ALGA
Australian Local Government Association

From National Ambition to Local Public Value

Submission to the Joint Select Committee on Artificial Intelligence

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Building Better Communities.

Introduction

The Australian Local Government Association (ALGA) is the voice of local government in Australia, representing 538 councils across the nation. ALGA was established in 1947 and throughout its history has been actively involved in issues of national significance affecting local government and local communities.

In structure, ALGA is a federation of state and territory local government associations. This submission should be read in conjunction with any separate submissions received from state and territory associations as well as individual councils.

The submission has been prepared by ALGA and the Municipal Association of Victoria (MAV) and references the broader submission by the *MAV - Local Intelligence: The role of local government in Australia's productive, trusted and resilient AI future.*

ALGA is an observer to Environment Minister's Meeting and Energy and Climate Ministerial Council where it advocates for recognition of local government roles in data centre laws. ALGA also provides advice to the Australian Government on more specific issues such as protection of privacy, productivity, cyber and digital risk.

ALGA does not have a national formal policy position on AI. As a rapidly evolving and complex technology, ALGA sees this Inquiry as one in an ongoing conversation.

On that basis, this submission reports on resolutions of ALGA's National General Assembly (NGA) in June 2026, and perspectives shared by state and territory local government associations to provide insights on priorities as they currently stand.

Local government's touch points with AI

Councils are custodians of valuable administrative and community data, providers of high-volume public services, managers of critical infrastructure, planning authorities for AI-enabling development, major employers and sites of workforce transition. They are also trusted sources of information during emergencies. Similar to other democratic institutions, councils can be exposed to misinformation, and AI-enabled civic disruption.

Being closest to communities, local government is the most direct, tangible connection that residents have with government as an institution. It follows that how AI is used by councils, and how AI mediates public service delivery, will influence how people experience and trust government as a whole. As such, ALGA encourages the Committee to consider local government as a key collaborator for shaping how AI is governed and used to serve the Australian public.

It is also important to recognise that local governments are highly constrained in terms of the level of resourcing they have to deploy for adapting to new technologies, emerging opportunities, shocks and

pressures. AI has the capacity to support councils to increase the value the deliver to their communities but councils require support to do so.

Delegates to ALGA's NGA in June called on the Australian Parliament to urgently deliver an immediate increase in untied funding to local government via an emergency motion.

The motion, passed unanimously at NGA and supported by the seven state and territory local government associations, warned that the financial sustainability of councils and the services communities rely on are increasingly at risk. It calls for a multi-partisan commitment to a stronger funding partnership with councils. In this context of severe financial constraints, AI offers both exciting opportunities for transformation and a daunting challenge for a local government sector already under extraordinary strain.

Councils range from large metropolitan organisations with sophisticated digital teams to small rural and remote councils with limited specialist capacity. Every council does not require the same level or type of assistance, but every community should have access to comparable capability, safeguards and service quality.

Without coordinated support, Australia risks creating a two-speed system in which well-resourced institutions capture the benefits of AI while smaller communities inherit greater risks, costs and vendor dependence.

The national proposition for local government

The Committee's terms of reference rightly recognise the opportunities for AI to lift Australia's resilience, productivity, competitiveness and living standards, and to spread those benefits across Australia's suburbs and regions. Local government is not expressly recognised in the terms of reference but has a key role in creating these opportunities.

Resolutions carried at the NGA demonstrate a strong national mandate for coordinated action. Councils called for AI and high-quality local government data to be recognised as critical productivity infrastructure, alongside sustained investment in AI readiness, cybersecurity, workforce capability, shared standards and support for smaller, rural and regional councils (see Appendix A for list of 2026 NGA resolutions).

AI principles

Australia's AI ambitions will ultimately be judged not by the sophistication of its models or the scale of its compute infrastructure, but by whether AI improves people's lives, strengthens public institutions and earns the trust of affected communities. In Appendix B, the MAV has undertaken important policy development on how decision makers can organise action to support for local governments to navigate AI opportunities and risks.

Well considered National AI policy should:

Engage early and consistently with local government, so local government roles and functions are appropriately accounted for as policy is developed and the value of community insight from local level helps define the national outcomes that AI should deliver.

