

Models of data-centre community benefit sharing for Tasmania

Policy Brief prepared for the House of Assembly Government Administration Committee A Inquiry into AI Data Centres

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Executive Summary

Purpose of this brief

This *Policy Brief* identifies practical models through which Tasmania could secure enduring community benefits from data-centre development, while providing proponents with a clear and predictable investment framework.

The technology, economics and regulation of data-centre development are changing rapidly. Demand for AI-related computing capacity nevertheless remains strong. With appropriate policy settings and an effective investment framework, Tasmania should be able to host future data centres in ways that deliver long-term public value.

Our research and submission to this Inquiry indicate that data centres usually provide limited direct benefits to host communities. They employ relatively few people once operational, pay little state tax and consume substantial amounts of electricity. Without proactive policy intervention, most of the value they create is likely to accrue to owners and investors outside Tasmania.

The policy challenge is therefore to develop an application, approval and benefit-sharing framework that is fair to both proponents and host communities. Although uncertainty about future data-centre business models makes it difficult to set a precise contribution, significant and sustained community investment will be necessary to build and retain social licence.

This *Policy Brief* reviews national and international approaches to community benefit sharing, explains how contributions are calculated and provides indicative estimates for a contemporary 100 MW Tasmanian facility.

Key Findings

- Six broad models are emerging internationally: voluntary grants; community benefit funds; property and equipment levies; revenue taxes; infrastructure cost recovery; and local employment or procurement obligations.
- Indicative contributions for a contemporary 100 MW facility range from about $0.5 million a year for a negotiated lump-sum contribution to $31–56 million in year one under a US-style equipment-tax benchmark. Based on current international practice it would be reasonable to expect a 100 MW facility to contribute $10 million pa to a community benefit fund.
- A national 5% revenue tax, as proposed by Senator David Pocock, would raise about $11.9 million a year from a facility like that proposed at St Leonards. As proposed, this revenue would accrue to the Commonwealth unless a share were returned to host jurisdictions.
- Full infrastructure cost recovery and commercial electricity pricing are essential. These are not community benefits in themselves, but they prevent households, other businesses and taxpayers from indirectly

subsidising data-centre development and contribute to network costs which otherwise would be paid by all electricity consumers.

- Tasmania's most practical levers are energy-supply agreements, planning conditions, council rates and binding community benefit agreements.
- Direct state taxes on equipment or electricity use are unlikely to be available because they may constitute duties of excise under section 90 of the Australian Constitution. Nevertheless, these models provide reasonable benchmarks for negotiating contributions through lawful charges or agreements.

Preferred approach

Tasmania should make a state-negotiated, capacity-based community benefit fund the centrepiece of its framework. The contribution should be set at a transparent, indexed $/MW/year rate through a binding agreement. Council differential rates should be treated as a fallback or supplementary local mechanism, not the primary statewide model. A Commonwealth revenue levy would be complementary if enacted and if part of the revenue were returned to host jurisdictions.

Recommended framework for Tasmania

Table 1: Recommended layered framework for data-centre benefit sharing in Tasmania

Layer	Recommended action	Rationale
1. Baseline: full cost recovery and commercial energy pricing	Require commercial electricity pricing in supply agreements and full recovery of network and other infrastructure costs.	Prevents households, other businesses and taxpayers from subsidising data centres.
2. Preferred model: mandatory community benefit fund	Make a fund a condition of approval, set at a transparent statewide $/MW/year rate, indexed and independently administered, with local priority-setting.	Is available within state powers, predictable for investors and scalable with project capacity.
2a. Fallback or supplementary local mechanism: differential council rates	If the state does not establish a uniform benefit-sharing framework, support host councils to apply differential rates to data-centre land, with state guidance to improve consistency.	Uses existing powers under the *Local Government Act* 1993, but may produce inconsistent outcomes if councils act independently.
3. Complementary national mechanism: Commonwealth levy	Support a national revenue-based levy, such as the proposed 5% tax, with an agreed share returned to host states and communities.	Captures value from profitable operators that pay little state tax. A St Leonards-scale facility could contribute about $11.9 million a year under this model.
4. Jobs, skills, procurement and compute access	Include enforceable local hiring, training, procurement and compute-access commitments in benefit agreements.	Operational employment is modest, so enduring value is more likely to come from skills, supplier development and innovation spillovers.
5. Governance and transparency	Make the Draft Statement of Expectations binding, assess large proposals as Major Projects, and publish benefit agreements and energy-supply principles.	Improves accountability and social licence in a context of significant community concern.

