Parliamentary inquiry into data centres

Committee for Sydney submission

March 2026

Executive summary

Sydney is on the cusp of a data centre boom that will reshape our economy. Data centres have emerged as essential economic infrastructure that enable industries that will drive our future. The scale and speed of development has created a moment in time for us as a city to then ask ourselves what does a future Sydney look like from a data centre perspective? How do we balance the economic imperative with land use needs, energy networks, water supply and community expectation?

The NSW Legislative Council's Inquiry into Data Centres arrives at precisely the right moment – before the trajectory is locked in, and while there is still the opportunity adjust our trajectory.

The Committee for Sydney convened an expert workshop on 6 March 2026 to stress-test the key issues and develop recommendations for this submission. Participants spanned urban planning, energy utilities, local government, technology industry, property development and research.

Our position is that this is a question of 'how', not a question of 'if'.

Data centres are critical economic infrastructure. Data centres are critical engines for investment and innovation. Data centres are competing with other essential land uses. Data centres are reckoning with significant energy and water needs. All of these statements are true. As a state, we need to hasten with care to ensure we identify a clear path forward.

It's imperative that we plan for a future where data centres are an essential infrastructure that unlocks our economic potential, but are also generative – that they contribute to and strengthen the city. They should be seen as infrastructure rather than employment uses, and through this lens, they should be planned, contributed to and governed as infrastructure – with clear obligations, designated locations, and outcome-based performance standards that ensure they are a contributory land use and asset class for our growing city.

To achieve this, the Inquiry should recommend:

1. **A statewide spatial data centre strategy** – establishing where data centres should locate, protecting innovation precincts, and designating a dedicated data centre precinct aligned with Western Sydney's growth corridors
2. **Reclassification of data centres as infrastructure** – removing them from industrial employment zones where they outbid all other permitted uses and distort land markets
3. **Clear, upfront development contribution frameworks** – obligations set early and priced into land acquisition, not passed to customers or communities
4. **Outcome-based performance standards** – prescribing what data centres must deliver on energy, water and community benefit, without prescribing specific technology
5. **Energy and water infrastructure reform** – pausing approvals where supply is unconfirmed, reforming network investment cycles, and creating regulatory sandboxes for circular water and energy arrangements
6. **Clear community benefit** – ensuring data centres deliver clear benefits such as reduced energy bills, accelerated investment in renewable energy and battery storage, and recycled water infrastructure.

NSW is not the first jurisdiction to face the challenge of how to sustainably support the growth of data centres. Virginia, Dublin and Germany have all made costly mistakes by prioritising speed over standards. Japan, Singapore, the Netherlands and the United Kingdom offer more instructive models. The window to choose the right path is narrow. This submission sets out how NSW can take it.

Introduction

Who we are

The Committee for Sydney is an independent urban policy think tank. We are advocates for the whole of Sydney, focused on developing solutions to the most important problems we face. We are backed by 150+ members representing key business, academic and civic organisations across Sydney.

We advocate for policy and investment outcomes that shape the future of Greater Sydney. We work across six distinct and connected program areas that include resilience, planning, mobility, economy, culture, and equity and fairness.

The NSW Legislative Council's Inquiry into Data Centres intersects directly with all of these areas. Data centres are not merely a technology question – they are a question about what kind of city Sydney becomes.

What we welcome in the Inquiry's Terms of Reference

The Inquiry's Terms of Reference demonstrate a commendably holistic approach to the data centre challenge. We particularly welcome:

- The inclusion of land use planning, zoning and precinct strategy as core terms – reflecting that this is fundamentally a planning challenge, not just a technology or investment question
- The recognition of energy and water supply constraints and their interaction with approvals – the most immediate systemic risk facing the current development pipeline
- The attention to community impact, workforce and social licence – acknowledging that data centre development must work for the communities that host it
- The explicit focus on international models – both positive examples and cautionary tales – providing a sound comparative framework for the Committee's deliberations

How this submission was developed

This submission draws on an expert workshop convened by the Committee for Sydney on 6 March 2026, supplemented by our own policy analysis and the evidence base assembled for previous CfS work on industrial lands, innovation ecosystems, Western Sydney, energy transition and housing affordability.

The workshop brought together practitioners from urban planning, energy utilities, local government, technology industry, property development and research. It was designed to test the key issues, surface disagreements and converge on practical solutions. The recommendations that follow reflects that process.

