PIA Planning Institute Australia

18 September 2026

House of Assembly
Government Administration Committee
Parliament House,
Hobart TAS 7000
Email: assemblygaa@parliament.tas.gov.au

Dear Committee,

RE: PIA Submission to the Inquiry into AI Data Centres in Tasmania

The Planning Institute of Australia (PIA) welcomes the opportunity to provide a submission to the Inquiry into AI Data Centres in Tasmania. PIA is the national peak body representing professional urban and regional planners across government, industry and academia.

Data centres are becoming increasingly important economic and digital infrastructure, supporting artificial intelligence, cloud computing, telecommunications, research and essential services. Their planning implications, however, vary considerably.

Data centres range from smaller edge facilities that need to be close to users and can successfully integrate into buildings, through to enterprise and co-location facilities, hyperscale data centres and emerging AI-focused facilities requiring significant electricity, water and land.

Tasmania's planning response should recognise these differences.

PIA considers the priority should be **state-led strategic planning for where different types and scales of data centres are best located**, supported by clear and proportionate development assessment criteria and meaningful community engagement.

Importantly, Tasmania should have established the baseline system to ensure the emerging national standards for large-scale data centres can be successfully implemented.

PIA's Recommendations

PIA recommends that the Tasmanian Government:

1. Undertake state-led strategic planning for different types and scales of data centres.
Develop a statewide spatial planning framework that identifies where different forms of data centre development are best accommodated, recognising their different locational requirements (with some preferring industrial areas and others

rural areas) and considering energy, water and digital infrastructure capacity, environmental and cultural values, natural hazards, competing land uses, separation from sensitive uses, and cumulative impacts. This should build on and help operationalise the emerging national standards.

2. Establish clear and proportionate development assessment criteria.
Provide clear development assessment requirements based on the scale and potential impacts of different data centre developments, with the greatest scrutiny focused on the most resource-intensive and impactful facilities. Criteria should address energy and water demand, infrastructure requirements, environmental and amenity impacts, hazards and resilience, land-use compatibility and cumulative impacts.

3. Embed meaningful community engagement and transparency.
Engage communities early through state-led strategic planning about where major data centre growth should occur and what it means for infrastructure, resources and communities, complemented by proportionate engagement and transparent information for significant individual proposals.

1. State-level strategic planning for different types of data centres

The key planning question for Tasmania is not simply how individual data centre applications should be assessed. It is **where different types and scales of data centres should be located as the sector grows**. This requires spatial strategic planning led at the State level in partnership with local governments and the data centre sector.

Major data centres depend on electricity, water and telecommunications networks that extend across municipal boundaries. Their growth can also have implications for industrial and rural land, infrastructure investment, environmental values, communities and regional economic development.

PIA's Planning for Data Centres Guidance Note recommends identifying suitable locations based on factors including distance to sensitive uses, land size, co-location with compatible land uses, grid and substation capacity, energy availability, fibre redundancy, water availability, environmental constraints and natural hazards.

Importantly, different data centres require different locations.

Smaller edge facilities generally need to be closer to users to minimise latency, but these can also have smaller impacts and can be co-located with commercial uses. Enterprise and co-location facilities may similarly benefit from proximity to population centres, businesses and telecommunications networks, but their impacts and scale need to be managed more closely. Larger hyperscale and AI-focused facilities can have greater locational flexibility making access to suitable land, energy, water and digital infrastructure particularly important.

Some large facilities may therefore be suitable in regional or rural locations, provided impacts on agricultural land, environmental and cultural values, landscapes, hazards and surrounding communities can be appropriately managed. Other facilities will need to remain closer to customers and established urban infrastructure, with clustering of IT and digital businesses anticipated where planned for.

Tasmania should therefore avoid a one-size-fits-all approach. State-level strategic planning processes should identify the locational characteristics appropriate for different types and scales of facilities and consider:

- energy generation, transmission and network capacity;
- water availability and security;
- digital connectivity;
- suitable land and complementary/competing land uses;
- environmental, agricultural and cultural values;
- natural hazards and climate resilience;
- proximity to communities and sensitive uses; and
- cumulative infrastructure and resource demands.

This work should inform Tasmania's existing strategic and statutory planning frameworks, including the Tasmanian Planning Policies, regional land use strategies, State Planning Provisions and local planning instruments.

It should also build on the emerging national standards. National standards are expected to establish consistent expectations for large-scale data centres. **Tasmania's planning system should translate those expectations into decisions about place.**

2. Clear and proportionate development assessment

Strategic planning should establish where different forms of data centre development are most appropriate, and zone land accordingly. Development assessment must then determine whether a particular proposal is appropriate for its site and how its impacts will be managed.

Data centres should not all be treated in the same way. Their operational characteristics and impacts can vary significantly, including electricity and water demand, cooling requirements, backup generation, noise, heat, built form and infrastructure requirements.

PIA recommends a proportionate approach, with assessment requirements increasing according to the scale and potential impact of a proposal.

