Submission to the House of Representative's Inquiry into AI Data Centres in Tasmania

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[redacted]

Overview

Without broad and deep cross-sector support, design and regulation, AI data centres will inflict significant and long lasting damage to Tasmania by over-consumption of resources, pollution, depletion of public monies, and through social conflict and political division.

The pace of development of AI, along with lobbying by its advocates, is placing huge pressure on governments and communities. Decision-making must not be undermined by perceptions of a race to win. The stakes are enormous and demand close consideration and nuanced analysis. AI data centre proponents are normal, imperfect human beings who are subject to the laws of time and nature, just like the rest of us. Respect for Australia's sovereignty and safety must remain the highest priority in decision-making.

If data centres are to be acceptable, they will need to be carefully designed and comprehensively regulated to ensure they harmonise with 1) the needs and demands of the communities in which they intend to operate, and 2) the other industries with which they compete (or cooperate) for natural and other resources.

There is poor differentiation among the general public between the operators of AI data centres on one hand, and the use of generative AI by bad actors on the other. This is particularly the case as heads of AI companies themselves advocate publicly for greater regulation of AI. In the absence of clear regulation and community accord, problems generated by AI will be profound, if not catastrophic, and data centre operators can expect to be targeted unless there is very strong community support for the centres.

Complex design and planning prior to construction approval is absolutely essential. Good design cannot be retro-fitted, and the significant deleterious impact of poorly planned data centres cannot be turned around once they are constructed.

The design of a data centre must be premised on the features of the community in which it will operate so that the consumption of public resources and their by-products (e.g. electricity, water, heat and light) are turned to productive use that benefits the community in which it operates. AI data centres must be designed and developed in such a way as to avoid creating 'heat islands', which have been reported to warm the land around the data centre by several degrees. While Tasmania is a cool climate, temperatures are increasing as a result of climate change, and it is simplistic in the extreme to suggest that Tasmania can accommodate more heat.

AI data centres use significant electricity and water. There must be mandated and enforced:

- use of renewable energy
- use of recycled water
- effective diversion of heat to socially beneficial purposes.

Any analogy between success in the control of nuclear proliferation and ability to control AI is completely misleading. Unlike access to nuclear materials, AI and AI data centres make it possible for any teenager in their bedroom to do massive harm to multiple areas of society, all covertly. AI is already at a stage where it can undertake complex hacking and denial of service attacks, and it is only a matter of time before financial institutions and critical infrastructure are raided. All inter-AI communications are supported by data centres, which will require a complex intergovernmental regulatory framework with severe penalties for non-compliance to protect individuals, organisations and the State.

Comments Addressing the Terms of Reference

1. Protect public resources and the environment

The Tasmanian government has expressed an 'AI investment mandate' in the absence of concrete information on the design, operation and impact of any centres, without any clear strategy to train the required workforce, and without any parameters for community consultation. This is a deplorably narrow point of view, apparently lacking knowledge about both data centres and good governance.

Australia is regarded by AI data centre developers as a desirable location, for reasons of the quality of our public resources, society and environment: the natural and built resource quality, availability and cost, educated workforce, social cohesion, and governmental stability. These are highly valued to developers and must be reflected in the return of highly valuable economic and social effects in Tasmania.

Tasmania is in a strong position to place comprehensive, robust, sustainable design and regulatory obligations on AI data centres, and it would be to Tasmania's clear and enduring detriment if this is not done, given the energy, water, infrastructure and environmental features of AI data centres, and the known impacts on the quality of life of communities in which they operate. Those impacts, in addition to the disruptions from construction, include

- 24 hour light pollution
- 24 hour heat emission
- The creation of 'heat islands'
- air and noise pollution from the use of fossil-fuelled electricity and/or diesel generators.

There must be clear and enforced regulations around the design and operation of any AI data centres to limit, if not eliminate, pollution.

