Resolution of Council

15 December 2025

Item 12.9

Maximising Community Benefits from Tech Infrastructure in the City of Sydney

Moved by Councillor Miller, seconded by Councillor Worling –

It is resolved that:

(A) Council note that:

(i) data centres facilitate the secure storage and transmission of vast amounts of data on which much of modern life now depends, including banking, travel, entertainment, communications, and secure digital operations for government and defence clients handling classified and sensitive encrypted data;

(ii) recently, at the C40 World Mayor's Summit, Mayors from 10 cities including Athens, Paris, Milan, Johannesburg, Melbourne, and Sydney signed an agreement to address the environmental impact of data centres;

(iii) already there are 9 major data centre facilities either operational, under construction, or in the advanced planning stages within the City of Sydney Local Government Area. Currently there are no mandated requirements for data centres to:

(a) use recycled water; or

(b) use renewable energy;

(iv) according to the Knight Frank Data Centre Report, direct investment in physical data centre infrastructure in Australia totalled $AU10 billion in 2024/25;

(v) data centres of 100-megawatt power consumption, like the Equinix centre in Alexandria, consume power equivalent to that of at least 150,000 homes;

(vi) the Australian Market Energy Regulator predicts that data centres in Sydney will consume 11% of grid-supplied electricity by 2030;

(vii) the Sydney Morning Herald reported that Labor's federal cabinet is looking to apply pressure to tech firms including Amazon and Microsoft to tie local investment in data centres with corresponding investment in renewables;

(viii) Sydney Water projects that data centre usage will account for 20% of Sydney's drinking water by 2030;

(ix) the City's Net Zero planning controls do not apply to data centres, so instead they have to work to a "best practice" voluntary NABERS rating;

(x) the City of Sydney successfully adopted its "All-Electric" planning controls this year. The City's strictest sustainability rules apply specifically to offices, hotels, and shopping centres. Data centres, classified as "High Technology Industry", are subject to a more generalised set of rules under the Sydney Development Control Plan (DCP) 2012;

(xi) outlined in the City of Sydney's recently adopted Environmental Strategy 2025-2030 is the ambition to:

(a) reduce residential potable (drinking) water use to 204 litres per person per day by 2030;

(a) reduce non-residential potable (drinking) water use by 10% for each square metre based on a 2019 baseline; and

(a) reduce emissions by 70% (from 2006 levels) across our entire area by 2030; and reach Net Zero emissions across our entire area by 2035;

(B) Council further note that:

(i) the City of Sydney has the authority to assess data centres as local development;

(ii) the approval of new digital infrastructure and data centres within the City of Sydney requires that:

(a) they be located with Zones E3 and E4 of Employment Zones; and

(b) with R1/R2 (Residential) or E1 (Local Centre/Village) Zones excluded due to excessive noise posed to residents from facilities that run 24/7;

(iii) the City of Sydney's Design Excellence process enables increased floorspace and benefits to developers as well as the community; and

(iv) the Southern Enterprise Area has a potential rooftop solar area of ~1,500,000sqm (or 150 hectares), according to modelling from the Australian Photovoltaic Institute, capable of meeting significant amounts of the Local Government Area's local electricity demand. This could be harnessed and used to power the data centres and other industrial buildings within the Southern Employment Lands by using rooftop solar and batteries on site, in a local renewable energy zone;

(C) the Chief Executive Officer be requested to:

(i) work with data centre operators, the NSW Government and Sydney Water to identify best practice landscape design, architecture and engineering models for data centre design that ensures water and energy efficiency, demand/loading flexibility and to minimise the use of drinking water, harness renewable energy, and enhance visual impact and amenity;

(ii) investigate the potential for developer contributions to fund water and energy sustainability programs for the wider City of Sydney area, particularly for the sites of data centres to recycle water and install solar power on-site;

(iii) consider how existing mechanisms such as design excellence, planning agreements, and increased financial contributions might be used to deliver co-benefits, such as the ability to locally power the Southern Enterprise Area with solar power from the vast available rooftop space in the area, via on-site batteries; and

(iv) report back to Council.

Carried unanimously.

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