



16 October 2018

Section 9(2)(a)

Dear **Section 9(2)(a)**

I refer to your email of 28 August 2018 requesting under the Official Information Act 1982 (the Act) the following information:

*I am requesting the following information under the Official Information Act 1982:*

- 1) *Any documentation relating to the scope and/or mandate of the Just Transition Unit;*
- 2) *Any information relating to the definition of a "Just Transition";*
- 3) *Any briefings prepared by the Just Transition Unit for Ministers, Ministerial offices and other Government departments.*

A copy of the documents that fall within the scope of the request is attached. Some information has been withheld under the following grounds of the Act:

- *Section 9(2)(a) as withholding the information is necessary to "protect the privacy of natural persons, including that of deceased natural persons."*
- *Section 9(2)(b)(ii) as withholding the information is necessary to "protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information."*
- *Section 9(2)(ba)(i) as withholding the information is necessary to "protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information – would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied'."*
- *Section 9(2)(f)(iv) as withholding the information is necessary to "maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials."*
- *Section 9(2)(g)(i) as withholding the information is necessary to "maintain the effective conduct of public affairs through the free and frank exchange of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty."*
- *Section 9(2)(j) as withholding of the information is necessary to "enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)".*

The grounds for withholding are marked on each exclusion.



Some information has also been redacted as it is out of scope of the request.

We note that the majority of the documents attached reflect early thinking and discussions around the development of the Just Transition policy and framework. This thinking will continue to evolve in consultation with key stakeholders over the coming period.

Note in paragraph 15 of the briefing, *'Climate Change Ministers Meeting 30 April'*, for further clarification, the government is not responsible for setting the emissions price directly, but rather for outlining parameters of the New Zealand Emissions Trading Scheme in legislation, such as auctioning mechanisms, unit supply settings and levels of free allocation to emissions intensive trade exposed industries, that support New Zealand to meet its climate change objectives.

In relation to the briefing, *'Meeting with the Parliamentary Commissioner for the Environment'*, please note that this meeting did not take place.

In relation to the briefing, *'Update on the Taranaki just transition workshop and next steps'*, we note that in Annex one under the analysis in progress table it should be made clear that the sentence that reads, *"Fiscal impacts from changes in offshore exploration permit policy"*, is referring to off shore petroleum exploration.

Attached is an extract of seven pages of the briefing, *'Preliminary work on a Just Transition for Taranaki's Energy Sector'*, the remaining 17 pages have not been provided as the rest of the content in the document is outside the scope of the request.

In relation to the briefing, *'Release of the Productivity Commission's Final Report on the Low-Emissions Economy Inquiry'*, we note that final version of Appendix 1: Media release is publicly available on the beehive website here: <https://www.beehive.govt.nz/release/productivity-commissions-path-low-emissions-economy>. Appendix 3 of this briefing is also publicly available on the New Zealand Productivity Commission website here: <https://www.productivity.govt.nz/inquiry-content/3254?stage=4>.

With respect to briefing, *'Update on the Cross – Government Just Transitions Work Programme'*, we note that paragraph three is a broad definition of just transition. We also note that the presentation in Annex one is an early draft to the additional presentation provided in the documents that is dated August 2018.

Under section 9(1) of the Act, no public interest in releasing the withheld information has been identified that would be sufficient to override the reasons for withholding it.

You are entitled to ask the Ombudsman to review this response under section 28(3) of the Act.

Yours sincerely



Robyn Henderson  
Manager, Just Transition Unit  
Labour, Science and Enterprise



## JUST TRANSITION UNIT FORTNIGHTLY REPORT

<b>Week ending:</b>	22 June 2018	<b>Priority:</b>	Routine
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3853-17-18

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister responsible for the Just Transition Unit</b>	<b>Note</b> the contents of this Fortnightly Report	N/A

Gus Charteris  
**General Manager  
Just Transitions Unit**

22/ 6 / 2018

Hon Dr Megan Woods  
**Minister responsible for the Just  
Transition Unit**

.... / .... / .....

**Minister's comments:**



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

IN CONFIDENCE

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# Just Transition Unit Fortnightly Report

To Hon Dr Megan Woods  
Minister responsible for the Just Transitions Unit

Week ending 22 June 2018

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# To Note this Week

## Discussion of Just Transitions at Joint Meeting of DEV/ENV

Contact: David King  
Section 9(2)(a)

You indicated last week that you wished to have a discussion of Just Transitions at a joint meeting of ENV and DEV in the near future. We have begun drafting a double-sided A3 for this discussion and plan to test it within MBIE and with other agencies over the coming week with a view to discussion by Economic CEs at their meeting on 3 July. The focus of the A3s is on:

- What do we mean by a just transition
- How will we implement a just transition
- The Just Transitions Unit's work programme
- How commitment across portfolios is required
- How the just transitions perspective is core to economic strategy

We have also liaised with the chair of the officials committee for DEV and he suggests that as all members of ENV are members of DEV, a section of a future meeting of DEV be constituted as a joint meeting of the two committees and jointly chaired by the two committees' chairs. He will discuss this with the Chair of DEV at a meeting with him next week as well as the timing of the meeting. He will also liaise with the officials committee for ENV about arrangements at that end. You may, however, wish to mention the idea of a joint committee meeting to the chair of ENV in passing.

