New Zealand: A Destination for Data

How we can unlock green economic growth, local jobs and community benefits

Recognition of New Zealand as a market for data centre development is growing, and the opportunity extends well beyond the data centres themselves. Responsible data centre development has the potential to support innovation, research, productivity, jobs, wage growth and economic activity across New Zealand's regions.

AUGUST 2026

Introduction

The release of Data Centres as Strategic Infrastructure: Unlocking Value for NZ Inc in February 2026 set out the case for New Zealand as a destination for data centres. Since then, BCG has observed growing international recognition of the country's renewable energy, speed of delivery and security advantages. Locally, the conversation has also shifted from 'could NZ do this?' and 'does NZ have something to offer?' to 'is this a real opportunity?' and 'how do we do it right for NZ Inc, including thoughtful planning around energy, water and workforce development, while maximising benefits for the country?'.

For many New Zealanders, data centres are a somewhat abstract by-product of the AI boom. This report draws on international benchmarks, expert interviews, recent news articles and BCG analysis to articulate and quantify the impact of large-scale AI data centre development, spanning high paid skilled jobs, spill-over economic activity and regional community benefits.

New Zealand dollars are used throughout unless otherwise stated.

Executive summary

AI data centre development has the potential to help stimulate the economy and build digital infrastructure for a more productive, innovative New Zealand. Delivering 1GW+ of new compute capacity could see the country capture 0.5% of the global compute capacity in 2030, a realistic share for an attractive market. Developing data centres and the supporting fibre and energy infrastructure could also attract $25–35 billion of locally retained private investment, creating up to 3,500 jobs at the construction peak and up to 1,200 ongoing operational jobs once construction is complete.

Since our February 2026 report, the estimates have grown from a 600MW base case to 1GW of new compute capacity. Reflecting both accelerating global compute demand and growing validation of New Zealand's position, Sharon AI (a Neocloud that rents compute by the hour) recently announced a $2.26 billion cloud service agreement to deploy AI compute into existing New Zealand facilities, and Datagrid (New Zealand's first AI data centre developer) embarked on a recent funding round that demonstrates demand. The energy grid could power data centres, with 5TWh of annual renewable generation already commissioned from 2020 to 2025 (equivalent to 11% of 2025 total generation), and 3.4TWh under construction or in final commissioning to be delivered in 2026 to 2028. The share of renewables is on track to exceed 95% from 2027, positioning New Zealand alongside Norway and Iceland as the only developed nations at that level.

Attracting investment and delivering compute responsibly, in the best interests of all Kiwis, won't happen without a coordinated effort. Successful and responsible data centre development would need to be matched with renewable generation investment, responsible environmental practices, local skills institutes and skilled labour pools and genuine community partnerships.

Four priorities could capture the economic opportunity and local benefits:

1. **A joined-up data centre industry:** Presenting New Zealand on the global stage with a strong, unified message, and clearly presenting the facts on data centres to domestic audiences.
2. **Skills and workforce enablement:** Co-designing new training courses and pathways with polytechnics and industry skills boards to build our data centre construction and operational talent pools.
3. **Benefits for Kiwis:** Developing, in partnership with councils, mana whenua and community leaders, a template for Community Benefits Agreement and guidance materials for communities to use, including a common set of national asks and standards.
4. **Policy settings:** Considering government settings to enable responsible development, including clarifying the use of fast-track consenting for data centres, immigration and education settings to build the workforce, and national positioning on AI and copyright.

These priorities provide a coordinated path to realising the opportunity for NZ Inc.

1 New Zealand as a destination for data centres

AI is changing the scale, location and scope of data centre development

Growing global demand for digital services is driving rapid growth in data centre capacity. The global data centre market has nearly doubled in size over the past five years and is expected to more than double again by 2030, reaching 198GW of compute capacity (excluding China). This growth is increasingly concentrated around AI training and inference on the latest high-performance chips, with generative AI and agentic workloads expected to grow at a CAGR of 38% from 2025 to 2030.[1]

Data centres are evolving in response to these workloads, especially those underpinning GenAI, and New Zealand has many of the structural factors required to support them. Sites are getting larger, with many 250MW+ sites emerging globally, including several 1-5GW campuses. Given their large scale, these sites typically require locations with sufficient land and power availability. In contrast, traditional hubs are typically close to metropolitan areas and constrained by limited available space. In addition, AI training and GenAI workloads are increasingly latency tolerant, which means the data centres serving these workloads no longer need to be near the end user and can be located where there is the lowest-cost capacity globally (that also meets security and data sovereignty requirements). These shifts mean New Zealand is less confined to serving relatively small domestic compute needs, and could be an increasingly suitable geography for delivering large-scale compute for international customers.

1. A detailed breakdown of BCG's Global Data Centre Model demand forecast is set out in BCG's February 2026 report, Data Centres as Strategic Infrastructure: Unlocking Value for NZ Inc

Key AI Terms:

- **Compute:** The processing power (chips, servers, and supporting infrastructure) used to run AI and other digital workloads. In a data centre context, compute capacity is typically measured in megawatts (MW) of IT load, the electrical power drawn by the servers and chips themselves. This excludes cooling and other overheads, which is why a '100MW' data centre, refers to 100MW of IT load, not its total power draw.
- **AI training:** The process of teaching an AI model using large datasets. It is a highly compute-intensive process and typically works by running models across large batches of data (e.g. training a foundation model such as GPT-4 or Llama).
- **AI inference:** Running a trained model to produce outputs in response to a query. It requires relatively low compute intensity per query (e.g. answering a ChatGPT prompt) but can be run continuously on a massive scale (e.g. YouTube's recommendation engine).
- **Generative AI (GenAI):** Models that create new content (text, images, audio, code, videos etc.) from a prompt. (e.g. ChatGPT or Midjourney).
- **Agentic AI:** AI systems that autonomously plan and carry out multi-step tasks with minimal human input, often using other tools or systems along the way (e.g. an AI agent that books travel or manages a workflow end-to-end).
- **Latency:** The time it takes for a computing request to travel (via a fibre optic cable) from a user to a data centre, be processed, and return a response (e.g. a brief delay on an international video call).

Within the data centres themselves, structures like racks are getting denser, requiring advanced cooling technology and more sophisticated design. As a result, developing data centres in geographies with cooler climates – like New Zealand – becomes more favourable as less energy and water is required to manage heat loads.

We are starting to see the effects of these shifts. Datagrid's proposed 280MW data centre in Southland provides close to 2x New Zealand's total compute capacity today, and 28x the compute capacity of Datacom's Orbit Data Centre in Albany (Figure 1). Contact Energy and CDC's announcement of a proposed 250MW data centre in Taranaki will be built on the site of Contact's retired gas-fired power station and backed by co-located battery storage and new renewable energy generation.

Figure 1: AI is changing the scale, location, and scope of data centres

	Workloads	**Location**	**Scale**	**NZ Example**
From small 10MW domestic cloud centres … *(What we have today)*	**Domestic** enterprise and cloud for local business	**Built in major cities** closer to users to minimise latency	**10-20MW facilities**	**Datacom's 10MW** Orbit Data Centre in Albany, Auckland 
… to >100MW centres for global AI workloads *(Where we're going)*	**Global AI** workloads growing rapidly creating **export opportunity,** powered by renewables	**Built in regional hubs** connecting directly to transmission for latency tolerant compute	**Scaled facilities up to 1,000MW**	**Datagrid's 280MW** proposal in Southland and **CDC's 250MW** proposal in Taranaki 

Source: Industry reports; expert interviews; BCG analysis

New Zealand meets many of the core site-selection criteria for AI data centres

Traditional data centre hubs, such as Ireland and Singapore, and North Virginia in the US, face increasing constraints around the development of new digital infrastructure. As such, global infrastructure developers and investors are looking further afield for advantaged locations to develop compute capacity. Many countries and regions are positioning as the next data centre hub, and the ones that can deliver at pace will be best placed to attract investment, capture demand achieve scale.

As detailed in Data Centres as Strategic Infrastructure: Unlocking Value for NZ Inc, data centre developments have specific requirements that drive site selection and investment decisions:

1. **Energy:** Electricity is typically 20–40% of a data centre's opex, so cost, reliability, and increasingly the time it takes to secure a grid connection, are now among the biggest factors in where developers choose to build.
2. **Network connectivity:** Developers prioritise strong international subsea fibre capacity, with physically diverse cable routes and landing points that provide redundancy against any single point of failure.
3. **Operating environment:** Data centres need a stable, predictable jurisdiction to justify decades of capital commitment and to safeguard sensitive workloads.
4. **Physical environment:** Climate and natural-hazard exposure directly shape operating efficiency and risk, and colder climates reduce the water and energy required for cooling the equipment within data centres.
5. **Capital investment:** With upfront capex running to 30% of the total cost of ownership, relative land, construction and equipment costs are a key factor in investment decisions about location.

New Zealand is well positioned across these site selection and investment drivers. It has a growing renewable energy supply and the grid capacity necessary for enabling fast connections. It has international subsea routes to the US and Australia. And it has a stable operating environment, mild climate, and comparable costs to other developed Asia Pacific countries (Figure 2).

Figure 2: New Zealand has many of the key components underpinning data centre site selection and investment drivers

Investment drivers	Key components	New Zealand's competitive position
Rapid speed	Grid connection	**1–3 years for grid connection** vs 2–5+ years for other developed countries
	Permitting	**Fast-track permitting program** for infrastructure including data centres
	Generation supply	**Generation for ~1.1GW DC equivalent under construction / shovel-ready**
Competitive cost	Energy	**100% firmed contracts at $100–130/MWh,** lowest-cost developed country in APAC
	Land	**Abundant land: 10% larger than UK** and only 5m people, **cost on par with peers**
	Construction	≈ **Construction cost on par with peers**
Advantaged sites	Transmission availability	**>1GW of connection capacity available today** across 6 advantaged zones
	Connectivity	≈ **4 existing subsea cables, 4 new cables** under development incl. by Google
	Climate, water and resources	**Abundant water,** mild climate enables **cooling efficiency**
Supportive policy	Taxes, duties and tariffs	**Low/zero tariff,** 20% immediate CAPEX depreciation, favourable thin cap
	Business environment	**8th out of 82 countries** in the EIU's 2024 Business Environment Rankings
Sustainable, and secure	Energy sustainability	**95%+ renewable electricity supply by 2027** – 1 of only 3 developed countries
	Data security	**1 of only 7 non-EU countries recognised by EU** for adequate data protection
	Political stability	**Very low risk, Moody's Aaa,** 2nd in EIU's Global Democracy Index

Source: Industry reports; expert interviews; BCG analysis

International interest in New Zealand as a data centre destination is growing

A regional trend is emerging across Australia and New Zealand, with global AI labs, Neoclouds and infrastructure investors committing capital to the region quickly and at a scale. CDC, 49% owned by NZX listed infrastructure fund Infratil, has 98MW of operating capacity in Auckland and a further 126MW of future build capacity as it expands its Hobsonville and Silverdale campuses – in addition to the 250MW centre in Taranak.[2] Across Australia and New Zealand, CDC has 18 operational data centres and 2.7GW+ of total pipeline capacity.[3] In May 2026, they signed a 555MW deal with a major US customer.[4] Meanwhile, Anthropic is reported to be running a tender for 1.4GW of data centre compute capacity in Australia, at an estimated cost of A$21.6B to build and a target of 1GW of online compute by the end of 2027.[5]

New Zealand is capturing a growing share of this broader shift, and is well placed to serve latency-tolerant AI training and inference workloads – the fastest-growing segment of global demand. Attention is coming from across the value chain: AI labs driving the largest training and inference workloads, co-location developers building data centre facilities for that demand, and Neoclouds procuring, installing and operating chips to rent compute by the hour.

