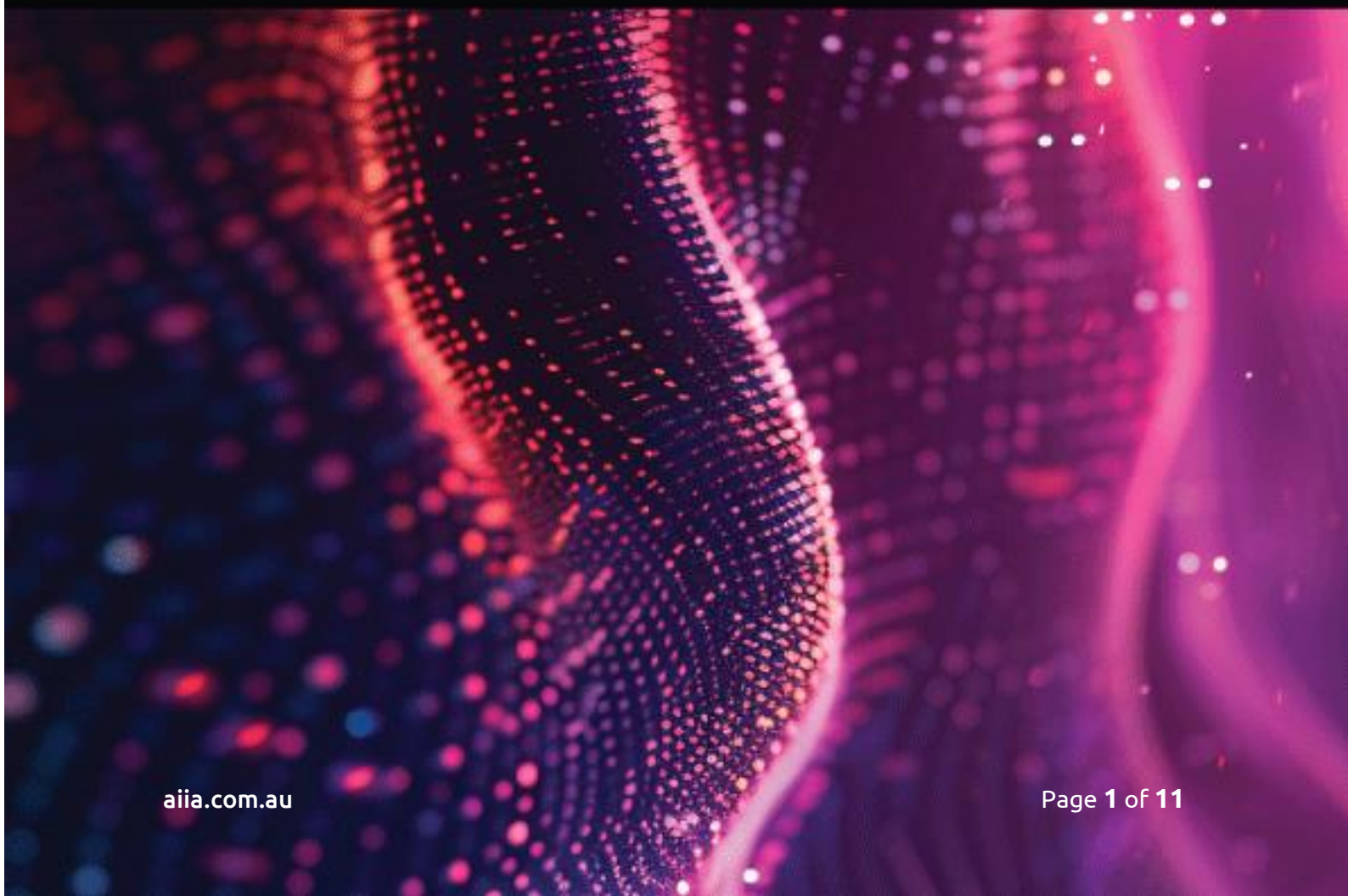
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Australian Information
Industry Association

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Submission on Getting it right: Building AI infrastructure that works for Australia



About the AIIA

The Australian Information Industry Association (AIIA) is the nation's peak body for those in the digital ecosystem, leading strategic policy and advocacy to shape a thriving digital sector. Through strong engagement with government, industry, and the broader community, the AIIA ensures the voice of its members informs decision-making on technology, innovation, and digital capability.

