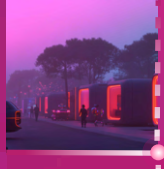
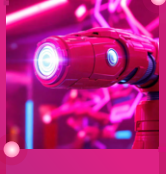
AI Forum New Zealand
Te Kāhui Atamai Iahiko o Aotearoa

A BI-ANNUAL SNAPSHOT | REPORT 3 | AUGUST 2025

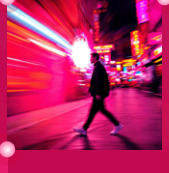
AI IN ACTION

Exploring the Impact of Artificial Intelligence on New Zealand's Productivity







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Thank you to our partners.

This report was made possible with the support of Te Herenga Waka Victoria University of Wellington. We cannot thank them and our sponsors Amazon Web Services and Minter Ellison Rudd Watts enough for supporting us to produce a high quality report that will be freely available to all in the ecosystem.

We are very grateful to have Heft powering the PR for this report. Their support has been revolutionary in helping us share the information widely and generate informed discussions.

MinterEllisonRuddWatts is helping shape New Zealand's future by empowering organisations to navigate the legal and risk implications of AI with confidence and clarity.

Heft is a public relations and advocacy agency with offices in Wellington and Queenstown. Heft's work is driven by the insights and strong political networks of our two directors, Vic Crockford and Emily Broadmore, supporting leaders and organisations throughout New Zealand to advocate for their causes and tell their stories.

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Foreword:
Hema Shridhar, Koi Tū: The Centre for Informed Futures

While momentum is building, we are still at the early stages. The real work lies ahead in building robust, scalable and responsible pathways for widespread AI adoption.

Hema Sridhar

Director of Programs and Government Relations,
Koi Tū: The Centre for Informed Futures

New Zealand is embarking on a once-in-a-generation transformation of its science, technology and innovation system, which is designed to dramatically shift economic and social outcomes for the country. We need a step change in productivity growth, and AI is integral to achieving this.

Building on the findings in the previous reports, the trends in this third AI productivity report mark a clear transition from curiosity to conviction. We are moving past the hype – from hypothetical discussions, isolated pilots and exploration to more firm and tangible integration of AI into core business operations. There is greater confidence and maturity with AI set to have a sustained impact across sectors, as highlighted in the report.

But let's not be complacent. While momentum is building, we are still at the early stages. The real work lies ahead in building robust, scalable and responsible pathways for widespread AI adoption. This will need proactive engagement to build trust, transparency, capacity and capability at every level. We must confront the risks head-on, not avoid them.

We must confront the risks head-on, not avoid them. We must also be realistic and pragmatic. The pace of adoption will vary, and foresight is essential to ensure that AI integration is sustained and equitable.

AI is shaping New Zealand's future - let's work together to unlock its potential.

Leading AI for a thriving Aotearoa

Innovative - Responsible - Inclusive

Artificial intelligence (AI) adoption and innovation have accelerated significantly across Aotearoa New Zealand during the past six months, according to our latest AI in Action survey.

Madeline Newman
Executive Director,
AI Forum New Zealand - Te Kāhui Atamai Iahiko o Aotearoa

The AI Forum brings together diverse perspectives from across the ecosystem, reflecting our collaborative efforts to produce valuable resources. We address difficult discussions head-on, even when they are uncomfortable, to provide an unobstructed view of AI's impact.

We are proud to present a report that provides a trend analysis overview of AI adoption in Aotearoa New Zealand. The survey and findings are produced independently by the team at Victoria University of Wellington (VuW), ensuring trustworthy and empirically sound information.

We show that AI continues to deliver tangible productivity benefits for New Zealand businesses. Reported efficiency gains remain consistently high at 91%, matching the 89% reported in Datacom's recent State of AI Index 2025.

We can see that the barriers to entry for AI have fallen sharply and the financial benefits are trending upward – and this is reinforced by the stories we consistently hear about Gen AI taking more of the cognitive load, freeing up time for better human engagement and thinking.

The figures for read-to-use Gen AI tools are consistently high, so this time around we look at purpose-built AI, helping businesses to differentiate themselves, the way they work, and sparking a competitive edge in their products and services - I encourage you to read the case studies and be inspired.

While AI use is widespread, trust and literacy remain challenges. Building public trust, improving AI literacy, and ensuring inclusive engagement are ongoing priorities for both government and industry. Governance4's work with Auckland Council demonstrates a safe way through these challenges for even the most complex public service environments.

And as expected, AI is having an impact on the workforce, with adopters saying they require fewer new hires and a small increase in organisations now attributing actual job losses to AI. But at the same time, more than half consistently say that AI has created new job roles. This is very encouraging news as we continue to advocate for organisations to upskill their existing workforces to create career mobility and inclusion, ensuring that we all benefit from the positive changes AI innovation can bring.

Executive Summary

Key survey findings

Our third bi-annual AI in Action survey provides, for the first time, a clear picture of emerging trends in the impact of artificial intelligence (AI) on productivity across Aotearoa New Zealand. Building on data collected since 2023, our latest survey results reveal both the growing maturity of AI adoption and its evolving effects on the workforce and economy.

91% **Productivity boost**
91% of businesses report efficiency gains from AI.

50% **AI is a cost saver**
50% cite positive financial impact

77% **Reduced Operational Costs**
77% report cost savings on operations.

>25% **Quantified Benefits**
>25% if quantified cost savings exceeded $50,000 per year

55% **Career Opportunities**
55% consistent level of new roles being created within organisations

Executive Summary

Continued...

Productivity Gains

Consistent benefits reported

AI continues to deliver tangible productivity benefits for New Zealand businesses. Reported efficiency gains remain high at 91%, and financial benefits are trending upward, with half of respondents indicating positive financial impact and 77% reporting operating cost savings. More than a quarter now report annual benefits in excess of $50,000, reflecting deepening integration and broader use of AI across sectors.

Workforce Impacts

Increased job losses reflect recession

AI-driven job losses have increased with 14% of organisations now attributing job losses to AI, up from 7% in the previous two surveys. However, this appears to be linked to wider economic pressures, with many businesses choosing to bank savings rather than expand headcount. At the same time, 55% of respondents report AI has created new career opportunities, reinforcing the importance of upskilling and career mobility for the current workforce. Notably, 45% of AI adopters report a reduction in new hires, a trend that has steadily increased over the past year.

Costs of AI Adoption

Dramatic reduction in setup costs over the last 12 months

The barriers to entry for AI have fallen sharply. Seventy-five percent of organisations now report setup costs under $5,000 (58% under $1,000), compared to nearly 30% spending over $50,000 a year ago. Ongoing operating expenses are also trending downward, with over 70% spending less than $5,000 per year, compared to 65% a year ago. This reduction is largely driven by the growing availability of ready-to-use AI products and solutions.

Strategic Policy Investments

Government strategy released in July 2025 affirms AI adoption as a pathway to improved productivity, with a risk-proportionate regulatory approach and significant public service uptake. The public sector now accounts for a substantial portion of technology spend, and responsible AI adoption is being actively championed.

Executive Summary

Continued...

Operational AI Costing Less

Significant reduction in overall expenses

Over the past 12 months, organisations have experienced a significant downward trend in the ongoing costs of AI. More than 70% now report annual operating expenses under $5,000, an improvement from 65% a year ago. At the higher end, the proportion of organisations spending more than $50,000 per year has dropped markedly from 12% to just 4%. Interestingly, there has been a slight increase in the proportion of organisations whose annual AI costs fall between $1,000 and $5,000. This likely reflects the growing adoption of ready-to-use AI solutions, where firms expand their use of AI by adding more licenses and accessing new features as they become available. While this can lead to modest increases in total licensing costs, it also signals enhanced capabilities and broader AI integration across organisations. Overall, the ongoing reduction in operational AI costs demonstrates that as the technology matures and becomes more accessible, businesses are able to achieve greater efficiencies and value for lower ongoing investment.

Building Trust, Literacy and Social License

While AI use is widespread, trust and literacy remain challenges. Only 44% of New Zealanders believe the benefits of AI outweigh the risks, and concerns are even higher among Māori and Pacific Peoples communities. Building public trust, improving AI literacy, and ensuring inclusive engagement are identified as ongoing priorities for both government and industry.

Real World Impact

We're demonstrating how AI is transforming business processes, reducing administrative burdens and enabling new services, previously out of reach. Our report features case studies from across sectors, including media, engineering, education and local government.