This interest is already converting into sizable commercial commitments. In July 2026, Sharon AI, a Nasdaq-listed Neocloud, announced a NZ$2.26 billion cloud services agreement for New Zealand-hosted AI compute capacity.

2. Infratil, CDC Investor Day Presentation, September 2025
3. Infratil, CDC Investor Day Presentation, March 2026
4. CDC, CDC signs 555MW data centre contract with US customer, May 2026
5. Australian Financial Review, Anthropic's plans to buy 1.4GW of Aussie data centre capacity, July 2026

A five-year agreement with a global AI lab will see Sharon AI install advanced NVIDIA chips in existing partner data centre facilities.[6]

Transpower, the national grid operator, is also reporting interest from data centre developers. It has received 30 expressions of interest in connecting new data centre loads directly to the transmission grid. Eleven of these applications have progressed to the assessment or design phases, totalling 1GW of new electricity load, the largest of which is a 300MW connection application from Datagrid in Southland, New Zealand's first scaled AI data centre campus.

Together, these examples indicate that global AI labs, Neoclouds and infrastructure investors are looking to New Zealand as a scalable data centre hub with suitable grid readiness, renewable power and available sites.

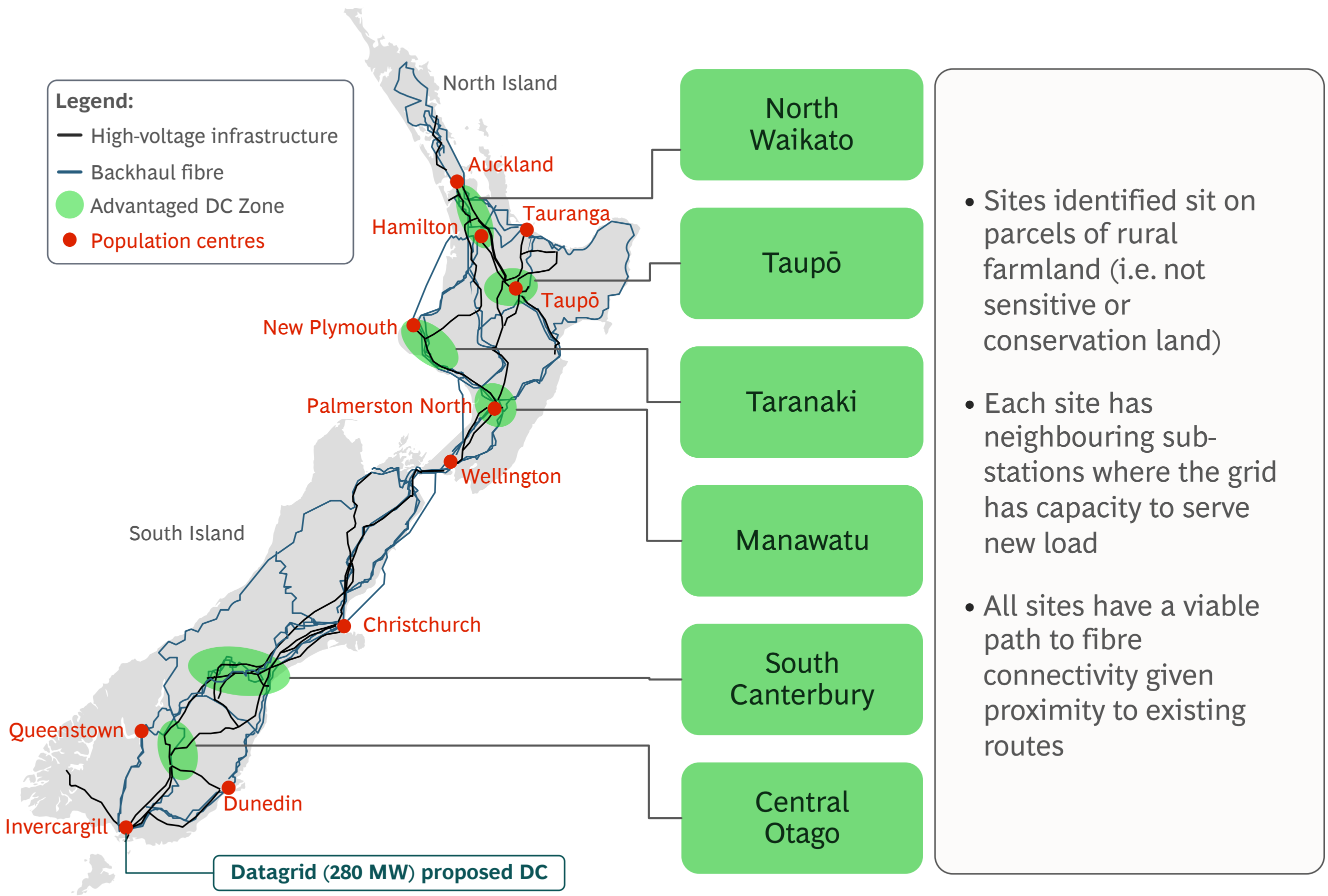
6. BusinessDesk, Nasdaq firm SharonAI signs $2.26b deal to build NZ AI infrastructure, July 2026

2 The economic opportunity for New Zealand

New Zealand's 2030 compute capacity potential has grown from 600MW to 1GW

Global ambition for AI compute capacity keeps rising, and as the market grows so does the possibility for New Zealand to represent a bigger share. BCG's analysis has identified several zones across New Zealand where existing transmission grid capacity, fibre routes and land availability could accommodate the development of 1GW+ of data centre capacity within the next five years (Figure 3). This represents an increase from the 600MW base case we modelled in February 2026. Achieving 1GW+ compute could include the development of some scaled AI data centre campuses across the country, alongside the existing pipeline of enterprise-focused centres in Auckland. Based on our modelling, New Zealand would move from 0.15% of global capacity to an estimated 0.5% of global capacity by 2030. For comparison, our share of global GDP today is 0.3%.

Figure 3: Potential for 1GW+ of compute across six zones within five years



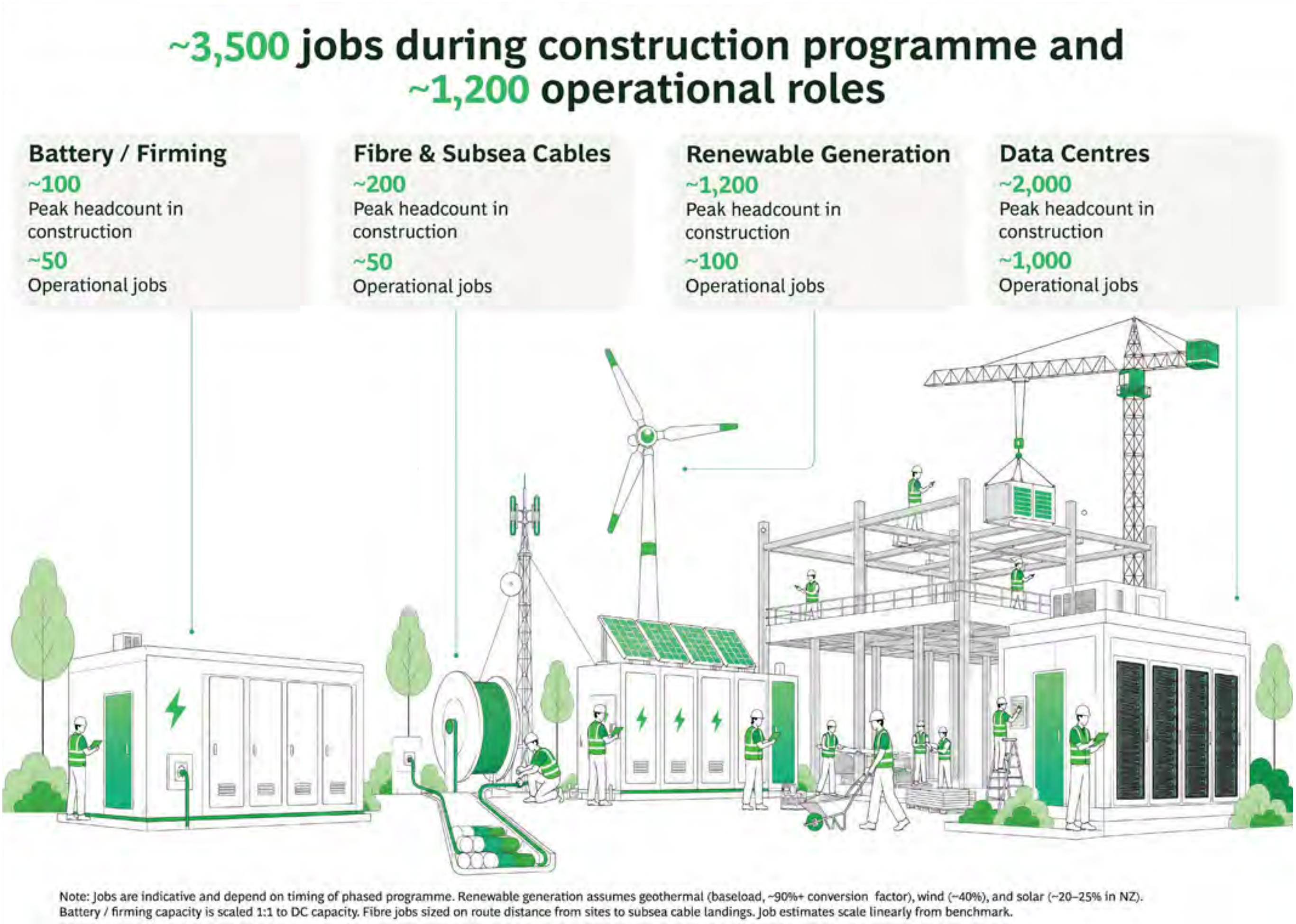
1. Listed capacities are not simultaneously achievable across all zones due to total system capacity constraint. Map is illustrative only.
Source: Transpower; EonFibre; Chorus; Invest NZ; BCG analysis

$25–35 billion of private investment could deliver thousands of jobs

Data centres are typically financed entirely by private capital. If New Zealand delivers on the 1GW+ ambition, our latest estimate is that around $25–35 billion of private investment could flow into New Zealand's economy through data centres, renewable generation and fibre construction. This is around 5x the size of the public investment made in Auckland's City Rail Link.

A construction program of this scale could help drive economic activity across the supply chain, creating around 3,500 jobs during the peak construction period. With this, total economic activity could reach up to $120 billion over the next decade – an increase from the $70 billion forecast previously and including IT equipment, fit-out and general operations (Figure 5).

Figure 4: 1GW of data centres could drive $25–35 billion of locally retained private investment in domestic infrastructure, 3,500 construction jobs and 1,200 operational roles



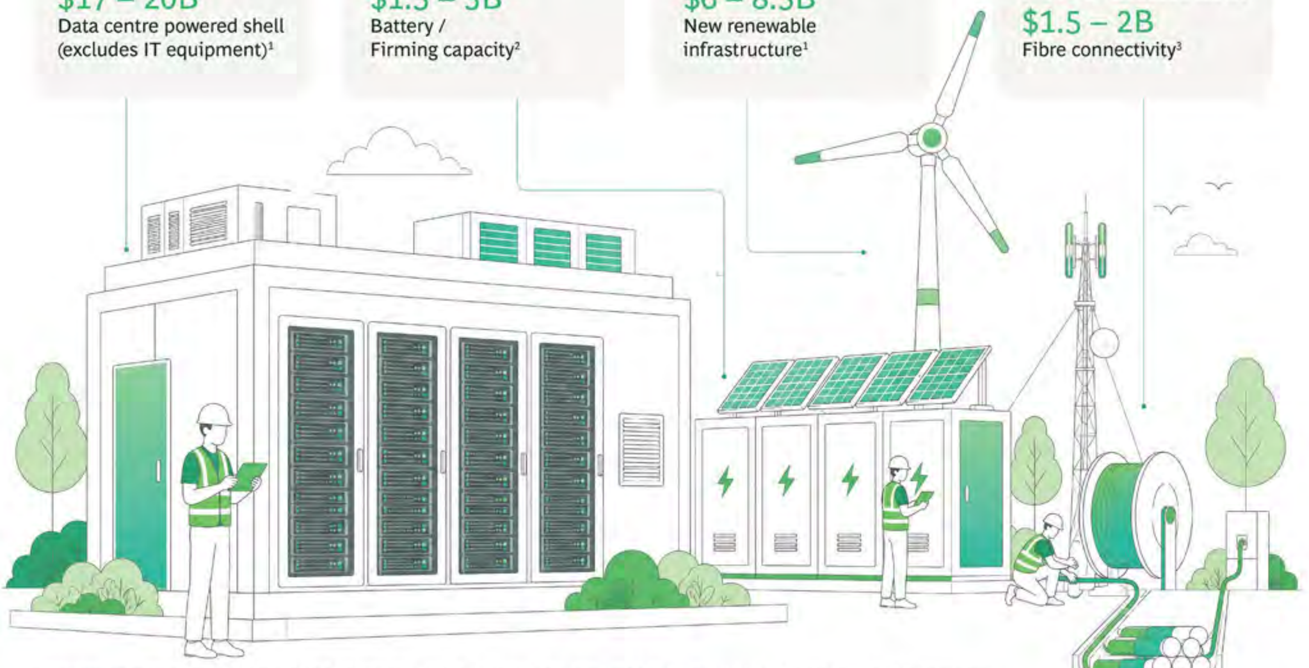
$25 – 35B of Private Investment in Domestic Infrastructure

1GW
$17 – 20B
Data centre powered shell (excludes IT equipment)[1]

1GW
$1.5 – 3B
Battery / Firming capacity[2]

~1.7 – 2.2GW
$6 – 8.5B
New renewable infrastructure[1]

~1,700 km
Domestic & subsea cables
$1.5 – 2B
Fibre connectivity[3]



1. Data centres as strategic infrastructure, BCG (2026); 2. NREL; BCG battery storage cost model, 2-4hr duration; 3. FiberLight US$350M for ~1,400 route miles, scaled by route miles

Wider strategic value for New Zealand

Community Partnerships
Supporting local communities and Iwi

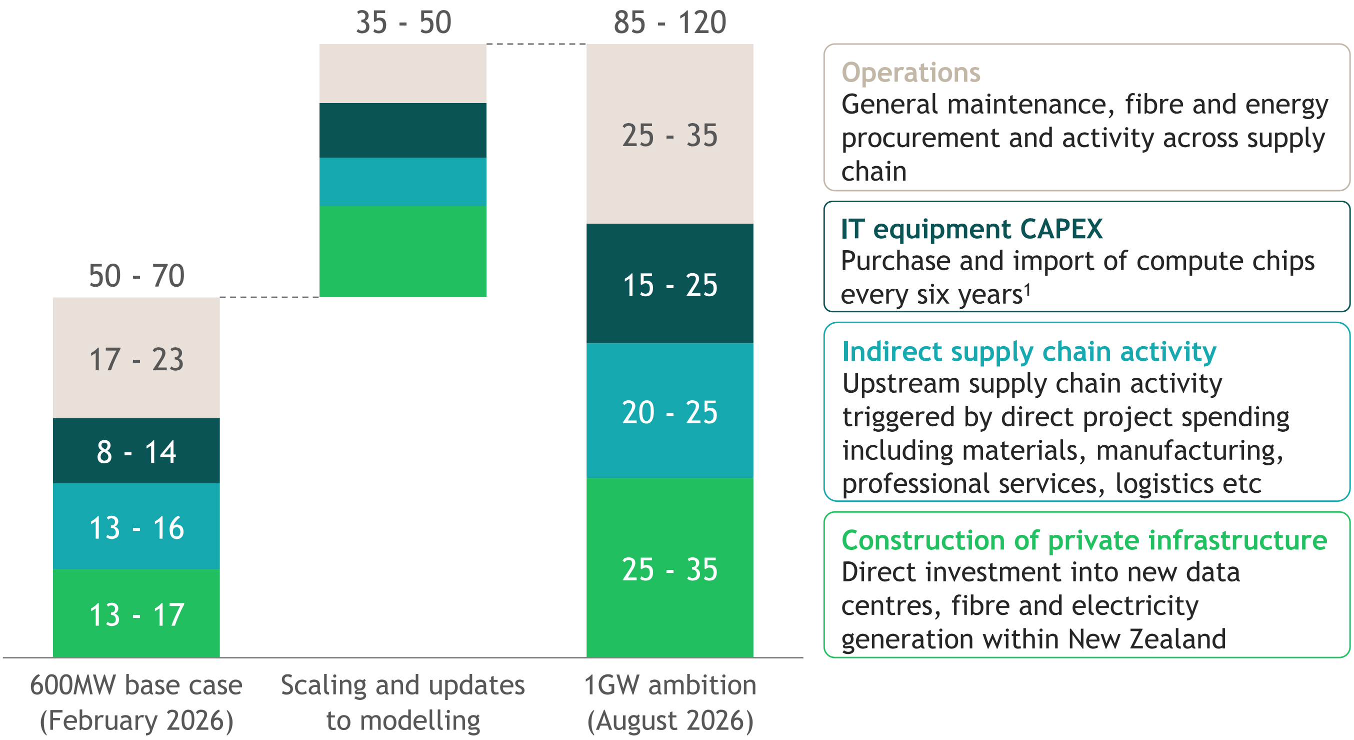
Boosting productivity
Across NZ businesses and public sector

Keeping our data local
Resilience, security & sovereignty

Space, agritech, medtech, film
Innovation enabled by additional domestic compute

Figure 5: $25–35 billion of private investment in domestic infrastructure could underpin up to $120 billion in total economic activity

Illustrative economic activity associated with data centre development and operations
(NZ$ Billions)



1. Assumes capex benchmark of $15m-26m/MW, six-year replacement cycle, capex amortised over replacement period and that IT equipment is 100% imported meaning no indirect domestic / supply chain activity is created
Note: Please refer to *Data Centres as Strategic Infrastructure (Feb 2026)* report for detailed economic impact assessment, assumptions and sourcing

3 Domestic compute as strategic infrastructure for New Zealand

New Zealand's growing data centre capacity could become a strategic asset – strengthening digital resilience, providing access to lower-cost compute and supporting productivity, research and innovation. Realising these benefits will require development that addresses considerations around energy, environmental impacts, local economic benefits and community engagement.

Keeping data local could help protect New Zealand's digital resilience

Most New Zealanders interact with services hosted in data centres every day, from cloud-based document collaboration tools at work, to streaming the latest drama series at home. Data centres already reach across every sector of New Zealand's economy, underpinning core banking systems, supply chain platforms for food manufacturers, farm management tools and government services.

Importantly, developing local data centre infrastructure could help safeguard New Zealand's ability to train and run AI on sensitive national datasets in the future – for example, across health, the environment, agriculture and te ao Māori – without that data leaving New Zealand's jurisdiction. Additionally, greater domestic capacity could support local businesses to store and process data locally so that digital banking, ecommerce and online service desk queries could be processed in New Zealand. Without access to local digital infrastructure, New Zealand could face slower digital adoption and an increasing reliance on offshore providers for critical digital services. In this context, data centres are likely to become increasingly important national infrastructure, much like the energy grids and gas networks that power our industries and homes.

Figure 5: Data centres host the digital services we use daily and could help power emerging solutions

Sector	Traditional Cloud Services	Emerging Cloud Solutions
Banking	Internet banking application hosting	AI fraud detection and risk scoring
	Debit card transaction processing	Open banking APIs
	Core banking system hosting	Coversational banking assistants
Retail	E-commerce shopping carts	Agentic commerce
	Loyalty programs	Personalisation engines
	Inventory management	Product development and innovation
Agriculture	Farm management record-keeping systems	Remote livestock monitoring and management
	Weather forecasting	Autonomous machinery
	Supply chain management	Satellite assessment of crop health and yields
Media	Hosting of video (Netflix, TVNZ On Demand)	AI content recommendation and personalisation
	Multiplayer gaming servers	Generative game rendering
	Visual effects rendering	Generative content production
Government	IRD tax assessments and web services	Government service chatbots
	Digital identity services	Predictive health analytics
	Benefit and pension processing	Automated fraud and compliance detection

Source: BCG analysis

Low-cost compute could foster economic growth in New Zealand

Looking ahead, low-cost compute could become a source of global competitive advantage for New Zealand, supporting a wave of technological transformation from agentic commerce to generative content production. Building data centres at scale could also provide access to low-cost compute powered by New Zealand's abundant renewable electricity, with some parallels to the development of the Maui gas field in the 1970s which ushered in an era of low-cost energy that supported decades of industrial growth. Numerous factors will determine whether compute can play a similar role, including whether New Zealand can effectively capture and directs the benefits of low-cost compute, and attract investment at a scale that supports the growth of a local data centre ecosystem.

Digital infrastructure could underpin new tools to help address real wage decline and uplift productivity

Wage growth in New Zealand has quietly fallen behind peer countries. Between Q1 2021 and Q1 2026, real wages fell 6.4%, the steepest decline among 37 OECD countries with comparable data.[7] On average, New Zealanders are worse off today in real terms than they were five years ago.

