MAV Sector Submission: Australian Government's Consultation on Building AI infrastructure and capability that works for local places

October 2026



The Voice for Local Government

MUNICIPAL ASSOCIATION OF VICTORIA

MAVlab

casbe
Council Alliance for a Sustainable Built Environment

Climate volatility, social fragmentation, digital disruption and rising costs are reshaping the way we live, work, and connect. Local government is where these global challenges turn into local responses – strengthening trust and resilience through the places, services and experiences people rely on every day.

The Municipal Association of Victoria (MAV) is the legislated peak body for local government in Victoria, advocating for all 79 councils across the state.

MAV works closely with councils, state and federal governments and global experts across industry and academia to deliver services and solutions grounded in local knowledge and community needs across metropolitan, rural and regional Victoria.

MAV offers sector-specific, not-for-profit procurement and insurance services, a local government innovation lab and statewide annual learning, convening programs designed to support Victorian local government to meet the challenges of a fast-changing future.



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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Executive Summary

The Municipal Association of Victoria (MAV) and the Council Alliance for a Sustainable Built Environment (CASBE) support nationally consistent, mandatory standards for large data centres and frontier AI training. The Australian Government's consultation paper, *Getting it right: Building AI infrastructure that works for Australia*, correctly recognises that AI infrastructure must not increase household and business energy costs, undermine water security or proceed without meaningful engagement. Its proposed focus on public-interest capability, safety and community benefit is an important foundation.

The proposed framework will succeed only if it accounts for the full local footprint of AI. Data centres are not abstract digital assets: they occupy land, draw on energy and water systems, generate traffic, noise and emergency-management demands, compete with housing and agriculture, and reshape local infrastructure investment. Councils manage many of these interfaces and remain accountable to communities when the cumulative effects of development become visible.

Victorian data centre developments demonstrate acute planning, infrastructure, and amenity impacts across metropolitan and regional areas:

- In Geelong's Lovely Banks, land earmarked for 2,000 homes was acquired for a data centre, directly threatening local housing supply.
- In Footscray West (Maribyrnong), facility expansion generated residential noise complaints and emergency service concerns regarding battery fire safety, in addition to a 66kv transmission line through a residential area.
- In Plumpton, a proposed 350-hectare campus requiring up to 3.1 GW threatens to inflate Victoria's peak electricity demand by 20%.

The same principle applies to AI capability. Councils are already using AI and automation to improve planning, customer service, asset management, regulatory workflows, corporate operations and community engagement. They are also experiencing the impacts of growing community use of AI, through an increase in volume and complexity of correspondence, emerging new security threats, increasing mis and disinformation and rising demand on civic systems.

National infrastructure policy should therefore connect three inseparable domains: the adoption of AI by councils; the effects of AI on councils and local democratic resilience, and the physical infrastructure that enables AI.

Without shared national investment, the benefits of AI are likely to be uneven. Larger, well-resourced councils with mature digital teams can experiment and scale, while smaller less well-resourced councils – often located in rural, regional and remote areas - may have the greatest potential need but the least capacity to procure, assure or implement new systems. This inequity risks compounding a structural bifurcation in which well-resourced communities receive better services while others inherit vendor dependence, compliance burdens and greater exposure and vulnerability to emerging threats.

Artificial intelligence is reshaping how public institutions operate. This is now happening at a pace that shows no sign of slowing down. For local governments, this presents opportunities, risks and responsibilities in equal measure.

Victoria's Sustainable Data Centre Action Plan

Since the consultation paper was released, the Victorian Government has published its long-awaited Sustainable Data Centre Action Plan (22 September 2026).

MAV and CASBE successfully advocated for several of its measures and welcome its commitments to buffers for homes and other sensitive uses, operator-funded renewable energy and storage, recycled or non-drinking water for cooling, public reporting of energy and water use, and further engagement on new planning rules.

These commitments respond to the concerns of councils and communities and align with the direction of the proposed national AI standards.

However, for many Victorian communities the plan and the Victorian Government's new planning rules have come too late. MAV, councils and communities are disappointed that:

- The Action Plan is not retrospective. Very large proposals already approved or under assessment – most through the Planning Minister's Development Facilitation Program – will not be held to its buffer, setback, energy, water or community benefit requirements, so these protections will not be realised where impacts are greatest.
- A genuine community benefit sharing regime remains largely absent. If the Victorian Government is concerned about social licence, the Action Plan does not address it. While the plan outlines the benefits of local job and procurement creation, these may not necessarily translate into long-term community benefit.
- The Victorian Government has not, in any meaningful way, engaged MAV or local government on the policy. Our submissions have not been addressed – a significant missed opportunity – and it remains unclear how engagement on new planning rules will occur after the November 2026 state election.
- Not enough work has been done on how data centre development and AI infrastructure will impact the purposes of reserving employment land, or to protect Victoria's food bowl, with the Government signalling data centres may be permitted in farming areas (subject to conditions).
- Victorians have not been consulted on the Action Plan. It is likely the Victorian Government has engaged more with the data centre development industry on the plan, than with communities about how local environments, places and access to energy, water and agricultural land should be protected and enhanced.

The national framework must not repeat these mistakes. Section 6 sets out the lessons from Victoria in more detail, and Recommendations 11 to 15 respond to them.

Our position in brief

- Local government must have a formal role in the design, governance and implementation of the national AI standards.
- The 'no net costs' principle must include local planning, regulatory, infrastructure, environmental, emergency-management and costs to community - not only electricity and water charges.
- Public-interest contributions from data-centre operators, hyperscalers and frontier AI developers should fund equitable access to compute, reusable capability and AI-enabled service transformation across local government and directly support local communities.
- Standards for data centres must assess cumulative and place-based impacts, require early disclosure and engagement, and secure measurable, enforceable and enduring community benefits.

- AI safety and security arrangements must recognise information integrity and civic-system resilience, including AI-enabled overload or 'Civic DDoS', as public-institution risks analogous to cybersecurity.
- National standards must apply to projects already in development pipelines, mandate enduring community benefit sharing, and be developed with local government and communities – lessons made clear by Victoria's Sustainable Data Centre Action Plan.

