



**Ministerial Submission**

MS26-000533

**FOR ACTION - Microsoft Memorandum of Understanding (MoU) Authority Letter**

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**TO:** Minister for Industry and Innovation; Minister for Science  
**Cc:** Assistant Minister for Science, Technology and the Digital Economy

**TIMING**

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**Urgent** s 47C by morning Monday 20 April to consider in time for potential MoU signing with Microsoft CEO on 22 April

**Recommendation**

s 47C

• s 47C

Signature	Date: / /2026
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**KEY POINTS**

- The National AI Plan announced the Government would seek to enter collaborative arrangements with leading AI and tech companies to achieve the goals of the Plan. Microsoft has sought to enter negotiations on a collaborative arrangement, with timing possibly aligned with its CEO visit to Australia on 22-23 April 2026.
- The proposed MoU would support Australia’s ambition to be a global leader in AI by establishing a framework for engagement with a leading tech company and commitments to deliver benefits to Australia in line with the Plan.

- It would be the second collaborative arrangement, following the MOU signed with Anthropic on 1 April 2026.
- s 47C

s 22

s 47C

- The proposed Microsoft MoU will likely include collaboration on advanced AI and safety; supporting skills and education programs; enterprise support for startups, non-for-profits and small and medium enterprises. The MOU would include a commitment to align data centre operations with the *Government's Expectations of data centres and AI infrastructure developers*.
- The MOU will reflect and link to other arrangements in place between the Australian Government and Microsoft, notably in relation to use in the APS and a new agreement to support digital resilience being led by the Department of Home Affairs.
- s 47C
- The MoU would be a non-legally binding, high-level statement of shared intent. It would not include any financial commitment by the Australian Government or preference Microsoft for future decisions.
- s 45

#### Process to MoU finalisation

- s 47C
- s 47C
- s 47C
- We will publish the signed MoU on the department's website and work with your office on other requirements for announcement.

**DATA REFERENCED**

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- Nil

**CONSULTATION**

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- DISR Legal. Departments of: Prime Minister and Cabinet; Finance; Treasury; Home Affairs; Employment and Workplace Relations; Infrastructure, Transport, Regional Development, Communications, Sport and the Arts; Foreign Affairs and Trade; Attorney General; Climate Change, Energy, Environment and Water; and Defence. Digital Transformation Agency; Office of National Intelligence.

Clearance Officer

Jessica Foote

A/g Head of Division

Technology and Digital Policy

**S 22**

Clearance Date: 17/04/2026

Contact Officer**S 22**

Manager, AI Investment

**S 22****ATTACHMENTS**

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A: Letter to the Prime Minister

s 47C

s 47C



Ministerial Submission

MS26-000540

**FOR ACTION – Agreeing MoU on AI collaboration with Microsoft**

TO: Minister for Industry and Innovation; Minister for Science

CC: Assistant Minister for Science, Technology and the Digital Economy

**TIMING**

**Urgent:** by 22 April to support signing and announcement on 23 April.

**Recommendation**

- That you agree the text of the MoU with Microsoft at Attachment A.

Agreed  Not agreed

s 47C

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Signature

Date: 22/ 04/2026

**KEY POINTS**

- The department and your office has negotiated a Memorandum of Understanding (MoU) with Microsoft s 47C

This will be the second MoU under the National AI Plan’s commitment to negotiate such arrangements, s 22