Wage stagnation is a symptom of New Zealand's deepening productivity challenge. Productivity growth averaged 1.4% per year between 1993 and 2013, before dropping to 0.2% per year over the last decade. Since the onset of Covid-19 in 2019, labour productivity (measured as real gross domestic product per hour worked) has also slowed.[8]

7. OECD, OECD Employment Outlook 2026: Geographic Disparities in Jobs and Incomes, July 2026
8. OECD, OECD Employment Outlook 2026: Geographic Disparities in Jobs and Incomes, July 2026

New Zealand's labour productivity is now more than 20% below the average productivity of OECD peers, whereas it matched the average in 2000.[9]

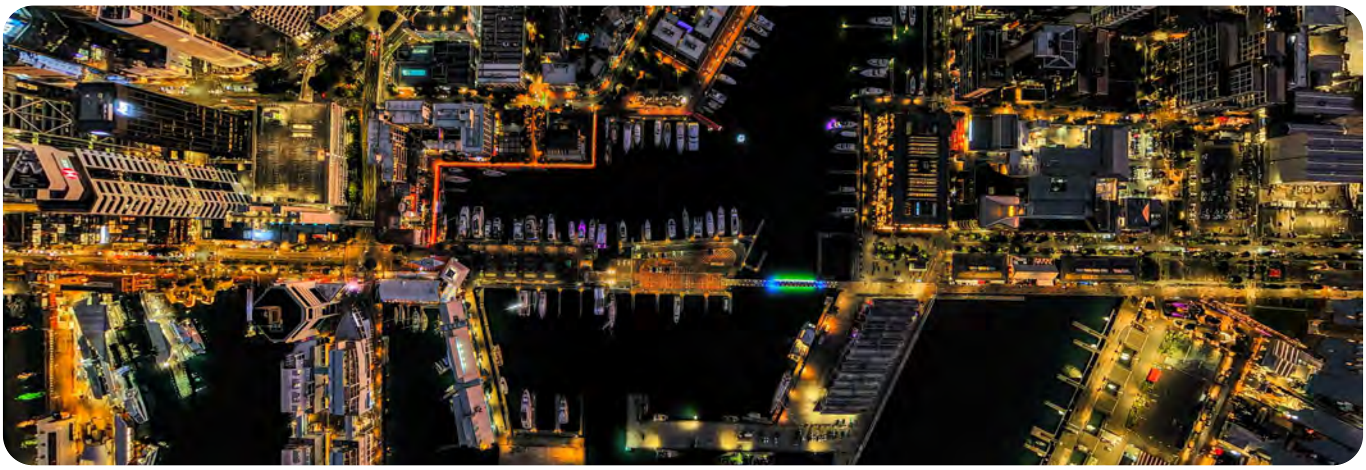
Digital solutions could offer productivity gains in two ways. Firstly, by allowing individual workers to become more efficient by using AI-assisted tools that reduce the time spent on administrative and repetitive tasks. Secondly, by allowing businesses to reinvent core processes to automate routine work, freeing up labour for higher-value activities such as customer service and innovation. BCG's global research highlights the importance of the second lever – only around 10% of AI's value comes from the underlying technology and algorithms, while the majority comes from organisations redesigning their workflows and reskilling their people around them.[10]

New Zealanders are already adopting these technologies. Anthropic's Economic Index ranks New Zealand fourth globally for Claude usage per working-age capita, trailing only Israel, Singapore and Australia.[11] This early appetite for AI adoption suggests the foundations for productivity-led wage recovery exist, but will require the digital infrastructure to support it, including local data centre capacity.

Abundant low-cost compute could support research and innovation

Local compute capacity could also help to progress local research and innovation. Today, New Zealand researchers operate with less compute capacity than their peers at well-resourced overseas institutions, such as the University of California, Berkeley, which has partnerships with major AI labs and cloud providers. Facilitating access to the latest Graphics Processing Units (GPUs) at scale could allow local innovation ecosystems to develop new IP and digital products in areas of competitive advantage such as agritech, space and satellites, green tech, health tech and creative industries. As highlighted in our February 2026 report, many local companies are already using data centre compute capacity to support their operations, such as Halter's smart collars, which use data centre compute for virtual fencing and animal health monitoring, to Rocket Lab's use of compute for constellation management and launch simulations.[12]

As developers build data centres in New Zealand for international customers, the same scaled infrastructure can support domestic compute. Building a small 20MW data centre focused on domestic demand costs around US$10–12 million per MW of capacity.[13] For a larger 250MW campus built to serve international demand, economies of scale can reduce construction costs per MW by 25–30%, to around US$7-9 million per MW. Given construction costs make up around 45% of a scaled co-location data centre's total cost of ownership over a 20-year life (excluding chips), this could reduce facility lease costs by 12%.[14] More competitive lease costs could translate to lower hourly GPU rental rates that support local innovators to test and scale ideas. Domestic compute users would also be able to scale up use for periodic AI training without sending data overseas.



9. BCG, Future of NZ Inc What Will New Zealand be Known for in 2050, March 2025
10. BCG, AI Transformation Is a Workforce Transformation, February 2026
11. Anthropic, Anthropic Economic Index report: Uneven geographic and enterprise AI adoption, September 2025
12. BCG, Data Centres as Strategic Infrastructure: Unlocking Value for NZ Inc, February 2026
13. Cushman and Wakefield, Asia Pacific Data Centre Construction Cost Guide 2026, March 2026
14. BCG Analysis and case experience

Sidebar: New Zealand's data centre debate is shifting towards how compute can be used to support NZ Inc and local communities

In general terms, recognition is growing in New Zealand that data centre development could meet global compute demand and provide local economic opportunities. However, there is public unease about the delivery of these large-scale projects, including the extent to which local communities will be consulted ahead of delivery.

By mid-2026, several announcements have prompted public discussion:

- **Invest New Zealand's** sector document release and local event was covered in the media and emphasised the $25–35 billion in private investment that data centre development could attract.[15]
- **Sharon AI** entered into a $2.26 billion New Zealand AI cloud service agreement.[16]
- **The Australian Prime Minister** delivered a speech that outlined the country's position on inviting responsible development and announced a new office to develop associated policy.[17]
- **Mercury's $53m investment in Datagrid** was presented as part of a funding round that will enable horizontal site works to commence.[18]
- **The New Zealand Green Party** released policy calling for a 1-year moratorium on new AI data centres while rules are put in place to ensure benefits for New Zealanders and mitigate strain on resources.[19]
- **The New Zealand Prime Minister** rejected the Green Party's moratorium as 'alarmist', arguing it risks New Zealand's competitiveness and that it needs to be in closer alignment with Australia on data centre rules.[20]
- **The New Zealand Opposition Leader** declined to back a moratorium but said the Government needs to set clear rules to manage real issues around environmental protection and data centres competing with households for electricity.[21]
- **Contact Energy and CDC** announced a partnership to seek resource consent for a 250MW data centre in Taranaki.[22]

While there is broad agreement on the economic potential and desire for New Zealand to attract foreign investment, there is also significant debate around a number of considerations:

- **The scale of job creation,** especially permanent operational roles.
- The extent to which **headline investment figures flow through to local infrastructure, procurement and community benefits,** rather than to offshore capital.
- **The management of energy load** and impacts from large new data centre demand.
- **Siting and water considerations** to mitigate or eliminate environmental impacts.
- The level of **community consultation and engagement**.

15. NZ Hearld, Crown agency pushes for $30 billion investment in new data centres, July 2026
16. BusinessDesk, Nasdaq firm SharonAI signs $2.26b deal to build NZ AI infrastructure, July 2026
17. Prime Minister of Australia, AI in Australia's interests, July 2026
18. Mercury, Mercury acquires minority stake in Datagrid NZ to support long-term renewable demand growth, July 2026
19. Greens, Call for one-year pause on consenting new AI data centres, July 2026
20. 1News, Govt wants 'common-sense' rules around big data centres – PM, July 2026
21. RNZ, Urgent need for rules and protections on data centres, July 2026
22. Contact, Contact partners with CDC to explore data centre development, August 2026

Locally, stakeholders are already taking steps to address public concerns and reflect the New Zealand context, including in the following areas:

- **Operational jobs:** Industry benchmarking indicates 0.9 to 1.0 direct and indirect roles per MW of IT load for the latest generation of scale AI data centres, higher than earlier-generation facilities given the 99.999% uptime requirement and specialist nature of AI compute.
- **Local benefits:** Global best practices are evolving, and New Zealand could adopt proven models, Community Benefit Agreements, local procurement commitments, and co-investment in local infrastructure to keep more of the value onshore.
- **Energy:** The sector is ready to enter long-term power purchase agreements (PPAs) that underwrite new renewable generation, with operators paying their fair share of transmission costs.
- **Environment:** New Zealand's cool climate, careful siting, and recent cooling technology developments will minimise water draw and environmental impact. The consented water draw for the DataGrid project is 200,000 cubic metres, less than three golf courses (one golf course averages 80,000 cubic metres based on consent).
- **Community engagement:** Data centre developers have initiated national engagement protocol for proactive and transparent consultation, noting that the sector is still in the early days of development.

4 Key considerations: capturing the economic opportunity with responsible development

Realising the economic opportunity for the benefit of everyone will require coordinated consideration across four key areas:

- Delivering incremental energy supply
- Ensuring environmental and water stewardship
- Developing our skilled workforce
- Ensuring benefits flow to New Zealanders.

Each of these factors is important for successful and responsible development, and international examples demonstrate the value of addressing them early. Electricity demand needs to be matched to new supply and transmission to manage the impact on prices. Siting and cooling decisions can have long-term impacts on environmental performance and water use. Workforce constraints can affect the pace of construction, and community arrangements need to be structured carefully as individual project outcomes can influence confidence across the sector.

4.1 Delivering incremental energy supply

An available supply of renewable energy to meet data centre demand

New Zealand's electricity sector is on track for 95%+ renewable generation from 2027, joining Norway and Iceland as the only developed economies with national grids operating at that level. 5TWh of new renewable generation was commissioned between 2020 and 2025, the equivalent of 11% of annual generation in 2025, displacing thermal fuels which made up 19% of energy supply in 2020.[23] Coal and gas now play a smaller and primarily firming role, rather than a baseload one.

Of the 5TWh added since 2020, 2.4TWh was geothermal, providing stable generation well-matched to data centre load profiles (figure 6). Wind and solar developments can be firmed with existing dispatchable hydro and a growing battery storage pipeline. This could allow gentailers to offer data centre operators firmed renewable PPAs and a contracted supply that's 100% renewable which could be shaped to match the continuous load profile that gas provides elsewhere.