Membership provides direct access to influential networks, premium events, and opportunities to collaborate on initiatives with the sector's best and brightest to drive industry growth, improve productivity, and secure Australia's place as a global technology leader. AIIA members access real collaboration, real connections, and real outcomes.

Executive summary

The Australian Information Industry Association welcomes the opportunity to respond to Getting it right: Building AI infrastructure that works for Australia. Our submission focuses on the settings needed to attract responsible investment, protect consumers and communities, and translate infrastructure development into lasting Australian capability. This response builds on our State-based evidence in Tasmania, New South Wales, Victoria, and Queensland, Senate and Joint Select Committee submissions, together with published advocacy on AI adoption, skills, procurement and copyright.

AI infrastructure is essential enabling infrastructure for Australia's economy. AIIA supports a nationally coordinated framework that gives investors a predictable pathway to development while ensuring that energy, water and community impacts are responsibly managed. Frontier AI training can strengthen research and strategic capability, alongside cloud services, AI inference and domain-specific development that support productivity across Australian industry and government.

The framework will be most effective if obligations reflect measurable impacts, operational control and the stage of development. Nationally consistent standards should accommodate local conditions, commercially workable energy arrangements and realistic transition periods. Consumer protection requires transparent allocation of attributable costs, with shared infrastructure costs allocated fairly. Early community engagement, suitable locations and workforce partnerships should help projects deliver benefits that communities can recognise.

Infrastructure investment should also expand practical access to AI capability. AIIA recommends a National Innovation Compute Reserve, supported by partnerships in skills, research and commercialisation, so Australian businesses, researchers and public agencies can use the capacity being developed. Internationally interoperable safety requirements and copyright settings centred on voluntary licensing would support trusted innovation.

Summary of recommendations

1. Adopt a proportionate and risk-based framework that aligns with existing planning, approvals and energy-market frameworks, provides staged compliance and predictable transitions, and assigns duties to the entities that control the relevant activities. Where thresholds are used, they should be practical, evidence-based and avoid creating duplicative regulatory requirements.

2. Support additional renewable supply and firming through flexible commercial arrangements and remunerated demand response that respects workload and service continuity constraints.

3. Assess energy and water efficiency together, accounting for local conditions, actual consumption and commissioning, while encouraging suitable recycled and non-potable water use.

4. Protect consumers through transparent allocation of project-attributable costs under established sector-agnostic utility frameworks, with fair treatment of shared infrastructure benefits and safeguards against double charging.

5. Embed early community engagement in existing planning processes, support coordinated infrastructure planning including regional opportunities, and establish proportionate commitments where projects receive material public assistance.

6. Connect facility workforce plans and frontier developer partnerships to apprenticeships, vocational and university pathways, workforce transition and Australia's broader AI skills needs.

7. Target frontier safety obligations to defined capabilities and material risks, recognise appropriate equivalent assurance and provide clear incident reporting and confidential disclosure arrangements.

8. Establish a National Innovation Compute Reserve through competitive, multi-provider arrangements, pairing usable compute access with trusted data, adoption support, research and commercialisation pathways.

9. Maintain voluntary copyright licensing as the primary mechanism for AI training inputs and coordinate policy through the Attorney-General's portfolio, preserving rightsholder choice and legal certainty.

10. Coordinate the national framework with existing regulatory regimes, reuse information through one reporting method and support investment through predictable approvals, infrastructure planning and targeted co-investment.

11. Designate a Commonwealth lead agency within existing government arrangements to coordinate implementation of the national framework, supported by an intergovernmental agreement and local government participation. Its mandate should include addressing regulatory overlaps, monitoring consistency and reporting on delivery of agreed community and national benefits, without adding another approval layer.

