

LOCAL INTELLIGENCE

The role of local government in Australia's AI future

Submission to the Joint Select Committee on Artificial Intelligence



September 2026



The voice for
local government

No one understands the challenges and opportunities facing Victoria in the 21st century better than local councils. From rapidly evolving technology to social changes, shifting economies to environmental pressures, our local communities and the governments that represent them—are at the forefront of multiple transformations happening simultaneously.

As the peak body for the Victorian local government sector, the Municipal Association of Victoria (MAV) offers councils a one-stop shop of services and support to help them serve their communities.



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional custodians of the land on which we live. We recognise their continuing connection to land, waters and culture and pay our respects to their Elders past, present and emerging.

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1 Executive Summary

The Municipal Association of Victoria (MAV) supports a coordinated national approach that enables Australia to realise the economic and social benefits of artificial intelligence while keeping environmental sustainability, infrastructure resilience, community trust, democratic resilience and long-term public value at the centre of decision-making.

MAV welcomes the opportunity to contribute to the Joint Select Committee on Artificial Intelligence as the legislated peak body representing Victoria's 79 councils. We would be pleased to provide further information or appear before the Committee.

This inquiry comes at a consequential moment. Recent media reports highlight that the makers of the AI platforms are calling for increasing caution and global coordination and safeguards as the pace of model maturity outpaces their capacity to control its behaviour. Meanwhile, AI is already rapidly transforming Australians' relationships with knowledge, work, power and public institutions. The Committee's terms of reference rightly recognise the critical need to both manage risks and to leverage the opportunities for AI to lift Australia's resilience, productivity, competitiveness and living standards, with a critical focus to spread those benefits across Australia's suburbs and regions.

These opportunities and risks are already being experienced in local communities and by Australia's 537 councils. Local government is where public institutions become tangible: through roads, parks, libraries, waste collection, maternal and child health, recreation facilities, planning decisions, emergency information, community meetings and thousands of other interactions that shape how people experience, and whether they trust, government.

Australia will not realise the benefits or manage the risks of AI through national regulation, compute infrastructure and frontier models alone. Success will depend on the capacity and commitment of public institutions to translate AI into better services, stronger communities, environmental resilience, increased productivity and trusted democratic decision-making.

That commitment is already being tested. Governance, transparency and accountability are not preliminary steps to be completed before productive AI adoption can begin - they are the very foundations for sustainable adoption. The rapid surge of development applications for data centres is testing governments commitment to these foundations. Data Centres are both imposing physical constructions with known demands for energy and water and unclear long-term impacts and questionable local community benefit. They are also the physical manifestation of the deep and growing concerns that communities have about AI and how it will impact their lives. Fast tracking applications through opaque state run processes without authentically engaging local communities or local governments in decision making will rapidly erode trust and undermine future efforts. As the custodians of local places, councils are on the front line of these issues.

Councils are adopters and procurers of AI, custodians of valuable administrative and community data, providers of high-volume public services, managers of critical infrastructure, planning authorities for AI-enabling development, major employers and sites of workforce transition. They are also trusted sources of information during emergencies and frontline democratic institutions exposed to misinformation, polarisation and AI-enabled civic disruption. Collectively, they form a national network through which the benefits of AI can reach communities across metropolitan, regional, rural and remote Australia.

Local government is therefore part of Australia's distributed implementation, sensing and democratic infrastructure. It is grounded in the suburbs and regions the Committee seeks to benefit, yet it is not expressly recognised in the terms of reference as a partner in national AI policy and delivery.

This submission draws on MAV's sector-wide engagement with Victorian councils on AI implementation, governance and procurement; its work with the Australian Resilient Democracy Network on AI and local democratic resilience; and its planning and environmental policy work concerning data-centre development. It also draws on use-case evidence from the LGPro AI Enablement Special Interest Group and insights from the MAV-chaired National AI Working Group for Local Government, which brings together state and territory local government associations and the Australian Local Government Association.

The submission advances four central arguments:

1. **Embed local government in the national AI architecture.** 55 per cent of Australia's 537 local governments serve regional, rural or remote communities. AI can accelerate productivity and improve service efficiency, but without deliberate intervention it may also entrench existing disparities. Every council does not require identical support, but every community should have access to comparable capability, safeguards and service quality. Local Government is critical to ensuring that AI can support equitable outcomes across urban areas, suburbs, regions and remote communities, advocating for transparent accounting for infrastructure costs, and limiting environmental impacts, digital exclusion and compliance burdens that may be disproportionately imposed on particular places or people with fewer resources, lower digital confidence, language barriers or complex needs.
2. **Treat AI as a catalyst for service and institutional transformation.** Local government spends approximately \$48 billion annually, employs around 213,500 people across more than 400 occupations and manages about one-third of Australia's public infrastructure assets, valued at approximately \$643 billion. This makes the sector directly relevant to productivity, workforce transition, regional equity, resilience and critical infrastructure. The opportunity is not simply to add AI to existing processes, but to redesign services and institutions around better public outcomes while preserving human judgment and accountability.
3. **Pursue productivity, public trust and democratic resilience together.** Governance, transparency and accountability are not preliminary tasks to be completed before productive AI adoption begins - they are the foundations that make sustained adoption possible. AI is also expanding the civic attack surface by enabling synthetic correspondence, mass-generated submissions, impersonation, misinformation and coordinated narratives at unprecedented speed and scale. Productivity gains cannot come at the expense of professional integrity, meaningful participation or confidence in democratic institutions.
4. **Recognise AI's impacts on local places.** AI is not solely a technology or economic-development issue. It depends on physical infrastructure with substantial energy, water, environmental, land-use and amenity impacts. As data-centre proposals increase in number, scale and concentration, councils are confronting growing community concern, planning systems under pressure and declining social licence. Governments must act quickly to establish transparent, place-based safeguards that

manage cumulative impacts, deliver measurable community benefits and maintain public trust.

Local government is seeking a national partnership that enables councils to adopt AI safely, share capability and evidence, protect communities from emerging risks, and manage the local impacts of the infrastructure on which AI depends. MAV therefore calls for formal local government representation in Australia's AI architecture; a Commonwealth-supported National Local Government AI Coordination and Capability Hub; equitable investment in service and workforce transformation; shared, risk-proportionate safeguards; stronger civic-resilience capability; and place-based governance of data-centre development.

Australia's AI ambitions will ultimately be judged not by the sophistication of its models or the scale of its compute infrastructure, but by whether AI improves people's lives, strengthens public institutions and earns the trust of the communities it affects. Embedding local government in national decision-making is essential to translating that ambition into practical, equitable and durable public value across Australia.

We welcome the Federal Government's leadership, and we await further announcements.