Embed local government needs in Australia's national AI architecture. Formally recognise the needs of local government in national AI policy, safety, workforce planning, infrastructure governance and intergovernmental coordination.

Fund equitable and accountable AI-enabled transformation. Invest in councils to empower their decision-making and delivery in service redesign, workforce transition and sovereign public-interest data capability, supported by risk-proportionate requirements for transparency, human oversight, cybersecurity, data stewardship, auditability and contestability.

Data centre principles

In respect to data centres, ALGA supports the Australian Government's decision to establish National Standards for Data Centre Development. National data centre policy should:

Recognise local government as having a central role in data centre decision making, including formal recognition as planning, sustainability and community-impact partners, and direct council input into national data-centre principles and approval processes.

Establish best-practice data centre planning guidance and supports, which enable local governments across the country to navigate complexities of data centre development.

Require data centres to be powered by renewable energy, so that households are protected from electricity disruption, energy costs do not rise and emissions continue to fall.

Ensure data centres and AI companies contribute their fair share of community benefits, and ensure these benefits are incorporated into development approvals.

ALGA, with our state and territory local government association members who undertake policy development on these matters via an AI Working Group convened by the MAV, would be pleased to discuss any of these themes further with the Committee on request.

Thank you for the opportunity to provide input to this Inquiry.

Sincerely,

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Appendix A

ID	Sponsoring council/s	Resolution
89	City of Charles Sturt, SA	That this National General Assembly calls on the Australian Government to recognise artificial intelligence and high-quality local government data as critical productivity infrastructure, and to partner with local government to invest in the systems, standards and capability required to safely leverage council-held data to improve service delivery, regulatory efficiency and long-term financial sustainability.
124	Strategic Motion Leeton Shire Council, NSW |Moyne Shire Council, VIC | Charters Towers Regional Council, QLD | Knox City Council, VIC | Noosa Council, QLD | Newcastle City Council, NSW | Narrabri Shire Council, NSW | Maribyrnong City Council, VIC.	This National General Assembly calls on the Australian Government to provide sustained national leadership by delivering a consistent, adequately funded approach to local government cyber security, fraud resilience and the safe use of artificial intelligence. This includes a shared and scalable cyber defence capability, minimum assurance standards aligned to national frameworks, workforce and governance uplift, protection of critical infrastructure and sensitive community data, and targeted support for small, rural and regional councils.
125	Hume City Council, VIC and Bega Valley Shire Council, NSW	The National General Assembly calls on the Australian Government and pending outcomes of the currently open federal inquiries into data centres to report by end 2026, and other state or territory expectations papers, to establish a nationally consistent, performance-based policy and regulatory framework for data centres that recognises the national importance of artificial intelligence and digital infrastructure, promotes best-practice siting, design and operation, ensures efficient and transparent management of energy and water use including renewable energy integration and low-water cooling technologies, safeguards and enhances human oversight and jobs, including local government jobs, and formally recognises local government as a key partner in planning, sustainability and community impact management.
127	Narrabri Shire Council, NSW	This National General Assembly call on the Australian Government to establish a dedicated Local Government AI Readiness Program, aligned with the 2025 National AI Plan, to ensure councils have the funding, tools, digital infrastructure, and skills necessary to safely and effectively adopt artificial intelligence in community service delivery, infrastructure management, and local decision-making, and that any solutions for improved productivity and service delivery prioritise fairness, transparency, and accountability, identify opportunities for increased efficiencies for workers and operations while ensuring adequate human oversight and no loss of existing jobs, and prioritise ethical considerations and responsible use of all technology to protect the privacy and other rights of the community.
142	City of Melbourne, Victoria	That the National General Assembly calls on the Australian Government to: 1. Recognise that artificial intelligence and digital infrastructure are critical to Australia's future productivity, research excellence, sovereign capability and global competitiveness, and that local government is a key partner in delivering sustainable digital infrastructure.