Such is the significant and growing concern on data centre development, the October 2025 State Council of the MAV called for a state strategy to locate data centres within circular economy precincts. The motion specifically asked MAV to call on the Victorian Government to develop a state-wide strategy to guide the location and development of data centres within designated circular economy precincts, including:

1. *Strategic land use planning to co-locate data centres with recycling, energy recovery, and advanced manufacturing facilities*
2. *Infrastructure investment to support energy efficiency, renewable energy integration, and heat recovery systems in data centre design*
3. *Policy and regulatory frameworks that incentivise circular practices in data centre operations, including e-waste management and resource reuse*
4. *Collaboration with local government to identify suitable precincts and align with regional circular economy plans*
5. *Funding and innovation support for councils and industry to pilot circular data centre models and share best practices.*

Since the 2025 meeting of all local governments in Victoria, these matters have only compounded in urgency and increased in importance to them and their communities. In addition to some councils calling for moratoriums, councils are calling for stronger measures. As such, AI infrastructure planning has fast become a priority area for MAV planning and sustainable development advocacy. While framed differently across councils, we have heard converging themes calling for:

- Community Benefit Frameworks/Agreements tied to major developments;
- exclusion of data centres from fast-track approval pathways;
- the need for a dedicated statewide planning and sustainability framework with clear siting criteria and land use definitions; mandatory, meaningful consultation with host and neighbouring councils;
- assessment of cumulative impacts on energy, water, transport and community infrastructure;
- minimum sustainability and resource-efficiency standards with public reporting;
- explicit prohibition on data centres in Green Wedge zones.

Notably, the cities of Maribyrnong, Brimbank, Melton and Hume – fast-growing municipalities in Melbourne's west and north-west are hosting a significant number of data centre applications. They have separately called for an immediate moratorium on new or expanded data centre approvals pending a proper framework. MAV expects more councils to follow, particularly as Victoria's Sustainable Data Centre Action Plan will not apply to applications already in the pipeline.

While there is no national consensus amongst councils on this topic, similar themes were reflected t the June 2026 Australian Local Government Association (ALGA) National General Assembly in Canberra, where the following motions from local government were carried by the assembly of councils from across Australia:

#	Councils:	Title & motion

125	**Hume City Council, Victoria 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.*
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:* 1. *Strategic assessment of:* a. *Suitability of location, ideally where services are available and where other important land uses are not compromised as a result* b. *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* 2. *Meaningful community engagement* 3. *Transparent public reporting* 4. *That councils have a central role in decision-making* 5. *Engaging with councils for feedback into the preparation and finalisation of these documents.*

Recommendations to the Australian Government

The recommendations we put forward in this submission are informed by resolutions of the MAV State Council, the ALGA National General Assembly, and our research and engagement with local government and evidence from case studies.

Recommendations	
1	**Embed local government in the national AI standards** Establish formal local-government representation in the design, implementation, review and assurance of standards for data centres and frontier AI training, working with ALGA and state and territory associations via the National AI Working Group for Local Government
2	**Create a National Local Government AI Coordination and Capability Hub** Provide multi-year Commonwealth funding for shared AI governance, procurement, workforce development, service-transformation cohorts, reusable technical assets, a national maturity baseline and targeted support for smaller, rural, regional and remote councils.
3	**Translate AI infrastructure investment into local public capability** Reserve a proportion of compute, technical assistance and public-interest contributions for local-government service transformation, research and sovereign domain-specific models using council-held data under privacy-preserving stewardship arrangements.
4	**Adopt full-cost, cumulative and place-based infrastructure standards** Apply thresholds that reflect energy, water, land, emissions, clustering and local sensitivity; require early public plans; recover all attributable local costs; and embed measurable community benefits in approvals and compliance.
5	**Establish shared civic-resilience and security capability** Integrate councils into national AI-safety, information-integrity, foreign-interference and incident-response arrangements, with practical support for synthetic demand, mis and dis-information, staff safety and Civic DDoS preparedness.
6	**Require risk-proportionate public-sector safeguards** Develop shared procurement clauses and assurance requirements covering transparency, explainability, human oversight, contestability, audit, incident reporting, cybersecurity, data sovereignty, interoperability and vendor exit, with stronger duties for consequential and statutory uses.
7	**Establish a nationally consistent planning framework with strategic siting rules** Define dedicated data centre land-use definitions with demand-scaled assessment thresholds. Direct development to designated industrial precincts while partnering with local councils to evaluate cumulative grid, environmental, and infrastructure impacts.
8	**Mandate 100% in-jurisdiction renewable energy matching and grid storage** Require operators to fund additional local renewable generation paired with battery storage and flexible demand controls.
9	**Enforce comprehensive environmental conditions on heat rejection, air quality, emissions, and local ecological impacts.** Enforce waste heat rejection limits and strict air-quality conditions on backup diesel generators.
10	**Enforce a fit-for-purpose water hierarchy with catchment extraction limits**

	Prohibit potable drinking water for cooling where non-potable, recycled, or closed-loop technologies exist. Combine Water Usage Effectiveness efficiency targets with mandatory daily volumetric extraction limits to protect regional water catchments.
11	**Require upfront demand disclosures and public reporting** Mandate pre-application energy and water disclosures to eliminate speculative connection applications. Require disaggregated operational performance reporting in a national database, backed by developer contributions for local road and infrastructure impacts.
12	**Apply the standards to the development pipeline** Apply national standards to data centre proposals already lodged or under assessment where major energy, water, land-use or community impacts are yet to occur, and work with states and territories to avoid the non-retrospective approach taken in Victoria's Sustainable Data Centre Action Plan.
13	**Mandate enduring community benefit sharing** Establish a mandatory, nationally consistent community benefit sharing framework, co-designed with local government, that delivers long-term local value beyond short-term construction jobs. Specify minimum contributions, indexing, governance and compliance at the outset, and make benefit sharing a condition of approval and market access.
14	**Require states and territories to engage local government** Through National Cabinet and the Energy and Climate Change Ministerial Council, require states and territories to formally engage local government and its peak bodies in developing and implementing data centre policy, planning rules and approval pathways – including in Victoria following the November 2026 state election.
15	**Protect employment land and agricultural land** Require strategic assessment before data centres are permitted on employment, agricultural or housing-identified land, covering employment-land opportunity cost, food security, water competition and protection of productive farmland.
16	**Consult communities** Require transparent public consultation with host communities on the national standards and state implementation frameworks, and publish a register of government engagement with data centre proponents and their representatives on data centre policy.