2 Introduction

The Municipal Association of Victoria (MAV) submission shares research, case studies and discussion with Victoria's councils to address terms of reference:

- (a)** The opportunities presented by artificial intelligence (AI) to lift Australia's resilience, productivity growth, economic competitiveness, and living standards.
- (b)** The opportunities for the benefits of AI to be spread across Australia's suburbs and regions.
- (e)** The opportunities for Australian sovereign AI capability, including the measures required to build, retain and commercialise domestic capability, grow research and development, and attract and retain investment and talent.
- (f)** The importance of data sovereignty, and the opportunities presented by narrow, domain-specific AI models trained on Australian data in areas of Australian sectoral expertise.
- (g)** The workforce and skills implications of AI, including the adequacy of Australia's education system, job creation and displacement, and the effects on the quality and security of jobs.
- (h)** The adoption of AI by Commonwealth departments and agencies to improve services for Australians, and the transparency and accountability measures that apply to AI use.
- (i)** The adequacy of Australia's existing laws and regulatory frameworks as they apply to AI and whether there are any gaps that warrant reform.
- (k)** The risks and harms arising from AI, including fraud and scams, deepfakes and risks to the safety and wellbeing of children and vulnerable Australians.

(l) The national security and cyber security opportunities to protect Australians, as well as the foreign interference risks, associated with AI, including the security and resilience of supply chains and of systems supporting critical infrastructure.

(m) The implications of emerging AI capability for Australia's national security and strategic resilience, including the ability of regulators, the Australian AI Safety Institute and the intelligence and security community to identify and respond to emerging risks.

(n) Any other related matters.

It draws on local government evidence concerning AI-enabled productivity and service transformation, equitable adoption, sovereign public-interest data capability, workforce transition, governance and accountability, cybersecurity, democratic resilience, and the place-based impacts of AI infrastructure.

3 About MAV and MAVlab

1. About MAV

The Municipal Association of Victoria (MAV) is the legislated peak body for local government in Victoria, representing all 79 municipalities. It provides policy and advocacy, governance and legislative advice, sector development, procurement and insurance services. MAV's priorities are shaped by its member councils and informed by collaboration with governments, academia, industry and civil society.

MAV is overseen by the MAV President and a board of elected councillors. Twice a year, the Victorian local government sector meets at the MAV State Council to decide upon motions that set the strategic policy and advocacy agenda for the MAV. Our policy and advocacy work is informed by councils working together, drawing on research and thought leadership from across the sector, academia and civil society.

2. About MAVlab

In the face of rapid change, a resilient local government sector must develop an "anticipatory muscle" to flex into new challenges, cultivating the imagination, determination, and foresight to deliberately adapt to radically different contexts. It is from this context that MAVlab, MAV's innovation lab, was created.

MAVlab works collaboratively with councils to anticipate emerging challenges, develop shared capability and reduce the cost and risk of responding independently. Its work recognises Victoria's councils as a connected network of civic institutions that can learn together, share resources and adapt common approaches to different local contexts. Given the rising demand for services, growing external pressures and resourcing constraints that the local government sector faces, it is increasingly critical that we step up to these challenges together, coordinating effort, distributing risk and cost, and addressing shared challenges together.

Since 2024, MAVlab has led a coordinated program supporting responsible AI adoption in local government. Its work has included the award-winning *Advancing AI Innovation in Local Government* project, AI procurement guidance and vendor assessment, resources for the

use of AI in statutory planning, the Victorian Local Government AI Roadmap, and national coordination through the National AI Working Group for Local Government.

3. The Victorian Local Government AI Roadmap

In August 2025, MAVlab convened a 39 person AI Taskforce from a combination of council staff and sector supporters bringing a diversity of skills and experience to co-design the AI roadmap.

The VIC Local Government AI Roadmap provides a strategic, sector-wide framework to help guide and coordinate a high impact transformation and responsible AI adoption across Victorian local government. It does not seek to replace the activities of individual councils, rather, it aims to support councils through coordinated leadership and collaboration, knowledge and resource sharing, to find areas of synthesis and standardisation, shared risk management, and to identify areas of shared implementation and opportunities for consolidation.

The roadmap's four focus areas coordinate twelve workstreams of practical, evidence-grounded action, resulting in a framework that is both ambitious and practical, distributed, connected and grounded in public value at every step.

The four focus areas are:

1. **Foundations for responsible and trusted AI** - Establishing governance, safety, privacy, security, transparency, community-engagement and environmental safeguards that support legitimate and accountable AI use.
2. **Capability, infrastructure and sector readiness** - Building workforce capability, shared data and workflow standards, procurement systems and coordinated support so councils of different sizes can participate safely and effectively.
3. **Delivery, scaling and evidence of public value** - Identifying, testing and scaling high-impact applications, supported by common measures of productivity, service quality, equity, workforce outcomes, community trust and public value.
4. **Learning, collaboration and future preparedness** - Strengthening peer learning, shared evidence, collective intelligence and strategic foresight so the sector can respond to emerging opportunities and risks.

These priorities operate as one integrated framework: trusted foundations make adoption legitimate; capability and infrastructure make it possible; implementation turns potential into public value; and collective learning enables the sector to adapt as the technology and its impacts continue to evolve.

4. AI and Democratic Resilience

In 2026, MAVlab partnered with the Australian Resilient Democracy Network (ARDN) to lead a program of work related to Active Democracy and Engagement. This work observes the emerging effects of AI in the interactions and relationships between communities and local government, and it's impacts on civic trust and democratic resilience. This intersects with MAVs broader program of work in dis and misinformation and harassment of elected

officials. Together, this body of work points to growing socio-technical risks to local democracy related to the capabilities and applications of AI.

These emerging opportunities and threats require strategic guidance, practical tools and dynamic and collaborative ways of working that can support a coherent and joined-up approach from the sector as councils navigate emerging technology and their growing impacts at a rapid and accelerating pace.

5. National Coordination and Shared AI Capability

The National AI Working Group for Local Government is convened and chaired by MAV and brings together state and territory local government associations and the Australian Local Government Association to coordinate a shared vision and response to AI. It builds on work already underway across councils and associations, while creating a national mechanism for identifying common needs, sharing resources and engaging with the Australian Government and industry.

Early discussions have revealed significant differences in council scale, digital maturity, specialist capability, resources and operating models. They have also identified a striking level of commonality. Every jurisdiction is grappling with AI governance, procurement, workforce readiness, unequal access to technology and the challenge of moving from experimentation to sustainable implementation. Larger councils with established digital and data teams are often able to move quickly, while smaller, rural, regional and remote councils can face greater capability and financial constraints. Without coordinated support, AI risks accelerating a bifurcation of the sector in which well-resourced councils capture the benefits while others inherit greater risks, costs and vendor dependence.

The Working Group has also identified that AI readiness is inseparable from organisational readiness. Effective adoption depends on data quality, clear business rules, mature processes, digital infrastructure, leadership, workforce capability, procurement and capacity for change. AI cannot compensate for weak foundations or unreformed services. Councils are also experiencing AI from two directions: as a technology being introduced internally to improve services, productivity and decision support, and as an external force increasing synthetic correspondence, mass-generated submissions, misinformation, community expectations and pressure on civic systems.

