National Rural Women's Coalition

Submission: **Artificial Intelligence and Data Centres**

Committee: Environment and Communications References Committee

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Acknowledgement of Country

The National Rural Women's Coalition (NRWC) acknowledges the Traditional Owners of the land on which we work and live. We pay our respects to Aboriginal and Torres Strait Islander Elders past, present and future. We value Aboriginal and Torres Strait Islander histories, cultures, and knowledge. We extend our respect to Aboriginal and Torres Strait Islander women who for thousands of years have preserved the culture and practices of their communities on Country. This land was never surrendered, and we acknowledge that it always was and always will be Aboriginal land. We acknowledge that Australian governments have been complicit in the entrenched disadvantage, intergenerational trauma and ongoing institutional racism faced by Aboriginal and Torres Strait Islander people. We recognise that Aboriginal and Torres Strait Islander people must lead the design and delivery of services that affect them for better life outcomes to be achieved.

About NRWC

The National Rural Women's Coalition (NRWC) is a grass roots organisation, established in 2002, that provides a collaborative, powerful national voice for women living in rural, regional, and remote Australia. We are a coalition of five peak rural alliances comprising the Australian Local Government Women's Association, Australian Women in Agriculture, National Rural Health Alliance, Women in Seafood Australasia and Transport Women Australia Limited. For over 20 years, we have worked to ensure better social, economic, and environmental outcomes for women in rural townships, in rural communities and in primary production throughout Australia.

Executive Summary

The National Rural Women's Coalition (NRWC) supports the development of data centres in regional, rural and remote locations where they can demonstrate net benefit to the communities that host them. NRWC supports the Commonwealth's intention to legislate strict developer requirements, including ensuring renewable energy development, and responsibility for the costs of infrastructure upgrades. However, NRWC believes that these developments, including their energy generation, must be decided in consultation with local communities. NRWC calls on the Commonwealth to develop stricter water requirements including minimum water efficiency standards and sustainable sources. Water access is a critical issue for rural communities and must be safeguarded. Additionally, NRWC supports measures to restrict or cap electricity price increases caused by large power demand from data centres in the regions, where residents already face higher power prices. The protection of productive agricultural land is a primary concern for NRWC. NRWC believes the Commonwealth should complete a nationwide assessment of land use with consideration of agricultural land, water resources and critical infrastructure to inform the location of data centres and future-proof Australia's agricultural sector. Additionally, NRWC calls on the government to legislate the requirement to select land in marginal or industrial areas, not prime agricultural regions. With these principles protected in enough detail, data centres may represent an opportunity for rural, regional and remote Australia.

Recommendations

NRWC recommends the following actions are taken to strengthen regulation and management of data centres in rural, regional and remote Australia:

1. Legislation to require data centres to invest in new renewable generation and storage projects in consultation with local communities.

2. Legislate emissions limits, reporting and lifecycle management of assets.

3. Legislate minimum water standards including efficiency standards, sustainable sources, collection facilities and reservations for communities during shortages.

4. Require developers to site projects in areas identified as well-suited to cope with energy and water demands (determined by water corporations and electricity market regulators).

5. Complete a nation-wide assessment of areas best suited for development that considers agricultural productivity, cultural or environmental value, water sources, electricity network capacity.

6. Legislate requirement to select land in marginal or industrial areas, not prime agricultural regions.

7. Investigate measures to cap electricity price increases caused by data centres for rural, regional and remote electricity customers.

Artificial intelligence and data centres, with reference to:

1. **The effectiveness of existing regulatory frameworks in managing the growth of data centres in Australia, including in relation to existing and future deals between the Government and global Artificial Intelligence (AI) companies;**

NRWC supports the Commonwealth's intention to legislate requirements to guide sustainable development of data centres across Australia.[i] The expectations released earlier this year are a step in the right direction but must be strengthened and applied across Australia to ensure a uniform approach. NRWC supports a requirement for renewable energy generation but believes this must be done in consultation with local communities.

Additionally, NRWC believes the legislated requirements around water use should be strengthened, setting minimum water efficiency standards and requirements for the types of water sources that are preferred (i.e. recycled water) and water collection facilities to be developed as part of design.