- The department recommends you agree the MoU at Attachment A, as it aligns with the commitment to enter collaborative arrangements with leading AI and tech companies to further the goals of the National AI Plan and is in the national interest.
- You have an opportunity to sign the MoU with the President of Microsoft Australia and New Zealand on 23 April 2026. This will coincide with Microsoft's Chairman and CEO, Mr Satya Nadella's visit to Australia. <sup>s 47C</sup>
- The MoU is a non-legally binding, high-level statement of shared intent. It does not include any financial commitment by the Australian Government or preference the company for future decisions.
- The MoU will support Australia's ambition to be a global leader in AI by establishing a framework for engagement with a leading technology company and commitments to deliver benefits to Australia in line with the Plan.
- The MoU focuses collaboration on advanced AI, including safety and security, and support for AI skills and education across startups, not-for-profits, small and medium enterprises and the Australian Public Service. It also includes commitments relating to AI infrastructure, including to align with the Government's *Expectations of data centres and AI infrastructure developers*, <sup>s 47C</sup>
  - The MoU reflects and links to other arrangements in place between the Australian Government and Microsoft, notably in relation to use in the APS.

#### Process to finalise MoU

- <sup>s 42</sup>
- <sup>s 45</sup>
- The department engaged <sup>s 47G</sup> to provide probity advice and a plan for collaborative arrangements. Based on <sup>s 47G</sup>'s advice, there are no material probity concerns with the process undertaken to date.
- We will publish the signed MoU on the department's website and work with your office on other requirements for announcement.

#### DATA REFERENCED

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- Nil

## CONSULTATION

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- DISR Legal and Australian Government Solicitor. Departments of: Prime Minister and Cabinet; Finance; Treasury; Home Affairs; Employment and Workplace Relations; Infrastructure, Transport, Regional Development, Communications, Sport and the Arts; Foreign Affairs and Trade; Attorney General; Climate Change, Energy, Environment and Water; and Defence. Digital Transformation Agency; Office of National Intelligence.

Clearance Officer

Jessica Foote

Head of Division (a/g)

Technology and Digital Policy Division

**S 22**

Clearance Date: 21 April 2026

Contact Officer

**S 22**

Manager, AI Investment

**S 22**

## ATTACHMENTS

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A: AI MoU - Microsoft

**MEMORANDUM OF UNDERSTANDING**  
**between**  
**THE COMMONWEALTH OF AUSTRALIA,**  
**AS REPRESENTED BY THE DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES**  
**(the Australian Government)**  
**and**  
**Microsoft Pty Limited (Microsoft)**  
**on**  
**COLLABORATION ON AI OPPORTUNITIES**

The Australian Government's National AI Plan establishes a framework for action, guiding government, industry, research and the community to work together to capture the full benefits of AI for Australians.

This Memorandum of Understanding (**MOU**) states the shared understanding and intent of the Government and Microsoft to collaborate on progressing the National AI Plan's goals of capturing the opportunities of AI, spreading the benefits, and keeping Australians safe.

This MOU builds on Microsoft's longstanding commitment to Australia following more than 40 years of operations and investments in the country.

**1. The social and economic importance of AI to Australia**

- 1.1. The Australian Government and Microsoft share a positive vision for the potential of AI to drive economic growth, accelerate scientific progress, and enhance the delivery of services for the Australian people if it is responsibly harnessed and deployed in accordance with our shared values.
- 1.2. As a trusted partner in the Indo-Pacific region with world-class research institutions, robust democratic values, and a thriving technology sector, Australia is uniquely positioned to shape the responsible development and deployment of frontier AI technologies both regionally and globally.
- 1.3. Microsoft is committed to upholding Australia's laws and values so as to maintain strong social license for investment.

**2. Addressing economic impacts and promoting supply chain security**

- 2.1. Microsoft intends to continue investing in expanding in-country AI and cloud computing capacity to support Australian AI diffusion and innovation, in addition to the \$5 billion investment announced in 2023.
- 2.2. Microsoft supports and commits to meeting the Australian Government's *Expectations for data centres and AI infrastructure developers* (the Expectations). Microsoft's global approach to operating as a responsible and trusted provider of digital infrastructure is consistent with the Expectations, and Microsoft will continue to align its Australian operations accordingly, including through ongoing, proactive engagement with Government, local communities, and other stakeholders.

