguish between temporary construction employment and ongoing operational employment, enabling communities to understand the likely long-term employment contribution.

Establish meaningful regional procurement opportunities

Proponents should identify opportunities for regional businesses to supply construction, maintenance, transport, professional, environmental and other services.

Where local capacity is not immediately available, plans should identify opportunities to develop that capacity over time. Reporting should measure actual participation rather than relying solely on statements of intent.

Provide fair recognition of impacts on host communities

Communities hosting data centres and associated infrastructure may experience construction traffic, pressure on local roads, land-use changes and demands on local services.

N&YLGA recommends that the legislation enable appropriate, transparent and enforceable arrangements for community benefits and infrastructure contributions. These should reflect the scale and duration of a project and the impacts experienced by the host region.

Benefits should not be confined to the immediate facility site where associated infrastructure or cumulative impacts extend across multiple council areas.

Address the financial position of regional councils

N&YLGA reiterates that local government may be required to manage additional road maintenance, construction traffic impacts, emergency planning and other local consequences without a commensurate increase in revenue.

The Government should consider how the legislative framework can support fair arrangements for recovering attributable infrastructure costs and providing regional benefits. This is

particularly important where substantial electricity infrastructure is located on agricultural land but does not generate a corresponding rating base for the host council.

Measure benefits over the project lifecycle

Community and economic benefit commitments should be established early, reported regularly and reviewed as projects move from construction to operation and, where relevant, decommissioning.

N&YLGA recommends that the legislation support enforceable commitments, transparent reporting and proportionate consequences where material obligations are not met.

Principle Five: Staged, streamlined and coordinated development

N&YLGA supports more cohesive planning, energy and operational approval processes. A coordinated framework can reduce unnecessary duplication, improve certainty for proponents and help government agencies assess related infrastructure requirements together.

However, streamlined approvals must not come at the expense of sound planning, adequate community engagement or the capacity of councils to identify and manage local impacts.

Staged approvals are particularly important where a project's electricity and water requirements will increase over time. Approval for a facility's ultimate proposed capacity should not automatically confer an unrestricted ability to commence operations at that capacity before supporting infrastructure and resource supplies are available.

Recommendations

Coordinate approvals across relevant agencies and infrastructure providers

The legislative framework should provide a clear process for coordinating planning, electricity, water and operational approvals, with defined responsibilities and timeframes.

Affected councils should be included in this process where proposals have material implications for local planning, roads, infrastructure or communities.

Link operational stages to verified infrastructure capacity

Approvals should identify the maximum capacity and resource consumption permitted at each stage of development. Increases should be conditional on verification that the necessary electricity supply, network capacity and sustainable water arrangements are operational and adequate.

Provide meaningful opportunities for council input

Councils should have a defined opportunity to provide input into matters affecting their responsibilities and communities. This should include construction access, local road

impacts, land-use compatibility, emergency management, environmental considerations and infrastructure maintenance.

Where a development or its associated infrastructure affects multiple council areas, the process should enable coordinated regional input rather than requiring each council to consider impacts in isolation.

Require appropriate construction and infrastructure management plans

Major proposals should identify construction traffic routes, heavy vehicle movements, road condition assessments, infrastructure protection measures, rehabilitation arrangements and responsibility for damage attributable to construction or operation.

Where local roads are used to support major projects, the arrangements for assessment, maintenance and reinstatement should be established before construction begins.

Establish review mechanisms for material changes

Data centre operations can change as technology, demand and cooling systems evolve. The legislation should require re-assessment where proposed changes materially increase electricity or water consumption, expand site capacity or alter the impacts on surrounding communities.

Provide clear compliance and enforcement mechanisms

Streamlined approval processes should be supported by effective monitoring, compliance powers and consequences for breaches. The framework should specify responsibility for monitoring operational conditions and responding to non-compliance.

N&YLGA considers that coordinated development should mean better coordination of decisions and infrastructure, not the removal of appropriate safeguards or the exclusion of local government from decisions that affect its communities.

Cross-cutting consideration: Regional impacts and cumulative development

While the five proposed principles provide a useful foundation, N&YLGA recommends that the draft legislation explicitly recognise the cumulative impacts of data centres and their associated utility infrastructure.

A single project may be assessed as manageable in isolation, while several projects in the same region may collectively place significant demands on electricity networks, water resources, agricultural land, local roads and community infrastructure.

This is particularly relevant to regions experiencing significant renewable energy investment alongside other economic development pressures.

The legislation should provide for:

- Assessment of cumulative energy and water demand where multiple projects rely on the same resources or infrastructure.
- Consideration of cumulative impacts on agricultural land, regional roads, communities and the environment.
- Coordination across council boundaries where associated infrastructure or impacts extend beyond the project site.
- Transparent allocation of infrastructure costs between proponents, utilities and other relevant parties.
- Appropriate regional consultation and consideration of the combined effects of development.
- Monitoring of actual impacts against approved projections, with mechanisms to respond to emerging risks.

