



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Economic Development, Science and Innovation Committee
Komiti Whiriwhiri Take Whanaketanga Ōhanga, Take Pūtaiao,
Take Atamaitanga

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Briefing on artificial intelligence

Presented to the House of Representatives
by Dr Parmjeet Parmar, Chairperson

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Briefing on artificial intelligence

Recommendation

The Economic Development, Science and Innovation Committee has considered a briefing on artificial intelligence, and recommends that the House take note of its report.

About this briefing

We initiated this briefing on 18 September 2025 to understand the guidelines being applied to the public service's use or planned use of AI and emerging technologies. Understanding this framework will help in Parliament's scrutiny of the performance of public entities. We also wanted to understand the guidance being offered to the private sector. We hoped to determine whether New Zealand's existing legislation, regulatory settings, and governance structures are keeping pace with developments in artificial intelligence, and managing the risks associated with it.

We held hearings on 6 November 2025 with the Ministry of Business, Innovation and Employment, the Public Service Commission, and the Department of Internal Affairs. They included the Secretary for Internal Affairs, who is the Government Chief Digital Officer. The material we received from the entities, and records of our discussions, are available through the links in this report's appendix.

Guidance for the public service's adoption of AI

The Department of Internal Affairs (DIA) told us it is accelerating and supporting the public service's use of AI by bringing in standards, templates, policies, and guidance. At some point it expects to create common technology solutions. DIA said it balances coherent use of a new technology across the public service with responsiveness to the needs and responsibilities of government agencies.

The Government Chief Digital Officer, located within DIA, has provided advice to the public service based on five principles held by the OECD.¹ This advice guides public agencies towards the "careful, responsible, ethical and assured" adoption of AI. He said that deliberate processes are needed if agencies wish to introduce AI, such as safe experimental environments ("sandboxes") with the correct governance and controls.

The Government Chief Digital Officer acknowledged that there is no public sector strategy for AI. He has heard from other jurisdictions that they are moving away from strategies and legislation; the technology is moving too fast to keep up with it. Therefore, DIA is focused on providing principles-based frameworks and policy.

¹ Digital.govt.nz: [Responsible AI Guidance for the Public Service: GenAI](#).

Uptake of AI in the public service

The Government Chief Digital Officer told us that DIA is not building a large language model (LLM) for the New Zealand public service. It expects that, as the technology develops, New Zealand will be able to tailor an LLM or invest in a small language model that will include the New Zealand context. He said that New Zealand is currently using internationally produced LLMs, so has little control over whether they have been trained from plagiarised data sets.

DIA annually surveys 46 agencies on their adoption of AI and holds monthly online meetings with “several hundred people”. We heard that although the Accident Compensation Corporation and Inland Revenue are advanced in their use of AI, others are concerned by it or confused about which tool to use. The public sector’s deployment of AI is limited to administrative tasks, rather than the provision of core services. As a result, few agencies have as yet faced the problem of hallucinated or biased content.

To prompt agencies in their consideration of AI, DIA provides policies, guidance, and education to public sector leaders “so they can start to build their own knowledge”. It encourages leaders to plan for future AI use.

The Public Service Commission (PSC) discussed two courses on AI, run by the Leadership Development Centre, that it developed in partnership with the Government Chief Digital Officer. The courses traverse the ethics, productivity, possibilities, and risks of AI. They were tested and developed in 2025 and are now offered online. DIA seeks to ensure that all leaders engage with this training over time.

New Zealanders’ trust in AI

We discussed why New Zealand ranks amongst the lowest countries, globally, on trust in AI. DIA emphasised the need to be careful and deliberate in the use of AI, and to use it in ways that work for people. We heard that in New Zealand AI is not yet the entry point for services. DIA expects that in a few years there will be widespread use of AI assistants to help people access or navigate services.

We asked who is ensuring that New Zealanders will have access to the skills required to drive AI development. DIA said it consulted with the PSA (Public Service Association) on its framework. It told us that the pace and implications of travel towards an AI future are not clear, and that the market is currently immature. DIA is focused on building capability and the ability to respond to what might eventuate.

DIA acknowledged that AI would affect employment. However, it said that AI’s overall effect on the public sector workforce remains unclear.

AI guidance for businesses

We discussed the implementation of the *Responsible AI guidance for businesses*, produced by the Ministry of Business, Innovation and Employment (MBIE).² The guidance forms part of the Government’s Going for Growth programme and was released alongside New

² MBIE, *Responsible AI guidance for businesses*, July 2025.

Zealand's AI strategy.³ It is intended to encourage safe, ethical, and voluntary adoption of artificial intelligence in order to boost productivity and competitiveness. It provides information about managing AI risks, enhancing transparency, and building AI literacy.

