

Submission to the Tasmanian Parliamentary Inquiry into AI Data Centres in Tasmania

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INTRODUCTION

Artificial Intelligence (AI) is the most consequential technology of the 21st century, it is technology that holds the promise of extraordinary scientific breakthroughs and increased productivity across the board, but the AI tools, and data centres they require, carry risks regarding the use of water and power, as well as their impact on community and environment that must all be carefully considered. What is clear is that AI development has progressed faster than many expected, and for governments, who have a responsibility to advance and protect their communities, that means the traditional slow bureaucratic model won't cut it. To make matters worse, that race has already started. Tasmania is now experiencing its own data centre 'gold rush'. These projects may bring investment and greater digital capability, but this development must not come at the expense of community needs, the environment, existing industries or public confidence.

Through this submission the term 'data centre' has been used to describe both data centres and AI factories to improve readability.

SUMMARY OF RECOMMENDATIONS

1. State Government should establish a data centre specific assessment framework that standardises the required information, units and format.
2. State Government deem data centres with an energy capacity above 10MW¹ to be a major project² required to be assessed at the state level by the Tasmanian Planning Commission.

¹ <https://post.parliament.uk/research-briefings/post-pn-0762/>

² <https://www.stateplanning.tas.gov.au/planning-system/development/major-projects>

3. The State Government assessments must consider the site specific and cumulative impacts of the facility, including electricity, Power Usage Effectiveness (PUE), water, Water Usage Effectiveness (WUE), infrastructure, environmental and community impacts of existing and proposed facilities.
4. The potential impacts of the proposed data centres on the Marinus Link business case must be considered by the State Government and should be discussed with the other investors.
5. State Government should publish the cumulative impact of the existing facilities annually, as part of the Tasmanian Planning Commission's Annual Reports.
6. Require proponents to publish standardised information to support community consultation, which covers forecast electricity and water demands, the cooling system model, any back up generation (on and off site) and exhaust and noise emissions.
7. A model for community consultation be legislated for data centres, which defines the minimum required data to be promulgated, how the consultation should be promulgated and a minimum period for consultation (recommend 90 days).
8. Require early and meaningful community consultation, a public community impact and benefit assessment, enforceable local benefit commitments and ongoing reporting.
9. To support the community consultation proposers of a data centre shall be required to publish a community impact and benefit assessment.
10. Require operators to publish standardised information which includes as a minimum electricity consumption (average and peak consumption), operation of onsite generators (including time, date and duration of each occasion) and noise and exhaust emissions.
11. Strengthen mandatory environmental standards which cover additional renewable energy supply, water usage effectiveness (WUE), low emission backup systems, protection of biodiversity and the impacts of lighting, noise and new transmission infrastructure.

PLANNING

Tasmania has emerged as a desirable location for Australia's data centre industry. Firmus Technologies Pty Ltd (Firmus) is using the state as the base to launch Project Southgate, its flagship program touted as a 'Green AI Campus', with sites in Launceston, Bell Bay and Wesley Vale, with additional centres being proposed on the mainland.

The issue is not whether Tasmania should participate in this industry, that is already happening and the Rockliff Government has openly stated its support for Firmus' plans, but whether the current planning system is capable of assessing developments of the scale of large data centres is questionable.

There is already considerable concern in many local government/councils, not just in Tasmania but across Australia, about the scale, the potential impact of data centre projects and the way these projects are assessed. Recently, the Latrobe Council sought greater State government oversight over the application for the Wesley Vale facility, including consideration to make the project a 'Major Project'.³ This was on the basis that a project of this size is too complex and the potential impacts too significant to be considered by a solitary council. This is reasonable, and individual councils should not be left to separately develop the expertise and conditions needed for developments that can impact statewide electricity and water systems.