The NRWC represents women across rural Australia who have lived through multiple extreme weather events, including prolonged periods of drought that have devasting economic, social and health impacts on rural communities. NRWC believes data centres can only be supported in rural and regional areas with the very highest standards of water use, as well as ensuring wide community benefits through essential services infrastructure upgrades and local employment and procurement.

2. **The potential impacts of AI and data centres on Australian communities, industries and the environment, water and energy; and**

Environment

Most of the debate around data centres has focused on energy and water use and potential clashes with housing in urban growth areas. However little consideration has been given to regional land use impacts from the predicted growth in data centre development.

The NRWC notes that Australia's abundant land is not simply vacant, but supports a variety of different uses including agriculture, cultural heritage and environmental value. Unfettered data centre development poses the risk that large tracts of rural large are used for data centres (and their supporting renewable electricity generation) without proper consultation with communities and consideration for other land uses including food production. For example, the 19,150-hectare Project Ares

planned by Energy North on Murranji Station in the Barkly Region would include 6 - 7,000 hectares of solar infrastructure, gas-fired electricity, rail infrastructure, a 2-kilometre sealed airstrip, and a construction workers' village for up to 4,300 staff. [ii]

Expanding data centres in rural areas may create additional pressure on agricultural land alongside ownership and climate risks.[iii] Australia's agriculture sector is already under significant pressure from rising input costs such as fertiliser, fuel and freight

caused by the Middle East conflict[iv] as well as climate-related challenges that have already and will continue to affect farm profit margins.[v]

NRWC believes the sustainability and resilience of domestic food producing land must be prioritised when planning new sector growth such as data centres. NRWC supports a more strategic approach to land use planning and better monitoring and transparency of land purchased for data centres in rural areas, as well as viable food producing land.

NRWC supports calls from farming peak bodies to ensure that the use of agricultural land and water is prioritised for food security and the farming sector more generally.[vi]

In addition to land use, noise pollution is a concern with data centres. While the noise levels are not significant, noise complaints have been made by some residents living near data centres in the US where noise levels are close to levels that impact on people's ability to sleep, work and exercise.[vii] This should be considered when siting new data centres to ensure residents are not unnecessarily impacted.

Water

Water is a precious and essential commodity in rural communities. Data centres' significant water use for cooling is well established, with current demand estimated to be about 0.7 per cent of local water supply in Sydney and about 0.2 per cent in Melbourne. Industry forecasts suggest that could rise to about 1.9 per cent in Sydney and 0.9 per cent in Melbourne by 2030. Nationally, direct demand could more than triple from 5.5 gigalitres a year to around 17.[viii]

While the Commonwealth expectation sets out guidance on water use, NRWC believes that the expectation is not strict enough and should be tightened. It requires developers to pay for their own infrastructure costs to access water, to avoid using potable water where possible, to use sustainable and circular economy design, and to track water use. The Commonwealth should set clear standards based on outcomes, for example requiring a minimum five-star NABERS Energy rating, alongside a defined Water Usage Effectiveness (WUE) threshold. As part of this, data centres should be expected to maximise the use of alternative water sources – including recycled water and on-site water harvesting.[ix]

Additionally, NRWC supports measures that ensure water is prioritised for communities and agriculture during water shortages, including drought.

Energy

Rural, regional and remote women and their families need to be protected from any adverse impacts caused by data centres energy use.

The Australian Energy Market Operator (AEMO) expects data centre energy demand in the National Electricity Market to triple to nearly 12 TWh by 2030. This is

equivalent to 6% of the NEM's electricity, or around enough to power all the homes in Victoria. By 2049-50, data centre demand is expected to reach 34 TWh, or around 12% of power in the NEM.[x]

In the right locations, such as renewable energy zones and former coal station sites in areas with sufficient water resources, data centres could help reduce network upgrade costs, ease transmission constraints, support regional development, and unlock additional network capacity.[ix]

However, NRWC believes that without proactive and strategic planning of where data centres are located, and limitations on their number, there may be negative community impacts. Early concerns raised by electricity distribution providers include:

