MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

EVENT BRIEFING

Meeting with representatives from Datagrid New Zealand Limited, 5 June 2025

Date:	27 May 2025	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	REQ-0013783

Action sought		
	Action sought	**Deadline**
Hon James Meager **Minister for the South Island**	Meet with representatives from Datagrid New Zealand Limited.	5 June 2025

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Karl Woodhead	General Manager Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)	Privacy of natural persons	
Cory Hagenaars	South Island Lead Advisor, Kānoa	Privacy of natural persons	✓

The following departments/agencies have been consulted
Ministry for the Environment

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

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Purpose

To provide background and supporting information for your meeting with representatives from Datagrid New Zealand Limited on 5 June 2025.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommend you:

a **Note** the information in this briefing to support your meeting with representatives from Datagrid New Zealand Limited.

Noted

Karl Woodhead
General Manager Strategy, Planning and Performance
Kānoa – Regional Economic Development & Investment Unit, MBIE

27/05/2025

Hon James Meager
Minister for the South Island

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Summary

1. On Thursday 5 June, you will meet with representatives from Datagrid New Zealand Limited (Datagrid) from 12.00pm to 12.45pm, at G.037, Parliament House.
2. This meeting presents an opportunity for you to connect with Datagrid to discuss:
    - Datagrid's proposed hyperscale data centre[1] (the data centre) and subsea cable between Australia and New Zealand
    - Economic opportunities and challenges relating to the proposed project.

Background

3. Datagrid was founded in 2021, by technology entrepreneur and Hawaiki cable founder[2] Rémi Galasso and CallPlus founder Malcolm Dick, with the intention to:
    - establish a 6,000-kilometre Trans-Tasman subsea cable fibre ring (the Tasman Ring) that will connect Australia and New Zealand
    - construct a sustainable hyperscale data centre in Invercargill.
4. The proposed project will include:
    - a data centre
    - the Tasman Ring interconnecting Auckland, New Plymouth, Greymouth and Invercargill with Sydney and Melbourne
    - a cable landing station capable of serving up to three submarine cables
    - a dedicated and scalable power substation.
5. Datagrid hope to have the data centre operational by 2028. The University of Otago is set to be an anchor tenant of the facility.
6. The proposed project has received letters of support from the four Southland Papatipu Rūnanga, Ngai Tahu Regional Investment Fund and the Southland Mayoral Forum.

Hyperscale data centre

7. The data centre will be located in North Makarewa, Southland. The data centre is intended to facilitate intensive workloads such as training artificial intelligence (AI) models.
8. Forty-nine hectares of land have been purchased for the project. The site has been specifically selected for its access to renewable energy sources and the cooler climate, allowing for greener operation.
9. The hyperscale data centre would be the first in the South Island. New Zealand currently has over 80 data centres in operation, the majority being co-location[3] facilities in Auckland and Wellington, with just 12 data centres located in Christchurch[4]. To date, the data centre market has been dominated by co-location providers, Datacom and Spark, however

[1] A hyperscale data centre offers large-scale cloud computing services with the ability to rapidly scale these offerings, up or down. They offer Infrastructure as a Service and Platform as a Service offerings.
[2] Hawaiki Cable (operational since 2018) is a 15,000-kilometre submarine fibre-optic cable system that connects Australia, New Zealand, American Samoa, Hawaii, and the USA. It was designed to enhance connectivity across the Pacific region.
[3] Co-location providers offer physical space, power, and cooling for data centre customers to house their own servers and networking equipment. Unlike hyperscalers, colocation facilities do not provide hardware.
[4] Cloudscene: NZ Data centre numbers.

multinational companies such as Canberra Data Centres, Microsoft and Amazon Web Services have announced plans for significant investment.

The Trans-Tasman subsea cable fibre ring

10. In December 2024, Chorus and Datagrid announced they would partner to construct the Tasman Ring to digitally connect Auckland, New Plymouth, Greymouth and Invercargill with Sydney and Melbourne. The Tasman Ring is an evolution of the Te Waipounamu cable concept first promoted by Datagrid in June 2024, which would have connected Invercargill and Australia only.
11. The Tasman Ring is expected to be operational in 2027 and have a capacity of 540 terabits per second, allowing for data-intensive operations associated with training large language models.
12. The cable is essential for the data centre to provide direct fibre connectivity between Australia and the South Island. It is expected to reduce latency between Australia and New Zealand by as much as 35 per cent and increase internet speeds for Southlanders by as much as 50 per cent.

Opportunities

Economic growth

13. Datagrid estimates the project will cost $3.40 billion and provide $Commercial Information in direct economic benefits to New Zealand.
14. Since 2022, New Zealand Trade and Enterprise (NZTE) have advocated for New Zealand to be a green data hub[5] highlighting our abundant renewable energy resources. NZTE believe New Zealand could emulate what Nordic countries have achieved through emphasising their natural advantages and commitment to green energy. In doing so, these countries have attracted significant investment and driven the formation of AI superclusters in the region.

Enhanced Digital Infrastructure

15. Currently, all New Zealand's international subsea cables are located around the top of the North Island, meaning the country is vulnerable to natural hazards damaging existing cables and causing widespread disruption to internet access.
16. The Tasman Ring would be the first subsea cable in the South Island. This would provide redundancy and increased resilience for New Zealand's connectivity through an independent international telecommunication artery.

Regional development

17. The project is expected to strengthen Southland's economy, by creating high value skilled jobs, attracting investment, and diversifying the region's economic base.

Strategic advantage

18. The United States' AI Diffusion Framework places restrictions on AI chip exports, as well as controls on cloud computing access and AI model weights. Countries ranked as Tier 1 (T1) have unrestricted access to advanced graphics processing units (GPUs), which affords them a strategic advantage in the AI data centre market. Currently, Australia, Japan, Taiwan, South Korea, and New Zealand are the only T1 countries in the Asia-Pacific region.

[5] New Zealand Trade and Enterprise - Green Data Centres New Zealand Market Proposal

19. T1 status affords New Zealand a strategic advantage in the AI data centre market as T1 countries have unrestricted access to advanced graphics processing units (GPUs). Companies headquartered or with an ultimate parent in a T1 country can also deploy as much computing power as they want within T1 nations[6].

Challenges

Energy costs

20. Data centres are extremely energy intensive facilities. The proposed data centre is expected to consume 280 megawatts in phase one, and one gigawatt upon completion, almost double the consumption of the Tiwai Point New Zealand Aluminium Smelter.

21. On 31 March 2024, at an event on 'Shaping the Future of Southland', Perrine Dhalluin, Chief Executive Officer at Datagrid, stated that for the data centre, "power is the main barrier, and it needs to be green, stable and at an affordable price."

22. In 2020, Meridian Energy agreed in principle to supply Datagrid with 100 megawatts of power from the Manapouri hydro scheme, however no formal agreement was signed, and in 2023 Meridian voiced concerns about the proposed project. Datagrid is now considering infrastructure options to power the centre, including its own or partnered solutions.

23. Energy costs in New Zealand have increased year on year and are expected to keep increasing. Further information on energy costs in New Zealand were provided to you previously (briefing REQ-0013603 refers).

National Policy Statement for Highly Productive Land

24. On 17 October 2022, the National Policy Statement for Highly Productive Land (NPS-HPL) came into effect[7]. This is intended to protect highly productive land (HPL) to ensure it remains available for use in land-based primary production[8] both now and for future generations. It includes specific requirements for when HPL may be rezoned for urban development (clause 3.6) and a list of activities that are 'not an inappropriate use of HPL' (clause 3.9). The definition of HPL in the NPS-HPL is based on the assessment of 'Land Use Capability' (LUC) derived from a range of soil characteristics and conditions available in the New Zealand Land Resource Inventory, comprising:

    - LUC 1. This covers around 0.7 per cent of New Zealand's land area.
    - LUC 2. This covers around 4.5 per cent of New Zealand's land area.
    - LUC 3. This covers around 9.2 per cent of New Zealand's land area.

25. Councils were given a deadline of October 2025 to map 'large and geographically cohesive areas of LUC 1-3 that are zoned rural' plus 'any additional areas that is or has the potential to be HPL' where they have not already been 'identified for future urban development' (either as part of a Future Development Strategy or other council led plan). In the interim, the NPS-HPL applies to any land zoned as general rural or rural production that is LUC 1-3 and not 'identified for future urban development'.