## Productivity Commission Report on Low Emissions Economy

Contact: David King  
Section 9(2)(a)

### *Meeting with Productivity Commission*

We met with the Productivity Commission this week to share perspectives on what we mean by a Just Transition. We found that our perspectives were very much in common (including seeing the transition as being about more than climate change, such as technology). The Commission is considering including a more extensive discussion of transition pathways in its final report than appeared in its draft report on transitioning to a low emissions economy. From our viewpoint this will make the report considerably more helpful in shaping thinking about a just transition.

### *Government response to the Productivity Commission 'Low Emissions Economy' report*

We are currently working through with Treasury and MfE a process for responding to the Productivity Commission report, and will be seeking feedback from Ministers on their preferred approach for a response ahead of release of the final report, currently scheduled for August 2018.

## Productivity Commission Inquiry into technological change, disruption and the future of work

Contact: Robyn Henderson  
Section 9(2)(a)

In May this year, Cabinet agreed to ask the Productivity Commission to undertake an inquiry into technological change, disruption and the future of work. Treasury has been developing the Terms of Reference (ToR) for the inquiry and the Minister of Finance is scheduled to report back to Cabinet with the

proposed ToR in July. Given the scale of impact that rapid technological change can have on economic performance, MBIE considers that there is value in such an inquiry and that the ToR is appropriately focused.

The ToR focuses on examining the current and likely future impacts of technological change and disruption on the labour markets and the economy more broadly, and proposes to assess how can the Government better position New Zealand and New Zealanders to take advantage of technological change in terms of labour market participation. It contemplates a series of short reports on various topics culminating in a final report to Ministers by February 2020. The short reports could cover such topics such as the current state of technological change and the expected scale and pace of future change; the impact of such changes on different groups of workers and the potential responses Government could develop to best position New Zealand for such changes.

The ToR indicates that the inquiry is intended to complement other policy work on technological change and the future of work (and that the Commission would be consulting broadly on the issues it considers through the inquiry). We expect that the Commission would work closely with MBIE as it develops the inquiry.

### **Taranaki Update**

Contact: Kerry Fowle  
Section 9(2)(a)

Officials are continuing discussions with Venture Taranaki on working with key stakeholders and partners on what a successful just transition looks like for the Taranaki. A workshop is scheduled for the 10<sup>th</sup> July involving participants from central and local government, key union representatives, the agriculture and energy sectors, downstream industries (e.g., engineering), and possibly also the regional education sector. The workshop is likely to focus on what success looks like for the region, with the aim of starting to sketch out key elements of the underpinning business plan.

We also continue to work with the District Council on the likely content of the Just Transition Summit, currently scheduled for April 2019. Ambition levels are high, and the Mayor of New Plymouth has proposed this could become an annual or once every two years event.

The Provincial Development Unit is expecting to receive a proposal on Monday 25 June 2018 for the regional Just Transitions person to be based in Taranaki. At this stage, this proposal will be considered for approval by the Senior Regional Officials on Thursday 28 June 2018.

### **Draft discussion document on options to phase out single-use plastic shopping bags**

Contact: Janet Humphris  
Section 9(2)(a)

MBIE's Just Transitions Unit provided comment to the Ministry for the Environment on their Cabinet paper on the proposed phase-out of single-use-plastic shopping bags. We contacted Plastics New Zealand to discuss domestic production of plastic bags and determine whether New Zealand manufacturers and jobs could be affected by a phase-out. This is in line with our work to understand possible impacts that may be felt by stakeholders or sectors from policies that seek to support a more sustainable economy. We understand that supermarket checkout bags are imported into New Zealand, however, other plastic bags in retail use are produced here. We advised MfE that should the policy be widened to plastic bags other than supermarket checkout bags, it would likely impact domestic manufacturers and that these impacts would need to be taken into account.

## Update on Climate Change Work streams

Contact: Robyn Henderson  
Section 9(2)(a)

### *Zero Carbon Bill*

The Zero Carbon Bill (ZCB) discussion document consultation closes on 19 July 2018. MBIE is continuing to support MfE in consultation on the Bill, with MBIE present at regional engagements in Whangarei and New Plymouth, and engagement workshops in Wellington and Auckland. In the next week MBIE will be attending regional meetings in Christchurch and Invercargill, and an engagement workshop in Christchurch. Public meetings to date have provided a constructive forum for the general public to raise issues regarding the government's climate change policy, including key aspects of the ZCB such as the appropriate emissions reduction target and the role of the Climate Change Commission.

