

Hon Nicola Willis

Minister of Finance
Minister for Economic Growth
Minister for Social Investment



19 July 2026

Marcus
fyi-request-34968-e4782204@requests.fyi.org.nz

031-2026 EGOIA

Dear Marcus

Thank you for your email of 25 June 2026 to my Office requesting, under the Official Information Act 1982 (the Act), the following information:

“I would like to request a copy of the following briefings received in your capacity as Minister for Economic Growth during May 2026:

- BRIEFING-REQ-0031980 Decisions to operationalise ‘Scout’ and next steps
- BRIEFING-REQ-0032245 Meeting with Microsoft, Friday 8 May 2026
- BRIEFING-REQ-0032237 Data centre investment in New Zealand.”

I have identified three documents that fall within the scope of your request as outlined in the table below, along with my decision on their release.

Document table

#	Date	Description/Title	Withholding grounds
1	5 May 2026	BRIEFING-REQ-0031980 Decisions to operationalise ‘Scout’ and next steps	s 9(2)(a)
2	8 May 2026	BRIEFING-REQ-0032245 Meeting with Microsoft, Friday 8 May 2026	s 9(2)(a) and s 9(2)(f)(iv)
3	12 May 2026	BRIEFING-REQ-0032237 Data centre investment in New Zealand	s 9(2)(a), s 9(2)(ba)(i) and s 9(2)(f)(iv)

Copies of these documents are released to you and enclosed with this response. Please note that some information in these documents has been withheld under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(ba)(i), to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to

prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; and

- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

I do not consider that the withholding of this information is outweighed by public interest considerations in making the information available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Yours sincerely



Hon Nicola Willis

Minister for Economic Growth



BRIEFING

Decisions to operationalise 'Scout' and next steps

Date:	5 May 2026	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0031980

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister for Economic Growth	Note New Zealand Growth Capital Partners can begin its "Scout" co-investment programme as soon as practicable post-Budget 2026, subject to your decisions regarding policy settings. Agree to final policy settings to support implementation.	12 May 2026

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Lily Li	Manager, Investment Policy	s 9(2)(a)	✓
Petero Okotai	Principal Policy Advisor		

The following departments/agencies have been consulted
New Zealand Growth Capital Partners

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Decisions to operationalise 'Scout' and next steps

Date:	5 May 2026	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0031980

Purpose

This paper seeks your final policy decisions required to operationalise the Scout Programme to coincide with Budget 2026 announcements.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that decisions are needed from you to support the operationalisation of the Scout Programme which is also part of the wider Startup Support Package to be announced through Budget 2026.

Noted

- b **Agree** for New Zealand Growth Capital Partners to invest a minimum of \$1 million per year and a maximum of \$2 million per year into the Scout Programme.

Agree / Disagree

- c **Agree** to a fiscally neutral increase to the Aspire Investment cap from \$12 million to \$14 million per year to enable New Zealand Growth Capital Partners to run the Scout Programme.

Agree / Disagree

- d **Agree** to a maximum investment of \$100,000 per startup from the Scout Programme.

Agree / Disagree

Lily Li
Manager, Investment Policy
Technology and Innovation, MBIE

05 / 05 / 2026

Hon Nicola Willis
Minister for Economic Growth

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Context

1. On 17 February 2026 you agreed to a two-year pilot of a 'pre-seed' fund called Scout administered by New Zealand Growth Capital Partners (NZGCP) [REQ-0025901 refers]. Since the announcement of the Scout programme at the Angel Summit on 11 March, NZGCP have worked with MBIE officials in developing the details of the programme. With this work nearly complete, decisions are required to operationalise the Scout programme.
2. Although the Scout Programme has been announced, it will also form a part of the wider Start-Up Support Package under consideration in Budget 2026. However, the Scout Programme will not be subject to Budget decisions as it will be funded from NZGCP's reserves.
3. To enable the establishment of the Scout Programme, policy decisions are required to operationalise the programme so it can be launched shortly following Budget 2026 announcements.
4. The timetable below sets out the key events required to operationalise Scout alongside the broader Startup Support Package.

Key event	Timing
NZGCP Board to finalise Scout operational parameters subject to your decisions in this paper	Mid-May
Budget Day, the current date of the announcement of the "Startup Support Package" unless there is a pre-budget announcement.	May 28 th
Minister's Letter of Expectations sent to NZGCP (note this could be earlier if there is a pre-budget announcement)	May 29 th
NZGCP Statement of performance expectations and Statement of Intent published	Early June
Scout Launched and applications to the fund opened	June
First Scout Investment/s	July

A timely decision will enable Scout to have an immediate impact after Budget 2026 is delivered

5. A timely decision is required to enable Scout to commence operations as soon as practicable following the delivery of Budget 2026. While other elements of the Startup Support Package will take longer to implement, early decisions on Scout will allow NZGCP to confirm operating parameters and launch as soon as practicable post-Budget 2026 announcements, enabling Scout to be the first initiative to have an impact.

Policy decisions are required to operationalise 'Scout'

6. Scout will be funded from the Aspire fund and relies on existing Aspire settings to operate. To give effect to Scout, changes to Aspire's settings are required. The three proposed parameters must be agreed together to give effect to the programme. Partial agreement would prevent Scout from operating as intended.

Decision 1: Scout to invest a minimum of \$1 million per year and a maximum of \$2 million per year

7. Establishing a minimum and maximum annual investment level provides NZGCP with flexibility to respond to variable pre-seed deal flow while ensuring the programme remains targeted. The proposed \$1-\$2 million range reflects an appropriate pilot size that limits risk while enabling the programme to have a meaningful impact.

Decision 2: Increase Aspire's annual investment cap to \$14 million from \$12 million

8. On 20 March 2026, officials advised that they would provide further advice on a potential increase to Aspire's annual investment cap to support operationalising Scout [Briefing REQ-0029514 refers]. Increasing the cap to \$14 million per year would enable NZGCP to invest up to \$2 million annually through Scout while preserving Aspire's existing investment activity. Retaining the current \$12 million cap would require Scout investments to be accommodated within existing settings, constraining Aspire's existing investment activity and creating trade-offs.

Decision 3: Allow for a maximum single investment from the Scout programme of \$100,000 in a single startup

9. Scout is designed to address a gap in very early-stage funding, where startups require small amounts of capital to test ideas and reach initial milestones. Consistent with this purpose, officials recommend setting a maximum investment of \$100,000 per startup for the Scout Programme. This cap keeps Scout focused on first or early investments, provides a clear distinction from Aspire's larger seed-stage role, and ensures the two programmes are complementary rather than duplicative.

Next steps

10. Once you have decided upon the policy settings in this briefing, officials will communicate them to NZGCP, so their board can finalise the operational parameters for the Scout Programme, ensuring it can be launched as soon as practicable once Budget 2026 has been delivered.
11. MBIE officials will work with your office on potential announcement opportunities for the Startup Support package.



Meeting with Microsoft, Friday 8 May 2026

To:	Hon Nicola Willis – Minister for Economic Growth		
Attendees:	Mike Yeh – Vice-President and Deputy General Counsel, Microsoft Lewis Mills – Director, Corporate Affairs New Zealand, Microsoft		
Date:	Friday, 8 May 2026	Time:	11:30 am – 12:15 pm
Location:	Hilton Queenstown	Tracking:	BRIEFING-REQ-0032245
Key Contact:	Lewis Mills, Director, Corporate Affairs New Zealand, Microsoft s 9(2)(a) [REDACTED] [REDACTED]		

Suggested talking points

Topic	Suggested Response
Economic growth and AI	- Government is focused on lifting productivity and economic growth. AI and digital transformation are increasingly relevant to that agenda, particularly where they help firms become more efficient, innovative and internationally competitive. - Where does Microsoft see AI making the most practical contribution to productivity growth in small, advanced economies like New Zealand?
New Zealand's AI Strategy	- New Zealand released its first AI Strategy in July 2025, with a focus on accelerating private-sector AI use and adoption. The strategy is intended to give businesses confidence to invest in and use AI responsibly. - What are the main barriers you see to stronger private-sector AI adoption in New Zealand?
Digital government and infrastructure	- The Digitising Government Programme is taking a more centralised and coordinated approach to government digital investment, procurement and delivery, with the aim of reducing costs and improving digital services. - What lessons are emerging internationally on government digital platforms, shared digital infrastructure and more coordinated digital delivery?
Public service AI adoption	- The Government Chief Digital Officer leads work on safe and trustworthy AI adoption in the public service, including guidance for agencies on generative AI — AI tools that can create content, such as text, summaries or analysis, in response to prompts. The Public Service AI Framework provides a structured approach to help agencies adopt AI safely and responsibly, including principles and work programme pillars to guide public service use of AI. - What lessons are emerging from Indo-Pacific governments on safely scaling AI adoption in public services?
Areas of potential economic opportunity	- Microsoft has indicated interest in discussing AI, hyperscale infrastructure, data centres, energy settings, regulatory settings, and resilience of data architecture. - What are the key factors that global technology firms consider when assessing opportunities in smaller markets like New Zealand?

National security, supply chains and data resilience	• As government and businesses adopt AI and cloud-based services, secure and resilient data systems are becoming increasingly important to economic growth, public trust and continuity of services. New Zealand's Digitising Government Programme and Digital Government Target State are focused on more coordinated digital investment, shared digital infrastructure and improved digital services. • From Microsoft's perspective, what are Indo-Pacific governments doing to strengthen the resilience and security of their data architecture, supply chains and cloud infrastructure as AI adoption increases?
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Supporting Notes

Event information

1. Microsoft has requested a short bilateral meeting to discuss your priorities on economic growth and to provide a briefing from Mike Yeh on AI, hyperscale infrastructure (massive, highly scalable and modular computing environments designed for vast data processing and storage), how governments in the Indo-Pacific are deploying AI, the link between AI and economic growth, and areas of potential economic opportunity for New Zealand, including data centres, regulatory settings, energy settings, and the pace of public-sector AI adoption.
2. Microsoft has also indicated that the discussion could cover national security elements, supply chains, and resilience of data architecture.

Background

3. Microsoft requested this meeting after your recent opening remarks at an American Chamber of Commerce event sponsored by Microsoft.
4. The meeting is positioned as an informal opportunity for discussion rather than a decision-making forum.

Current government work programme: AI and digital transformation

AI strategy and responsible adoption

5. In July 2025, the Government released New Zealand's first AI strategy: Investing with confidence. The strategy focuses on accelerating private-sector AI adoption, with the aim of supporting productivity and economic growth.
6. The Government has described its role as reducing barriers, providing clear regulatory guidance, and promoting responsible AI adoption. The strategy takes a light-touch, principles-based approach and is intended to give businesses confidence to invest in AI.
7. Alongside the strategy, the Government released a companion document, Responsible AI Guidance for Businesses. The guidance is a voluntary, practical resource to support businesses to use, develop and innovate with AI in a trustworthy way.

Public service AI adoption

8. The Government Chief Digital Officer leads work on the safe and trustworthy adoption and use of AI in the public service. From 1 April 2026, Government Chief Digital Office functions are operated from the Government Digital Delivery Agency within the Public Service Commission. This includes providing guidance for agencies on using generative AI in ways that are safe, transparent and responsible.

9. The Public Service AI Framework sets out a vision for AI in the public service: *adopt AI responsibly to modernise public services and deliver better outcomes for all New Zealanders.*,
10. The intended outcome of the framework is that the public service models best practice in AI use, while enabling and contributing to the wider community and economy in line with New Zealand's position as a trusted global partner.

Digitising government

11. The Digitising Government Programme is seeking to implement a more centralised and coordinated approach to government digital investment, procurement and delivery. Its stated objectives are to reduce costs and improve digital services for New Zealanders.
12. The Digital Government Target State sets the direction for improved government digital services and aims to move the public sector operating model towards a more customer-oriented approach. As of February 2026, the Target State includes shared digital public infrastructure, common platforms and new ways for people and organisations to access connected government services.
13. This programme provides relevant context for Microsoft's proposed discussion topics, including public-sector AI adoption, hyperscale infrastructure, data architecture, digital public infrastructure, common platforms and digital resilience.

AI research and commercialisation

14. MBIE has also published information on the Artificial Intelligence Research Platform, a government investment of up to \$70 million over seven years through the New Zealand Institute for Advanced Technology (NZIAT). The platform is intended to strengthen New Zealand's AI research capability and commercialisation, build domestic and international connections, and support the creation of high-tech, knowledge-intensive firms.

Issues to be aware of

15. Microsoft may be interested in how New Zealand's AI Strategy and Responsible AI Guidance are being implemented, particularly in relation to private-sector adoption and investment confidence.
16. The discussion may touch on public-sector AI adoption. The Government Chief Digital Officer leads work on safe and trustworthy AI adoption in the public service, including guidance for generative AI use.
17. Microsoft may raise hyperscale infrastructure, data architecture and resilience. The Digitising Government Programme and Digital Government Target State provide relevant context on the Government's move towards more coordinated digital investment, procurement, delivery and shared digital public infrastructure.

18. s 9(2)(f)(iv)

Annexes

Annex One: Biographies

Annex One: Biographies



Mike Yeh – Vice-President and Deputy General Counsel, Microsoft

Mike Yeh is Microsoft's Vice-President and Deputy General Counsel. He has responsibility for Microsoft's government engagement in the Indo-Pacific, with a focus on public sector, national security, and resilience across markets including Japan, Korea, Taiwan, Singapore, New Zealand, and Australia. He joined Microsoft in 2003 and has led legal and corporate teams across Seattle, Beijing, Dubai, and Singapore.



Lewis Mills – Director, Corporate Affairs New Zealand, Microsoft

Lewis Mills is Microsoft's Director of Corporate Affairs in New Zealand. He works on corporate affairs, government engagement, trust and security issues, and technology regulation. He has previously held senior corporate affairs roles at Uber and Microsoft and has advised local technology companies on regulation and reputation matters. He is a lawyer by background, with experience in Crown prosecution, regulatory law, public sector legal work, and as a judge's clerk in The Hague.

Released under the Official Information Act 1982



BRIEFING

Data centre investment in New Zealand

Date:	12 May 2026	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0032237

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister for Economic Growth	Agree to discuss with officials your preferred approach to capturing the economic benefits of data centre investment in New Zealand.	14 May 2026

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Lily Li	Manager, Investment Policy	s 9(2)(a)	✓
Angela Mahony	Senior Advisor, Investment Policy		
Frances Bote	Associate Policy Advisor, Investment Policy		

The following departments/agencies have been consulted
The Treasury, Invest New Zealand

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Data centre investment in New Zealand

Date:	12 May 2026	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0032237

Purpose

To provide you with information on Invest New Zealand's priority sectors and data centre investment in New Zealand, and seek your views on how actively the Government should seek to capture the wider economic spillovers.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that data centre investment has the potential to stimulate investment in new electricity generation, and is most likely to deliver productivity gains where it is deliberately integrated with skills development, innovation and digital adoption, rather than as a stand-alone infrastructure investment.

Noted

- b **Note** that data centre investment presents a choice about how actively the Government seeks to capture wider economic spillovers and how closely Crown entities are expected to align their actions with the Government's sector priorities.

Noted

- c **Agree** to discuss with officials how this approach should be reflected in the s 9(2)(f)(iv)

Agree / Disagree

- d **Indicate** whether you would like to meet with Invest New Zealand and NZTE to discuss how they are giving effect to the Government's growth priorities and how their activities around data-centre investment, skills, innovation, and sector development are aligned.

Yes / No

- e **Forward** a copy of this briefing to the Minister for Trade and Investment.

Agree / Disagree

Lily Li
Manager, Investment Policy
Labour, Science and Enterprise, MBIE

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Hon Nicola Willis
Minister for Economic Growth

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Background

1. At your meeting with Economic Growth officials on 29 April 2026, you asked about Invest New Zealand's focus on attracting data centres and whether this investment aligns with the Government's economic growth objectives.

Invest New Zealand's priority sectors

2. Invest New Zealand (Invest NZ) is an autonomous Crown entity (ACE) with the objective of promoting increased overseas investment into New Zealand. As an ACE, its Board has developed a strategy to achieve this objective, including setting strategic priority areas where it believes foreign investment will contribute to the Government's *Going for Growth* strategy, and enable New Zealand to benefit from global trends and opportunities.
3. Invest NZ's current strategic priority areas are:
 - Digitisation, Data Infrastructure and Artificial Intelligence (AI) – increasing capability and ensuring an enabling environment, supporting new and existing economic activity at scale.
 - Technologies – such as digital technologies (including film and gaming), AgriTech, MedTech, Space Tech and FinTech.
 - Renewable Energy – supporting new technologies to drive decarbonisation, sustainable business operations and energy transition.
 - Infrastructure – presenting opportunities for strategic investment at scale.
 - Advanced Manufacturing and Processing.
4. These have been included in Invest NZ's Statement of Intent and Statement of Performance Expectations, which have been endorsed by the Minister for Trade and Investment.
5. Invest NZ has included data centres (within data infrastructure) as one of its strategic priority areas as they are a critical component of New Zealand's digital infrastructure. They enable and have the potential to significantly improve the efficiency of essential digital services across different sectors (e.g. healthcare systems, banking, government services) and support innovation through the development of key technologies, such as AI. Data centres can also be an enabler of additional renewable energy generation and an opportunity for New Zealand to export energy in the form of data.
6. Invest NZ's focus on data infrastructure can support Government's broader Going for Growth objectives and actions e.g. initiatives under the Innovation, Technology and Science pillar to leverage AI for the economy and increase private sector adoption of AI. Strong digital infrastructure is also an enabler for many tech sectors, including those with high growth potential that have been identified by MBIE e.g. screen and game development, BioTech, AgriTech, HealthTech (BRIEFING-REQ-0026517 refers).

New Zealand's data centre sector is small, but global demand and domestic conditions create opportunities for economic gains

7. There are currently 62 operational data centres nationwide, with another 48 planned or under construction. s 9(2)(ba)(i)
[REDACTED]
8. Invest NZ is actively promoting data infrastructure to global investors and developers, with particular focus on the regions best placed to offer a combination of renewable energy, land,

grid capacity, subsea cable connectivity and natural cooling. These regions include the central North Island, Taranaki and the South Island. Invest NZ is supporting Datagrid's project in Southland, which combines data centre development and subsea cable infrastructure with new renewable energy generation.

9. A February 2026 Boston Consulting Group report, *Data Centres as Strategic Infrastructure: Unlocking Value for NZ Inc*, estimates that positioning New Zealand as a preferred data centre destination could unlock up to \$70 billion of economic activity over the next decade. This includes construction and operation of large-scale data centres, matched renewable energy generation, IT equipment and broader supply chain activity.¹
10. The report also highlights New Zealand's relative advantages, including a cooler climate that improves energy efficiency. For example, Microsoft's Auckland data centre targets a Power Usage Effectiveness of 1.12, placing it among the most efficient in Microsoft's global network. New Zealand's renewable energy profile is also a significant competitive differentiator from other markets.
11. Global demand remains strong. McKinsey forecasts US\$6.7 trillion of global data-centre investment over the next five years. Hyperscale operators increasingly seek jurisdictions that can provide large electricity connections within short timeframes and offer political stability and strong data protections. New Zealand is an attractive place to invest in times of geo-political instability, assisted by our national security profile, low levels of corruption and intrusion, and effective safeguards for the rights of individuals and data usage.

Economic benefits of data centres

Access to data infrastructure is important for economic security

12. Having some data infrastructure located in New Zealand is important from an economic security point of view. Data centres enable a wide range of activity including essential government services (e.g. healthcare, transport, education, emergency services), online banking, e-commerce and AI innovation. In this way, data centres (as well as other critical software services) can be seen as critical infrastructure to support economic growth. It is desirable to have some of this located in New Zealand, reducing New Zealand's dependence on offshore computing for critical government and economic functions.

But data centres are enablers, not automatic growth engines

13. Data centres can be viewed as a utility that enables economic activity – they are not, on their own, major drivers of productivity growth. The direct benefit from data centres comes from the initial construction, but they generate limited ongoing employment and economic output once operational. For example, *Datagrid's* proposed \$3.5 billion AI facility in Southland is expected to create around 1,500 construction jobs but only around 50 permanent roles once operational.
14. MBIE's view is that the economic benefits of data centre investment depend less on the infrastructure itself and more on whether it is associated with activities that generate spillovers. The focus for investment attraction should be on projects that are more likely to enable productivity-enhancing activity, rather than on data centre infrastructure per se.

¹ Note that this report does not include a counterfactual analysis of alternative uses of skills, land and electricity.

Long-term productivity gains depend on spillovers rather than the direct activity of data centres themselves

15. Long-term economic benefits from data centres are more likely to be realised if they are part of a broader strategy for fostering innovation and developing the digital ecosystem. For example, spillovers will be strongest when:
 - data centres sit alongside activities that use, build or enhance digital capability (e.g. AI and software development, cloud services, tech sector clusters)
 - there is a deep local skills ecosystem (i.e. skilled ICT workers and training pipelines)
 - data centres support innovation (e.g. AI research and application, research partnerships, the startup ecosystem).
16. Where data centres operate as isolated facilities, these benefits are unlikely to be realised. Therefore, parallel investment in innovation, skills and digital adoption is likely needed to capture the economic benefits from data centre proximity. For example, Microsoft's recent investment in a data centre in Auckland included a commitment to partner with educational services to upskill 100,000 New Zealanders over two years.

Impacts on the electricity market also need to be considered

17. Growth in demand for electricity from new large data centres could place pressure on the electricity system if not matched with timely investment in generation and network capacity. In general, a step-change increase in electricity supply that is not matched by an increase in generation capacity could increase electricity prices for other electricity-intensive activities, including the electrification of transport and industrial processes that also represent opportunities for economic growth.
18. At the same time, large and predictable data centre demand for electricity can help bring forward new generation investment by underwriting or improving the commercial viability of new generation projects. There may also be scope for some data centre investments to participate in demand-response arrangements that reduce electricity demand at times of electricity system stress. In this way, growth in data centres could support growth in the capacity and flexibility of the power sector, reducing proportionately the risk of dry years and renewable intermittency.
19. Microsoft's Auckland data centre investment provides an example of this dynamic. In 2022, Microsoft paid Contact Energy \$300 million to support the development of the Te Huka Unit 3 geothermal power station, alongside a contract to buy renewable energy over the next 10 years. This added new renewable generation to the grid and reduced the likelihood that the data centre load would place upward pressure on electricity prices for other users.
20. However, international experience suggests that the pace of demand growth is critical. In Ireland, data centres now account for over 20 per cent of national electricity demand, with rapid growth creating challenges for grid capacity and system planning. Data centre development in Ireland recently stalled with the electricity regulator effectively placing a moratorium on additional data centre grid connections in 2021 pending development of policies and processes to address emerging risks to grid stability.²
21. A similar rapid increase in the scale of data centres in New Zealand could pose risks if generation and network investment did not keep pace – exceeding the pace already underway and planned to meet growing electricity demand from electrification of transport and heat in the coming decades. New Zealand has a strong pipeline of renewable generation development options, which suggests the pace of generation investment is limited only by the available planning and construction resources and processes.

² KPMG, 11 February 2026, [Ireland's data centre policy reset - Europe's digital infrastructure](#)

22. Overall, data centres are more likely to deliver net economic benefits where their large electricity demand is managed in a way that supports the broader system. This includes enabling or co-financing new renewable generation and locating in regions with sufficient network capacity or funding the network upgrades they require rather than shifting the costs onto other network users. New Zealand's market-led generation investment planning and cost-reflective network pricing should, in principle, promote efficient coordination of data centre and electricity sector investment. Transpower and the Electricity Authority will need to monitor and respond to any grid stability risks like those being addressed in Ireland.