		2. Establish a nationally consistent, performance-based policy and regulatory framework for data centres that supports best-practice siting and design, mandatory renewable energy integration, fit-for-purpose water use, innovation in low-water and non-water cooling technologies, measurable community benefits, and transparent reporting of energy, water and emissions.
237	Penrith City Council, NSW	The National General Assembly calls on the Australian Government, in their development of national data centre principles & approval processes to include: 1. Strategic assessment of: a. Suitability of location, ideally where services are available and where other important land uses are not compromised as a result b. Local place-based impacts–e.g. potential strain on energy grids, water supply and ecosystems effects, land use trade-offs, clustering issues, impacts on local jobs c. Meaningful community engagement d. Transparent public reporting 2. That councils have a central role in decision-making 3. Engaging with councils for feedback into the preparation and finalisation of these documents.

APPENDIX B

The MAV proposes three strategic themes to organise action to enable local government to leverage AI while managing emerging risks.

AI-enabled service and institutional transformation

Local government spends approximately $48 billion annually, employs around 213,500 people across more than 400 occupations and manages about one-third of Australia's public infrastructure assets, valued at approximately $643 billion. This makes the sector directly relevant to productivity, workforce transition, regional equity, resilience and critical infrastructure.

AI can act as a catalyst for wider service and institutional transformation. Councils are exploring its use in planning, customer and system navigation, knowledge management, infrastructure maintenance, emergency and resilience planning, multilingual communication, regulatory processing, engagement analysis and the early identification of emerging service demand.

However, adding AI to an unreformed service can accelerate poor processes, generate additional demand or obscure accountability. The opportunity is to redesign services around better outcomes—improving quality, accessibility, inclusion, accuracy, safety and community trust while reducing costs, processing times and workforce load. Capacity released through AI should be reinvested in complex, relational and frontline work.

Councils are already applying AI across customer service, planning and regulatory functions, asset management, records, finance, procurement, workforce support, community engagement and corporate reporting, although adoption remains uneven and evidence of long-term public value is still developing.

Productivity, trust and democratic resilience

Productivity cannot be measured only through faster processing, lower costs or increased transaction volumes. It must also account for service quality, accessibility, fairness, workforce impacts, institutional integrity and community confidence in how decisions are made.

Governance, transparency and accountability are not preliminary steps to be completed before productive adoption can begin. They are core requirements for sustainable adoption.

Generative AI changes the volume, velocity and economics of pressure on democratic institutions. It dramatically reduces the cost of producing correspondence, submissions, complaints, impersonations and coordinated narratives. This expands the civic attack surface: the points at which public institutions, elected representatives, staff and participatory processes can be overwhelmed or deprived of legitimacy.

This emerging institutional pressure is described by MAVlab (the innovation lab for the Municipal Association of Victoria) "Civic DDoS": *a condition in which civic systems are overwhelmed by the scale and intensity of incoming demand. Whether deliberate or cumulative, it can crowd out genuine community*

need, expose staff and elected representatives to harm and make participation less accessible to those without the resources or technology to compete for institutional attention.

Responses must not suppress disagreement or mistake marginalised voices for manipulation. AI should operate as an interpretation layer rather than a source of truth, with outputs tested against verified evidence, professional judgment and lived community experience.

Risk-proportionate governance should distinguish low-risk productivity tools from systems influencing statutory, regulatory or service-entitlement decisions. Consequential systems require higher standards of transparency, human oversight, auditability, contestability and accessible review.

AI infrastructure and its impacts on place

AI and cloud capabilities depend on tangible physical infrastructure and should not be treated solely as technology or economic-development issues. The data centres underpinning these technologies are large, resource-intensive developments with significant energy and water requirements and potential impacts on local infrastructure, environments and amenity.

As applications increase in number, scale and concentration across metropolitan and regional Australia, scrutiny of their environmental, infrastructure and amenity impacts is intensifying. The pace of development is testing planning and environmental frameworks that were not designed for infrastructure of this scale or resource intensity.

Greater alignment is needed between AI policy, strategic land-use planning, infrastructure investment, energy-transition planning and environmental regulation. This should include clear siting criteria, data-centre-specific sustainability standards, cumulative-impact assessment, transparent reporting, measurable community benefits and a meaningful role for councils and communities.