

Data Centres in Latrobe City

Frequently Asked Questions

This FAQ provides general information about data centres and planning processes. Assessment requirements vary between projects and approval pathways. Information in this document should not be relied upon as planning advice.

Why is Council providing this information?

There has been increasing public discussion about data centres in Victoria and Latrobe City.

Data centres are being promoted as critical digital infrastructure that supports cloud computing, artificial intelligence (AI), telecommunications, banking, healthcare, emergency services and government services. At the same time, they raise questions about energy use, water consumption, land use, environmental impacts and community benefits.

This FAQ aims to help explain:

- What data centres are
- Why they are being proposed
- What issues are commonly considered
- Who is responsible for assessing those issues
- What role Latrobe City Council plays

What is a data centre?

A data centre is a secure facility that houses servers, storage systems and networking equipment used to process, store and transmit digital information.

Data centres support services many people use every day, including:

- Internet and cloud services
- Online banking
- Streaming services
- Government systems
- Mobile phone networks
- Artificial intelligence applications
- Business and research computing

The Victorian Government describes data centres as critical infrastructure that underpins the digital services relied upon by communities, businesses and governments. ¹

Why are data centres becoming more common?

Demand for digital services is growing rapidly. Factors driving new investment include:

- Cloud computing
- Artificial intelligence
- Increasing volumes of digital data
- High-performance computing
- Research and innovation
- Growth in online services

The Victorian Government's AI Mission Statement identifies data centres and digital infrastructure as one of six strategic pillars supporting Victoria's future AI economy. ²

Why is Latrobe City attracting interest?

Latrobe City has several attributes that may be attractive to data centre developers, including:

- Existing electricity transmission infrastructure
- Large industrial land holdings
- Access to energy infrastructure
- Available industrially zoned land
- Existing utility corridors
- Skilled engineering and technical workforces
- Opportunities associated with renewable energy development
- Proximity to Melbourne and key transport networks
- Resources, infrastructure and capability to supply raw (untreated) water and wastewater services to data centres.⁶

These factors are similar to those identified by the Victorian Government as important for future data centre investment.^{1 2}

Are all data centres the same?

No. For the purposes of land use planning, the Planning Institute of Australia identifies three broad categories of data centres.³

Type	Description
Edge data centres	Smaller facilities located close to users to minimise delays in data transmission. Common locations: • Commercial centres • Hospitals • Office buildings
Enterprise or co-location data centres	Medium-sized facilities serving multiple users or businesses. Common locations: • Industrial areas • Business parks
Hyperscale data centres	Very large campuses designed to support major cloud and AI services. • Common locations: • Industrial precincts • Areas with significant power and infrastructure capacity Many recently announced Australian projects fall within this category. ³

What matters are commonly considered?

While every proposal is different, data centres commonly raise questions about:

Consideration	Description
Energy use	Data centres can require significant amounts of electricity to power computing equipment and cooling systems. ^{3 4}
Water use	Some cooling systems require substantial amounts of water, while others rely more heavily on electricity-intensive cooling technologies. ³
Land use	Questions may arise regarding: • Suitability of location • Industrial land use • Potential impacts on surrounding land uses • Future expansion.³
Built form	Considerations may include: • Building size and scale • Visual impacts • Landscaping • Security requirements.³
Noise	Potential impacts may arise from: • Cooling equipment • Ventilation systems • Backup generators.³
Traffic	Construction can generate significant traffic, although operational traffic is often relatively low. ³
Environmental impacts	Potential issues may include: • Native vegetation • Biodiversity • Stormwater management • Heat management • Emissions from backup generators.³
Community benefits	Questions are often raised about: • Employment • Workforce development • Skills training • Local procurement • Economic benefits

How are energy and water use assessed?

This is one of the most common questions the community asks about data centres.

There is no single agency that assesses every aspect of a data centre proposal. Instead, different organisations have different responsibilities.

The planning permit process may consider things such as:

- Whether the site is suitable for a data centre
- Potential impacts on surrounding land uses
- Environmental and sustainability measures
- Infrastructure requirements
- Technical reports relating to energy, water and environmental performance

Major developments are often supported by sustainability and technical assessments that explain how issues such as energy use, water use, cooling systems and environmental impacts are proposed to be managed.

