

Submission to the Inquiry into AI Data Centres in Tasmania

Standing Committee on Government Administration A, House of Assembly, Parliament of Tasmania

Submitted by: James Ayliffe

Address: [REDACTED]

Telephone: [REDACTED]

This submission is made in a personal capacity. James Ayliffe is an author and retired risk professional, holding a BA (History) and BJSt (Hons) from the University of Tasmania.

1. Introduction

Tasmania is being asked to host an industry that could soon draw more power than the Bell Bay aluminium smelter - currently the state's largest electricity user, and the ground rules for AI data centres are yet to be resolved. Reporting on a single proposed site suggests a combined draw of 400 to 500 megawatts: not a modest addition to the grid, but a new industrial-scale customer, or several, arriving in a state whose water, wastewater and electricity networks were built for a population of around 570,000, not for multiple industrial AI facilities running around the clock.

This is not a submission against AI infrastructure in Tasmania. Properly regulated, data centres could genuinely benefit Tasmanian industry. But water and power are not infinite, and how they are allocated matters to every household and business in the state. The Minister for Business, Industry and Resources has said the right things – that large data centres can use significant water depending on cooling technology, and that operators should pay their way. But a stated expectation is not a plan, and neither is it a guarantee. Before Tasmania locks itself into hosting this industry at scale, the questions below need to be answered at government level, independently verified and not left for the operators themselves to answer.

There is a paradox at the heart of this Inquiry that deserves to be stated plainly: local councils already hold the power to approve AI data centre proposals in their own right, today, while this Committee is not due to report until next year. In the twelve months or more between now and any recommendations arriving, an unknown number of facilities could be approved under the very settings this Inquiry may ultimately find inadequate. A process that allows approvals to proceed while its own review of whether those approvals are safe is still under way is not a safeguard – it is a race between development and deliberation, and Tasmanians are not being told who is winning it.

This submission addresses the Committee's Terms of Reference directly and sets out nine recommendations for the Committee's consideration.

2. Summary of Recommendations

1. That the Government commission and publish a whole-of-system, independent risk assessment covering the cumulative impact of AI data centres on Tasmania's water, wastewater and electricity networks for each facility before further approvals proceed.
2. That the State Government fund and provide independent technical, planning and legal expertise to local councils assessing AI data centre proposals, recognising that individual councils currently lack the scale, specialist knowledge and negotiating capacity to deal with large corporate data centre operators on an equal footing, and that no council be left to bear

alone the legal and financial risk of refusing or conditioning a proposal on legitimate planning grounds.

3. That the State not use its planning, call-in or override powers to bypass or overturn a council's lawful decision on an AI data centre proposal, and that any state-level intervention in a council decision be transparent, publicly reasoned, and subject to parliamentary scrutiny.
4. That TasWater and TasNetworks be required to publish a quantified, public statement of spare water, wastewater treatment and electricity capacity, together with ongoing public reporting of what data centre facilities actually consume once operating, not just projections used to win approval.
5. That a binding legal requirement be legislated to guarantee household use of water and electricity takes priority over commercial data centre demand during drought or grid stress.
6. That the cost of any augmentation to shared water, wastewater or electricity infrastructure required to accommodate data centres be borne by the operators that create the need, not socialised into other customers' bills, and that pricing arrangements, discounts or subsidies offered to these companies be made transparent.
7. That every operator be required, before approval, to complete a mandatory, independently reviewed water security assessment demonstrating genuine alternative supply – recycling, closed-loop cooling, desalination – funded and built by the operator, with real penalties for non-delivery.
8. That Government commission an independent, published and regularly revisited assessment of the data centre industry's broader economic effects: flow-on impacts on energy prices for other businesses, competition for tradespeople and construction capacity, and the opportunity cost of committing renewable generation to this industry over others.
9. That approvals of individual AI data centre proposals be paused, or at minimum not accelerated, until the assessments in Recommendations 1, 4 and 7 are in place.

3. Response to the Terms of Reference

3.1 Protecting public resources and the environment; adequacy of the planning system (ToR 1 & 2)

Do we actually know what we are risking? Proposals are being assessed one at a time, in a state small enough that even a single facility can move the needle on statewide power and water demand. What is missing is a whole-of-system risk assessment, independent of the companies proposing to build these facilities, covering cumulative impact across every site. Tasmanians should see that assessment, and its methodology, before more approvals are waved through. This goes directly to whether the Resource Management and Planning System recognises the specific, cumulative impacts of AI and data facility development, as distinct from assessing each proposal on its own terms.

