

SUBMISSION TO THE TASMANIAN PARLIAMENTARY INQUIRY INTO AI DATA CENTRES

**House of Assembly Standing Committee on Government
Administration A**

Submitted by
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20 September 2026

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Focus: Planning Scheme Deficiencies, Energy & Water Security, Regulatory Gaps, Workforce & Research Reserves

1. Executive Summary & Context

This submission addresses the critical regulatory, planning and resource management challenges posed by the rapid expansion of AI data centre proposals in Tasmania. Following the establishment of the House of Assembly’s Inquiry on 5 August 2026 and one of the largest e-petitions in Tasmanian history (10,035 signatories), it is evident that the current regulatory regime is manifestly ill-equipped to manage hyperscale computing infrastructure.

Documents tabled in the Tasmanian Parliament in September 2026 reveal an unprecedented, confidential data centre project pipeline totaling between **950 MW and 1,150 MW**. This footprint includes Firmus Technologies’ 444 MW Northern Tasmanian rollout (St Leonards, Bell Bay, Wesley Vale), a Viridis proposal in Burnie, and six confidential proposals seeking an additional 505 MW to 705 MW. Operating under an outdated planning framework written in 1993, individual councils are making isolated discretionary decisions on facilities that individually draw up to 30% of the State’s baseline electricity supply.

Project Identifier	Proponent	Location	Status & Stage	Power Demand	Water Demand
Project Southgate	Firmus Tech.	St Leonards	Under Construction	90-104 MW	Undisclosed
Bell Bay Proposal	Firmus Tech.	Bell Bay	Planned / Site Selected	288 MW	8,700 kL / yr
Wesley Vale DA	Firmus Tech.	Latrobe / Mill Park	DA Under Assessment	52 MW	448 kL / yr
Burnie Concept	Viridis	Burnie	Concept / Early Planning	< 1 MW	Minimal
Proponents 3 & 4	Confidential	North-West / TBD	Concept / Pre-DA	400 - 600 MW	Not Defined
Proponents 5 & 6	Confidential	Undisclosed	Concept / Pre-DA	100 MW	Not Defined
Proponents 7 & 8	Confidential	Undisclosed	Concept / On Hold	5 - 6 MW	Not Defined
TOTAL PIPELINE	All Proponents	Statewide Footprint	Combined Active Pipeline	950 - 1,150 MW	> 9,148 kL

To put this into clear economic context using official data from the Office of the Tasmanian Economic Regulator (Energy in Tasmania Report 2024-25): Tasmania’s entire annual baseline electricity consumption stands at 10,671 GWh, with total on-island generation at 8,704 GWh. An additional continuous digital pipeline of 950-1,150 MW (~8,760 GWh annually) represents a structural demand shock that would effectively equal or exceed the State’s entire existing baseline electricity generation.

2. Inadequacies of the Tasmanian Planning Scheme (LUPAA 1993)

The primary cause of regulatory breakdown is the reliance on the Land Use Planning and Approvals Act 1993 (LUPAA 1993), an instrument enacted over thirty years ago before commercial digital infrastructure existed. Under LUPAA 1993, hyperscale AI data centre facilities drawing hundreds of megawatts are evaluated by individual local councils (such as George Town Council or Launceston) as standard light or general industrial developments. This creates four severe governance failures:

- **Project-by-Project Siloing:** Assessment is currently delegated to individual local councils (e.g. George Town Council for Bell Bay 288 MW; Launceston Council for St Leonards 90-104 MW). Councils assess applications as standard light/general industrial uses in isolation and without legal standing or technical capacity to consider cumulative statewide impacts on power grid stability, water catchments, or energy prices.
- **No Lawful Grounds for Refusal on Cumulative Impact:** Discretionary planning criteria under local schemes focus narrowly on setbacks, height, visual amenity, and localised noise. If a proponent satisfies these local standards, councils cannot lawfully refuse approval based on broader energy draws, carbon emissions, or cumulative utility degradation. Nor can it take into consideration the specific physical and mental health impacts caused by constant low frequency noise.
- **Aggressive 14-Day Public Objection Windows:** Complex development applications encompassing 50+ MW data halls, dozens or hundreds of backup diesel generators, and massive cooling infrastructure are released under standard 14-day public notification periods, severely undermining public participation and democratic oversight.
- **Absence of Major Infrastructure Pathways:** Hyperscale compute facilities drawing hundreds of megawatts function as critical national infrastructure. Treating them like local warehouses represents a systemic governance failure.