2. Introduction

This is a joint submission from the Municipal Association of Victoria (MAV), its innovation lab - MAVlab, and the Council Alliance for a Sustainable Built Environment (CASBE).

The submission draws on sector-wide engagement conducted by MAV, MAVlab and CASBE networks (such as the CASBE Data Centre Working Group), including workshops, practitioner discussions and interviews with planners and infrastructure stakeholders.

About MAV

The Municipal Association of Victoria (MAV) is the legislated peak body for local government in Victoria and represents all 79 municipalities. MAV provides policy and advocacy, governance and legislative advice, sector development, procurement and insurance services. Through MAVlab, it works with councils to anticipate emerging challenges, develop shared capability and reduce the cost and risk of responding independently. MAVlabs collaborative and sector leading work in AI has led to the creation of the National AI Working Group for Local Government in collaboration with ALGA and all state and territory associations for local government.

About CASBE

The Council Alliance for a Sustainable Built Environment (CASBE) is an alliance of Victorian councils enabling broad-scale positive change to Victoria's built environment through collaborative, local government led action.

CASBE represents more than 84% of the state's population through our member councils and provides a forum for sharing Environmentally Sustainable Development (ESD) best practice. In the area of interest of this inquiry, CASBE hosts a Data Centre working group of Victorian councils seeking to coordinate consistent approaches to data centre assessment across local governments. CASBE is auspiced by the MAV.

Overall response to the consultation paper

MAV and CASBE support the Australian Government's intention to legislate nationally consistent minimum standards. The paper moves the debate beyond whether data centres are necessary and asks the more important question: on what terms should they be built and operated? That shift is welcome.

However, the proposed architecture still positions councils mainly as participants in engagement and state planning processes. Local government should instead be recognised in four capacities:

- as a statutory and place-based steward and decision-maker
- as a manager of community infrastructure and risk
- as an adopter and procurer of AI
- and as a frontline democratic institution exposed to AI-enabled harms.

Standards designed without these roles will undercount costs, miss opportunities and weaken implementation.

Consultation objective	Local-government lens	Required response

Sustainable large data centres	Cumulative effects on land, water, energy, roads, amenity, environment and emergency systems	Place-based thresholds, early disclosure, full cost recovery and enforceable community benefits
AI capability and innovation	Councils are a national network of public-service testbeds and custodians of valuable Australian data	Public-interest compute, shared infrastructure and a national capability hub
Safety and public trust	AI changes community interaction, information integrity and pressure on civic institutions	Council access to national threat intelligence, incident pathways and resilience support
Efficient regulation	Councils need clarity without the erosion of local planning, transparency or accountability	A national floor that complements—rather than displaces—place-based regulation

A public value test

Every obligation and incentive should be assessed against a common public-value framework covering productivity and financial sustainability, service quality, equity and accessibility, workforce outcomes, human oversight, public trust, safety, environmental impacts and realised community benefit.

This provides a more complete measure than investment volume, compute capacity or construction jobs alone.

4. AI as a catalyst for service and institutional transformation

Local government is a significant but under-recognised part of Australia's productivity system. Councils deliver high-volume services, regulate development and public health, manage extensive infrastructure and employ a diverse workforce across hundreds of occupations. A sustained value comes from redesigning services and operating models. Thoughtfully implementing AI can reduce administrative load, strengthen decision support, and make services easier to navigate.

Insights from the LGPro AI Enablement Special Interest Group demonstrate that council use cases already span customer and resident assistants, planning and regulatory workflows, knowledge management, records classification, road and asset inspection, finance and procurement, engagement analysis, reporting, accessibility and low-code automation. Reported examples include reducing a ten-hour event-scheduling task to seven minutes plus human review, reducing engagement-chart production from about 20 minutes to two minutes, cutting parking-review effort by 60–80 per cent, and supporting thousands of uses of a public rates calculator.

Planning demonstrates both opportunity and risk

MAV's early work into opportunities for advancing AI in statutory planning in councils illustrates how AI can catalyse wider institutional transformation. Rules-based automation can streamline planning application triage, document routing and notifications, while AI can support enquiries, summarise application material, flag inconsistencies and surface insights from complex data. Used well, these capabilities can reduce planning application processing times and release planners to focus on complex assessment, community engagement and professional judgment – an important contribution as councils face housing-delivery and workforce pressures.

However, the same systems can also obscure reason, reproduce historical bias, mishandle sensitive spatial and personal information or place public planning rules behind proprietary interfaces. Councils remain accountable for statutory decisions regardless of the technology used. National support should therefore distinguish process transparency – eg. how a system operates - from decision transparency – eg. why a particular recommendation was made - and require higher standards for systems informing consequential decisions.

MAVlab's Advancing AI Innovation in Local Government project provides a practical model. Developed with MAV Procurement, the City of Greater Dandenong and more than 250 local government participants, it produced shared planning use cases, along with procurement guidance, new AI procurement assessment criteria and established an AI vendor register for councils to access. Its central lesson is that sector coordination can reduce duplicated effort and vendor risk while preserving public sector values and human in the loop responsibility.

More on this work here: https://www.mav.asn.au/mavlab/service-and-tech/ai

Avoiding sector bifurcation

The National AI Working Group for Local Government – an initiative that engages the Local Government Associations representing all state and territories along with ALGA, has identified a national pattern: capability exists, but it is uneven and fragmented. Larger councils and associations are developing products, pilots and governance models, while smaller councils may lack the time, funds, data foundations and specialist staff to make meaningful progress. Remote councils may have the greatest opportunity to use AI to mitigate workforce shortages while often being the least able to implement it independently.

A single compliance regime will not correct this inequality. Foundational support should be available to every council, with targeted assistance for smaller, rural, regional and remote councils and the establishment of collaborative cohorts for knowledge sharing and learning around high-value use cases. Federal government investment in shared procurement, reference architectures, model clauses, implementation support and independent evaluation can help councils become effective customers and move from isolated pilots to durable transformation.

Connection to the consultation paper

The Office of AI's Consultation paper proposes contributions to local capability, skills, research and innovation should expressly include local government. Reserved compute, technical assistance, research partnerships and public-interest contributions could support council service transformation and Australian domain-specific models. This would convert infrastructure investment into measurable public benefit across suburbs and regions rather than concentrating capability around developers and research institutions alone.