Renewable generation development is continuing rapidly, with a further 3.4TWh currently under construction or in final commissioning. This development will further decarbonise the network and meet demand growth from the electrification of industry, including 0.25TWh from NZ Steel's Electric Arc Furnace,[24] and 1TWh from Fonterra's electrification program at its Whareroa, Edgecumbe and Edendale manufacturing sites.[25] The pace of generation development is also easing pricing concerns, and the electricity futures market has fallen 25–35% from December 2025 to July 2026.[26]

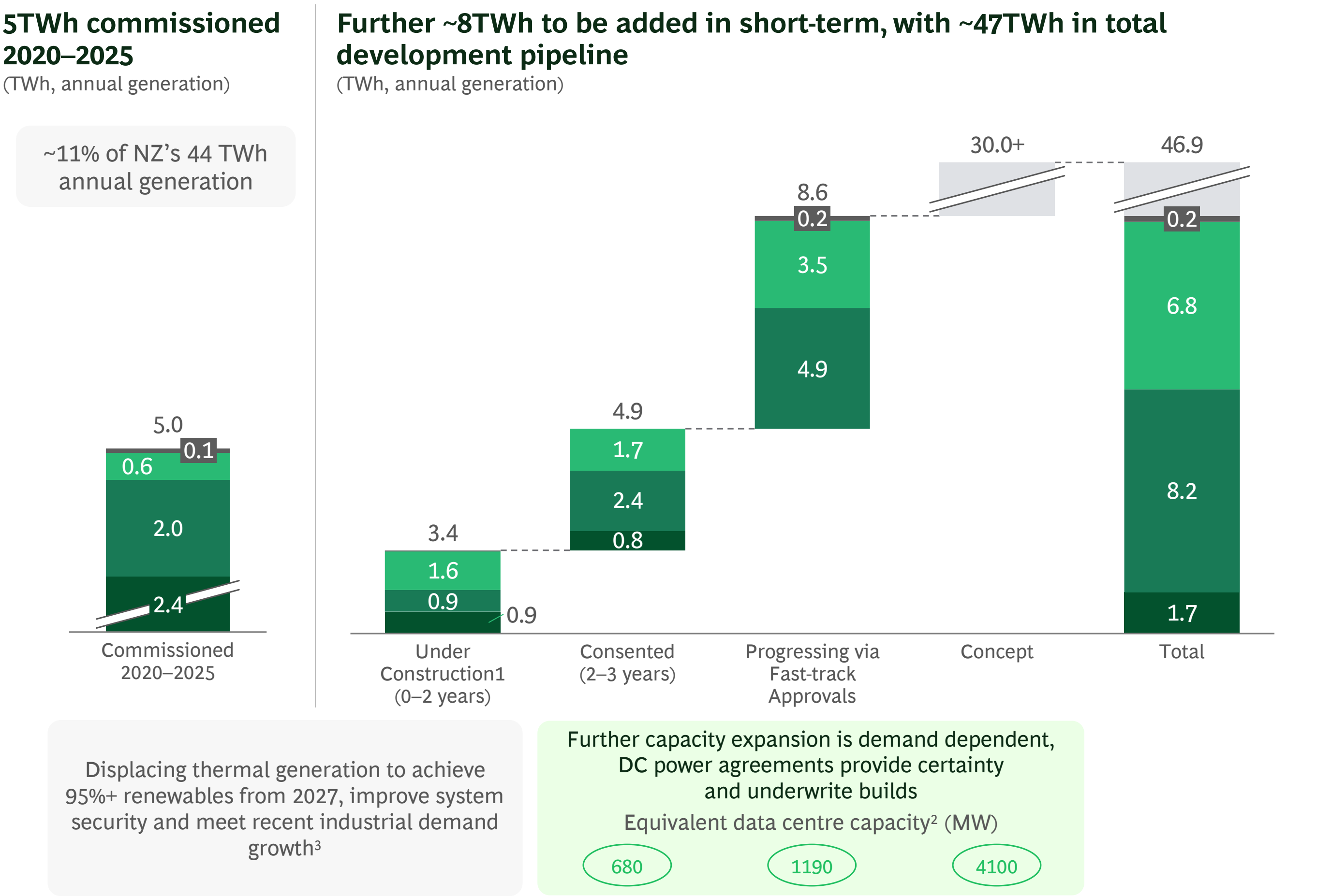
The energy sector has the development capacity and pipeline depth to continue to build, with ~5TWh consented and a further 8.6TWh progressing through the Fast-track Approvals Pathway (Figure 6). However, final investment decisions still require confidence that new load will materialise. Data centres could provide the commercial anchor for ongoing development by proactively signing PPAs ahead of development. Datagrid's 15-year, 140MW power purchase option agreement with Mercury, the equivalent to around 1.2TWh a year or roughly 3% of national electricity demand today, is a live example.[27]

23. M BIE, Electricity statistics data tables, March 2026
24. Contact, Contact announces pioneering renewable energy agreement with NZ Steel, May 2023
25. Fonterra, Letter of Support for Orari Switching Station, May 2026
26. Electricity Authority, Forward Price Curves, Average December 2025 vs. Average July 2026
27. Datagrid, Datagrid and Mercury establish 140MW Power Purchase Option Agreement, March 2026

It gives Datagrid price certainty for its 280MW (IT Load Capacity) Southland campus, while it works toward a final investment decision. It also gives Mercury a commercial basis to invest further in new generation.

Matching new demand with new supply in this way, rather than adding load onto an unchanged system, could help avoid price distortions like those seen in parts of the US, where data centre growth has run ahead of generation development and pushed up costs for consumers in the short term.

Figure 6: New Zealand's strong renewable generation pipeline could help make sure incremental supply is delivered in time to match new data centre energy demand



1. Under construction or commissioning, full power milestone between 2026-2027 2. Capacity refers to the designed peak power draw of data centre servers only, assumes net DC load factor = 0.83 (90% occupancy, 80% uptime, PUE 1.15) 3. Primarily from industrial electrification major project include Fonterra Electrification and NZ Steel Electric Arc Furnace
Source: Transpower, Concept Consulting, expert interviews, BCG Energy to Grow

Data centres paying their share of transmission costs

The sector is proactively exploring siting data centres where national transmission grid capacity exists, largely to provide timely connections for large new data centre loads and lower the strain on the national grid. Siting in regions with spare capacity could lift the utilisation of existing assets and spreads fixed costs over a wider base of users.

The cost to connect into the national grid is also borne by developer who need to follow Transpower's defined connection process and design standards. The broader upgrades needed to support the scaling of a data centre campus could be recovered through a 'beneficiary pays' methodology, with data centres paying a fair share of the costs.

Overall, households are not expected to bear any net additional grid costs from data centre development. Development may also contribute to a larger and stronger grid if new routes strengthen resilience in extreme weather events by adding capacity and diversity, and the national grid's fixed costs are spread across a bigger base of users.

Well-managed grids keep prices stable even as data centre load grows

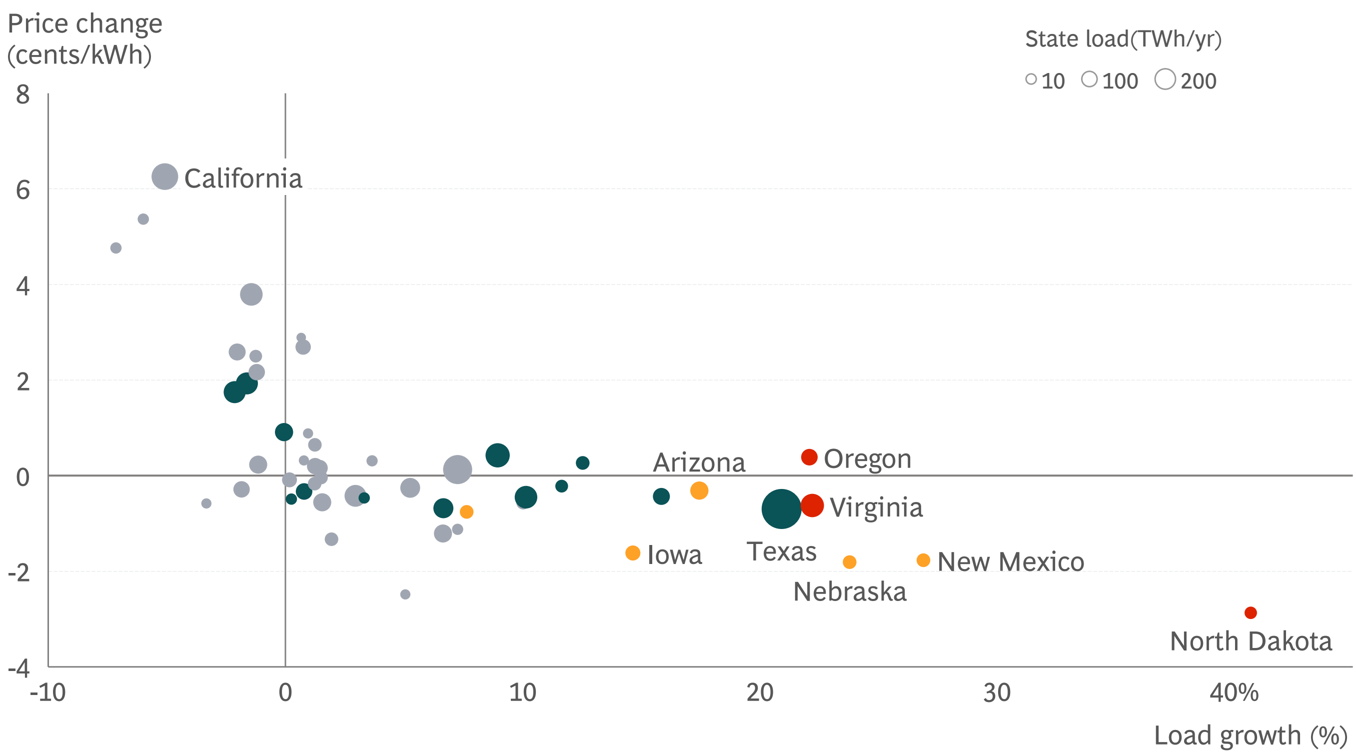
Data from the US shows load growth and prices are not closely linked. The Lawrence Berkeley National Laboratory analysis of the US Energy Information Administration (EIA) data across different states shows that many data centre hubs have had stable or even declining inflation adjusted electricity prices from 2019 to 2025 (Figure 7).

Where prices have increased dramatically, such as in Pennsylvania's PJM market, it is usually because electricity prices spiked while demand outpaced supply in the short term. The sector and regulators can manage this risk by matching new demand with incremental supply from renewable generation and siting where transmission infrastructure already exists.

Figure 7: Load growth within different states in the United States is not correlated with price rises

Load Growth vs. Retail Price Changes: 2019 to 2025

Price change in cents/kWh, inflation adjusted to 2025$. Load growth is percent change in retail sales.



Data center and cryptocurrency growth: Low Growth Medium Growth High Growth Very High Growth

Data center and cryptocurrency growth defined as increase in MWs from 2019-2024, relative to 2019 state load.
Very high = > 45 MW/MWh; High = > 15 MW/MWh; Medium = > 5 MW/MWh

Source: EIA, S&P Global; Lawrence Berkeley National Laboratory

4.2 Providing environmental and water stewardship

New Zealand's climate and modern cooling technology could help minimise water draw

Environmental stewardship for data centres spans several areas, including siting and land use, emissions power consumption, on-site backup generation and water consumption for cooling. Water draws a lot of public and international scrutiny, and is also where New Zealand's advantages are most pronounced.

