

Australian Information Industry Association

Submission to the Standing Committee on Government Administration A Inquiry into AI Data Centres in Tasmania

About the AIIA

The Australian Information Industry Association (AIIA) is the nation's peak body for those in the digital ecosystem, leading strategic policy and advocacy to shape a thriving digital sector. Through strong engagement with government, industry, and the broader community, the AIIA ensures the voice of its members informs decision-making on technology, innovation, and digital capability.

Membership provides direct access to influential networks, premium events, and opportunities to collaborate on initiatives with the sector's best and brightest to drive industry growth, improve productivity, and secure Australia's place as a global technology leader. AIIA members access real collaboration, real connections, and real outcomes.

Introduction

The Australian Information Industry Association welcomes the opportunity to provide a submission to the Standing Committee on Government Administration A inquiry into the construction and operation of AI data centres in Tasmania.

AIIA recognises why the Committee is examining energy, water, land use, public accountability, consultation and community benefit. Large data centres can be significant infrastructure users and their impacts should be properly assessed. Equally, the inquiry should not begin from the premise that data centre development is an unusual burden to be contained. Data centres are core economic and digital infrastructure. They enable artificial intelligence, cloud computing, cyber security, digital government, research and the everyday digital services on which Tasmanian households and businesses increasingly depend. AIIA's March 2026 submission to the NSW Legislative Council made this point directly. Jurisdictions that want productivity growth, digital capability and sovereign technology capacity must also enable the infrastructure that makes those outcomes possible.¹

Tasmania has a credible opportunity to participate in this investment cycle. Its renewable electricity base, temperate climate, industrial land, engineering capability and potential for additional energy development can support a competitive proposition. The Tasmanian Government's draft Expectations for Data Centres and AI Infrastructure appropriately recognise both sides of that proposition. Tasmania welcomes responsible investment and wants jobs, economic diversification and digital capability, while expecting proponents to engage communities, use resources responsibly and meet relevant infrastructure costs.²

AIIA supports that overall direction. However, the detail matters. Data centre investment is globally mobile and highly sensitive to access to power, connection timeframes, planning

¹ Australian Information Industry Association, NSW Legislative Council Inquiry into Data Centres and accompanying media release, 30 March 2026.

² Tasmanian Government, "Clear expectations for data centres and AI infrastructure", media release, 7 September 2026; Draft Expectations for Data Centres and AI Infrastructure, September 2026.

certainty, community sentiment, regulatory durability and the cumulative cost of project conditions. Tasmania will not strengthen public outcomes by creating a bespoke regulatory environment that makes otherwise responsible projects slower, more uncertain or commercially unviable. In those circumstances, capital will move to another Australian jurisdiction or offshore, while the underlying demand for cloud and AI services will remain.

The Commonwealth policy environment also makes national alignment essential. On 26 August 2026, National Cabinet agreed that the Commonwealth, states and territories would develop nationally consistent mandatory standards for large data centres covering energy, water and land use, with Commonwealth legislation expected in early 2027. Those standards are intended to provide consistency and clarity for investors while allowing state planning systems to address genuinely local matters. Tasmania should therefore avoid creating a parallel technical regime in the months before the national baseline is settled.³

AIIA's central position is that Tasmania can protect public resources and community confidence while remaining open for investment. The preferred model is to regulate measurable impacts through existing planning, environmental, utility and national frameworks; provide a coordinated and time-bound pathway for significant projects; allocate attributable infrastructure costs transparently; and recognise the full economic and digital value that well-designed projects can bring to the State.

Executive Summary and Recommendations

Tasmania should approach data centre and AI infrastructure as a strategic economic opportunity that must be enabled responsibly, not as a new class of development requiring a separate approval philosophy. The State has an opportunity to attract globally mobile capital, support regional industrial activity and improve access to trusted Australian compute. These benefits are material to AIIA members and to the broader Tasmanian economy.

AIIA also recognises that very large facilities can create demands on electricity, water, land and local infrastructure. Those impacts should be managed transparently and proportionately. The appropriate mechanism is a predictable framework in which proponents understand the rules and costs before committing capital, communities can engage, utilities and regulators retain their statutory responsibilities, and requirements are aligned with the emerging national regime.

