

Event Brief: Apple

Time and date: 15:00 – 16:00, Friday 12 July

Venue: Apple Park

Objectives

- Build on Apple's demonstrated interest in investing in New Zealand by laying out the Government's actions to ease regulation, improve business settings, and welcome foreign capital.
- Seek insights on how Apple approaches their operation locations, particularly with regard to small advanced economies with good innovation eco-systems.
- Ask Apple about their direct interests in New Zealand and what it would take to grow these.

Format

Walk through of Apple Park followed by discussion with senior leadership on Apple's innovation ecosystem and collaboration with New Zealand.

Agenda / Runsheet

- 15:00 Arrive at Apple Park, met by Jason Lundgaard, Senior Manager, Corporate Government Affairs.
- 15:05 Discussion with Apple Senior Leadership covering the following topics:
- Innovation ecosystems and fostering investment in New Zealand
 - Productivity and AI diffusion
 - Security and privacy
 - s9(2)(ba)(i)
- 15:43 Conclusion of discussion and opportunity for photo with Apple representatives.
- 15:45 Walk through of Apple Park, led by Jason Lundgaard, Senior Manager, Corporate Government Affairs. Note: Apple Vice Presidents will not be present for walk through.

16:00

Depart Apple

Media

Media will not be in attendance.

Discussion points

- Welcome Apple's research and development presence in Auckland.
- Note that New Zealand welcomes more foreign capital to enable our economic growth. This allows critical public services to be provided. Our actions include:
 - Faster processing times and removing bureaucracy, making it easier for foreign investors to invest in New Zealand. We are streamlining Overseas Investment Office processes and have made consenting for Build-to-Rent developments easier.
 - Streamlining consenting (permitting) pathways of resource approvals for major infrastructure projects with a one stop-shop fast-track consenting regime.
 - Developing a 30-year National Infrastructure Plan that can provide certainty for investors. Budget 2024 committed over NZ\$17 billion of public infrastructure, and the National Infrastructure Pipeline is now worth over NZ\$120 billion.
 - Committing to doubling renewable energy by 2050 and reducing net greenhouse gas emissions, including increasing the number of public electronic vehicle chargers across New Zealand under a new co-investment model with the private sector.
 - Attracting more capital and ensuring we have enabling regulation in key future sectors such as renewable energy, space, and biotechnology.
- Note that New Zealand is interested in deepening its capabilities for domestic AI development and innovation. Inquire as to how New Zealand can better tap international investment in AI to support computing and data capabilities.
- Note that in many nascent sectors, New Zealand's small market has provided a valuable testbed for innovation. In addition, several providers are developing cloud data centres in New Zealand. New Zealand also has abundant renewable energy.^{s9(2)(g)(i)}
- Inquire as to how Apple is thinking about locating some of their operations in a country with considerable renewable and security advantages.
- New Zealand's tech and public sectors have a high reliance on overseas talent. We would like to work with Apple to explore what opportunities there might be to support pathways for young New Zealanders to gain experience in AI and tech development.

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- Note the New Zealand Government's continued investment in the screen sector, particularly through the New Zealand Screen Production Rebate.

Productivity and artificial intelligence (AI) diffusion

- Many firms in New Zealand are at very early stages of AI adoption. What do companies need to be confident to use AI, in Apple's experience?
- Note that you see significant opportunity for government agencies to innovate safely with AI to improve efficiency, productivity, and citizen experience. Inquire as to what potential Apple is seeing for AI in public services.

Security and privacy

- We commend Apple for its innovation, including encryption, which is critical to strengthening the cyber security and privacy of our citizens we are committed to protecting.
- We support tightly controlled lawful access to communications data^{s6(a)}

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Film and screen production

- The New Zealand Government continues to invest in the screen sector, particularly through the New Zealand Screen Production Rebate (NZSPR). As a result of the 2022 Review of the Government Investment in the Screen Sector, the previous Government agreed to a few key changes to the NZSPR that were implemented in November 2023:
 - for the NZSPR International, retained the headline rates of a 20 per cent base rate plus a 5 per cent Uplift,
 - redesigned and streamlined of the Uplift process and clarified and updated the eligibility criteria (mainly the Uplift Points Test),
 - returned the rebate rate for Post, Digital and Visual Effects (PDV) to a flat 20 per cent
 - lowered the threshold for PDV from \$500,000 to \$250,000.

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- The response of screen sector stakeholders has been positive overall. Specifically, international studios that have submitted applications for the Uplift have commented positively on the streamlined process and objective criteria.
- As communicated at the conclusion of the Review, there will be a one-year check-in for the Uplift towards the end of 2024. This check-in may result in minor technical changes. A three-year evaluation and review of NZSPR-International is planned for 2026.

