WATER SERVICES
ASSOCIATION OF AUSTRALIA

7 October 2026

Draft Expectations for Data Centres and AI Infrastructure Developers
Building Tasmania
www.engage.building.tas.gov.au

Dear Sir/Madam,

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

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

Development of a formal framework for the sustainable integration of data centres is a positive step. If embedded in planning or statutory requirements, it can establish clear goalposts for developers and service providers, support sustainable development, protect public resources and build and maintain community confidence in this emerging sector.

Water is an effective resource for thermal cooling and will be key to supporting the digital economy. However, despite perceptions of Tasmania being a 'water-rich' location, many parts of the state's water supply systems still face constraints, supply pressures and infrastructure challenges. Therefore, good management of water resources is paramount.

In response to the consultation focus questions in the document, WSAA makes several recommendations to ensure good outcomes:

1. The Expectations need to have some statutory basis. This could be through bespoke planning requirements for data centre applications, regulation or legislation. The NSW Guidelines are voluntary but offer a fast-tracked approval process in return. Setting expectations on a voluntary basis alone, with no requirement for compliance through planning and other mechanisms, is unlikely to provide sufficient certainty to stakeholders, given the dynamic and competitive forces at play in the data centre market.
2. Expectations need to be measurable and standardised. Qualitative principles such as 'efficient', 'sustainable', 'minimise' are open to wide interpretation and compliance cannot be meaningfully evaluated unless concrete definitions and measurable criteria are attached.
3. Transparent reporting on water and energy use is also key to ensuring that the expectations are effective. This should include WUE, and cover moderating factors such as water source, average and peak use, utilisation (occupancy or maturity stage) and potentially be expressed in a manner understandable to lay people, such as 'equal to the water use of XX,000 households' or a NABERS star rating. The Federal consultation paper considers this question in detail, and its findings should be referenced in the development of the Tasmanian approach.
4. Any requirements set should be technology-agnostic. That is, rather than specifying particular cooling approaches, the requirements should specify the outcome (such as a

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level of Water Usage Efficiency and associated metrics) and allow proponents and service providers scope for innovation to meet the requirements.

5. Data centre siting decisions should be made with regard to water and wastewater availability, protecting available resources and ensuring long-term water security. Commercial arrangements should enable utilities to recover costs associated with the development of data centres – take or pay arrangements, for example, provide a way for water utilities to invest in water infrastructure with confidence of full cost recovery regardless of technology or other evolutions.

Background: How data centres can impact the water sector

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

Water demand

The water demand of data centres varies significantly depending on cooling technology, local climate and operational requirements. Some facilities use little or no water, while others require substantial volumes, not just on ‘peak’ days but year-round.

Nationally, some modern data centres are seeking larger average water volumes than most traditional commercial customers, during average conditions and/or during hotter weather when cooling requirements increase. While these demands can potentially be managed through construction of the right infrastructure, they require careful planning and coordination between proponents, governments and water utilities.

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

Level of service

One factor that may distinguish data centres from other customers is their expectation of service reliability. This means how often the supply of water (or wastewater discharge) is interrupted, for example through a pipe break or asset maintenance. While TasWater assesses all connection applications based on the capacity and capability of the existing network to meet demand, it does not provide different levels of water service to individual customers.

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

Importance of clear and measurable expectations

WSAA supports the intent of the Draft Statement of Expectations and its focus on transparency, stewardship, community engagement and sustainable resource use. However, many expectations are currently expressed as broad principles without corresponding definitions, metrics or reporting requirements. While qualitative expectations provide useful direction, they can be difficult to assess consistently without measurable criteria.

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

Learning from national and international experience

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

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

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

Experience internationally suggests that many jurisdictions move beyond broad sustainability principles and establish clear expectations for monitoring, disclosure and continual improvement. For example, Europe is now introducing mandatory labels on Water Usage Effectiveness. California has moved to enforce public reporting, and Texas is increasing its compliance auditing.

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

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

Value of national consistency

The Federal government’s consultation paper about mandatory standards for large data centres canvasses many important issues in detail. WSAA encourages governments across Australia to pursue greater consistency in how key issues associated with data centres are measured and reported.

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

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

Conclusion

As the peak body for the urban water sector, WSAA would be pleased to assist the Tasmanian Government, Parliament or other stakeholders with any national water sector perspectives, interstate experiences and relevant international examples. Contact myself at adam.lovell@wsaa.asn.au or WSAA's Manager Customer and Policy Danielle Francis at danielle.francis@wsaa.asn.au.

Yours sincerely



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Water Services Association of Australia

About Water Services Association of Australia
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