AIIA does not support a moratorium on data centre development, arbitrary statewide capacity caps, AI-specific planning legislation, project-by-project parliamentary approval, duplicative Tasmanian reporting regimes, mandatory local-content quotas, guaranteed permanent-job numbers or automatic community-benefit levies. These measures would

³ National Cabinet, "Meeting of National Cabinet", 26 August 2026.

add political and regulatory risk without necessarily improving environmental or community outcomes.

AIIA recommends the following:

1. Recognise data centres as critical digital and economic infrastructure.

Tasmania should explicitly recognise data centres and advanced compute as strategic infrastructure that enables productivity, digital government, AI, cloud, cyber security and wider industry growth, and should actively compete for well-planned investment.

2. Do not create an AI-specific planning statute or moratorium.

The State should regulate objective impacts through the existing Resource Management and Planning System (RMPS), utility regulation and environmental law. “AI data centre” should not become a special statutory category solely because a facility is described by that label or hosts AI workloads. Purpose-built AI factories should instead be assessed according to their measurable design characteristics, resource requirements and external impacts.

3. Create a coordinated, investable approvals pathway.

For projects with material state-level infrastructure implications, the Office of the Coordinator-General should provide a single front door, early inter-agency case management and published service standards. Existing major-project mechanisms should be available where warranted by complexity or impact, without automatically escalating every large facility into a more burdensome process.

4. Apply commercially workable energy and network requirements.

AIIA supports the policy direction that very large new loads should support additional supply where required and meet properly attributable connection and augmentation costs. Implementation should remain technology-neutral and flexible, recognise genuine spare capacity and staged commissioning, and avoid rigid one-for-one or same-day generation requirements that do not reflect electricity-market or project-delivery realities.

5. Manage water and environmental impacts project by project.

Planning and utility decisions should focus on demonstrated local impacts and outcomes. Tasmania should avoid blanket water caps, prescribed cooling technologies or duplicated environmental requirements where existing legislation already provides an effective control.

6. Keep Parliament focused on the framework, not individual permits.

Parliament should scrutinise legislation, public expenditure and aggregate system impacts. Individual planning, environmental, network and utility decisions should remain with the bodies established to make them, subject to ordinary review and appeal rights.

7. Adopt nationally aligned, once-only resource reporting.

Large facilities should provide proportionate information needed for planning and public confidence, but Tasmania should leverage national reporting and existing regulatory data wherever possible. Commercially sensitive and security-sensitive information must be

protected, and real-time public reporting should not be required without a demonstrated need.

8. Make consultation early, relevant and bounded.

Community engagement should begin early for significant proposals and focus on matters capable of being influenced through planning, environmental or infrastructure decisions. Consultation should not become a second approval process or an undefined local veto over compliant development.

9. Recognise broad Tasmanian benefits without rigid local-content mandates.

Government should assess benefits across construction, supplier expenditure, rates and taxes, grid and telecommunications investment, skills, research, innovation and the wider digital ecosystem. Fixed procurement quotas, permanent-job guarantees and automatic levies should be avoided. Where government provides material incentives, public land or bespoke facilitation, proportionate negotiated benefit commitments may be appropriate.

10. Align Tasmania with the emerging Commonwealth framework.

Tasmanian reform should complement, not pre-empt or duplicate, the national standards now being developed. Transitional and grandfathering arrangements should protect advanced or committed projects from retrospective changes to material requirements.

11. Review settings with industry and publish regulatory impacts.

Any new Tasmanian requirements should be co-designed with affected industry, councils and communities, subject to regulatory-impact analysis, and reviewed periodically to ensure they remain effective.

1. Strategic Framing: Tasmania Should Compete for Digital Infrastructure Investment

Relevant terms of reference: (1)–(7)

The most important starting point for this inquiry is to distinguish between managing the impacts of a large infrastructure project and questioning the legitimacy of the infrastructure itself. Data centres are now part of the productive infrastructure base of a modern economy. They provide the compute, storage, resilience and connectivity required for cloud services, artificial intelligence, cyber security, digital public services and increasingly data-intensive sectors such as health, financial services, advanced manufacturing, resources and logistics.

For AIIA members, access to scalable and reliable data infrastructure is not a niche concern. Cloud providers, cyber-security companies, software businesses, managed-service providers, digital health firms, research organisations and SMEs all depend on compute infrastructure, either directly or through platforms they consume. Local and national capacity also matters for government workloads, business continuity, data residency and the ability of Australian firms to deploy AI without relying entirely on offshore capacity.