26. The proposed site for the data centre is located on LUC 2 land, preventing development.

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[6] GPUs are vital for training and running AI models due to their ability to perform massive parallel computations, which is essential for the required computationally intensive tasks. This parallel processing capability allows GPUs to accelerate tasks like deep neural network training and inference significantly faster than central processing units.

[7] National Policy Statement for Highly Productive Land 2022

[8] Land-based primary production is primary production that relies on the soil resource.

27. On 28 March 2025, Hon Chris Bishop, as Minister Responsible for RMA Reform, announced NPS-HPL would be amended to remove the restrictions on developing LUC 3[9]. Public consultation is expected to begin on 26 May 2025, and includes amendments to mining and quarrying provisions in the NPS-HPL, as well as for the NPS-Indigenous Biodiversity and NPS-Freshwater Management. Changes to the NPS-HPL are expected to be gazetted by the end of the year or early 2026, depending on the complexity of submissions. Feedback will also be sought on whether 'special agricultural areas' should be included in the definition of HPL to allow areas important for food growing such as Pukekohe and Horowhenua to include some LUC 3 land.

28. On 21 March 2025, you met with Christine McMillan, Divisional Manager Planning, Bonisch Consultants Limited (Bonisch). Bonisch is an engineering, planning and surveying business working with Datagrid on the data centre project. Commercial Information

29. If you are approached about HPL or potential changes to the NPS-HPL, Kānoa – Regional Economic Development & Investment Unit (Kānoa) recommend you direct these queries to Kānoa officials, to follow-up with the Ministry for the Environment.

Commercial Information & Confidentiality

31. Commercial Information

Commercial Information

Fast track Approvals Act 2024

33. Datagrid applied to have its data centre project listed within Schedule 2 of the Fast-track Approvals Act 2024. The project was not chosen for inclusion, Commercial Information

[9] Government to support greenfield housing | Beehive.govt.nz

[10] Commercial Information & Confidentiality il.

Commercial Information Any questions relating to the Fast-track Approvals Act 2024 should be directed to Kānoa officials, to follow-up with the Ministry for the Environment.

Confidential advice to Government

Confidential advice to Government

Government actions to enable growth in New Zealand

35. Information on Going For Growth, Fast-track Approvals Act 2024 and Resource Management Act 1991 reform was provided to you previously (briefing REQ-0011634 refers).

36. Datagrid has advised it may seek governmental support to:

    - Commercial Information
    - facilitate introductions and engagement with government agencies that may wish to use the planned data centre and Tasman Ring, such as the Government Communications Security Bureau.

37. Any questions regarding this support should be directed to Kānoa officials, who can follow up with the relevant officials and agencies.

Recent meetings with other Ministers

38. Datagrid has recently met with various ministers to discuss the proposed data centre, including:

    - Hon Mark Patterson, Associate Minister for Regional Development.
    - Hon Shane Jones, Minister for Regional Development.
    - Hon Dr Shane Reti, Minister of Science, Innovation and Technology.

About the audience

39. You are meeting with Rémi Galasso, Founder, Datagrid and Perinne Dhalluin, Chief Executive Officer, Datagrid. Biographies of attendees are below.

	**Rémi Galasso, Founder, Datagrid** Rémi is a technology entrepreneur and founded Datagrid in 2021. Previously, he was Chief Executive Officer (CEO) of BW Digital and founder of its Hawaiki subsea cable and DataGrid data centre units. Prior to Hawaiki, he created Intelia in 2005, a leading supplier of telecommunication infrastructure networks for the Pacific Islands region. Rémi is a telecom industry veteran with over 20 years' experience.

	**Perinne Dhalluin, CEO, Datagrid** Perinne was appointed CEO in December 2023. Perrine has 20 years background in the telecommunications industry and successively worked at Ericsson and Nokia in Europe. She was previously Chief Executive Officer of Intelia Group for five years. Perrine graduated from ESIGETEL engineering school in Paris, France.

Risks and mitigations

40. No risks identified.

Communications / Media

41. No media will be present at this event.