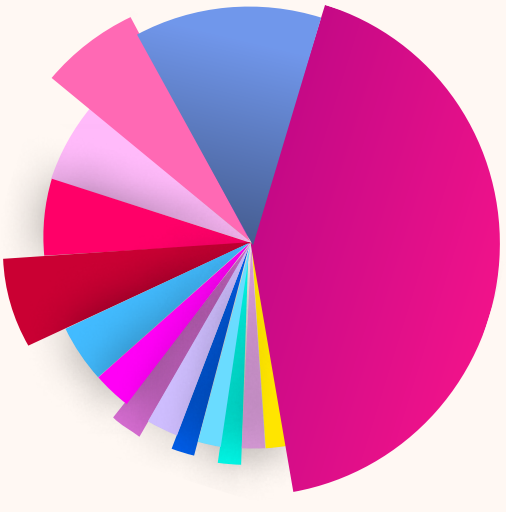
Introduction

Our report provides a comprehensive snapshot of the rapidly evolving impact of artificial intelligence (AI) on productivity, business operations, and society in Aotearoa New Zealand. Drawing on our latest bi-annual survey data and real-world examples, it offers valuable insights for policymakers, business leaders, and the wider community.

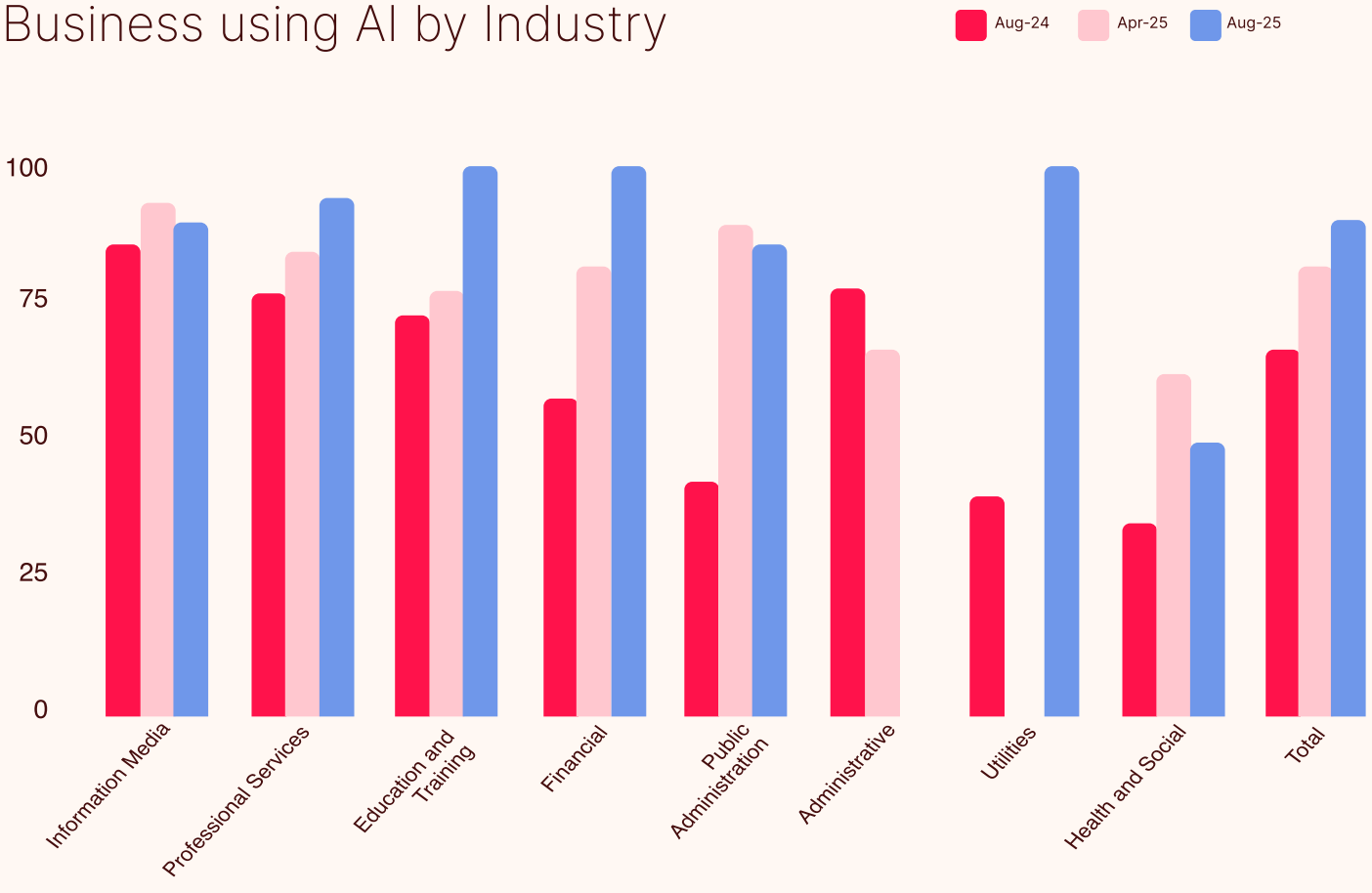
Responses by Industry

166
Valid responses

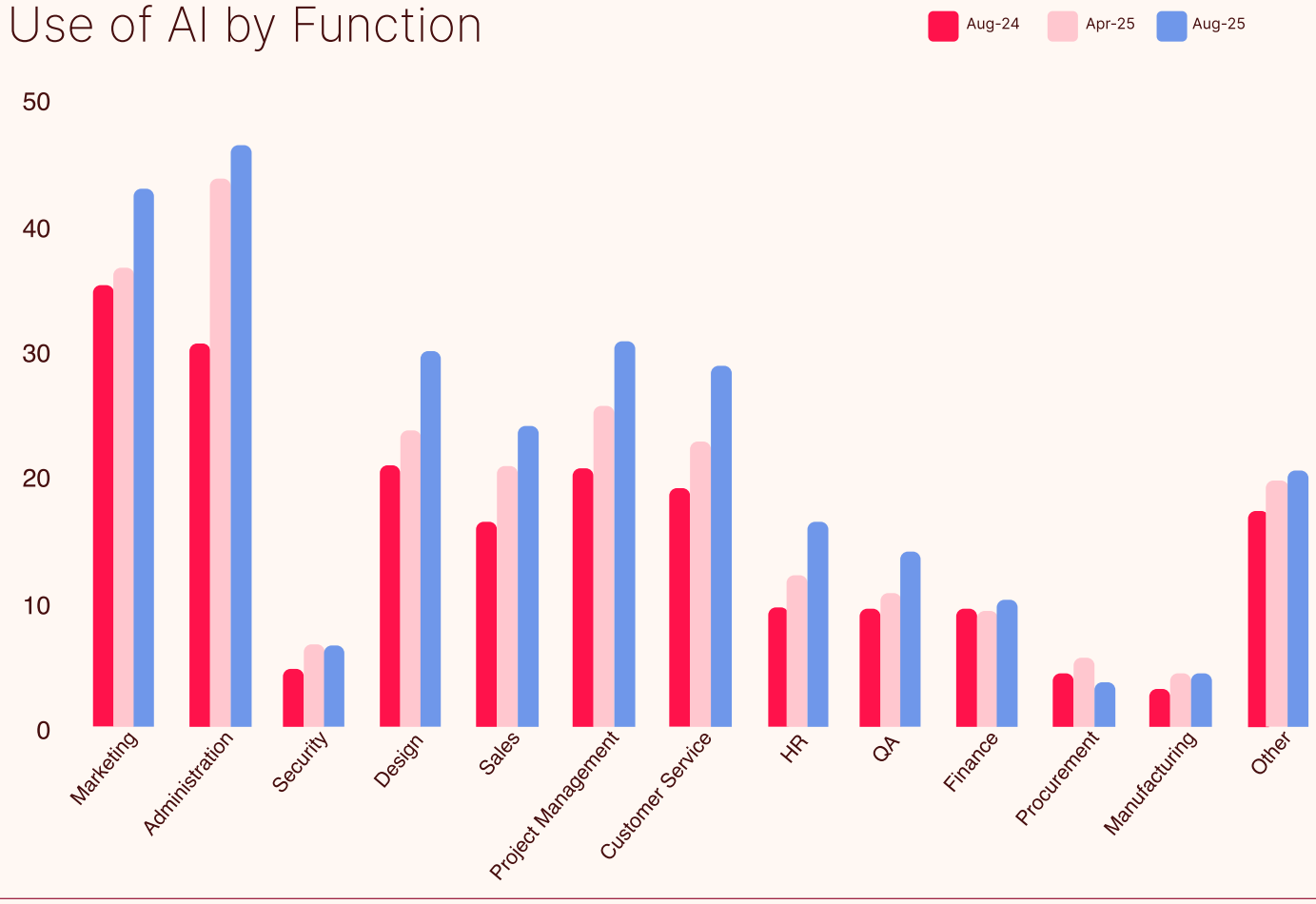
- Professional, Scientific and Technical Services 43.36%
- Public Administration 12.65%
- Wholesale Trade 6.06%
- Information Media and Telecommunications 6.06%
- Transport, Postal and Warehousing 6.06%
- Agriculture, Forestry and Fishing 6.06%
- Financial and Insurance Services 4.52%
- Electricity, Gas, Water and Waste Services 3.01%
- Other Services 2.41%
- Manufacturing 2.41%
- Accommodation and Food Services 1.81%
- Retail Trade 1.81%
- Mining 1.81%
- Construction 1.81%
- Administrative and Support Services 0.6%



Business using AI by Industry



Use of AI by Function



Key Findings

Key Findings in the report are organised by:

Productivity Gains

An overview of the consistent and measurable benefits reported by organisations adopting AI, demonstrating how technology is driving efficiency and growth across sectors.

Real-World Impact

In Part Three, our collection of case studies illustrates how AI is transforming organisations and delivering tangible benefits on the ground.

Workforce Impacts

An analysis of changing employment patterns, including increased job losses attributed to AI, reflecting broader recessionary pressures and shifting organisational priorities.

Building Trust, Literacy and Social License

Discussion of the ongoing challenges and opportunities in public trust, AI literacy, and the importance of inclusive engagement to ensure the benefits of AI are widely shared.

Operational AI Costing Less

A look at the significant reduction in ongoing AI expenses, highlighting trends towards greater affordability and value for organisations.

Costs Associated with AI

Evidence of a dramatic reduction in AI setup costs over the past 12 months, making advanced technology more accessible to a wider range of businesses.

Strategic Policy Investments

A summary of recent government strategies and initiatives shaping the future of AI adoption, regulation, and innovation in New Zealand.

Together, these findings paint a clear picture of where New Zealand stands on its AI journey, detailing what's working, where challenges remain, and how the sector is preparing for the future.

The momentum behind AI in Aotearoa New Zealand is building rapidly, and recent developments mark a clear endorsement of the collaborative work already underway across the ecosystem. As we continue to unite Aotearoa's AI community, our focus remains on advancing the national AI ecosystem through strong connections, active advocacy and the development of diverse talent.

Our efforts are centred on promoting the economic opportunities that AI brings, supporting outstanding applications and adopters, and ensuring that all of society can adapt to the rapid and far-reaching changes driven by emerging technologies. Through collaboration and collective action, we are working to position Aotearoa as a leader in AI innovation, empowering organisations, growing capability, and helping create a future where the benefits of AI are shared by all.

Productivity Gains

The adoption of AI continues to drive measurable improvements across organisations in Aotearoa New Zealand. Our latest research shows consistent efficiency gains and rising financial benefits.

15% ↑

Increase on last year's figures for financial benefits and cost savings from the use of AI.

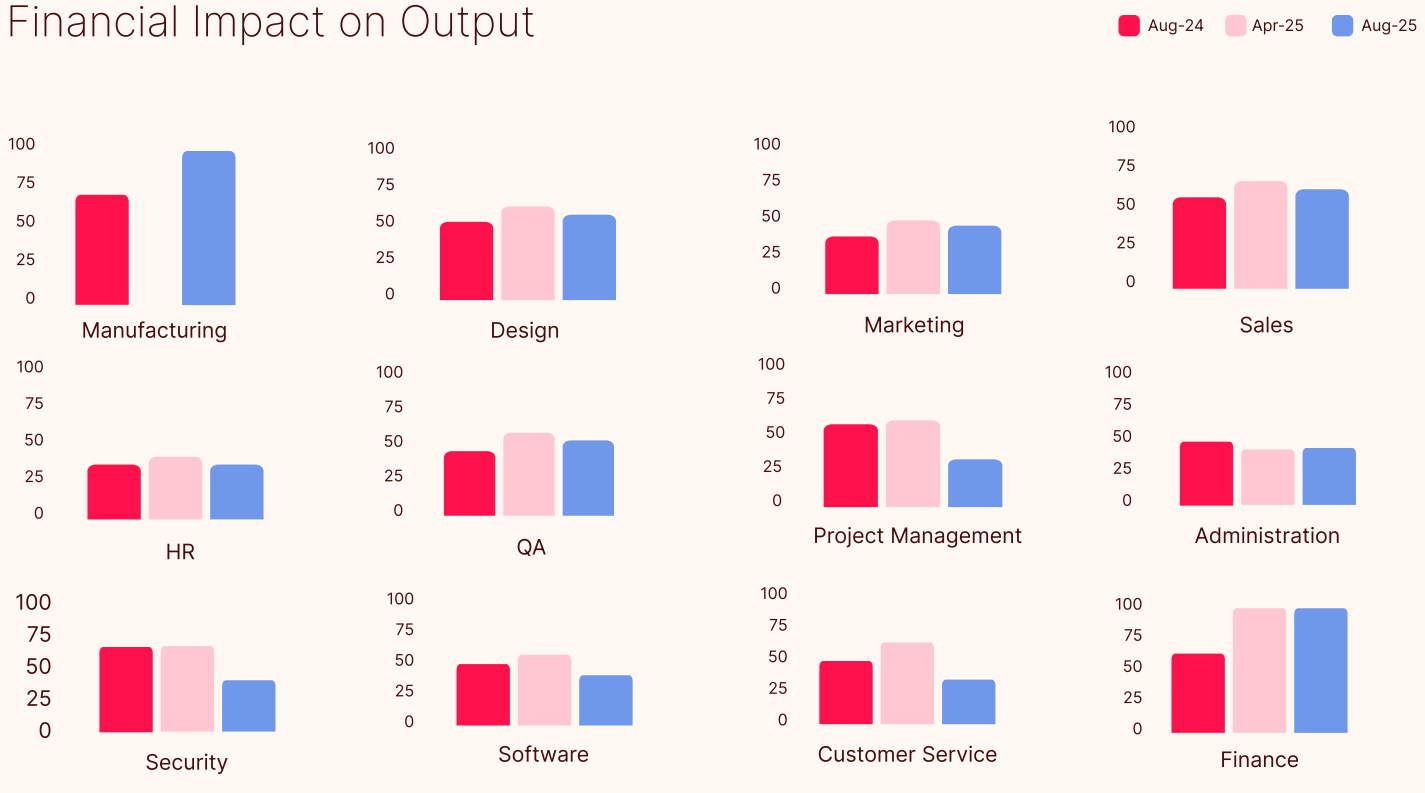
The adoption of AI continues to drive measurable improvements across organisations in Aotearoa New Zealand. Our latest research shows consistent efficiency gains and rising financial benefits.

This year, 91% of businesses reported efficiency gains from their AI investments, matching the strong positive trajectory set in previous surveys. Notably, 50% of respondents reported a positive financial impact from AI, while a record 77% saw savings on operating costs. This is a 15% increase on last year's figures.

While the share of organisations reporting direct financial output gains has decreased slightly, the proportion achieving meaningful operational savings has risen. Among those willing to quantify their savings, more than a quarter now report annual benefits exceeding $50,000. This shift toward higher-value outcomes is most apparent among organisations leveraging purpose-built AI solutions and those expanding AI use across more business functions.

The upward trend in revenue and cost savings confirms that, for many, AI is moving from an experimental phase to become a fundamental driver of value and competitiveness. However, a significant minority (23% for operational savings and 35% for financial output) still decline to place a value on these gains, suggesting there remains untapped or unmeasured benefit as adoption deepens.

Financial Impact on Output



Workforce Impacts

As safe, off-the-shelf AI solutions become increasingly accessible, more New Zealand businesses are adopting AI and investing in workforce training.

55%

55% of respondents say AI has created new career opportunities in their organisations

However, the global scarcity of skilled AI professionals means organisations must take a multifaceted approach to talent development. This includes recruiting newly qualified AI graduates and investing in upskilling their existing workforce, creating pathways for career mobility and ongoing learning.

Australian research reinforces this need for diverse talent, revealing that AI job postings frequently require both technical and broader skills such as communication, management, and leadership (Australia's AI Ecosystem, 2025).

Upskilling the Workforce

Upskilling is becoming easier with a rapidly growing range of training options. Major tech companies now offer free online AI courses, while tertiary providers offer microcredentials in Digital and AI Transformation, for example, Media Design School and academyEX, with more planned to follow at a range of Polytechs. These courses are popular among decision-makers and senior teams. Meanwhile, post-graduate and Masters programmes are also in high demand, with popularity high for AI undergraduate and post graduate courses like those offered by Victoria University of Wellington, the Universities of Waikato, Auckland and Otago, AUT and others.

Short courses and workshops are also widely available, including academyEX's Play Lab, IoD's online Director training, and Datacom's Futures Workshops for senior leaders.

Innovative startups like Seen Ventures provide whole-of-workforce immersive training, while AvocadoAI's subscription model delivers weekly tutorials on the latest AI tools and practices.

Changing Workforce Dynamics

While the share of organisations reporting direct financial output gains has decreased slightly, the proportion achieving meaningful operational savings has risen. Among those willing to quantify their savings, more than a quarter now report annual benefits exceeding $50,000. This shift toward higher-value outcomes is most apparent among organisations leveraging purpose-built AI solutions and those expanding AI use across more business functions.

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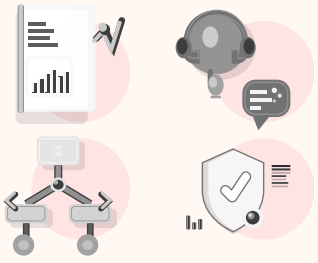
AI's Role in Everyday Work

AI is now woven into the daily work of New Zealand employees, streamlining operations and enabling more value-added activities remains untapped or unmeasured benefit as adoption deepens. See the following page for examples.

AI's Role in Everyday Work



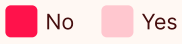
- Automating Routine Processes
- Content Generation & Analysis
- Customer Service & Support
- Decision Support
- Compliance & Risk Management

Automating Routine Processes	*AI handles tasks like data entry, scheduling, document preparation, and invoice processing. In engineering, tools like Soil & Rock's 'Archie' co-pilot generate reports in minutes, freeing up staff for complex work.*
Content Generation & Analysis	*In media, marketing, and education, AI drafts articles, creates learning materials, and summarises information, speeding up workflows.*
Customer Service & Support	*Virtual assistants and chatbots manage common queries and triage service requests, allowing staff to focus on more nuanced issues.*
Decision Support	*AI analyses data and supports evidence-based decisions in healthcare, agriculture, and logistics.*
Compliance & Risk Management	*AI monitors transactions and communications for compliance risks in finance and the public sector.*

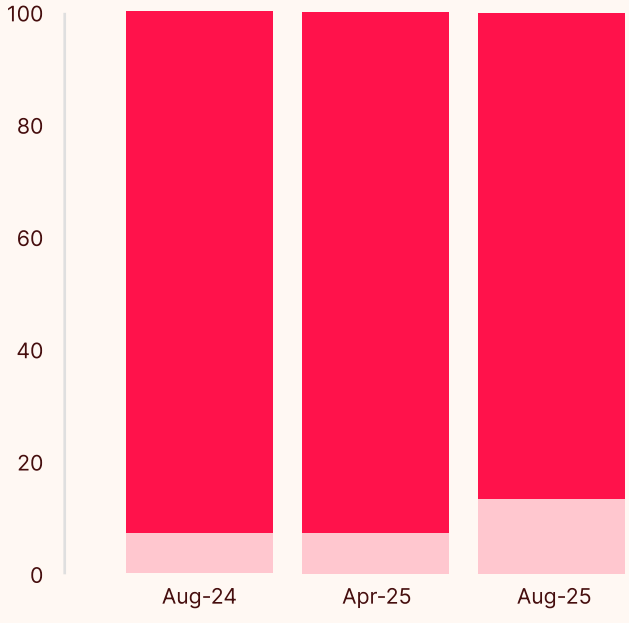
Roles Most Affected & Growth Areas

Managing & improving AI systems (AI trainers, prompt engineers, ethics specialists)	AI Operations & Oversight
Expanding roles in data science and governance	Data Analysis & Interpretation
New avenues in design, marketing, and media	AI-Enhanced Creative Roles
Ongoing demand for AI developers and solution architects	Specialised Technical Development
Leadership in digital transformation and workforce adaptation	Change & Transformation Leaders

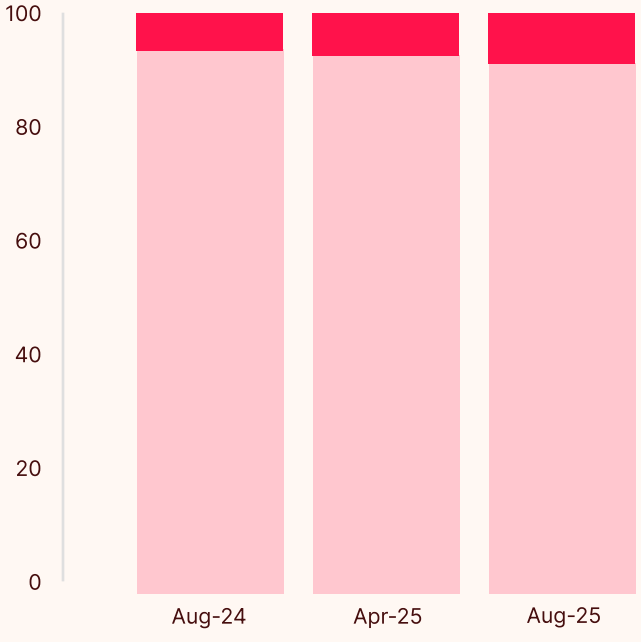
As AI continues to evolve, it will further shift employees away from repetitive tasks and towards roles requiring critical thinking, creativity and human interaction. As previously discussed in our earlier reports, continuous investment in digital skills aRolend a culture of ongoing learning is crucial to ensuring all employees can thrive in an AI-enabled workplace.



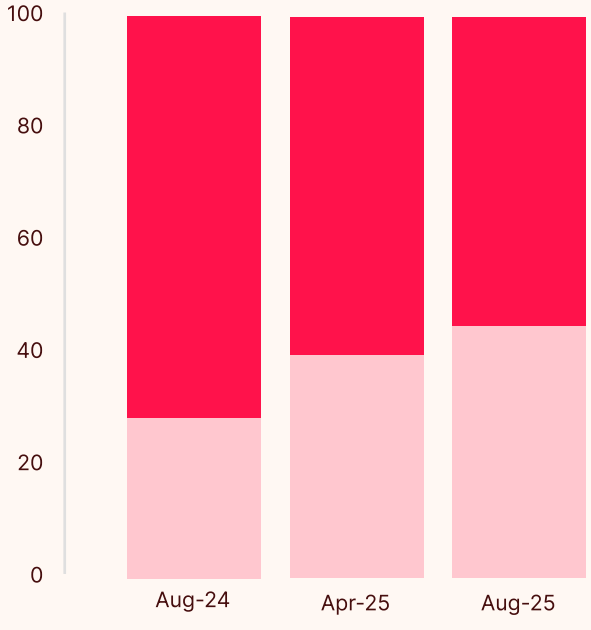
Has AI replaced any workers?



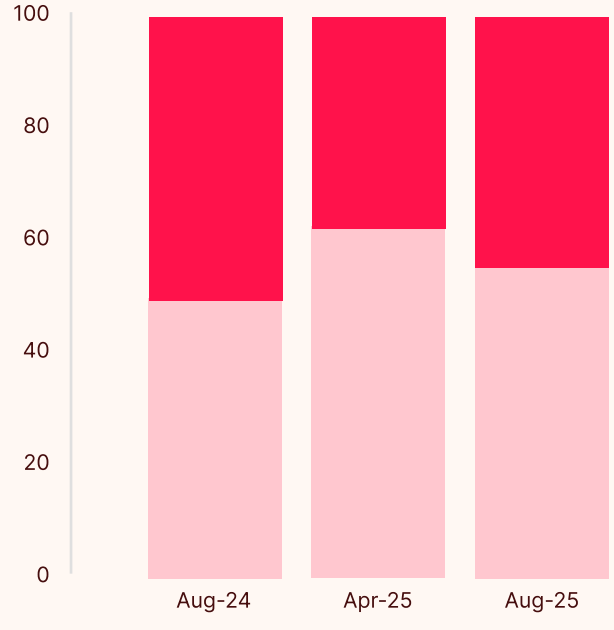
Has AI made workers more efficient?