Critical economic infrastructure

Sydney's competitive advantage

Data centres are critical economic infrastructure and will underpin the advancement of the industries that shape Australia's long-term economic structure. Australia is amongst the least complex economies in the OECD, and the industries that will increase our economic complexity will be underpinned and augmented by AI and a need for deep data management and analytical capabilities. Data centres play a vital role in this. The Committee for Sydney's Transforming Sydney's Economy report identified these future-focused sectors.

At a geopolitical level, domestic data centre capability is not only an economic development imperative, it is increasingly one with a sovereign risk overlay. The global data network is connected by a network of high-capacity undersea cables that are at risk in periods of global instability. Having sufficient data centre capacity to ensure we are resilient to global shocks is vital.

Australia is already the second largest market for data centre investment, behind the United States. In 2024, $6.7 billion was invested in data centres in Australia, putting us ahead of Japan, Singapore and the UK[1]. Across Australia, Sydney is leading the delivery of data centres. By the end of 2025, Sydney had 88 data centres located across the city. For context, Melbourne had 51. Sydney is developing as a global hub for data centres[2].

A question of how, not if

Sydney's – and NSW's – momentum, is an opportunity for us to leverage. Across the state, we are investing in significant renewable energy projects that will increasingly decarbonise our energy network. The Committee for Sydney's 'Sydney as a Renewable Energy Zone' report illustrated the options of a metropolitan scale renewable energy zone that matches supply with demand through rooftop solar and large scale battery systems. While data centres are extremely energy intensive, they can also help us to accelerate our delivery of additional renewable energy capacity across the grid.

The investment in data centres across Sydney is a question of 'how', not 'if'. We need to ensure that we are investing in assets and infrastructure of all types to ensure our future resilience as a city – social, environmental, transport -and economic. But this must be done in a way that ensures that the investment in one does not come at the investment in others.

Our submission proposes a number of recommendations through this lens.

[1] Committee for Sydney, State of the City 2026 report

2 ibid

The challenge in context

A city without a strategy

NSW currently has no overarching spatial strategy for data centre deployment in NSW. Given how fast the demand for data centres has grown, this is understandable. As a result. development is proceeding project-by-project, approval-by-approval, with no statewide framework governing where data centres should go, what their performance requirements are, what appropriate development contributions look like, or how they should relate to existing infrastructure, land use and community priorities.

In the absence of direction, data centres default to wherever planning permissions technically allow and wherever land can be acquired – which increasingly means they are arriving in places that were not designed for them. This is resulting in a rise in conflicts: over land, over infrastructure capacity, and over community impact.

We know that developers value certainty. We see it in two other key areas of NSW – housing and renewable energy. A clear, well-designed approval framework – with known outcome requirements, upfront contribution obligations, and streamlined processes for compliant developments – is more attractive to quality operators than a permissive but unpredictable one.

Planning frameworks not designed for this land use

Industrial land zones (particularly E3 – Productivity support and E4-General industrial zones) were designed to enable a level playing field between compatible uses: warehousing, light industry, business parks, research and development. The rapid demand for and development of data centres, coupled with their unique economic value has meant that planning regulations have been unable to keep up. Employment land use zones, and particularly those with an industrial nature, intentionally supress land values by preventing high value land uses (such as office or residential) competing with lower value land uses and so ensuring that uses that are permitted within that zone can compete on equal footing.

For structural reasons – their high value per square metre, their relatively low development contributions, and the depth of capital behind them – data centres can outbid every other permitted use for land in these zones in a way that has not been observed previously.

This has direct consequences for innovation precincts. Macquarie Park for example – with approximately $13 billion in annual economic output[3], represents decades of investment in a knowledge-economy cluster. Data centres see Macquarie Park as a strategically advantageous location for a number of reasons including presence of high-capacity cables, permissibility and proximity to customers and co-locators. However, without a strategic view of Macquarie Park's economic role as an innovation district, other innovation activities risk being squeezed out of Macquarie Park.

Generative versus extractive: the social contract and role of development contributions

There is an increasing call from communities and local councils to ensure that data centres are good corporate citizens as their presence grows across Sydney. The prevailing narrative from many of these stakeholders is that data centres are extractive; they take more than they give when it comes

[3] Macquarie Park Innovation District (2024). *$13 billion a year: Major new report gets the measure of Macquarie Park*. Available at: https://www.connectmpid.com.au/news/new-economic-report-for-macquarie-park.

to energy, water, land. This is an issue of social licence that is akin to the roll out of renewable energy projects and infrastructure across regional NSW.

