WATER SERVICES ASSOCIATION OF AUSTRALIA

21 September 2026

House of Assembly Government Administration Committee A
Inquiry into AI Data Centres in Tasmania
assemblygaa@parliament.tas.gov.au

Dear Secretary,

The Water Services Association of Australia is the peak body for the Australian water sector. Our members provide water and wastewater services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises.

WSAA welcomes Tasmania's proactive consideration of the opportunities and challenges associated with data centres and AI infrastructure, through this Inquiry and the Draft Statement of Expectations now out for consultation.

As governments and communities around the world respond to the rapid growth of digital infrastructure, there is value in establishing clear goalposts that support sustainable development, protect public resources, and maintain community confidence.

Water is an effective resource for thermal cooling and will be key to supporting the digital economy. Therefore, good management of water resources is paramount. Sensible planning standards help provide clarity and certainty to industry, while balancing resource use.

How data centres can impact the water sector

Data centres seek connection to water and wastewater services like other customers. Depending on their chosen cooling technology and operational requirements, they may resemble existing commercial customers or represent a new type of high-demand industrial customer.

Water demand

The water demand of data centres varies significantly depending on cooling technology, local climate and operational requirements. Some facilities use little or no water, while others require substantial volumes.

Nationally, some modern data centres are seeking larger water volumes than most traditional commercial customers, particularly during hotter weather when cooling requirements increase. While these demands can be managed, they require careful planning and coordination between proponents, governments and water utilities.

Importantly, Tasmania is sometimes perceived as being water-rich because of its climate and extensive hydro-electric resources. While Tasmania has significant water assets, many parts of the state's water supply systems still face constraints, supply pressures and infrastructure challenges. Water utilities must continue to manage finite water resources carefully and balance the needs of households, businesses, industry, the environment and future population growth. New large-scale water users should therefore be assessed within the context of local water availability, system capacity and long-term planning objectives.

Level of service

One factor that may distinguish data centres from other customers is their expectation of service reliability. While TasWater assesses all connection applications based on the capacity and

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capability of the existing network to meet demand, it does not provide different levels of water service to individual customers.

Where a facility requires a higher level of operational resilience than that available through the standard water network, it is the responsibility of the customer to determine how those requirements are met within their own operations. This may include measures such as on-site water storage, redundancy systems or other business continuity arrangements. TasWater's role is to assess and provide services in accordance with its network capacity, regulatory obligations and standard service arrangements that apply across its customer base.

The Australian water sector has extensive experience managing competing demands for finite water resources and believes collaborative planning between industry, governments, water utilities and communities is essential.

Importance of clear and measurable expectations

WSAA supports the intent of the Draft Statement of Expectations and its focus on transparency, stewardship, community engagement and sustainable resource use.

However, many expectations are currently expressed as broad principles without corresponding definitions, metrics or reporting requirements. While qualitative expectations provide useful direction, they can be difficult to assess consistently without measurable criteria.

Terms such as "efficient", "sustainable", "appropriate", "best practice" and "community benefit" may be interpreted differently by different stakeholders. To provide certainty for proponents, regulators and communities, these concepts should be supported by clear definitions and, where appropriate, measurable performance indicators.

Learning from national and international experience

The rapid growth of data centre investment is occurring across Australia and internationally. Governments are increasingly considering how to manage associated demands on water, energy, land, infrastructure and communities.

In late 2025, WSAA released *Data Centres and Water in Australia: A Resource for Sustainable Data Centres*, which set out five guiding principles:

1. Early engagement between data centres and water utilities.
2. Transparent public reporting of water and energy performance metrics.
3. Efficiency expectations and standards that promote good practice.
4. Greater use of recycled water and circular economy solutions where feasible.
5. Fair and future-ready regulatory and cost recovery arrangements.

Experience internationally suggests that many jurisdictions move beyond broad sustainability principles and establish clear expectations for monitoring, disclosure and continual improvement.

At the same time, policy settings should remain technology-agnostic. Cooling technologies, water efficiency measures and resource recovery opportunities continue to evolve rapidly, and regulatory frameworks should encourage innovation while maintaining accountability.

The development of non-potable water schemes may also create opportunities to support future data centre growth while delivering broader community and environmental benefits. In some locations, major industrial water users can improve the business case for new water infrastructure that benefits multiple customer groups over time.

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Value of national consistency

The Federal government has now released a consultation paper about mandatory standards for large data centres. WSAA encourages governments across Australia to pursue greater consistency in how key issues associated with data centres are measured and reported.

As investment increasingly occurs across multiple jurisdictions, common definitions and reporting approaches can reduce unnecessary complexity while improving transparency and comparability. Consistency would also assist water utilities, regulators, investors and communities to better understand cumulative impacts and identify leading practices.

This does not require identical regulation in every jurisdiction. However, a common framework for key water and sustainability metrics would provide significant benefit.

Engagement and knowledge sharing

WSAA supports the work being undertaken across Tasmania to facilitate informed discussion of the opportunities and challenges associated with data centre development.

As the peak body for the urban water sector, WSAA would be pleased to assist the Tasmanian Government, Parliament or other stakeholders with any national water sector perspectives, interstate experiences and relevant international examples.

Conclusion

Data centres represent an important economic opportunity for Tasmania and Australia. The water sector is ready to support their development and to work collaboratively with governments and proponents to ensure growth occurs in a sustainable and equitable manner.

The key opportunity now is to complement emerging high-level principles with clear definitions, measurable expectations and transparent reporting arrangements. Doing so will provide greater certainty for investors, strengthen community confidence and help ensure Tasmania remains an attractive location for sustainable digital infrastructure.

WSAA would welcome the opportunity to provide further information or assistance to the Inquiry. Contact myself at adam.lovell@wsaa.asn.au or WSAA's Manager Customer and Policy Danielle Francis at danielle.francis@wsaa.asn.au.

Yours sincerely

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About Water Services Association of Australia
The Water Services Association of Australia (WSAA) is the peak body representing the water sector. Our members provide water and wastewater services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises.