

Terms of Reference:

Inquire into and report upon the construction and operation of AI data centres in Tasmania, including recommending future legislation and regulations necessary to:

1. Protect public resources and the environment;

AI data centres are intensive users of water and electricity resources. This will have an impact on communities where these centres are located. What if there is a drought? Water use needs to be reduced, but the centres must maintain the amount they use, communities will then take the hit and be required to reduce their use. This is unacceptable. Legislation must require AI data centres to have backup water sources for cooling during periods of drought.

Data centres must also not use drinking water sources and be required to process wastewater onsite. They must not be allowed to be purely extractory at the expense of local communities. If these facilities are using glycol or other additional substances in cooling systems, wastewater must be regularly tested for levels of these substances and adequate processing in place.

What if there's a heatwave? Blackouts mean that communities will be without power, but the centres will keep running their diesel generators and pump more carbon into the atmosphere? I understand that Ireland is currently grappling with these problems in some of their communities as reported in this article: <https://www.abc.net.au/news/2026-06-15/ai-data-centre-energy-impact-ireland-cautionary-tale/106758928>. AI data centres should be required to be powered by additional renewable energy infrastructure BEFORE coming online. Any backup diesel generators must be limited in their use and cannot be used to subsidise company energy costs when electricity demand is high if being run from the grid.

The acceleration of use of electricity demand to fuel AI means that progress we are making toward mitigating climate change is impacted negatively. If companies will be required to generate the amount of energy they use, shouldn't this infrastructure be produced before they create the data centres?

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;

These facilities are unprecedented. I am less familiar with this specific area of legislation, but these projects are so resource intensive that they affect the entire state and should be treated at the very least as projects of state significance.

The major challenge comes with the redirection of building resources and workforce away from other building projects to data centres. It means that the housing crisis can be potentially exacerbated if the demand for electricians and other skilled labours is redirected due to financial incentives to build data centres. This has been highlighted in the article here: <https://theconversation.com/australias-data-centre-build-out-carries-risks-for-the->

[economy-and-inflation-290157](#) which argues that the economic benefits for Australia from data centre construction are not necessarily all that great and that the risks to the economy are far greater.

3. Provide Parliamentary oversight and accountability for new facility construction and resource allocation;

The interruption of current plans for resource allocation must be addressed adequately before AI data centres come online. The main tension is with the pressure on electrical and information technology infrastructure.

Both federal and state governments have allocated billions in funding to make Tasmania the “battery of the nation” when Marinus link is up and running. If all our energy in Tasmania is now going to be used in-state, then what is the business case for Marinus? To what extent will power be able to be exported to the mainland? The business case for Marinus was already under scrutiny as in this report updated in May 2026: <https://bobbrown.org.au/wp-content/uploads/2026/06/260512-FINAL-bob-brown-foundation-third-report-cover-1.pdf>

Tasmanian data cables would also need to be upgraded if there is an increase in data throughput from these centres. Will the new Bernacchi-1 cable be enough to mitigate the increased demand these data centres will produce?

An additional concern is the access that AI data centre companies have with politicians who actually decide on the legislation. What influence do these companies have over the government to essentially give them what they want in exchange for political donations? Political donations from these companies and proxies should be restricted. This has been highlighted when a federal government politician received a large political donation from a tech company, shifting his position to push the technology: <https://www.afr.com/rear-window/star-labor-minister-s-changing-crypto-story-20260504-p5ztfx>. Transparency needs to be one of the cornerstones of any policy created around AI data centres, including in the process of creation of those policies.

4. Ensure transparent public disclosure of resource consumption;

Transparency and regular reporting are a requirement. AI data centre “expectations” are not good enough. There needs to be rigorous requirements and legislation that must be adhered to.

The EPA needs to be strengthened and resourced adequately to provide oversight of environmental concerns.

Data needs to be provided with great frequency (daily updates of the previous 24 hours), especially at the beginning of project implementation so that any issues can be caught early. This should include water use, energy use, wastewater amounts and quality, and data throughput.

5. Provide the Tasmanian community with adequate opportunities for consultation;

It is insufficient and unacceptable that the overall picture of data centre expansion in Tasmania was only revealed under duress by the government. The government must be more open and transparent as to how our resources will be used by companies as soon as proposals are put to them so that adequate public scrutiny can be applied.

Community concerns cannot be satisfactorily addressed under current planning processes and so these must be changed to allow access as soon as proposals are put to the government. These could be easily made available online.

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

What are Australians getting out of the agreement to build these centres? Or are these purely extracting value from our communities? No significant job creation occurs with these facilities (except in the building phase), they're resource hungry, impact the communities where they are located through noise and generating heat islands, what taxes do these companies pay for the benefit of operating in Australia? If the companies are offshore, how much corporate tax do they actually pay? What share of payroll tax? What share of land tax? It feels like a great deal for companies, extracting lots of wealth, but not much redistribution of it.

Companies should therefore pay an additional AI Data Centre tax per MW that can be redistributed into the communities as the government elected by the people see fit. Companies cannot be trusted to build the social license within communities to support them to manage the risks posed by these centres, as evidenced by the recent community backlash over Firmus' proposed developments.

The superficial support by AI companies of sporting teams as "contributing to the state" feels like they are trying to buy a social license and is not the best use of additional monies provided by these companies. They should be required to reimburse the community for the risk that they are taking on.

In addition, there is massive financial risk and a number of economists are predicting an AI bubble due to poorly disclosed risk and "circular financing" where AI companies buy chips from companies who invest back into the AI company, inflating prices and demand artificially. Building these centres could potentially enable this inflated value and if the government invests at all in these companies through tax incentives or similar, that the state could lose huge amounts of money. <https://www.bloomberg.com/news/articles/2026-06-28/ai-bust-risks-ripple-effects-from-growth-to-credit-bis-says>

7. Any other matter incidental.

The major challenge around the rapid expansion of AI data centre infrastructure worldwide is that the consequences of this have not been adequately studied. I could only find a few scholarly articles online that begin to examine the societal and environmental consequences of this expansion, and they are yet to be peer reviewed (**The Cloud Next Door: Investigating the Environmental and Socioeconomic Strain of Datacenters on Local Communities - Ngata et al (2025) - <https://dl.acm.org/doi/full/10.1145/3715335.3736324>** and **Power, Pollution and Policy: The Environmental and Community Costs of AI Data Centre Expansion - Kennedy and Al-Kilani (2026) <https://www.researchsquare.com/article/rs-10652576/v1>**)

These articles, focused on case studies in Virginia, USA, highlight the regulatory challenges that these data centres bring, including that legislation that was brought forward was watered down and that community protections were insufficient due mainly to weak accountability mechanisms.

Another element tangential to the data centre concern, that may not be within the remit of this inquiry, is the effect of AI more broadly in society. I work in education and have been part of a trial of encouraging students to use AI “ethically and responsibly”. Unfortunately, I feel that this is oxymoronic and even through normal teaching processes, I have seen students too readily use AI to the detriment of their learning. My experience is backed up in recent research suggesting people who use AI tend to “cognitively offload” and I am keen for our students to not fall further behind academically due to the false belief that they might be learning whilst using AI. I have also witnessed some workers submit to cognitive offloading and the impact that that has had on relationships and perceived expertise in the workplace. (**AI Tools in Society: Impacts on Cognitive Offloading and the Future of Critical Thinking - Gerlich (2025) <https://doi.org/10.3390/soc15010006>**) Another article also shows that AI can have a negative impact on student learning in the long term (even if improving short term homework scores and completion) (**The Generative AI Learning Penalty: Evidence from Chinese Secondary Education - Stromber, Lei, and Wu - 2026 <https://cepr.org/publications/dp21577>**)

It is so important that we listen and adapt to the research and introduce policies that are in the best interests of our communities. I am extremely concerned about the pace of adoption of AI and its related infrastructure and I fear that we will lose what makes Tasmania so special by launching headlong into a relatively unknown and untested new environment without rigorous requirements, legislation, and guardrails to protect our communities.