Series 4

Why Australia?

Firmus AI Infrastructure - Industry Education Series

June 2026

The US is running out of runway

Structural constraints are redirecting AI infrastructure capital from the US to global jurisdictions

>5 years

Median grid connection time for 100–200 MW projects

3-5 years

High-voltage transformer lead times. Switchgear sold out through 2028

25+

US data centre projects cancelled due to community opposition in 2025

~⅓

New US capacity being designed to run off-grid as projects struggle to secure power on the grid

Why this creates Australia's opportunity

- The IEA estimates ~20% of global data centre capacity planned through 2030 may face grid connection delays
- US power scarcity is structurally redirecting AI workloads to stable, power-rich markets with lower cost of power
- Operators who have secured reliable power hold an irreproducible advantage
- AI training workloads are largely insensitive to latency
- The investment case for globally competitive locations such as the Middle East has been materially impacted by global disruptions.

"Australia has among the best natural resources and abundant clean energy [stores] in the world, and if Australia wanted to become a data centre capital of the world, it would certainly be able to"

OpenAI

Sam Altman

CEO and Co-founder of OpenAI

Source: Berkeley Lab, Queued Up: 2025 Edition; IEA, Energy and AI World Energy Outlook Special Report (2025); Tech-Insider.org, April 2026

Latency does not impact AI training and Australia is well connected

AI training workloads are insensitive to latency and Australia's has the highest quality connectivity infrastructure

Latency

AI model training is location-agnostic

A US-based company training a model in Australia faces minimal latency. Performance is determined by the cluster — not where in the world that cluster sits.

AI factories compete on the economics of token production: power cost, land cost, renewable credentials. Therefore, for training workloads — the most compute-intensive AI task — location is entirely a cost and infrastructure decision.

✓ **AI model training**
Up to 100ms — virtually insensitive

✓ **AI inference**
20–200ms — highly tolerant

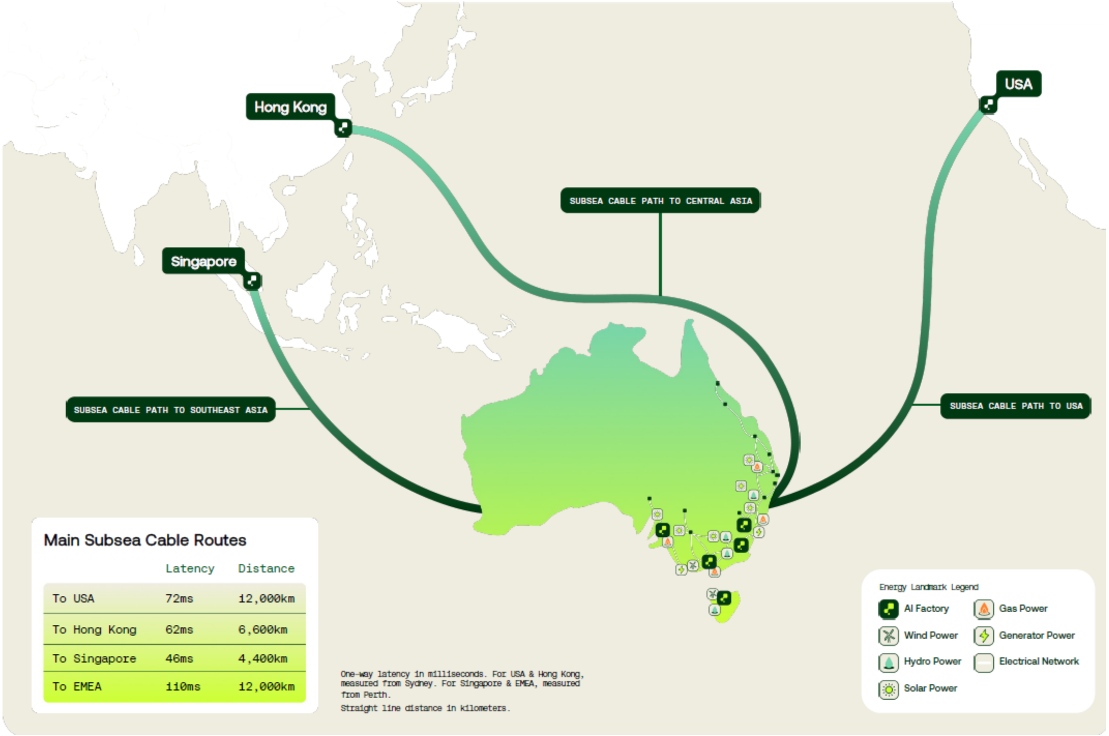
✓ **Agentic AI workflows**
Flexible — multi-step tolerant

✗ **Traditional cloud (transactional)**
Sub-10ms — must be near users

The historical reason data centres clustered near cities. Not the target workload for AI factories.

Physical connectivity

Australia is connected to the world by terabit-scale subsea cables with latency to key markets low enough to accommodate all AI training and most inference workloads.



Source: Source document s.2.6.2; Firmus / SUBCO Bernacchi-1 announcement (June 2026); SUBCO SMAP disclosures; McKinsey & Company (December 2025); Australis source document (April 2026). Latency figures are indicative from Firmus Launceston facility to key global markets.

Bernacchi-1 delivers more capacity than all existing Bass Strait fibre cables combined — Tasmania's first new mainland connection in over 20 years, directly enabling Firmus Project Southgate.

Australia's power advantage is real

Abundant. Renewable. Cost-competitive.

190 GW

Forecast total NEM capacity by 2035, from 82 GW today

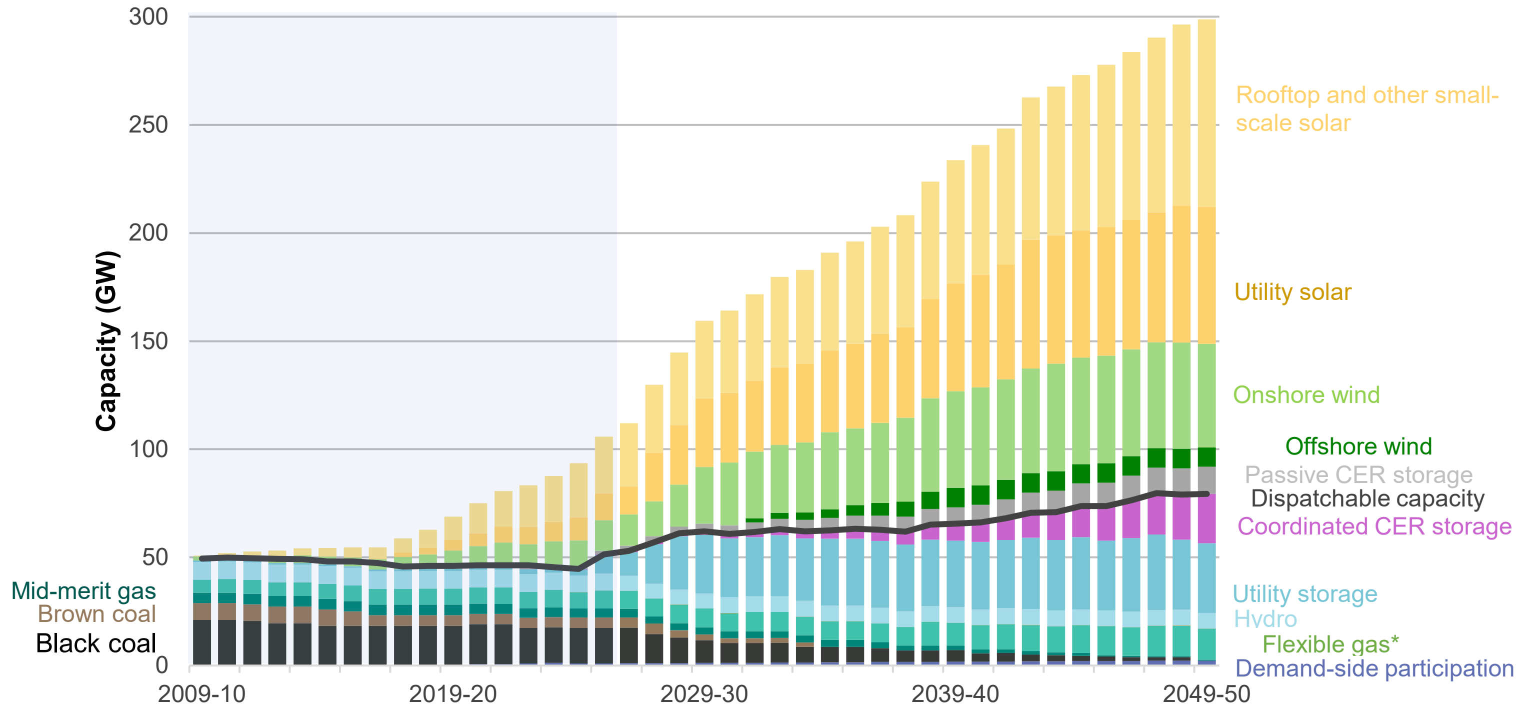
AEMO Draft 2026 ISP, December 2025

AUD 163bn

Unconstrained national renewable pipeline — 122 GW of potential new capacity by 2028-29

Infrastructure Australia, 2025

AEMO NEM capacity 2009-10 to 2049-50, Step Change Scenario



Australia has significant power capacity

The NEM is in the midst of its largest ever capacity buildout with Total NEM capacity forecast to grow from 82 GW today to 190 GW by 2035

AEMO Draft 2026 ISP; AEMO Connections Scorecard Q1 2026

PPAs: AI factories underwrite new renewable capacity

A PPA, typically 10–15 years at a pre-agreed CPI-linked price — gives a renewable developer the contractual certainty to reach financial close. Without the offtake commitment, many projects do not get built. For the operator, the PPAs lock in cost certainty.

Source document s.2.6.4; AEMO ISP 2024

AI Factories provide grid stabilisation

AI factories operate 24/7, making them uniquely suited to benefit the NEM's intraday supply/demand dynamics. By operating in periods of low wholesale prices — typically midday when generation is abundant — and using co-located battery storage to cover peak demand, an AI factory absorbs surplus generation and reduces curtailment.

WattClarity, 2026; AEMO Connections Scorecard 2026

Source: AEMO Integrated System Plan 2024 (Step Change scenario). Chart data reconstructed from AEMO ISP 2024 published capacity figures; indicative of AEMO's trajectory, not a direct image reproduction. Oxford Economics Australia / AEMO Data Centre Energy Demand (July 2025); Climate Council (2025); IEA Electricity Mid-Year Update 2025 and Electricity 2026.

Australia has an abundance of available land

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Abundant. Stable. Affordable.

7.7m km²

Land mass — same as the continental United States, with less than 10% of the population

28m

Population — creating an extraordinary abundance of developable land near transmission infrastructure

Geological stability

Australia sits on the stable Indo-Australian tectonic plate — no subduction zones or major fault systems

Market	Land availability	Approx. land cost	Campus-scale AI development
US major data centre markets (Virginia, Texas, Arizona, Georgia)	**Severely constrained in established hubs**	US$1.0-3.0m	**Effectively closed in primary markets**
Singapore	**Moratorium in place since 2019**	-	**Blocked**
Australia (metropolitan) Sydney, Melbourne	**Available — increasingly constrained in inner areas**	~A$2.0-4.0m	**Active; outer-metro precincts growing**
Australia (regional) QLD, TAS, regional NSW	**Abundant near transmission infrastructure**	<A$0.5m	**Significant opportunity; improving access**

Climate Advantage

Southern regions have a temperate climate with cool conditions in Tasmania and at altitude, directly reducing cooling loads and improving energy efficiency.

Time to market advantage

NSW’s Investment Delivery Authority has fast-tracked 15 projects worth AUD 51.9bn. Victoria approved a NEXTDC facility in 75 days. Streamlined approvals pathways represent a material site-selection advantage over markets where permitting is lengthy or uncertain.

Source: M3 Property, Data Centre Growth in Australia (November 2025); CBRE, Why Australia for Data Centres (September 2025); DC Byte, Global Data Centre Index 2025; Berkeley Lab, Queued Up: 2025 Edition; NSW Government, Investment Delivery Authority (March 2026); Geoscience Australia seismic hazard assessments; Australis source document s.2.5.2, s.2.6.1 (April 2026).

Australia is a trusted jurisdiction and has access to the latest GPUs

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Geopolitical alignment is now a determinative factor in AI hardware access

What is Five Eyes?

Five Eyes is the world's most comprehensive multilateral intelligence-sharing alliance, binding Australia, Canada, New Zealand, the United Kingdom and the United States.

AU	CA	NZ	GB	US
Australia	Canada	New Zealand	UK	USA

GPU access — hardware that powers AI

The most advanced NVIDIA GPUs — Blackwell, Vera Rubin — are subject to US export controls. Five Eyes members receive near-parity treatment with the US, granting unrestricted access. No other alliance provides equivalent certainty.

AUKUS — technology cooperation beyond Five Eyes

Australia's AUKUS partnership with the US and UK specifically encompasses AI and advanced technology cooperation. This reinforces Australia's access position and aligns AI infrastructure investment with the deepest security treaty framework available.

Sovereign compute and data sovereignty

Government, defence and regulated enterprise workloads must remain in-jurisdiction. Five Eyes alignment provides the trust framework that makes Australian AI infrastructure acceptable for the most sensitive workloads — a demand segment that cannot be served by non-allied jurisdictions regardless of cost.

GPU access by jurisdiction

Under US export controls (EAR), access to advanced AI hardware varies by geopolitical alignment.

Tier 1

Australia
Unrestricted
Five Eyes + AUKUS. Strongest structural basis for access under any replacement framework.

Tier 1

Canada / UK
Unrestricted
Five Eyes members. Same current access as Australia; no AUKUS equivalent.

Tier 1

Japan / S. Korea
Unrestricted
Treaty allies. Tier 1 under the January 2025 rule (since rescinded); not Five Eyes.

Tier 2*

UAE / Saudi Arabia
Uncertain
**Re-export concerns. Access under any replacement framework remains under active review.*

Tier 2

Malaysia / Indonesia
Restricted
Licensing requirements apply. Re-export risk concerns raised under successive EAR revisions.

Tier 3

China
Blocked
Comprehensive restrictions. Excluded from advanced NVIDIA architectures for commercial data centre use.

The January 2025 AI Diffusion Rule was rescinded in May 2025; a replacement has not yet been finalised. Tier classifications reflect the most recent published framework and are the best available indicator of likely future treatment.

Source: US Bureau of Industry and Security (BIS); BIS interim final rule (19 April 2024); Framework for Artificial Intelligence Diffusion (January 2025, rescinded May 2025); Morgans analysis. Tier classifications are Morgans's assessment of the most recent published regulatory posture. Not legal advice.

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