For the most impactful facilities, clear assessment criteria should address, where relevant:

- energy and water demand and efficiency;
- infrastructure capacity, augmentation and connection requirements;

- environmental, agricultural and cultural values;
- noise, heat, emissions, built form and landscape impacts;
- natural hazards and climate resilience;
- compatibility with surrounding land uses;
- construction and operational impacts; and
- cumulative impacts alongside existing and proposed facilities.

Assessment criteria should be outcomes-focused and sufficiently flexible to respond to changing technology. Clear criteria would give proponents certainty about what is expected, communities' confidence that significant impacts will be considered and decision-makers a consistent basis for assessment. Clear demarcation is also required about which proposals require assessment through a State-based process and those that can be assessed through a normal planning scheme application.

Importantly, **good strategic planning should also enable more efficient development assessment**. Proposals that are appropriately located and meet clear national and State requirements should have a predictable assessment pathway, while greater scrutiny should be directed towards proposals which do not meet the strategic plan and therefore could have greater impacts.

3. Community engagement and transparency

Community engagement is central to Tasmania's planning system. The Committee's Terms of Reference specifically ask how Tasmania can ensure adequate community consultation, transparent disclosure of resource consumption and tangible benefits to Tasmanian communities.

PIA considers engagement should occur at two levels.

First, communities should be involved in **State-led strategic planning** for data centre growth. This provides an opportunity to discuss where major facilities could be located, why particular locations may be more suitable, potential benefits from co-location with other land uses, potential demands on energy, water and other infrastructure, cumulative impacts and the benefits Tasmania and host communities should expect.

These conversations are more meaningful when they occur before individual sites and major investment decisions are effectively settled.

Second, significant individual proposals should be subject to **proposal-specific engagement, proportionate to their impacts**. Communities should have access to clear information about anticipated energy and water use, infrastructure requirements, environmental and amenity impacts and proposed mitigation.

Transparency around resource use and impacts to the local area are particularly important for large facilities. Reporting requirements should complement national arrangements, while ensuring government and communities have sufficient information to understand the cumulative implications of data centre growth.

Community engagement should also consider how major investment can deliver tangible benefits for host communities and Tasmania more broadly, including through infrastructure, skills and training, research partnerships, local procurement, co-location with or for other proposals and other place-based opportunities.

Conclusion

Tasmania has an opportunity to plan proactively for an industry that is likely to grow and evolve considerably. The emerging national standards provide an important foundation. Tasmania should build on that work and focus its planning response on three priorities:

1. **Strategically planning where different types of data centres should locate;**
2. **Establishing clear and proportionate assessment criteria for their impacts; and**
3. **Engaging communities early and meaningfully.**

This approach can give industry greater certainty about where investment is supported, communities' greater confidence about how growth and impacts will be managed, and government a stronger basis for coordinating land use and infrastructure investment.

Good social license for the regulatory controls on data centres is more likely to result in better trust in the process and investment from the sector within Tasmania, while delivering good planning outcomes for Tasmania and Tasmanians.

National standards can establish consistent expectations. State-level strategic planning should determine how different forms of data centre development translate into the right locations, supported by the right infrastructure and clear expectations about impacts and strategic community engagement about those controls.

Please see attached to this submission a copy of the PIA National Data Centres thought leadership report. The report is intended to influence the Federal Government's emerging approach to data centres, particularly the development of national standards.

PIA Tasmania would welcome the opportunity to appear before the Committee to provide further evidence.

Yours sincerely,

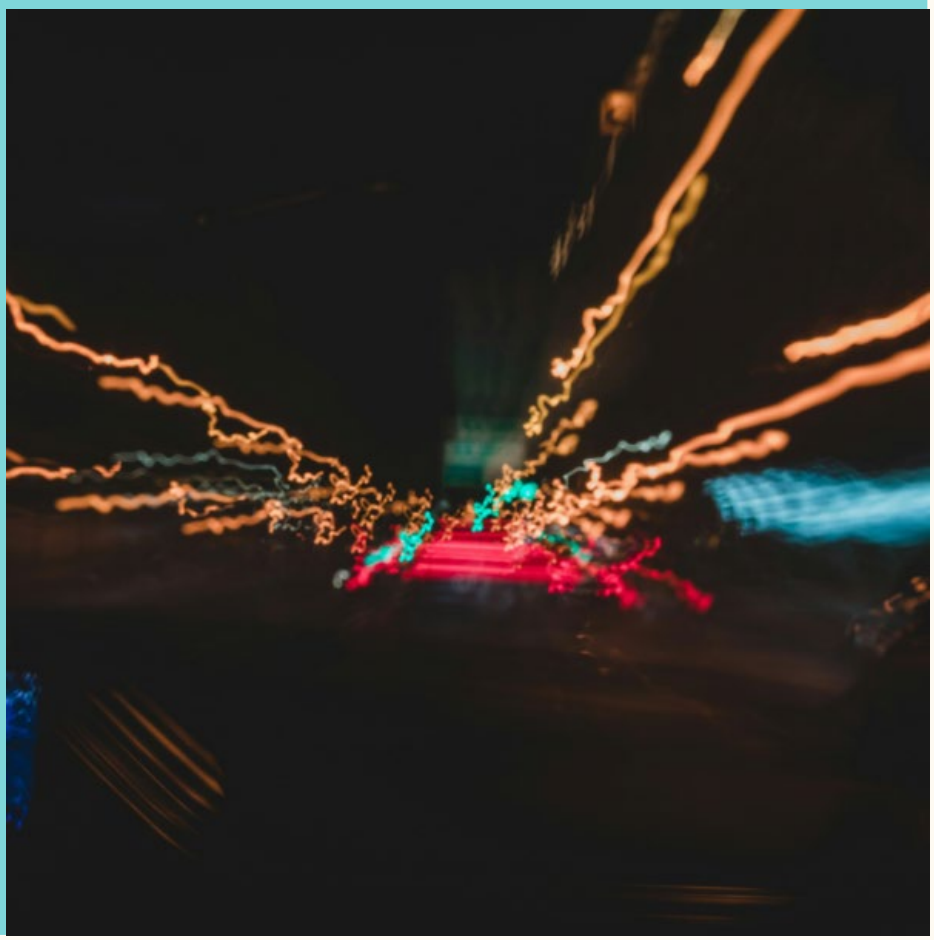
[redacted]