Investment in local content by streaming platforms (quotas)

- Governments in other jurisdictions (such as the European Union and Australia) have begun requiring streaming services such as Netflix to invest or promote local content through regulations. Regulatory measures include levies that are paid into national film and television funds, investment obligations that mandate a certain amount of spending on local productions, and local content quotas. Domestic screen bodies have recently called for similar treatment in New Zealand.
- Media reforms in Australia include an obligation on large streamers to invest in Australian content. The proposals seek to protect and promote this content and ensure that Australians can view programmes that enhance the understanding and experience of their national culture across all media platforms. Streaming platforms such as Netflix have expressed concerns over Australia's local content obligations on streaming platforms.
- The Ministry for Arts Culture and Heritage has indicated options to harness investment by streaming platforms to local content production will require a more fulsome policy and consultation process.

Event Background

Apple as a part of New Zealand's innovation ecosystem

1. In 2017, Apple purchased PowerbyProxi, a startup spun out of Auckland University. PowerbyProxi was a pioneer in developing wireless charging technology for devices such as smartphones. The sale price was undisclosed but large enough to require Overseas Investment Office approval.
2. Apple retains an office in Wynyard Quarter, Auckland, including R&D lab facilities. This is branded as the Apple Auckland Technology Centre and is run by Fady Mishriki, who co-founded PowerbyProxi. The centre is purported to be Apple's third largest research hub.

s9(2)(b)(ii)

the centre's wireless charging technology is incorporated in many Apple products, such as Apple watches, iPhones and iPads.

3. s9(2)(b)(ii)

s9(2)(b)(ii)

with the right settings, multinationals could do more to enlarge New Zealand's tech sector, similar to the experience of Israel which leveraged an Apple acquisition to seed a bigger industry.

Cabinet Paper on AI

4. On 8 July, Cabinet is to consider a paper that establishes a domestic policy position on AI. The paper proposes that Cabinet agrees a light touch, 'proportionate and risk based' approach, rather than seek to regulate AI through standalone new legislation. In that respect, New Zealand's approach will be closer to that of the US, than that of the EU, which is in the process of legislating on AI. The paper also encourages government agencies to adopt AI for its benefits (while managing the risks). Government is, in general, at an early stage of its AI journey. ^{s9(2)(i)}
5. In New Zealand, AI adoption is relatively low. A 2023 Datacom survey of 200 senior business leaders found 49% have yet to take up AI in their organisation or don't plan to at all. A 2023 Westpac report suggests barriers to uptake include a lack of AI skills and strategic vision, access to data, and costs of AI solutions.

New Zealand's digital offer

6. AI is energy intensive. A Massachusetts Institute of Technology study suggests that with some models, generating a single image can require as much energy as charging a phone. New Zealand's renewable energy mix could be attractive. Cloud service providers including Microsoft (which like Apple, partners with OpenAI) are already establishing significant operations in New Zealand.

Apple's relationship with the NZ public service: Government procurement

7. Apple does not currently hold an All of Government contract with the New Zealand Government, nor do they supply services via the marketplace. The New Zealand Department of Internal Affairs (DIA) would welcome further discussion with Apple if they were interested in supplying digital/AI services via All of Government channels.

Digital identity

8. DIA officials recently met with Apple ANZ to discuss digital identity in New Zealand. From 1 July 2024, digital identity service providers can choose to become accredited under a new opt-in Digital Identity Services Trust Framework Act. This means they meet certain rules and regulations, such as for privacy and security, to ensure people's information is protected. One type of service that could be accredited is a digital wallet that enables people to store their identity information.
9. DIA is interested in how Apple could position itself with the Apple Wallet in New Zealand. Apple has previously undertaken work with other jurisdictions, including in Australia, to align its wallet with the production of their mobile (digital) drivers licences.

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New Zealand Super Fund's interests in Apple

10. In its December 2023 disclosure, the New Zealand Super Fund listed investment in Apple Inc as worth \$1.4 billion. The Fund also invests in other US tech firms, including Microsoft Corp (\$1.2 billion), Alphabet Inc (\$677 million), Amazon.com Inc (\$587 million) and Meta Platforms Inc (\$329 million).

Apple's introduction of "Apple Intelligence"

11. Apple has been under significant pressure to introduce new AI features in its products after its main competitors outpaced its market value. In January this year, Microsoft replaced Apple as the world's most valuable company; and in early June, chip-maker Nvidia also surpassed Apple's market value.
12. In June 2024, Apple announced it would enhance its intelligent voice assistant Siri and operating systems through a partnership with ChatGPT developer OpenAI. "Intelligence that understands you", is how Apple is describing its new "Apple Intelligence" system. Its new features range from tools that can rewrite, proofread, and summarise text, to generating personalised emojis, smart photo editing and powerful image creation. The integration of ChatGPT also brings about what Apple is describing as a "new era" for Siri, equipping it with greater language, image, and document understanding capabilities.
13. However, concerns have been raised about privacy and how the new technology will use personal data. Shortly after the Apple Intelligence announcement, Tesla and Twitter/X owner Elon Musk expressed his opposition, declaring that due to "data security" concerns, he would ban his companies from using iPhones. Apple has stressed all its technology is "built with privacy at the core".

End-to-end encryption has significant benefits for New Zealanders but also impacts serious crime and national security investigations

14. End-to-end encryption delivers critical privacy and cyber security controls that support the vision of a resilient and future-focused economy, providing value to government, the private sector and end-users alike.^{s6(c)}

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Film and Screen Production





22. New Zealand has secured a number of Apple+ TV film and television series productions in recent years. On average, 90% of crew/cast on international productions being made in New Zealand are New Zealanders. These include:

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Title	Production Company	Format	Shooting	Release	Spend \$NZ	Notes
Chief of War	Fifth Season	TV	Feb-June 23	TBA	s9(2)(b)(ii)	Jason Momoa project shooting NZ as ancient Hawaii
Time Bandits	Paramount	TV	Aug 22 - Feb 23	2024		Taika Waititi + Jemaine Clement led series launching July 24th starring Lisa Kudrow (<i>Friends</i>)
Prehistoric Planet 2	BBC	TV	Nov-Dec 23	2023		Blue Chip Attenborough series. NZ landscapes for prehistoric worlds
Pearl	A24	Feature	Apr-May 21	2022		Sequel to X screenplay written while director Ti West was in covid managed isolation
X	A24	Feature	Feb-Mar 21	2022		Starring Mia Goth and New Zealander Martin Henderson
Mr Corman	A24	TV	Dec 20 - Mar 21	2021		Directed by and starring Joe Gordon-Levitt. One of several projects to pivot to NZ during Covid pandemic

Attendees and bios

	<p>Lisa Jackson, Vice President Environment, Policy and Social Initiatives, Apple</p> <p>Jackson oversees Apple’s efforts to minimise its impact on the environment by addressing climate change through renewable energy and energy efficiency, using greener materials, and inventing new ways to conserve resources, reporting to CEO Tim Cook. She leads Apple’s \$100 million Racial Equity and Justice Initiative, is responsible for Apple’s education policy programs, and its worldwide government affairs function. From 2009 to 2013, Jackson served as Administrator of the US Environmental Protection Agency, appointed by Obama.</p>
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	<p>Gary Wipfler, Former Apple Vice President and Treasurer Gary Wipfler spent 35 years at Apple, retiring from his position as Vice President and Corporate Treasurer in 2021. Gary assisted in setting up the Prime Minister's visit to Apple. He will have previously attended the NZTE Investor lunch.</p>
	<p>Amos Buhai, Head of AppleTV+ Government Affairs As Head of Government Affairs, Buhai procures government incentives for the AppleTV+. Prior to joining Apple he was Managing Partner of DeepElm, a public affairs firm. Before DeepElm Buhai served as Vice President of government relations at Endeavor, a global sports, entertainment, and fashion company. With two decades also in politics, he has had varied roles, including: campaign manager, legislative director at City Hall, national policy strategist reshaping US-Middle East relations and head of business development for a political tech startup.</p>
	<p>Jason Lundgaard, Senior Manager, Corporate Government Affairs & Global Public Policy Lundgaard joined Apple's Government Affairs team in 2010 and is responsible for global policy issues related to the App Store, Internet Services, and Health products. Prior to this role, he managed Apple's State and Local Government Affairs efforts in the western United States. Lundgaard joined Apple from eBay Inc, where he served in a variety of Government Affairs and Public Policy roles.</p>
	<p>Josh Machin, Head of Government Affairs Australia/NZ Machin is Apple's Policy Lead for Asia Pacific, based in Melbourne with over 15 years' experience in technology policy. Prior to joining Apple in 2023, he led the public policy team for Meta in Australia, working on online safety, national security and economic regulation. Before that, Machin was the director of policy for the Business Council of Australia. He was also the Australian Congressional Research Fellow in 2013, working in the office of US Senator Bob P. Casey Jr. (D-PA).</p>

Ministry of Business, Innovation and Employment

[Document ID]