At the same time, considerable capability already exists across the sector. Councils and local government associations are developing tools, pilots, governance models, procurement frameworks, practitioner networks and shared learning programs. There is a strong willingness to make these resources available nationally, reduce duplication and address common gaps together.

The national proposition that emerges is fundamentally about turning a fragmented collection of jurisdictional capability into a connected national system of knowledge sharing and practice, without controlling implementation or flattening the differences that make each local government unique, and relevant to their own local community. This presents extraordinary opportunity for a local government sector facing compounding challenges and financial and workforce strain.

These findings support the establishment of a Commonwealth-funded National AI Coordination and Capability Hub for Local Government, building on the existing National AI Working Group and governed through the state and territory associations and ALGA. The

Hub would provide the durable capacity required to turn national policy into local implementation, coordinate shared standards and expertise, support councils with fewer resources, and enable proven approaches to be developed once, shared widely and adapted locally. It would transform fragmented jurisdictional activity into a connected national system of learning and practice while preserving local autonomy and accountability.

6. Planning and Data Centres

MAV is also leading policy, research and sector coordination on the planning and place-based impacts of AI infrastructure. Through council consultation, State Council motions, MAVlab research and its submission to the Senate inquiry into AI and Data Centres, MAV has documented growing concerns about siting, cumulative energy and water demand, environmental impacts, infrastructure capacity, community benefit and the transparency of approval processes. This work positions local government as an essential partner in developing nationally consistent data-centre policy that supports investment in critical infrastructure while protecting local places, strengthening community trust and ensuring councils can meaningfully participate in decisions whose long-term consequences are borne locally.

Together, this work positions MAV to provide the Committee with evidence grounded in practical implementation, council experience, national sector collaboration and the place-based impacts of AI infrastructure. It demonstrates that local government is already developing the governance, capability and applications needed for responsible AI adoption, while confronting planning, environmental and community challenges associated with the rapid growth of data centres.

This submission draws on that experience to propose a coordinated national approach that strengthens local capability, supports sustainable infrastructure development, preserves community trust and turns AI's potential into equitable public value.

4 National Consensus

While councils in each state and territory will approach these matters in their own way, there is a growing national consensus across the 537 councils of Australia that these issues and this sector needs serious investment and support from the federal government to meet the challenges that rapid advancement of AI and its physical infrastructure requires.

At the Australian Local Government Association (ALGA) National General Assembly held in Canberra in June 2026, a suite of motions were carried by the assembly of councils from across Australia that call for a nationally coordinated approach that treats AI, high-quality council data and digital infrastructure as critical to Australia's productivity and sovereign capability, while recognising local government as an essential delivery and governance partner.

Collectively, the motions call for sustained federal government investment in AI readiness, cybersecurity, shared standards, workforce capability and digital infrastructure, and targeted support for small, rural and regional councils. They also seek nationally consistent regulation of data centres that protects communities and natural resources, ensures transparency and measurable local benefits, preserves human oversight and jobs, and gives councils and communities a meaningful role in decisions about development and local impacts.

The individual motions are referenced here:

Motion Number	Council/s	Title & motion
89	City of Charles Sturt, SA	That this National General Assembly calls on the Australian Government to recognise artificial intelligence and high-quality local government data as critical productivity infrastructure, and to partner with local government to invest in the systems, standards and capability required to safely leverage council-held data to improve service delivery, regulatory efficiency and long-term financial sustainability.
124	Strategic Motion <i>Leeton Shire Council, NSW Moyne Shire Council, VIC Charters Towers Regional Council, QLD Knox City Council, VIC Noosa Council, QLD Newcastle City Council, NSW Narrabri Shire Council, NSW Maribyrnong City Council, VIC.</i>	This National General Assembly calls on the Australian Government to provide sustained national leadership by delivering a consistent, adequately funded approach to local government cyber security, fraud resilience and the safe use of artificial intelligence. This includes a shared and scalable cyber defence capability, minimum assurance standards aligned to national frameworks, workforce and governance uplift, protection of critical infrastructure and sensitive community data, and targeted support for small, rural and regional councils.
125	Hume City Council, VIC and Bega Valley Shire Council, NSW	The National General Assembly calls on the Australian Government and pending outcomes of the currently open federal inquiries into data centres to report by end 2026, and other state or territory expectations papers, to establish a nationally consistent, performance-based policy and regulatory framework for data centres that recognises the national importance of artificial intelligence and digital infrastructure, promotes best-practice siting, design and operation, ensures efficient and transparent management of energy and water use including renewable energy integration and low-water cooling technologies, safeguards and enhances human oversight and jobs, including local government jobs, and formally recognises local government as a key partner in planning, sustainability and community impact management.
127	Narrabri Shire Council, NSW	This National General Assembly call on the Australian Government to establish a dedicated Local Government AI Readiness Program, aligned with the 2025 National AI Plan, to ensure councils have the funding, tools, digital infrastructure, and skills necessary to safely and effectively adopt artificial intelligence in community service delivery, infrastructure management, and local decision-making, and that any solutions for improved productivity and service delivery prioritise fairness, transparency, and accountability, identify opportunities for increased efficiencies for workers and operations while ensuring adequate human oversight and no loss of existing jobs, and prioritise ethical considerations and responsible use of all technology to protect the privacy and other rights of the community.
142	City of Melbourne, Victoria	That the National General Assembly calls on the Australian Government to: 1. Recognise that artificial intelligence and digital infrastructure are critical to Australia's future productivity, research excellence, sovereign capability and global competitiveness, and that

		local government is a key partner in delivering sustainable digital infrastructure. 2. Establish a nationally consistent, performance-based policy and regulatory framework for data centres that supports best-practice siting and design, mandatory renewable energy integration, fit-for-purpose water use, innovation in low-water and non-water cooling technologies, measurable community benefits, and transparent reporting of energy, water and emissions.
237	Penrith City Council, NSW	The National General Assembly calls on the Australian Government, in their development of national data centre principles & approval processes to include: Strategic assessment of: 1. Suitability of location, ideally where services are available and where other important land uses are not compromised as a result 2. Local place-based impacts—e.g. potential strain on energy grids, water supply and ecosystems effects, land use trade-offs, clustering issues, impacts on local jobs 3. Meaningful community engagement 4. Transparent public reporting 5. That councils have a central role in decision-making 6. Engaging with councils for feedback into the preparation and finalisation of these documents.

An emergency motion passed at the National General Assembly of the Australian Local Government Association in June 2026 which called on the Australian Parliament to deliver an immediate increase in untied funding to local government.

The motion, passed unanimously by the 537 councils of Australia, warned that the financial sustainability of councils and the services communities rely on are increasingly at risk and calls for a multi-partisan commitment to a stronger funding partnership with councils.