Investment is globally mobile

AIIA's NSW data centre advocacy emphasised that large infrastructure investment is globally mobile and that jurisdictions compete on clear rules, reliable energy, connectivity and the speed and predictability of approvals. That observation applies with particular force to Tasmania. A developer considering Tasmania can also consider mainland Australia and overseas markets. Capital expenditure decisions are made against multi-decade operating assumptions and substantial up-front commitments. A planning or energy setting that looks marginal in isolation can become decisive when combined with connection delay, uncertain conditions and additional jurisdiction-specific reporting or benefit obligations.

Tasmania should therefore set high but investable standards. The objective should be to make it straightforward for a well-prepared project to understand. Predictability is itself a competitive advantage.

Tasmania has a genuine proposition

Tasmania's renewable electricity system, cooler climate and established industrial areas can support data centre development, particularly if investment is coordinated with new renewable generation, storage, transmission, telecommunications and skills. Large compute investments can anchor specialist engineering and maintenance capability, cloud and cyber services, construction supply chains, research partnerships and other digital businesses that value proximity to infrastructure and skilled workers.

Government should treat this opportunity as part of Tasmania's broader investment and industry strategy. That means identifying locations where large digital infrastructure can be accommodated efficiently, ensuring agencies and utilities can respond to proponents in a coordinated way, and avoiding policy signals that suggest Tasmania is ambivalent about accepting new digital infrastructure investment.

Regulate impacts, not the "AI" label

AIIA strongly recommends against constructing a planning regime around the phrase "AI data centre". AI describes a workload, but some facilities are purpose-built as dedicated AI factories with distinct engineering characteristics. Neither "AI data centre" nor "AI factory" is a sufficiently precise or stable physical development category for planning purposes.⁴

⁴ Terminology in this area remains in flux. "AI data centre" is used in the title of this Inquiry and commonly in Tasmanian media, including in reference to Firmus projects, while Firmus describes its purpose-built infrastructure as "AI Factories". Firmus states that its modular AI Factory is a high-density, primarily liquid-cooled system "designed for one output: AI compute" and describes Project Southgate's flagship Tasmanian facility as purpose-built for AI training and inference. NVIDIA similarly distinguishes AI factories optimised for the AI lifecycle from traditional data centres designed to accommodate general-purpose workloads. These differences can have material engineering implications. AIIA therefore recognises that dedicated AI factories may require different technical assessment. However, because terminology, facility designs and workload mixes

Facilities may be dedicated to AI or may host cloud, enterprise, government, research and AI workloads simultaneously, and the workload mix can change over the life of the asset without altering the approved physical development, provided the facility continues to operate within its assessed energy, water, cooling, noise and other environmental and infrastructure limits.

Where additional scrutiny is justified, triggers should therefore relate to objective matters such as connected electrical load, material network augmentation, water demand, site scale, environmental sensitivity, traffic or construction impacts. This approach is more durable, reduces classification disputes and ensures that facilities with materially different impacts receive proportionate assessment, without treating them differently solely because of the software or workload running on their servers.

2. Protecting Public Resources and the Environment Without Deterring Responsible Investment

Relevant term of reference: (1)

AIIA supports the principle that significant projects should not impose unreasonable and uncompensated costs on Tasmanian households, other businesses or public infrastructure. The industry interest is not served by developments that undermine energy reliability, exhaust scarce water resources or create community opposition through poor siting or engagement. Social licence and investment certainty are mutually reinforcing when the rules are clear.

However, “pay your way” should mean transparent allocation of project-attributable costs under established regulatory and commercial frameworks. It should not become a basis for open-ended levies, duplicated charges or requiring a single proponent to fund system-wide infrastructure from which many users benefit.

Energy: support new supply, but preserve commercial flexibility

The Tasmanian Government and Commonwealth have signalled a clear policy expectation that very large new data centre loads should contribute to additional electricity supply and meet an appropriate share of connection costs. AIIA accepts that broad direction and

vary, planning requirements should be triggered by objectively measurable characteristics rather than the “AI” descriptor alone.

supports energy arrangements that protect reliability and avoid inappropriate cost transfer to existing customers.⁵

The implementation should nevertheless reflect the operation of an electricity system rather than impose a simplistic one-project/one-generator model. The regulatory test should be whether the project has a credible and enforceable pathway to support the energy required for its operation, not whether a particular technology or contractual form has been prescribed by government.