There is scepticism among experts that AI data centres can deliver the economic benefits its developers claim. While construction jobs are significant (over 1,000), on-going jobs

are estimated at around 20-80 [ABC: https://www.abc.net.au/news/2026-07-25/how-many-jobs-do-ai-data-centres-actually-create/106934790].

It is not enough for the Tasmanian government to claim that it is refraining from providing financial support for data centre development (e.g. to Firmus), since access to natural, built and public resources is a form of non-financial support that is easily expressed as financial benefits. If data centres are to be developed, the Tasmanian government must actively engage, scrutinise and actively regulate developers to ensure real and lasting value is delivered to Tasmanians.

Public resources – which are vast, valuable and highly sought after by AI data centre developers – must be managed to produce lasting public value. In this respect, AI data centres must be designed and regulated to ensure that they do not unfairly dominate or otherwise distort access to and/or quality of public resources, including water, electricity, roads, government subsidies, and access to information arising from the allocation of those resources in the public interest.

There must be protections for electricity consumers from utility price increases due to the connection demands of AI data facilities. For example, recently power prices in parts of Western Australia have surged as a result of large-scale, overnight battery charging. These sorts of perverse outcomes must be anticipated and prevented.

In reply to Michael Gaffney's 'Question on Notice' (Question No, 60), Minister Felix Ellis stated that "Firmus has published a policy objective of supporting approximately two megawatts of new renewable generation capacity for every one megawatt of contracted demand." However, a policy objective is simply a set of words, It is a very long way from the capacity to realise the objective, let alone the objective itself. Developers must provide clearly articulated, realistic and socially responsible plans that will see the generation of required renewable energy that meets the objective.

At a very minimum, the aggregate size of data centres in any geographical region should be limited, and developers of any individual facility must demonstrate its on-going energy self-sufficiency as well as contingency plans for alternative energy supply. This will entail a concrete plan to avoid noise pollution and the creation of heat pollution and 'heat islands'.

There must be clearly articulated, legislated and enforced provisions for access to, and management of water, electricity and waste (and its related infrastructure), that recognise the social and economic value and needs of other industry, business, domestic and governmental users. This includes limits on access to and use of public resources at any specific time (night hours, business hours, public holidays, etc), and over specific time periods (monthly, annually).

The destruction by fire of Tungatinah power station has reduced the availability of electricity in Tasmania. The Tasmanian government must now provide a clear plan for how electricity supply will be managed to allow the development of data centres given that there are no concrete and realistic plans for renewable energy generation by data centre developers.

Given their enormous requirements of water and energy, there must be regular public reporting of energy and water consumption, and how these are being used in the operations of the centres so that wastage, over-runs and mismanagement can be avoided and/or promptly rectified.

Given the significance of the resources involved, and the impact on communities, oversight, regulation, resource allocation and reporting will be complex and will require a robust public mechanism that should be at arms-length from elected government, and should report to Parliament.

2. Ensure Tasmania's Resource Management and Planning System adequately recognises and addresses the specific impacts of the development and construction of AI and data facilities

The intended regulatory and reporting framework for data centres must be co-designed with, communicated across, and endorsed by Tasmanians, especially the community in which a centre intends to operate. Such frameworks must reflect the different settings, circumstances and values of the communities in the intended locations.

AI data centres will benefit Tasmanians only if they are designed, developed, operated and regulated in accordance with evidence-based, community-endorsed practices that ensure cooperative co-existence in the communities in which they are established, and

return a clear social and economic benefit to Tasmanians. This will require AI-specific design, planning, construction, legislation, regulation and reporting.

Prior to the design stage, the means by which regulatory non-compliance of AI data centres will be addressed must be clearly and specifically legislated, and must be affordable and realistic, with an obvious ability to enforce compliance. The cost of regulation should be shared by AI data centre operators.

Sometimes an analogy is drawn between control of nuclear proliferation and control of AI, citing success in controlling nuclear weapons as a reason for hope that AI will be controlled. This analogy is completely misleading.