Australian Local Government Association President Mayor Matt Burnett said the motion reflected the shared reality facing councils across metropolitan, regional, rural and remote Australia. *“Financial sustainability is not an abstract discussion for local government. It is about whether councils can keep doing the job our communities expect us to do,”* Mayor Burnett said. *“Councils are responsible for the roads, bridges, libraries, pools, parks, footpaths, stormwater systems, waste services and community facilities Australians rely on every day. We are also the first people communities call when something goes wrong, whether that is a local road failure, a disaster, a planning issue or a service disruption. Yet councils are increasingly being asked to do more with less funding certainty, less flexibility, limited revenue capacity and less ability to plan for the long term.”*

In this context of severe financial constraints, AI offers both exciting opportunities for transformation and a daunting challenge for a local government sector already under extraordinary strain.

Taken together, these motions demonstrate a broad national sector mandate for local government to be treated as a partner in Australia’s AI future. They speak directly to the

Committee’s consideration of productivity and resilience **(a)**, equitable benefits across suburbs and regions **(b)**, sovereign capability and Australian data **(e–f)**, workforce impacts **(g)**, regulatory adequacy **(i)**, cyber and community risks **(k–m)**, and related place impacts **(n)**. Responding to this mandate will require sustained Commonwealth investment and coordination so that councils can adopt AI safely, protect communities and manage its physical infrastructure without deepening existing financial and capability inequalities.

5 Focus for Local Intelligence

The following four areas for focus respond to the terms of reference in areas of critical importance and impact for Local Government

1. Local Government Embedded in the National AI Architecture

National policy focused only on the Commonwealth, large industry and model developers will miss the local intelligence of the public institutions working closest to the people these policies are intended to serve.

The terms of reference expressly consider (b) the opportunities for the benefits of AI to be spread across Australia’s suburbs and regions. Australia will not mitigate the risks or realise the benefits of AI through national regulation, compute infrastructure and frontier models alone. Success will depend on the capacity of public institutions to translate AI’s potential into better civic services, stronger communities, environmental resilience, increased productivity and trusted democratic decision-making.

Approximately 55 per cent of Australia’s 537 local governments serve regional, rural or remote areas. Without careful intervention, AI could amplify existing inequalities and differences in institutional capacity. Local government is critical to ensuring equitable outcomes across metropolitan, regional and remote communities, including by identifying infrastructure costs and limiting environmental impacts, digital exclusion and compliance burdens that may fall disproportionately on particular places or people with fewer resources, lower digital confidence, language barriers or complex needs.

Councils range from large metropolitan organisations with sophisticated digital teams to small rural and remote councils with limited specialist capacity. Uniform support and compliance arrangements could widen this gap. Every council does not require the same level or type of assistance, but every community should have access to comparable capability, safeguards and service quality. Without this, Australia risks creating a two-speed system in which well-resourced institutions capture the benefits of AI while smaller communities inherit greater risks and compliance costs.

Local governments are simultaneously adopters and procurers of AI; custodians of valuable Australian administrative and community data; providers of high-volume public services; managers of critical community infrastructure; planning authorities for AI-enabling infrastructure; major employers and sites of workforce transition; trusted information providers during emergencies; and frontline democratic institutions exposed to disinformation, polarisation and AI-enabled civic disruption. Together, they form a national network through which the benefits of AI can reach suburbs, regions and remote communities.

Local government is therefore part of Australia's distributed implementation, sensing and democratic infrastructure, grounded in the places the Committee seeks to benefit. Yet it is not explicitly recognised in the Committee's terms of reference.

At the 2026 National General Assembly, the City of Charles Sturt, South Australia, advanced Motion 89, calling on the Australian Government to recognise AI and high-quality local government data as critical productivity infrastructure. The motion called for government to partner with local government and invest in the systems, standards and capability required to use council-held data safely to improve service delivery, regulatory efficiency and long-term financial sustainability.

This position aligns with MAVlab research into the potential uses of council administrative data and with the opportunity identified in term of reference (f) for narrow, domain-specific AI models trained on Australian data. Local governments are custodians of a substantial body of local administrative and community intelligence. Privacy-preserving, federated systems could allow councils to retain appropriate control of their data while using shared models, standards and methods to create reusable public value.

Case Study: The City of Melbourne Knowledge Bank

The City of Melbourne has begun exploring the potential of advanced local government data intelligence through the development of the Knowledge Bank. Developed in-house, the Knowledge Bank is a centralised, AI-enabled analytics platform designed to transform large volumes of fragmented community-engagement data into structured, accessible and decision-ready intelligence that becomes more valuable over time.

The Knowledge Bank responds to a longstanding institutional problem. Although councils undertake extensive community consultation across multiple projects and services, the resulting evidence is often siloed, difficult to synthesise and rarely reused beyond its original purpose. The platform repositions community feedback as institutional memory that can be drawn upon over time to inform strategy, planning and service delivery.

By aggregating and analysing evidence from formal engagement processes, the platform provides a longitudinal view across otherwise episodic consultations. It enables the City to ask: What has the community told us about this issue over time? Whose voices are, and are not, represented? What patterns are emerging across projects and places?

This capability provides a foundation for more advanced civic intelligence. It could help councils compare engagement findings with service experience, identify gaps between policy intent and community perception, detect emerging issues and develop a more continuous understanding of community needs.

Embedding local government in Australia's national AI architecture is essential to translating national ambition into equitable, trusted and practical outcomes. With appropriate investment, governance and representation, councils can provide the local capability, data and institutional relationships needed to improve services, strengthen communities and extend the benefits of AI across Australia. Local government should therefore be recognised not simply as an end user of national AI policy, but as a strategic partner in its design, implementation and ongoing stewardship.

2. AI as Catalyst for Service and Institutional Transformation

Artificial intelligence is reshaping how public institutions operate. For local government, the pace of change presents opportunities, risks and responsibilities in equal measure.

AI has significant potential to improve public services and the provision and maintenance of community assets. However, as a council planning officer observed during a 2026 MAVlab Innovation Talk: *“Councils aren’t just implementing software—they’re custodians of community values, cultural knowledge, and public accountability.”*

In 2023–24, local government expenditure was approximately \$48 billion and the sector employed approximately 213,500 people across more than 400 occupations - around 12 per cent of Australia’s public-sector workforce. Councils are also responsible for approximately one-third of Australia’s public infrastructure assets, valued at \$643 billion. This makes local government directly relevant to the Committee’s consideration of productivity, regional equity, workforce transition, resilience and critical infrastructure.

AI can act as a catalyst for wider service and institutional transformation. Councils are exploring its use in planning assessments, customer and system navigation, knowledge management, infrastructure maintenance, emergency and resilience planning, multilingual communication, regulatory and administrative processing, engagement analysis and the early identification of emerging service demand.

However, adding AI to an unreformed service can accelerate poor processes, generate additional demand or obscure accountability. The opportunity is to redesign services around better outcomes—improving quality, accessibility, inclusion, accuracy, safety and community trust while reducing costs, processing times, workforce load and environmental impacts. A critical consideration is whether the capacity released by AI is reinvested in complex, relational and frontline work.