AIIA therefore recommends that Tasmania avoid requirements that every megawatt of load must be matched contemporaneously by a new megawatt of locally co-located renewable generation. The framework should permit credible combinations of new generation, contracted supply, storage, firming, staged energisation, demand-response capability and temporary use of demonstrably available capacity. This flexibility is particularly important while the national mandatory standard is being designed.

Network costs should likewise be allocated through existing regulated and commercial processes. Proponents should meet connection assets and augmentations that are properly attributable to their projects. Where an augmentation creates wider network capacity or reliability benefits, costs should be allocated consistently with established regulatory principles rather than automatically assigned in full to the initiating project.

Water: focus on local scarcity and outcomes

Data centre water use varies significantly according to climate, cooling design, technology, operating profile and source. AIIA supports early engagement with relevant water utilities and project-specific assessment of average and peak water requirements. Where local potable-water constraints are material, proponents should consider efficient cooling, non-potable or recycled sources, storage, and other practical measures.

A statewide blanket water cap or mandated cooling technology would be a poor regulatory instrument. Air cooling, evaporative cooling and hybrid systems have different energy, water and capital trade-offs, and technology is evolving quickly. Tasmania should specify the outcome rather than locking projects into a particular engineering solution.

Where dedicated water infrastructure is required principally for a project, it is reasonable for the proponent to meet the attributable cost through ordinary utility arrangements. That cost recovery should be kept conceptually separate from community-benefit obligations so that the same expenditure is not counted twice or used to justify additional arbitrary charges.

⁵ Tasmanian Government, Draft Expectations for Data Centres and AI Infrastructure, September 2026; Australian Government, "AI in Australia's interests", 15 July 2026.

Environmental regulation should remain integrated with existing law

Tasmania already has planning and environmental mechanisms capable of assessing noise, lighting, environmental and other impacts. AIIA does not support duplicating general environmental requirements simply because a facility is a data centre.

If the inquiry identifies a demonstrable gap, for example, inconsistent treatment of a particular impact across planning schemes, the preferred response should be targeted guidance or amendment within the RMPS rather than an additional standalone approvals regime. The regulatory burden should follow the impact and risk, not the technology label.

3. A Fit-for-Purpose RMPS: Clarity and Coordination Rather Than a New Regulatory Layer

Relevant term of reference: (2)

AIIA does not consider that Tasmania's Resource Management and Planning System is fundamentally incapable of assessing data centres. The RMPS already seeks to promote sustainable development while facilitating economic activity and public involvement. The Tasmanian Planning Policies, which commenced on 1 July 2026, now provide additional statewide strategic policy direction as planning instruments are progressively updated.⁶

The industry concern is less the absence of statutory powers than the risk of inconsistency, uncertainty and fragmented agency engagement. Large digital infrastructure may require various planning and associated decisions that proceed on different timelines. A high-quality system should coordinate those interfaces without multiplying approvals.

Use a consistent, impact-based classification

The State should provide clear guidance on how data centre uses are classified under the Tasmanian Planning Scheme. A consistent interpretation would help councils, communities and proponents understand the applicable pathway and reduce avoidable litigation or redesign.

Any definition should be technology-neutral and should not distinguish facilities solely by the workloads they host or the labels applied to them. It should instead allow classification and assessment to reflect objective characteristics and impacts, including facility scale, total and peak electricity demand, power density where relevant to cooling or safety, water demand, heat rejection, noise, backup generation, traffic and environmental

⁶ Tasmanian Planning Commission, Information Sheet 1-2026 – Commencement of the Tasmanian Planning Policies, noting commencement on 1 July 2026.

sensitivity. This would allow AI factories to receive assessment proportionate to their actual impacts without creating an AI-specific statutory category.

AIIA would support a state planning guidance note or, if genuinely necessary, a carefully drafted use definition developed with industry and councils. The threshold for additional state coordination should be based on a project's overall scale, complexity and material cross-agency or infrastructure impacts, rather than an "AI" label or any single headline metric in isolation.

A single front door for significant projects

For projects with substantial State infrastructure interactions, AIIA recommends a formal single-front-door model led by the Office of the Coordinator-General. This should provide early engagement with relevant entities and clarity around required information and decision processes.

The value of this model is administrative coordination. A proponent investing hundreds of millions of dollars should not be required to discover sequentially that different agencies need overlapping studies or that one approval cannot commence until another process has concluded. Early coordination also benefits regulators and communities by exposing resource constraints and project dependencies before a development application is finalised.