5. AI's external impacts on civic systems

The use of AI by community is changing the volume, velocity and economics of how people, organised actors and automated systems engage with public institutions. Generative tools can cheaply produce correspondence, complaints, consultation submissions, information requests and coordinated narratives at a scale that local governments were not designed to absorb.

The National AI Working Group has heard early evidence of longer, less place-specific and apparently AI-generated correspondence and submissions. These tools can legitimately improve access and expression, particularly for people who face language or literacy barriers. The risk arises when scale, automation or coordination exhausts administrative capacity, crowds out genuine demand, targets staff or elected representatives, or distorts evidence about community views.

Civic DDos: an institutional resilience risk

MAV uses the term Civic DDoS to describe AI-enabled demand that overwhelms civic systems in a way analogous to a distributed denial-of-service attack on digital infrastructure. The concept does not label disagreement or high participation as illegitimate. It directs attention to system capacity, provenance, proportionality and the protection of authentic participation.

Responses to these emerging challenges should strengthen rather than narrow democratic access. Councils need investment, tools and protocols to increase security, authenticate high-risk interactions, identify coordinated or synthetic activity, triage demand without discriminating against genuine participants, retain human review, communicate rapidly during emergencies and protect staff and elected representatives. These functions should be connected to national AI-safety, cyber security, foreign-interference and information-integrity arrangements.

Security and transparency conditions

Frontier developers should be required to report incidents and capability changes that could materially affect public institutions, including scalable impersonation, automated influence, mass-generation of deceptive civic content, exploitation of public-service interfaces and significant model-enabled cyber risks. Where information cannot be public, councils and peak bodies should have access through trusted government channels to actionable threat intelligence, mitigations and incident pathways. Local-government evidence should also inform model evaluation. Red-teaming and post-deployment monitoring should include public-administration and democratic-resilience scenarios, not only consumer harms or national-security misuse. A national incident taxonomy should permit councils to report emerging patterns and receive coordinated advice.

6. AI infrastructure is local infrastructure

MAV agrees with the paper's premise that AI infrastructure must be developed on terms that work for Australians. Data centres are critical infrastructure, but their benefits are national and global while many costs are concentrated locally. The social license to build this infrastructure in local communities depends on transparent decisions, credible limits, fair cost allocation and visible community benefit.

Lessons from Victoria's Sustainable Data Centre Action Plan

New design, siting and sustainability commitments in Victoria's Sustainable Data Centres Action Plan for new proposals broadly align with the direction of the national AI standards. However, Victoria's experience offers a clear lesson for the Commonwealth about what happens when standards arrive after the investment wave.

Applications and approvals already in the pipeline

The Data Centre Action Plan will not apply retrospectively to applications already lodged.

CASBE and MAV have identified at least seventeen data centre applications determined or under assessment through the Development Facilitation Program (DFP), fifteen of them lodged in the past two years, including campus-scale proposals exceeding one gigawatt. For these projects:

- buffers and setbacks from homes and other sensitive uses will not apply
- energy, water and reporting requirements will not be realised, despite many of these proposals being of a scale that would materially affect Victoria's peak electricity demand and local water systems
- host communities may not share in whatever benefits the Local Investment Guarantee ultimately delivers
- decisions will continue to be made by the Planning Minister through the DFP and the Investment Front Door, with limited public transparency and no third-party notice or review rights.

MAV has called on the Victorian Government to apply robust guardrails to the significant developments already in the pipeline. Otherwise, communities in Melbourne's west and north-west and in regional Victoria will live with the consequences of these decisions for decades.

Community benefit sharing is largely absent

Victoria is moving to a mandated, standardised benefit sharing framework for renewable energy and transmission through the Renewable Energy Zone Community Benefits Plan. No equivalent regime exists for data centres. The Local Investment Guarantee is a step in the right direction, but its details are yet to be released and it focuses on jobs, training and local procurement.

Short-term jobs gains do not necessarily mean long-term community benefit. Data centres occupy large areas of serviced land while generating relatively few ongoing jobs, and their energy, water, heat, noise and traffic impacts endure for the life of the facility. If the Victorian Government is concerned about social licence, the Action Plan does not address it. Social licence depends on enduring, measurable and locally governed benefits, designed with local government and responsive to the needs of host communities.

Local government has not been meaningfully engaged

The Victorian Government has not, in any meaningful way, engaged MAV or local government in developing the Data Centre Action Plan, despite councils' responsibility for strategic land use planning and for managing the ongonig local impacts of data centres in host communities.

MAV's submissions on these matters – including our submission to the Senate Inquiry into AI and Data Centres – have not been addressed. This is a significant missed opportunity to draw on councils' assessment experience, CASBE's commissioned research and the CASBE Data Centre Working Group.

New planning rules will be subject to consultation after the November 2026 state election. It remains unclear how and when local government and communities will be engaged in this process, and if the engagement will have any meaningful benefit.

Employment land and Victoria's food bowl

MAV and local government remain concerned that not enough work has been done to consider how to properly plan for data centres on employment land and in agricultural areas:

- **Employment land:** data centres consume large areas of serviced industrial land while generating a fraction of the employment, manufacturing, logistics and advanced industry uses that industrial and commercial land is zoned to accommodate. Local economies and communities benefit from access to jobs and industry at scale. There is still no strategic assessment of this opportunity cost with data centre development.
- **Food bowl:** the Action Plan restricts data centres in rural zones, but signals they may be permitted near transmission lines, substations and renewable energy facilities, and - subject to conditions. - within farming zones. Much of this land is located in productive agricultural areas, including within Melbourne's peri-urban food bowl. Without strategic assessment, this risks fragmenting farmland and increasing competition for water and energy with agriculture.
- **Housing land:** as Lovely Banks in Geelong demonstrates, without proper strategic oversight, land earmarked for housing can be lost to data centres

Victorians have not been consulted

Victorians have not been consulted on any of these matters.

It is likely the Victorian Government has engaged data centre proponents and their representatives about these matters, more than Victorian communities about how their local environments, places and access to energy, water and agricultural land should be protected and enhanced.

The Victorian experience is now the opposite of the early, meaningful engagement the Australian Government's consultation paper calls for, and further erodes trust in decisions about data centres and the roll-out of AI infrastructure.

Implications for the national framework

The Commonwealth has an opportunity to avoid Victoria's missed opportunities.