Recommendation 1 (Planning Reform): Reclassify data centres as a distinct strategic class of digital infrastructure. Immediately remove development applications for AI data centre facilities from local council jurisdiction, mandating assessment via state Major Projects pathway that requires comprehensive cumulative impact evaluations.

3. Energy Security & Cost Protection: Grounded in Regulator Data

According to the Energy in Tasmania Report 2024-25 published by the Office of the Tasmanian Economic Regulator, Tasmania experienced low rainfall across Hydro Tasmania's catchments in 2024-25, causing hydro-electric generation to drop by 15.1% to 6,343 GWh (the lowest hydro generation in 20 years). Hydro storage levels stood at 33.0% capacity (4,764 GWh of 14,437 GWh total capacity) as of 30 June 2025. To compensate for reduced hydro generation, Tasmania was forced to import a net 1,967 GWh across the Basslink interconnector (the largest net import volume since 2008-09) and increase gas-fired generation at Tamar Valley Power Station to 288 GWh.

Adding 950 MW to 1,150 MW of continuous data centre load onto a system where baseline generation is 8,704 GWh and peak demand is 1,770 MW threatens severe hydro drawdown during dry years, driving up wholesale market volatility and risking supply security. Developers must not be allowed to rely on diesel generators to supplement dispatchable load obligations they may have contracted with TasNetworks in an attempt to relieve grid stress. Furthermore, while National Cabinet agreed on 26 August 2026 to allow mainland states flexibility regarding state-owned power fleets, Tasmania's unique hydro-storage limits require strict state additionality. Developers must be required to bring 100% additional renewable generation and storage online and pay 100% of grid connection and transmission costs to protect household retail tariffs.

Recommendation 2 (Energy Protection & Cost Causation): Legislate strict 100% cost-causation rules requiring data centre developers to fund all grid connection, transmission, and network augmentation costs. Mandate that all facilities supply 100% additional renewable energy and storage capacity.

4. Water Security, Health Buffers, and Environmental Standards

Tabled parliamentary documents reveal that Firmus Technologies' planned Bell Bay facility requires 8,700 kilolitres of water annually, Wesley Vale requires 448 kilolitres, and water needs for six confidential proposals remain 'not defined'. In a drought-prone state, allowing commercial tech operators to draw from potable drinking schemes or agricultural irrigation networks threatens regional food production.

Furthermore, expert submissions from peak bodies to the Federal Senate Inquiry highlight critical public health and environmental risks:

- **Air Quality & Diesel Generators:** Facilities rely on large backup generator fleets (e.g. 278 diesel generators at Bell Bay) emitting fine particulate matter during routine testing, power outages and at times of grid stress where Firmus is contractually obligated with TasNetworks to decrease their electricity draw.
- **Legionella & Water Cooling:** Industrial cooling towers sited near residential or vulnerable communities create biological contamination risks.
- **24/7 Low-Frequency Noise:** Continuous chiller and HVAC operation generates background low-frequency hum causing chronic sleep disruption.

Recommendation 3 (Water & Health Standards): Prohibit data centres from accessing drinking water schemes or agricultural irrigation networks. Mandate a 6-star NABERS energy/water rating, closed-loop cooling systems, and strict statutory buffer zones for noise and air quality.

5. Gaps Between Federal Mandatory Rules and State Expectations

A major policy gap exists between National Cabinet's August 2026 agreement and the Tasmanian Government's September 2026 Draft Expectations. The Tasmanian Government must immediately enact binding interim state legislation to close the "enforceability gap" between non-binding state guidance and pending federal laws. Specifically, Tasmanian Parliament should legislate three statutory guardrails:

- **Interim Binding Force (Closing the Temporal Gap):** Declare that no data centre proposal may receive grid connection or planning approval under standard local council schemes (LUPAA 1993) until it demonstrates full compliance with the forthcoming 2027 mandatory National Cabinet standards. This prevents developers from using non-binding state guidelines to lock in approvals under a 30-year-old planning scheme before federal rules come into effect.
- **Temporary Moratorium on Data Centre Proposals:** While parliamentary e-petition 147 (10,035 signatories sponsored by Cecily Rosol MP) called for an immediate moratorium, evidence from the Planning Institute of Australia and NECA warns that open-ended freezes cause capital flight and damaging boom-and-bust economic cycles. Instead, Tasmania should enact a time-bound strategic pause with a strict statutory sunset clause. This pause holds unapproved proposals temporarily until Major Project planning pathways and Federal mandatory rules are legislated - automatically lapsing once statutory guardrails are active.
- **State-Level Renewable Additionality Rule:** Formally legislate a strict 100% renewable energy additionality requirement in Tasmania. While National Cabinet's August 2026 agreement adopted a broader "energy-agnostic" compromise allowing mainland states to use existing state-owned power fleets, Tasmania must enforce strict additionality to prevent large compute loads from drawing down

public hydro storages, forcing subsea imports across Basslink, and driving up wholesale electricity costs for local households.