Published service standards should accompany the pathway. These need not guarantee an approval, but they should set expectations for agency response times, completeness checks and coordination. Where a decision is delayed, the proponent should receive a clear explanation and revised timetable.

Use existing major-project mechanisms when warranted

Tasmania already has a major-project process under the Land Use Planning and Approvals Act 1993 that enables a Development Assessment Panel to coordinate assessment criteria, regulator input, public exhibition and hearings for declared major projects. AIIA sees merit in using existing mechanisms where a particular proposal is genuinely complex or state-significant rather than creating a data centre-specific tribunal or approval act.⁷

Importantly, not every large data centre should automatically be declared a major project. Some facilities may be located in appropriate industrial zones with established infrastructure and manageable impacts. Escalation should depend on the actual complexity and cross-jurisdictional significance of the proposal. A mandatory capacity threshold that always triggers a major-project process could unintentionally penalise efficient facilities and create a cliff-edge in project design.

⁷ Tasmanian Planning Commission, "Major project assessment", Land Use Planning and Approvals Act 1993 major project assessment process, accessed 10 September 2026.

Plan for investment-ready locations

Tasmania can reduce both environmental conflict and investment risk by identifying areas where large digital infrastructure is strategically suitable. Industrial precincts with access to transmission, renewable generation, water options, fibre and transport infrastructure should be considered through strategic planning and economic-development processes. This can help steer projects away from constrained sites before substantial capital is committed.

AIIA recommends that the State explore development-ready digital infrastructure precincts or investment zones where key constraints are mapped in advance and agencies can provide coordinated information on available network capacity, likely augmentation, water sources, planning controls and environmental sensitivities. Such a model would be more effective than a blanket statewide cap because it directs investment toward locations capable of supporting it.

Protect projects from retrospective rule changes

The timing of this inquiry overlaps with the development of new Commonwealth standards and Tasmania's own draft Expectations. Investors need confidence that projects already substantially progressed under existing rules will not be subject to materially different obligations after capital has been committed. Any new statutory requirements should therefore include clear transitional provisions and, where appropriate, grandfathering for projects that have reached defined approval, connection or investment milestones.

4. Parliamentary Oversight and Accountability

Relevant term of reference: (3)

AIIA supports parliamentary accountability for legislation, public expenditure and the performance of Tasmania's policy framework. AIIA does not support making Parliament an additional approval authority for individual data centre projects or resource allocations.

Project-by-project parliamentary approval would introduce political risk and timing uncertainty that is not ordinarily imposed on comparable industrial developments. It would also blur accountability: technical questions about planning impacts, environmental conditions, network capability and water availability are better determined by the independent or statutory bodies established for those purposes. Parliamentary debate should not replace evidence-based assessment criteria or ordinary appeal rights.

Oversight should focus on rules and public commitments

Parliament's appropriate role is to set and scrutinise the framework. This can include examination of material changes to legislation, review of significant public funding or

concessional arrangements, scrutiny of agency performance and oversight of aggregate impacts on Tasmania's energy, water and infrastructure systems.

AIIA would support an annual or periodic report to Parliament containing high-level information identified by responsible regulators. Where government has negotiated specific public-benefit commitments as a condition of material assistance, reporting against those commitments may also be appropriate.

This approach gives Parliament the information needed to judge whether policy is working without creating an additional political permit. It also preserves investor confidence that a project meeting published statutory requirements will be assessed on those requirements rather than on changing parliamentary majorities or unrelated political considerations.

5. Transparent Public Disclosure Without Duplicative or Security-Risky Reporting

Relevant term of reference: (4)

AIIA accepts that proportionate disclosure of resource use can improve public confidence and system planning. The key is to make disclosure useful, comparable and nationally aligned. Requiring operators to report the same electricity, water or sustainability information separately to multiple agencies in different formats adds compliance cost without improving transparency.

Adopt a “report once” principle

The Commonwealth's existing Data Centre Expectations already call for responsible resource use and transparent reporting, and National Cabinet has agreed that national mandatory standards will cover energy, water and land use. Tasmania should design any public register or dashboard so that it can consume nationally reported information rather than requiring a second Tasmanian dataset.⁸

State-specific reporting should be limited to information not captured nationally and genuinely relevant to Tasmanian decision-making. Where regulators or utilities already hold accurate information, government should use that data rather than require a duplicate operator submission.