The national AI standards should:

- apply to projects already in development pipelines where major impacts are yet to occur
- mandate enduring community benefit sharing as a condition of approval and market access
- require states and territories to formally engage local government in implementation
- require strategic assessment before data centres are permitted on employment, agricultural or housing land
- require public consultation with host communities, and transparency about government engagement with proponents.

7. Responding to the consultation questions

Capacity thresholds for application of the AI standards

Energy capacity is a useful trigger, but it is not sufficient on its own. The standards should use a tiered, multi-factor framework that considers maximum and staged energy demand, annual electricity consumption, water use and source, land footprint, emissions, backup generation, cooling method, transport and construction impacts, proximity to sensitive uses, local water stress, environmental sensitivity, clustering and cumulative infrastructure demand. Portfolio aggregation and staged-campus rules should prevent proponents from dividing projects to avoid obligations.

The framework should establish a national floor while allowing stronger state, territory and local requirements where place-based conditions justify them. Smaller facilities may still warrant assessment where they are located in constrained catchments, near sensitive sites or within rapidly growing clusters.

Is a single threshold such as an energy capacity (MW) sufficient to identify the data centres that should be subject to the AI standards? If not, what additional thresholds (for example water use, compute [FLOPS], or electricity consumption [MWh]) should be considered?

No. A single MW threshold would not adequately capture the full local and system impacts of data centres. While energy capacity should remain a core trigger, it should be combined with annual electricity consumption, peak demand, water demand, water source, cooling technology, land footprint, emissions, backup generation, transport impacts, local infrastructure demand and cumulative effects.

Thresholds should escalate obligations in proportion to actual risk and resource use. This should include pre-application disclosure of forecast energy and water demand, public reporting for facilities above defined thresholds, and clear rules to aggregate staged campuses or related developments so that projects cannot avoid assessment by being split into smaller components.

Does a tiered approach sufficiently capture different types of facilities and ensure proportionate obligations relating to Australia's energy transition, water management, and communities?

Yes, provided the tiers are based on more than headline energy capacity. A tiered framework should scale obligations according to energy load, water use, emissions, cooling approach, location, cumulative impact and community infrastructure burden. Lower-risk facilities could be subject to baseline efficiency, disclosure and reporting requirements. Larger or higher-risk facilities should face stronger obligations, including renewable energy matching, storage or demand flexibility, catchment-sensitive water assessment, full infrastructure cost recovery, community benefit contributions, spatial buffers and public reporting. For AI software and systems, a separate risk-proportionate governance model should distinguish low-risk service uses from high-risk systems used to inform statutory, planning or consequential decisions.

What can Australia learn from other jurisdictions that regulate large data centres, particularly in designing obligations that are proportionate to potential community impacts while maintaining incentives for investment?

International experience shows the value of strategic planning before growth outpaces regulatory capacity.

Australia should avoid ad hoc, first-come-first-served approvals and instead use clear siting rules, transparent connection queues, pre-application demand disclosure, cumulative impact assessment and selective approval criteria.

Strategic pauses may be appropriate where demand is moving faster than planning, energy or water systems can respond, but they should be framed as a governance reset rather than a rejection of investment.

Investment certainty is best supported by clear national rules, pre-assessed suitable precincts, coordinated planning across agencies, standardised cost-recovery and benefit-sharing arrangements, and predictable pathways for high-performing projects that meet sustainability and community-impact standards.

The approach to the application of the AI standards

Mandatory requirements should apply early enough to influence siting, land acquisition, utility connections and planning decisions before they become difficult to reverse. Proponents should provide staged development and compliance plans covering ultimate capacity, responsible entities, energy and water pathways, infrastructure augmentation, cumulative impacts, emergency arrangements, engagement and community benefits. Material changes in scale, ownership, technology, resource demand or timing should trigger reassessment.

Transition arrangements may be needed where infrastructure or reporting systems take time to implement, but they should not exempt pipeline projects whose major impacts are yet to occur. Disclosure, community protections, cost allocation and credible compliance planning should apply from commencement.

At what point in development processes should mandatory requirements apply for large data centres?

Mandatory requirements should apply from the earliest pre-application stage and continue through assessment, construction, commissioning and operation. Proponents should disclose forecast electricity and water demand, likely connection needs, land-use impacts, cooling approach, emissions, infrastructure requirements and community impacts before approval pathways are locked in. Whole-facility sustainability standards, infrastructure cost recovery and community benefit arrangements should be established before approval, with public reporting applying once operations commence.

What can be learned from approaches taken in other jurisdictions to ensure very large data centres currently in development pipelines are appropriately captured?

Other jurisdictions show the importance of applying new requirements to pipeline projects before impacts become unavoidable. Governments should avoid grandfathering major proposals where siting, servicing, community impacts or resource demands remain unresolved.

Useful mechanisms include strategic pauses where cumulative demand is outpacing regulatory capacity, transparent connection queues, pre-application demand disclosure, selective approval criteria and clear rules that capture staged campuses, portfolio development and speculative proposals.

Victoria's Sustainable Data Centre Action Plan is a cautionary example: because its requirements do not apply to applications already lodged, buffers, energy and water

requirements and community benefits will not be realised for many of the State's largest proposals. The national standards should not repeat this approach.

Should there be a transition period for data centre proponents to meet their obligations, for example submitting a plan within a certain timeframe after commencing operations? If so, at what point in the development cycle should this occur?

Transition periods may be appropriate for some operational or technical requirements, but not for core planning, environmental, disclosure or community obligations. Compliance plans should be required before approval, not after commencement. Where staged implementation is necessary, proponents should provide binding milestones, interim safeguards and public reporting from day one of operation. Transition arrangements should not allow major energy, water, land-use or community impacts to proceed without assessment. Transition arrangements should not be used to exempt projects already lodged, as has occurred in Victoria.

How should governments anticipate and respond to large data centre energy loads which may become operational faster than additional energy generation can be completed to offset their demand?

Governments should require early disclosure of forecast load, transparent connection queues and evidence that renewable supply, firming, storage or demand-flexibility arrangements will be in place before energisation.

Large facilities should not be allowed to shift costs, reliability risks or emissions impacts onto other users while waiting for new generation. Where load growth exceeds grid planning capacity, governments should use staged approvals, connection conditions, demand-response requirements or perhaps temporary pauses to align development with energy-system readiness.