Submissions to the recent NSW parliamentary inquiry into data centres provide some insight into the issue and outline why a site-by-site assessment is inadequate, and I would suggest the Committee monitor that inquiry and consider submissions made to it. In particular, the Planning Institute of Australia identified the aggregated effects of clustered developments on electricity demand, water consumption, noise, heat and servicing requirements.⁴ The Carbon Zero Initiative also argued that data centre development must be considered alongside other planning requirements.⁵

To assist the state government should establish a single statewide assessment model that all relevant agencies and councils must use. Large data centres⁶ should be assessed by a State Government Department or Agency, such as the Tasmanian Planning Commission, or a similar statewide planning entity. The assessment must capture consistent information and consider the proposed facility from a site specific and cumulative impact with the existing facilities. This

³ <https://www.latrobe.tas.gov.au/notice-board/latest-news/call-for-stronger-framework-for-ai-data-centres>

⁴ https://www.planning.org.au/Common/Uploaded%20files/Smart%20Suite/Smart%20Library/1c3a56e9-646b-47a1-be0b-7c5f52c23b30/PIA%20Submission%20to%20Data%20Centre%20Inquiry%20NSW%20March%202026_Final.pdf

⁵ <https://files.parliament.nsw.gov.au/fileapi/ParlFiles/GetArtifact/0060%20Carbon%20Zero%20Initiative.pdf?serverRelativeUrl=%2Fdocs%2Fsubmissions%2F94973%2F0060%20Carbon%20Zero%20Initiative.pdf>

⁶ <https://post.parliament.uk/research-briefings/post-pn-0762/>

would allow decision makers to test claims about jobs and investment against the likely impacts on electricity affordability, water availability, capacity of electricity transmission and distribution networks, the environment and traditional industries. Councils would provide input to the assessment to support the site specific and community assessments.

Recommendation 1

State Government should establish a data centre specific assessment framework that standardises the required information, units and format.

Recommendation 2

State Government deem data centres with an energy capacity above 10 MW to be a major project⁷ required to be assessed at the state level by the Tasmanian Planning Commission.

Recommendation 3

The State Government assessments must consider the site specific and cumulative impacts of the facility, including electricity, Power Usage Effectiveness (PUE), water, Water Usage Effectiveness (WUE), infrastructure, environmental and community impacts of existing and proposed facilities.

In addition to the specific demand these data centres will have on the Tasmanian electricity grid, the impact they may have on the Marinus Link project and its associated business case must be considered. The publicly stated projected demand of the proposed data centres is 1150 MW⁸ against a rated capacity of 1500MW for Marinus Link.⁹

Recommendation 4

The potential impacts of the proposed data centres on the Marinus Link business case must be considered by the State Government and should be discussed with the other investors.

⁷ <https://www.stateplanning.tas.gov.au/planning-system/development/major-projects>

⁸ <https://www.parliament.tas.gov.au/house-of-assembly/taled-papers/house-of-assembly-tabled-papers-2026/TP52-1-486.pdf>

⁹ <https://www.marinuslink.com.au/wp-content/uploads/2024/02/Community-and-Stakeholder-Information-Pack-Marinus-Link-2024-Web-final1.pdf>

Parliamentary and public oversight requires transparent information. Proponents should be required to disclose forecast electricity and water use before approval and actual consumption once operating. Standardised reporting would put the relevant facts on the public record and allow for continuous scrutiny. This should be achieved through targeted legislation.

Recommendation 5

State Government should publish the cumulative impact of the existing facilities annually, as part of the Tasmanian Planning Commission's Annual Reports.

COMMUNITY CONSULTATION AND BENEFIT

Much of the public discourse in Tasmania about proposed data centres has occurred after development applications have been lodged. Although proponents have subsequently undertaken community consultation and responded to community concern, it has been recognised that the quality and effectiveness of community consultations varies between companies, with some much better than others. Companies will abide by the rules which is why the government should legislate the rules and ensure it's not left to individual companies to decide what an adequate community consultation looks like. Consultation must be proactive rather than reactive.

Recommendation 6

Require proponents to publish standardised information to support community consultation which covers forecast electricity and water demands, the cooling system model, any back up generation (on and off site) and the emissions.

Recommendation 7

A model for community consultation be legislated for data centres, which defines the minimum required data to be promulgated, how the consultation should be promulgated and a minimum period for consultation, recommend 90 days.

The concept of a 'social licence to operate' was first coined by Canadian mining executive Jim Cooney and recognised that formal approval alone is not enough.¹⁰ A project must also earn the trust and acceptance of the people and communities it does or could affect. The same principle can be applied to data centres, particularly where a development will use substantial public resources or change the character and environment of a local area.