Voluntary grant programs should be welcomed, but should not offset or replace binding obligations.

Introduction

Governments around the world are developing frameworks to ensure that communities hosting AI data centres share in the benefits. Although instruments and calculation methods vary, effective approaches generally require benefits to:

- meet community expectations;
- reflect impacts on infrastructure, energy and water;
- take account of likely profitability, now and in the future; and
- manage risk for both communities and operators.

This brief summarises the principal models emerging in Australia and overseas and estimates what selected models could raise in Tasmania.

1 Benefit-sharing models

International arrangements range from discretionary grants to binding agreements, taxes and levies. Contributions may be fixed, revenue-based, or linked to facility size, value, energy use or water use.

1.1 Voluntary operator-administered grants

Operators provide grants or sponsorships without a binding legislative or planning requirement. Funding commonly supports education, digital inclusion, environmental projects, public amenities and community facilities. Amounts are discretionary and usually unrelated to facility size, power use or revenue. Meta's Data Centre Community Action Grants had funded more than US$94 million across about 3,700 projects globally by March 2026.

1.2 Community benefit funds

A developer commits an agreed amount to specified local purposes, usually through a community benefit agreement with the host government. Contributions can take the form of a negotiated lump sum or a capacity-based rate. Lancaster AI Hub committed US$20 million across economic development, sustainability and clean energy, together with conditions relating to electricity, water, noise, emergency services and workforce development. In Scotland, Apatura has committed £6,000 per MW per year across proposed campuses, while DataVita has proposed £50,000 per MW of data-centre capacity per year plus £15,000 per MW of associated renewable generation. Local communities typically determine priorities such as transport, schools, apprenticeships, biodiversity, fuel poverty and productive use of waste heat.

1.3 Levies on property or equipment

These levies tax the value of land, buildings, servers, cooling systems, generators and associated equipment owned by data centres. Loudoun County, Virginia, taxes data-centre computer equipment at US$4.15 per US$100 of assessed value

for 2026 and 2027. Virginia also introduced a temporary electricity tax of US$0.011 per kWh for data centres of 1 MW or more from 1 July 2026. In Tasmania, a new state tax on equipment or electricity use would face a substantial constitutional risk under section 90. Councils may, however, vary rates by land use under the *Local Government Act 1993*.

1.4 Taxes on income or turnover

Revenue-based models seek to capture a share of operating value rather than physical assets. In October 2026, the Parliamentary Budget Office costed Senator David Pocock's proposal for a 5% tax on revenue from data centres with an energised IT load above 5 MW. For owner-operated hyperscale facilities, revenue would be deemed at A$236 per kW per month and indexed to CPI. The measure was estimated to raise about $404 million over the forward estimates, although with a high degree of uncertainty. A 100 MW Tasmanian facility could generate about $12 million a year under this approach, but the revenue would be Commonwealth revenue unless shared.

1.5 Infrastructure and resource cost recovery

Developers meet the full cost of electricity, water, wastewater, transport and emergency-service infrastructure required by their projects. Charges may reflect connection costs, network augmentation, reserved capacity, peak demand, consumption or stranded-asset risk. Cost recovery is not benefit sharing in the strict sense, but it prevents project costs being transferred to the community.