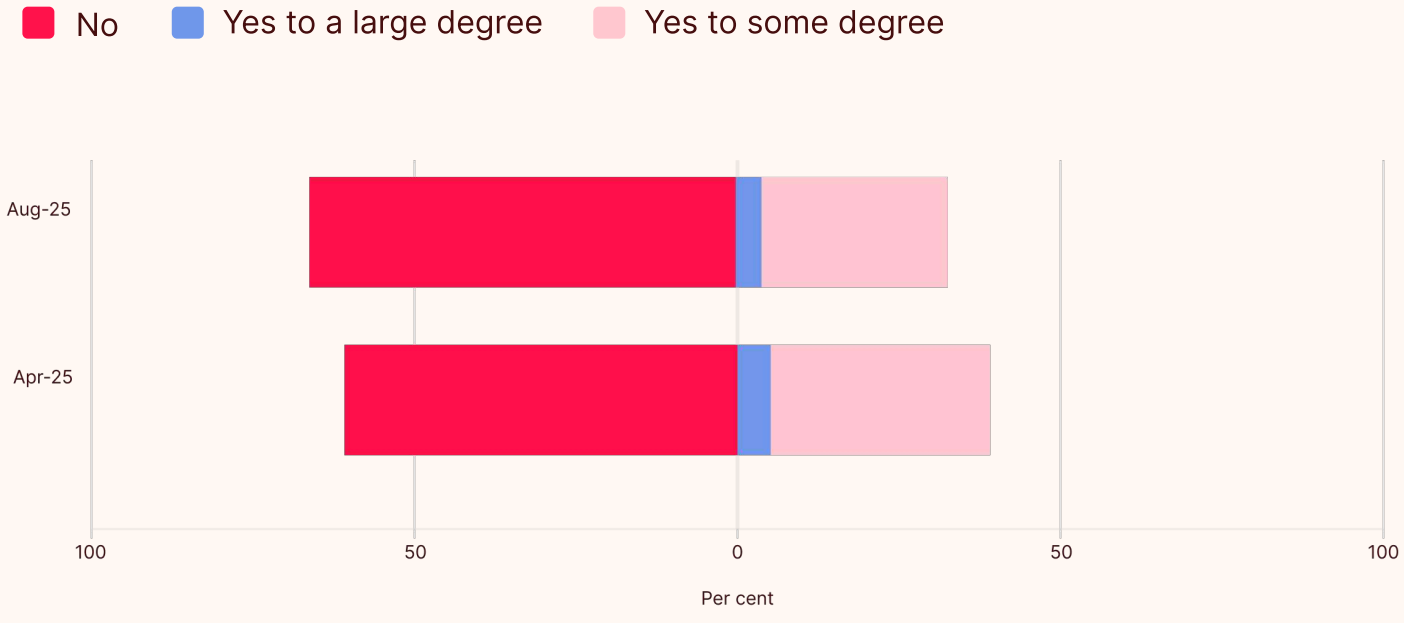
Has AI resulted in less need to hire employees?



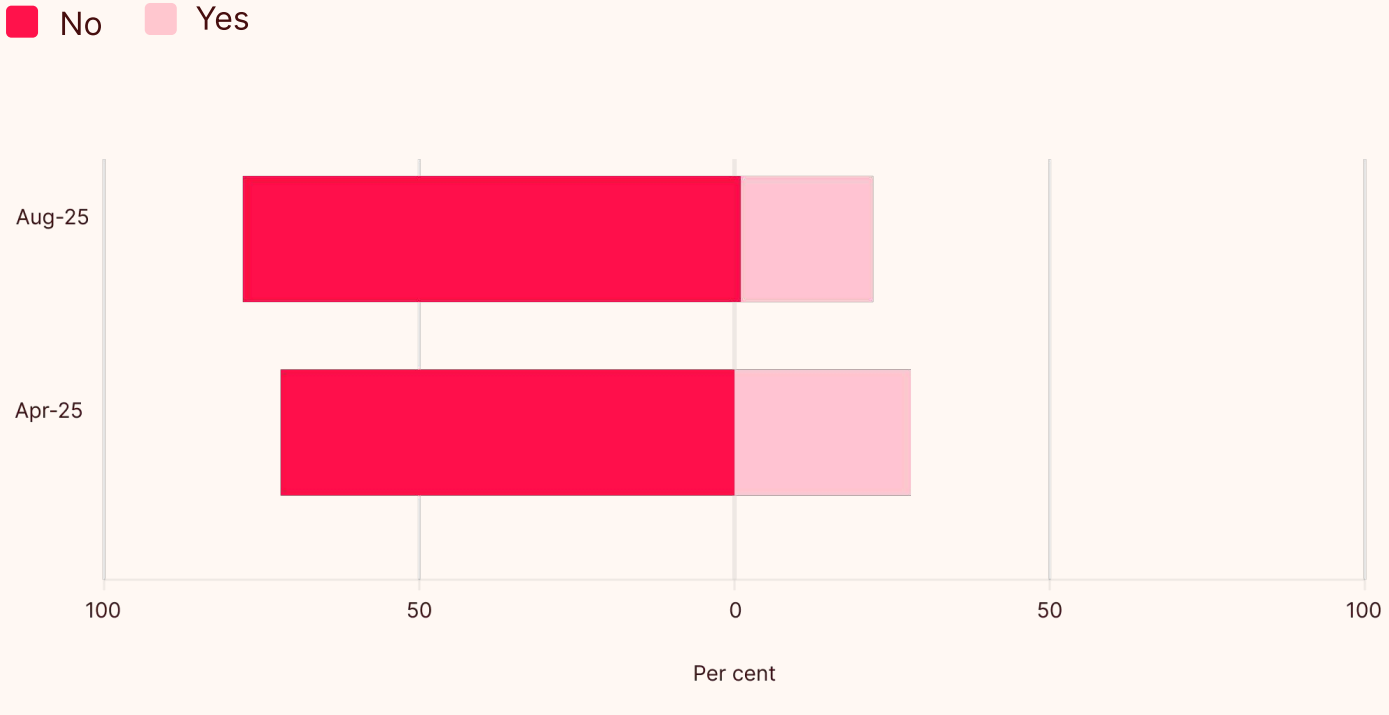
Has AI created career opportunities for your employees?



Does your organisation engage with Maori voices in their AI design and development process?



Does your organisation include Maori voices in their AI design and development process?



Costs Associated with AI

During the past year, the barriers to AI adoption in New Zealand have fallen dramatically, making advanced technology more accessible to a broader range of organisations. Our latest survey results show a sharp decline in both initial and ongoing investment required to implement AI solutions.

70% ↑

70% of organisations now report that their AI setup costs were under $5,000, with 44% spending less than $1,000.

During the past year, the barriers to AI adoption in New Zealand have fallen dramatically, making advanced technology more accessible to a broader range of organisations. Our latest survey results show a sharp decline in both initial and ongoing investment required to implement AI solutions.

Seventy percent of organisations now report that their AI setup costs were under $5,000, with 44% spending less than $1,000. This marks a significant shift from just twelve months ago, with only 4% spending over $50,000 compared to nearly 20% a year ago. The dramatic drop in upfront expenses reflects the rapid maturation of AI technology and the proliferation of affordable, ready-to-use AI products on the market.

In addition to lower setup costs, ongoing operating expenses are also trending downward. More than 70% of organisations now spend less than $5,000 per year on maintaining their AI systems, up from 62% a year ago. This sustained reduction in costs may be attributed to the growing adoption of off-the-shelf AI solutions, which offer scalable features and require less custom development or support.

Overall, these trends indicate that AI is becoming increasingly cost-effective to implement and operate. As the technology matures and the ecosystem of providers expands, businesses of all sizes now have the opportunity to unlock the benefits of AI without prohibitive financial barriers.

Off-the-shelf vs Purpose Built AI Systems

Our previous report examined the opportunities and risks of off-the-shelf AI solutions, highlighting their appeal as accessible and relatively safe options for many organisations. This is especially true as businesses focus on strengthening governance, building AI literacy, and maturing their operational capabilities. As a result, off-the-shelf AI systems continue to dominate current adoption.

Our latest survey results confirm this ongoing trend among AI users:

74% rely exclusively on pre-existing (off-the-shelf) AI solutions

7% use only custom-built (purpose-built) AI systems

19% use a mix of both approaches

Pre-existing AI offerings provide accessible, low-risk entry points, especially for organisations where technology is not a core focus. However, as AI adoption grows, we are seeing increasing interest in purpose-built solutions that can be tailored to address specific business needs and drive transformative outcomes.

Commercialising Bespoke AI Systems

Prior to the surge in generative AI in late 2022, our AI for the Environment Report (Insert Link) found just 15% of AI projects in Aotearoa advanced beyond the prototyping stage. While the costs and time required to develop bespoke AI have fallen significantly since then, the commercialisation rate for purpose-built systems in New Zealand remains relatively low.

