

Getting It Right: Building AI Infrastructure That Works For Australia: Consultation Paper

October 2026



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade, and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

NFF Member Organisations



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Introduction

The *National Farmers' Federation* (NFF) welcomes the opportunity to provide a submission to the *Department of Prime Minister and Cabinet* (PM&C) Consultation Paper: *Getting It Right: Building AI Infrastructure That Works For Australia*.

Australia is entering a period of increasing competition for water arising from broader changes and conflict in land-use. Data centres are an immediate concern given the potential scale of their water requirements and the speed at which new developments are being contemplated. This is an issue of increasing significance to the sector and NFF is aware of several data centres already intersecting with agricultural land, and we note that there are further developments in the pipeline across several State jurisdictions. Data centres are also placing additional pressure on agricultural land through competing demands for land and energy resources too. Together, these factors are compounding existing and longstanding pressures on the sector as it relates to renewable energy developments, transmission line infrastructure, critical minerals, and more. There are also questions arising (in the absence of a nationally consistent approach) about impacts on communities including but not limited to those within the geographical footprint of the *Murray-Darling Basin* regarding adverse impacts on industry and regional communities. To be clear, these are very real concerns and not merely theoretical as contemplated in the Consultation Paper.

While the Commonwealth has announced its intention to legislate new enforceable national standards, water-use must be given balanced consideration alongside other aspects such as energy requirements and renewable energy offsets. This has not so far yet been the case.

At a high-level, NFF supports a nationally enforceable approach to the management of data centre impacts on natural resources. At present there is no consistent or widely accepted model to guide engagement with agriculture or to assess the effectiveness of engagement practices.

We recognise the economic opportunities associated with investment in *Artificial Intelligence* (AI) infrastructure, and we welcome the Commonwealth's recognition of the need to manage its impacts on resources and surrounding communities. We support a nationally consistent and enforceable approach to ensuring these developments do not adversely affect existing industries, water users, and regional communities. Food and fibre production and the criticalities that underpin that (i.e., water) must be core considerations in the development and implementation of new National Standards. Data centre development must not come at the expense of agricultural land, water security and quality, or the long-term viability of regional communities and industry (including but not limited to irrigated agriculture) nor compound existing pressures on agricultural land by imposing additional energy infrastructure requirements and expectations such as the proposed renewable energy 'offsets' (and what is interpreted as accelerated decision-making through "*bring forward*" reference) requirement. We note that in the recently published (circa June) *2025 Annual Report* published by the *Australian Energy Infrastructure Commissioner*, top issues raised in cases raised in 2025 (the second highest

aggregate on record, and trending upward) were community engagement (resembling over 75% of total cases) followed by planning processes and economic loss.¹

Land-Use Conflict and Protecting Agricultural Land

Proposals to repurpose productive farmland into data centres must be carefully assessed against their impacts on food production, water availability, and energy systems. It is absolutely critical that farmers are appropriately engaged throughout the planning process to ensure effective by-in and that the errors of past processes involving land-use conflict (most notably in relation to renewable energy developments) are not repeated. This would avoid the need to retrospectively correct or regulate entrenched bad-practice which would otherwise be an inefficient approach but also one that undermines broader confidence. Our broader thinking on what appropriate engagement should look like are addressed in the following sections below.

Quality, productive agricultural land must be protected from inappropriate development, particularly where alternative sites are available. Planning and assessment processes must explicitly recognise the economic and strategic importance of maintaining Australia's agricultural productive capacity. Again, it is our view that the water-use component underpinning the development of the proposed National Standards is not currently receiving equal weighting or recognition in the broader development process which is a significant issue for NFF.

Water Security, Quantity, Quality, and Availability

Broader responsibility over water security, allocation, and quality management should continue to recognise the primary role of States and Territories. National Standards must complement and not duplicate or displace existing jurisdictional water management arrangements. The principles outlined in the draft *National Water Agreement* are important benchmarks. Data centres must be subject to the same existing water regulatory frameworks as other commercial water users including requirements for water access entitlements and compliance with applicable allocation and access rules. They also should not receive special or preferential treatment that would undermine the integrity of existing water entitlement frameworks or the rights of existing users as per the current principles of water management. Consistent with this, we oppose the creation of any new water entitlement type for data centres including arrangements that provide preferential access to water or otherwise undermine the reliability of allocations for existing entitlement holders and integrity of established property rights.