1. Proportionate thresholds and predictable transitions

AIIA supports tiered obligations that reflect measurable infrastructure impacts. Electricity connection capacity is a practical starting point, supplemented by assessment of water demand and local sensitivity. For this approach to work, definitions need to distinguish IT load, total facility demand, ultimate connection capacity and commissioned capacity. The proposed 30 MW and 100 MW boundaries should therefore be tested through technical consultation and regulatory impact analysis. Materially related facilities should be aggregated to prevent artificial splitting, while a 150 MW portfolio trigger should recognise that geographically separate facilities do not necessarily constitute a single physical load. The framework should also recognise strategic significance alongside scale. Some facilities support government systems, critical infrastructure, national security, defence, sovereign cloud services and nationally significant research. Regulatory treatment should therefore account for both infrastructure scale and national significance, particularly where requirements could affect security, resilience or continuous availability. Compute measures can inform frontier training obligations, alongside physical measures that govern a facility's planning requirements.[1]

The framework should also accommodate smaller facilities supporting distributed AI inference. Their local impacts should be managed through existing planning and electricity connection processes, without creating a separate AI-specific compliance tier. Governments and utilities should address cumulative infrastructure pressures through coordinated planning, using information already collected through existing processes.

For new covered projects, compliance plans should be incorporated into coordinated assessment before construction, with operational duties commencing at defined commissioning milestones. This would allow staged facilities to meet obligations as their actual demand grows. Published commencement dates and transition rules should recognise existing approvals and contracts, protecting materially committed projects from retrospective redesign. Reporting can reasonably commence earlier than capital-intensive changes, provided those changes receive realistic delivery periods.[2]

Clear allocation of responsibility is equally important. Facility owners and operators can manage infrastructure impacts, while AI developers control model training, evaluation and training-data choices. Duties should follow that operational control, so hosting a model does not make a landlord or colocation provider responsible for the developer's conduct. Colocation providers typically have limited visibility of, and control over, customer workloads, model-training activities, compute utilisation and associated energy-use decisions. Regulatory obligations should therefore remain aligned to the entity responsible for the relevant activity.

[1] AIIA, Submission to the Standing Committee on Government Administration A Inquiry into AI Data Centres in Tasmania, 2026, p3-5, 7-16.
[2] Ibid.

This distinction is particularly important where ownership, operation and compute provision involve different entities.[3]

2. Energy obligations that support investment and reliability

AEMO's 2026 Step Change scenario forecasts data centre electricity consumption in the National Electricity Market rising from approximately 5 TWh in 2025-26 to 34 TWh in 2035-36.[4] Its methodology accounts for project attrition and gradual demand growth. The forecast reinforces the need to coordinate compute development with generation, storage, transmission and connections, using realistic assessments of when demand will materialise.

AIIA supports additional renewable supply and firming through commercially workable combinations of power purchase agreements, storage, contracted supply, demand response and staged energisation. Certificate obligations should use nationally calibrated coverage thresholds and scale with actual consumption. New-generation requirements should be phased against achievable project milestones and aligned with the practical availability of renewable generation, storage, transmission infrastructure and renewable energy products, allowing temporary use of demonstrably available capacity where necessary. Compliance should reflect actual electricity consumption as facilities are energised rather than ultimate design capacity. A clear definition of additionality would recognise genuine investment in new or expanded renewable supply, prevent double counting and preserve credible existing contractual commitments.

Annual certificate matching can provide an initial compliance pathway. Any variation for state-owned supply should provide equivalent evidence of reliability, additional supply and consumer benefit. These arrangements should sit alongside assessments of firm power and network capacity, because certificates alone cannot establish whether electricity is available when needed.

Demand flexibility should take account of workload and contractual constraints. Some training can be scheduled or interrupted, while essential services and latency-sensitive workloads require continuity. Many facilities also host government, emergency services, critical infrastructure and national security workloads that cannot simply be curtailed during periods of system stress. Coordinated connection arrangements and appropriately remunerated demand response can support flexibility where technically feasible without relying on routine diesel generation. Alternative compliance pathways may be required where demand response obligations would compromise security, resilience or service continuity. Alignment with energy market reforms would also help avoid overlapping

[3] AIIA, Submission to the Senate Standing Committee on Environment and Communications on Artificial Intelligence and Data Centres, 2026, Part One sections 1, 2 and 6 and Part Two sections 14-16.
[4] AEMO, Reliability can be maintained with timely investment as demand grows <https://www.aemo.com.au/newsroom/media-release/2026-esoo>.

technical rules and rigid requirements to commission a data centre and dedicated generation simultaneously.

