

Submission to the Inquiry into AI Data Centres in Tasmania

Standing Committee on Government Administration A

Name	Dr Julie Sladden
Capacity	Submitted in a personal capacity
Email	[REDACTED]
Contact number	[REDACTED]

Overall position and primary recommendation

Tasmania should place a temporary pause on approvals for all new AI and data centres until a comprehensive, fit-for-purpose legislative, regulatory and planning framework is in force. This is a sensible response to a new class of industrial infrastructure whose demands and impacts may be substantial, cumulative and, in important respects, still uncertain.

Tasmania is presently considering individual developments before deciding, strategically and democratically, what role this industry should have in the State, how large it should become and on what terms. Policy and regulation should lead development, not chase it. Once approvals are granted, infrastructure committed and capital invested, the State's practical ability to set conditions in the public interest is diminished.

The pause should remain until Parliament has established:

- a distinct planning and assessment pathway for AI and data centres, including cumulative and cross-municipal impacts;
- mandatory, independently verified disclosure of energy, water, emissions, waste heat, noise, land use, backup generation and emergency risks;
- Parliamentary oversight of major projects and allocations of scarce or publicly supported resources;
- early, informed and continuing community consultation; and
- an enforceable public-interest and evidence-based net-benefit test, with benefits proportionate to the resources, infrastructure and risks borne by Tasmania.

1. Protect public resources and the environment

AI data centres require large and continuous electricity supplies, transmission capacity, cooling systems, water in some designs, backup generation, batteries, land and supporting infrastructure. They also produce heat and noise. Their impacts should be assessed at both project and State-wide levels, including cumulative demand and opportunity costs.

A proponent's promise to build or contract its own power generation is not, by itself, a public benefit. The relevant questions are whether the project adds genuinely new and reliable capacity, who pays for network augmentation and firming, whether households and existing industries face higher costs or reduced security, and what other uses of Tasmania's renewable energy are displaced. Similar scrutiny is required for potable water, recycled water, land, roads and emergency services.

Known concerns include electricity and water use, 24-hour noise, land and visual impacts, construction traffic, waste heat, emissions from backup generators, electronic waste and fire risk. Emerging evidence also warrants attention. A 2026 preprint analysing satellite land-surface-temperature records reported an average increase of about 2°C around studied AI hyperscalers after operations began, with effects extending beyond the immediate site. This finding should not be

treated as settled for Tasmania, but it is of sufficient concern to require local baseline studies, modelling, monitoring and mitigation before approvals proceed.

Modern facilities also present distinctive internal fire hazards involving high electrical loads, uninterruptible power supplies, batteries, generators and cooling systems. A 2026 peer-reviewed review found data-centre fire risks remain insufficiently studied and identified electrical faults, battery failures, cooling-system failures and human error among possible causes. Tasmania should require data-centre-specific fire and emergency assessment, consultation with emergency services, disclosure of suppression agents and hazardous materials, and independent verification of prevention and response plans.

Recommended protections include:

- State-wide energy, water and land-use capacity studies under multiple growth scenarios;
- cumulative impact assessment rather than isolated project-by-project assessment;
- preference for closed-loop, low-water or recycled-water cooling, with potable water used only where clearly justified;
- baseline and ongoing monitoring of heat, noise, water, emissions and ecological impacts, with public reporting;
- binding decommissioning, rehabilitation, waste and financial-assurance requirements; and
- full-cost recovery so that proponents, not the public, fund project-specific network, road, water and emergency-service requirements.

2. Ensure the Resource Management and Planning System recognises the specific impacts

There is a fundamental gap in the Tasmanian Planning Scheme in that it does not identify AI data centres, AI factories or high-performance computing facilities as a distinct use. The proposal was classified as “Utilities”, although the applicant’s own acoustic consultant acknowledged that data centres do not fit neatly within the Scheme’s use definitions. In practical terms, a data centre is primarily a large consumer of utilities, not a provider of them.

Assessment by analogy risks normalising an unsuitable pathway. Existing provisions were not designed to address the combined characteristics of continuous high electricity demand, industrial cooling noise, waste heat, large electrical infrastructure, battery and generator hazards, water use, rapid technological change and potentially significant cross-boundary effects.

The planning framework should therefore:

- create a distinct use class and data-centre-specific development standards;
- set clear thresholds for local, regional and State-significant assessment;
- require final or sufficiently detailed equipment specifications before approval, rather than leaving material impacts to future design;
- assess low-frequency, tonal and modulating noise, night-time operation, waste heat, electromagnetic fields where relevant, fire and hazardous materials;
- require climate resilience, water security and cumulative grid and catchment analysis;
- recognise impacts across municipal boundaries and provide standing for affected neighbouring communities; and
- make post-commissioning verification and enforceable corrective action standard permit conditions.

Approval should not convert predicted compliance into presumed permanent compliance. Where approval relies on modelling and assumptions, those predictions must be independently tested under representative high-load operating conditions.