Use meaningful, proportionate metrics

For system-significant operational facilities, metrics which are technically meaningful and comparable may be suitable to report. Reporting should distinguish nameplate or ultimate

⁸ Australian Government, Expectations of data centres and AI infrastructure developers, 23 March 2026; National Cabinet, “Meeting of National Cabinet”, 26 August 2026.

design capacity from actual commissioned capacity and current consumption, otherwise public comparisons can materially overstate the effect of staged projects.

The framework should avoid real-time public reporting unless there is a specific, demonstrated system need that cannot be met through confidential utility data. Real-time operational information can be commercially sensitive and, in some cases, reveal patterns relevant to physical or cyber security.

Protect commercial and national-security information

Public transparency does not require publication of customer identities, detailed power-purchase terms, network topology, precise redundancy arrangements, security architecture, sensitive workload information or other data that could prejudice commercial negotiations or infrastructure security. Any disclosure legislation should contain clear exemptions for commercial-in-confidence, cyber-security, privacy and national-security information, with appropriate oversight so that exemptions are not used as a blanket shield.

6. Community Consultation: Early, Constructive and Within Clear Decision Boundaries

Relevant term of reference: (5)

AIIA supports early community engagement for proposals with significant local impacts. Poor engagement increases opposition, delays projects and can damage confidence in both industry and government. Good engagement can identify legitimate issues early enough for design changes to be practical.

At the same time, consultation should be clearly connected to the statutory decision being made. A community process should not become a second, undefined approval test based on whether every participant supports the technology or the commercial decision to build a data centre. Investors require confidence that the final decision will be made against published criteria.

Proportionate engagement for significant projects

For projects with material local impacts, proponents should be encouraged to publish accessible information about the proposed development and explain how material issues raised have been considered. Engagement with Tasmanian Aboriginal communities should occur where cultural heritage, Country or other relevant interests may be affected.

The level of engagement should reflect project scale and context. A facility within an established industrial precinct with limited off-site impacts should not face the same consultation burden as a greenfield project requiring major new transmission, water or transport infrastructure. Government guidance should make that proportionality explicit.

Government should clarify who decides what

A recurring source of community frustration in major-project debates is uncertainty about which body controls which issue. The State can improve confidence by providing a single public information portal for significant projects that identifies the planning authority, environmental regulator, network and utility processes, consultation windows and published decisions. This improves transparency without expanding the legal scope of every individual decision-maker.

7. Tangible Benefits: Build Tasmania's Digital Economy Without Distorting Investment

Relevant term of reference: (6)

AIIA agrees that Tasmania should seek durable local benefits from major investment. However, the value of a data centre should not be assessed by the number of permanent employees inside the facility after construction. Data centres are capital-intensive enabling infrastructure. Their economic contribution includes construction and engineering activity, long-term rates and taxes, demand for electrical and mechanical services, local supplier expenditure, telecommunications and energy investment, and the digital services and industries the infrastructure enables.

This distinction is important for policy design. A requirement for a fixed number of permanent jobs may have little relationship to the scale, efficiency or broader value of a modern facility. It can also create a perverse incentive to favour less efficient operating models. The better objective is to maximise credible Tasmanian economic and capability outcomes across the project life cycle.

No mandatory local-content quotas or automatic benefit levies

AIIA does not support rigid Tasmanian local-content percentages, guaranteed permanent-job numbers or a standard community-benefit levy applied simply because a development is a data centre. Technology infrastructure depends on national and global supply chains for servers, semiconductors, network equipment, cooling systems and specialist engineering. Requirements that cannot be met locally can increase project cost without creating sustainable local capability and may disadvantage both large operators and the SMEs that supply them.

Likewise, a fixed levy can duplicate council rates, taxes, regulated connection charges, water infrastructure costs and negotiated contributions. If a project creates a specific local infrastructure impact, that impact should be addressed directly through the relevant approval or cost-recovery mechanism rather than through an unrelated charge.

Create opportunities for Tasmanian suppliers and workers

AIIA strongly supports practical measures that increase Tasmanian participation. Government and proponents can work with TasTAFE, the University of Tasmania, industry and local employers to build pathways in electrical and mechanical trades, data centre operations, cloud, networking, cyber security and facilities management.