- 2.3. Microsoft will help to strengthen Australia's energy supply and transmission, with a focus on additional firming renewables, and welcomes opportunities to engage with the Australian Government on infrastructure planning in this area. This will complement Microsoft's investments in renewable energy capacity to support its Australian data centre operations as part of the company's global efforts to become carbon negative by 2030.
- 2.4. Microsoft and the Australian Government will explore opportunities to collaborate on forecasting infrastructure needs for frontier AI development and deployment in Australia and the broader region, and on sustainable solutions that can establish Australia as a trusted regional hub.

### **3. Tracking frontier AI progress and promoting safety and security**

- 3.1. Microsoft and the Australian Government intend to cooperate on frontier AI safety and security research for advanced AI systems in the areas set out in paragraphs 3.2 to 3.4 below.
- 3.2. In line with its Responsible AI commitments, including on safeguards, transparency, and human oversight, Microsoft will engage in technical exchanges and collaborative research with safety and security institutions, including Australia's AI Safety Institute, to advance a shared understanding of frontier AI capabilities, associated risks, and effective mitigation approaches. This includes exchanges on frontier governance frameworks, including methods for evaluating high-risk capabilities.
- 3.3. Microsoft also intends to collaborate with Australia's AI Safety Institute on human-AI interaction risks, including overreliance, emotional dependency, and user behavior in interactions in AI companion chatbots and conversational AI systems. Microsoft and the Australian Government will also explore research and collaboration opportunities on the broader trust and safety challenges associated with AI systems. The aim would be to help inform additional evidence-based safeguards and responsible deployment practices, particularly to better protect users who may be more vulnerable to experiencing harm online, including young people.
- 3.4. Microsoft will continue to collaborate with the Australian Government to strengthen Australia's national and cyber security, including through the Microsoft and Australian Signals Directorate Cyber Shield initiative and cooperation with the Department of Home Affairs on digital resilience.

### **4. Supporting a vibrant domestic ecosystem**

- 4.1. Microsoft will continue working in collaboration with the Australian Government, including the National AI Centre, and with the Future Skills Organisation, education institutions, unions, businesses and other partners to strengthen Australia's AI workforce and innovation ecosystem and spread the benefits of AI through national scale skilling, education and capability-building initiatives, including for small-to-medium enterprises, not-for-profit organisations, educators and students.
- 4.2. Microsoft will continue to support cloud-based development platforms and access programs that enable startups to develop and scale AI-enabled products and services on trusted infrastructure. Microsoft and the Australian Government will also explore opportunities to collaborate on supporting AI research.

4.3. Microsoft intends to continue working with the Australian Public Service (APS) through the governance framework under the Volume Sourcing Arrangement between a Microsoft affiliate and the Commonwealth of Australia, represented by the Digital Transformation Agency (“VSA”), and coordinating with the Department of Finance to support delivery of the APS AI Plan, including through capability building and collaboration on delivery of AI across government that enable safe and responsible AI adoption across government.

This MOU is intended as a statement of intent and is not intended to have legal effect.

It does not confer any preferential treatment in Commonwealth procurement processes, grant programs, or regulatory decisions, nor does it limit the Commonwealth’s ability to engage in similar interactions with other companies or organisations, nor commit either party to future arrangements. The parties may establish separate arrangements to support specific areas of collaboration consistent with this MOU. Any such arrangements will be subject to their own governance, approvals, and legal review. Where appropriate, Microsoft may work with Microsoft Corporation and / or other Microsoft affiliates to progress the objectives set out in this MOU.