Motion 127, advanced by Narrabri Shire Council at the 2026 National General Assembly, reinforces this need. It calls for a dedicated Local Government AI Readiness Program providing councils with the funding, tools, digital infrastructure and skills required for responsible adoption. It also emphasises fairness, transparency, human oversight, workforce protections, privacy and community rights.

AI use cases in Victorian local government

Evidence gathered through the LGPro AI Enablement Special Interest Group documents 58 enterprise or service-level use cases and 38 staff and team led productivity examples across Victorian local government. These span deployed systems, pilots, proofs of concept and proposed agentic applications.

Enterprise and service-level AI use cases

These examples include organisational systems, shared platforms, operational tools, customer-facing services, pilots and structured agents designed for repeated use.

- **Customer and resident services** - Councils are implementing AI-powered website and voice assistants to answer questions about services, facilities, waste, permits, rates, events and community support. Other use cases include internal knowledge agents for frontline staff, feedback analysis and follow-up triage, writing tools for consistent correspondence, rates calculators, and multilingual planning and service assistance.

- **Planning, development and regulatory services** - Councils are implementing AI assistants to guide residents and applicants through planning requirements, permit pathways and pre-lodgement checks, including reviewing documents and identifying potential compliance issues. Internally, AI is supporting planning-scheme interpretation, enquiry workflows, legal and governance research, contract review and structured assessments of matters such as parking-infringement appeals—while retaining human responsibility for decisions.
- **Knowledge, policy and workforce support** - Councils are implementing AI assistants that help staff find and interpret enterprise agreements, policies, delegations, legislation and internal records. Use cases also include specialist support for procurement, privacy and environmental health; drafting position descriptions and updating policies; process training; and guidance aligned with organisational governance, risk and compliance frameworks.
- **Records, correspondence and information management** - Councils are implementing AI to classify, describe, retain and route records and correspondence, including scanned mail and incoming documents. Other use cases include extracting key information, notifying relevant staff, enabling natural-language searches across large document collections, and identifying website pages, PDFs and project sites affected by proposed content changes.
- **Infrastructure, assets and public safety** - Councils are implementing AI-enabled cameras, sensors and image recognition to detect road and kerbside defects, dumped waste, parking violations and potential swimmer distress. Other applications include automatically generating maintenance work orders, coordinating asset data across councils, identifying field equipment and searching engineering drawings for technical information.
- **Finance, procurement and corporate operations** - Councils are implementing AI and automation to streamline invoice matching, finance workflows, procurement guidance, tender evaluation and business-case development. Other applications include scheduling events and meetings, monitoring fleet-servicing requirements, and connecting project information, decisions, notes and actions across organisational systems.
- **Community engagement, reporting and decision support** - Councils are using AI to analyse engagement, survey, complaint and customer-feedback data, identifying themes, sentiment, community needs and differences between cohorts. AI is also supporting demographic analysis, structured council and annual reporting, risk and evidence checks, plain-language and multilingual communications, and evidence-based award nominations.

Personal and team productivity uses

These organisational applications sit alongside personal and team productivity uses. Staff are using generally available AI tools, reusable prompts, spreadsheets, individual agents and low-code applications to improve day-to-day work.

- **Writing and communication** - Councils are using AI to improve the clarity, consistency and accessibility of written material while preserving the author's intended voice. Applications include drafting procurement documents and speaking notes, refining executive and annual reporting, creating accessible web content, translating complex information into plain language, preparing multilingual messages and converting council plans or emergency information into podcasts.

- **Analysis, research and reporting** - Councils are using AI to analyse operational, maintenance, engagement and community-feedback data; review large volumes of research, legislation, transcripts and technical material; and compare organisational practices against recognised standards. AI is also helping transform complex source material into executive briefings, charts, risk assessments and continuous-improvement outputs.
- **Content, presentations and learning** - Councils are using AI to transform data and complex documents into presentations, training materials, podcasts, infographics and customer-facing process guides. AI is also helping improve accessibility by reviewing content for readability, structure, assumed knowledge, colour contrast and alternative text.
- **Workflow and low-code automation** - Councils are using AI and low-code tools to automate routine workflows, generate test processes, coordinate scheduling, track fleet servicing and guide structured risk and impact assessments. Other applications include team-specific knowledge assistants, identifying digital content requiring updates, meeting coordination, and conversational project- and knowledge-management systems.

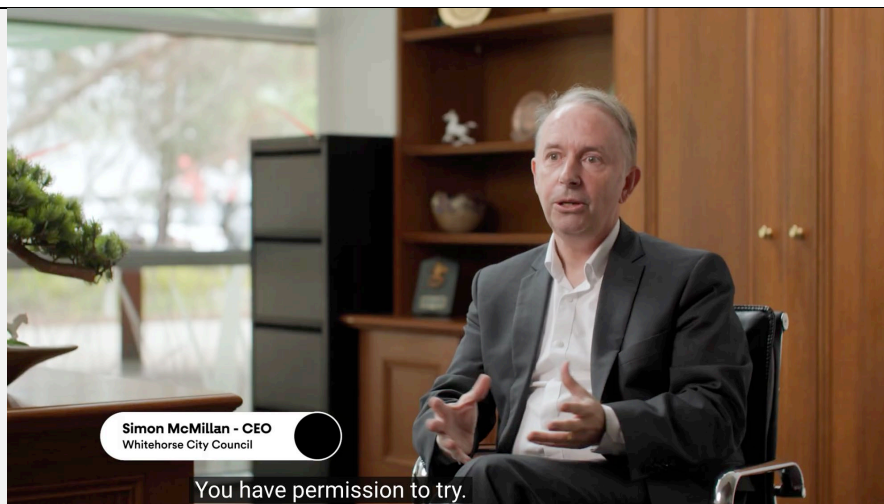
These examples are already demonstrating measurable operational benefits. Outcomes documented by the LGPro Special Interest Group include:

- reducing engagement-chart production from approximately 20 minutes to two minutes per chart
- saving an estimated 40 hours per council during a four-council compliance exercise
- reducing a ten-hour festival-scheduling task to seven minutes, followed by human review
- processing 2,500 records at an average accuracy of 78 per cent in a classification pilot
- reducing the effort required for parking-infringement reviews by a reported 60 to 80 per cent, and
- supporting 2,600 community uses of an AI-assisted public rates calculator.

The examples also reveal two distinct patterns of adoption. Enterprise AI systems embedded in services, corporate platforms and operational workflows require structured governance, privacy and security assessment, procurement oversight, records management, testing and ongoing accountability. Decentralised productivity uses require approved tools, clear staff guidance, information-handling controls, human review and workforce capability development. National policy and support must account for both.

These insights are included with thanks to the Victorian LGPro AI Enablement Special Interest Group, a group of dedicated Victorian Local Government staff, who are leading important peer-to-peer learning, data collection and AI enablement initiatives with the Victorian local government sector.





