Submission to Artificial Intelligence and Data Centres Review

August 2026

Executive summary

Community Power Agency thanks the Senate Standing Committees on Environment and Communications for the opportunity to provide feedback on the review of Artificial Intelligence and Data Centres.

Australians are acutely aware that while the AI revolution could expand the domestic tech sector and create high-wage specialised roles, it also carries significant risks, ranging from widespread workforce displacement to severe strain on local energy and water grids. As peripheral players in the global AI ecosystem, Australia risks being locked into the low-margin ends of the value chain; extracting the raw critical minerals that make hardware possible, only to buy back finished software from North American tech giants. Meanwhile, processing, infrastructure control, and foundational development is monopolised by global tech corporations whose corporate interests do not align with the Australian public. Because Australia bears the local physical burdens of these data centres without naturally capturing value, the rules governing where and how they are built are critical to protecting our national security, energy grid, and local communities.

Rather than allowing international tech monopolies to dictate the terms of infrastructure deployment, Australia must view data centre regulation as a core pillar of a broader, multilateral strategy for AI governance and supply chain reform. We must leverage our unique domestic assets - including critical mineral resources, strict regulatory standards, and public procurement muscle - to force the international supply chain to operate on terms that prioritise local economic resilience, grid stability, environmental sustainability, and public interest.

Within this broader context, CPA's feedback is focused on strengthening the regulatory frameworks for managing data centre growth in Australia to address the

impacts on communities, energy grids and water supply, while delivering meaningful community benefits.

In summary, we recommend that:

1. Regulatory frameworks for data centres must be legally enforceable,
2. Data centres must mitigate their impacts on energy systems, local resources and communities,
3. Data centres must be appropriately sited, with community consent a prerequisite for development,
4. To build a genuine societal value proposition and support social license, data centres must comprehensively mitigate their negative and cumulative impacts on communities, as well as deliver *additional* community benefits beyond impact mitigation,
5. The Federal Government must develop an actionable plan for local data & digital sovereignty, establishing public interest computing facilities, domestic component manufacturing, as well as Australian and community-owned AI infrastructure.

About Community Power Agency

Community Power Agency is a not-for-profit and trusted independent advisor working to empower communities across Australia to participate and benefit from a fairer and more accessible renewable energy system. We have authored state government and best-practice industry guidelines on benefit sharing and engagement, worked with communities across multiple Renewable Energy Zones (REZs), and played a key role in supporting Australia's community energy sector to date.

The renewable energy sector offers valuable lessons for how other infrastructure projects, including data centres, can be developed in ways that go beyond community consultation, to true partnership and empowerment of communities. As Australia's data centre sector grows rapidly, there is a real opportunity to get the regulatory settings right from the outset rather than repeating the early mistakes of the energy sector, where insufficient community engagement created lasting conflict in some communities.

Our deep experience in designing engagement and benefit-sharing frameworks that build genuine social licence and participation is highly relevant to the terms of reference of this inquiry.

Inquiry Terms of Reference

Our submission responds to the following terms of reference:

1. the effectiveness of existing regulatory frameworks in managing the growth of data centres in Australia, including in relation to existing and future deals between the Government and global Artificial Intelligence (AI) companies;
2. the potential impacts of AI and data centres on Australian communities, industries and the environment, water and energy; and
3. any other related matters.

1. Regulatory frameworks for data centres must be legally enforceable

Under the current asymmetric architecture of global AI governance, domestic communities are expected to absorb severe localised resource strains while foreign technology monopolies capture the intellectual and economic wealth. Australia's experiences in building social license in the resource and energy sectors show that true social license will never be achieved through voluntary corporate guidelines. In the case of the AI industry, it will require a structural overhaul that replaces extractive practices with legally binding frameworks, local digital sovereignty, and tangible public equity.

To ensure that development is responsible, sustainable and aligned to community expectations, the regulatory framework for data centres and AI infrastructure must be legally enforceable, including rules for disclosure and transparency in reporting

on data centre development and operations in Australia.[1] The Federal Government's Expectations of data centres and AI infrastructure developers ('the Expectations') are a positive step, but must be strengthened and made legally enforceable on data centre developments.[2]

We strongly recommend that the Expectations are legislated as binding obligations as soon as possible, and that all subsequent recommendations made in this submission are incorporated into those binding obligations.