Signed on [Day name, day number] April 2026

**For the Commonwealth of Australia as represented by the Department of Industry, Science and Resources, by:**

**For Microsoft, by :**

Signature:

Signature:

Jane Livesey

Name:

Name:

**President: Microsoft Australia & New Zealand**

Role:

Role:



## Meeting Brief

MB26-000376

**FOR INFORMATION - Meeting with Mr Satya Nadella, Microsoft CEO  
8:30am, Thursday 23 April 2026**

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**TO:** Minister for Industry and Innovation; Minister for Science  
Assistant Minister for Science, Technology and the Digital Economy

### **PURPOSE OF MEETING**

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- You and the Prime Minister are meeting with Mr Satya Nadella, Chairman and CEO of Microsoft; Caitlin McCabe, Vice President and Chief of Staff to the CEO; and Jane Livesey, Microsoft ANZ Managing Director. Biographies are at [Attachment A](#).
- We understand that the focus of this meeting will be to discuss Microsoft's upcoming announcements and investments in Australia.
- You will sign a *Memorandum of Understanding (MoU) on Collaboration on AI Opportunities* with Jane Livesey prior to the meeting (**MS26-000540** refers).

### **KEY MESSAGES**

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- Australia is a great place for ongoing investment by Microsoft. We offer a stable and secure operating context, vast sources of renewable energy, land and talent.
- We want an enduring collaboration with Microsoft. The MoU is a good start and we are committed to turn intent into action in key areas like investment, safety and research.
- It is essential that benefits accrue to Australians and the Australian economy from investments.

### **BACKGROUND**

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#### Microsoft announcements

- Microsoft intends to make a series of announcements during CEO Satya Nadella's visit to Australia. Announcements will include:
  - Microsoft investment in Australia to expand in-country computing and AI capacity by the end of 2029.
  - Commitment to the Government's Expectations for Data Centres and AI Infrastructure Developers (included in the *MoU for collaboration on AI opportunities*).

- Strengthening Australia’s national defence by expanding Microsoft-ASD Cyber Shield to critical government agencies and deepening collaboration with Home Affairs.
  - AI skilling commitment intended to provide 3 million Australians workforce-ready AI skills by 2028.
  - Enhance safe and responsible AI through collaboration with the Australian AI Safety Institute and dialogue with workers.
- Microsoft advises that Mr Nadella will advise you of the overall quantum of Microsoft investment at the meeting. We expect it to be substantial, in the order of AU\$10 to \$20 billion.
  - The *MoU on collaboration on AI opportunities* will help ensure that Microsoft’s investments are in Australia’s national interest and provide a platform for ongoing engagement.

#### Previous investment in AI infrastructure and skills in Australia

- Microsoft has previously made major investments in Australia, including a \$5 billion expansion of its hyperscale cloud computing and AI infrastructure announced in 2023, which will grow its datacentre footprint from 20 to 29 sites and increase national compute capacity by 250 per cent.
  - These investments also include partnerships such as the Microsoft-Australian Signals Directory Cyber Shield – reflecting engagement on national cyber resilience - and the Microsoft Datacentre Academy with TAFE NSW, which aims to train 300,000 Australians in AI and cloud skills.
- In December 2024, Microsoft launched an AI Skills Initiative aimed at training one million people in Australia and New Zealand by 2026. Microsoft has also partnered with the Future Skills Organisation on an AI skilling pilot intended to reach learners and more than 30,000 VET educators and administrators.

#### AI safety

- Microsoft is interested in a partnership with the Australian AI Safety Institute, like its arrangements with the UK and AI institutes. Engagement of this kind would support the Australian AI Safety Institute fulfill its role to support regulators and policymakers keep pace with AI developments.
- Since the India AI Impact Summit in February 2026, the UK has publicly announced Microsoft support for the UK Institute’s Alignment Project, designed to align AI systems with human intentions, reducing risks from uncontrolled advanced AI.