File Note: Meeting with Apple Leadership

12 July 2024, Cupertino (Apple Park)
3.00pm – 4.00pm

Attendees

Apple, United States

- Lisa Jackson, Vice President Environment, Policy and Social Initiatives
- Gary Wipfler, Former Apple Vice President and Treasurer
- Amos Buhai, Head of AppleTV+ Government Affairs
- Jason Lundgaard, Senior Manager, Corporate Government Affairs & Global Public Policy
- Josh Machin, Head of Government Affairs Australia and New Zealand

New Zealand

- Prime Minister Christopher Luxon
- Ambassador to the US Rosemary Banks
- CE DPMC, Ben King
- Foreign Policy Adviser to the PM, Mark Talbot
- Consul-General Los Angeles, Jeremy Clarke-Watson
- Deputy Consul-General Los Angeles, Madeline Ollivier

1. The meeting at Apple was warm in tone, but brief. It concluded with a short tour of Apple's impressive internal park.
2. VP Jackson started the meeting by passing on CEO of Apple, Tim Cook's regards, who had been unable to attend the meeting due to the Sun Valley Conference taking place in Idaho.
3. The Prime Minister asked Apple how we could better partner to increase investment into New Zealand. ^{s9(2)(b)(ii)}

She spoke warmly of Apple's acquisition of "small but mighty company" wireless technology company PowerbyProxi, and its Auckland Technology Centre which has quadrupled in size since the acquisition. She noted that almost all Apple hardware products now used this wireless charging technology.

4. A focus of the discussion was on AppleTV+'s film and screen production in New Zealand. Head of AppleTV+ Government Affairs, Amos Buhai remarked that Apple enjoyed its production experiences in New Zealand and wanted its media productions to continue. Weta was cited as the industry leader in New Zealand, and Apple complemented the calibre of the New Zealand film industry workforce – remarking that the only issue was the weather. Apple highlighted the forthcoming release of Time Bandits and Chief of War, and referred to the Screen Production Rebate (and uplift) as one of the reasons that

New Zealand was chosen as the production location. The Prime Minister responded that New Zealand was looking to see more international productions coming in and filming to occur in New Zealand.

5. On content creation, Apple forecast their Vision Pro (VR Headset) to be a leader in content creation. However, they noted that the consumer uptake so far had been slow due to the high price.

6. Buhai also spoke on content quota concerns. The Prime Minister relayed that the issues of quotas was not a big topic of conversation in New Zealand, unlike in other jurisdictions. He supported the view that consumers should be able to choose what they watch.

7. Responding to the Prime Minister's question on Apple's strategy in the face of evolving consumer technologies, Jackson remarked that Apple's core identity of developing hardware and software together would remain the same. With the integration of AI technologies, Apple would be prioritising privacy and data protection. She noted that Apple's App Store had been sued by the US Department of Justice on competition grounds,
s9(2)(b)(ii)

8. Jackson also noted that Apple had a very small government relations team in the US.
s9(2)(b)(ii)

Europe was noted as Apple's toughest regulatory environment.

9. Apple wasn't drawn into a conversation on the trend of consumers looking to have "non"-smart phones, but did suggest that it appeared to be linked to an idea of disconnection and control. They were interested in the Prime Minister's experience of banning cellphones in schools and whether it would extend to other wearable technologies.

10. Jackson was interested in the state of the New Zealand economy, to which the Prime Minister replied that inflation was forecast to reduce nearer the end of the year. Jackson also noted that that Apple had significant expertise in data, and that this could be provided to governments to assist decisions around policy changes.

11. The meeting concluded with Apple speaking to their experiences in empowering Māori groups to preserve language and culture through their iPad educational tools, and Taika Waititi's short film "The Lost Voice" which promotes Apple's accessibility feature, Personal Voice – providing a tool for those losing speech capabilities due to degenerative diseases.

Los Angeles Consulate-General

15 July 2024



RT HON CHRISTOPHER LUXON
PRIME MINISTER

[Date – PMO] July 2024

Ms Lisa Jackson
Vice President Environment, Policy, and Social Initiatives
Apple, 2 Apple Park Way
Cupertino, CA 951014
UNITED STATES OF AMERICA

Dear Ms Jackson,

I wanted to thank you and the wider Apple team for hosting me at Apple Park on 12 July. I enjoyed hearing Apple's positive experiences with investment and production into New Zealand.

New Zealand's relationship with Apple, including Apple's Auckland Technology Centre in Wynyard Quarter, remains highly valued. We look forward to continuing our strong history of support for Apple's presence in New Zealand, and are proud to remain a destination for AppleTV+ productions.

I welcomed the opportunity to understand Apple's approaches on innovation ecosystems, investment and connections to New Zealand, streaming services, and the future of Apple's work. I look forward to seeing growth in New Zealand's relationship with Apple.

Thank you again.

Yours sincerely

Rt Hon Christopher Luxon
Prime Minister