Where technically feasible, facilities should be able to offer battery exports and other grid services voluntarily, directly or through aggregators, under existing electricity-market arrangements and with appropriate remuneration. Participation should reflect connection capability, contractual commitments and the backup reserves needed for security, resilience and service continuity. The framework should not require operators to install export capability or make dedicated backup capacity available to the grid.

3. Efficiency and water security based on local conditions

AIIA supports nationally consistent measurement and proportionate performance requirements that assess energy and water together. Power Usage Effectiveness and Water Usage Effectiveness should be considered alongside absolute consumption, water source, local scarcity and operating conditions. Distinguishing design estimates from measured performance, and accounting for climate, occupancy and commissioning, would make comparisons more meaningful. Operators, utilities and technical bodies should help validate mandatory ratings or numerical limits so the framework encourages efficient outcomes while allowing appropriate cooling technologies.[5]

Government should encourage secure equipment reuse, refurbishment and responsible recycling through existing industry arrangements, alongside commercially viable use of lower-emissions construction materials. Responsibility should follow ownership and control of equipment, including customer-owned hardware. These opportunities should be supported through existing environmental and emissions-reporting frameworks, without introducing a separate hardware lifecycle compliance plan or additional Scope 3 reporting requirement under the AI standards.

Recycled and non-potable water should be prioritised where suitable and reasonably available. At the same time, the framework should remain technology neutral and focus on actual water outcomes rather than prescribed water sources. A source hierarchy should also recognise equivalent outcomes achieved through efficient cooling, storage, shared recycled-water infrastructure or other locally appropriate solutions. Facilities that eliminate ongoing cooling-water consumption through technology should be recognised accordingly and should not be disadvantaged relative to facilities that rely on ongoing recycled-water use. Its application should reflect catchment conditions and engineering trade-offs, with any proposed offset demonstrating a verifiable benefit to the affected water system.

Compliance plans should explain how projects will manage average and peak demand, maintain drought resilience and protect existing users and environmental requirements. Utilities can support this assessment by considering cumulative demand within the

[5] Ibid 1.

relevant supply system. Additional scrutiny should respond to local water impacts as well as electricity capacity, with proponents meeting attributable servicing costs through established utility arrangements.[6]

4. Fair allocation of infrastructure costs

AIIA supports protecting households and other businesses from project-attributable infrastructure costs. Established network and utility frameworks should provide the basis for transparent allocation, using a clear baseline, a causation test and safeguards against double charging. Where an augmentation also serves housing, other industries or future users, costs should be allocated among beneficiaries with appropriate treatment of demand and stranded-asset risk. Any additional sector-specific charge should address a demonstrable gap in those arrangements.[7]

Private investment can also expand shared infrastructure. Mandala's industry-commissioned 2025 research estimates that data centres invested $3.1 billion in grid infrastructure between 2020 and 2025.[8] Such contributions should inform cost allocation, while broader economic benefits should not excuse shifting attributable costs to others. Proponents need defined obligations that they can deliver, with responsibility tied to impacts they control. Coordinated approvals and timely delivery of energy, water and network infrastructure would help them meet those obligations without exposing them to liability for economy-wide price changes.

5. Community engagement and suitable locations

Early, accessible engagement with councils, nearby businesses, affected residents and First Nations communities should form part of project development. Proportionate information about resource demand, construction, traffic and noise would help participants understand the proposal and the decisions open to influence. Proponents should explain who decides each issue and how feedback has shaped their plans, within existing planning processes that provide clear decision criteria and consultation periods.

States and territories should work with utilities and telecommunications providers to coordinate infrastructure planning, including regional opportunities, and ensure appropriate access to power, water and telecommunications infrastructure. Location decisions should consider demonstrated land-use impacts, customer proximity, resilient fibre routes, international connectivity and workforce availability. Setbacks should reflect those impacts, with any national distance rule requiring a sound evidence base. Training workloads may offer greater location flexibility than services requiring rapid responses

[6] Ibid.
[7] Ibid.
[8] Mandala, Data Centres as Enabling Infrastructure, 25 November 2025.

close to users. Shared connectivity improvements should be explored where commercially and technically viable, with project obligations confined to relevant impacts.