Mick Purves MPIA (Fellow)
President Tasmania,
The Planning Institute Australia

PIA Planning Institute Australia

Planning for Australia's data centre growth

How can good planning support a national standard for land-use, location and infrastructure?



17 September 2026

PIA Planning Institute Australia

Table of Contents

1. Executive summary

Australia is entering a major period of data centre growth. Data centres are essential infrastructure for an AI-enabled, digital economy, but digital growth has a physical footprint which requires substantial land, energy, and supporting infrastructure, and it needs to occur in places that work for communities as well as industry. Australia needs a plan for where that growth will go.

The scale and pace of data centre development has moved faster than many planning systems. Data centre applications are already being assessed across Australia under planning systems that, in many cases, did not anticipate this land use, its scale or particular infrastructure requirements and community impacts. This is leaving strategic questions about location, infrastructure capacity, competing land uses and cumulative impacts to be resolved through individual development applications. Investing in updating planning frameworks now is key to keeping pace with data centre growth.

On 26 August 2026, National Cabinet agreed that the Commonwealth would work with states and territories to develop consistent mandatory standards for data centre energy, water and land-use. Commonwealth legislation is intended for early 2027 and is intended to complement state and territory planning and approval processes. The land-use standard should provide the national spatial framework for this growth. It should define what makes a data centre well located, recognise that different facilities have varying locational requirements, and set criteria for suitability. Those criteria should cover access to energy and supporting infrastructure, compatibility with nearby uses, sensitive receivers, viable agricultural land, natural hazards, environmental and cultural values, competing strategic land uses, and cumulative community impacts.

The national land-use standard should guide updates to state and territory strategic plans and planning assessment frameworks. For hyperscale, campuses and other power-intensive facilities, planning for new industrial land should begin with where sufficient energy can credibly be supplied, then test land-use compatibility, fibre, water, environmental constraints and community outcomes.

Governments should use the national framework, together with their own spatial and infrastructure evidence, to identify where different types of data centres should be planned for, where enabling infrastructure is needed, and where development should be limited or avoided. This would move Australia from responding to data centres proposal by proposal, to proactively planning for the places the digital economy will need.

Community confidence must be central to planning. Communities should have early visibility of where data centre growth is anticipated, what scale of development may occur, how infrastructure and local impacts will be managed, and what enduring benefits host communities can expect. Planning systems should provide a transparent framework for identifying and securing community benefits from major data centre development.

PIA recommends that the national data centre standards for land use and location should:

1. **Define what Australia is planning for**, with consistent definitions and scale thresholds that recognise different data centre typologies.
2. **Define and map what "well located" means**, establishing nationally consistent spatial criteria and a national evidence base.
3. **Inform state and territory strategic planning**, translating national criteria into metropolitan and regional plans and a pipeline of suitable, infrastructure-ready locations.
4. **Set consistent assessment, community expectations** for large-scale facilities, including cumulative impacts, transparent approaches to local benefit, and proposals outside strategically identified locations.
5. **Monitor land, infrastructure and community impacts over time**, keeping the spatial evidence base current as technology, demand and infrastructure requirements change.

PIA Planning Institute Australia

2. Australia's digital infrastructure opportunity needs a spatial plan

Data centres are essential infrastructure for an AI-enabled, digital economy. But digital growth has a physical footprint. It needs land, power, fibre, water and communities that have confidence in how change is being managed.

Australia now has a narrow window to plan for that growth before location and infrastructure constraints narrow the available location choices.

$104 billion	**165**	**67 GW**	**13%**
Aug 2026 data centre investment pipeline[1]	**operational data centres in the NEM (which excludes WA and NT)[2]**	**capacity across 225 data centres in development phase[3]**	**of forecast NEM electricity consumption by FY2036 used by data centres [4]**

Planning has a clear role in managing this growth: anticipate future land requirements, expand the availability of suitable locations, coordinate enabling infrastructure, and involve communities in strategic decisions while location choices remain open.