Every proponent should therefore be required to consult early, before the design and location are effectively settled and throughout construction and operation. Effective consultation is paramount to community confidence. Each application should include a publicly available community impact and benefit assessment that identifies local costs (such as potentially higher electricity bills and heavy traffic through construction) and benefits, responds to concerns raised and makes clear commitments. Promised benefits should be specific and measurable. For example, local employment and training, infrastructure contributions or support for affected communities. These commitments and promised benefits should also be subject to ongoing reporting and independent monitoring by the government.

Recommendation 8

Require early and meaningful community consultation, a public community impact and benefit assessment, enforceable local benefit commitments and ongoing reporting.

Recommendation 9

To support the community consultation proposers of a data centre shall be required to publish a community impact and benefit assessment (which includes):

- Dimensions and site arrangements,
- Forecast electricity demand and intended supply arrangements,
- Forecast water demand and intended supply arrangements,
- Forecast emissions (including):
 - noise (measured against some standard),
 - exhausts,
 - heat,
- Employment (construction, ongoing)

¹⁰ https://www.researchgate.net/publication/303019836_Social_licence_to_operate_and_forestry_-_an_introduction

Recommendation 10

Require operators to publish standardised information which includes as a minimum; electricity consumption (average and peak consumption); water consumption (maximum, minimum, average and any abnormal 'spikes'); operation of onsite generators (including time, date and duration of each occasion); and emissions.

ENVIRONMENTAL PROTECTION AND ENERGY SECURITY

Tasmania has a long and proud history of protecting its environment and thanks largely to hydroelectricity, Tasmania has become the first Australian jurisdiction to achieve net zero emissions.¹¹ That achievement matters to Tasmanians' and it supports the clean, green image that attracts both tourists and investment into the state. Tasmania's challenge isn't to reach a zero emissions target, it's to protect what has already been achieved and it should be noted that based on 'business as usual' conditions it has been projected that Tasmania will not maintain its net zero status out to 2050¹².

Data centre approvals must ensure that the impacts of new projects from an emission perspective are minimised, and once minimised those emissions are offset and that the data centre is not competing unfairly with households and existing industries for limited electricity and water. Proponents should be required to demonstrate how their demands can be met, or offset, by additional renewable energy supply, rather than just relying on Tasmania's existing generation.

Environmental impact assessments will also need to extend beyond the footprint of the facility. Land clearing can destroy or fragment sensitive habitats¹³ and powerlines can create collision and electrocution risks for birds. For example, a University of Tasmania study reported that 110 wedge-tailed eagles were either injured or killed on powerline infrastructure between 2017 - 2023.¹⁴ The location and design of any new transmission infrastructure must therefore form part of any project assessment.

¹¹ https://nre.tas.gov.au/Documents/Tasmanian_Emissions_Pathway_Review_-_Summary_Report.pdf

¹² https://nre.tas.gov.au/Documents/Tasmanian_Emissions_Pathway_Review_-_Summary_Report.pdf

¹³ <https://www.theanimalreader.com/2026/07/10/how-ai-data-centers-are-affecting-wildlife/>

¹⁴ <https://www.utas.edu.au/about/news-and-stories/articles/2025/creating-safer-skies-for-tasmanias-wedge-tailed-eagles>

Lighting is also an aspect that requires specific attention. Data centres operate 24/7 and in cases where they use extensive external, security and/or infrastructure lighting, could have impacts on the community or environment. By means of example, the Australian Government's National Light Pollution Guidelines for Wildlife warn that artificial light can displace animals and affect movement, feeding, migration, reproduction and survival. Tasmania's nocturnal wildlife must be taken into consideration when planning assessments are being undertaken. Facilities should be kept away from environmentally sensitive areas and required to use technology that minimises ecological impacts.

Recommendation 11

Strengthen mandatory environmental standards to take into account cumulative impacts and which cover additional renewable energy supply, water usage effectiveness (WUE), low emission backup systems, protection of biodiversity and the impacts of lighting, noise and new transmission infrastructure.

CONCLUSION

Tasmania should welcome innovation, but it should do so in an informed and controlled manner, it should not approve a new resource intensive industry without clear guidelines. A statewide framework, that includes cumulative assessment, transparent resource reporting, genuine community consultation and strict environmental standards would give proponents certainty while allowing them to operate with a social license. The decisions made now will determine whether this industry can gain and keep public confidence while delivering a lasting benefit to the state and individual communities.