MBIE told us that the guidance is designed to help nervous, smaller businesses to use AI. It has introduced concepts from the guidance into other offerings, such as the business.govt.nz site and the regional business partner network. MBIE told us that the guidance applies to AI beyond the large language models and would be important for automated decision-making.⁴

Business use of AI and the guidance

We asked how MBIE is enabling conversation with business leaders so the guidance can be updated and refreshed. MBIE said that the guidance can be quickly updated because it only exists online. We heard that MBIE has retained relationships with industry participants who helped create the guidance; MBIE expects them to let it know when the guidance needs an update. MBIE said it had no information on what sort of businesses have used the guidance.

We heard that businesses tend to use AI for repetitive tasks like organising information, data cleaning, drafting emails, and research. MBIE expects that in the future AI will become merely another business tool, like Google. As the technology matures, MBIE expects that businesses will use AI agents to organise calendars and pay simple business bills. DIA told us that large international businesses have reported that they are not yet getting a return from AI and that most of their proofs of concept are not working. Nonetheless, they are committed to using AI.

We discussed the risk to businesses from AI-hallucinated, untrue content. MBIE emphasised the guidance's encouragement to include a human perspective when producing content.

New Zealand's legislation to match the challenges of AI

We asked how the Government can address the public's safety concerns about the use of data. MBIE referred to *New Zealand's Strategy for Artificial Intelligence*. The strategy indicates an intention that New Zealand will rely on fundamental legislation, such as the Privacy Act 2020 and the Commerce Act 1986, to manage the risks of AI, rather than producing a bespoke AI Act.

MBIE said that New Zealand must ensure that its legislation stays fit for AI. One of the intentions of the Commerce (Promoting Competition and Other Matters) Amendment Bill is to clarify that AI pricing software which promotes collusion between companies in the same sector will be breaking the law. MBIE said that Parliament will need to stay alert to the challenges of AI, such as the doctoring of images.

We heard that New Zealand's international co-operation on AI, such as attendance at the annual AI Summit, will help the country to control the risks brought by AI. To ensure the

³ MBIE, *New Zealand's Strategy for Artificial Intelligence*, July 2025.

⁴ A large language model is an AI system (such as a chatbot) that can understand a prompt and generate a text response. Generative AI is a broader category; it refers to any AI system that can generate new content.

fitness of New Zealand's competition law, MBIE follows international test-cases such as litigation that is raising copyright issues related to the creation and use of generative AI.

We asked whether New Zealand could become a leader in business guidance about AI. MBIE said that, due to the globalised regulatory environment and AI's international nature, it would be challenging to create regulations that were not already being enacted in major jurisdictions.

The ethics of using AI in New Zealand

We asked what the Centre for Data Ethics and Innovation had told MBIE about challenges for businesses that use Māori data.⁵ MBIE said the Centre had advised that businesses using Māori data should ensure no harm is done to Māori and that they are acting positively for Māori. The Centre also advised that in the case of a business creating a tool related to te ao Māori, the business should consult Māori leaders and local iwi, and ensure the data is well protected. Businesses need to control for bias, and ensure that a human checks the finished product. MBIE agreed that most of these principles apply to all use of AI.

We asked MBIE whether it works alongside businesses using facial recognition AI, which has misidentified non-white faces at a higher rate. MBIE said that both the Centre and the Privacy Commissioner have up-to-date, useful tools about this.

We asked about protection for New Zealand's websites. The Department of Internal Affairs said it has completed the proof of concept for a chatbot for the govt.nz web domain. The chatbot would operate on all govt.nz sites and verify that they are a product of the New Zealand Government. The chatbot would use AI to highlight information and help staff respond to customer queries. DIA told us it cannot prevent AI tools from impersonating websites; however, DIA seeks to direct the public to Government-constructed sites.

⁵ The Centre for Data Ethics and Innovation is a small team within the Department of Internal Affairs.

Appendix

Committee procedure

We met between 18 June 2025 and 23 April 2026 to consider this briefing. On 6 November 2025 we heard evidence from the Ministry of Business, Science and Innovation, the Department of Internal Affairs, and the Public Service Commission. We received advice from the Office of the Auditor-General.

Committee members

Dr Parmjeet Parmar (Chairperson)
Dr Hamish Campbell
Reuben Davidson
Cushla Tangaere-Manuel
Dr Vanessa Weenink
Arena Williams
Scott Willis
Dr David Wilson

Paolo Garcia also participated in this item of business.

Related resources

The documents we received as advice and evidence for this briefing are available on the Parliament website, along with the Hansard transcript and recordings of our hearings on 6 November 2025:

- Ministry of Business, Science and Innovation
- Public Services Commission and the Department of Internal Affairs.