3. Provide Parliamentary oversight and accountability

Tasmania already has a Data Centre Action Strategy, released by the Office of the Coordinator-General in 2018. That strategy should be expressly acknowledged and reviewed. It was developed before the present acceleration of generative AI and proposals for very large, energy-intensive AI

facilities. The issue is therefore not the absence of any strategy, but whether the 2018 approach remains fit for purpose and whether it provides adequate environmental safeguards, resource governance, public transparency, community consultation and Parliamentary accountability for the scale of development now proposed.

The review should report publicly on what actions under the 2018 strategy were implemented, what public resources or assistance have since been committed, what outcomes and community benefits were achieved, and whether the strategy has been formally evaluated. An updated or replacement strategy should be developed through public consultation and approved by Parliament. It should be supported by legislation and regulation, rather than operating principally as an investment-attraction or project-facilitation document.

Decisions that commit substantial electricity, water, land or publicly funded infrastructure should not be made solely through ordinary development assessment or confidential commercial negotiations. Legislation should establish thresholds for Parliamentary notification and scrutiny before binding agreements, major approvals, subsidies, concessional arrangements or infrastructure commitments are made.

The Government should also publish demand scenarios and an annual report covering approved and proposed capacity, resource allocations, public expenditure, compliance, incidents and realised community benefits. Commercial confidentiality should be narrowly construed and should not conceal information necessary to assess public cost, risk or benefit.

4. Ensure transparent public disclosure of resource consumption

Tasmania cannot regulate what it does not measure. Standardised disclosure should begin at application stage and continue throughout operation. Data should be reported at facility level, subject only to limited and justified security redactions, and also aggregated so the public can understand cumulative State-wide effects.

At a minimum, proponents should disclose proposed, contracted, peak and actual electricity demand; energy source and additionality; grid and firming requirements; potable, recycled and total water use; cooling technology; greenhouse and backup-generator emissions; waste heat; noise; land footprint; electronic and hazardous waste; and permanent and construction employment. Actual performance should be independently audited and compared with approval assumptions. Material changes in capacity, equipment, cooling or resource demand should trigger reassessment rather than being treated as routine operational variation.

5. Provide adequate opportunities for community consultation

Consultation must occur before a project is presented as inevitable. Communities need clear, plain-language information early enough to influence site selection, scale and conditions. Consultation should include people affected across municipal boundaries, as demonstrated by Long Reach, where some of the nearest residents are on the opposite side of the Tamar River in another municipality.

For major facilities, consultation should include public notice at concept and application stages, accessible technical summaries, disclosure of resource demands and public support, public meetings, adequate response periods, publication of submissions and proponent responses, and an ongoing community liaison mechanism. Consultation should not be reduced to seeking comment on a substantially settled proposal supported by incomplete or preliminary technical information.

6. Ensure tangible benefits for the Tasmanian community

Every project should be required to demonstrate a positive net benefit to Tasmania, not merely private investment or construction expenditure. Building generation to serve the proponent's own demand may reduce one pressure created by the project, but it does not by itself establish an onward benefit to the community.

The assessment should test realistic and independently verified claims about permanent local jobs, apprenticeships, local procurement, skills and research partnerships, rates and taxation, infrastructure contributions, energy-system benefits and opportunities for Tasmanian businesses. It

should also deduct public subsidies, infrastructure costs, resource opportunity costs, environmental impacts and risks. Construction jobs are valuable but temporary; operating employment may be modest relative to capital and resource intensity.

Major approvals should include community-benefit agreements with measurable targets, reporting, review and consequences for non-delivery. The scale of benefit should be proportionate to the land, energy, water, infrastructure and risk committed by Tasmania.

7. Other incidental matters

The State should decide what kind of digital industry it seeks, rather than simply responding to proposals as they arrive. The strategy should consider ownership and control, data sovereignty and security, resilience of critical services, supply-chain dependence, workforce capability, decommissioning and the opportunity cost of allocating renewable energy and public infrastructure to a capital-intensive industry.

A moratorium is a temporary pause to establish the evidence, rules and public-interest conditions needed for sound decisions. In July 2026, three of five experts surveyed by Macquarie University supported a pause, while the opposing views still called for strict public-benefit, sustainability and infrastructure conditions. This illustrates that the central issue is not whether digital infrastructure has value, but whether its scale, location and terms are governed in the public interest.

Conclusion

Tasmania should not lock in a fast-growing, resource-intensive industry under planning definitions and regulatory settings that were not designed for it. The known impacts are significant and the unknown or emerging impacts are material. The State should pause new approvals, undertake the necessary strategic and cumulative assessments, legislate a dedicated framework and establish transparent, enforceable tests for community benefit before further development proceeds.

Tasmania has an opportunity to set the rules before the rules are effectively set by projects already approved. It should use that opportunity.

References

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