Following the passage of the proposed legislation, when should compliance start? For example, immediately, or staggered for different requirements, recognising practical constraints around planning and approvals, and to ensure regulation is proportionate. How should certainty for, and impacts on, the Australian community be balanced with these considerations?

Compliance should start immediately for pre-application disclosure, siting, engagement, planning, cost-recovery and community-protection requirements. Operational reporting, renewable matching, technical standards and software-governance obligations may be phased where genuinely necessary, provided the pathway is transparent, time-limited and enforceable. Certainty for proponents should come from clear national rules and standardised processes; certainty for communities should come from early disclosure, meaningful engagement, full cost recovery, enforceable safeguards and public reporting.

Renewable electricity certificate obligations for data centres

MAV and CASBE's position is that renewable electricity obligations for large data centres should ensure additional, load-matched renewable generation, supported by firming, storage and demand flexibility. Renewable energy certificates should be used as a verification mechanism rather than a substitute for new renewable supply. Obligations should be transparent, enforceable and scaled to operational demand.

How could obligations be phased in to account for the time needed to build data centres and new renewable projects?

Renewable electricity obligations should be phased according to development and energisation milestones. Proponents should demonstrate, before approval, how renewable supply will be secured over the life of the project, with compliance scaling as additional capacity comes online. Transitional arrangements may be appropriate where generation assets are under development, provided clear milestones and verification mechanisms are in place.

How should 'new' renewable capacity be defined in relation to data centre investments?

New renewable capacity should mean generation that would not otherwise have been developed and that is directly linked to the data centre's electricity demand. Capacity should be demonstrably additional, proportionate to operational load, and capable of addressing the facility's regional grid impacts.

At what capacity threshold should an obligation to retire or surrender renewable energy certificates apply?

Obligations should be linked to material operational electricity demand rather than a single fixed MW threshold. A scalable approach based on energy use would better capture facilities of different sizes and ensure obligations remain proportionate to system impact.

Should the information on REGO certificates be used to time-match electricity use in certain periods? If so, what should these periods be?

REGO certificate data could support more accurate matching between electricity consumption and renewable generation. The framework should progressively move beyond annual matching toward shorter reporting periods as market systems and data availability mature.

Are there any complexities in how data centres could acquire certificates to meet a renewable electricity obligation?

The primary challenge is ensuring certificates reflect genuine system benefits rather than becoming a purely accounting exercise. Certificate frameworks should maintain confidence in additionality, transparency and accountability while remaining practical for developers and regulators to administer.

What incentives or obligations would encourage data centres to invest in on-site generation, batteries or other flexible demand measures, to minimise energy usage during peak pricing?

Planning and grid-access arrangements should reward facilities that actively support system resilience and manage their demand profile. Incentives should encourage investment in storage, demand flexibility, efficiency improvements and other measures that reduce pressure on network infrastructure during peak periods.

Where electricity is being purchased from a state-owned operator, what should the AER consider when assessing whether to modify a data centre's renewable electricity obligation?

Any modification should be assessed against whether the underlying policy objectives are still being achieved. Consideration should be given to the contribution of the supply arrangement to renewable energy outcomes, grid reliability, transparency and broader public benefit.

What unintended consequences or implementation challenges should the government consider in designing a renewable electricity framework for data centres?

The framework should avoid creating unintended distortions in energy markets, imposing unnecessary administrative complexity, or shifting costs and risks onto communities and other energy users. Clear rules, transparent reporting and coordinated planning across energy and infrastructure systems will be critical to maintaining investment certainty while protecting public interests.

Making a positive contribution to the energy transition

Energy obligations for data centres should ensure that efficiency, renewable supply, grid resilience and emissions reduction are considered together. Metrics such as PUE and NABERS are useful, but they should not be treated as sufficient on their own. The framework should require whole-facility assessment, additional renewable generation, storage or demand flexibility, transparent reporting, and safeguards against shifting costs or risks onto communities and other energy users.

What performance metrics or ratings would reflect an appropriate standard for energy usage and efficiency in data centres? Examples could include:

- *- A design PUE rating of <1.25 for data centres using potable water and <1.34 for data centres using non-potable water or recycled water*
- *- A minimum NABERS data centre rating once operational (e.g. 5-star = 1.34 operational PUE).*

Appropriate standards should include whole-facility energy performance, not only office or ancillary areas. PUE and NABERS ratings should be used alongside total electricity demand, renewable energy sourcing, emissions intensity, peak demand, storage or demand response capability, backup generation impacts and waste-heat management. These metrics should assess the full development, including data halls, and should be linked to public reporting and compliance obligations.

Should the Commonwealth establish national baseline energy and water efficiency metrics for data centres? What might be the benefits and/or unintended consequences of this approach?

Yes. National baseline metrics would provide a consistent performance floor, improve transparency and reduce fragmented approval processes. However, they must operate as a floor rather than a ceiling. They should not override stronger state, territory or local requirements, and should not rely only on efficiency ratios that can mask the absolute scale of energy or water demand. Baselines should be paired with place-based assessment of grid capacity, catchment conditions, cumulative impacts and community costs.

Should all data centres be required to meet energy and water performance thresholds? If not, how should requirements change or scale for different data centres?

Yes. All data centres should meet minimum energy and water performance thresholds, with obligations scaling according to facility size, total energy and water demand, emissions, cooling technology, location and cumulative local impacts. Larger or higher-risk facilities should face stronger requirements, including early demand disclosure, whole-facility sustainability assessment, renewable matching, storage or demand flexibility, emissions controls, cost recovery and public reporting.

How frequently should data centres be required to transparently and publicly report their energy use, efficiency, and emissions as part of plans demonstrating compliance with mandatory requirements?

Reporting should begin before approval and continue throughout operation. Proponents should disclose forecast energy and water demand, emissions, cooling approach and renewable supply arrangements at the pre-application stage. Once operational, facilities above defined thresholds should publicly report actual energy use, efficiency, emissions, renewable energy sourcing, peak demand, backup generation use and compliance with any storage or demand-response requirements. Data should be published in a national database with sufficient local disaggregation for councils and communities to understand cumulative and place-based impacts.

Using innovative, efficient, and sustainable solutions to minimise water use.