– s 22

### MoU for collaboration on AI opportunities

- The Microsoft MoU will support Australia's ambition to be a leader in AI by establishing a framework for engagement with a leading technology company and commitments to deliver benefits to Australia in line with the National AI Plan (the Plan).
  - Microsoft has entered into MoUs with other likeminded partners, including the United Kingdom (a five-year Strategic Partnership Arrangement 2024) and Singapore.
- The MoU is with Microsoft Australia (Microsoft Pty Limited). Microsoft Australia will work with Microsoft Corporation and related entities to advance collaboration under the MoU.
- This is the second collaborative arrangement the Australian Government has agreed with a leading AI company to advance the goals of the Plan – following signing and announcement of the Anthropic MoU on 1 April 2026.
- The areas of collaboration in the MoU are tailored to areas of shared interest and Microsoft's strengths. The MoU focuses collaboration on advanced AI, including safety and security, and support for AI skills and education across startups, not-for-profits, small and medium enterprises and the Australian Public Service.
- The MoU includes commitments relating to AI infrastructure, including to align with the Government's *Expectations of data centres and AI infrastructure developers*,<sup>s 47C</sup>
- The MoU will operate like a 'head agreement', with further detailed collaborations negotiated between relevant departments and Microsoft. The Department of Home Affairs is negotiating a separate arrangement with Microsoft for collaboration on digital resilience.
- The MOU refers to the five-year Volume Sourcing Agreement the Digital Transformation Agency has agreed with Microsoft which commences on 1 July 2026.

### Microsoft grants

- Microsoft has not received any grants directly through the Business Grants Hub. However, it has been listed as a project partner on 8 successful grants - 6 with the department and 2 with the Department of Health, Disability and Ageing (Attachment B refers).

### Prior meetings

- On 20 February 2026, Assistant Minister Charlton met with Natasha Crampton, Vice President and Chief Responsible AI officer, and Amanda Craig Deckard, GM, Responsible AI Public Policy, at the India AI Impact Summit to discuss AI safety.
- On 25 September 2025, Assistant Minister Charlton met with Ambassador Rudd and Mustafa Suleyman (CEO of Microsoft AI).

## SENSITIVITIES

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- s 47C

## DATA REFERENCED

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- Nil

## CONSULTATION

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- Business Grants Hub, Department of the Prime Minister and Cabinet.

### Clearance Officer

Jessica Foote

A/g Head of Division

Technology and Digital Policy Division

Mob: s 22

Clearance Date: 22/04/2026

### Contact Officer

s 22

Manager, AI in Government & Robotics, AI

Policy, Technology and Digital Policy Division

Ph: +s 22

Mob: s 22

## ATTACHMENTS

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A: Biographies and company information

B: Microsoft Grant History

## Biographies and company information



### **Satya Nadella, Chairman and Chief Executive Officer, Microsoft**

#### **Background**

Satya Nadella is the Chairman and Chief Executive Officer of Microsoft, a global technology company and a major provider of cloud computing, data centre infrastructure, and artificial intelligence services. He has served as Chief Executive Officer since 2014 and became Chairman in 2021. During his tenure, Microsoft has undertaken a strategic shift towards large scale cloud platforms and AI-enabled systems, establishing the company as a major supplier of digital and AI infrastructure to governments, enterprises, and research institutions.

Microsoft's position within the AI ecosystem reflects Nadella's emphasis on long term infrastructure investment, the integration of AI capabilities into core productivity and enterprise software, and the expansion of hyperscale data centres to support advanced computing workloads.

#### **Role and previous work at Microsoft**

Under his leadership, Microsoft has made substantial and sustained investments in global data centre infrastructure, including facilities designed to support advanced AI model training and inference. Nadella has consistently highlighted the importance of compute capacity, energy availability, and physical infrastructure as enablers of AI capability and broader economic competitiveness.

Prior to his appointment as CEO, Nadella led Microsoft's Cloud and Enterprise group, where he was responsible for the company's server, database, and cloud platforms and played a key role in the early scaling of Azure.

#### **Public engagement and policy relevance**

In public statements and shareholder communications, he has emphasised the growing importance of data centres, energy supply, and compute efficiency in shaping participation in the AI economy, as well as the role of established technology providers in supporting the secure and reliable deployment of AI in public sector and critical infrastructure contexts.

