

# SUBMISSION

## Senate Inquiry into AI and Data Centres Submission of the Public Service Association of NSW



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# Artificial Intelligence and data centres

## Public Service Association of NSW Submission to the Environment and Communications References Committee Inquiry, 2026

### THE PUBLIC SERVICE ASSOCIATION OF NSW

The Public Service Association of NSW represents 42,000 public sector workers who provide essential support to students, teachers and families in schools and protect the safety of the state's most vulnerable children at risk of neglect and abuse. These workers also support the delivery of disability services, manage the prevention and response to natural disasters, including fires and floods. They staff our courts, prisons, police, national parks, museums and art galleries. They run the essential water and energy infrastructure services on which communities rely.

While the PSA represents a broad range of occupations, it is united in its commitment to serving the community, including the most vulnerable people in NSW. PSA members are well placed to speak about the impact of Artificial Intelligence (AI) in public sector workplaces and in their own lives as low-to middle-income workers.

### PUBLIC SECTOR WORKERS AND ARTIFICIAL INTELLIGENCE

The Public Service Association NSW supports the ACTU submission to this inquiry in taking a principled position towards the design, development and delivery of Artificial Intelligence. The PSA welcomes the use of the technology where it improves the quality of work and quality of life for working people. It also shares the concerns about harms working Australians have experienced, which are highlighted in the ACTU submission.

NSW public sector workers share the wider community's concerns about the potential loss of jobs and future displacement and a lack of adequate consultation and transparency in the implementation of AI.

The PSA shares the ACTU's concerns about the harms working Australians have experienced including intrusive monitoring and surveillance, work intensification and the misuse of algorithms to assess individual human need.

As the ACTU has noted, Australians are highly sceptical about AI. The NSW Government's Customer Sentiment Survey (9 March 2026)<sup>1</sup> affirms this. It found that 82 per cent of NSW

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<sup>1</sup> See attached Department of Community Service document

residents are concerned about decisions made by AI without human controls and a lack of transparency about the use of AI.

This lack of social licence around the introduction of AI technology is the product of a lack of genuine consultation about its implementation in the workplace.

Too often, working people are notified after an outcome has been decided instead of being given a meaningful opportunity to engage in the decision-making process. Effective consultation on the use of AI in the workplace should provide meaningful opportunities to influence policies and outcomes, rather than being treated as a tokenistic box-ticking exercise after the fact.

To be successful, AI companies and data centres need the social licence to operate.

The NSW Government's Customer Sentiment Survey shows that more than three quarters of NSW residents are concerned about job losses and 72 per cent are concerned about a decline in service quality.

The vast majority, 85 per cent, are concerned about misinformation, data misuse and privacy breaches. Two-thirds are concerned about energy usage, and more than half have concerns about the use of water.

The NSW Department of Climate Change, Energy, the Environment and Water has also warned that without intervention, the rapid pace of potential data centre investment in NSW, particularly in Western Sydney, Newcastle and Wollongong threatens to impose increased electricity prices. This is of particular concern for communities already facing acute cost of living pressure.

The Department has reported that 60 data centres in NSW account for 5 per cent of the state's annual electricity consumption. As of July 2026, data centres are seeking network connections with a total capacity of 28GW, dwarfing the current average daily demand from the NSW electricity grid, which ranges between 7.5GW and 10GW.

The Department states that: "Existing electricity network regulatory arrangements were not designed for this rapid, concentrated and uncertain pipeline of very large data centre loads. Without targeted reform, these arrangements risk inefficient connection queues, distorted network investment decisions, cross-subsidisation by smaller customers of network costs

triggered by large loads, higher wholesale electricity prices and reliability impacts for NSW customers.”<sup>2</sup>

Australians will not accept what has proven to be a harmful free-for-all imposed by multinational data companies in the United States where communities are revolting against the adverse impact of massive data centres which have put enormous strain on energy grids and water supply.

As the ACTU has noted, large tech developers have so far failed to make a persuasive case to Australians about how their projects will benefit the local economy. The empty threat that Australia is simply at risk of missing out on the opportunities they offer is a well-practiced appeal to a collective ‘fear of missing out’. The greater risk is that Australian households and the broader economy face much bigger costs in terms of the trade-off of natural resources, unprecedented demand on electricity supply, higher power bills and loss of amenity for Australian residents.