Water obligations for data centres should be based on a catchment-sensitive hierarchy that prioritises avoiding unnecessary water use, maximising efficiency, using recycled or non-potable sources, and treating potable water as a last resort. Proponents should demonstrate that proposed demand will not compromise local water security, drought resilience, environmental flows, agriculture, Traditional Owner rights or existing users. Any offsets or transition arrangements should be local, additional, durable, independently verified and should not substitute for avoiding unacceptable impacts.

Should data centres be required to meet performance metrics or ratings for water usage and efficiency in data centres?

Yes. Data centres should be required to meet mandatory water-use and efficiency standards as part of whole-facility sustainability requirements. These should include Water Usage Effectiveness (WUE), total daily water demand, water source, cooling method and local catchment impact. Ratings should assess the whole development, including data halls, rather than only ancillary office areas.

If so, are existing metrics (for example, WUE ratings) fit for purpose, or would new or adjusted metrics be more appropriate (for example, by factoring water stress regions and water sources into WUE ratings)?

Existing WUE metrics are useful but not sufficient on their own. WUE measures relative efficiency, not total water draw or local water stress. A stronger framework should combine WUE with absolute volumetric thresholds, source-based reporting, catchment condition, drought risk and impacts on existing water users. This would prevent an efficient but very large facility from placing unsustainable pressure on a constrained local system.

Should a minimum NABERS data centre rating, based on WUE and agreed by states and territories, be required once a facility is operational?

Yes, a minimum NABERS data centre rating should be required once operational, provided it forms part of a nationally consistent whole-facility framework. The rating should operate as a regulatory floor, not a ceiling, and should be paired with volumetric limits, source hierarchy requirements and transparent operational reporting.

Should water-use thresholds trigger additional requirements? If so, what thresholds should apply, and should they align with the tiered approach outlined on page 8?

Yes. Water-use thresholds should trigger additional planning, assessment and reporting obligations. These thresholds should be based on total daily water demand, peak demand, water source, catchment sensitivity and cumulative local impacts. They should align with the broader tiered approach so that larger or higher-risk facilities face stronger requirements, including pre-application disclosure, catchment assessment, water-security safeguards and public reporting.

What aspects of water use should data centres transparently and publicly report? E.g. maximum and peak demand, potable and non-potable water sources, efficiency measures, drought resilience measures and impacts on local water systems.

Data centres should publicly report forecast and actual water use across the facility lifecycle. Reporting should include maximum, average and peak demand; potable, recycled, non-potable and closed-loop sources; cooling technology; WUE and other efficiency measures; drought-resilience arrangements; offsets or infrastructure commitments; and impacts on local water systems. Data should be published in a national database with sufficient local disaggregation for councils and communities to understand place-based impacts.

Should a nationally consistent hierarchy of water sources be adopted for data centres, prioritising non-potable/recycled water with potable water as last resort?

Yes. A nationally consistent fit-for-purpose water hierarchy should be adopted, with potable water used only where alternatives are demonstrably unavailable. The hierarchy should prioritise avoidance, efficiency, closed-loop or non-water cooling, recycled water and other non-potable sources. It should establish a national floor while allowing stronger state, territory or local requirements where catchment conditions require them.

Where recycled or non-potable water supplies are not reasonably available, what alternative approaches might be promoted to achieve equivalent water security outcomes? For example, water offsets within the same catchment, investment in recycled water infrastructure with an associated transition timeframe, desalinated water supply, and local water efficiency programs.

Where recycled or non-potable water is not immediately available, proponents should be required to achieve equivalent water-security outcomes through advanced low- or zero-water cooling technologies, developer-funded recycled water or stormwater infrastructure, binding transition timeframes, and verified in-catchment offsets. Desalinated supply or local water-efficiency programs may have a role where they are additional, durable and do not shift costs or risks onto communities.

Should data centres be required to demonstrate that proposed water use will not adversely affect local water security, drought resilience, environmental water requirements, or existing water users as part of a plan outlining their compliance?

Yes. Proponents should be required to demonstrate, before approval and throughout operation, that proposed water use will not adversely affect local water security, drought resilience, environmental flows, agriculture, Traditional Owner rights or existing community users. This should include upfront disclosure to councils and water corporations, catchment-level impact assessment, clear contingency arrangements for drought or climate stress, and ongoing public reporting of actual water use and compliance.

Simple, consistent national framework

The Commonwealth proposes reporting and transparency requirements at a federal level for large data centres, so that impacts and benefits to communities are transparent and trusted. Where might this proposed approach interact with existing legislation? Please note if these are Commonwealth, state and territory, or local government legislation.

A federal reporting and transparency framework for large data centres should be designed to align with existing Commonwealth, state and local government regulatory systems, avoiding duplication while improving consistency and public transparency.

Commonwealth frameworks
The framework should complement existing national energy and emissions reporting requirements, including electricity market regulations, energy reporting schemes and future AI-related regulatory arrangements. Where reporting obligations already exist, data should be shared and reused wherever possible.

State and territory frameworks
The framework will interact with planning, environmental assessment and environmental protection legislation that already governs land use, environmental impacts, noise, emissions and major infrastructure development. National requirements should support, rather than replace, these assessment processes.

Local government frameworks
The framework will intersect with local planning schemes, environmentally sustainable design requirements and infrastructure contribution mechanisms. Councils should have access to relevant operational data to inform assessment, compliance, infrastructure planning and community engagement.

Principles for implementation
To minimise complexity, the Commonwealth framework should:

- establish a consistent national reporting standard;
- avoid duplicating existing reporting obligations;
- enable interoperability across jurisdictions;
- provide councils and communities with access to meaningful local performance data; and
- states, territories and local governments to can only apply stronger place-based requirements where appropriate.

'No net costs' must include all local costs
The paper's principle should extend beyond electricity and water network charges. It should include council assessment and monitoring, roads and traffic management, drainage, emergency planning and response, environmental monitoring, public health, telecommunications, community facilities, land-use opportunity costs and the cumulative effects of clustering. Councils should receive timely data and recover reasonable costs generated by proposals and operations.

Community benefits should be additional to compliance and compensation, negotiated early, proportionate to impact, enforceable over the life of the development and publicly reported. Options may include local connectivity, workforce pathways, environmental restoration, resilience infrastructure, waste-heat reuse, community energy or water initiatives, and contributions to public-interest compute and local digital capability.

