17 September 2026

Brian Mitchell MP
Committee Chair
House of Assembly Government Administration Committee A

Dear Mr Mitchell

Inquiry into AI Data Centres in Tasmania

We thank the Committee for the invitation to provide a submission to its Inquiry into AI Data Centres in Tasmania.

Data Centre Development Assessments

TasWater's development assessment processes do not currently contain specific provisions or assessment criteria that apply uniquely to AI data centres. This reflects two key considerations:

1. Applying assessment criteria that are unique to a particular industry type can be difficult to justify where similar planning and servicing principles apply across a range of development sectors; and
2. Water demand and servicing requirements can vary significantly between individual data centre developments. For example, not all data centres rely on water-intensive cooling systems, and therefore their impacts on water and sewerage infrastructure can differ substantially.

TasWater's approach to any development, regardless of industry, is to assess each proposal on its merits. Development assessments consider:

- Water and sewerage demand (including peak requirements);
- Local system capacity and constraints (site-specific);
- Impacts on existing users;
- Impacts on future growth and our ability to supply; and
- Required infrastructure upgrades, timing and investment

Accordingly, AI data centres are currently assessed in the same manner as any other development with the potential for significant water or sewerage servicing requirements.

Infrastructure Requirements of AI Data Centres

The Water Services Association of Australia (WSAA) recently published *Data Centres and Water in Australia: A resource for sustainable data centre development* (available on the WSAA website – here). This resource discusses the centrality of the water industry to the success of the data centre sector and TasWater broadly supports the guidance provided by WSAA.

Given the potential impact data centres may have for Tasmanian utilities, TasWater submits that the Inquiry should examine how a coordinated approach across Tasmania's utilities could mitigate the water and energy demand risks associated with AI data centres.

TasWater submits that other matters this Inquiry should examine include:

- Whether a clear policy on potable water use by data centres is necessary to address community concerns regarding water consumption;
- Establishing and agreeing both water and energy efficiency targets in the planning and approvals process;
- Whether pricing signals or other policy mechanisms could incentivise non-water-based cooling systems, such as air-cooled designs for data centres or closed-loop systems;
- Whether encouraging or requiring developers to use recycled water or other alternative water sources for data centre cooling could minimise potable water, and extraction from rivers and streams and deliver the lowest overall environmental impact;
- Whether there is opportunity and incentive to implement circular economy principles in data centre development; and,
- To what extent developers of data centres should be making a funding contribution to legacy infrastructure with broader community benefits, for example, bulk recycled water pipelines.

Please advise if the Committee requires any further information from TasWater that may assist in the Inquiry.

Yours sincerely

[redacted]

Matt Derbyshire

General Manager Sustainable Infrastructure Services