Over the coming months MBIE will be working with MfE and other agencies through the Transition Hub to look at what economic modelling and science information are telling us in order to determine a final view on ZCB proposals including an appropriate 2050 target and the role of the Climate Change Commission in relation to the New Zealand Emissions Trading Scheme (NZ ETS).

### *Emissions Trading Scheme*

MBIE is contributing to the review of the NZ ETS. Ministers will be reviewing a draft of the discussion document in early July, and we will brief you on key issues relating to NZ ETS proposals as necessary. The discussion document consults on a range of proposals for the architecture of the NZ ETS, focusing at this stage mainly on how mechanisms will work (e.g. how international units will be made available, the process to set a price ceiling) rather than on specific ETS settings (e.g. how many international units will be available, what the level of a price ceiling should be). The one area where specific options are proposed is free allocation, where the discussion document proposes a range of options for timing and phase down of New Zealand Units to industrial firms that make products exposed to international competition, such as steel and chemical manufacturing.

# Media and Communications Schedule

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## Key Dates

## Media Release/Events/Announcements

21 June 2018

Media query from **Section 9(2)(a)** (Inside Resources)

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# Upcoming Briefings

Due Date	Briefing Number	Title	Sign Out Manager
TBC July 2018	TBC	DEV/ENV session on Just Transitions work programme	Gus Charteris
23 July 2018	3909 17-18	Climate modelling and Just Transitions	Robyn Henderson



## JUST TRANSITIONS UNIT REPORT

<b>Week ending:</b>	06 July 2048	<b>Priority:</b>	Routine
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0011 18-19

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister responsible for the Just Transitions Unit</b>	<b>Note</b> the contents of this Fortnightly Report	N/A

Gus Charteris  
**General Manager  
Just Transitions Unit**

06/07/2018

Hon Dr Megan Woods  
**Minister responsible for the Just  
Transitions Unit**

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**Minister's comments:**





**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI

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# Just Transition Unit Fortnightly Report

To Hon Dr Megan Woods  
Minister responsible for the Just Transitions Unit

Week ending 6 June 2018

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# To Note this Week

## Update on Climate Change Workstreams

Contact: Robyn Henderson  
04 901 1305

### **Zero Carbon Bill**

The Zero Carbon Bill (ZCB) discussion document consultation closes on 19 July. MBIE is continuing to support MfE in consultation on the Bill – in the last fortnight MBIE has attended engagements in Auckland, Wellington, Christchurch and Invercargill. Engagement at public meetings continues to be constructive, with feedback and questions on the government's climate change policy, including key aspects of the Zero Carbon Bill, such as what targets would look like, including a target for methane stabilisation, and the role of the Climate Change Commission.

MBIE is continuing to work with MfE and other agencies through the Transition Hub to look at what economic modelling and science information are telling us about the impacts of different targets, and to determine what additional information is required to feed into this process. MBIE will be working closely with MfE to get more information on the potential regional and sectoral impacts of different targets. This information will be used to help government determine a final view on ZCB proposals including what 2050 target should be set in legislation and the role of the Climate Change Commission in relation to the New Zealand Emissions Trading Scheme (NZ ETS).

### **Emissions Trading Scheme**

A draft discussion document on the NZ ETS was provided to MBIE last week. The discussion contains a range of proposals for the architecture of the NZ ETS, focusing on how mechanisms will work (e.g. how international units will be made available, the process to set a price ceiling) rather than on specific ETS settings (e.g. how many international units will be available, what the level of a price ceiling should be). The one area where specific options are proposed is free allocation. The discussion document proposes options for timing and phase down of New Zealand Units to industrial firms that make products exposed to international competition, such as steel and chemical manufacturing. MBIE is comfortable with the proposals outlined in the discussion document but have requested that MfE provide additional information in the NZ ETS Cabinet paper on sectors and regions that may be affected by any decision in this area. A draft of the discussion document is currently expected to be consulted with Ministers in mid-July, and we will provide briefing to you on key issues relating to NZ ETS proposals as needed.

### **Government Response to the Productivity Commission 'Low Emissions Economy' report**

MBIE, together with MfE and Treasury will jointly lead the response to this report. The final report is scheduled to be released in August 2018. The Climate Change Chief Executives Board will provide oversight of the public sector response. The three lead agencies are currently developing a project plan for the government response, including timeframes for briefing Ministers.

## DEV/ENV Discussion on Just Transitions

Contact: David King  
Section 9(2)(a)

We have drafted a short Cabinet paper to accompany the draft A3s for discussion at the combined ENV/DEV committees on 15 August. We are consulting with other agencies on this draft Cabinet paper and the latest draft of the A3s. The latest versions will be considered by Economic CEs on 20 July. Following Economic CEs feedback we will provide you with an updated Cabinet paper and A3s for your consideration.