A model community benefit framework should set out proportionality, duration, governance, enforceability, public reporting and review, and include options such as local connectivity, resilience infrastructure and environmental restoration. Community benefits must not be treated as a substitute for avoiding unacceptable impacts.

Existing mechanisms are not fit for purpose. In Victoria, development and infrastructure contributions plans are designed for residential and greenfield growth and offer no means to recover the cost of road pavement damage from sustained heavy vehicle movements, haulage route upgrades, drainage augmentation or open space generated by a single high-impact use such as a data centre.

Negotiating these matters project by project through permit conditions and section 173 agreements is resource-intensive, inconsistent and dependent on the proponent's willingness to agree.

Where the Victorian Planning Minister issues a permit through the DFP, councils also inherit compliance and enforcement of conditions they had no role in setting, while

application fees go to the State. These are direct cost shifts to local government that the 'no net costs' principle should address.

Victoria's Renewable Energy Zone Community Benefits Plan – which proposes mandatory contributions from transmission companies and generation and storage developers, and makes benefit sharing a condition of market access – offers a more suitable model than the voluntary, project-by-project approach currently applied to data centres in Victoria.

Siting, engagement and social licence

Best-practice engagement begins before a preferred site and design are effectively fixed. It must be accessible, independently informed and continuous across construction, operation and expansion. Host and neighbouring councils, First Nations peoples, utilities, emergency services, affected industries and communities should have access to credible information about ultimate scale, alternatives, resource demands, risks and trade-offs.

The Commonwealth should require strategic regional assessment of suitable locations and cumulative capacity rather than relying solely on project-by-project applications. National rules should address sensitive sites through performance-based buffers informed by noise, air quality, heat, fire, hazardous materials, visual impact and emergency risk. Fixed distances may be a minimum safeguard, but cannot replace site-specific assessment.

Proponents select sites based on proximity to fibre, transmission and substation capacity, then test permissibility against the zone, with no assessment of an area's capacity to absorb the development.

Data centres are not yet a defined use in the Victoria Planning Provisions and are assessed as a 'utility installation' – a use with no scale threshold that applies equally to a local telecommunications facility and a facility of globally significant scale. We understand this may change soon with the Victorian Sustainable Data Centre Action Plan.

Engagement has been similarly deficient. Some councils have learnt of proposed data centres through local media, land sales reports or shareholder updates. In one recent DFP referral, Hobsons Bay City Council was given 14 days to respond to a $1 billion data centre proposal in Brooklyn and was advised that a determination may not be deferred to allow a response. Under the DFP, host communities have no right of notice, submission or review.

Victoria's new 150-metre residential buffer is welcome, but it will not apply to applications already lodged and does not address off-site heat, for which Victoria has no buffers or legislated limits.

Health, safety and operational resilience

Standards should require transparent emergency-management plans, interdependency analysis and coordination with councils and local responders. These should address fire and battery risks, fuel storage and backup generation, heat and noise, hazardous materials, water and power interruptions, cyber-physical dependencies, evacuation and access, and compound climate hazards. Public-health and worker-safety monitoring should continue after commissioning, with clear complaint and incident pathways.

Councils are already managing these risks after the fact, often through community complaints:

- in Footscray West, a data centre expansion generated residential noise complaints and emergency service concerns about battery fire safety
- diesel generators proposed for backup are being used by some operators for grid firming, paid through energy market mechanisms, with associated air quality and emissions impacts. This should not be permitted
- continuous cooling systems and generator testing elevate ambient noise around the clock
- data centres exhaust very large volumes of waste heat into surrounding neighbourhoods, while security fencing and underground services limit tree canopy. In one Victorian application, proposed trees fell from 157 to 18 between initial submission and final plans.

National standards should set controls on waste heat and generator air quality, and states should review existing environment protection controls to ensure they are fit for purpose for data centres.

8. A national delivery model

The consultation paper proposes nationally consistent obligations but does not yet identify a delivery mechanism connecting those obligations with the 538 councils that will implement, experience and help govern their effects. MAV proposes a Commonwealth-supported National AI Coordination and Capability Hub for Local Government, building on the National AI Working Group and governed through ALGA and state and territory associations.

The Hub would not control local implementation or duplicate existing associations. It would connect and scale capability already emerging across jurisdictions, while providing a durable route between national policy and local practice.

This might include:

- rapid governance, procurement and implementation advice;
- a national baseline of council AI use, maturity, capability and risk;
- shared standards, templates, contractual provisions and reference architectures;
- collaborative procurement and evidence registers for vendors and use cases;
- regional and rural implementation support, workforce training and communities of practice;
- service-transformation cohorts, regulatory and technical sandboxes and independent evaluation;
- a repository of successful and unsuccessful experiments;
- public-interest compute and sovereign local-government data initiatives; and
- information-integrity and democratic-resilience pilots linked to national safety and security agencies.

This model reflects one of MAVlabs core principles: share before reinventing, build once where it makes sense, and adapt locally where it matters. It would reduce duplication and vendor dependence while preserving local autonomy, accountability and difference.

9. Conclusion

Australia's AI ambitions will be judged not by the scale of its compute infrastructure alone, but by whether that infrastructure improves people's lives, strengthens public institutions and earns the trust of the communities where this infrastructure is located.

The PM Office of AI consultation paper establishes a credible foundation by proposing mandatory standards for energy, water, costs, engagement, safety and public benefit.

The next step is to embed local government as a critical implementation partner into the architecture.

Councils are where the physical impacts of data centres, the operational use of AI and the civic consequences of AI-enabled activity converge. They are not peripheral stakeholders. They are planning authorities, infrastructure managers, service providers, data custodians, employers, emergency partners and democratic institutions serving almost every local community in Australia.

A National AI Coordination and Capability Hub for Local Government would provide the mechanism to connect policy with practice and help proven approaches scale, ensuring smaller councils are not left behind, strengthening civic resilience and making the benefits of AI infrastructure visible in the communities that enable it.

Victoria's experience is a cautionary lesson. Standards that arrive after the investment wave – without retrospective effect, mandatory benefit sharing or meaningful engagement with local government and communities – leave host communities carrying the costs while the benefits flow elsewhere. The national framework is an opportunity to get this right from the outset.

By giving local government a formal role, funding shared capability and applying full-cost, cumulative and place-based standards, the Australian Government can turn national ambition into equitable public value.

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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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