Data centres have the potential to be catalysts and enablers of development and transformation across communities and places. Their demand for water can help deliver recycled water schemes that clean wastewater or help restore riparian corridors for water purification. Residual heat from their operations can heat local pools or support urban agriculture. Their demand for energy can accelerate deployment of large-scale generation and storage technologies. Realising this potential requires the planning system to create the conditions for it. At present, there is no incentive, no requirement and no mechanism to ensure data centres contribute in a way that is generative and solidifies their social contract.

The State Significant Development pathway compounds the problem. A data centre approved through this pathway can be built to minimum standards, make modest development contributions, and impose significant infrastructure costs – with no regulatory lever to require an appropriate compensatory contribution. The Harris Street 90MW facility in Ultimo reflects this challenge. As a data centre of significant size for an inner-city location, there was an opportunity for this to contribute positively to the surrounding neighbourhood through meaningful development contributions, or by plugging into the adjacent Ian Thorpe Aquatic Centre and using its residual heat to heat the pool.

In Western Sydney, this concern manifests as a sense that the good jobs close to home they were promised may be replaced by data centres. Data centres – which generate relatively few permanent jobs relative to their scale, land consumption and infrastructure demand – threaten that contract. In lieu of this, the contributions that then matter to those communities are those that deliver clear affordability benefits: access to affordable renewable energy, investments in recycled water infrastructure, and contributions to housing, public open space and social infrastructure.

The way this is addressed is through clear and proportionate development contribution plans that respond to local needs and ensure that the communities accommodating data centres see them meaningfully contribute to the fabric of their neighbourhoods.

As with any development contribution, clear signalling is essential so that developers and investors can factor those costs into their due diligence calculations and site purchase negotiations. There is a risk that, if poorly signalled or imposed, they add an unexpected cost that is passed on to their customers in the form of higher per-kilowatt rack rate prices. In a highly competitive global market, this can significantly impact the viability of data centres.

Well signalled development contributions are factored into a developer's financial assessment by reducing the maximum amount they are willing to pay for land, and so the cost is borne by the land owner (through a small reduction in the price they take from developers) rather than being added to the cost of service. This is not only important from a development certainty perspective; it is important from an international competitiveness one also.

Energy and water: already binding constraints

The energy and water dimensions of data centre growth are frequently discussed as future risks, however evidence suggests these risks exist now. In its formal servicing advice on a Macquarie Park data centre application, Sydney Water stated that the Marsfield Water Supply Zone covering the precinct is currently at capacity[4], while approvals in the precinct continue to be granted.

[4] Sydney Water. (2025, September 30). *Servicing Advice Letter, SSD-80814238, 1-5 Khartoum Road Macquarie Park*. Planning NSW. https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SUB-95618956%2120250930T224656.597%20GMT

The structural challenge is a mismatch in planning horizons. Energy networks operate on five-year infrastructure investment cycles that take two to three years of planning before they can be implemented. Data centre approvals are being granted on timelines of months and the frequency and scale are escalating rapidly. The result is a commitment gap: infrastructure operators are being asked to service development they had no opportunity to plan for.

In the United States, Virginia is the cautionary tale. The state government committed to connecting multiple data centres before verifying that sufficient power and water existed, resulting in completed buildings that could not operate. Without a clear plan and commensurate alignment of utility providers, Sydney risks a comparable situation. Additionally, as part of the approvals process, data centres also often request maximum possible energy connections but operate at 40–50% of that capacity. This can distort infrastructure planning, particularly for those utility agencies operating on five-year planning cycles.

Design and performance: setting the floor, not the ceiling

Data centre design is fundamentally scalable and responsive to regulatory requirements. Operators will adapt designs to local conditions. If local conditions require higher standards, operators will meet them. If local conditions set a low bar, operators will work to that bar. Without setting benchmarks around design and efficiency, the planning system is disincentivising innovation in the way they're built, and losing potential opportunities to have better place-based outcomes.

The technology underpinning data centres is also evolving as rapidly as demand is growing. Global recognition of the need to improve water and energy efficiency is leading to data centre owners continually innovating. What this highlights is the need for regulation to distinguish between prescribing technological solutions and prescribing outcomes.