Few people can access enriched uranium, build a bomb and a missile to deliver it, while concealing the entire process. However, once AI and data centres exist at sufficient level any teenager in their bedroom will be able to do massive harm to multiple areas of society unless there is complex and enforced regulation of AI data centres.

As demonstrated in the Hugging Face attack, AI is already at a stage where it can undertake complex hacking and denial of service attacks. In the absence of serious regulation, it is only a matter of time before financial institutions and critical infrastructure are raided, causing massive and irremediable harms.

All inter-AI communications are supported by data centres, which must be highly regulated to ensure that they do not enable denial of service attacks or hacking. This will require a complex intergovernmental regulatory framework with severe penalties for non-compliance.

AI and AI data centres must be regulated to ensure that AI can only be used where it provides socially acceptable benefits. Since data centres feed generative AI, their operations should be limited to providing only data that provides socially acceptable benefits.

Finally, consideration of data centre security and use of the information a centre receives. Information management and security measures must be described, demonstrated and approved at the design and construction stages, and security breaches reported promptly and regularly.

3. Provide Parliamentary oversight and accountability for new facility construction and resource allocation

Planning and approval of data centres should include a mechanism by which the Tasmanian government demonstrates the rationale of resource allocation to facilities and the impact of that allocation on existing and planned industry and domestic users.

The significance of the resourcing and overall social impact of AI data centres requires independent oversight with Parliamentary accountability. An AI-specific commission should be created, reporting to a Parliamentary committee, constituted with broad representation and reporting publicly and regularly.

4. Ensure transparent public disclosure of resource consumption

Public disclosure of resource consumption is essential for reasons of democratic governance and the social licence for centres to operate. There is a truism in the field of monitoring and evaluation that you get what you report. The items that constitute a reporting schedule for resource consumption will be the items that receive attention and investment, by both operator and regulator. Therefore, public reporting of resource consumption presents a significant opportunity to ensure that efficient and appropriate resource consumption receives the attention, evaluation, investment and care it requires.

Public reporting must identify relevant items of consumption, relevant volumes of consumption, the sources of the resource (e.g. rivers, dams, self-generated), and be measured directly over determinate and regular timeframes (such as monthly). Equally importantly, in the design phase, specific, permitted levels of resource allocation must be detailed, along with legal and regulatory consequences of exceeding those levels.

5. Provide the Tasmanian community with adequate opportunities for consultation

The very existence of AI data centres is premised on the value of information generated by individuals, businesses, communities and government. AI reaches deep into the lives of all Tasmanians. This economic and existential value must be reflected in the involvement

of Tasmanians in decision-making about AI data centres, from design stage to regulation and reporting. Consultation must be broad, relevant, meaningful, frequent and sustained, and have real consequences for AI data centres. To establish and maintain a social licence, with trust in both operator and government, there must be a mandated role for broad community representation in designing, planning, implementing, regulating and reporting of data centres.

6. Ensure the Tasmanian community receives tangible benefits from all AI and data facilities constructed in the state

Given that the source of the value of data centre operation in Tasmania is Tasmanians (and other Australians), the Tasmanian taxpayer, via the Tasmanian government, should be a clearly identified creditor and receive a legislated share of profits and other benefits, as determined through a comprehensive consultation process and the AI Commission.

The distribution and re-distribution of risks and benefits must be part of the design and implementation of AI data centres because it is not feasible to be retro-fitted once centres are established. The risk of not being explicit from the outset is that once demands become unacceptable to a data centre operator, it can withdraw, leaving waste and polluted sites for the taxpayer to remediate. There must be clearly legislated consequences for failure to deliver benefits.

A schedule of benefits to flow to Tasmanian communities should be created, and be regulated and reported by an AI Commission. Reports would include detailed data on job creation, including location, type of jobs (e.g. part-time, full-time) and length of tenure (e.g. contract, permanent); resource consumption returns to Tasmania (e.g. via renewable energy).