In addition to his role at Microsoft, Nadella serves on the Board of Trustees of the University of Chicago and has held board positions at major United States institutions.

#### **Education and technical background**

- Bachelor of Electrical Engineering, Manipal Institute of Technology, India
- Master of Computer Science, University of Wisconsin–Milwaukee
- Master of Business Administration, University of Chicago Booth School of Business

**Jane Livesey, President, Microsoft Australia and New Zealand****Background**

Jane Livesey is President of Microsoft Australia and New Zealand and a Corporate Vice President at Microsoft, based in Sydney. She leads Microsoft's business across Australia and New Zealand and works with government, industry customers and partners to support the adoption of Microsoft's cloud and artificial intelligence technologies.

Before joining Microsoft in late 2025, Livesey led Cognizant's Asia Pacific and Japan business. She has also held senior leadership roles with PwC, Accenture and IBM, with experience in large-scale digital transformation for enterprise and public sector clients

**Caitlin McCabe, Vice President & Chief of Staff, Office of the CEO****Background**

Caitlin McCabe is Vice President and Chief of Staff in Microsoft's Office of the CEO. She has held a range of senior roles supporting the CEO office, including General Manager, Chief of Staff for Strategy, Brand and Communications (Office of the Chairman and CEO), General Manager, Communications for the Chairman and CEO, and Senior Director, CEO Communications.

**Company information - Microsoft**

Microsoft was founded in 1975 by Bill Gates and Paul Allen. Microsoft is headquartered in Redmond, Washington, USA. Its Australian operations are headquartered in Sydney. It has operated in Australia since 1983.

Microsoft partnered with OpenAI in 2019 and has invested \$13 billion across multiple investment rounds, holding ~27 per cent equity in OpenAI and exclusive IP rights to models for products like Copilot. Microsoft launched its main consumer generative AI assistant in 2023, introduced as Bing Chat and later unified under the Copilot branding. Microsoft created a dedicated Microsoft AI division in 2024 to oversee consumer AI products, appointing Mustafa Suleyman (former DeepMind co-founder) as CEO.

Microsoft is a founding member of the Frontier Model Forum and partners with the UN Institute for Disarmament Research (UNIDIR) on AI, security and ethics, aligning its approach with emerging global norms. It is signatory to the Frontier AI Safety Commitments from the AI Seoul Summit and participates in the G7 Hiroshima AI Process voluntary reporting framework hosted by the OECD.AI Policy Observatory. Microsoft was a signatory of the Munich Compact and is involved in the Partnership on AI (a non-profit partnership of academic, civil society, industry, and media organisations creating solutions so that AI advances positive outcomes for people and society).

## ATTACHMENT B

**Microsoft Grant History**

Microsoft has not received any direct grants through the Business Grant Hub but have been listed as a project partner on 8 successful grants.

<b>Agency</b>	<b>Program</b>	<b>Lead Applicant</b>	<b>Grant Execution Date</b>	<b>Grant Status</b>
DISR	Maker Projects - Community STEM Engagement grants 2024	Australian Business and Community Network	6/01/2025	In Progress
DISR	AI Adopt Program	Digital Transformation Australia Pty. Ltd.	28/06/2024	In Progress
DISR	Australian Centre for Quantum Growth	The University Of Sydney	17/06/2024	In Progress
DISR	Cyber Security Skills Partnership Innovation Fund Round 2	Macquarie University	20/01/2023	Closed
DISR	Cyber Security Skills Partnership Innovation Fund Round 1	Austcyber	11/08/2021	Closed
DISR	Women in STEM and Entrepreneurship Round 3	CSIRO	18/06/2021	Closed
DHDA	MRFF 2023 National Critical Research Infrastructure	UQ	7/06/2024	In Progress
DHDA	MRFF Pathogen Genomics Grant	University of New South Wales	12/05/2021	In Progress