



08 September 2023

Ref: DOIA 2324- 0050

Phil Pennington
Radio New Zealand
Email: Phil.Pennington@rnz.co.nz

Tēnā koe Phil,

Thank you for your email of 7 July to the Ministry of Business, Innovation and Employment (MBIE) requesting, under the Official Information Act 1982 (the Act), the following information:

- * Any and all communications, correspondence/ similar, including email and electronic, between Ms Tremain – or anyone she delegated any part of this to – and any other entity about MBIE's involvement*
- * ... including with Microsoft*
- * ... including with GCDO and/or any DIA decisionmakers*
- * ...including with those officials named in emails being 'Chrisana.Archer@mbie.govt.nz', lucy.tyndall@mfe.govt.nz<<mailto:lucy.tyndall@mfe.govt.nz>> Malcolm.Luey@mbie.govt.nz and Geraldine.Canham-Harvey@mbie.govt.nz<<mailto:Harvey@mbie.govt.nz>>;*
- * A copy of the record of any kind of any decisions made re this by MBIE*
- * Evidence of what became of the project*
- * If it is still going, evidence of where it has got up to*
- * Re the above bit in red, this raises procurement issues, as if some scoping or work was 'underway' then this could have involved the belated involvement of Microsoft, with impacts on other parties to the project who were not expecting that.*
- * Pls detail what MBIE's understanding of 'a project with some level of scoping or work underway'*
- * Pls detail what measures MBIE took, if any, to ensure no project with some level of scoping or work underway, was altered by the involvement of Microsoft; or if a project was altered, this did not impact on the existing parties involved in it*
- * Pls advise if MBIE has engaged in or is aware of or been consulted about ANY OTHER of the so-called 'lighthouse' projects with Microsoft or with any other foreign-owned technology firm, including Amazon Web Services*

After a phone call conversation with you on the 29th of August to further refine the scope of your request, it was agreed we would provide a summary of the timeline and key milestones as well as two draft Terms of References (TOR). Upon receipt of these documents, you may wish to send in a further request with a more refined scope. Both the Terms of Reference (TOR) documents remain in draft and have not been signed and have been attached to this letter.

As discussed on the phone, below I have included an overview of MBIE's work on the Microsoft Lighthouse Project, as an initial response to your request:

1. The lighthouse project originated from a discussion between Brad Smith (Microsoft) and Carolyn Tremain (MBIE), the Government Chief Digital Office (GCDO)/Microsoft MoU includes the following initial description of the Lighthouse programme:
"The GCDO, working closely with the Ministry of Business, Innovation and Employment, will facilitate a range of agencies to work with Microsoft, and appropriate third party stakeholders, to investigate creating a program which supports government aspirations to improve the readiness of

New Zealand small and medium sized businesses to successfully cope with digital disruption and transformation and enable New Zealanders to acquire the skills they will require to successfully participate in the workforce in the future.”

2. In late 2020 MBIE had already begun design work on the Small Business Digital Enablement Programme, which would go on to become the “Digital Boost programme”. The Digital Boost programme was focused on motivating, educating and supporting New Zealand SMEs to adopt technology and digital ways of working. While Microsoft was supportive of the focus of the Digital Boost programme, they were also interested in separate projects that would potentially involve large scale data analytics as this would help to demonstrate the value of New Zealand based data farms.
3. Following internal discussions within the small business collective at MBIE in late 2020, it was identified that New Zealand small businesses could benefit from a trusted government data sharing network that would support the provision of support, advice and opportunities for small business in the future. It was considered that this would have significant product design benefits as well as moving towards an environment where individual small businesses might also make enquiries of the data network as part of their business planning. Comparisons were made to Singapore’s digital twin, and it was considered that this work might constitute the first steps towards a “digital business twin” for the benefit of both officials and the private sector.
4. Discussions regarding these two concepts led to agreement with Microsoft that they would look to potentially support two initiatives. To reflect this agreement, work began on the attached draft TOR which were intended to be referenced and attached to the GCDO/Microsoft MoU once they were finalised. Accordingly, the draft TOR refers to two projects under the “Small Business Lighthouse Vision” banner – **Project ‘A’** = Small Business Digital Skills for the Future (voluntary support for the different initiatives under the Digital Boost Programme, which a number of parties are involved in) and **Project ‘B’** = Development of a Proof of Concept (POC) for Future Government Digital Engagement with Business (subsequently referred to as the Microsoft Lighthouse project).
5. While the overall TOR remained in draft stage, MBIE began working with Microsoft during 2021 and both parties developed a separate (attached) Small Business Lighthouse TOR deck to flesh out the proposed POC for **Project ‘B’**. This work was completed using the resources of both organisations and there was no commercial deal or contract with Microsoft for this work.
6. While the draft TOR was never signed, it contained a clause that it would expire by 30 June 2021. However, communication on the project continued between parties subsequent to this date.
7. Towards the end of 2021, MBIE commissioned Deloitte to facilitate a series of workshops with MBIE and other relevant departments to develop a business case for the planned POC. It was hoped that this business case would be used to seek funding and an eventual procurement process for the building of the pilot shared database. Microsoft participated in these workshops.
8. While these workshops progressed and development of a draft business case began, it eventually became clear that the support offered by Microsoft was not deemed by MBIE sufficient for the building of a POC. On that basis, MBIE determined to decommission this project due to competing priorities for MBIE’s internal budgeting and resource allocation. Microsoft was advised of this decision and the draft overall TOR was never finalised for inclusion in the GCDO/Microsoft MoU.
9. MBIE briefed the Minister on 16 February 2023 on the overall work programme of the Small Business Portfolio. As part of this briefing paper officials recommended to stop **Project B**, of the Lighthouse initiative. No further work has been undertaken since.
10. As Microsoft’s involvement in the Digital Boost programme and the Digital Boost Alliance is completely voluntary and at no cost to the tax payer, they continue to be involved in the Digital Boost programme. However, it is not considered necessary to complete the formal TOR for this activity.

If you wish to discuss any aspect of your request or this response, or if you require any further assistance, please contact OIA@mbie.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'Tui Rutherford', with a long, sweeping horizontal line extending to the right.

Tui Rutherford
Head of Small Business
Business and Consumer