3.2 Local government capacity, and the risk of Councils being overridden (ToR 2 & 3)

Local councils are the approving authority for most AI data centre development applications, yet they are being asked to assess proposals from large, well-resourced corporate operators without the specialist technical, legal or negotiating capacity to do so on an equal footing. In practice this leaves councils reluctant to refuse or condition a proposal – not necessarily because the merits do not warrant it, but because a well-funded operator is far better placed to sustain a legal challenge than a small council is to defend one. A council facing that asymmetry is not freely exercising its

discretion; it is managing litigation risk. That is not a fair contest, and it should not be mistaken for adequate planning scrutiny.

Two things follow, and both matter equally. First, the State should ensure councils have access to independent technical, planning and legal expertise, funded by Government rather than drawn from individual council budgets, so that assessment decisions are made on the planning merits and not on an unequal capacity to litigate. Second – and this is the point that must not be lost in addressing the first – having recognised that councils are under-resourced, the State should not then treat that as licence to override or bypass council decisions made in good faith. Councils should be resourced to make sound decisions, not sidelined once a proposal attracts state or ministerial interest. Any use of state call-in or override powers over a council decision on an AI data centre proposal should be exceptional, transparent, publicly reasoned, and subject to parliamentary scrutiny – not a routine backstop for when a council does what a better-resourced authority might also have done.

This capacity gap is compounded by timing: because councils can approve these proposals under existing planning rules right now, the gap between council decision-making and any state-level response recommended by this Inquiry is not merely a capability problem but a live and widening approvals problem.

3.3 Parliamentary oversight and transparent disclosure of resource consumption (ToR 3 & 4)

Do TasWater and TasNetworks have the headroom to support this industry? There is no public, quantified answer. We do not know how much spare water, wastewater treatment and electricity capacity exists, or how fast data centres would consume it. Nor is there any commitment to ongoing, public reporting of what facilities actually consume once operating, as opposed to the projections used to win approval in the first place. Parliament cannot exercise meaningful oversight, and the public cannot hold anyone accountable, without that data being disclosed and kept current.

3.4 Ensuring tangible benefits and protecting households (ToR 6)

Who gets the water first in a dry summer? This should concern every Tasmanian household. There is currently no legislated guarantee that household use of water and electricity comes before commercial data centre demand during drought or grid stress. That priority should be a binding legal requirement, not something Tasmanians are simply asked to trust operators to honour.

Who pays when the network needs upgrading? If accommodating data centres requires augmenting shared infrastructure, that cost should sit with the operators who created the need, not be socialised into everyone else's bills. Tasmanians also deserve to know what pricing arrangements, discounts or subsidies are offered to these companies. Independent economists have already called for transparency over large industrial power pricing in this state; data centres should not be exempt from that scrutiny.

Are operators building their own safety net, or leaning on ours? Each proponent should have to prove, before approval, that its business does not depend on drawing down community water during a crisis. That means a mandatory, independently reviewed water security assessment from every operator, demonstrating genuine alternative supply – recycling, closed-loop cooling, desalination – funded and built by the operator, with real penalties if it is not delivered.

What does this industry do to the rest of the economy? AI investment is moving faster than any planning process can track, and nobody has assessed how hosting an industry of this scale will reshape Tasmania more broadly. The flow-on effects on energy prices for other businesses,

competition for tradespeople and construction capacity, and the opportunity cost of committing renewables to this industry instead of others need to be understood. That is a government responsibility, not a proponent's, and the assessment should be independent, published, and revisited regularly – a direct measure of whether Tasmania is actually receiving tangible benefit, or simply carrying the risk.

3.5 Community consultation (ToR 5)

Each of the gaps identified above – the absence of a published cumulative risk assessment, the absence of quantified network headroom data, and the absence of an independent economic impact assessment – also represents a gap in what the Tasmanian community is given to consult on. Genuine consultation requires that this information exist and be public before decisions are made, not after.

4. Conclusion

None of this is an argument against AI infrastructure in Tasmania. Properly regulated, data centres could genuinely boost Tasmanian industry. But leaving operators to tell us how best to manage the state's water and power needs independent verification, so that commerce, industry and households do not come off second best. I urge the Committee to recommend the legislative and regulatory measures set out above before further approvals proceed at scale.

5. Declaration

I consent to this submission being published on the Committee's website.

Signed: _____

James Ayliffe BA, BJSt (Hons)

Date: 04 September 2026