2. Data centres must comprehensively mitigate their negative and cumulative impacts on energy systems, local resources and communities

Australia's energy shift is well underway, but the rapid growth of data centre and AI infrastructure, which is now the fastest growing source of electricity demand[3], places significant strain on our electricity supply and local resources. Without sufficient regulation, this expansion risks undermining a fast, fair transition to renewable energy and fracturing community trust. To preserve their social licence, data centre developers must be subject to mandatory, enforceable frameworks that mitigate their cumulative impacts on energy systems, environments, and local communities.

Mitigating impacts on the energy system

- First, to safeguard the energy system, data centres must achieve true "additionality" in their procurement of 100% renewable energy. Rather than merely offtaking renewable energy from existing projects and depleting

[1] We support the Joint Statement on Public Interest Principles for Data Centres, including that "[d]ata centres 1 MW and over should be subject to a national minimum reporting standard to a public database" (p. 5).

[2] We support the *Greenpeace Report on AI Data Centres*' recommendation that"[b]inding, legislated standards for AI development, including substantiated claims of additional renewable energy; full disclosure of services delivered, emissions, finances and energy use, per project; [and] full assessment of compliance with human rights frameworks." (p. 8).

[3] Australian Energy Market Operator (AEMO) (01 June 2026), 'Digital demand surge: Preparing Australia's power systems for the rise of data centres'.

available green power for the rest of the grid, developers must be legally required to underwrite new, verifiably additional renewable energy projects.[4]

- Furthermore, they must actively strengthen grid stability by investing in storage, firming capacity, controllable load, and demand response services. This operational flexibility links directly to the need for appropriate geographical siting to maximize grid stability *(as discussed in Recommendation 3)*.[5]
- Crucially, where grid upgrades or additional infrastructure are required to accommodate data centre developments - either individually or cumulatively - the financial costs must be fronted entirely by the data centre industry, shielding everyday consumers from the economic burden.[6]

Mitigating impacts on local resources and the environment

Second, mitigation efforts must extend beyond grid management to address the direct strain these facilities place on local resources and environments.

- Data centres must systematically minimise their embodied emissions and meet absolute best-practice standards for energy efficiency, water use, cooling technologies, and heat reuse.
- To ensure long-term sustainability, facilities must adhere strictly to the principles of a circular economy and responsible decommissioning.

Mitigating impacts on communities

Data centre and AI infrastructure development has substantial impacts on host communities, both at a project level and cumulatively as an industry, alongside other major infrastructure development. These impacts include, but are not limited to, pressure on regional roads, housing markets, construction workforces, essential services, water and electricity infrastructure and supply. It is vital that data centre

[4] We support the Joint Statement on Public Interest Principles for Data Centres' call for "[e]very new [data centre] facility [to] be matched with additional renewable generation (pre-final investment), or curtailed generation equivalent to at least 100% of its electricity demand (MWh) from the day facilities open" (p. 4).

[5] See: Carbon Zero Initiative and the Electrical Trades Union (June 2026), Site it Right: Matching Data Centre Demand with Curtailed Renewable Energy in NSW.

[6] We support the Joint Statement on Public Interest Principles for Data Centres' assertion that "[w]here data centre growth drives the need for new transmission, firming or network augmentation, those costs should **not** be socialised onto households and small businesses" (p. 4).

and AI infrastructure developers are subject to enforceable obligations to comprehensively mitigate these impacts, including through co-investment and fair contributions to enabling infrastructure development, such as roads, telecommunications or electricity grid upgrades.

The government can achieve this comprehensive oversight by fully integrating the *Joint Statement on Public Interest Principles for Data Centres* into an enforceable regulatory framework, ensuring the industry develops transparently, responsibly, and in alignment with the public interest.