NFF supports the requirement that data centres minimise water consumption, improve water-use efficiency, and ensure that existing water users are not adversely affected by their development. A precautionary approach is warranted until there is a clearer understanding of the water requirements associated with different data centre

¹ 2026, Australian Government, Australian Energy Infrastructure Commissioner: [Annual Report to the Parliament of Australia](#)

technologies, including the extent to which closed-loop cooling and water recycling systems can reduce demand on existing water supply.

Assessments must properly consider impacts on both water quantity and quality including the potential for large-scale cooling systems to alter water temperatures or other water characteristics in ways that may adversely affect downstream water users and environmental outcomes. Water demand should also be assessed against local and regional availability particularly during drought and periods of peak demand in addition to competing agricultural water requirements that underpin production and the bipartisan commitment to grow the sector to \$100 billion and beyond. Concerns regarding proposed data centre developments near major water supply infrastructure in South Australia resemble one example of such potential pressures.

Additionally, we are also of the view that assessments must account for cumulative impacts where multiple developments are proposed within the same region or water supply system. This must extend to the potential impacts on water allocation reliability, affordability, accessibility, and deliverability especially in fully allocated water systems such as the *Murray-Darling Basin* where any growth in demand for water by one user will require acquiring that water from another (as the total consumptive pool of water cannot expand beyond existing *Sustainable Diversion Limits*). Increased demand from data centres can therefore place additional pressure on water markets and existing agricultural users, with flow-on consequences for food and fibre production and regional economies. These impacts must be properly considered through existing planning and assessment processes. It is also important to recognise that efficiency measures alone should not be considered sufficient evidence that a development will not adversely affect local water security.

Energy Affordability and Infrastructure Costs

NFF supports the Principle that data centre developments do not impose additional costs on existing energy consumers or compromise electricity supply reliability.

NFF Policy supports a technology-neutral, market-based, and economy-wide approach that delivers affordable, reliable, and secure energy. We therefore hold substantial reservations and concern about the proposed requirement for data centres to effectively 'offset' their electricity demand specifically through new renewable generation rather than allowing different generation and firming technologies to compete openly and on their merits.

While the Consultation Paper proposes that data centre operators bear the financial responsibility for meeting these requirements including through the procurement of renewable electricity certificates or power purchase agreements, this does not necessarily address the broader land-use implications of the additional generation and transmission infrastructure required to service these developments. In effect, while data centre operators may bear the financial costs, agricultural landholders and regional communities may be left to manage the associated land-use impacts.

These concerns are particularly significant when considered cumulatively given the potential for additional renewable energy infrastructure to further compound existing land-use pressures and conflicts on agricultural land to the detriment of food and fibre production and security. This is especially problematic where such infrastructure is not strictly necessary to meet the operational requirements of the development in question

(i.e., data centres). Again, we urge the Commonwealth to adopt a technology-agnostic approach that allows different technologies to compete evenly on their merits.

We also note that from an emissions reduction perspective, there are already a range of established policies and incentives to drive Australia toward meeting its national commitments which we understand remain broadly on track. We do not support additional requirements that effectively introduce emissions reduction obligations by stealth. In this context, we also note the commitments outlined in the Commonwealth's *Agriculture and Land Sector Plan* regarding enabling a fair and orderly transition for regional, rural, and remote communities, alongside the need to maintain balanced landscapes and land-use.

Meaningful Community Engagement

A key feature of best-practice engagement is that it must commence early and before key decisions are finalised, and provide genuine opportunities for affected persons to influence the direction and subsequent management of potential impacts. Consultation should also extend beyond mere information-sharing and demonstrate how community concerns have been addressed.

NFF's *Industry Engagement Guidelines for On-Farm Activities Policy* outlines a national code of conduct incorporating best-practice principles to guide respectful and constructive engagement between farmers and industries that require access to land. These guidelines provide a practical framework for engagement and should serve as the model and benchmark moving forward

Closing Remarks

Thank you for the opportunity to contribute to this important matter. Please do not hesitate to contact Warwick Ragg, General Manager, Natural Resource Management, via e-mail: WRagg@nff.org.au in the first instance to progress this discussion.

Attachments List

1. ***NFF Industry Engagement Guidelines for On-Farm Activities Policy (May 2019)***



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Industry Engagement Guidelines for On-farm Activities

Context

The National Farmers' Federation has developed a national code of conduct incorporating principles to guide respectful and constructive engagement between farmers and industries that require access to land. It relates to activity on farmland including: renewables (solar and wind) development, cultural heritage studies and surveys, carbon industry, the resources industry as well as others that may emerge in the future.

