NZ's AI Strategy: A first look

Ali Knott, Victoria University of Wellington

In today's seminar. . .

- I'll summarise the strategy document
- Then we'll hear from Tom Barraclough (Brainbox), and Simon McCallum (VUW).

1. The current state of play in NZ

- The AI Forum is very active, and achieving a lot
- Large businesses are also active
- Small and medium-sized enterprises are some way behind.
  - 68% have no plans to adopt AI. (Only 38% in Australia.)

2. NZ AI flagships

Lots of Māori initiatives:

- NIWA weather forecasting partnership with Kaikoura Whale Watch
- Te Hiku Media's language processing resources for Māori
- Kiwa Digital: a successful app assisting film dubbing.
  - AI is involved in timing adjustment and translation.
  - More recently, many indigenous multimedia products.

Medicine:

- Toku Eye (machine vision for retinopathy)
- Formus Labs (customised hip sockets)

Agriculture:

- Halter (virtual fencing 'unicorn'); Aimer (farm analytics)

3. NZ's strategic approach

The strategy focusses on 'use and adoption', rather than development of foundational technologies.

- Use/adoption can start straight away: there's no tech lead-in time.

On AI work:

- Cutting-edge AI needs scale; NZ is too small to do (much of) it.
- We should focus resources on areas where NZ can contribute 'unique value'.

The government's enabling role:

- 'Reducing barriers to adoption'
- 'Providing clear regulatory guidance'.

4. Barriers to adoption, and how to overcome them

1. Regulatory uncertainty makes it hard for businesses to plan.
   - What laws about AI may be on the horizon?
   - The govt commits to a stable 'light touch' AI policy.
   - Existing laws on 'privacy, consumer protection, human rights' can be 'updated as and when needed to enable AI innovation'.
   - NZ is also committed to the OECD's AI Principles.

2. Businesses are worried about 'complexity, ethics and risk'.
   - The govt provides a separate Responsible AI guidance for businesses document, to help with this.

3. Lack of AI skills in NZ (a key cause of non-adoption).
   - Solution? Existing tertiary AI courses (including at Vic)
   - 2025 budget increased school subsidies by 3% in 'targeted subjects' (?); 1.75% tertiary subsidy raise for maths, med imaging

Responsible AI guidance for businesses

- Find the tasks where AI can best help you. (Easy, repetitive)
- Choose the best tool for the task.
  - A good link to the AI Forum's AI model procurement guides.
  - A useful mention of 'cost-benefit analyses'.
- Proactively assess and manage risk.
  - 'Think about what you will do if something goes wrong.'
- Protect your information. (For Gen AI, be careful with prompts.)
- Build AI skills; keep your staff trained.
- Make an 'AI governance team' (security, law, privacy, comms folk)
- Be transparent about AI to clients.
  - 'It is good practice to let people know when a GenAI system is being used.' (That's pretty weak transparency guidance.)
- For big decisions, keep a human in the loop.
  - Watch for automation bias.

5. The government is leading by example. . .

1. Judith Collins (Minister for Digitising Government), is pushing forward on government AI use.

- Research informed by international models, and a recent survey
- No mention of DIA's recently formed AI Advisory Group

2. On Māori data governance:

- Te Puni Kōkiri is exploring ways to support the appropriate use of cultural IP and prevent commercial misappropriation. (No details given, but see here.)
- The Centre for Data Ethics and Innovation has published guidance on Māori data use.

6. International collaboration and investment

1. 'NZ will continue engaging in the important AI governance fora'.
   - But they didn't attend this year's AI Summit...
   - They don't seem to be working on an AI Safety Institute...

2. The government is actively pursuing international partnerships.
   - Singapore-NZ AI for Healthy Ageing grant programme ($12M)
   - NZ will chair the 2027 Digital Nations ('D9') Conference

3. The govt is making it easier for NZ companies to get overseas investment.
   - But how do we keep ownership of AI companies onshore?
     - The UK's AI strategy mentions government procurement.
     - Will Hutton suggests a sovereign wealth fund...

7. The government is changing how NZ science works

The Science System Advisory Group Report's recommendations are being enacted. . .

- Details are still being worked out.

Research funding steers:

- Marsden fund to prioritise 'novel AI use cases' applied to areas like biomed, quantum physics, environmental monitoring
- Catalyst fund: AI is a priority area
- The R&D Tax Incentive offers companies a tax credit of 15%.
  - I don't think this is new.

'AI helped to create this AI strategy'!

'AI was used for some aspects of content ideation.'

- Any generated material was 'subject to human oversight'.

This transparency adheres to NZ's Algorithm Charter (MBIE is a signatory).

- The relevant Charter principle: 'Maintain transparency by clearly explaining how decisions are informed by algorithms'.

Did they really check their AI?

1. 'When businesses understand the rules of the game and trust that government settings will remain stable and supportive, they are more likely to invest in AI adoption.'

- A Congressional research report is cited, but I can't find where this is asserted.

2. 'Countries with clear AI strategies and supportive policy frameworks consistently outperform those with fragmented or restrictive approaches.'

- A 2023 Brookings report is cited—but this claims NZ had a national AI strategy! It places NZ high in AI readiness, and Canada on the extreme low end.

A few questions from me

1. Does AI regulation really impact business confidence?
   - Most regulation of *Gen* AI will probably be of *providers*, not 'downstream users'.
   - Many AI regulation efforts target big tech companies.
     - Again, NZ companies aren't directly affected.
   - What kinds of rule would impact (Gen) AI users in NZ?
     - I would like examples!

2. How does NZ's AI strategy compare with other countries?
   - I think we are missing a few tricks.

What's the UK Labour government doing on AI?

Peter Kyle (Secretary of State for Science, Innovation & Tech) released an AI Opportunities Action Plan in Jan this year.

There are 4 key themes.

UK Labour's AI action plan

1. Laying the foundations to enable AI
   - Building infrastructure (enough compute resources)
   - 'Unlocking data assets', including in the public sector.
     - Quickly find at least 5 public datasets to share with researchers
     - 'Strategically shape what data is collected'
     - 'Finance the creation of new high-value datasets' for the public sector, and for the private sector (new startups)
   - Invest more in AI research.
     - A new 'start-up' approach to funding AI & tech will be trialled from April this year.

UK Labour's AI action plan

2. Push hard on cross-economy AI adoption

- AI adoption is core to delivering the government's missions
- They will 'scan' (to look for opportunities), 'pilot' (where they are found), and 'scale' (where pilots work).
    - They don't want to get stuck in the 'pilot' stage!
- The public and private sectors should play mutually reinforcing roles in AI adoption.
    - Lessons can be learned from big tech
    - E.g. Amazon's 'API mandate'

UK Labour's AI action plan

3. 'Secure our future with homegrown AI'

   - 'We cannot expect the market to solely underwrite a new challenger, especially in the next 2 to 3 years'...

   - 'Government holds critical levers for the next stage of AI development. Generating national champions will require a more activist approach and something more akin to Japan's MITI or Singapore's Economic Development Board in the 1960s, not the 'invisible hand".

   - Public-private partnerships will be led through a new unit, 'UK Sovereign AI', focussing on frontier AI.

What else is UK Labour doing on AI?

On government restructuring:

- The UK's AI Safety Institute was renamed the AI Security Institute
  - More focus on crime, nat'l security; less on bias, free speech
- AI people are being employed at DSIT on AI salaries! This is new...
- A new Regulatory Innovation Office was created (Oct last year), to speed up decisions

On economic growth:

- Kyle talked about 'supporting the next 10 DeepMinds'...
- The problem is to *retain onshore investment*, as already noted.

What's the UK Labour government doing on AI?

On public services:

- Healthcare is a focus. Labour's manifesto pledged to use AI to speed up diagnostic services
- Tony Blair's Institute for Global Change has a report on what AI could do for the Dept for Work and Pensions

On jobs: The TUC has an AI (Regulation & Employment Rights) Bill

On regulation of big tech: the UK planned to introduce an 'AI Bill', focussing on Gen AI.

- This would make post-Bletchley voluntary agreements between companies and govt legally binding.
- But in Feb these plans were delayed, pending trade negotiations with the US.

AI policy in Australia

Australia has been quite go-ahead in regulating big tech companies.

Their News Media Bargaining Code has been in place since Feb 2021.

- But it's in the firing line in upcoming trade negotiations with Trump.

Their Online Safety Act was also passed in 2021.

- A focus on transparency, and better moderation.
- The Act is also under fire from the Trump administration.

Their Social Media Minimum Age Act prohibits minors under 16 from having accounts on certain social media sites. A world first. . .

- The ban applies to Tik Tok, Snapchat, Instagram, Facebook.
- NZ is considering a similar ban. . . (as we discussed).

AI policy in Australia

A policy for AI use in government has been in place since September last year (see here).

There are three parts.

- A standard for accountable officials
- A standard for transparency statements
- Guidance for staff training in AI.

In NZ, DIA and the GCDO are starting to create something a little like this.