Done early, that work creates faster and more certain pathways for investment.

Done too late, governments are left trying to resolve strategic questions one development application at a time.

The key question for policy-makers:
How much well-located, infrastructure-ready land will Australia need over the next 10, 20 and 30 years for large scale data centres, and where should it be?

There is not one right location. Some data centre facilities need metropolitan proximity while others, particularly large-scale AI training and bulk compute, have greater locational flexibility and can create opportunities in outer metropolitan, regional and rural areas where power, land and fibre align.

A different strategic planning emphasis is required
Industrial land has traditionally been planned around transport, freight, workforce and access to markets. For large-scale data centres, particularly hyperscale and campus facilities, access to energy can be the first-order locational constraint. Strategic planning therefore needs to become more energy-oriented, working from where sufficient power can credibly be supplied and then testing land, fibre, water, environmental and community suitability around it.

The task is to plan for enough of the right locations, before project demand arrives.

[1] Deloitte Access Economics' Investment Monitor: Data centres dominate new investment activity | Deloitte Australia
[2] AEMO, August 2026, 2026-esoo-data-centre-forecasting-overview.pdf
[3] AEMO, August 2026, 2026-esoo-data-centre-forecasting-overview.pdf
[4] AEMO, August 2026, 2026-esoo-data-centre-forecasting-overview.pdf

Key terms used in this report

Data centre: A facility that houses computing, storage and network equipment and the supporting power (including back up power), cooling, security and telecommunications systems.

Edge data centre: A facility located close to end users, connected devices, or sources of data to provide low latency services and local processing.

Colocation data centre: A facility operated for multiple customers, which lease space, power and connectivity. Colocation describes the commercial model and can apply at different scales.

Hyperscale data centre: A very large, highly standardised and scalable data centre designed to support large-scale cloud, digital and computing workloads. Hyperscale describes operating scale and architecture; it does not identify a particular workload

Data centre campus: A group of data centre buildings and shared infrastructure developed or planned as one precinct, commonly delivered in stages.

Latency: The delay between sending a request and receiving a response across a digital network. Services that need an almost immediate response generally need to locate closer to users and network connections.

AI and bulk compute: Compute-intensive workloads using large clusters of computing equipment, including AI training and inference, high-performance computing and other intensive processing. AI training and other bulk-compute workloads can have greater locational flexibility than latency-sensitive services, while some inference workloads may require proximity to users.

Large-scale data centre: A general term used in this report for facilities and related developments whose energy demand, land requirements and/or cumulative impacts warrant consideration through upfront strategic planning. The national standard should establish a clear threshold and address staged, clustering and related applications.

3. Digital infrastructure is now a planning challenge

Data centres support the cloud, AI and the digital systems used across the economy. They are also a rapidly growing land use with unusually intensive infrastructure needs. Where they locate affects investment timing, electricity and water networks, industrial land supply, local amenity and the ability of future clusters to grow efficiently.

1. Plan for demand before it arrives Without new suitable locations, projects are channelled into a small stock of serviced industrial sites.	**2. Plan land and energy together** Large campuses can require hundreds of megawatts of electricity on a relatively small site. Energy network planning, land-use planning, and other enabling infrastructure therefore need to be coordinated from the outset.
3. Good location can solve problems early Strategic siting can avoid sensitive interfaces, protect competing uses and widen the pool of feasible sites.	**4. Build community confidence before applications arrive** Early spatial planning makes cumulative change visible and gives communities a role while location choices are still open.
5. Good siting expands the opportunity Many impacts are easier to address when location choices are made strategically, creating a wider pool of feasible sites.	**6. Clustering can create efficiencies** Planned clusters can support shared infrastructure, fibre resilience and clearer long-term investment pathways.

The immediate planning challenge is to provide enough suitable locations for data centre growth while protecting infrastructure capacity, other strategic land uses and community amenity. Data centre development applications are coming forward under existing planning frameworks that, in many cases, did not anticipate this form of land use, its scale, or its particular demands on energy, water, land and supporting infrastructure. This leaves councils and assessment authorities having to make significant decisions without clear strategic direction or fit-for-purpose planning frameworks and assessment criteria.

Site-level impacts can often be managed through design and assessment. Location, cumulative infrastructure demand and competing land uses are much harder to address once a site has been chosen and an application lodged.

Strategic planning moves these decisions upstream, while governments still have choices about where different types of data centres should be encouraged, where infrastructure can support them, and where other land uses or community interests should take priority.

4. Growth will depend on community confidence

The community rightfully expects that data centres are proposed and built in appropriate locations.

Social licence to operate is a key condition for where and how quickly the data centre sector can grow.

On 25 August 2026, the Prime Minister said Australia is well placed to attract data centre investment, but maintaining social licence will be essential. He linked that licence directly to three outcomes: energy bills not rising, water security being maintained, and locations being appropriate. [5]

Those are spatial planning questions as much as infrastructure questions.

