

To the Standing Committee on Government Administration A,

There are several matters regarding the construction and operation of AI data centers within Tasmania that I would like to bring to the attention of the committee. I feel it is important to note I have no industry expertise or insights in this area, but am a proud Tasmanian who cares deeply for the land, waters, and communities of this state. My concerns and recommendations are as follows:

1. Protect public resources and the environment

The large amounts of electricity required to power the currently proposed AI data centers is concerning, with Firmus requesting 450MW from Hydro Tasmania to power two proposed AI data centers in Northern and North West Tasmania [1]. The new national standards for AI data centers are set to include a “legal obligation to underwrite their own new power supply” [2]. Tasmania is in the unique position of meeting almost all of its energy needs through renewables (e.g. 96.7% during 2024-2025 [3]), so for AI data centers to avoid shifting Tasmanian energy generation towards fossil fuels the new power supply will need to come from renewables as well. It is not clear how the requirement for this supply to come from renewables will be included in the national standards, and so Tasmania must ensure this is legislated at a state level.

In addition to the electricity demands, the data center lifecycle emissions must be considered if AI data center companies are to appropriately cover the environmental costs of their construction and operation. Without considering the carbon footprint across the whole data center lifecycle, negative externalities will not be prevented (i.e. the costs due to increased carbon emissions will be borne by the environment and community rather than by the company operating the data centers). Research into AI data centers in Europe suggests that up to 35% of carbon emissions come from the manufacturing footprint [4]. These costs must be meaningfully estimated and offset if new data centers are to avoid degrading the environment. With global temperature rises exceeding 1.5°C now likely unavoidable [5], reducing carbon emissions is an urgent matter.

Suggestions:

- A. *AI data centers to be required to run on renewable energy for the entirety of their operational lifespan*
- B. *AI data centers to be required to operate at net zero carbon emissions, meaning whole system lifecycle carbon emissions are to be estimated and meaningfully offset*

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

Tasmania's current planning system does not provide an adequate framework for the approval of new AI data center projects and is currently unworkable for local councils needing to assess these proposals [6]. As a very new and rapidly changing technology, AI presents large risks and uncertainties that must be considered if the development of AI data centers in the state is to be done safely and in the best interests of Tasmanians.

The potentially catastrophic risks of AI have been recognised by leaders in the field for over a decade [7]. The CEO of Anthropic (one of the frontier AI labs) has also called for a 'slow down' of AI development due to safety concerns [8]. Given the potential scale of the consequences of mistakes in AI development, those approving the infrastructure required for this development must act responsibly and with great caution. The Tasmanian government has an active (albeit small) role to play here. Until adequate global regulatory systems are in place to ensure development by the frontier AI labs is being conducted safely, AI data centers within Tasmania must not support these companies.

Suggestions:

- C. AI data centers operators to be required to ensure compute resources are not sold to frontier labs until global regulatory systems limiting the risks of AI development are in place*

5. Provide the Tasmanian community with adequate opportunities for consultation

Tasmanians must be provided with opportunities to voice their concerns prior to the approval of any AI data center project in the state. Due to the large energy requirements of the data centers, as well as the wide reaching risks associated with the technologies these enable, these will have statewide impacts and require statewide consultation. Consultation is critical to ensure AI data centers have a social license to operate. The importance of social license for these projects has already clearly been seen in the United States, with an estimated \$62 billion worth of delayed and blocked projects due to public opposition [9]. As the global conversation shifts further from discussing the opportunities of these new technologies to discussing their dangers, preventing local backlash and securing social license for any AI data centers built in the state will be of even greater importance.

Suggestions:

- D. AI data centers operators to be required to provide meaningful consultation opportunities for both local and statewide communities to ensure social license is secured prior to project approval*

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

To ensure Tasmanians receive benefits that outweigh the burdens associated with allowing the construction of AI data centers in their community, these must be seen as a valuable long term investment. One risk arising from the uncertainty of AI development is that the

demand will fall and AI data centers will become stranded assets [10]. The rate of AI chip depreciation is not well understood, but some suggest that AI data centers requiring state-of-the-art chips to operate will only run for 5 to 6 years before requiring significant new capital expenditure to replace these critical components [11]. The ongoing profitability of AI data centers is therefore dependant on the future AI funding landscape which is highly uncertain, with warnings from various sectors suggesting a significant market correction is possible [12]. AI data centers are also exposed to the risk of becoming redundant if privacy, security, cost, or performance concerns shift consumer demand from the cloud computing offered by data centers to local computing resources. Current estimates suggest the lag between frontier models and models that can be run on local, consumer level hardware is only ~12 months [13]. To ensure Tasmanians are not worse off in the case of AI data centers becoming stranded assets, regulations around AI datacenter decommissioning must be put in place to limit the risk of these sites being abandoned in the case of a change in market direction [10].

Suggestions:

- E. AI data centers operators to be required to provide reasonable evidence of long term business viability to ensure Tasmanians can receive adequate sustainable benefits*
- F. AI data centers operators to be required to provide a Decommissioning and Rehabilitation Plan prior to planning approval being granted*

Thank you to the committee for your consideration of these matters.

Sincerely,
Dr Andrea Hay

[1]<https://www.hydro.com.au/hydro-tasmania-and-firmus-technologies>

[2]<https://www.pm.gov.au/media/ai-australias-interests>

[3]<https://www.economicregulator.tas.gov.au/Documents/26%201689%20CORRECTED%20Energy%20in%20Tasmania%20Report%202024-25.PDF>

[4]<https://www.sciencedirect.com/science/article/pii/S2214629626003105>

[5]<https://wedocs.unep.org/items/156d074c-ab1d-4833-acf8-6343589ede9b>

[6]<https://www.latrobe.tas.gov.au/notice-board/latest-news/call-for-stronger-framework-for-ai-data-centres>

[7]<https://iopscience.iop.org/article/10.1088/0031-8949/90/6/069501>

[8]<https://darioamodei.com/post/we-must-pace-the-frontier>

[9]<https://www.teneo.com/app/uploads/2026/05/The-1-Trillion-Problem-Winning-social-license-for-AI-data-centers.pdf>

[10]<https://blogs.law.columbia.edu/climatechange/2026/08/06/decommissioning-data-centers-avoiding-stranded-assets/>

[11]<https://www.techbuzz.ai/articles/the-1-trillion-gpu-question-how-fast-do-ai-chips-lose-value>

[12]<https://www.ecb.europa.eu/press/blog/date/2026/html/ecb.blog20260817~754a8a4418.en.html>

[13]<https://epoch.ai/data-insights/consumer-gpu-model-gap>