3. Data centres must be appropriately sited, with community consent a prerequisite for development

Decisions about where to site data centres and AI infrastructure are pivotal to avoiding undue negative impacts and maximising any possible benefits. Like any infrastructure project, data centre development must be required to avoid high-biodiversity areas, prioritise brownfield development and respect First Nations and Traditional Owners rights to self-determination and free, prior and informed consent.[7]

Community appetite is a fundamental consideration for whether a particular site is appropriate. Community engagement must begin as early as possible in the development process, with respect for the community's right to say no to the development in its entirety. Siting decisions should be co-designed with communities, with community governance rights included in the planning, construction and operations phases of the project (see our Power in Partnership Guide, as discussed below under recommendation 6, for more detail on possible governance models). Siting of data centres in regional areas, close to new sources of renewable energy, should also be incentivised where there is community appetite

[7] We support the Joint Statement on Public Interest Principles for Data Centres' recommendation that "[d]ata centres should follow smart siting principles applied to other major infrastructure" (p. 4.).

and system benefits to regional energy networks.[8] We suggest that the government fully explore and integrate the policy recommendations made in the Carbon Zero Institute and Electrical Trade Union's recent 'Site it Right' report.

4. Data centres must deliver additional community benefits beyond impact mitigation

Securing an enduring social license for hyperscale data infrastructure requires a fundamental reckoning with the industry's missing public value proposition and the deep-seated societal distrust of the global technology sector driving it. Public opposition will naturally intensify not simply because of the direct physical impacts of data centres themselves - such as strain on local power, water, and roads - but because communities fundamentally question the legitimacy of an industry structured around corporate extraction rather than public benefit.

For this reason, impact mitigation in itself is not sufficient to build public trust and secure social license, and will require proactive place-based approaches to delivering local community benefits from AI. Drawing on our experiences in the energy sector, community benefit sharing must be clearly distinguished from, and delivered in addition to, impact mitigation measures.

Alongside mitigating physical harm, data centre and AI infrastructure must deliver structural benefits that directly counter the inherent macro-risks and capture the economic opportunities that the AI industry exposes communities to. This means providing communities with the tools, skills, and compute access necessary to insulate them from automation-driven job displacement and prevent regional digital exclusion, based on strong community engagement and alignment to local needs and aspirations.

Table 1 below provides an illustrative list of impacts versus community benefits that could be delivered by data centre and AI infrastructure developers, depending on local community needs and aspirations. Importantly, in order to tailor community benefit sharing to local needs and aspirations, co-design of community benefit sharing is fundamental and should form part of the regulations for data centre

[8] See: Carbon Zero Initiative and Electrical Trades Union (June 2026), Site it Right: Matching Data Centre Demand with Curtailed Renewable Energy in NSW.

development. **Attachment A** provides an illustrative framework for regulating community benefit sharing commitments, which could be adapted and incorporated into the regulatory framework for data centres and AI infrastructure.

Table 1: Examples of impact mitigation versus community benefits to be delivered by data centre and AI infrastructure developers

Impact Mitigation	Community Benefit
Investing in renewable energy to offset increased electricity demand and underwrite new renewable energy assets	Free or subsidised access to AI tools for charities, and small businesses
Funding grid upgrades needed because of the facility's power consumption	Community AI innovation grants
Water recycling and water-efficiency measures to reduce local water impacts	University and research partnerships (e.g. healthcare research)
Noise, traffic, and visual amenity management	Local startup incubators and technology hubs
Environmental restoration or biodiversity offsets	Digital skills programs and apprenticeships
Road and infrastructure upgrades required due to construction or operations	Public-interest AI projects for councils, health services, and emergency management (such as flood forecasting, traffic congestion, water management, biodiversity conservation)
Carbon reduction measures associated with facility operations	
Monitoring and reporting on environmental impacts	

Local procurement to reduce project impacts on the community associated with an influx of external workers	

5. The Federal Government must develop an actionable plan for local data & digital sovereignty, establishing public interest computing facilities, domestic component manufacturing, and community-owned AI infrastructure.

