Submission to the Standing Committee on Government Administration A

Inquiry into AI Data Centres in Tasmania

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Disclaimer

This is a private submission made in my personal capacity. The views expressed are my own and do not necessarily reflect the views of the Australian Antarctic Division or CSIRO.

Summary

AI data centres could be very good for Tasmania, and I would rather see them built here, on hydro and cool air, than on coal somewhere else. The question is not whether they come but on whose terms. At present the terms are being set by a small number of very large companies, some of whose identities are confidential, negotiating directly with the government and its businesses. Parliament's role should be to make sure the island keeps its hands on the levers: what gets built, what it consumes, who ultimately controls it, and what Tasmanians get back.

About me

Most of my working life has been spent with computers, as a programmer, network administrator, database administrator and TAFE IT teacher. For the past several years I have managed scientific data at sea, first on RV *Investigator* while employed by CSIRO, and now on RSV *Nuyina* as an employee of the Australian Antarctic Division. I have co-authored peer-reviewed research that used deep learning, so I have seen what this technology is good for. I have also spent enough time around large computing projects to be wary of promises made before the power is connected.

1. Protecting public resources and the environment

Hydro capacity is finite and shared. The Energy Minister has said Firmus would need more than 400 MW for its three proposed sites, which would make it the largest power user in the state (ABC News, 2026a). For comparison, Bell Bay Aluminium, currently the largest user by a wide margin, draws 335 MW (Geale, 2026). Six further proposals with confidential proponents would add at least 500 MW if they proceed (ABC News, 2026h).

Firmus has said it will contractually require its energy suppliers to build new renewable generation to offset its use (ABC News, 2026c), and the government's draft expectations say much the same for all new projects (Premier of Tasmania, 2026). Both are welcome. Neither is law. Protections of this kind belong in legislation or binding connection conditions, so they survive a change of minister, a change of owner or a change of mind.

2. The planning system

The planning system was not designed for a building that draws as much electricity as the Boyer paper mill while having, according to its own development application, no more than ten people on site at any one time (Geale, 2026). Councils have said the current framework cannot properly address these projects, and the George Town approval is now subject to an appeal by residents who argue the planning laws are not fit for purpose (ABC News, 2026f). Councils should not be left to assess questions of state energy security through a scheme built for sheds and subdivisions. A defined assessment pathway for large data facilities, triggered by power demand, would serve proponents and communities alike.

3. Parliamentary oversight and accountability

This is my central concern, and it has two parts.

Who gets the power, and at what price. Aurora Energy, a state-owned retailer, has contracted up to 104 MW of Hydro Tasmania power to Firmus but has declined to disclose the unit price; the government maintains it reflects market rates and is not subsidised (ABC News, 2026g; Geale, 2026). The Boyer mill, which already uses around 100 MW, has been seeking an extra 45 MW to replace its coal-fired boilers with electric ones (ABC News, 2026g). The Minister has dismissed that comparison (ABC News, 2026a), and he may be right. Without published terms, however, neither Parliament nor the public can judge. Contracts between state-owned businesses and large new loads should be open to parliamentary scrutiny.

Who is behind the proposals, and who uses them. Six proposals are being explored by companies whose names have not been made public (ABC News, 2026h). The public cannot comment on a proposal it cannot identify, and Parliament cannot scrutinise an allocation of public resources to an unnamed beneficiary.

Ownership also runs deeper than the name on the development application. Firmus was founded in Tasmania, but its investors now include Coatue, Nvidia, Blackstone and Jane Street (W.Media, 2026), and this month it named OpenAI as an anchor customer for new sites in Malaysia (Firmus, 2026). Nothing in that is improper. It does mean that decisions about what runs inside a Launceston building may be made far from Launceston.

The industry itself is now asking for oversight. On 12 September 2026, Anthropic's chief executive argued that frontier AI development should be deliberately slowed, proposed embedded independent evaluators, and wrote that "society must have a say in how this technology is used" (Amodei, 2026). He also identified limits on training compute as one possible way to pace development. OpenAI's chief executive publicly agreed the same day (Altman, 2026). Researchers have long argued that computing power is one of the few points where AI can actually be governed, because it is physical, measurable and supplied by a concentrated industry (Sastry et al., 2024). Tasmania now hosts some of it.