# Media and Communications Schedule

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Key Dates

Media Release/Events/Announcements

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26 June 2018

Media query from <sup>Section 9(2)</sup><sub>(a)</sub> of Inside Resources

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# Upcoming Briefings

Due Date	Briefing Number	Title	Sign Out Manager
23 Jul 2018	3909 17-18	Meeting with the Parliamentary Commissioner for the Environment	Robyn Henderson
TBC Jul 2018	TBC	DEV/ENV session on Just Transitions work programme	Gus Charteris
TBC Jul 2018	TBC	Key learnings for New Zealand from international just transition	Robyn Henderson



# Ministerial Correspondence

Tracking number	Due to Requestor	Requestor's Name	Subject of Request	Status	Sign Out Manager
MW18-1672	10/7/2018	Section 9(2)(a)	Rural Women New Zealand Correspondence	Drafting	Robyn Henderson



## JUST TRANSITION UNIT FORTNIGHTLY REPORT

<b>Week ending:</b>	3 August 2018	<b>Priority:</b>	Routine
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0401 18-19

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister responsible for Just Transitions</b>	<b>Note</b> the contents of this Fortnightly Report	N/A

Gus Charteris  
**General Manager**  
**Just Transition Unit**

02/08/18

Hon Dr Megan Woods  
**Minister responsible for Just Transitions**

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**Minister's comments:**





**IN CONFIDENCE**

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# Just Transition Unit Fortnightly Report

To Hon Dr Megan Woods  
Minister responsible for Just Transitions

Week ending 3 August 2018

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Section 9(2)(a)

Section 9(2)(f)(iv)

## National Summit – update on dates and event organiser

Contact: Robyn Henderson  
Phone number: [Section 9\(2\)\(a\)](#)

MBIE has been progressing the National Summit planning on three fronts: shaping the objectives and themes; preparing a *request for quote (RFQ)* document to procure an event organiser; and liaising with New Plymouth District Council (NPDC) to secure a venue.

We would like to test our suggested objectives and themes with you in Monday's Officials' meeting (6 August). We have mapped out a proposed outline for the event comprising two days: Day one would be focused on creating a national level of awareness and understanding of what a just transition is, what is driving it and the likely impacts and opportunities. Day two could be split into two or three sector-based concurrent sessions – likely agriculture and energy (tourism being a possible third but unlikely given venue constraints). We plan to discuss in more detail with you on Monday.

In consultation with NPDC, we are finalising a RFQ document to seek the services of an event manager for this event. We will hold the contract for this but will be working very closely with NPDC as the Summit host. We are aiming to release the RFQ next week and have a contracted event organiser in place by early September.

NPDC are keen to secure the Taranaki Showplace in New Plymouth for the Summit. Taranaki Showplace has advised this week that there are limited dates available: on Thursday 9 and Friday 10 May 2019 or Wednesday 15 and Thursday 16 May 2019. We advised your office of this today and will work to test whether these dates are suitable for all interested Ministers, including the Prime Minister.

# Upcoming Briefings

Due Date	Briefing Number	Title	Sign Out Manager
TBC	0177 18-19	Key insights for New Zealand from international literature on just transitions	Robyn Henderson

# Upcoming Cabinet Papers

Due Date	Briefing Number	Title	Sign Out Manager
Aug 2018	TBC	Just Transitions - Strategic Discussion Cabinet Paper & ENV/DEV A3	Gus Charteris

# Ministerial Correspondence

Tracking number	Due to Requestor	Requestor's Name	Subject of Request	Status	Sign Out Manager
MW18-1354 TBC		Section 9(2)(a)	Climate Change - Where Is The Change Management and Communication Strategy?	Drafting	Robyn Henderson





## JUST TRANSITIONS UNIT REPORT

<b>Week ending:</b>	17 August 2018	<b>Priority:</b>	Routine
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0635 18-19 Just Transition Fortnightly Report

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	<b>Note</b> the contents of this Fortnightly Report	N/A

Gus Charteris  
**General Manager  
Just Transitions Unit**

16/08/2018

Hon Dr Megan Woods  
**Minister of Research, Science and Innovation**

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**Minister's comments:**



IN CONFIDENCE

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# Just Transition Unit Fortnightly Report

To Hon Dr Megan Woods  
Minister responsible for the Just Transitions Unit

Week ending 17 August 2018

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Ministerial Official Information Act Requests **Error! Bookmark not defined.**

Departmental Official Information Act Requests **Error! Bookmark not defined**

Official Information Act Investigation **Error! Bookmark not defined.**

# To Note this Week

## Update on development of the Green Investment Fund

Contact: Robyn Henderson  
Section 9(2)(a)

MBIE officials are working closely with the Green Investment Fund (GIF) working group (led by Treasury) on developing the scope, mandate and form of the GIF. The creation of a Green Investment Fund is a component of the Confidence and Supply Agreement between Labour and the Green Party. The GIF is in the early stages of being established; it will have the objective to make investments that both reduce greenhouse gas emissions and provide a financial return. The GIF is part of the wider suite of Government work on transitioning towards a net-zero-emissions economy (including the Zero Carbon Act, reviewing the Emissions Trading Scheme and establishing the Independent Climate Change Commission).