Water authorities assess whether there is sufficient water available to service a development and whether the existing water network has the capacity to accommodate it. They may also consider opportunities to use recycled or alternative water sources.

Electricity network operators and market authorities assess whether the electricity network can support the proposed demand and whether any upgrades or additional infrastructure are required.

Who decides whether a data centre can proceed?

There are generally two planning approval pathways for major developments such as data centres.

Pathway 1: Assessment by local council

Some data centre proposals are assessed by the relevant local council, which acts as the Responsible Authority under the *Planning and Environment Act 1987*.

Under this pathway, council is responsible for:

- Assessing the planning permit application
- Referring the application to relevant authorities where required
- Considering technical reports and advice from government agencies and service providers
- Undertaking any public notice requirements that may apply
- Considering submissions received through the planning process, where relevant
- Making a decision on the application

Pathway 2: Assessment by the Victorian Government

Some larger or more significant projects may be assessed directly by the Minister for Planning through a Victorian Government process such as the Development Facilitation Program (DFP).

Under this pathway, the Minister for Planning becomes the decision-maker rather than Council.

Council may still:

- Review the proposal
- Provide advice to the Victorian Government
- Represent local issues and interests
- Participate in the assessment process where requested

What is Latrobe City Council's role?

Council's role depends on the approval pathway. Depending on the project, Council may:

- Be the Responsible Authority
- Provide advice to the Victorian Government
- Review technical reports
- Participate in referral processes

- Represent community interests
- Enforce permit conditions where applicable

Council is not responsible for:

- Electricity network approvals
- Water supply approvals
- State and National AI policy
- Investment attraction decisions made by State or Federal Government

Does Council support or oppose data centres?

Data centres are increasingly being recognised by governments as critical infrastructure that supports the digital services used by businesses, communities and governments every day.

Latrobe City has a number of attributes that make it an attractive location for this type of investment, including:

- Existing transmission and energy infrastructure
- Appropriately zoned Industrial land
- Renewable energy opportunities
- Access to water resources
- A skilled technical workforce
- Strong transport and digital connectivity

Council welcomes investment that supports economic diversification, job creation and the long-term prosperity of Latrobe City.

At the same time, Council expects any proposal to be subject to robust assessment processes that appropriately consider potential impacts on the environment, infrastructure, surrounding land uses and the broader community.

What are cumulative impacts?

A cumulative impact is the combined effect of multiple developments rather than the impact of a single project. Examples may include:

- Combined energy demand
- Combined water demand
- Combined traffic impacts
- Combined infrastructure requirements

The Planning Institute of Australia has identified cumulative impacts as an emerging issue for planning systems across Australia.³

What are community benefits?

Community benefits may include:

- Construction employment
- Ongoing operational employment
- Skills and training opportunities
- Local procurement
- Partnerships with schools, TAFEs and universities
- Economic activity

The extent of any benefits depends on the specific project, the commitments made by the proponent and any relevant approval conditions.

Where can I find more information?

Planning Institute of Australia

Planning for Data Centres – A Practical Guide for Planners

<https://www.planning.org.au/resource?resource=755>

Victorian Government

AI Mission Statement

<https://djsir.vic.gov.au/priorities-and-initiatives/ai-mission-statement>

Sustainable Data Centre Action Plan

<https://djsir.vic.gov.au/priorities-and-initiatives/ai-mission-statement/sustainable-data-centre-action-plan>

Gippsland Water

How we could support data centres

<https://www.gippswater.com.au/building-and-development/economic-development/how-we-could-support-data-centres>

Federal Government

National AI Plan

<https://www.industry.gov.au/publications/national-ai-plan>

Expectations of Data Centres and AI Infrastructure Developers

<https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers>

References

1. Victorian Government, *Sustainable Data Centre Action Plan*.
2. Victorian Government, *Victoria: AI-Driven, Business Ready – AI Mission Statement* (2026).
3. Planning Institute of Australia, *Planning for Data Centres – A Practical Guide from Australian Planners* (June 2026).
4. Australian Government, *National AI Plan* (2025).
5. Victorian Government, *Development Facilitation Program*.
6. Gippsland Water, *How We Could Support Data Centres*.