WATCH: AI Transformation at Whitehorse City Council

The MAVlab Innovation Case Study Library finds and showcases local government innovation from around Victoria. In this example, Whitehouse City Council CEO, Simon McMillan, AI Enablement Lead Lisa Ippolito and colleagues, discuss the councils approach to innovation and AI transformation.

Watch here: <https://youtu.be/aG2PyyPm5tY?si=hsRNjTBem7mbT4eR>

AI and Planning

The planning system illustrates how AI can catalyse wider service and institutional transformation. Rules-based automation can streamline application triage, document routing and notifications, while AI can support customer enquiries, summarise application material, identify inconsistencies and surface insights from complex data. Used together, these capabilities can reduce processing times, improve consistency and release skilled planners to focus on complex assessments, community engagement and professional judgment. This is increasingly important as councils face pressure to process more applications and support housing delivery.

These benefits will not be distributed evenly without coordinated support. Differences in council resources, digital maturity and specialist capability risk creating a two-speed system in which well-resourced councils capture the benefits while smaller councils face greater costs, risks and dependence on vendors. Poorly governed systems could also obscure decisions, diminish professional judgment, compromise privacy, reproduce historical bias or generate inaccurate information. Shared standards, collaborative procurement, verified data sources, human oversight and continuous evaluation are therefore essential - particularly in statutory planning, where councils remain accountable for decisions regardless of the technology used.

MAVlab's *Advancing AI Innovation in Local Government* project demonstrates how sector-wide coordination can reduce this bifurcation. Developed with MAV Procurement, the City of Greater Dandenong and more than 250 participants, the project produced shared planning use cases, procurement guidance, assessment criteria and a register of evaluated

vendors. It also identified the need to guard against proprietary “black box” systems that place public planning rules behind commercial systems or weaken public accountability. Procurement standards should distinguish between process transparency - how a system operates - and the higher standard of decision transparency - why a particular assessment or recommendation was made.



LINK: <https://www.mav.asn.au/mavlab/service-and-tech/ai>

Planning demonstrates the wider principle that AI creates public value when it is integrated into service redesign and used to support, rather than displace, professional judgment. A coordinated national approach would help councils scale proven applications, share reusable capability and avoid deepening disparities across the sector. This would enable AI-enabled productivity gains to be reinvested in service quality, accessibility, resilience and the complex human-centred work on which communities rely.

These examples speak directly to the Committee's consideration of AI's contribution to productivity, resilience and living standards **(a)**; the equitable distribution of benefits across suburbs and regions **(b)**; sovereign, domain-specific capability using Australian data **(e-f)**; workforce skills and job quality **(g)**; and transparent, accountable adoption in public services **(h-i)**.

Local government provides an immediate opportunity to test how AI can improve services at scale while preserving professional judgment, human accountability and public value. Realising this opportunity will require coordinated national investment that enables councils of different sizes and capabilities to participate safely and prevents AI adoption from widening existing institutional and geographic inequalities.

3. Pursue productivity, public trust and democratic resilience equally

The Committee's terms of reference rightly identify AI's potential to strengthen Australia's productivity, resilience, competitiveness and living standards. In local government, these

outcomes are inseparable from public trust and democratic resilience. Productivity cannot be measured only through faster processing, lower costs or increased transaction volumes. It must also account for service quality, accessibility, fairness, workforce impacts, institutional integrity and the community's confidence in how decisions are made.

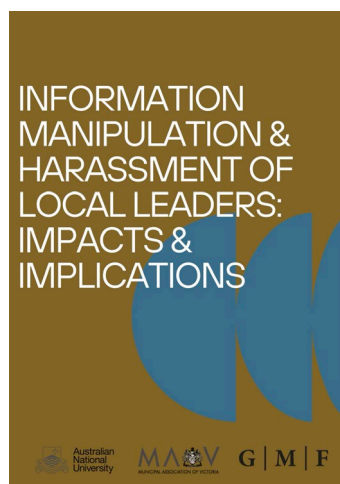
Governance, transparency and accountability are therefore not preliminary steps to be completed before productive adoption can begin - they are the critical foundations for sustainable adoption. AI systems that are poorly understood, difficult to challenge or disconnected from professional accountability may initially appear efficient while generating downstream costs through errors, complaints, appeals, regulatory exposure and declining trust. By contrast, systems designed around verified information, human oversight, clear responsibility and accessible review can improve efficiency while strengthening the legitimacy of public institutions. Getting these foundations right is not separate from the work of AI adoption - it is the work.

AI and the expanding civic attack surface

The terms of reference recognise deepfakes, fraud, scams, foreign interference and risks to critical infrastructure. However, AI's broader effects on public participation, community engagement, social cohesion, elected representatives and institutional trust also require attention.

Generative AI changes not only the content of misinformation but the volume, velocity and economics of pressure on democratic institutions. It dramatically reduces the time and cost required to produce correspondence, submissions, complaints, impersonations and coordinated narratives. This expands the civic attack surface: the points at which public institutions, elected representatives, staff and participatory processes can be manipulated, overwhelmed or deprived of legitimacy.

Councils experience this pressure directly through customer-service channels, public meetings, planning processes, community consultations, councillor correspondence, freedom-of-information requests, social media and emergency communications. Most activity through these channels reflects genuine community need and legitimate democratic participation. Increasingly, however, it sits alongside synthetic demand, misinformation, coordinated campaigns, algorithmically amplified outrage, impersonation and abuse directed at staff and elected representatives. MAV research has found that nearly four in five councillor respondents have experienced abuse, bullying or intimidation.



Further evidence of the scale and effects of information manipulation and harassment of local elected representatives is available in this paper produced by the MAV team with the [Australian Resilient Democracy Network](#).

MAVlab describes the resulting institutional pressure as Civic DDoS. Borrowing from the cybersecurity concept of a distributed denial-of-service attack, Civic DDoS describes a condition in which civic systems are overwhelmed by the scale and intensity of incoming demand. It may result from a deliberate campaign, but it can also emerge through the cumulative effects of hyper-engagement, fragmented communication channels and tools that enable individuals and groups to generate sophisticated content at unprecedented speed and scale. These dynamics are referenced in more detail in a Private submission to the Joint Select Committee on Artificial Intelligence from Prof. Simon D. Angus, SoDa Laboratories & Dept of Economics, Monash Business School, 10 Sep 2026,

The risk extends beyond operational delay. When institutional capacity is exhausted, genuine community needs can be crowded out, staff and elected representatives become more vulnerable, and participatory processes become less accessible to people without the time, confidence or technology to compete for attention. Councils may also struggle to distinguish authentic community sentiment from coordinated or synthetic activity. At the same time, heightened concern about manipulation creates a further risk that legitimate disagreement - or the voices of marginalised communities - will be incorrectly dismissed as inauthentic.