The Expectations set by the Federal Government on prioritising Australia's national interest (including Australia's national security and data sovereignty) and supporting research, innovation and local capability do not go far enough to capture the opportunity for Australian communities to hold an ownership stake in data centre and AI infrastructure and capability, and to increase local data sovereignty. Likewise, the release of the National AI Plan is a positive step toward asserting Australia's national interest, but also fails to fully capture the opportunity for communities to own a stake in AI infrastructure and capability.

International examples, such as Germany's Wobcom and Belgium's Nubo Co-operative, demonstrate that community and local government owned data centre and cloud services are entirely possible, bringing strong social benefits alongside economic and critical infrastructure services.[9] Our Power in Partnership Guide outlines a range of models for community co-ownership and co-investment in renewable energy assets, which could also be adapted to data centre and AI

[9] See: Kezia Rice (15 December 2025), 'Could data centres serve, rather than harm, our communities? Community-owned data centres give citizens control over their digital lives', *RESET: Digital for Good*.

infrastructure assets. However, this will not happen without strong government leadership and enabling policy, including a target and plan for enabling community ownership of data centre & AI infrastructure and capability.

We thank the Federal Government for the opportunity to provide feedback and would welcome the opportunity to discuss these recommendations further.

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Attachment A:

Community Benefit Principles – Conditionality Framework

Prepared by Community Power Agency in the context of the Future Made in Australia Community Benefit Principles Framework.

Attachment A

Community Power Agency

Community Benefit Principle (CBP)[1]	Minimum criteria	Threshold criteria (must also meet minimum criteria)	Stretch (must also meet minimum and threshold criteria)
(i) promoting safe and secure jobs that are well paid and have good conditions	*Comply with all applicable employment, industrial relations and workplace health and safety laws, including all relevant licenses and registrations, with no outstanding violations[2] Engage workers directly and on a permanent basis wherever possible (i.e. only engaging workers on casual, fixed-term and/or labour hire arrangements as a last resort to meet extraordinary and short-term operational requirements) Provide a summary of previous work health and safety incidents and the company's response to them over the past five years, outlining the response taken to each incident, including any workers	Payment above current industry terms and conditions Any worker engaged on a temporary basis is offered a permanent job after no more than six months Demonstrable evidence of genuine, ongoing, and proactive promotion of job opportunities to local community members Avoiding 100% fly-in fly-out (FIFO) employment policies where there is a regional community of greater than 200 people within 125km of the project Enable workplace delegates to communicate directly with new employees about the benefits of	Demonstrable evidence of other leading practice labour standards over and above threshold requirements and existing workplace relations law

[1] The Community Benefit Principles (CBPs) listed in the first column of this table were legislated under section 3(c)(i)-(v) of the *Future Made in Australia Act 2024*. Additional principles (vi)-(viii) are recommended for addition to the legislative framework.
[2] This is a non-negotiatable requirement which cannot be waived.

	compensation claim payouts, safety upgrades to facilities or practices, and engagement with any relevant registered employee organisations Demonstrate an open attitude to employees joining and participating in unions, including as workplace delegates, by developing policies that set out employees' rights to choose whether to join or be represented by an industrial association, and align with the delegate rights provided under the Fair Work Act Demonstrable evidence of compliance with Safe Work Australia guidance on WHS consultation, cooperation and coordination, including worker representation and participation through elected and trained Health and Safety	union membership and representation	

	Representatives (HSRs) and a functional Health and Safety Committee, with at least 50% of members selected by the workforce		
(ii) developing more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation	Confirmation that neither they, nor any related entities, appear on the most recent Workplace Gender Equality Agency (WGEA) list of employers named as non-compliant under the Workplace Gender Equality Act 2012 Achieve targets for labour hours by: (a) all apprentices and trainees, (b) second- and third-year apprentices and trainees, (c) women apprentices and trainees, and (d) women-in-trades apprentices and trainees, with construction-phase targets aligned to the Australian Skills Guarantee.	Exceeding industry-appropriate targets for hiring local workers by 50% Exceed all minimum requirement targets for apprentice/trainee utilisation by 50% Employment of underrepresented groups at 25% of total project workforce Allocate at least 1.5% of payroll to employee training Training and education pathways for priority cohorts, including First Nations people, women and gender diverse people, culturally and linguistically diverse people, and	Demonstrable evidence of other leading practice workforce development initiatives over and above threshold requirements