New Zealand's temperate climate (13.5°C national average) structurally reduces the volume of electricity and water required for cooling, relative to hot-climate markets such as Texas in the US, Spain and counties in the Middle East. Water considerations in these hot and arid markets mostly stem from limited local water supply, combined with a historic reliance on evaporative or groundwater-fed cooling. Air cooling alone often cannot adequately dissipate heat at high ambient temperatures, and cooling technology is evolving rapidly to reduce water draw in modern data centres using closed loop systems or direct to chip cooling with specialist fluids.

Much of the water concerns circulating internationally do not transfer directly to New Zealand's operating conditions. Best practices are already emerging locally, with CDC's closed-loop cooling systems estimated to save around 706 million litres of water a year across its two Auckland campuses in Silverdale and Hobsonville, compared to an equivalent open-loop system.[28]

28. CDC, Saving water on an epic scale, accessed July 2026

In Southland, where the average temperature is 10°C, Datagrid's design aims to maximise the use of air cooling rather than evaporative cooling and minimise reliance on water. In contrast, many data centres in warmer climates depend on water to support cooling. Datagrid's water draw is expected to be limited to occasional adiabatic assist on warmer days, supplied primarily by rainwater harvesting from the centre's roofs rather than groundwater. The cooling liquid itself runs in a closed loop and does not contact local waterways, aquifers or soil. For context, a 1,000-cow dairy farm can use up to 20 million litres per year, a scale that Datagrid says its own water consumption will fall below.[29]

Green compute standards could set New Zealand apart

New Zealand has a an opportunity to set green compute standards for data centre development while the sector is in its early stages. With only a handful of hyperscale facilities consented to date and the country's largest project still in pre-construction, high environmental standards could be a default condition of development. Examples include efficient cooling or primarily air-cooled systems, building on what the CDC achieved in Auckland with responsible siting and lower-emission backup power from co-locating with grid-scale batteries. Setting these standards now could pair New Zealand's natural climate advantage with a deliberate policy choice, turning environmental stewardship into a point of competitive differentiation and New Zealand into a sustainable location for global compute.

4.3 Developing New Zealand's skilled workforce

Data centre sector development could support up to 3,500 workers nationally at peak

Delivering 1GW of new compute capacity – assuming three data centres of around 300–400MW across the country – in the next five years would require a significant construction workforce. In addition, incremental solar, wind and geothermal generation would be needed to power the data centres, grid-scale batteries to firm that power, new ducted fibre routes connecting each site to subsea landing points, and two new landing stations for international fibre cables.

At the peak of this hypothetical development pathway and when all three sites are under development alongside the supporting infrastructure, a peak workforce of around 3,500 could be required (Figure 8). This workforce would be larger than the construction workforce of Auckland's City Rail Link, New Zealand's largest transport infrastructure project, which employed 2,000 workers at peak.

The data centre development pathway would require a high level of skilled tradespeople, such as mechanical and electrical specialists for the complex Mechanical, Electrical and Plumbing (MEP) phase where the data centre shell is fitted out into data halls ready for a compute tenant. The largest group of roles within a data centre development are electrical and mechanical trades at 60% (Figure 9). Civil trades make up the second-largest group at 21% and could be prominent during the early earthworks, concrete and steel structure stages.

29. NZ Herald, Datagrid boss fronts on water use, noise, jobs, funding and construction start date for giant Southland data centre, July 2026

Figure 8: Up to 3,500 workers could support development of 1GW data centre and supporting infrastructure

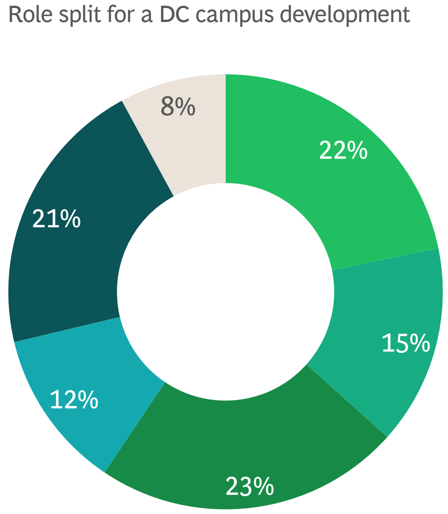
	Estimated Peak Headcount
1GW of Data Centre Capacity • Multiple campuses (3 sites) • Multiple buildings at each site (3-4 x 100MW)	~2,000
1,800MW of Renewable Generation • Mix of wind, solar, and geothermal • Commissioned to match DC demand phasing	~1,200
1,000MW of Battery Storage • Firms intermittent wind and solar generation • Multiple 100MW BESS installations	~100
1,500km of Fibre & Two New Subsea Cables • New domestic fibre routes to DC sites • Two new subsea landing stations	~200

3-4 construction roles per 1 MW of DC capacity

- 60% DCs
- 35% generation
- 5% fibre

Note: Figures are for peak construction headcount expected in 2029. Figures are indicative; actual headcount will vary by operator model, building size, construction methodology, and sequencing of phases.
Source: Expert Interviews; Meta, New Data Center in Lebanon, Indiana Marks a Milestone AI Investment, 2024; BCG analysis

Figure 9: Data centre development workforce could be dominated by electrical and mechanical trades



Electrical (High/Medium Voltage)
- High-voltage switching; substation and cable termination
- Medium-voltage distribution; backup generators
- Global shortages, especially for experienced managers

Commissioning and Controls
- Building management, control, energy monitoring systems, and cooling system commissioning
- Critically scarce: "*liquid cooling commissioning specialists almost don't exist yet*" EU expert

Electrical (Low Voltage)
- Structured cabling; data hall rack connections ('soft hands')
- Data centre specific experience scarce; trained workers immediately poached

Civil Trades
- General labourers; carpenters; concreters
- Most available skill type
- ~80% can be sourced locally
- Dominate early, drop ~50% after concrete works

Mechanical/pipework
- Pipe fitters; HVAC/chilled-water systems
- Actively scarce

Other
- Fire protection systems etc.
- Project Managers
- Health and Safety officers
- Engineers

Note: split is across the full DC development process, from due diligence to snagging. Source: Expert Interviews. BCG analysis

Skilled trades are already in short supply and we need to plan now to meet growing demand

New Zealand's trades workforce was already under pressure before the demand of data centres is added. Master Electricians estimates a a shortfall of around 6,000 electricians and roughly 20% of the existing workforce is retiring each year.[30] Current apprenticeship intakes aren't closing this gap as training a replacement electrician takes three to four years.[31] Reinvestment in national transmission and local networks is drawing on the same pool of high-voltage specialists, competing directly with the data centre development pathway for scarce trades. As a result, demand for electricians at the 2029 peak could run around 30% above the projected domestic supply pipeline.

Some of this demand could be absorbed by construction-phase engineering, procurement and construction management (EPCM) contractors bringing in overseas specialists, which is standard practice for major infrastructure projects. However, the countries that New Zealand has traditionally drawn skilled tradespeople from are experiencing the same skills shortages. Australia is projected to be short around 42,000 electricians by 2030,[32] and the UK around 111,000 by 2033.[33] New Zealand's usual immigration pipeline is competing for the same scarce workers, not supplying a surplus of them.

Closing this gap will require a joined-up effort between the sector, training providers and governments, working on two main actions simultaneously:

1. **Growing the funnel:** Attracting more people into trades, expanding apprenticeship places and offering job placements on data centre sites to give new entrants a clear, well-paid pathway.
2. **Upskilling existing tradespeople:** Equipping New Zealand's existing workforce with the specialist knowledge and certifications data centres specifically require. For example, high-voltage switching, low-voltage data hall work, fibre splicing and liquid-cooling mechanical systems.

30. 1News, Apprentices dropped as builders struggle with downturn, July 2025
31. 1News, Apprentices dropped as builders struggle with downturn, July 2025
32. The Australian, Calls to fix 'unprecedented' sparkie shortage, June 2025
33. Checkatrade, Annual UK Trade Skills Index 2024

Even as New Zealand grows the local pool of tradespeople, immigration will still be required to bring in team leads, managers and commissioning agents with data centre experience. There is an opportunity for government to consider reviewing relevant immigration settings to support the sector to draw on international expertise to fill gaps while transferring knowledge to local trades.

Some sector-relevant immigration considerations include:

- **Drawing on the existing Accredited Employer Work Visa (AEWV) pathway:** The AWWV pathway covers all four target trades with a job offer, up to five-year visas and currently processes applications in an average of six days.
- **Adding key roles to the Green List:** Relevant roles such as trade-level liquid cooling and DC commissioning technicians are not on the list today.
- **Expanding international qualification transferability:** The number of available transfer programs could be increased; for example, an Australian electrician's license can convert to New Zealand registration under the Trans-Tasman Mutual Recognition Arrangement without a re-exam.

A proactive approach to training operational technicians

Once operational, a data centre sustains roughly one role per MW of capacity or around 1,000 ongoing roles across the full 1GW development pathway (Figure 10). The majority of roles are skilled technicians (70%) working in shifts 24/7 to keep server uptime at the 99.999% standard required by hyperscale operators. The balance of workers is across contracted site services (20%) and administration and site management (10%) (Figure 11). A further 200 ongoing roles sit outside the data centres in the operation and maintenance of the supporting renewable generation and fibre infrastructure. A total of up to 1,200 ongoing operational roles could be needed across the new data centres and supporting infrastructure.

New training programs developed and piloted over the next few years could start growing the pool of data centre technicians available for these operational roles. These same programs could provide local community members a pathway into long-term, well-paid careers that would otherwise need to be filled by workers brought in from overseas once sites go live.

This approach has worked overseas. In Louisiana in the US, Meta is training local residents in parallel with the construction of its Richland Parish data centre. It has partnered with Louisiana Delta Community College on a dedicated data centre technician program which is backed by a $5 million scholarship gift. Making this investment ahead of the site becoming operational will help make sure graduates are ready to step directly into operational roles from the day the site goes live, rather than the region losing that opportunity to workers with prior data centre experience. Louisiana is also one of four pilot states for Meta's wider America's Workforce Academy, a $115 million first-year commitment training new entrants into the trade and backed by an industry-recognised credential that travels with the worker across employers.