How data centre investment could be used to shape broader growth and sector outcomes

23. Data centre investment presents an opportunity for you to signal how actively the Government intends to shape industrial and growth outcomes. The extent to which data centre investment delivers productivity gains depends on how deliberately the Government seeks to capture wider economic spillovers and how closely agencies are expected to align their actions with the Government's sector priorities.
24. Under a strategic signalling, lighter-touch approach, the Government would clearly articulate its priority sectors and growth strategy, s 9(2)(f)(iv) and rely on Crown entities such as Invest NZ and New Zealand Trade and Enterprise (NZTE) to align their activities within existing mandates. This approach preserves agency flexibility to respond to market-led opportunities and reduces coordination and compliance demands on Ministers and agencies. However, the extent to which data centre investment translates into broader productivity gains may vary across sectors and agencies, as spillovers are less likely to be actively coordinated. There is also limited leverage to ensure that complementary actions in areas such as skills, innovation, and digital adoption occur alongside infrastructure investment.
25. Under a more active approach, the Government would take a clearer role in shaping how data centre investment supports priority sectors by setting more explicit expectations of agencies. This could increase the likelihood that investment in enabling infrastructure translates into national-level productivity gains by encouraging coordinated action across investment attraction, skills development, innovation, and export support. Clearer signals may also reduce fragmentation across agencies. However, this approach would require greater Ministerial engagement and coordination effort, and carries some risk if market conditions shift or if Government direction is perceived as overly prescriptive.

Next steps

26. Officials can discuss with you how data centre investment and enabling infrastructure could be addressed, s 9(2)(f)(iv)
27. You may also wish to meet with Invest NZ and NZTE, along with the Minister for Trade and Investment, to discuss how they are giving effect to the Government's growth priorities, including how they are coordinating investment attraction, skills, and sector development around enabling infrastructure such as data centres.

Annexes

Annex One: Examples of foreign investment in data centres

Annex One: Examples of foreign investment in data centres

Microsoft (Auckland – operational)

1. Microsoft opened its first hyperscale cloud region in Auckland in December 2024 and has acquired additional land to enable future expansion. As is typical for hyperscale data centres, ongoing operational employment is limited, but the construction phase generated temporary employment and local procurement activity.
2. The significance of the Microsoft investment lies primarily in its role as enabling infrastructure. The local availability of hyperscale cloud services reduces latency, enables onshore data residency, and supports compliance with New Zealand regulatory and security requirements. A range of large New Zealand companies—including Fonterra, ASB, BNZ, ACC, Auckland Transport, and The Warehouse Group—have migrated workloads to the local Microsoft Azure region, supporting cloud-based modernisation of business processes, data analytics, and digital service delivery.
3. Microsoft's electricity arrangements materially affect the net economic impact of the investment. The company entered into a 10-year renewable attributes agreement with Contact Energy, which supported Contact's construction of the 51.4 MW Te Huka 3 geothermal power station. This added renewable generation to the national grid and reduced the likelihood that the data-centre load would place upward pressure on wholesale electricity prices for other users.
4. Microsoft has also paired its infrastructure investment with explicit "wrap-around" measures aimed at increasing the likelihood of downstream productivity spillovers. The company has committed to training 100,000 New Zealanders in digital and AI skills by 2027, through free certifications and partnerships with education providers such as Te Pūkenga. Targeted initiatives such as 10KWomen, which reached more than 10,700 women and girls by September 2024, focus on improving participation among under-represented groups.
5. Microsoft provides an example of how data centre investment can deliver stronger economic benefits where it is deliberate and coordinated. In this case, the greenfield data centre build was accompanied by parallel initiatives in skills development and capability building. This matters because cloud and AI infrastructure delivers productivity gains only where local firms and workers have the skills and capacity to adopt these technologies effectively.

Canberra Data Centres (CDC) (Auckland – operational)

6. CDC, partly owned by New Zealand-based infrastructure investor Infratil, operates the largest hyperscale data centre campuses in New Zealand, located in Auckland. Together, these greenfield developments provide over 90 MW of operating capacity, with further expansion planned. As with other hyperscale facilities, ongoing operational employment is limited, but construction generated temporary jobs and local procurement activity.
7. The facilities support secure, onshore hosting of sensitive and compute-intensive workloads that previously required offshore solutions, including government, science, and advanced digital applications requiring high availability, data sovereignty, and regulatory compliance.
8. A key downstream impact is NIWA's national high-performance computing capability, which is hosted across CDC's Auckland data centres. In 2024, NIWA commissioned a NZ\$20 million next-generation supercomputer, the largest research computer in New Zealand, delivering 2.5–3 times the performance of the previous system. It underpins weather and climate forecasting, extreme-event modelling, and emissions analysis, illustrating how data centre investment can directly support public-interest science and resilience outcomes.
9. CDC's Auckland data centres are powered by renewable electricity and are net-zero carbon certified. While CDC has not announced a dedicated generation project of the same scale as

Microsoft's, its model reinforces the importance of aligning large data centre loads with renewable generation and grid planning to manage system-wide impacts.