Several factors may contribute to this:

- The need for organisations to upskill in operationalising AI, revealing a persistent talent gap
- The ongoing development of robust governance frameworks to manage perceived risks
- Limited access to external expertise, with challenges ranging from decision-makers unsure where to start, to a lack of in-house skills (training new and existing staff takes time)

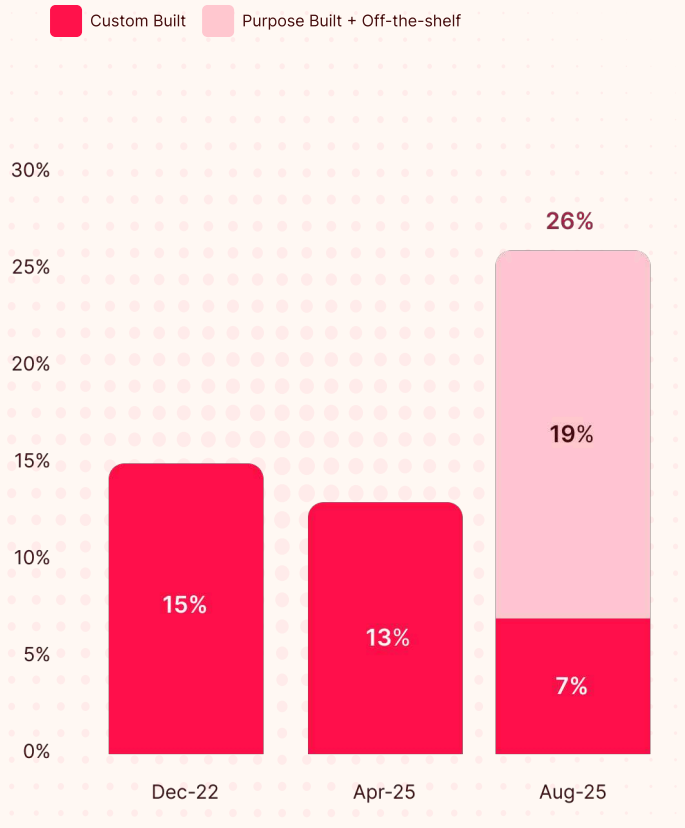
A similar pattern is evident in Australia, where research output remains robust but commercialisation lags. Between 2015 and 2024, Australia produced over 93,000 AI-related publications but filed only 4,075 AI patents, roughly 23 research papers for every patent, highlighting a disconnect between innovation and real-world application (Australia's AI Ecosystem, 2025).

Why Invest in Purpose-Built AI?

When commercialisation is successful, custom AI solutions unlock significant value. As development barriers fall, the impact of bespoke systems is growing, delivering tailored insights, boosting productivity and enabling new business models. Case studies such as Soil & Rock and Mast Academy [link to case studies] demonstrate these transformative benefits in action.

The landscape is shifting: as the cost and complexity of building custom AI solutions continue to decrease, more organisations stand to benefit from solutions precisely tailored to their unique challenges and opportunities.

While the use of custom AI solutions has declined, overall custom engagement has increased, indicating a strategic industry shift towards sophisticated hybrid approaches that leverage the capabilities of both bespoke and proven off-the-shelf AI tools.



Ongoing Cost

Is there an ongoing/operational cost associated with the use of AI?

Cost Savings

Are there any savings on operating costs that can be attributed to the use of AI?

Setup Costs

Was there an initial/set up cost associated with the use of AI ?

Strategic Policy & Context

The Government's release of a national AI strategy in July 2025 sends a clear message: AI adoption is essential for New Zealand's economic future. The strategy, supported by new guidance, is to provide a practical roadmap for businesses of all sizes to harness AI safely and effectively. Hon Dr Shane Reti has made clear links between the adoption of AI and the potential for productivity gains.

"Private sector AI adoption and innovation will boost productivity by unlocking new products and services, increasing efficiency, and supporting better decision-making.

"New Zealand's strength lies in being smart adopters. From AI-powered precision farming techniques to diagnostic technology in healthcare, Kiwi businesses can tailor AI to solve our unique challenges and deliver world-leading solutions," says the Minister.

The government has opted for a risk-proportionate regulatory approach, relying on existing laws to manage risks and avoid stifling innovation with prescriptive new rules. Their view is that with technology evolving at such a rapid pace that introducing new, specific laws could unintentionally hinder progress. By relying on existing, flexible legal frameworks, the government aims to encourage innovation while still managing risks effectively as the landscape changes.

Not all agree with this approach and in order to better inform both perspectives, we are working with the digital legal systems lab, Syncopate Lab, to model the impact of current and potential AI interventions on innovation and outcomes.

No AI-specific stimulus package accompanied the strategy. Instead, the focus has been on stimulating overseas investment and, notably, establishing the Advanced Technology Institute (which includes AI as a core pillar) to accelerate research and commercialisation.

Public Sector Adoption

Despite the current regulatory approach, the public sector's commitment to responsible AI adoption is apparent, with 37% of all tech spend in Aotearoa attributed to government agencies. Initiatives driven by the Government Chief Digital Office and cross-agency partnerships are helping to embed safety, consistency and early enablement of AI across the public sector.

Responsible adoption is championed at the ministerial level, with dedicated events such as AI Accelerate; ideas to impact - a series of panel discussions and showcases on AI. This landmark one-day forum was designed to equip the public service to embrace AI as a powerful tool for productivity and economic growth. Its aim was to move from ideas to real action in the adoption and application of AI across government. The event also highlighted agency-led AI success stories from across government, including the Ministry of Health, Inland Revenue and the Treasury.

Data Centers: powering our AI-driven future

As technology reshapes every aspect of our lives and work, cloud computing and AI are becoming essential for New Zealand's success. To thrive in a fast-changing world, we need the digital infrastructure that enables our businesses and communities to fully embrace these opportunities.

At the heart of this transformation are data centres which are now the backbone of our digital economy and daily life. Their rapid expansion across the country signals not just a technological shift, but a strategic change set to redefine how we work, connect and protect the environment.

Data centres power the digital services New Zealanders rely on every day: from government functions and health systems, to online banking, e-commerce, and AI-driven tools.

"Our Tender AI solution has allowed us to reduce tender response effort by 50% and increased our success rate from 23% to 48%. This is massively important in a very competitive market."

Alex Gray, Avec AI

As AI continues to integrate deeper into our daily routines, the need for secure, reliable, and high-performance infrastructure grows.

As detailed in NZTech's forthcoming report Empowering Aotearoa New Zealand's Digital Future: Our national data centre infrastructure (2025), there is a significant growth in data centres nationwide. The sector features a diverse mix of small regional hubs and large-scale facilities, supporting both local technology firms and global cloud providers.

New Zealand's data centres are among the world's most energy efficient, averaging a Power Usage Effectiveness (PUE) of 1.3, well below the global average of 1.54. With a strong shift toward renewable energy and efficiency improvements, these facilities are accelerating the transition to a low-carbon future. Our cool climate and state-of-the-art facilities give New Zealand a natural advantage in energy and water efficiency. Data centre operators are pioneering innovations in cooling, waste heat reuse, and modular construction, while partnerships are unlocking investment in new renewable projects and climate solutions. Data centres are now at the forefront of our digital economy as they enable innovation, productivity gains and climate leadership.

Data centres are critical enablers of New Zealand's digital future, providing the robust infrastructure necessary for innovation and the transformative benefits of AI. By prioritising strategic and sustainable growth, Aotearoa can embrace emerging digital opportunities, nurture vibrant communities and protect our environment.

Why Productivity Matters

Productivity growth is crucial for raising economic welfare and growing national income. Productivity improvements drive higher wages for workers and larger profits for firms. As a result, long run productivity growth is closely associated with real wage growth and higher living standards.(Deloitte, Productivity Propelled, 2025)

New Zealand's economic productivity remains a national challenge. Since late 2022, GDP per capita has declined by 6.4%, a steeper drop than during the Global Financial Crisis. New Zealand ranks 63rd out of 67 countries for productivity and efficiency, and labour productivity growth has been virtually flat over the last decade (IMD World Competitiveness Rankings; Deloitte, Productivity Propelled, 2025). As Deloitte forecasts, future GDP growth will depend entirely on productivity gains, making AI adoption and digital transformation urgent national priorities.

Beyond economics, the most important impact of productivity improvements is on people. Productivity gains free up time for better decision making, reduce burnout, (especially in high-value roles including GPs and teachers) and enable more cohesive, accessible, and personalised public services that support all New Zealanders.