Social licence cannot be built one development application at a time. Strategic planning gives communities earlier visibility of where growth is expected, why locations are being considered, what infrastructure will be required, and how local impacts and benefits will be managed.

The risks are already visible.

The 90 MW Project Mars proposal at Lane Cove West in Sydney generated over 370 submissions on the NSW Planning Portal. Concerns included proximity to homes, schools and recreation areas, cumulative industrialisation, noise, water and energy use.[6]

In Northern Virginia, the world's largest data centre market, rising residential opposition has already prompted major data centre localities to tighten or reconsider zoning controls.[7]

Planning systems across Australia have not anticipated the scale, pace and particular land use and infrastructure impacts of the current wave of data centre development. Many existing planning frameworks were developed before data centres emerged as a major land use and do not provide clear strategic direction about where they should locate or fit-for-purpose criteria for assessing their impacts. These frameworks now need to be updated.

The planning response should begin before a site is selected. Strategic planning can identify suitable locations for different types and scales of data centres, test cumulative infrastructure and amenity impacts, resolve competing land-use priorities and involve communities in decisions about where growth should occur. This gives investors clearer pathways and communities a genuine role before individual applications are lodged and decisions become focused on whether a particular proposal belongs in a particular place.

By embedding good planning principles, planning systems also have an opportunity to establish a transparent framework for capturing community benefits associated with major data centre development. The approach should be proportionate to the scale and impact of development, informed by community priorities, and designed to create enduring benefits. Strategic planning can help communities identify priorities earlier, while planning frameworks can provide greater transparency around how benefits are agreed, secured, delivered and monitored over time.

[5] Prime Minister, August 2026, https://www.pm.gov.au/media/address-business-council-australia
[6] NSW Planning Portal, accessed August 2026, https://www.planningportal.nsw.gov.au/major-projects/projects/project-mars-data-centre
[7] American Planning Association, https://www.planning.org/foresight/trend/9324536/

5. The growth trajectory is already visible

The investment and electricity demand forecasts require governments to begin the spatial planning work now. Data centre investment is already contributing to Australia's investment pipeline, with the Reserve Bank identifying data centre investment as a major driver of recent business investment growth. It reported that business investment increased 10.4% over the year to the March quarter 2026 and 5.7% in the March quarter alone, with that strength "driven most prominently by data centre fit-outs".[8]

Westpac estimates Australia's data centre investment pipeline could exceed $155 billion, generating a net GDP boost of around $75 billion as that investment rolls out.[9]

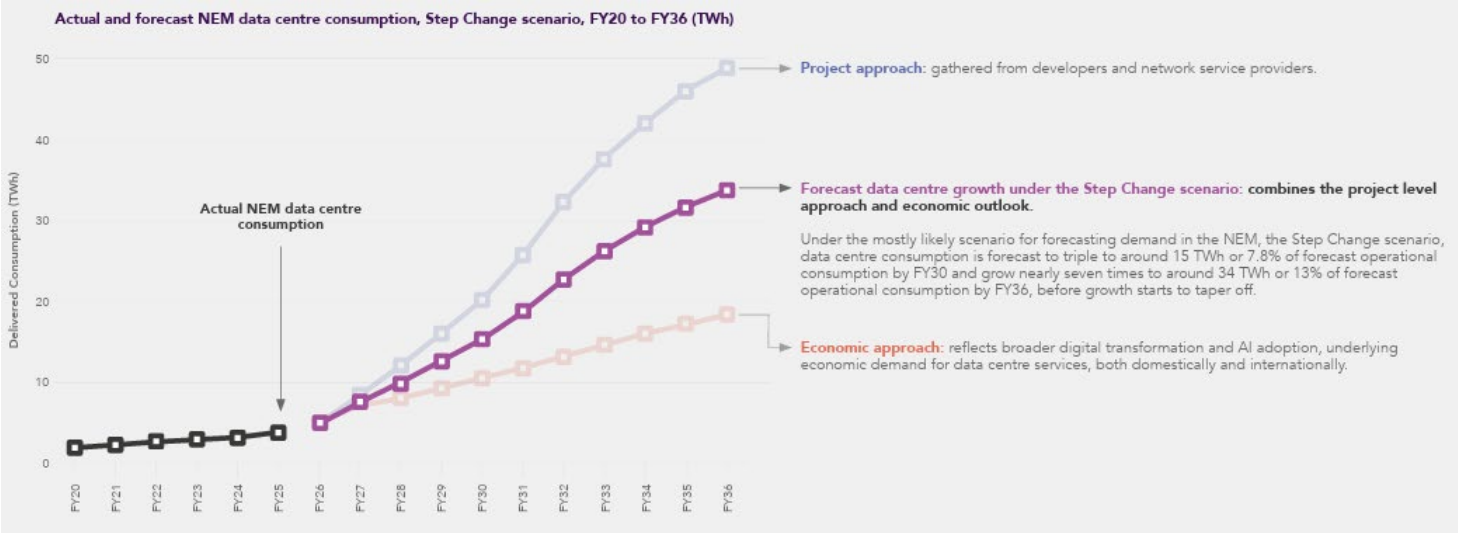


Image 1: AEMO's Forecasts of Data Centre Demand on Energy[10]

The Australian Energy Market Operator (AEMO) estimates Australian data centres consumed 3.9 TWh in FY2025. Under its Step Change scenario, consumption reaches 5 TWh in FY2026, 15 TWh in FY2030 and 34 TWh in FY2036.