From reactive response to anticipatory capability

AI is both a contributor to this pressure and a potential source of new institutional capability to address it. Used responsibly, it can help councils analyse large volumes of service, engagement and operational data; detect emerging issues; identify gaps in representation; understand how narratives move across channels; and coordinate responses before problems escalate.

This capability must not become automated surveillance or decision-making. AI should operate as an interpretation layer, not as the source of truth. Its outputs must be tested against verified evidence, professional judgment and lived community experience. Communities should be able to challenge how issues are interpreted, while councils should record interventions and evaluate whether they changed the underlying conditions.

MAV's misinformation and disinformation work and MAVlab's Community Connections research point to several necessary shifts:

- from reactive crisis response to anticipatory capability,
- from isolated transactions to sustained community relationships,
- from fragmented council responses to shared, interjurisdictional capability and intelligence, and
- from measuring the volume of participation to understanding its quality, distribution and effects.

Trusted civic spaces, including libraries, service centres and well-designed deliberative processes, remain central to this response. They provide a navigable front door into government, make trade-offs visible and enable relationships to develop before periods of crisis. Productivity gains should strengthen these relational capacities, not remove them.



Further discussion of this relational infrastructure is contained in MAV's [Belonging Matters report](#).

Governance and procurement as productivity infrastructure

Procurement is one of government's most powerful mechanisms for ensuring that AI improves productivity without weakening accountability. Common public-sector requirements should address vendor responsibility, audit and testing rights, data provenance and sovereignty, cybersecurity, accessibility, bias, explainability, contestability, incident reporting, model changes, interoperability and exit rights.

MAVlab's early work with MAV Procurement established an AI vendor procurement register and supporting resources to help councils assess and procure AI systems responsibly. Further information is available through MAV's [AI procurement resources](#).



AI governance should be proportionate to the potential consequences of each application. A low-risk writing assistant does not require the same controls as a system influencing planning, regulatory or service-entitlement decisions. Consequential systems require higher standards of decision transparency, mandatory human review and accessible avenues for correction or challenge. Public AI registers, impact assessments and clearly identified accountable officers would further strengthen consistency and trust.

This requires practical national coordination. Strategic Motion 124, advanced at the 2026 National General Assembly by councils across New South Wales, Victoria and Queensland, calls for sustained national leadership on local government cybersecurity, fraud resilience and safe AI use. It reinforces the need for shared cyber-defence capability, minimum assurance standards, workforce and governance uplift, protection of critical infrastructure and sensitive community data, and targeted support for smaller and regional councils.

The motion reflects the interdependence of productivity, security and trust. Councils cannot adopt AI confidently—or deliver its benefits equitably—without shared safeguards and the capability to withstand the additional demands and vulnerabilities it creates. Information integrity and democratic resilience should therefore be treated as critical public infrastructure, analogous to cybersecurity, rather than as secondary consequences of AI adoption.

This section speaks directly to the Committee’s consideration of productivity and resilience **(a)**, transparent and accountable public-sector adoption **(h)**, regulatory adequacy **(i)**, AI-enabled harms **(k)**, cybersecurity and foreign interference **(l)**, and Australia’s strategic resilience **(m)**. The ultimate measure of success is not how much activity AI can generate or automate, but whether it enables government to remain competent, responsive, trusted and open to genuine participation under increasing pressure.

4. AI Impacts on Place

AI and cloud capabilities depend on tangible physical infrastructure and should not be treated solely as technology or economic-development issues. The data centres underpinning these technologies are large, resource-intensive developments with significant energy and water requirements and potential impacts on local infrastructure, environments and amenity. Local government sits at the frontline of these place-based consequences.

As stated in the previous section – Governance, transparency and accountability are not preliminary steps to be completed before productive AI adoption can begin - they are the very foundations for sustainable adoption. The rapid surge of development applications for data centres is testing governments commitment to these foundations. Data Centres are both imposing physical constructions with known demands for energy and water and unclear long-term impacts and questionable local community benefit. They are also the physical manifestation of the deep and growing concerns that communities have about AI and how it will impact their lives. Fast tracking applications through opaque state run processes without authentically engaging local communities or local governments in decision making will rapidly erode trust and undermine future efforts. As the custodians of local places, councils are on the front line of these issues.

Communities are increasingly questioning the social licence for the rapid growth of data centres. As applications increase in number and scale across metropolitan and regional areas, scrutiny of their environmental, infrastructure and amenity impacts is intensifying. The pace of development is also testing planning and environmental frameworks that were not designed for infrastructure of this scale, concentration or resource intensity.

Councils are increasingly being asked to assess and manage the potential long-term impacts of data centres, while simultaneously balancing housing growth, infrastructure strain, climate adaptation pressures, energy transition and community expectations for how these assessments should be done. They are doing this work without support from the Victorian State Government, without clear strategic direction or strong regulatory guidance or

visibility into the compounding impact of applications. Meanwhile, most data centre applications in Victoria are routed and decided through the Victorian Government's Development Facilitation Program, which bypasses council decision making directly to the Victorian Planning Minister.

The Victorian local government response

In response to growing council and community concern, MAV's October 2025 State Council called for a statewide strategy to guide the location and development of data centres within designated circular-economy precincts. The motion called for:

1. strategic land-use planning that supports the co-location of data centres with recycling, energy-recovery and advanced-manufacturing facilities
2. infrastructure investment supporting energy efficiency, renewable-energy integration and heat-recovery systems
3. policy and regulatory incentives for circular practices, including e-waste management and resource reuse
4. collaboration with local government to identify suitable precincts and align development with regional circular-economy plans, and
5. funding and innovation support for councils and industry to pilot and share circular data-centre models.

Since that motion was adopted, the scale and urgency of these issues have continued to grow. In her State of the State speech to CEDA on 27 November 2025, the then Victorian Premier, Jacinta Allan, said: *"We're going after the data centre jobs. We're going to be ruthless about it."* (Full speech here) In July 2026, the then Minister for Economic Growth, Steve Dimopoulos, was quoted in the Guardian that the question was not how many data centres the state could build, but *"what kind of Victoria we build around them."*

These statements reflect the economic significance attached to the industry. They also reinforce the need for planning, environmental and community safeguards to develop at the same pace as investment. Some Victorian councils have called for a moratorium on new approvals, while others are seeking stronger regulatory controls. AI infrastructure planning has consequently become a priority area for MAV advocacy.

Across the sector, councils are calling for:

- enforceable community-benefit frameworks or agreements for data-centre developments;
- the exclusion of data centres from fast-track approval pathways;
- a dedicated statewide planning and sustainability framework, with clear land-use definitions and siting criteria;
- mandatory and meaningful consultation with host and neighbouring councils;
- assessment of cumulative impacts on energy, water, transport, ecosystems and community infrastructure;
- minimum sustainability and resource-efficiency standards supported by transparent public reporting; and
- the explicit prohibition of data centres in Green Wedge zones.

Further proposals, including a possible call for a statewide moratorium, are expected to be considered at the October 2026 MAV State Council.