Figure 10: Once operational, data centres could sustain 1 worker per 1 MW of capacity across direct and indirect employees, with further roles across energy and connectivity infrastructure assets

	Estimated Peak Headcount
1GW of Data Centre Capacity • Multiple campuses (3 sites) • 24/7 operations	~1,000
1,800MW of Renewable Generation • Management and maintenance across the sites	~100
1,000MW of Battery Storage • Management and maintenance across the sites	~50
1,700km of Fibre and Two New Subsea Cables • Maintenance crews • Small central network operations teams	~50

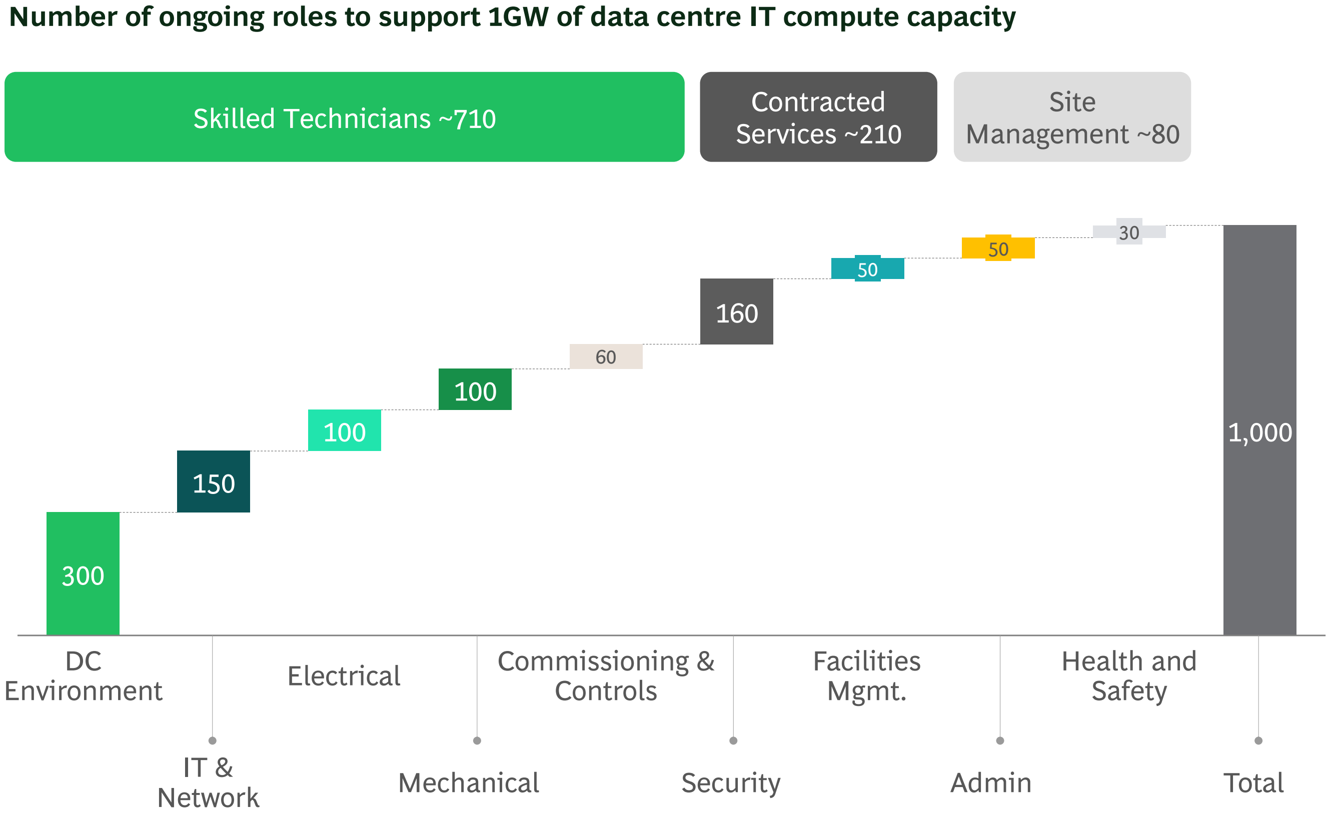
1 role per 1 MW of DC capacity

- 70% skilled technicians
- 20% contracted services
- 10% site management

Further 200 workers across supporting infrastructure

Note: Figures are for peak construction headcount expected in 2029. Figures are indicative; actual headcount will vary by operator model, building size, construction methodology, and sequencing of phases.
Source: Expert Interviews; Meta, New Data Center in Lebanon, Indiana Marks a Milestone AI Investment, 2024; BCG analysis

Figure 11: Skilled technicians working in shifts across 24/7 would grow the number of employees



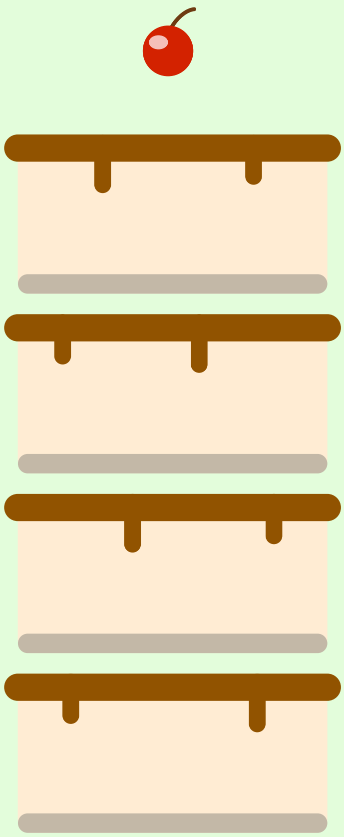
Note: Assumes linear extrapolation from existing international 50-120MW data centre sites
Source: Expert Interviews. BCG analysis

4.4 Making sure benefits flow to New Zealanders

Community benefits could extend beyond the creation of jobs and capital

Communities would have different avenues to participate in the economic activity that data centres generate and the supporting infrastructure they deliver. A baseline of direct jobs and capital would occur automatically as a result of data centre development, while capturing broader benefits would require planning and initiatives to engage local businesses, community members and community groups (Figure 12). National standards and frameworks, early community engagement and partnership are important, with the community determining what matters most to them and working with projects as partners from the start.

Figure 12: Potential community benefits from the development and operation of data centres



Community initiatives
Discretionary spend on local priorities, directly or via a local non-profit fund. Smallest outlay, but highest community resonance. A core part of Community Benefit Agreements

Shared local infrastructure
Shared infrastructure assets which generate public value through access and resilience: local generation and battery firming, grid upgrades, new fibre routes, and water infrastructure

Baseline operating standards
World-leading standards in power and water efficiency, heat reuse, and siting that minimise a facility's long-term footprint, turning good design into a lasting community benefit.

Automatic spillover
Local communities and businesses sharing in large and wide-ranging economic activity induced by the infrastructure development and operations e.g. workforce housing, catering services

Base: Direct impact
Jobs and capital tied directly to building and operating proposed data centres and enabling infrastructure e.g. new renewable generation and fibre routes

Source: Expert interviews, BCG analysis

International experience indicates what is needed to build community support

Cancellations of data centre projects in the United States have risen sharply from two in 2023 to 25 in 2025 and 20 in Q1 of 2026 alone.[34] In the second quarter of 2025, $98 billion in US data centre capital was blocked or delayed by community and regulatory opposition, roughly 14% of global 2024 data centre capex.[35] Projects that have secured genuine community support demonstrate the consistent uptake of six best practices:

1. Attracting the developer on genuine site strength instead of subsidies
2. Making formal commitments beyond tokenistic gestures
3. Engaging early, transparently and regularly with community groups
4. Embedding standards structurally from day one
5. Enabling local economic participation
6. Assisting with solving the community's own nominated problem.

Community Benefit Agreements (CBAs) are becoming standard practice to help projects embed these best practices, align with communities on what is important to them, and provide a formal agreement for reporting. Based on BCG's analysis of international examples and expert interviews, these agreements typically commit 0.1–1% of capex. For example, the City of Lancaster in the US reached a CBA with the developers of a US$6 billion AI Hub campus anchored by CoreWeave, committing US$20 million to community across construction financing and the start of operations.[36]

New Zealand could start this discussion ahead of major new developments - identifying the opportunities that matter most, developing a standard benefits framework, and aligning with stakeholders on how to engage constructively to deliver broadly beneficial outcomes.

34. Heatmap News, Exclusive: Local Opposition to Data Centres Explodes in 2026, January 2026
35. Data Centre Watch, Q2 2025 Update, July 2025
36. Sabin Center for Climate Change Law, City of Lancaster Community Benefit Agreement, 2025

5 A roadmap for unlocking New Zealand's data centre opportunity with responsible development

A coordinated approach could help deliver in a way that benefits everyone

New Zealand has an opportunity to capture the benefits of data centre development, but the timing of investment is likely to influence the potential scale. Investors are committing to compute capacity for 2028–2030 now and every year of delay will see demand move to faster-moving markets.

Without a coordinated approach, risks could emerge. For example, a fragmented approach and pitch to international investors could make it harder for New Zealand to compete with faster-moving peer markets. If the workplace training and development pipeline lags construction timing, sites would not have the trades they need when they need them. Negotiating benefits on a project-by-project basis may lead to some of the backlash seen overseas. And delayed policy settings could make it harder for developers to make long-term investment decisions.

We propose four parallel workstreams to connect industry, develop workforce skills capacity, secure benefits for Kiwis, and develop the right policy settings for responsible development. Each workstream is distinct, but has interdependencies and will require coordination:

- **A joined-up data centre industry:** Presenting New Zealand on the global stage with a strong, unified message, and clearly presenting the facts on data centres to domestic audiences.
- **Skills and workforce enablement:** Co-designing new training courses and pathways with polytechnics and industry skills boards to build our data centre construction and operational talent pools.
- **Benefits for Kiwis:** Developing, in partnership with councils, mana whenua and community leaders, a template for Community Benefits Agreement and guidance materials for communities to use, including a common set of national asks and standards.
- **Policy settings:** Considering government settings to enable responsible development, including clarifying the use of fast-track consenting for data centres, immigration and education settings to build the workforce, and national positioning on AI and copyright.

Local business leaders, policymakers, education providers and host communities each play a distinct role in realising the opportunity for NZ Inc, and progress will depend on working together in collaboration. Sector participants including data centre developers, investors, construction firms, advisors and energy providers could come together to make sure development occurs responsibly and addresses public concerns around energy and environmental stewardship (Workstream 1: A joined-up data centre industry). A unified industry voice could also support consistent communication and constructive engagement with wider stakeholders, including education providers (Workstream 2: Skills and workforce enablement), local communities and mana whenua (Workstream 3: Benefits for Kiwis) and policymakers (Workstream 4: Policy).

New Zealand's first data centres will prove the case for those that follow, and investor confidence in the local industry is likely to depend on proven, successful delivery. Early developments will play an important role in shaping community trust and confidence, which in turn could build support for further investment.

Figure 13: Roadmap to progress the opportunity and realise benefits for NZ Inc

	Now (Q3 2026, in prog.)	**Next** (end of year)	**Later** (2027+)
Joined-up data centre Industry	Align industry stakeholders and publish a voluntary code including energy, environmental standards	Champion responsible development locally, and NZ as a destination globally	Grow local DC ecosystem, win fair share of global market
Skills and workforce enablement	Set workforce strategy spanning domestic training and offshore recruitment, kickstart delivery	Co-design training programmes and agree specialist visa pathways	Enrol first training cohorts and activate immigration pathways
Benefits for Kiwis	Build community-benefits framework and underlying value case	Embed benefits into development agreements and secure compute access	Deliver community funds and regional infrastructure upgrades
Policy	Build support for responsible data centre development, and buy-in to sector led roadmap	Design policy settings that position NZ as a data centre hub, while balancing / mitigating risks	Embed durable policy and convert first approvals into proof points

Priority 1: A joined-up data centre industry

The immediate priority could be to establish a sector working group and align its members around a shared set of commitments that lay the foundations for responsible data centre development in New Zealand. Getting this in place now would allow everything else in this proposed roadmap to proceed from a position of coordination rather than fragmentation.

