



New Zealand Cloud Provider Contests Google's Claims on Regional Data Control

SINGAPORE — In August this year, Catalyst Cloud, a Wellington cloud-services provider, contested Google's claim that the latter will enable New Zealanders to have total control over their own data, in response to a statement by the U.S. tech giant that it intends to establish a cloud region in New Zealand for expanding its \$10 billion global cloud business.

Google claimed that these cloud services would offer New Zealand businesses even more options to maintain their data in the country, retain data sovereignty, and take advantage of new opportunities due to the speed, security, and scalability of the products.

In response, Catalyst Cloud asked why the New Zealand government had rushed to back Google when so much more could be performed by locals in terms of cloud capabilities.

On the same day that Google made its declaration, Doug Dixon, the chief executive of Catalyst Cloud, wanted to meet with Digital Minister David Clark to discuss domestic cloud capabilities.

"The New Zealand cloud region will give Kiwi businesses the choice to keep their data onshore and retain data sovereignty and drive their digital transformation efforts locally," Google said.

A cloud region generally refers to a geographic area that provides fast computing services without having to undergo compliance barriers of transmitting data between different jurisdictions.

Google cited various local firms, including Trade Me, as saying its cloud services had been "pivotal in ensuring the stability and resilience of our infrastructure."

Clark concurred, with a statement in favor of the investment: "Onshore cloud facilities give us stronger control of New Zealand's data because it is held here, where our laws and protections apply."

Yet Dixon begged to differ.

Catalyst Cloud is at the opposite end of the size spectrum from the so-called "hyper-scalers," and had only recently obtained approval to manage government data.

"This shouldn't just be allowed to pass. It's such a huge claim. And it's really, really not true," he said of Google's proposal. "Overseas technology companies are governed and influenced by the laws in their home countries."

He also challenged Minister Clark's statement. "There's a total domination being attempted here. Global hyper-scalers should acknowledge the limits of what they can offer, and they can't offer sovereignty anywhere other than their home country." Rather, they should work with local cloud



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providers, he said.

In light of Dixon's statements, lawyers asserted that global connectivity, which now relies on the cloud, although a huge aid to businesses, ignited concerns of privacy, confidentiality, and data ownership.

George Sadlier, who worked for 15 years on cloud technology for Google and Microsoft, said that "As soon as you put your data into a cloud provider ... that is based offshore, even if they store the data in New Zealand, folks offshore are going to have some level of access to it."

Such access is strictly controlled, with tight security at the mega companies, although it remains to be seen if New Zealand has to permit U.S. courts or law enforcement into their servers, because they are U.S.-owned.

The alternative, genuine data sovereignty, does not come without costs, however. "It involves building a self-contained environment that is operated entirely by people living in the jurisdiction," Sadlier said.

For example, the U.S. military invested over \$15 billion in its Joint Enterprise Defense Infrastructure (JEDI) system with no success, yet it is trying its luck again for full cloud control under [the Joint Warfighter Cloud Capability initiative](#) together with Google, Amazon, Microsoft, and Oracle.

According to Sadlier, a situation of genuine data sovereignty would be contingent on how New Zealanders prioritized their various types of data, and how much trust they had. "You can look at the disclosures from those providers and seek guarantees from them. But ... ownership changes, policies change, companies can be acquired, they can become insolvent.... Things change over time — data is forever."

Catalyst Cloud's Dixon proposed that total control should apply to health data and national identity data via a mixed global-and-local strategy. A piecemeal government approach was underestimating the potential of local ingenuity, he said.

"We've got this digital strategy for [New Zealand], and it talks about moving pretty much everything onto the cloud. And the cloud isn't owned by Kiwis. It's owned by United States corporations."

Moreover, the issue of control is only the tip of the iceberg. Running the new data centers — whoever owns them — is another.

Existing data centers consume so much electricity that countries like [Singapore](#) and [Ireland](#) either have or have considered moratoriums on new data centers in order to pursue their so-called "green" policies.

New Zealand's Energy Minister Megan Woods admitted that although there was no particular strategy for data centers, they belong to the category of sustainable energy to guarantee that the electricity system could sustain high levels of renewables.

"I am well aware of the energy demands of data centers," she said in a statement. "I am really excited these companies are coming here and using our renewable energy, instead of Australia's, which is coal powered."

Dixon said New Zealand should consider whether it wants to use its power for processing data mainly for offshore users, and to have those profits returned offshore.

Sustainability Council executive director Simon Terry cautioned that "New Zealand has to add a lot more electricity generation in the next 20 years just to displace fossil fuels, and we need to ensure all those bases are well covered before contemplating additional loads from data centers."



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In an interview with RNZ, Clark assured that the several foreign-owned and local cloud providers complemented each other, and that the government was open to working with all of them equitably and openly.



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