N&YLGA also recommends that the Government consider how regional benefit-sharing arrangements can recognise the contribution and impacts of communities hosting associated infrastructure, not just the principal data centre facility.

Implementation and accountability

N&YLGA recommends that the proposed legislation translate the five principles into clear obligations supported by practical implementation arrangements.

The framework should identify which requirements apply at the proposal, approval, construction, commissioning and operational stages. It should also specify how compliance will be monitored and how councils and communities will be informed of material issues.

In particular, N&YLGA recommends:

1. Clear statutory requirements: Establish measurable obligations for energy supply, water security, transparency, benefits and staged development.
2. Proportionate application: Apply requirements according to project scale, resource consumption, location and potential impacts, while ensuring that smaller facilities are not subject to unnecessary regulatory burdens.
3. Independent verification: Require appropriate evidence that energy and water requirements can be met and that operational conditions are being observed.
4. Public reporting: Publish meaningful performance information, subject to clearly defined confidentiality and security protections.

5. Compliance and enforcement: Establish proportionate consequences for material non-compliance and mechanisms to require corrective action.
6. Local government participation: Provide clear arrangements for council engagement and access to relevant information.
7. Periodic review: Review the effectiveness of the framework as technology, energy systems, water availability and the data centre sector evolve.

N&YLGA further recommends that the Government consult with local government on the proposed Bill and any supporting regulations, guidelines or approval processes before the final framework is implemented.

Additional Statement – Regional Infrastructure Investment and Local Government Financial Sustainability

N&YLGA emphasises that the development of data centres must be considered in the context of existing infrastructure deficiencies and the financial pressures already facing regional South Australia. Investment in water infrastructure across the Northern and Yorke region has not kept pace with the needs and aspirations of regional communities, housing expansion, industries and future economic development. The prospect of substantial new demand from data centres, together with the associated expansion of electricity generation, storage and transmission infrastructure, will place immense additional pressure on regional utilities, local roads and essential services.

A fundamental concern for N&YLGA is that regional councils are being asked to accommodate and facilitate infrastructure of significant State and national importance while operating within constrained revenue bases. Electricity generators can receive reduced rates under applicable local government rating arrangements, limiting the revenue councils can derive from infrastructure that occupies agricultural land and may contribute to cumulative local impacts. Consequently, councils may experience increased demands for road maintenance, construction access, planning, emergency management and community infrastructure without a commensurate increase in their capacity to fund these responsibilities.

The proposed legislation presents an opportunity to address this structural inequity. N&YLGA calls on the South Australian Government to ensure that the regulatory framework does not further disadvantage regional councils or transfer the costs of private investment and State-wide infrastructure requirements onto local ratepayers. The Government should clearly identify how the additional investment required in regional roads, water supply and treatment, electricity networks and associated infrastructure will be funded, including the respective contributions of data centre proponents, utility providers and State Government funding programs.

In particular, the Government should establish transparent and equitable arrangements for infrastructure contributions, cost recovery and regional benefit-sharing, supported by appropriate funding commitments where infrastructure delivers broader public benefits. These arrangements must recognise both the direct requirements of individual projects and the cumulative impacts of multiple developments on regional communities and council assets.

N&YLGA's position is clear: South Australia cannot expect regional communities to accommodate significant new data centre and energy infrastructure without ensuring that the essential infrastructure supporting those developments is adequately funded; and that councils can seek rating equity from electricity generators (including wind and solar). The legislation must provide a pathway for investment in the roads, water systems and electricity infrastructure required to support growth, while ensuring that regional councils are not left carrying an unfair share of the financial burden. Without these safeguards, the State risks undermining the financial sustainability of local government and the very regional communities whose land, resources and infrastructure will help enable South Australia's digital economy.

Conclusion

N&YLGA supports the South Australian Government's objective of ensuring that data centres deliver long-term benefits to South Australians while preventing adverse impacts.

The proposed principles provide a foundation for a regulatory framework that can support responsible investment, protect essential resources and strengthen public confidence. Their effectiveness, however, will depend on how they are translated into clear and enforceable requirements.

For regional South Australia, the key issues are ensuring that additional energy and water demand is sustainably accommodated, that the costs of supporting infrastructure are fairly allocated, that local government has a meaningful role in decisions affecting its communities, and that economic benefits extend beyond the project boundary.

N&YLGA particularly emphasises the need to address the position of regional councils that host significant electricity generation and associated infrastructure but have limited capacity to capture ongoing revenue through local government rates. As data centre development drives demand for additional generation, storage and transmission, the legislation should ensure that regional communities are not left managing the consequences without appropriate arrangements for cost recovery and benefit-sharing.

N&YLGA recommends that the Government retain the five proposed principles and strengthen their practical application through measurable obligations, staged approvals, transparent reporting, meaningful local government engagement and effective compliance mechanisms.

With these safeguards, South Australia can pursue data centre investment while protecting regional communities, supporting existing industries and ensuring that the benefits of development are shared fairly across the State.

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