1.6 Local workforce, skills, procurement and compute access

Approval conditions or benefit agreements can require measurable opportunities for local workers, training providers and businesses. Obligations may include hiring and apprenticeship targets, wage standards, training expenditure and procurement commitments. For example, Microsoft and TAFE NSW established a Datacentre Academy at Meadowbank in 2025. Finland's LUMI AI Factory provides eligible researchers, AI start-ups and small and medium-sized enterprises with access to computing resources.

Table 2: Summary of benefit-sharing models

Model	Status	Calculation basis	Form and use
Voluntary community grants	Voluntary; operator controlled	Discretionary corporate allocation	Grants and sponsorships for local organisations and projects
Community benefit fund	Negotiated; binding once agreed; may be an approval condition	Fixed sum or capacity/resource-based rate	Dedicated fund for locally determined development, infrastructure, amenity or conservation
Property or equipment levies	Mandatory where authorised by law	Rate applied to assessed or depreciated asset value	General revenue or funds earmarked for host communities
Income or turnover tax	Mandatory where legislated	Percentage of profit, income, turnover or deemed revenue	General revenue or hypothecated host-community funding
Infrastructure or resource cost recovery	Usually mandatory through agreements, charges or regulation	Actual cost, reserved capacity, peak demand, consumption or share of augmentation	Electricity, water, wastewater, roads, emergency services and other enabling infrastructure
Workforce, skills or procurement obligations	Contractual, incentive-linked or imposed through conditions	Employment, apprenticeship, training or procurement targets	Jobs, training, supplier opportunities and workforce-development programs

2 Indicative contributions from a Tasmanian facility

The financial contribution as AI data centre could contribute varies with the model, capacity, utilisation, revenue and asset value. The estimates below are therefore indicative. They apply selected international benchmarks to a contemporary 100 MW Australian facility.

Case study assumptions

- **Investment:** up to A$2.1 billion.
- **Capacity:** about 44 MW in Stage 1a, expanding to 100 MW.
- **Critical IT load:** 84 MW.
- **Timing:** expected to be operating in 2027.
- **Excluded from quantification:** discretionary grants, infrastructure cost recovery, and workforce or procurement benefits, because outcomes depend on project-specific agreements.

Table 3: Indicative annual contribution for a 104 MW facility

Model	Calculation basis	Indicative annual contribution (A$)
Community benefit fund: negotiated lump sum	Lancaster benchmark, annualised indicatively	$0.5–1.5 million
Community benefit fund: capacity-based	£6,000–£50,000 per MW per year	$1.2–9.8 million
Equipment-value benchmark*	US$4.15 per US$100 of assessed value in year one	$31–56 million
Electricity-use benchmark*	US$0.011/kWh at 50–80% utilisation	$7.1–11.4 million
Revenue tax benchmark**	5% of deemed revenue, 84 MW IT load deemed at A$236/kW/month	$11.9 million

* A direct state tax is likely to face constitutional constraints under section 90. The benchmark could still inform a negotiated contribution.

** This would be Commonwealth revenue unless a share were returned to Tasmania. Figures are indicative and in Australian dollars unless otherwise stated.

> **A note on estimates**
>
> The estimates should not be read as forecasts of revenue. Their value is to establish an approximate range and demonstrate approximate annual contributions based on current international practice. A transparent $/MW/year rate would offer the clearest and most scalable basis for Tasmania's preferred community benefit fund.

3 Conclusion

Tasmania's objective should be to secure lasting public value without creating an uncertain or fragmented investment environment. A state-negotiated, capacity-based community benefit fund offers the clearest primary mechanism. It should sit above full commercial pricing and infrastructure cost recovery, operate through binding and transparent agreements, and be complemented by enforceable commitments on skills, procurement and compute access.

Council differential rates provide a lawful fallback or supplementary option if a statewide framework is not established. A Commonwealth revenue levy could further strengthen the framework, but only if host jurisdictions receive a defined share. Voluntary grants may provide additional value, but they should not substitute for binding obligations.