The Ministers of Finance and Climate Change are the lead Ministers for the GIF. In May, Budget 2018 allocated \$100 million of capital for the GIF and \$30m over six years for its operational costs. In June, a reference panel was established by the Treasury to support the GIF development. The Reference Panel provides an expert sounding board for planning the establishment and launch of the GIF.  
Section 9(2)(f)(iv)

The next working group will meet on 5 September. MBIE can provide you with more detail on development of the GIF as work progresses, including as the Cabinet proposal is finalised.

## Planning for the Just Transition National Summit

Contact: Robyn Henderson  
Section 9(2)(a)

Dates for the Just Transition National Summit have now been confirmed for Thursday 9 and Friday 10 May 2019. New Plymouth District Council has confirmed the dates with the venue, Taranaki Showplace.

MBIE has now released a Request for Quote (RFQ) seeking services of an event manager for the National Summit. The RFQ closes on Tuesday 28 August and it is expected that a supplier will be contracted in early September. Our work on speakers, session topics and themes is progressing and we are keen to test this with you during the week of 3 September 2018.

## Update on the release of the Productivity Commission's report on the Low-emissions economy inquiry

Contact: Robyn Henderson  
Section 9(2)(a)

The Productivity Commission is scheduled to release its final report on the low-emissions economy inquiry on Tuesday 4 September, and the embargoed copy will be sent to agencies on Tuesday 28 August 2018. We will provide you a short briefing on key messages by Friday 31 August 2018.

The Productivity Commission has indicated the following changes to the final report:

- A more developed inclusive transition chapter
- A new chapter on the nature of transition, how it is different from BAU and what makes a successful transition



- Enhancements to the two gases, transport and process and industrial heat chapters
- Additional modelling that explores a number of uncertainty variables.

The Climate Change Chief Executives' Board has oversight of the government response to the Productivity Commission's report. The Board has proposed a response that outlines a forward work programme that addresses how the recommendations are being considered in different agencies' work programmes. We are co-leading this response with the Ministry for the Environment.

# Media and Communications Schedule

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Key Dates

Media Release/Events/Announcements

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# Upcoming Briefings

Due Date	Briefing Number	Title	Sign Out Manager
TBC	0177 18-19	Key insights for New Zealand from international literature on just transitions	Robyn Henderson



# Upcoming Cabinet Papers

Due Date	Briefing Number	Title	Sign Out Manager
Aug 2018	TBC	Just Transitions - Strategic Discussion Cabinet Paper & ENV/DEV A3	Gus Charteris

# Ministerial Correspondence

Tracking number	Due to Requestor	Requestor's Name	Subject of Request	Status	Sign Out Manager
MW18-1354	TBC	Section 9(2)(a)	Climate Change - Where Is The Change Management and Communication Strategy?	Drafting	Robyn Henderson



## JUST TRANSITIONS UNIT REPORT

<b>Week ending:</b>	31 August 2018	<b>Priority:</b>	Routine
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0780 18-19

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	<b>Note</b> the contents of this Fortnightly Report	N/A

Gus Charteris  
**General Manager  
Just Transitions Unit**

30 / 08 / 2018

Hon Dr Megan Woods  
**Minister of Research, Science and Innovation**

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**Minister's comments:**



IN CONFIDENCE

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# Just Transition Unit Fortnightly Report

To Hon Dr Megan Woods  
Minister responsible for the Just Transitions Unit

Week ending 31 August 2018

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# To Note this Week

## Final release of the New Zealand Productivity Commission's Transition to a Low Emissions Economy Report

Contact: Robyn Henderson  
Section 9(2)(a)

On **Tuesday 28 August** you received the embargoed copy of the Productivity Commission's final report on the Transition to a Low Emissions Economy. On Friday 31 August, a briefing is being sent to the three referring Ministers for the inquiry (Minister Parker, Minister Robertson and Minister Shaw). A copy of the briefing will be forwarded to you from these Ministers. The briefing will outline key changes, significant or contentious recommendations, the approach for the Government's response and process points for the release.

The referring Ministers will be meeting with the Productivity Commission to discuss the report, including any significant or contentious recommendations, on Monday 3 September. If there are any issues significant to your portfolio we will provide you with reactive Q&As.

The report will be released publicly on **Tuesday 4 September**. Once the report is released publicly, the Ministry of Business, Innovation and Employment and Ministry for the Environment will lead the Government's response to the inquiry, with support from Treasury and other relevant agencies. This response is due to be considered by Cabinet in mid-November.

## Just Transition National Summit – speaker discussion

Contact: Robyn Henderson  
Section 9(2)(a)

We have been working on an illustrative programme outline for the Just Transition National Summit, which we are keen to seek your initial feedback on. This has not yet been discussed formally with Taranaki and will be revised accordingly. The draft programme structure is attached and can be discussed at the Officials' meeting on Monday 3 September. Availability of particular speakers is also yet to be ascertained.