The Microsoft–TAFE NSW Data Centre Academy illustrates how an infrastructure investor and vocational provider can create targeted, industry-relevant training pathways. Tasmania should encourage comparable partnerships tailored to local demand and existing institutions rather than mandate a single model.⁹

Count enabling infrastructure and ecosystem effects

A project's benefit assessment should also recognise investments that strengthen Tasmania's wider productive capacity. New or upgraded energy, storage, fibre and other infrastructure can have value beyond a single facility. The presence of scalable compute can support cloud services, AI developers, researchers, cyber-security firms and digital exporters, particularly if access and partnerships are structured well.

This is where government facilitation can be most valuable. Rather than prescribing local-content percentages, the State can connect proponents with Tasmanian suppliers, research institutions and training organisations; identify opportunities for shared infrastructure; and help local firms understand the technical and assurance standards required to enter the supply chain.

Negotiated commitments are appropriate where government provides material support

AIIA distinguishes between ordinary private investment and projects receiving material, bespoke public assistance. Where government provides concessional land, direct financial incentives, substantial bespoke infrastructure or other material support, it is reasonable for government to negotiate transparent and proportionate commitments that demonstrate public value. These could relate to training, research, local supplier development or community infrastructure and should be tailored to the support provided and the project economics.

Conversely, AIIA cautions against a blanket policy that Tasmania will never use investment facilitation or co-investment. Data centre projects are globally contested. The State should retain the ability to make transparent, evidence-based decisions where targeted facilitation produces a demonstrable net economic benefit, just as it would for other

⁹ TAFE NSW, Data Centre Academy partnership information, cited in AIIA's earlier submission to the Senate Standing Committee on Environment and Communications – Artificial Intelligence and Data Centres.

strategic industries. The test should be value for Tasmanians, not an ideological presumption either for or against assistance.

8. Other Incidental Matters: National Alignment, Security and Investment Certainty

Relevant term of reference: (7)

National alignment should constrain state duplication

The Commonwealth has made clear that its data centre expectations are intended to incentivise investment consistent with the national interest, and National Cabinet has now agreed to nationally consistent mandatory standards for large data centres. AIIA supports Tasmania retaining control of genuinely state-specific planning, utility and environmental decisions, but the State should not create separate technical standards for matters that will shortly have a national baseline.¹⁰

This is consistent with AIIA's broader advocacy. In other regulatory contexts, including its submission on Tasmania's single-use plastics phase-out, AIIA has warned that unique jurisdictional rules can become unworkable where businesses operate national supply chains and cannot efficiently redesign products or processes for a single state. The same principle applies to digital infrastructure: fragmentation should be justified only by a genuine local need.¹¹

Conclusion

Tasmania has an opportunity to attract a share of one of the most significant infrastructure investment cycles associated with the growth of cloud computing and artificial intelligence. AIIA's members have a direct interest in a Tasmanian market that welcomes this investment, provides predictable access to planning and infrastructure decisions, and avoids jurisdiction-specific rules that unnecessarily fragment national operations. Tasmanian businesses and communities also stand to benefit from additional investment, construction and engineering activity, skills development, stronger digital infrastructure and a broader technology ecosystem.

AIIA does not argue that those benefits justify unconstrained development. Large projects must operate within real energy, water, land-use and environmental limits, and government has a legitimate role in ensuring costs are appropriately allocated and

¹⁰ Australian Government, Expectations of data centres and AI infrastructure developers, 23 March 2026; National Cabinet, "Meeting of National Cabinet", 26 August 2026.

¹¹ Australian Information Industry Association, Submission to the Phasing Out Single-Use Plastics in Tasmania Discussion Paper, 25 September 2024.

communities can engage on material impacts. The crucial policy choice is how those objectives are achieved.

AIIA recommends a framework that is firm on outcomes and disciplined about regulatory design: recognise data centres as strategic infrastructure; use existing RMPS and environmental mechanisms; coordinate approvals through a single front door; support new energy capacity through flexible, commercially workable arrangements; require proponents to meet properly attributable infrastructure costs; use nationally aligned reporting; protect security and commercial confidentiality; consult communities early but within clear statutory boundaries; and pursue local benefits without rigid quotas or arbitrary levies.

Most importantly, Tasmania should send a clear signal that responsible digital infrastructure investment is wanted. The State can protect its public resources and community interests without adopting a regulatory posture that drives investment elsewhere. A nationally aligned, predictable and outcomes-based approach will provide the strongest foundation for both public confidence and long-term industry growth.