While the scale of data centre investment is significant, the direct domestic value added is more likely to be limited. Returns are more likely to accrue to capital rather than labour with ongoing employment expected to be relatively modest. A large share of capital in data centres is foreign owned which means a disproportionate share of returns are likely to flow offshore, especially to the US.

As the ACTU notes and the *Sydney Morning Herald* reports, for every \$100 that Australians invest in an Amazon, Google or Microsoft data centre, between \$70 to \$80 flows to server manufacturers in the United States, cooling equipment providers in Europe and semiconductor makers in Taiwan.<sup>3</sup>

As the union that represents workers operating and maintaining infrastructure that supplies water and energy to communities, the PSA understands the need for greater accountability and enforceable regulation of multinational data companies. Our members see firsthand the impact that large-scale developments can have on water resources, electricity networks and the amenity of local communities. As the ACTU submission notes, Australians are right to be sceptical of AI companies with a track record of exploiting their host countries while leaving communities to bear the costs. They are also right to be concerned about the lack of enforceable regulation to ensure that large data centres will be required to pay their fair

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<sup>2</sup> NSW Department of Climate Change, Energy, the Environment and Water. *Reforming electricity network connection and cost recovery arrangements for data centres in NSW*. Consultation paper. August 2026.p3

<sup>3</sup> David Swan, AI investment in Australia: Data centres drive growth, but is it enough? (6 April 2026) *The Sydney Morning Herald*.

share of tax, be held to account for their massive energy use, and adequately contribute to replenishing the resources they consume. Robust safeguards are also needed to protect the ownership of Australian data, the privacy of Australian citizens and the vast quantities of information stored by multinational companies.

The imbalance in economic benefit for Australians and the need to establish sovereignty are obvious. The economic benefit of the investment will depend on how much value is retained domestically. As the ACTU suggests, there is no time to delay in establishing a framework to ensure the benefits are equitably shared among working Australians.

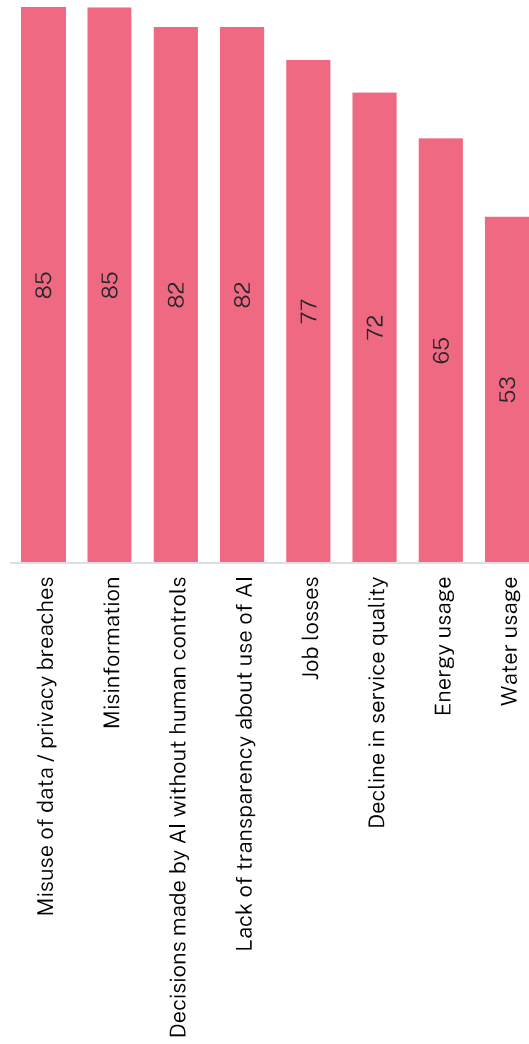
While the PSA acknowledges there is great potential and untold benefits to be gained through Artificial Intelligence in the operation of public services, the rapid pace of change demands that urgent reform is needed to establish the necessary guardrails the community expects to protect their interests and those of the broader economy.

Australians who have watched the technological tidal wave hit American communities now recognise the need for protection against a similar impact.

The PSA NSW therefore strongly supports the ACTU call for Australia's need to develop its own pro-worker sovereign AI capability.

## Concern about the potential impacts of AI usage

Extremely/somewhat concerned about potential impacts of AI (%)



DCS Customer Sentiment Survey  
Base: NSW residents aged 18+  
Q. How concerned, if at all, are you about the following potential impacts of AI?  
Date: 9 Mar '26