Community benefit claims should be specific, credible and locally relevant. Employment estimates should distinguish temporary construction work from ongoing operational roles, explain the expected duration of employment and anticipated local recruitment, and identify supporting training pathways. The scale of capital investment should not be used as a proxy for local employment or community benefit. Wider contributions through supplier participation, research, connectivity and access to digital capability should be explained separately, including how those benefits will reach Australian businesses and affected communities.

Where a project receives material public assistance, government should negotiate proportionate, measurable commitments and report on their delivery through existing arrangements. These commitments should reflect actual workforce demand and opportunities for local participation. Tailored commitments would provide a more credible basis for accountability than rigid local-content quotas, permanent-job guarantees or automatic benefit levies. Broader economic benefits should complement effective management of local impacts.

6. Skills pathways linked to real workforce demand

Proportionate workforce plans should connect construction and ongoing operations to partnerships with industry, vocational providers and universities. Electrical and mechanical trades, cloud and network engineering, cyber security and facilities operations are important priorities. Apprenticeships, placements and mid-career pathways can help meet these needs, with supported participation by women, First Nations people and other under-represented groups. Measures of completion and progression into relevant employment would provide useful accountability while recognising the different workforce requirements of construction and operation.

The TAFE NSW-Microsoft Datacentre Academy offers a practical model through technical training, a simulated lab and industry mentoring.[9] Frontier developers should complement facility-level training with research placements and capability in AI engineering, evaluation and assurance. Together, these commitments would advance AIIA's broader agenda for foundational AI literacy, practitioner skills and specialist pathways, supporting workforce transition and Australian firms' ability to deploy AI productively.

7. Safety and security with clear accountability

Frontier training conditions should be directed to defined capabilities and material risks, with clear boundaries that avoid unnecessarily capturing ordinary business use or routine

[9] TAFE NSW, Datacentre Academy, program delivered in collaboration with Microsoft <https://www.tafensw.edu.au/partnerships/datacentre-academy>.

model adaptation. Internationally interoperable approaches, including NIST's AI Risk Management Framework and Generative AI Profile, provide a useful basis for risk management. Recognition of equivalent testing and assurance, where appropriate, would support consistency while retaining Australian oversight and targeted requirements for sensitive workloads.[10]

Developers should assess relevant risks, protect training systems and model assets, and report defined serious incidents to the appropriate Australian authorities. Public reporting can explain risk-management arrangements, with detailed evaluation evidence provided securely to authorised agencies where necessary. Purpose-limited access and clear disclosure safeguards should protect personal information, intellectual property, trade secrets and security-sensitive material. Consultation, predictable change periods and coordinated regulator responsibilities would help technical guidance remain workable as it is updated.

8. Compute access and lasting Australian capability

Physical hosting, data sovereignty and usable compute access are three different things. The presence of an Australian facility does not automatically give Australian innovators access to suitable capacity on reliable and affordable terms. Consistent with our Joint Select Committee submission, AIIA recommends a National Innovation Compute Reserve established through competitive arrangements involving multiple providers. Secured capacity, research allocations, cloud credits and shared testing environments could together serve researchers, start-ups, scale-ups, SMEs and public agencies.

The Reserve should provide transparent eligibility and allocation, supported by suitable hardware, storage, networking and technical assistance, with security requirements appropriate to each workload. Commercial terms should support portability and protect users' data and intellectual property. Australian providers, hyperscalers, specialist compute providers and frontier developers should participate according to the capability they can supply. Government should negotiate proportionate access commitments where it provides material funding, concessional finance or enabling infrastructure, avoiding the unusable allocations and investment distortions that a uniform percentage reservation on every facility could create.

Projects supported through the Reserve that collect or use Indigenous data should incorporate appropriate Indigenous data governance, developed with relevant Aboriginal and Torres Strait Islander representatives and informed by existing Commonwealth guidance. Responsibilities should follow control over data collection, access and use. Hosting or colocation providers should not be required to inspect customer data or assume responsibility for decisions controlled by project participants.