AEMO is already forecasting electricity demand.

Australia now needs an equivalent spatial view of the land and infrastructure required to enable this digital growth.

[8] RBA, August 2026, Economic Conditions | Statement on Monetary Policy – August 2026 | RBA
[9] Westpac, 2026, https://www.westpaciq.com.au/economics/2026/05/australian-AI-data-bulletin-2026
[10] AEMO, Ausgust 2026, 2026-esoo-data-centre-forecasting-overview.pdf

6. "Well located" depends on what the facility does

Data centres can vary significantly by their scale, impacts and where they seek to locate.

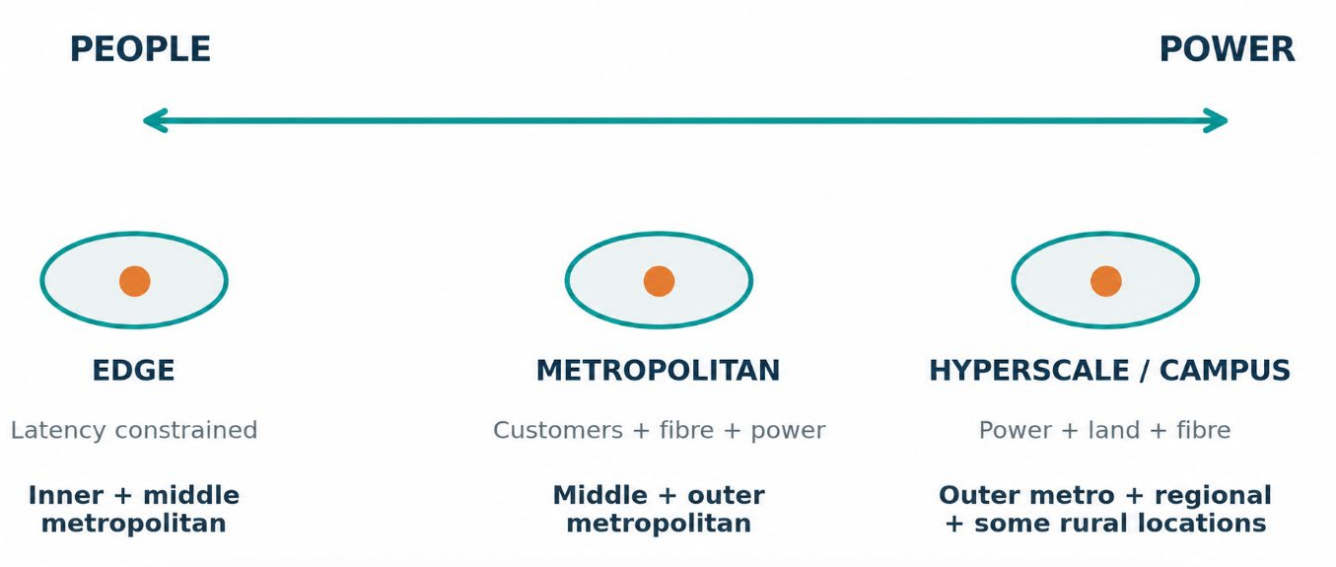


Image 2: Indicative depiction of the key typologies of data centres and their likely characteristics

The image depicts indicative groupings by spatial archetypes and location is principally shaped by electrical scale and latency sensitivity. Based on current technology and data centre types, available case studies and industry practice suggests that edge facilities are pulled towards users. Metropolitan and colocation facilities balance proximity with fibre and power. Whereas hyperscale and bulk compute increasingly start with the electricity system and work back to land. A national standard should recognise these differences rather than force every facility through the same location logic.

A national location standard needs an urban and rural lens
Plan for metropolitan locations where proximity is essential, alongside outer-metropolitan, regional and rural locations where power, fibre and suitable land align with community priorities and competing land uses can be managed.

7. What does a "well located large scale data centre" mean?

PIA recommends that the national land-use standard should establish a common spatial framework for state and territory strategic planning.

The Commonwealth, working with National Cabinet, should set nationally consistent criteria and evidence requirements, while states and territories apply them through metropolitan, regional and infrastructure planning. The criteria should describe the factors that make locations suitable or unsuitable (that is, the aspects that should be considered “attractors” or “detractors”), with their relative importance varying by facility type and scale.

States and territories should then be supported to apply this framework using their own spatial, infrastructure and land-use evidence to plan for different forms of data centres. This provides a nationally consistent starting approach, while allowing plans to respond to local conditions, infrastructure capacity and community priorities.