Given how rapidly data centre technology is evolving – from air cooling to liquid cooling to immersion cooling, from diesel backup to renewable-fed battery storage – any standard that specifies a particular technology will be outdated within years, if not months. The regulatory framework should instead specify performance outcomes: power usage effectiveness below a defined threshold, water usage effectiveness on a defined trajectory, renewable energy matching on an hourly basis. Performance expectations should also extend to expectation of communities, local councils or state government on what data centres are expected to deliver or provide. Operators are then free to achieve those outcomes through whatever technology is most effective.

The long game: asset life, obsolescence and adaptive reuse

Data centres have a twenty-year depreciation cycle. It is genuinely unclear whether the current wave of hyperscale investment represents a sustained new infrastructure asset class or a temporary concentration of demand. Germany provides a cautionary example: early investment was followed by regulatory difficulty that redirected operators elsewhere, leaving stranded assets as liabilities.

Planning decisions made today, for assets with twenty-year horizons, need to account for what comes after. This argues against concentrating data centre development in established innovation precincts where land use flexibility has high option value, and in favour of designated zones where the long-term trajectory can be actively managed and subsequent horizons of land use can be planned for from the outset.

What must not be lost

As the Inquiry develops its recommendations, certain principles must be preserved across all policy options. Any framework developed for data centres must be durable across technology cycles. Requirements must be outcomes-based and technology-agnostic – what gets built into the approval system today will govern facilities that will still be operating in 2046. Prescribing specific technologies will create obsolete regulation; prescribing outcomes will not.

Equally, whatever contribution framework is developed must be structured so obligations are known early and priced into land acquisition and the price paid for land – not passed through to tenants, customers or communities after the fact. The history of poorly designed planning obligations in NSW demonstrates the cost of getting this sequencing wrong.

Recommendations

Our submission presents eighteen recommendations across three domains. They are structured to address the full scope of the Inquiry's Terms of Reference.

A. Land use and planning

The fundamental reform required is to treat data centres as infrastructure rather than employment land use. This single reclassification unlocks the full suite of planning, contribution and governance tools that NSW uses for other infrastructure asset classes – and corrects the root cause of the distortions currently affecting industrial land markets, innovation precincts and development contributions.

The current E3/E4 zone structure was designed for compatible uses competing on roughly equal footing. Data centres, with their depth of capital and high land values, break this model. The result is systematic displacement of other permitted uses – including the knowledge-economy and R&D tenants that these zones were designed to support.

Key recommended actions

1. **Develop a statewide spatial strategy for data centre deployment.** NSW needs an overarching framework that determines where data centres should locate. This may include designated urban precincts, regional hubs aligned with Renewable Energy Zones, and/or repurposed power station sites – based on transparent criteria including energy capacity, water availability, land zoning, fibre connectivity and community impact. This strategy should be developed in partnership with utilities, local government and industry, and should explicitly protect identified innovation precincts from displacement.

2. **Create a new land use zone specifically for data centres.** Data centres can outbid other permitted uses within zones E3 and E4 given their depth of capital and high land values. A dedicated data centre zone – distinct from general industrial zones – would allow competition within the zone to occur on level playing field terms, development contributions to be calibrated to actual impact, and infrastructure obligations to be set commensurately. This also reflects the reclassification of data centres as infrastructure rather than employment use.

3. **Identify and develop a dedicated data centre precinct in Greater Sydney.** Drawing on the Japan model and the NSW Special Activation Precinct framework, designate a precinct where data centre development is actively concentrated. The precinct should have: upfront government-led investment in enabling infrastructure with cost recovery; a streamlined approval pathway for compliant developments; co-location with grid-scale battery storage; and a circular precinct design framework that unlocks co-location synergies. Western Sydney, aligned with the South Creek corridor and adjacent to Western Sydney Airport, warrants consideration, while also recognizing community expectations around job creation.

4. **Introduce a 'show cause' requirement for data centres locating outside designated zones.** Data centres wishing to locate outside designated precincts would be required to demonstrate why their development cannot be accommodated within a designated zone, what additional community benefits it will deliver, and how infrastructure constraints will be managed. This reverses the current default – anywhere is permitted unless specifically excluded – to a more considered framework. This should also harness the unique potential of data centres to deliver

community benefits—for example, by co-locating with facilities such as community pools and capturing waste heat to warm the pools, reducing energy costs while supporting local amenity.

5. **Develop a clear development contributions framework for data centres.** The current contribution requirements are inadequate and inconsistent. A dedicated framework should specify obligations calibrated to a data centre's scale, infrastructure demand and community impact – covering energy offset contributions, water infrastructure, and locally-relevant community benefits, such as public open space. Obligations should be set early and clearly, so they are priced into land acquisition rather than passed on to operators or tenants.