- sites being secured before network feasibility is known, locking up scarce industrial land and forcing reactive infrastructure responses
- land use conflict with housing, logistics and employment [xi]

NRWC supports early policy frameworks from the Commonwealth that would require data centres to purchase new renewable energy to support their needs. NRWC supports the requirement for data centres to pay for their own transmission and distribution infrastructure upgrades rather than pass on those costs to all electricity consumers, as well as to require industry leading energy efficiency measures and technologies.[xii]

To strengthen the existing guidelines, NRWC supports legislation that requires comprehensive community consultation including on the right energy mix for the host community. This might include the location and type of power generation, as well as decision-making around the infrastructure needed to support the new energy demand.

NRWC also supports strict emissions limits and reporting requirements for new data centres. This requirement would also minimise the impact of the mismatch between data centre development timelines and renewable energy project timelines (referred to as an "infrastructure and temporal mismatch", with data centre delivery roughly 18-24 months and renewable projects 3-5 years) which could lead to data centres needing to use grid electricity until their funded renewables come online.

This mismatch with renewables (and critical planned transmission and storage infrastructure) is predicted to increase electricity costs to other consumers. If renewable and storage infrastructure does not keep pace, the Clean Energy Finance Corporation estimates wholesale prices could rise by 25% across states, with emissions rising by 14%.[xiii] This could add additional price pressures on electricity for regional rural and remote customers who often pay more than metropolitan areas.[xiv] NRWC supports consideration by the Commonwealth of measures to cap price increases to shield regional rural and remote customers from further price spikes caused by data centres.

Finally, NRWC calls on the Commonwealth to consider developers' responsibilities to manage not just their facilities but their entire supply chain, including at decommissioning or end of use. A sustainable, lifecycle approach should be taken to ensure developments consider, minimise and manage their facilities and the impact of associated energy infrastructure during and after their useful life.

3. Any other related matters.

To ensure appropriate social licence for data centre development in regional, rural and remote areas, NRWC supports local employment and procurement requirements. This could provide new employment or skills for rural, regional and remote women and their families.

Consideration much also be given for the strain on services that an influx of new people in a short time frame may have on smaller communities. For example, housing, telecommunications, medical services and in some communities, ensuring adequate food supplies during extreme weather events (for example, remote communities that may be cut off from their supplies). Many rural and remote communities are already unserved by essential services and new development can result in additional strain on these systems and services.

The NRWC advocates for women and their families across rural, regional and remote Australia. The pressure that growth in data centres is likely to put on rural and regional areas for land, water and energy will affect all rural communities. But women will feel the impacts of that pressure most acutely.

Australia is experiencing higher temperatures, more extreme droughts, fire season, floods and extreme weather due to climate change. These events have well established economic costs, and significant health impacts including mental illness.

Women are disproportionately affected by climate-related health impacts, including increased exposure to heat-related illnesses, food and water insecurity, mental health challenges, gender-based violence and disrupted access to sexual and reproductive healthcare. These impacts are worse for First Nations women, women with disability, migrant and refugee women, rural and remote women and LGBTQIA+ communities.[xv]

Poorly managed growth in data centres that compete for precious resources in rural areas will only worsen these outcomes for rural women and their families. NRWC supports the development of data centres when and where they provide net community benefit (and do not place excessive strain on land use, water or electricity supply). NRWC supports prioritisation of food supply, water to support agriculture and communities, and affordable, reliable energy for the whole economy, over development of a single industry.

Recommendations

1. Legislation to require data centres to invest in new renewable generation and storage projects in consultation with local communities.

2. Legislate emissions limits, reporting and lifecycle management of assets.

3. Legislate minimum water standards including efficiency standards, sustainable sources, collection facilities and reservations for communities during shortages.

4. Require developers to site projects in areas identified as well-suited to cope with energy and water demands (determined by water corporations and electricity market regulators).

5. Complete a nation-wide assessment of areas best suited for development that considers agricultural productivity, cultural or environmental value, water sources, electricity network capacity.

6. Legislate requirement to select land in marginal or industrial areas, not prime agricultural regions.

7. Investigate measures to cap electricity price increases caused by data centres for rural, regional and remote electricity customers.

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