[10] NIST, AI Risk Management Framework 1.0, 2023, and Artificial Intelligence Risk Management Framework Generative Artificial Intelligence Profile, 2024.

Research partnerships, Australian engineering teams, training and commercialisation pathways would provide complementary contributions to local capability. Success should be measured through capacity actually used, SME participation, skills outcomes and research translated into products or services. Pairing access with trusted data, adoption support and procurement pathways would help Australian solutions progress from testing to wider deployment. AIIA's published South Australian AI strategy submission similarly advocates shared platforms, SME-inclusive procurement and sustained funding for deployment.[11]

9. Copyright settings that support creators and innovation

AIIA supports legal certainty, meaningful rightsholder choice and commercially negotiated remuneration for AI training inputs. Our December 2025 submission supports voluntary licensing as the primary mechanism and opposes compulsory statutory or extended collective licensing models that displace emerging commercial arrangements. Workable rights information, standard contracts and licensing markets would support that approach, alongside proportionate transparency that protects privacy and commercially sensitive information.[12]

Specialist copyright policy development should continue through the Attorney-General's portfolio, coordinated with the AI framework to maintain consistent obligations. This would avoid creating a separate, inconsistent copyright regime within infrastructure legislation. Guidance on protection for works with sufficient human authorship where AI tools assist the creative process would also improve certainty. These settings should be workable for Australian developers and SMEs as well as global frontier firms.[13]

10. A coordinated national framework with useful reporting

The Commonwealth should map proposed duties against existing laws, including the Security of Critical Infrastructure Act 2018, Foreign Acquisitions and Takeovers Act 1975, Environment Protection and Biodiversity Conservation Act 1999 and National Greenhouse and Energy Reporting Act 2007. This assessment should also cover state and territory planning, environmental, water and utility requirements, local council approvals, hosting certification and procurement assurance. Retaining responsible agencies' roles and recognising equivalent evidence would help integrate the framework with existing oversight and reduce repeat approvals. Where projects have already satisfied planning, environmental, critical infrastructure, hosting certification or procurement requirements,

[11] AIIA, South Australian AI Strategy Submission, February 2026.
[12] AIIA, Submission on the Copyright and AI Consultation Paper, 11 December 2025, p2-7.
[13] Ibid.

the national standards should avoid reassessing the same matters. A "report once, use many times" approach should be a central design principle.

Any proposed additional plan, audit or reporting requirement should identify the gap it addresses, demonstrate benefits proportionate to its implementation costs and recognise equivalent information already provided under existing regimes. Voluntary sustainability and grid-service opportunities should not become default approval conditions.

National consistency also requires clear responsibility for implementation. AIIA recommends designating a Commonwealth lead agency within existing government arrangements, supported by an intergovernmental implementation agreement and structured local government participation. Its role should include clarifying regulatory responsibilities, supporting shared assessment guidance and providing a clear escalation pathway where requirements overlap or conflict. Utilities, industry and affected communities should inform this work, while statutory approvals and enforcement remain with the responsible authorities.

Drawing on existing reporting, the lead agency should monitor implementation and publicly identify material inconsistencies, coordination gaps and progress against agreed community and national benefits. It should work with relevant authorities to address cumulative infrastructure pressures that extend beyond individual council boundaries. Consistency should provide comparable evidence requirements and assessment principles, while allowing variations justified by demonstrated local conditions. The coordination function should be expressly tasked with simplifying existing processes.

A single national reporting method should reuse information already held by regulators and utilities. Comparable annual public reporting on energy and water consumption, efficiency, emissions and delivery of agreed benefits would improve accountability, provided it distinguishes actual use from future capacity. More frequent operational information can be collected confidentially where needed, with protection for customer, commercial and security details. State variations should address demonstrated local needs within the national approach.

Coordinated agency engagement, published service standards and shared infrastructure planning would give investors greater certainty. Targeted co-investment should be justified by public value, with compute procurement connected to shared government AI capability and commercialisation pathways. Consultation on implementation costs and a review of outcomes should test whether the framework delivers additional capacity, reliable access, consumer protection and stronger Australian capability. These are the outcomes against which its success should be assessed.