The advent of mining and gas exploration, and more recently, solar and wind farms on agricultural land has often created significant land use conflicts in many regions around Australia, and stress for farmers and farming communities.

While we support industry investment in regional communities, we recognise that a collaborative approach that fosters a respectful and trusted relationship between industry and farmers is critical to ensure farmers rights are maintained, and are able to make informed decisions. These guidelines provide a general set of principles intended for the specific purpose of industry engagement with farmers.

It should also be noted that, a range of legislative and regulatory requirements exist for different types of activities and development, including:

- Development and planning laws;
- Environmental legislation (particularly for an activity that is likely to have a significant impact on matters of state or national environmental significance); and
- Water licencing and regulation.

Guidelines

General

- Parties should be aware of local, state and federal regulation and legislation regarding the activities and/or development prior to commencement of the activity. Where appropriate, the farmer should share information on specific requirements relating to agricultural activity on the land;

- The farmer should be aware of their rights and options. In advance of any discussions regarding access or development on the land, the farmer should have a copy of the industry guidelines (where applicable). Depending on the type, scale and risks involved with the activity, the farmer should seek legal advice to ensure they are appropriately protected;
- Industry should be aware that many farmers may have engaged with a variety of parties requesting access and use of their land. These past experiences will influence how a farmer views industry practices;
- Farmers have a right to reasonably expect that industry will comply with the guidelines at all times. Industry must also be able to demonstrate their compliance with industry guidelines and provide sufficient evidence upon request;
- Activity conducted on land used for farming requires a high level of cooperation and trust between the landholder and the activity proponent. This requires long term face-to-face engagement as well as on the ground staff and all subcontractors, where practical, to help facilitate effective communication. The farmer should have accessible channels of communication with appropriate personnel to engage in discussions, raise questions and resolve issues at every stage of the process. These processes should be agreed in writing by both parties prior to commencement of any construction work; and
- Industry must identify all relevant risks associated with the activities or development and inform the farmer, so far as reasonably possible, of these risks and discuss how they can be managed.

Land use agreements

- Land use agreements should recognise landholder and occupier property rights, and negotiations must be respectful of farmers' use and enjoyment of the land;
- Any agreements made in writing with the farmer should be expressed in a clear, accurate and transparent manner using plain English. A farmer is encouraged to have all agreements in writing, although it may not be legally required for some activities;
- Industry must recognise farmers' concerns associated with large scale projects such as impacts on amenity, changes to the microclimate, and potential loss of productive agricultural land. Proponents should work, as far as practicable, with the farmer to minimise these impacts and integrate development into the broader farm system;
- An agreement should establish the basis for which to achieve this and a process for rehabilitation or other compensatory measures. An agreement should provide a protocol for notifying the timing, duration and nature of the

activity, access routes, and means of liaising, rehabilitation or compensation of any damages;

- In the design and operation of the project or activity, care should be taken to avoid and/or minimise damage to agricultural land where feasible. These could include areas of high production agricultural land and biodiversity, water supplies, maintaining biosecurity etc. and should be agreed through consultation with the farmer and formalised in a written agreement before commencement;
- An agreement should be reached before the commencement of the activity or development regarding agreed outcomes for restoration of the site and any compensation that is determined to be necessary;
- Industry is strongly encouraged to adopt a 'benefit sharing' approach, beyond the landowner directly engaged, when engaging with small regional communities; and
- Responsible stewardship and management should be demonstrated throughout the life of the project. The agreement should detail how this will be achieved and compensatory measures if not.
- Industry must not compromise existing farm practices including: biosecurity, animal husbandry and timing of cropping. Activities undertaken on-farm should respect these operations and be reflected within the agreement.

Community engagement

- A social licence to operate is critical. Community engagement should be genuine, consistent, and based on mutual respect, and occur from the very beginning of a project. The process should seek to build an enduring relationship between the proponent and the community, maximise beneficial outcomes. Engagement and decision-making should be tailored around the needs and expectations of each community;
- Industry should proactively make available information to the broader community in a way that is accurate, accessible and timely throughout the life of the project in a way that reflects the needs and expectations of the particular community;
- Reasonable opportunities where the activity or development can enhance the value of the land in consultation with the farmer are encouraged; and
- Site restitution at the end of the project is critical. The proponent must engage with the farmer to responsibly decommission the site, including infrastructure and possibly recycling (i.e. product stewardship) and ensure that the land is returned to the way it was and or can be used for other agreed purposes.