R&D Investment and Commercialisation

Despite strong research output, New Zealand's investment in research and development (R&D) remains below the OECD median (1.4% of GDP vs. 2.7%), as reported by Deloitte, Productivity Propelled, 2025). Australian trends show rapid expansion in AI research, but also highlight the challenge of converting research into commercial success. AI-related patents have nearly quadrupled from 170 in 2015 to 629 in 2024 (Australia's AI Ecosystem, 2025). In New Zealand, purpose-built AI solutions are growing in impact as costs fall and implementation becomes faster, but commercialisation rates remain modest.

Building Trust, literacy & social license

While AI adoption is widespread in New Zealand, it has not yet translated into broad public trust. In fact, New Zealand currently reports the lowest global trust rates, with only 44% of New Zealanders believing that the benefits of AI outweigh its risks.

Trust is even lower among Māori and Pasifika communities, with just 31% of Māori sharing this view. (Taiuru Associates, One NZ Trust Report, 2025). Concerns about privacy and security are high, with 85% expressing worry about vulnerabilities associated with AI technologies.

To address low trust in AI, it is essential to close the AI divide. This is driven by broader digital inequities and provides accessible educational resources to counter misinformation. Our Kāhui Māori Atamai Iahiko are developing a strategy that includes an engagement plan to ensure Māori communities have a representative voice in AI. Planned initiatives include a for Māori-by-Māori AI training organisation offering both commercial and free training, as well as AI governance training rooted in Te Ao Māori values. While not all projects require consultation, where it is needed, it is crucial to engage the right individuals and groups, rather than relying solely on existing Māori staff members.

Sector-specific trust challenges persist, particularly in finance, healthcare, and government. These are areas where AI can deliver significant social benefit but where skepticism remains strongest. This highlights the importance of transparent governance, inclusive consultation and widespread AI literacy to foster a stronger social license for AI adoption.

Encouragingly, case studies featured in this report highlight how ethical, transparent and locally relevant AI applications can help build public confidence. For example, VoxPop in media and Auckland Council's governance model, all help demonstrate how AI can augment, rather than replace, human roles. VoxPop's first story, reporting on the Kamchatka earthquake in July 2025, was published just nine minutes after the quake, out-pacing global news agencies by two hours. (See case study on pg 26).

These trends reflect those seen in Australia, where the AI ecosystem is focused on enhancing and optimising existing processors, rather than replacing human expertise. (Australia's AI Ecosystem, 2025).

"We exist as a collective ….(where) the humans learn through the 20/80 excitement/frustration experience, how the AI agents want us to use them to write our code and documentation for us, summarise fields of knowledge in concise snippets that we can almost trust and offer tantalising glimpses of whole fields of insight, science, and application built from a single prompt," says David Knox, Founder, Topologic.

Despite high engagement, 77% of New Zealanders have knowingly used AI-powered services in the past year, rising to 90% among 18–34-year-olds, trust remains elusive, especially among older and minority groups. (One NZ Trust Report, 2025)

The reasons for this distrust are complex and not yet fully understood.

"Surveys have shown that New Zealanders lack trust in AI, but the exact reasons behind this are still unclear. As the technology continues to develop, AI literacy, alongside genuine consultation on the use of AI, are key to ensuring that the public and workers alike are comfortable with AI use in government and business," says Andrew Lensen, Programme Director Artificial Intelligence, Te Herenga Waka Victoria University of Wellington.

Global trends show that New Zealand is not alone in facing these challenges, emphasising the need for deliberate strategies to build trust and understanding.

Leading by Example

Auckland Council exemplifies best practice by embedding strong data governance, transparency, and public trust at the heart of AI adoption. Their comprehensive literacy programmes and Generative AI Policy set clear standards for safe and ethical AI use, covering data protection, human oversight, transparency, risk assessment, and accountability. These initiatives are integrated with existing frameworks, complementing established norms rather than replacing them.

"Working towards a clear policy framework is helping us move from vague concerns to practical decisions. We are not shutting down innovation, we are giving it guardrails," says Head of Data & AI Governance, public service sector organisation.

Positive examples including ALMA, an AI-powered digital twin developed by the New Zealand Institute for Public Health and Forensic Science (PHF Science), further illustrate the benefits of ethical, well-governed AI. ALMA models Aotearoa's population using five million synthetic citizens, without relying on personal data, to help decision-makers plan for long-term change and sudden events, from disease outbreaks to climate resilience. This powerful tool is already delivering data-driven insights for a stronger, more resilient New Zealand (Dr Alvaro Orsi, Data Science & AI Lead, PHF Science).

"Working towards a clear policy framework is helping us move from vague concerns to practical decisions. We are not shutting down innovation, we are giving it guardrails,"

Head of Data & AI Governance, Public service sector organisation

Case Studies

VoxPop News Engine

Supercharging Newsrooms with Ethical AI Automation

Peter Fowler, Founder of Voxpop

> *"The news engine operated at near-instrument latency, mirroring a human newsroom's rolling update cycle but without latency gaps."*

Demonstrating the power of AI-driven automation, this innovative technology streamlines news production while preserving the essential role of human journalists.

For over fifteen years, award-winning New Zealand journalist and entrepreneur Peter Fowler, alongside local entrepreneur Andrew McMillan, have explored the impact of AI on journalism and democratic accountability. Their innovative AI tool, VoxPop News Engine, is already operational in both the United States and New Zealand.

VoxPop News Engine seamlessly blends human editorial oversight with real-time AI-driven news automation.

"Our aim was to improve newsroom productivity while keeping human journalists critical to the process," says Peter Fowler.

"Through VoxPop, journalists are supercharged, giving newsrooms a competitive edge."

The platform uses AI to convert incoming press releases into breaking news stories, automatically categorising and tagging content before publication. This automation accelerates the initial stage of news gathering by capturing and reporting new information, giving journalists more time for in-depth reporting and human-focused storytelling.

"While this brings contentious change to traditional journalism, the stark reality is that if journalists don't step into this space, then Big Tech will and already are," he says.

Ethics are central to VoxPop's approach. The tool operates under a transparent editorial policy rooted in public service journalism and 'Radical Transparency,' ensuring every story can be traced to its original source. Any breaches are flagged for human review before publication, maintaining credibility and accountability.

"The news engine acts like a large real-time data vacuum cleaner, taking in emailed press releases from verified sources and news alerts from around the world, converting them into a live pipeline of news stories. This saves journalists a huge amount of time, decreasing routine work and freeing them up for that vital human element: engaging face-to-face with other humans to gather stories and first-hand witness accounts," says Peter.

The tool's value becomes especially clear during disasters. During the 8.8 Kamchatka earthquake in July 2025, VoxPop published the first story just nine minutes after the event,

outperforming global media by two hours and providing timely tsunami warnings for Japan and Russia.

“The news engine operated at near-instrument latency, mirroring a human newsroom’s rolling update cycle but without latency gaps.”

Despite these advances, Fowler emphasises the irreplaceable role of journalists.

"If tools like ours are reporting on an unfolding disaster, why do you need a human journalist? While our tools are closest to the source of truth, this is also when information is most vulnerable to distortion or error if not verified. Humans are essential as a second pair of eyes, providing judgement and accountability. Often, when we find an error in an AI story, it can be traced back to an error in the original press release."

"Our benchmark is to have our tool making fewer mistakes than the best newsrooms in the world."

"We are conscious that we need the stories to be credible, for the ethics to be sound, and for journalists to feel confident to drive these tools. But our experience shows trying to do journalism without the human element comes at great peril."

“Humans are essential as a second pair of eyes, providing judgement and accountability. Often, when we find an error in an AI story, it can be traced back to an error in the original press release.”

Peter Fowler
Founder of VoxPop

Soil & Rock Consultants

From 8 Hours to 20 Minutes: Transforming Geotechnical Reporting

Simon Cupples, CEO of Soil & Rock

> *"Our aim was to eliminate legacy inefficiencies and equip our engineers with cutting-edge technology that future-proofs our business and delivers direct benefits to our clients."*

Showcasing the practical impact of custom AI solutions, Soil & Rock Consultants has revolutionised its reporting process, freeing engineers to focus on deeper analysis and client value.

For over 35 years, Soil & Rock Consultants has provided expert geotechnical advice across New Zealand's construction sector. Renowned for its innovative approach and commitment to client service, the firm identified a major bottleneck: preparing geotechnical reports often required 8–10 hours of painstaking manual data entry and repetitive formatting by skilled engineers.