	Employment of underrepresented groups[3] at 15% of total project workforce For projects located in a Net Zero Economy Authority (NZEA) 'transition region', participating as a receiving employer under the Energy Industry Jobs Plan Forward planning and information sharing to promote uptake of local job opportunities, such as through partnerships with local employment service providers First Nations cultural competency training for staff Targeted information sharing, communications and promotion of employment opportunities for underrepresented groups[4]	people with a disability	

[3] Underrepresented groups may include Aboriginal and Torres Strait Islander peoples, people from culturally and linguistically diverse backgrounds, people with a disability, people with long-term unemployment, women and young people.
[4] See footnote 3.

(iii) engaging collaboratively with and achieving positive outcomes for local communities, such as First Nations communities and communities directly affected by the transition to net zero	*Demonstrable evidence of community engagement that meets the 'collaborate' category of the IAP2 Spectrum of Public Participation, with measures taken to ensure equitable and inclusive participation[6] Demonstrable evidence of identifying, and understanding and proactively planning to address community concerns and establish participatory oversight, such as in the form of a community reference group Monetary benefit sharing schemes equal to at least 1% of annual gross project revenue, or to the prevailing	Demonstrable evidence of community engagement that meets the 'empower' category of the IAP2 Spectrum of Public Participation, with measures taken to ensure equitable and inclusive participation Monetary benefit sharing schemes equal to at least 2% of annual gross project revenue, or 1% above the prevailing leading practice industry benchmark (whichever is higher) Equity/revenue share for communities (which may be gifted by the proponent[7], 'sweated'[8] or financed[9] by communities)	Demonstrable evidence of community co-ownership or co-investment offerings for communities that are inclusive of low socio-economic groups and/or supports all community members equitably (such as through local community institutions) Over 5% equity/revenue share for communities (which may be gifted by the proponent[10], 'sweated'[11] or financed[12] by communities)

[6] This is a non-negotiatable requirement which cannot be waived.
[7] If equity or revenue share is gifted to communities, the value of the gift may be counted toward meeting monetary benefit sharing targets.
[8] 'Sweat equity' refers to equity that is provided in return for services carried out by communities for the proponent, such as engagement activities, cultural heritage services, land access etc.
[9] Finance for a community equity/revenue share may be raised in various ways, e.g. through crowdfunding; securing a loan (which may be provided at a concessional rate); etc.
[10] See footnote 7.
[11] See footnote 8.
[12] See footnote 9.

	leading practice industry benchmark (whichever is higher) Demonstrable evidence of co-design of monetary benefit sharing schemes with communities, including community-led decision making regarding the expenditure of community benefit funds	Demonstrable evidence of coordination of engagement activities with other projects in the region, to minimise community engagement fatigue and avoid duplication Demonstrable evidence of benefit sharing schemes that are coordinated or pooled with surrounding projects to maximise legacy impact	
(iiia) supporting First Nations communities and Traditional Owners to participate in, and share in the benefits of, the transition to net zero	*Demonstrable evidence of a process that enables Traditional Owners and First Nations communities to exercise FPIC and self-determination, as verified by Traditional Owners[13] *No convictions under any anti-discrimination or cultural heritage	Prioritisation of First Nations businesses in supply chains Special governance rights that provide Traditional Owners and First Nations communities with decision making rights over particular elements of the project Between 5% and	Over 10% equity/revenue share for Traditional Owners and First Nations communities (which may be gifted by the proponent[21], 'sweated'[22] or financed[23] by First Nations communities) Co-governance structures that

[13] This is a non-negotiatable requirement which cannot be waived.
[21] See footnote 7.
[22] See footnote 8.
[23] See footnote 9.