10. CDC's wider investment programme provides context for global scale. In 2026, CDC announced a single data centre development in Australia exceeding 500 MW of contracted capacity, the largest such project in Australasia. While offshore, this highlights the scale at which global AI and cloud investment is now occurring and underscores the importance of coordinated policy settings if New Zealand is to remain competitive for future large-scale compute investment.

Amazon Web Services (AWS) (operational; hyperscale build did not proceed)

11. AWS launched a New Zealand cloud region providing local data residency and access to global AWS services. However, AWS ultimately did not proceed with constructing new hyperscale data-centre campuses in West Auckland. Instead, AWS delivers services using leased capacity in existing colocation facilities. In 2025, Amazon recorded a loss of approximately NZ\$44.9 million, associated with land and development costs for the abandoned greenfield project, contributing to a reported pre-tax loss of around NZ\$36 million for the New Zealand data-centre entity.
12. As a result, while New Zealand customers benefit from local cloud services, the wider economic benefits associated with a greenfield hyperscale build, such as construction activity, grid investment, and renewable generation additionality, did not materialise. Initial public announcements associated with the planned AWS build referenced potential creation of up to 1,000 direct and indirect jobs and NZ\$10.8 billion in GDP impact over 15 years, but none of the construction-related activity proceeded.
13. Ongoing employment impacts are therefore limited, and there is no evidence of new, investment-linked skills or workforce programmes of comparable scale to those associated with the Microsoft build. Factors influencing AWS's decision included consenting complexity, delivery risk, power availability, and commercial timing considerations. From a policy perspective, this case illustrates that cloud services can be delivered without local construction, but that the economic spillovers captured by New Zealand are correspondingly smaller.

Datagrid (proposed)

14. Datagrid New Zealand is proposing a large-scale, AI-focused hyperscale data centre campus near Invercargill, with an estimated capital cost of approximately US\$2 billion (around NZ\$3.5 billion). In March 2026, the project received resource consents for a 78,000 m² campus with a staged build-out to around 280 MW of IT load, which would make it the largest single electricity user in New Zealand once fully developed.
15. Construction is expected to generate over 1,200 jobs during the build phase, with ongoing operational employment projected to be modest. The project is closely linked to enabling infrastructure, including a dedicated high-voltage grid connection and the proposed Tasman Ring Network subsea cable. The cable would provide the South Island with its first direct international fibre connection, with an estimated capacity of 540 Tbps, increasing national connectivity diversity and resilience.
16. A key development affecting the project's economic profile is Datagrid's 15-year, 140 MW Power Purchase Option Agreement with Mercury, equivalent to approximately 1.2 TWh per year (around 3% of current national electricity demand). The agreement provides price certainty for the project and is intended to support further renewable generation investment, including geothermal, wind, and hydro upgrades, reportedly totalling over NZ\$1 billion over time. The University of Otago has been identified as an anchor tenant, indicating potential linkages to research activity and advanced AI workloads.

17. The potential economic benefits of the Datagrid project are therefore material but conditional. If delivered as proposed, it could materially increase New Zealand's compute capacity, support advanced AI and research workloads, and anchor further investment in renewable energy and digital connectivity. However, the scale of the electricity demand creates system-level risks. Net economic benefits will depend on whether new generation is delivered in step with demand, whether grid upgrade costs are largely internalised, and whether domestic firms and institutions have the skills and capability to use the compute capacity.

The potential economic benefits of data centre investments sit on a spectrum

18. Microsoft represents a model where infrastructure investment is deliberately coupled with renewable energy additionality, skills development, and broad domestic uptake, increasing the likelihood of long-term productivity spillovers. AWS demonstrates that cloud services can be delivered without new builds, but with correspondingly limited local economic impact. Datagrid offers the prospect of large-scale infrastructure and regional development, but with higher delivery and system risks that will require careful policy management.

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