6. **Identify co-location typologies for different urban contexts.** Map and mandate land use co-location opportunities appropriate to different settings. Co-location opportunities are where there is an ability for a data centre to directly benefit an adjacent land use, with typologies built into precinct planning frameworks. For example:

    - urban areas (swimming pools, water purification facilities, community batteries, heat networks);
    - outer suburban and greenfield areas (intensive agriculture, manufacturing, residential water recycling);
    - regional areas (renewable energy generation, defence and advanced manufacturing).

7. **Develop clear design principles and design excellence requirements.** In a rapidly evolving technological context, there is limited value in highly prescriptive controls that may quickly become outdated. Instead, the focus should be on setting clear design outcomes that ensure new development achieves a high standard of design and avoids outcomes that detract from local landscapes and communities. Engagement with the sector indicates that where clear outcomes are established, design excellence processes can help deliver better results, including through State Significant Development (SSD) pathways.

B. Energy and water

Energy and water are the two dimensions where the consequences of continuing on the current trajectory are most severe – and where the opportunity for genuine reform is greatest. Both require the same structural shift: moving from reactive management of individual approvals to proactive system-level planning.

The current model – grant approvals, then attempt to service them – is already failing around the world. The solution is not to slow approvals, but to align them with confirmed infrastructure capacity and to ensure the obligations attached to approvals are designed to generate community benefit rather than simply extract community resources.

Key recommended actions

8. **Pursue national water and power usage efficiency standards.** NSW should work with the federal government to establish national WUE and PUE standards, ensuring investment attraction is a race to the top rather than the bottom. Standards should be outcomes-based and technology-agnostic, with a defined improvement trajectory over time.

9. **Require hourly renewable energy matching as a condition of consent.** Data centres should be required to demonstrate that their energy demand is matched from renewable sources on an hour-by-hour basis, not just annualised. This is the most credible standard for renewable energy claims and incentivises investment in storage and flexible generation.

10. **Deploy data centre contributions to accelerate community or metropolitan-scale solar and storage.** Development contributions from data centres should be deployable at a regional or metropolitan scale to fund rooftop solar and battery storage deployment across residential

communities. This converts a perceived community burden – the energy demand of data centres – into a community affordability benefit, and is particularly powerful in Western Sydney where energy affordability is a significant concern.

11. **Require accurate demand forecasting, not maximum-capacity connections.** Planning approvals should require data centres to provide verified energy demand forecasts based on committed tenants and expected utilisation rates – not worst-case maximum consumption. This enables infrastructure operators to plan efficiently and reduces the risk of stranded network investment.

12. **Advocate for reform of energy network investment cycle rules.** NSW should advocate through the Australian Energy Regulator for reform of distribution network investment cycle rules – as the United Kingdom has already done – to allow faster, more flexible infrastructure responses to data centre demand. The current five-year cycle with a two-to-three year planning lead time is structurally incompatible with the pace of data centre development.

13. **Introduce water price signalling and a regulatory sandbox for circular water systems.** Water pricing for data centres should reflect the full cost of supply, including scarcity value, to drive demand toward recycled and non-potable sources. A regulatory sandbox – resolving the current impasse between IPART, Sydney Water and councils – should be created to fast-track pilots of circular water arrangements. Connection to existing recycled water networks should be mandatory where available.

14. **Pause approvals for water-intensive facilities where supply is unconfirmed.** Where Sydney Water or distribution network operators have documented insufficient capacity to supply approved data centres, further approvals for water-intensive facilities in those areas should be paused until either infrastructure is augmented or credible non-potable water commitments are in place.

15. **Commit to increasing rainfall-independent water supply.** Sydney is already facing the potential for drought and storm led drinking water shortages as residential and commercial demand grows, while supply is limited by rainfall and the drinking water catchment. Sydney already has a desalination plant that provides approximately 9% of Sydney's water. The desalination plant has capacity to scale and this should be commenced. Additionally, Sydney Water has already invested in a recycled water trial facility in Quakers Hill. Recycled water schemes should be rolled out across Greater Sydney. While the water from both sources may not directly feed data centres, it can offset their consumption in different parts of the city.

C. Approvals process and performance standards

The approvals framework should reward quality and create certainty – not simply process volume. Developers value approvals certainty. A clear, consistent, outcome-based approval framework, even one with higher standards, is more valuable to a data centre developer than a fast-track process that remains unpredictable. The Investment Delivery Authority's value would be greatly enhanced if it operated within a framework of clear outcome requirements rather than as a mechanism for bypassing them.