7.1 Attractors: what makes a location suitable for a large-scale data centre?

Lens	What to test	Strategic Planning implication
Power	Grid capacity, connection timing, proximity to transmission, generation pathway, storage and flexibility	**Use energy availability and future network capacity as a primary input to spatial planning for large-scale data centres.** Strategic planning should identify where sufficient power can realistically be provided, the infrastructure required to unlock growth, and where data centre demand may compete with housing, industry or other priority uses.
Digital connectivity	Fibre capacity, route diversity, network topology and latency	**Map digital infrastructure alongside land-use and energy planning to identify locations suited to different data centre types.** Strategic plans should consider both existing connectivity and the feasibility of future network augmentation.
Land	Site area, contiguity, expansion potential and compatibility with surrounding land uses	**Plan for data centres as a distinct major land-use demand rather than relying on residual industrial land.** Strategic plans should identify sufficiently large, contiguous and expandable areas while protecting land required for other strategic employment, industrial and urban purposes
Water and cooling	Water availability, re-use and recycled supply opportunities, cooling technology and efficiency	**Incorporate water availability and competing demand into location planning at the precinct and regional scale.** Locations with access to recycled or alternative water supplies may be preferable where cooling requirements are significant.
Economic geography	Workforce, proximity to customers, regional transition opportunities and urban service needs	**Match different data centre typologies to locations where they support broader economic and spatial objectives.** Strategic planning should consider whether facilities reinforce existing employment areas, support regional transition, serve metropolitan demand or create infrastructure that enables other investment.

Lens	What to test	Strategic Planning implication
Supporting infrastructure	Transport access and availability or deliverability of required infrastructure	**Test infrastructure capacity before identifying land for growth.** Strategic plans should distinguish between land that is theoretically available and land that can realistically be serviced, and should identify sequencing, augmentation and funding requirements needed to bring suitable areas forward.

7.2 Detractors: what makes a location unsuitable for a large-scale data centre?

Lens	What to test	Strategic Planning implication
Sensitive receivers	Existing and planned housing, schools, childcare, health facilities and other sensitive receivers	**Use strategic planning to establish appropriate separation and land-use interfaces before conflict emerges.** Future residential growth and other sensitive uses should be considered alongside existing development, rather than assessing compatibility only against current conditions.
Infrastructure constraints	Grid congestion, water scarcity and competing demands for infrastructure capacity	**Assess infrastructure capacity cumulatively and allocate scarce capacity in line with long-term spatial priorities.** Strategic planning should consider the opportunity cost of directing electricity, water or network investment to data centres where this could constrain housing, industry or essential services.
Strategic land-use conflicts	Future housing and employment needs, viable agricultural land, strategically important industrial land and other competing uses	**Protect land required for higher-value or less substitutable long-term uses.** Data centre growth should be incorporated into broader land-use strategies so that short-term investment decisions do not sterilise land needed for housing, employment, agriculture or other strategic purposes
Hazards and environmental constraints	Flood, bushfire and other natural hazards, biodiversity, ecological values and environmental constraints	**Avoid locations where development would result in intolerable risk.** Strategic planning should identify unsuitable areas, taking account of future climate conditions and cumulative impacts. Where risk is tolerable, planning should identify the mitigation and design responses required.
Cultural and heritage values	First Nations cultural heritage, historic heritage, significant landscapes and places of cultural importance	**Identify and protect significant cultural and heritage values early.** Strategic planning should embed these considerations in site selection, including early engagement with Traditional Owners and identification of areas where development should be avoided or carefully managed.

Lens	What to test	Strategic Planning implication
Amenity and cumulative impacts	Noise, visual impact, generators, traffic and concentration of multiple facilities	**Plan for cumulative precinct and regional impacts, not only individual proposals.** Strategic planning should identify where concentrations of facilities can be accommodated, where thresholds may be reached and where buffers, design requirements or infrastructure responses are needed.
Community impacts and social licence	Community expectations, distribution of costs and benefits and the scale and pace of local change	**Engage communities upfront, before locations are identified and individual projects are advanced.** Strategic planning should involve communities early in decisions about where data centre growth should occur, the potential impacts and benefits, and the expectations that should apply to future development.

The weighting of these factors should vary by facility type. For latency-constrained facilities, strategic planning may prioritise proximity to customers and network infrastructure. For hyperscale, AI and bulk-compute facilities, access to transmission, generation and large areas of suitable land may carry greater weight. In these cases, strategic planning should be energy-oriented: beginning with where sufficient electricity can be supplied within a credible timeframe and then identifying which of those locations can also satisfy land-use, fibre, water, environmental and community requirements.

Applied through state and territory strategic planning, this framework can move Australia from assessing data centres proposal by proposal to planning proactively for where different types of facilities should locate, what infrastructure will be required, and where development should be limited or avoided. It can also give communities much earlier visibility of where growth is anticipated, before individual development applications arrive.

8. Strategic planning requires more than just zoning

Strategic planning is a place-based process for deciding where growth should occur, at what scale and in what sequence. It brings together demand forecasts, spatial evidence, infrastructure programs, environmental and cultural constraints, competing land uses and community priorities. It then translates those choices into plans, infrastructure commitments, development controls and monitoring.