The working group's first output could be a voluntary sector code, publishing commitments that set the standard for responsible development in New Zealand. The code could span energy generation additionality and fair transmission cost-sharing and environmental stewardship, including the adoption of water-efficient cooling systems, local workforce and skills investment, community engagement mechanisms and transparent reporting principles. Publishing these commitments in plain language and reporting against them would create a clear operating baseline and address concerns that are being raised globally.

Once established, the working group could speak with one voice. Internationally, this could mean positioning New Zealand as an APAC hub with multiple advantaged zones that together offer real scale alongside genuine risk mitigations for investors. Locally, that same consistent voice would provide the factual basis for public debate on data centre development and communicate the sector's own commitments clearly, and provide national and local governments with one point of engagement on policy settings.

In the long term, building a local ecosystem of construction, operations and engineering firms could strengthen the domestic market and create opportunities to export New Zealand expertise. Ireland is a clear precedent for this, with the government estimating that Irish-owned firms have secured over €2.2 billion in offshore contracts and created 6,600 jobs by exporting the specialist construction and engineering capability built during Ireland's data centre boom, with firms like Kirby Group Engineering now running major operations in Sweden.[37]

37. Government of Ireland, Government Statement on The Role of Data Centres in Ireland's Enterprise Strategy, June 2018

Priority 2: Skills and workforce enablement

Another immediate action could be to develop a workforce strategy in collaboration with stakeholders from across the data centre sector, the education sector and trade bodies. Stakeholders could include the new Industry Skills Boards, polytechnics, and the Tertiary Education Commission. Key areas for alignment would be:

- **Training requirements and high-level training pathway designs:** Widening the net with new apprenticeship opportunities and supporting tradespeople to upskill for high--voltage substation and data centre-specific work.
- **Required policy changes:** Covering both education pathways and funding settings, and immigration settings, including reviewing AEWV settings and developing a data centre priority occupations list (e.g. high-voltage electricians, coolant distribution unit technicians, commissioning engineers) for fast-tracked, project-linked visas.
- **Practical next steps to develop local training:** Including scoping employer-funded micro-credential programs and identifying operators willing to co-design them.

Education providers could look to move quickly, with the support of government and the sector, to pilot new programs to prepare trainees for on-site development from late 2027 and early 2028. Three opportunities could emerge:

- **Drawing on international programs and lessons:** New Zealand could draw on models like AWS's Information Infrastructure Pre-Apprenticeship and Meta's America's Workforce Academy and LevelUp pathway. Effective short, employer-funded courses could get workers site-ready in three to six months, with full qualification following in parallel.
- **Fitting new courses within existing NZQA certifications:** The NZQA process for a new program, spanning curriculum design, accreditation, instructor and equipment sourcing, followed by a 3.5–4 year apprenticeship, takes 4.5–6 years. If labour demand is 12–24 months away, is there a way to incorporate micro-credentials and specialist courses inside the existing system.
- **Growing on-site apprenticeship and learning:** A short, operator-funded micro-credential (e.g. DC safety, low-voltage work, CDU basics) could lead straight into a paid on-site placement, where supervised hours count toward formal apprenticeship.

In the long term, courses could be delivered in multiple regions, giving people the opportunity to train and find employment close to home. As experienced international experts transferring knowledge to local counterparts, local capability is build and reliance on international workers is reduced. Building this capability could meet New Zealand's own demand and position the country to become an APAC training hub for data centre trades, exporting the very capability that New Zealand built to meet its own construction peak.

Priority 3: Benefits for Kiwis

A benefits framework is a standard, publicly available set of principles and templates used to govern how data centre developers engage with and share value with host communities. Every project starts from a common, known baseline so that communities and developers are not negotiating from scratch. Industry could proactively design this framework, along with associated guidance materials to explain data centre development and associated economic activity. This could prepare communities to engage early and provide a consistent structure for consultation and discussion across the country.

Six components could form part of a framework to equip national and local stakeholders:

- **Community engagement protocol:** Defining when and how operators engage host communities to meet best practice in early and transparent engagement.
- **Partnership principles:** Setting a baseline for Iwi and community partnership across procurement, workforce and governance based on what's practical and achievable from comparable projects globally.
- **Design and efficiency standards:** Solidifying baselines for siting, construction management and operational efficiency and to address concerns upfront.
- **Local workforce and upskilling targets:** Ensuring operators take steps to support local hiring, training, and the national skills pipeline, tying directly into Workstream 2.
- **Model Community Benefit Agreement structure:** Giving every community a template to respond to developer timelines, using a common structure and language.
- **Reporting requirements:** Establishing measurement and auditing commitments across the project lifecycle to track commitments.

A single national standard would provide greater consistency cross these six practices, reducing the risk of fragmented, site-by-site approaches that could result inconsistent outcomes and undermine public trust.

To build the framework, the sector could draw on international experience and engage stakeholders across New Zealand such as councils, community groups, mana whenua and skills training centres. The framework could be co-designed with these groups before being published for broader consultation, with support from governments.

Priority 4: Policy settings

The sector could meet with policymakers to present the facts on the scale and nature of data centre activity and outline the strategies available to minimise impacts on the energy market and environment. Also, to set out the proactive steps the sector is already exploring to secure local benefits, including jobs, community investment, and shared infrastructure. This would assist in building a shared, factual foundation and opening the conversation on how the opportunity could be structured to deliver for the country as a whole.

With a common understanding in place, the sector could work with government stakeholders to develop national policy settings. This process could begin earlier to provide clear signals to international investors and developers considering long-term investments in New Zealand.

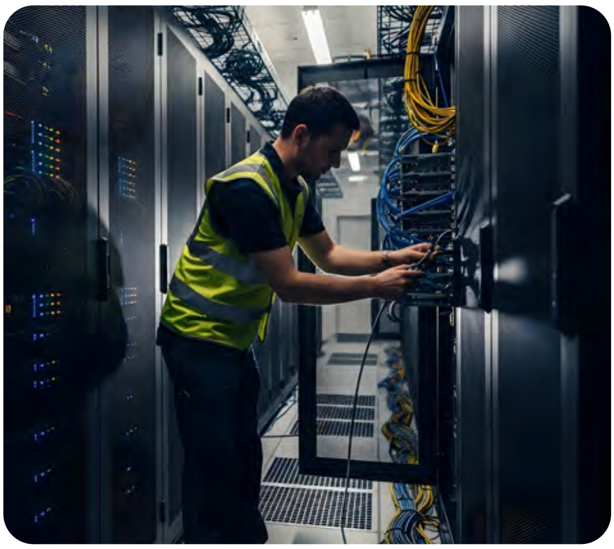
New Zealand has a strong domestic precedent for taking a proactive and staged approach to support the development of a new industry while frameworks were still being established. When Rocket Lab wanted to establish commercial space launch capability at Mahia in 2015, New Zealand had no space regulation at all. Within two years, the Government moved in parallel to sign a Technology Safeguards Agreement with the United States (2016), to establish a dedicated Space Agency within MBIE (2016), and to grant Rocket Lab interim authorisation to conduct commercial launches. All of this preceded the Outer Space and High-altitude Activities Act (2017), which formalised obligations, liability and the regulatory system. This sequence of activity supported Rocket Lab to innovate and start to operate while regulation was formalised. A similar model could be applied to data centres, allowing new infrastructure to progress while detailed regulatory settings are drafted in parallel.

A staged approach is also emerging in Australia. Following the Albanese Government's launch of the National AI Plan (December 2025), it released a set of interim Data Centre Expectations in March 2026, covering power underwriting, grid cost recovery and compute access for local AI start-ups to facilitate investment while rules were finalised.

In July 2026, the Prime Minister announced a legislated set of Australian AI Standards would be introduced to Parliament in early 2027, along with an Office of AI to coordinate policy centrally.[38] Setting a direction and interim expectations before developing detailed legislation is providing greater clarity to investors while the regulatory framework is being developed.

In the coming years, and with input from the sector and wider stakeholders, three key policy areas for could be developed for New Zealand:

- **Data Centre Operating Standards and Consenting:** Baseline operating standards and expectations, including guidance for fast-track consent referrals, could span energy efficiency and incrementality, water usage, siting mitigations and emissions from on-site backup generation.
- **AI Copyright Settings:** A clear position on training-data rights relative to peer markets (Australia, the United Kingdom, the European Union, the United States, Japan, and Singapore) could inform siting decisions for AI data centres. Australian Treasury briefing notes indicate that Anthropic's A$21.6 billion investment in Australian AI infrastructure is contingent on certainty around copyright law.[39]
- **Skill Development Enablement:** New programs to build the trades pipeline needed for data centres could be established via the Tertiary Education Commission and polytechnics, a long with a review of relevant immigration settings such as the Green List.



38. Prime Minister of Australia, AI in Australia's interests, July 2026
39. AFR, Anthropic's $21b deal hinges on 'copyright clarity' but PM in no hurry, July 2026

6 Conclusion

Scaled and responsible AI data centre development could create a significant economic opportunity for New Zealand, supporting the domestic economy and building a new export industry. Delivering 1GW+ of new compute capacity over the next five years could generate $25–35 billion in locally retained private investment in domestic infrastructure, excluding IT equipment, and support around 3,500 jobs at the construction peak. Once operational, the data centres and supporting energy and fibre infrastructure could directly or indirectly employ around 1,200 people, while turning New Zealand's renewable energy into digital exports. Beyond the numbers, increased data centre capacity would provide the sovereign compute infrastructure to support New Zealand's innovation economy.

New Zealand has several advantages as a potential location for data centres - access to renewable energy, competitive costs relative to developed peer markets, suitable sites, supportive policy settings and good security credentials. However, competition for the global investment that could establish New Zealand as a data centre hub is increasing as other markets look to attract the same capital and skilled workforces. In this context, investment timing is likely to influence New Zealand's ability to use its existing advantages to build a data centre ecosystem.

A coordinated national approach could help New Zealand manage development responsibly and align stakeholders who are responsible for relevant infrastructure, policies and capabilities. Energy, water, workforce and community benefits are closely connected and a shortfall in one of them would constrain what the others could deliver. The four proposed workstreams amount to a coordinated national initiative that could deliver responsible AI data centre development, while supporting the New Zealand economy and creating a new export industry.

About the Authors

Kelly Newton is the Managing Director and Partner of the Auckland office of Boston Consulting Group.
Contact Kelly by email at newton.kelly@bcg.com

Richard Hobbs is a Partner of the Auckland office of Boston Consulting Group.
Contact Richard by email at hobbs.richard@bcg.com

Matthew McQueen was a Principal of the Auckland office of Boston Consulting Group Contact Matthew

Blake Nicholson is an Associate of the Auckland office of Boston Consulting Group.

Rebecca Crotty-Scott is a Consultant of the Auckland office of Boston Consulting Group.

Acknowledgments

The authors are grateful to a number of colleagues for their support and assistance, Rebecca Diepenheim for design and layout, Pandi Velladurai for Illustrations and the ANZ editorial team.

About Boston Consulting Group

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders – empowering organisations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organisation, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

BCG