As previously discussed with you, we intend the programme to have concurrent workshop sessions on day two that focus on the energy, and food and beverage sectors. These sessions will discuss and highlight what a potential transition could look like, what the future will hold for businesses, workers and communities, and investment and innovation opportunities arising from a just transition. These sessions are intended to be highly interactive with the audience and may require specialist facilitators rather than speakers. Further work on these sessions will be done with the event organiser once they are on board in September.

Following the discussion with you on Monday, MBIE will discuss this programme outline with Taranaki leadership, including Iwi, at a future Taranaki workshop, and start approaching speakers to gauge availability. Official invitations will be required for some speakers from yourself or the Prime Minister. We will work with your offices on this.

# Upcoming Briefings

Due Date	Briefing Number	Title	Sign Out Manager
31 Aug 2018	0798 18-19	Productivity Commission Low Emissions Economy Report	Robyn Henderson
3 Sept 2018	0818 17-18	Climate Change Ministers Meeting 5 September	Robyn Henderson

## Upcoming Cabinet Papers

Due Date	Briefing Number	Title	Sign Out Manager
TBC	TBC	Just Transition – Strategic Discussion Cabinet Paper	Gus Charteris

# Departmental Official Information Act Requests

OIA number	Due to MO	Due to Requestor	Requestor's Name	Subject of Request	Status	Sign Out Manager
DOIA 1819-TBC 0318		25 Sept 2018	Aaron Letcher on behalf of Todd Muller	Any documentation relating to the scope and/or mandate of the Just Transition Unit; Any information relating to the definition of a "Just Transition"; Any briefings prepared by the Just Transition Unit for Ministers, Ministerial offices or other Government departments	Scoping	Robyn Henderson
DOIA 1819 TBC 0317		26 Sept 2018	Section 9(2) (a)	Just Transitions – The Government is working with industries, business and communities to ensure there is a planned and fair transition to a low-emissions economy. A unit focussed on this has been established within MBIE. For more information, email <a href="mailto:jtu@mbie.govt.nz">jtu@mbie.govt.nz</a> or phone 04 474 2839. Is there any fact sheets or Q&As related to this unit, documents outlining its mandate, including cabinet papers, etc, that I can reference to understand what the aims, mandate and purpose of this unit is?	Scoping	Robyn Henderson



# Upcoming Events

Date	Event	Purpose	Location	Who
6 Sept 2018	Union Member Workshop & Youth Outreach	To engage unions and youth interests respectively in the transition planning work underway in Taranaki	Taranaki	Gus Charteris Kerryn Fowlie Shannon Tyler
7 Sept 2018	Taranaki Transitions Working Group	To continue transition planning discussions. Key focus for this workshop will be clean energy.	Taranaki	Gus Charteris Kerryn Fowlie Shannon Tyler
26-27 Sept 2018	Large Energy Users Forum and EECA Business Awards	To engage with the largest energy using businesses in NZ, and learn how they are working to reduce carbon emissions.	Auckland	Gus Charteris (TBC)
4-5 Oct 2018	NZ CTU/ITUC Just Transition Roundtable	To initiate dialogue on how we achieve a Just Transition to a net zero emissions economy in a way that is fair and democratic. General Manager has been invited to participate in a panel discussion and give an overview of the activities and relationships we are building through our Just Transition work.	Wellington	Gus Charteris
9-10 October 2018	Australia and New Zealand Climate Change & Business Conference 2018	The Australia-New Zealand Climate Change and Business Conference is a leading forum for businesses wanting to understand the implications of climate change. The programme will focus on domestic and international policies, the emergence of disruptive technologies, adaptation planning and business risks.	Auckland	Gus Charteris
31 Oct 2018- 1 Nov 2018	Business NZ/World Energy Council: 2018 Asia Pacific Energy Leaders' Summit 3D Vision - New Energy Perspectives	The 2018 Asia Pacific Energy Leaders' Summit 3D Vision - New Energy Perspectives will help decision-makers to navigate the disruptive forces that are provoking profound global change and learn about the key linkage between climate change and the opportunities directly in front of us that will support the transition to decarbonise economies in a cost-efficient way	Wellington	Gus Charteris
11-13 Feb 2019	University of Canterbury Regional Studies Association Conference 2019	Conference will consider a range of policy issues. General Manager, Just Transitions has been invited to participate in a panel discussion on regional development in New Zealand and give an overview of the governments Just Transition work	Christchurch	Gus Charteris



## AIDE MEMOIRE

### Future of Work Ministerial Group meeting 2 July 2018 – item on just transition work programme

<b>Date:</b>	28 June 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	Unclassified	<b>Tracking number:</b>	3966 17-18

#### Information for Minister(s)

Hon Minister Woods  
Minister of Energy and Resources

#### Contact for telephone discussion (if required)

Name	Position	Telephone	Section 9(2)(a)	1st contact
Gus Charteris	General Manager, Just Transitions Unit	04 474 2839		✓
Robyn Henderson	Manager, Just Transitions Unit	04 901 1305		

#### The following departments/agencies have been consulted

#### Minister's office to complete:

☐ Approved

☐ Noted

☐ Seen

☐ See Minister's Notes

☐ Declined

☐ Needs change

☐ Overtaken by Events

☐ Withdrawn

#### Comments



## AIDE MEMOIRE

### Future of Work Ministerial Group meeting 2 July 2018 – item on just transition work programme

<b>Date:</b>	28 June 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	Unclassified	<b>Tracking number:</b>	3966 17-18

### Purpose

To provide you with talking points to support the just transitions item on the 2 July 2018 Future of Work Ministerial Group agenda.