Key recommended actions

16. **Set clear outcome requirements – not technology prescriptions – for data centres.** The approvals framework should specify performance outcomes (energy efficiency, water use, renewable energy matching, community contribution) rather than prescribing specific technologies. Use FSR or height bonuses, accelerated assessment and contribution offsets to reward developments that exceed minimum standards.

17. **Introduce design excellence requirements into the State Significant Development pathway.** The SSD pathway should include mandatory design excellence considerations covering performance outcomes, community benefit and infrastructure contribution. This does not mean design competitions but clear expectations of design excellence. Co-location synergies, heat reuse and active grid contribution should be rewarded through the assessment process.

18. **Require public reporting on resource use, emissions and community benefits.** Mandatory, transparent public reporting on actual (not projected) energy use, water use, emissions and community benefit delivery should apply to all data centres above a defined threshold – annually, throughout the operational life of the facility.

International evidence

The workshop drew on a range of international case studies spanning both models to emulate and cautionary tales. These are summarised below and referenced throughout our recommendations.

POSITIVE MODELS

- **Japan**: Designated a single dedicated data centre precinct with reliable infrastructure (power, water, fibre) and adjacent sector co-location. All major hyperscalers consolidated there. Utility investment coordinated and efficient. Industry enthusiastic because certainty and reliability outweigh any constraints on location choice.

- **Singapore**: Mandatory connection to recycled water network, eliminating potable water use for cooling. Requirement for bidirectional grid connection so data centres actively stabilise rather than just consume from the grid. Outcome-based standards tightened over time to drive continued innovation.

- **Netherlands**: Waste heat from data centres used for large-scale hydroponics, turning thermal waste into food production – demonstrating the range of generative co-location opportunities possible when data centres are planned as part of a broader industrial ecosystem.

- **United Kingdom**: Reformed energy network investment cycle rules specifically to enable faster infrastructure responses to data centre load requirements – recognising that a five-year planning cycle is structurally incompatible with the pace of data centre development. NSW should advocate for equivalent AER reform.

CAUTIONARY TALES

- **Virginia, USA**: Committed to connecting multiple data centres before verifying sufficient power supply. Result: completed buildings without electricity. Was forced (not by choice) to redirect data centres to new zones. NSW faces a comparable risk: Sydney Water has documented insufficient supply for the approved Macquarie Park pipeline, yet approvals continue.

- **Ireland (Dublin):** Allowed data centre development without adequate demand management, reaching approximately 20% of national electricity demand before imposing a moratorium on new connections. On resumption, required developers to bring their own generation capacity. Far better to establish requirements upfront than impose them retrospectively.

- **Germany**: Regulatory complexity and approval timelines became so onerous that major operators relocated investment elsewhere, leaving stranded infrastructure assets. The lesson is not to abandon standards, but to pair them with consistency and certainty – what the market values most is not a low bar, but a predictable one.

Source: Workshop analysis drawing on publicly available international case studies.

Conclusion

The NSW Legislative Council's Inquiry into Data Centres is one of the most consequential planning inquiries of this decade. The decisions made now will shape Greater Sydney's investment landscape, industrial land portfolio, energy system, water infrastructure, community character and economy for a generation.

This is not a question of whether we should be allowing data centres, it is a question of how do we ensure that they are planned for and delivered in a way that builds economic resilience and enables emerging industries while not risking water and energy security, eroding social licence and creating land use opportunity costs.

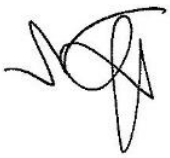
The Committee for Sydney's central message is simple: NSW has a narrow window to do this well. We must hasten with care. The international evidence is clear about what good looks like – spatial strategies, designated precincts, outcome-based standards, confirmed infrastructure capacity, and community benefit that is structural rather than token. It is equally clear about what failure looks like.

We urge the Public Accountability and Works Committee to frame its recommendations around a single test: does this policy setting position data centres as generative and contributory infrastructure for Greater Sydney? That test – applied consistently across planning, energy, water, economic development and community benefit – will produce the right answers.

The Committee for Sydney is committed to continuing to work with government, industry and communities on these issues. We welcome the opportunity to present in person and to engage further as the Inquiry progresses.

If you have any questions, please contact me at jeremy@sydney.org.au.

Sincerely,



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