- **Mandatory Parliamentary Tabling of Facilitation Deals:** Legislate a statutory requirement that all government-to-AI data centre company agreements, Memoranda of Understanding (MoUs), site facilitation deals, or major utility contracts negotiated by executive agencies (such as the Office of the Coordinator-General) be tabled in both Houses of Parliament at least 15 sitting days prior to taking effect.

Recommendation 4 (Gaps between Federal & State): Implement a temporary pause on all data centre proposals until the Tasmanian Parliament passes legislation to close the policy gap. Tasmanian Parliament legislates that proponents must create no less than 100% additional renewable energy generation and that all agreements, MoUs, deals and contracts with executive agencies be tabled in Parliament at least 15 sitting days prior to taking effect.

6. Proposal: Mandatory ICT & Construction Education & Training Dividend

The construction, commissioning, and long-term technical maintenance of data centres represent a major economic opportunity for Tasmania's future workforce across the electrotechnology, construction, and ICT sectors. These high-intensity digital facilities generate concentrated demand for highly skilled licensed electricians, high-voltage technicians, critical power specialists, and software engineers - occupations where 4 out of 10 roles are already facing national skill shortages. However, as peak industry bodies like the National Electrical and Communications Association (NECA) emphasise, these workforce benefits will only be realised if strict statutory guardrails are established to prevent developers from simply poaching scarce tradespeople away from local residential housing projects and small business contractors.

By enforcing binding Workforce Development Agreements with strict "workforce additionality" rules, Tasmania can compel proponents to co-invest directly in TAFE facilities, Group Training Organisations and university pathways. Provided these investments occur well ahead of peak project demand, data centre developments can deliver a genuine, lasting dividend: expanding Tasmania's overall domestic skill base, creating advanced post-trade specialisations in critical power and high-efficiency liquid cooling, and guaranteeing that local workers capture high-value, long-term technical careers. Proponents should be legally mandated to:

- **Fund Additional Apprenticeships:** Contribute to genuinely additional electrical, construction and ICT apprenticeship commencements created well ahead of peak project demand.
- **Invest in TAFE & Post-Trade Capability:** Direct capital funding to Tasmanian TAFE, senior secondary colleges, and university training facilities to establish centres of excellence in high-voltage engineering, liquid cooling systems, ICT, UPS, and battery energy storage.
- **Local SME & Contractor Guarantees:** Require structured local contractor participation plans ensuring Tasmanian small and medium enterprises participate fairly in supply chains.

Recommendation 5 (Education & Training Dividend): As a mandatory condition of project approval and grid connection, all data centre proponents must enter legally binding Workforce Development Agreements to fund and expand Tasmania's technical capability in ICT, electrotechnology, and high-tech construction.

7. Proposal: Sovereign & Academic Compute Reserve

In exchange for accessing Tasmania's clean energy grid, water catchments, and public infrastructure, proponents must be required to deliver a direct, enduring digital dividend to the State rather than simply exporting raw processing power for offshore corporate profit. Establishing a mandatory Sovereign & Academic Compute Reserve requiring developers to set aside a dedicated allocation (such as 5% to 10%) of high-performance processing capacity via AI tokens or GPU hours will transform Tasmania from a passive infrastructure host into a national leader in sovereign technology and research.

This reserved compute power would provide the University of Tasmania (UTAS), regional research institutes, local tech startups, and state agencies with unprecedented, low-cost access to advanced computing tools. By channelling this processing power directly into key Tasmanian priorities - including climate and weather modelling, marine and Antarctic science, precision agriculture, renewable energy grid optimisation, and medical research - Tasmania can build genuine sovereign capability, retain skilled researchers, and ensure that hyperscale digital infrastructure yields long-term, tangible public value for all Tasmanians.

Recommendation 6 (Sovereign & Academic Compute Reserve): Require all hyperscale and AI data centre operators in Tasmania to dedicate a statutory reserve of compute power (via AI tokens, GPU hours, or high-performance server allocation) for Australian public research and Tasmanian higher education institutions.

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