For data centres, this work should occur across energy, water, digital connectivity and land-use systems, with clear roles for the Commonwealth, states, territories, councils and infrastructure providers. Land supply monitoring may start with hectares in a permissive zone, but this can materially overstate real capacity. A location becomes suitable only when land-use, infrastructure, environmental, cultural and community considerations can be reconciled. Some locations may be technically capable of accommodating data centres yet remain unsuitable because of cumulative infrastructure demand, competing land uses or impacts on surrounding communities.

For data centres, development-ready land cannot be identified independently of the energy system. A permissive industrial zoning is of limited value if the scale of power required cannot be delivered within a commercially realistic timeframe. Strategic land supply planning should therefore be integrated with energy network capacity and investment planning, particularly for large-scale facilities.

The national land-use standard should establish a common vocabulary for potential, suitable, zoned, serviced and development-ready land. This would give governments a clearer picture of where data centre growth can be accommodated, identify infrastructure and planning constraints, and guide growth towards places that can support it well. Strategic plans should also explain the expected scale and timing of development, the infrastructure required, the safeguards that will apply and how cumulative impacts will be monitored. Plans should be reviewed as technology, electricity demand and infrastructure programs change.

A practical national evidence base
Publish an annual estimate of development-ready data centre land by market, showing where suitable land aligns with available and planned energy capacity, alongside forecast demand, infrastructure pathways and opportunities to bring more locations forward.

9. What a National Data Centre Land Use Standard should deliver

The land-use standard should connect national requirements with the planning and infrastructure decisions made by states, territories and councils. It should establish a consistent national framework while allowing governments to apply it to different markets, facility types and local conditions. PIA proposes five elements for the standard:

1	**Define what Australia is planning for** Set nationally consistent definitions and scale thresholds, including a clear definition of large-scale data centres and safeguards against threshold avoidance through staged or related applications. Recognise that latency-constrained metropolitan facilities and hyperscale or bulk-compute campuses have different location requirements.
2	**Define and map what 'well located' means** Set nationally consistent spatial criteria covering electricity, fibre, land, water, hazards, sensitive uses, environmental, agricultural and cultural values, competing strategic land uses, and cumulative community impacts. Use these criteria to underpin a National Data Centre Spatial Evidence Base.
3	**Inform state and territory strategic planning** Require national criteria to be translated through metropolitan and regional planning, informed by electricity system capacity and future network investment. Fund states, territories and councils to identify where power, land and fibre can be aligned, plan emerging data centre clusters, expand suitable land supply, sequence enabling infrastructure and engage communities while location choices are still open.
4	**Set consistent assessment, engagement, community benefit expectations** Establish minimum assessment requirements for large-scale facilities, including land, energy, water, noise, backup generation, infrastructure, social and cumulative impacts. Set clear expectations for meaningful engagement and establish a transparent framework for securing proportionate, enduring community benefits from major developments, alongside a pathway for proposals outside identified suitable areas.
5	**Monitor land, infrastructure and community impacts** Publish a regular national outlook on demand, the development pipeline, development-ready land and cumulative infrastructure requirements. Keep the spatial evidence base current, track emerging amenity and community pressures, and align Commonwealth facilitation and funding with locations that have credible land, energy, water and community pathways. Include planners and public sector planning capacity in the AI skills and training, which was committed to at National Cabinet in August 2026, to ensure the planning profession is well equipped.

The result should be a larger choice of locations where data centres can invest with confidence, less pressure on scarce industrial land, infrastructure planned at the scale of growth, and communities that understand where development is expected and how its impacts and benefits will be managed.

10. Plan now for the places Australia's digital economy will need

Australia can capture a major wave of digital infrastructure investment by planning explicitly for the places the digital economy will need. Governments should align land, power, fibre and water before projects arrive, protect other national and local priorities, and establish how host communities will share in the benefits.

This will require a new planning lens. For much of Australia's industrial development, transport, freight and access to markets have helped shape where new employment land is planned. For large-scale data centres, energy is increasingly a defining locational requirement.

Strategic planning for hyperscale and AI infrastructure should therefore begin with where sufficient power can credibly be supplied, before testing those locations against land, fibre, water, environmental, agricultural, infrastructure and community considerations.

Planning also provides a mechanism for creating a fairer relationship between major digital infrastructure and the communities that host it. Governments should establish transparent and consistent approaches to community benefits so that commitments are proportionate, respond to identified local priorities and deliver lasting value.

Social licence should be built through these strategic choices, rather than treated as a communications exercise after a site has been chosen.

The national planning task

Australia should plan a broader choice of locations for digital infrastructure. This should include metropolitan locations where proximity is essential and outer-metropolitan, regional and rural locations where large-scale computing can align with power, fibre and suitable land.

The National Data Centre Land Use Standard should provide the framework for governments to identify these locations, coordinate the infrastructure required to support them and give communities early visibility of where growth is expected.

National Office
Unit 16, Level 3
11 National Circuit
Barton, ACT 2600
ABN: 34 151 601 937
www.planning.org.au

PIA Planning Institute Australia