A state parliament cannot regulate frontier AI on its own. It can make sure Tasmanian facilities are transparent enough that national and international oversight has something to work with.

4. Transparent disclosure of resource consumption

Measurement is cheap, and publishing it is cheaper. At sea, every instrument on a research vessel logs continuously and the data are made publicly available, because the value lies in the record rather than the annual summary. Large data facilities should do the same: metered electricity and water use, published at regular intervals as open data, not reported once a year in a sustainability brochure.

5. Community consultation

Consultation works when it happens before the decision, not after the power contract. Confidential proponents, undisclosed pricing and council-level approvals for state-level impacts together leave communities fighting appeals rather than shaping proposals. Two George Town residents told the ABC that if their appeal fails, they will probably move (ABC News, 2026f). That should not be the only form of consultation available.

6. Tangible benefits for Tasmania

Construction of the St Leonards facility will involve more than a thousand people directly and indirectly, but ongoing employment will be much smaller (Geale, 2026). The benefit case therefore has to rest on something other than jobs. Two options stand out.

- **A guaranteed share of compute for Tasmanians.** Firmus has said it intends to establish an Australian AI Access Program for researchers and organisations working in areas of national and regional importance (Firmus, 2026). Tasmania should turn that intention into a binding condition: a fixed share of capacity reserved for the University of Tasmania, TasTAFE, schools, health services and community organisations, administered locally and reported annually.
- **Reuse of waste heat.** Liquid-cooled facilities produce steady low-grade heat that could warm greenhouses, aquaculture or public buildings. Where practical, this should be part of the approval rather than an afterthought.

7. Other matters: distribution is not decentralisation

Compute is spreading around the world, from northern Tasmania to Malaysia and Indonesia, and SpaceX has even applied to the US Federal Communications Commission for up to one million satellites operating as orbital data centres (Federal Communications Commission, 2026). It would be easy to assume that spreading the hardware spreads the power. It does not. A building on the Tamar can be owned, leased and directed by the same handful of firms that would otherwise build it in Virginia.

Distribution only becomes a check on concentrated power if host communities keep real levers: planning, energy allocation, disclosure and a guaranteed share of the benefit. Orbital compute, if it ever eventuates, will offer none of those levers to anyone outside the licensing country. Compute in Tasmania can, and that is Parliament's opportunity.

Recommendations

1. Require public disclosure of every proponent, its ultimate beneficial owners and its principal customers when a proposal is first lodged with any government agency or government business.
2. Make supply contracts between state-owned energy businesses and large new loads, including pricing, available to Parliament, with commercial-in-confidence claims tested rather than assumed.
3. Legislate binding energy conditions: new renewable generation matched to new load, full payment of connection costs, and curtailment obligations during supply shortfalls.
4. Establish a transparent, published process for allocating grid capacity among competing large users, both new and existing.

5. Establish a dedicated assessment pathway for large data facilities, triggered by power demand, with the Tasmanian Planning Commission as the decision-maker.
6. Mandate publication of metered energy and water use as open data at regular intervals.
7. Require a reserved share of compute capacity for Tasmanian research, education and community use as a condition of approval.
8. Require operators to disclose the general categories of workload they host, and to cooperate with any national or international AI oversight arrangements that emerge.
9. Assess waste heat reuse as part of every large facility approval.

Closing

Tasmania has been here before. In the 1990s the Bell Bay aluminium smelter received heavily discounted power (Clark, 2020), and its current contract, extended by a year in late 2025, expires again at the end of this year (ABC News, 2025, 2026b). In 2025 the state lent $20 million to the Liberty Bell Bay manganese smelter, which administrators now believe had been insolvent since May that year; it closed in July 2026 with the loss of more than 200 jobs (ABC News, 2026d, 2026e). Large industrial customers can bring real benefits, but the terms matter, and so does knowing who you are dealing with. This time we have the chance to set the terms before the concrete sets.

Signed: Peter Shanks

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