Collaborating with AI partner SupaHuman, Soil & Rock created Archie, a secure, purpose-built AI co-pilot. Archie automatically ingests source documents, field data, and analysis results, generating a draft geotechnical report in as little as 20 minutes. This AI tool is carefully trained to reflect the company's established standards, preserve its distinctive reporting style, and maintain a high degree of accuracy.

"Our aim was to eliminate legacy inefficiencies and equip our engineers with cutting-edge technology that future-proofs our business and delivers direct benefits to our clients," says Simon Cupples, CEO of Soil & Rock.

The results have been transformative.

Archie has dramatically reduced report preparation times, freed engineers from tedious administrative work, and created additional capacity for site visits, complex analysis, and high-value client engagement. Reports produced by Archie are consistently reliable, meeting stringent quality standards required by clients and territorial authorities nationwide.

Engineers now spend less time on formatting and more time on the technical insights that matter most to clients.

"We've taken legacy inefficient processes and transformed them with leading-edge technology," says Simon.

"This is just the beginning of our AI journey, one that's already delivering measurable, lasting impact."

For Soil & Rock, the integration of AI is not simply about automation, but about empowering professionals to focus on what they do best, delivering expert analysis and driving innovation in New Zealand's construction sector.

Mast Academy

From 6 Weeks to 6 Minutes: redefining course creation

Chris van der Hor, CEO of Mast Academy

"We believe this could be a world-first in vocational training."

This case study demonstrates how a tailored AI solution can overcome resource bottlenecks and transform vocational education.

Mast Academy, New Zealand's leading training provider for the marine, composites, and advanced textile sectors, faced a critical challenge in course development.

Creating a single NZQA-aligned course could take up to six weeks and required technical writers, subject matter expert interviews and multiple rounds of compliance review. With over 80 resources waiting in the pipeline, the pace of traditional course creation threatened to stall both growth and innovation.

Teaming up with SupaHuman, Mast Academy deployed Mast Intelligence, an AI-powered workspace designed to transform every stage of course development. With Mast Intelligence, fully compliant and NZQA-aligned learning materials and assessments are generated automatically from peer-reviewed internal content.

This new approach has slashed course creation time by 80%, reducing a six-week process to just six minutes and eliminating the need for external technical writers.

"This is life-changing for both organisations and learners," says Chris van der Hor, CEO, Mast Academy.

"We believe this could be a world-first in vocational training."

The benefits also extend beyond speed. Mast Intelligence doubles as a 24/7 AI student coach, available to clarify course content, support assessment preparation, and answer trade-specific questions in plain language, all while maintaining accuracy and compliance. This dual function not only ensures consistency but also enhances accessibility for learners at every stage.

The result is a new level of agility: Mast Academy can now swiftly respond to shifts in qualifications, evolving industry requirements, and learner expectations. Staff are freed from repetitive administrative work and can focus on deeper learner engagement and driving educational innovation.

Mast Academy is setting a new benchmark for vocational education by demonstrating how AI can unlock both organisational efficiency and richer learning experiences.

Topologic

Harnessing AI for Collaborative Geospatial Innovation

David Knox, Founder and Data Scientist at Topologic

> *"In this age, the strongest instinct and generally the most practical approach is to use tools like ChatGPT to analyse styles, summarise knowledge, and iterate rapidly."*

This case study illustrates how generative AI and collective expertise can be leveraged to drive innovation in geospatial and environmental projects.

Topologic is an agile collective of experienced AI experts, data scientists, and geospatial analysts, dedicated to transforming raw geospatial imagery into valuable, structured data. Specialising in computer vision and machine learning, the team designs, builds, and fine-tunes models to extract actionable insights from complex environmental datasets.

"Good data in, great data out and sometimes, the other kind too," says David Knox, Founder and Data Scientist at Topologic.

In recent years, Topologic has become a power user of large language models and multimodal generative AI, integrating these cutting-edge technologies into both client projects and internal collective R&D.
"In this age, the strongest instinct and generally the most practical approach is to use tools like ChatGPT to analyse styles, summarise knowledge, and iterate rapidly," he says.

What sets Topologic apart is its unique structure: while the core team delivers tailored AI solutions for clients, the collective thrives on evening and weekend R&D projects, where members experiment and push the boundaries of AI.

"We exist as a collective more in the evening and weekend projects we do," he says.

"That's when humans learn through the 20/80 excitement-frustration experience, discovering how AI agents want us to use them, helping us write code and documentation, summarise entire fields in concise snippets, and even glimpse whole new domains of insight and application from a single prompt."

By blending deep technical expertise with a culture of experimentation, Topologic is redefining how AI can be used for geospatial analysis, environmental monitoring, and beyond, showcasing the power of human-AI collaboration in tackling real-world challenges.

"No AI was harmed, or consulted, in the writing of this piece," says Knox, highlighting the ongoing importance of human ingenuity in the age of intelligent machines".

Auckland Council

Building AI Confidence: An AI Policy and Literacy Journey

Alex Bagley, Founder at GOVERNANCE4

"Given that there have been previously failed Data Governance attempts, our aim was to ensure that Council get the right level of engagement across their business stakeholder community - through a practical and pragmatic approach, a clear roadmap and literacy uplift to really leverage the power and value of Data & AI".

Discover how a clear policy framework and targeted literacy programme can empower public sector innovation.

Auckland Council, New Zealand's largest local government organisation, serves more than 1.7 million people and is committed to improving service delivery and responsibly adopting emerging technologies. With the increasingly widespread use of generative AI tools including ChatGPT and Microsoft Copilot, the Council decided to provide clear guidance and build staff confidence to ensure its ethical use.

To address the challenges and risk of 'shadow AI', (the unsanctioned use of AI tools without oversight), the Council partnered with GOVERNANCE4 to create a comprehensive Data Governance Framework. This laid the foundation for responsible AI adoption within the Council. Building on this, they launched a Generative AI Policy and an internal Data & AI Literacy Programme.

The new policy was designed to evolve alongside technology, providing clear expectations and practical guardrails for responsible AI use. Developed through interviews and workshops with staff, the policy:

- Defines scope and applicability for all staff, contractors, and third parties
- Sets out principles for data protection, human oversight, transparency, risk assessment, and accountability
- Connects with existing governance and privacy frameworks
- Uses plain language and local examples for real-world relevance
- Is reviewed regularly to keep pace with rapid technological change

Alongside policy development, the Council rolled out a modular Data & AI Literacy Programme. Each module builds on the last, creating a practical learning journey that uses real examples from within Council to make content relatable. The programme features:

- Accessible resources and interactive modules for varying levels of digital fluency
- Guidance on what AI is (and isn't), risks, and responsible practices
- Opportunities for feedback and continuous improvement

This approach ensures every staff member can confidently engage with AI, regardless of their prior experience.

The Council could build on existing structures, focusing on practical, use-based policies to drive skills development and cultural change. The policy remains a living document. regularly updated as AI use within the organisation evolves.

Auckland Council's journey offers a valuable model for other public and private organisations navigating early-stage AI adoption:

- Start with focused, practical policies
- Build on existing governance structures
- Prioritise clarity and adaptability
- Treat your policy as a living, evolving document

By embedding clear principles, using local examples, and delivering practical training, Auckland Council is building AI confidence across the organisation, enabling responsible innovation that earns public trust.

Alex Bagley
Founder of GOVERNANCE4

Appendix

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Methodology

Introduction

In today's rapidly changing technological landscape, understanding how artificial intelligence (AI) influences productivity is more important than ever.

To help fill this knowledge gap, this initiative conducts biannual surveys and reports trends in AI adoption and usage across New Zealand. These insights are designed to support the government, academia, and the business community in making informed, evidence-based decisions.

Now in its third round, the survey maintains the same scope as the previous edition, enabling a focused analysis of emerging trends in AI usage throughout Aotearoa New Zealand.

Methodology

As with the previous reports, the survey platform Qualtrics was used to collect the data for this report.

The survey was split into two parts:

1. Demographic and Adoption Questions:
   This section consisted of simple multiple-choice and numerical questions to gather demographic information and consistent data on AI adoption across various fields and application areas.

2. Case Study Collection: This section included text-based, long-form questions designed to elicit detailed case studies. Participants were also required to complete an external consent form provided through a separate Qualtrics survey.

For a detailed overview of the survey's structure, please refer to our first report.

Acknowledgements:

Te Herenga Waka - Victoria University of Wellington:

Academic Lead: Dr Andrew Lensen, Senior Lecturer in Artificial Intelligence
Research Assistant: Hayden Andersen

AI Forum New Zealand:

Executive Council Representative: Tim Bradley, AWS
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AI Forum New Zealand
Te Kāhui Atamai Iahiko o Aotearoa

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