	laws[14] Upholding of First Nations data sovereignty 5% equity/revenue share for Traditional Owners and First Nations communities (which may be gifted by the proponent[15], 'sweated'[16] or financed[17] by First Nations communities)	10% equity/revenue share for Traditional Owners and First Nations communities (which may be gifted by the proponent[18], 'sweated'[19] or financed[20] by First Nations communities)	provide Traditional Owners and First Nations communities with meaningful decision making rights over the project generally (such as a seat on the board) Demonstrated engagement with the self-determined priorities (including economic development priorities) identified by Traditional Owners and First Nations communities
(iv) strengthening domestic industrial capabilities, including through stronger local supply chains	Compliance with the reporting requirements under the Modern Slavery Act 2018, where applicable Demonstrable evidence of policies to ensure Australian businesses have a full, fair, and reasonable opportunity to supply key	Meet an industry-specific target for domestic content utilisation or domestic offtake, where applicable. Meeting industry-specific targets for local content utilisation or domestic offtake, determined by Industry Capability Network (ICN),	Meaningful investment in the development of local supply chain capabilities over and above threshold requirements

[14] This is a non-negotiatable requirement which cannot be waived.
[15] See footnote 7.
[16] See footnote 8.
[17] See footnote 9.
[18] See footnote 7.
[19] See footnote 8.
[20] See footnote 9.

	goods and services for the project, and actively identify and preference key goods and services sourced from Australian businesses, as defined under the updated Buy Australia Plan Commitment not to engage in stock buybacks for the first 5 years After receiving FMIA support Providing local business preparedness training Demonstrable evidence of fair and ethical procurement practices (e.g. setting and adhering to ethical standards codified in internal procurement policies; tender evaluation records, conflict-of-interest management etc.)	where applicable Conduct human rights due diligence for high risk supply chains and provide a report summarising results and steps taken to mitigate risks Meet a minimum target of between 2-10% investment in research and development as a percent of total revenue, with at least a portion of the investment made in partnership with an Australian research university or CSIRO	
(v) demonstrating transparency and compliance in relation to the management of tax affairs, including	Strong governance and accountability mechanisms Provision of a Statement of Tax	Corporations registered outside Australia submit evidence of compliance with specific tax	

benefits received under Future Made in Australia supports	Record as evidence of compliance with tax laws (in alignment with the Explanatory Memorandum for the FMIA Act) Public and transparent reporting, on a regular basis (e.g., annually)	conditions on a regular basis (e.g. annually), based on Australian foreign investment guidelines	
(vi) contributing to nature positive outcomes, including biodiversity net gain	Deliver net gain for each impacted environmental matter, with offsets used as a last resort Integration of biodiversity considerations and protections over and above requirements under planning law Monitoring, evaluation and data sharing on biodiversity outcomes pre- and post- project development	Deliver net gain for each impacted environmental matter, with no use of offsets Long-term stewardship of land and waters in partnership with Traditional Owners Locating sites on land that has been previously cleared and restoring surrounding land	Contribute to landscape scale restoration
(vii) contributing to the achievement of Australia's greenhouse gas emissions reduction targets, including through the use of lowest intensity emissions	Demonstrable evidence that emissions from operations and/or technology are aligned with achievement of Australia's greenhouse gas	Demonstrable evidence that emissions from operations and/or technology are aligned with keeping global warming to a maximum of 1.5	Demonstrable evidence that emissions from operations and/or technology are aligned with keeping global warming to a maximum of 1.5

operations and technologies available to a sector	emissions reduction targets, with emission offsets used as last resort No contribution to opening of new fossil fuel projects	degrees above pre-industrial levels (as outlined in the *Paris Agreement*), with emission offsets used as last resort No contribution to opening of new fossil fuel projects Commitment to actual zero by 2035	degrees above pre-industrial levels (as outlined in *Paris agreement*); with no use of emission offsets No contribution to opening of new fossil fuel projects Commitment to actual zero by 2030
(viii) promoting circularity through responsible sourcing, recycling, and end-of-life management of materials	Proactive planning for decommissioning of materials at end-of-life	Legally enforceable financial assurances for decommissioning Certification of materials circularity (e.g. CPVA certification)	Commitments to provide financial assurances for decommissioning are made public (i.e. transparency of decommissioning clauses and commitments In contractual agreements)

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