The need for strategic and place-based governance

This Inquiry provides an opportunity to examine whether Australia’s planning, environmental and infrastructure systems can manage AI infrastructure as a long-term strategic issue rather than as a series of isolated development applications.

Victorian councils recognise that data centres are important infrastructure for the digital economy and Australia’s economic competitiveness. Victoria also has significant technological and technical expertise that can help address their built- and natural-environment challenges. However, the planning system is not yet equipped with sufficiently clear or coordinated strategic and regulatory frameworks.

Greater alignment is needed between AI policy, strategic land-use planning, infrastructure investment, energy-transition planning and environmental regulation. This includes clear definitions and siting criteria, data-centre-specific sustainability standards, assessment of cumulative impacts and a meaningful role for councils and communities. Without these measures, rapid industry growth risks outpacing the safeguards required to protect local environments, infrastructure and community trust.

As one council planning officer summarised during a MAVlab discussion: “Data centres are really flash points that make those intersections visible: water and energy, land and infrastructure, global benefit and local impact.”



MAV’s [Sector Submission to the Senate Inquiry into AI and Data Centres](#) provides detailed analysis of these planning issues and recommends regulatory and community-benefit measures for data centres and their associated infrastructure.



WATCH: The Data Centre Surge: Getting Digital Infrastructure Right

MAVlabs April 2026 Innovation Talk, The Data Centre Surge: Getting Digital Infrastructure Right brought together councils and organisations involved in Victorias data centre roll out. The discussion examined how councils can respond to rapid growth and what best practice could look like in ensuring digital infrastructure delivers community benefit while protecting local environments and communities.

Watch here: https://youtu.be/cLXw0yqZsfM?si=8LD_-llkxtJuv5bz

The place-based impacts of AI are directly relevant to the Committee's consideration of productivity, resilience and competitiveness **(a)**, the distribution of AI's benefits and costs across suburbs and regions **(b)**, sovereign AI capability and infrastructure **(e)**, the adequacy of existing regulatory frameworks **(i)**, the resilience of critical infrastructure **(l-m)**, and related matters **(n)**.

Realising AI's national benefits will require transparent and coordinated infrastructure governance that recognises councils as essential planning partners and ensures host communities do not bear disproportionate environmental, infrastructure or social costs.

6. A National Delivery Model

To translate national AI policy into practical and equitable local implementation, the Australian Government should establish a Commonwealth-supported National AI Coordination and Capability Hub for Local Government. Building on the existing MAV-chaired National AI Working Group for Local Government and governed through the state and territory local government associations and ALGA, the Hub would connect national policy, safety and infrastructure decisions with the operational needs and place-based experience of councils and local communities.

The Hub would provide rapid governance and procurement advice, establish a national baseline of council AI use and maturity, and develop shared standards, templates, contractual provisions and reference architectures. It could coordinate collaborative procurement, maintain evidence registers of vendors and use cases, support regulatory and technical sandboxes, and document lessons from successful and unsuccessful implementation. Targeted support for smaller, rural, regional and remote councils - combined with workforce development, communities of practice and service-transformation cohorts - would help prevent unequal adoption and reduce the cost and risk of councils being left behind.

The Hub would also coordinate information-integrity and democratic-resilience initiatives, commission independent evaluation and connect the sector with the Office of AI, the Australian AI Safety Institute and relevant security agencies. This would provide an implementable national delivery mechanism through which proven approaches could be tested, shared and scaled - turning commitments to productivity, safety, equity and public trust into practical capability across the 537 councils serving Australia's communities.

7. Recommendations

1. **Embed local government in Australia's national AI architecture and establish a national capability hub.** The Australian Government formally recognise local government as a strategic partner in national AI policy, implementation, safety, workforce planning and intergovernmental coordination, and provide multi-year funding for a National AI Coordination and Capability Hub for Local Government. The Hub should build on the existing National AI Working Group and be governed through the state and territory local government associations and ALGA.
2. **Fund equitable AI-enabled service and institutional transformation.** The Australian Government provide foundational support for all councils, targeted assistance for smaller, rural, regional and remote councils, and collaborative funding to redesign services and scale proven, high-value applications. Workforce transition, job quality, professional judgment and human discretion should be explicit program outcomes.
3. **Establish shared, risk-proportionate governance, procurement and data safeguards.** Nationally consistent requirements be developed for councils and their vendors, including standard contractual provisions, AI registers, impact assessments, audit and testing rights, human oversight, contestability, incident reporting, cybersecurity, data sovereignty, interoperability and vendor exit. Higher standards of explainability and decision transparency should apply to systems informing statutory or consequential decisions.
4. **Invest in sovereign public-interest AI and civic-resilience capability.** The Australian Government support privacy-preserving, federated AI models and infrastructure using council-held data, with councils retaining appropriate control and stewardship. This investment should extend to shared threat detection, information-integrity capability, coordinated response protocols, protection for frontline staff and elected representatives, and practical support for misinformation, foreign interference and Civic DDoS preparedness.
5. **Require place-based assessment and community accountability for AI infrastructure.** National data-centre and compute policy address cumulative energy, water, emissions, environmental, land-use, planning and resilience impacts; require

transparent reporting and measurable community benefits; and resource affected councils and communities to participate meaningfully in planning and oversight. The Committee should also consider the detailed recommendations in MAV's *Sector Submission to the Senate Inquiry into AI and Data Centres*.

6. **Cross-cutting evaluation principle:** All initiatives should be assessed through a common public-value framework covering productivity, financial sustainability, service quality, equity, accessibility, workforce effects, human oversight, public trust, safety, environmental costs and benefits, and realised community value.

8. Turning National Ambition into Local Public Value

Australia's AI future will be shaped not only by national regulation, sovereign capability and investment in technology, but by how AI is experienced through the institutions, services and places of everyday civic life. Councils are already applying AI to service delivery, planning, infrastructure management and organisational productivity. They are also managing its wider consequences: risks to information integrity and democratic participation, changing workforce demands, unequal access to capability, and the environmental and community impacts of expanding digital infrastructure.

These responsibilities make local government an essential partner in Australia's AI future. Without deliberate coordination and investment, AI could deepen disparities between councils, place public knowledge behind proprietary systems, increase pressure on already strained civic institutions and weaken community trust. With appropriate governance, shared capability and human oversight, it can instead strengthen institutions, release capacity for complex and relational work, improve access to services and generate durable public value.

The Committee has an opportunity to connect national ambition with an implementation system capable of reaching every part of Australia. The proposed Hub provides a practical mechanism for doing so: embedding local government in national decision-making while coordinating shared capability, civic resilience and place-based governance. This would help ensure AI develops not only as an engine of productivity, but as a contributor to trusted democracy, stronger public institutions and more resilient Australian communities.

MAV would be pleased to provide clarification on any information in this submission. For further information, please contact MAV Inquiries at inquiries@mav.asn.au

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