Robyn Henderson  
**Manager, Just Transition Unit**  
Labour, Science and Enterprise, MBIE

28/ 6 / 2018

### Future of Work Ministerial Group meeting agenda

1. You are leading a five minute item on the agenda which introduces the new Just Transition work programme and how this aligns with the Future of Work Ministerial Group.
2. Attached are slides to be included in the papers for this meeting. The first slide provides some introductory points on what a just transition is, and the role of the Just Transition Unit. The second is the "architecture map" highlighting (among other things) the roles of the Transition Hub within the Ministry for the Environment and MBIE's Just Transition Unit.

## Suggested talking points

### *What is a just transition?*

- The Prime Minister tasked MBIE to shape and co-ordinate the government's just transition work programme in April 2018. MBIE has created a new Just Transition Unit to oversee this, and to work across agencies to ensure a whole-of-government approach.
- A 'just' transition is about making sure we are carefully planning, over a multi-year timeframe, to manage the impacts, and maximise the opportunities, of the changes brought about by a range of factors. It will inform our shared efforts to create an economy that is productive, sustainable and inclusive.
- We will actively engage with stakeholder groups (Māori/iwi, regions, business, workers/unions, communities) to understand what the transition means for them. Underpinning a just transition approach is the need for strong social processes; this involves the co-creation of responses and solutions with the people most likely to be affected by change.
- The initial focus is on adjusting to change brought about by climate change policy (and working closely with Taranaki, given recent decisions on offshore oil and gas exploration), but the work is being developed with a broad view, given a just transition includes a wide range of external factors that will shape New Zealand over the next 30 years, including climate change, technological development and the future of work.

### *Architecture*

- Ministers will recall that the just transition to a low emissions economy work programme is one of the four workstreams under the Future of Work Tripartite Forum. Note we are taking a broader remit that includes changes to people, businesses and regions arising from future of work dynamics.
- The Transition Hub was established within the Ministry for the Environment in 2017 to provide advice on the choices available to meet our 2030 Paris climate target, set future targets and advise on transition pathways. The Hub has expertise on climate change policy and is leading a large work programme to ensure that New Zealand is able to meet its climate change obligations.
- The Just Transition Unit complements the expertise in the Transition Hub by co-ordinating government policy work beyond climate change policy – all policies that will support a just transition. The Unit will also run the stakeholder engagement process on the transition.
- The Transition Hub and the Just Transition Unit are already working well together, harnessing the collective resource between the two.
- The map on the last slide gives a sense of the range of different policy levers that we will all need to bring to bear to realise the opportunities, and mitigate impacts on vulnerable communities, inherent in this process. All of us will need to play a role.
- It is important for us to note that in the context of an independent Climate Change Commission, which will be setting emissions budgets, we will need a mechanism to assess the likely economic and social implications on people, regions and industries. This assessment will need to be informed by an ongoing social process of engagement with affected parties. The work we are doing now on just transitions is helping to build this social dialogue infrastructure.
- Ministers can note that I intend to hold a joint DEV/ENV discussion on our just transition work in coming weeks.

## **Annex One: Slides on the Just Transition work programme**



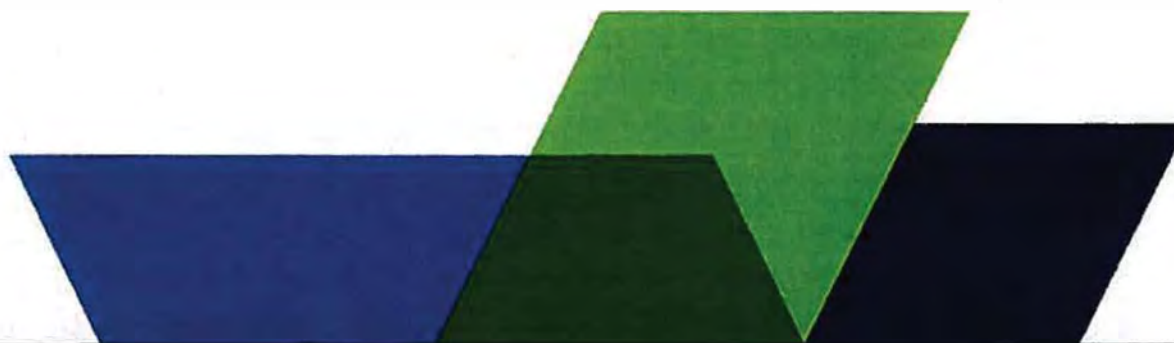
**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI

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# Just Transition Work Programme

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Minister Woods 2 July 2018



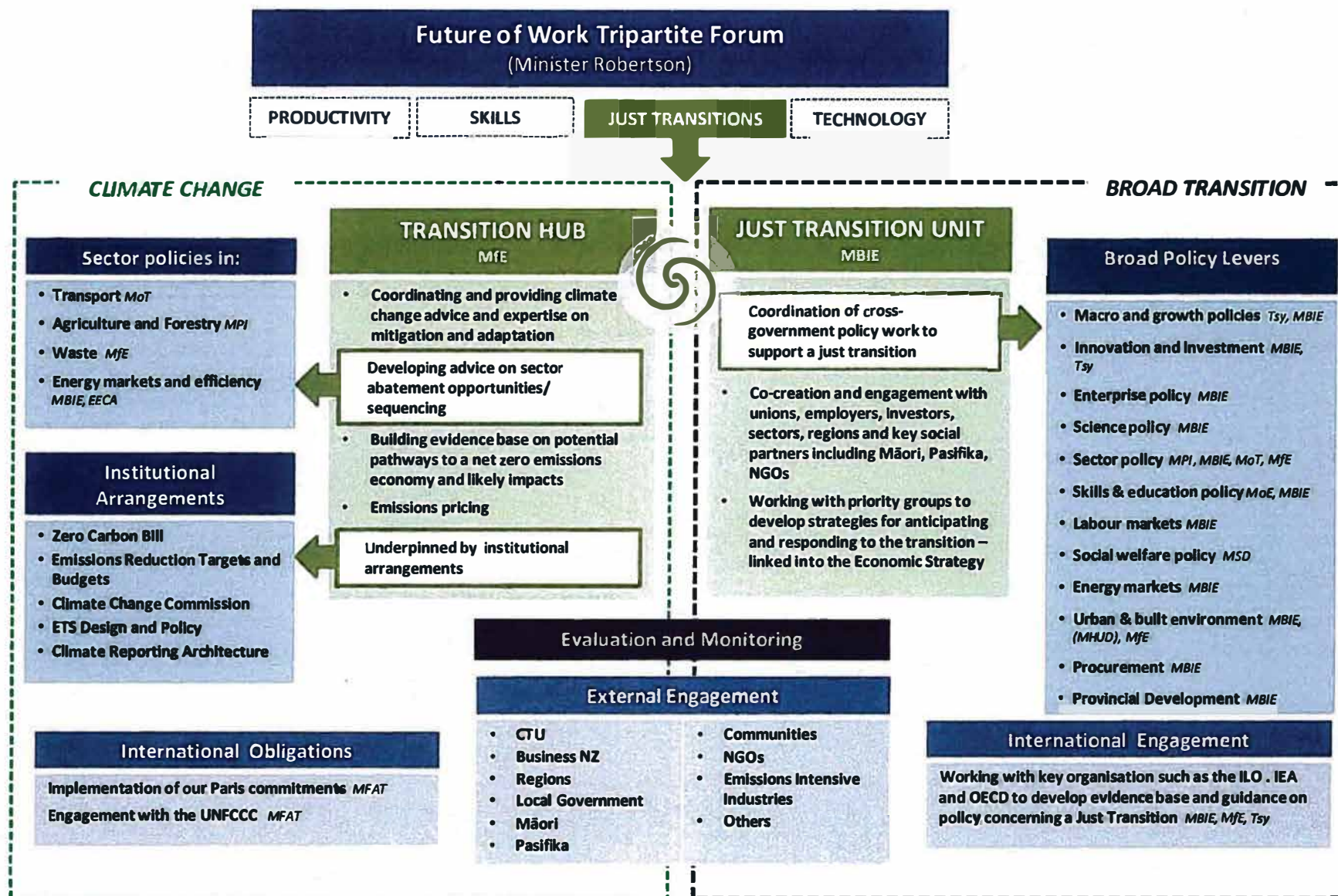


# What do we mean by a Just Transition and the role of the JT Unit

- A Just Transition is about understanding and shaping the pathways to transform our economy in order to take **collective action to ensure no-one is left behind** through this transition
- It is about partnering with Maori, communities, businesses and across government to identify, create and support new opportunities, new jobs, new skills and new investments **make our economy more productive, sustainable and inclusive**
- It will involve **understanding how impacts of transitions are distributed** across the economy – sectors, regions and vulnerable populations – and making choices about how we manage these in a just and inclusive way
- The initial focus is on adjusting to change brought about by climate change policy (and working closely with Taranaki given recent decisions on offshore oil and gas exploration), but the work is being developed with a broad view given **a just transition includes a wide range of external factors that will shape New Zealand over the next 30 years, including climate change, technological development and the future of work**
- The Just Transition Unit will **shape and coordinate the cross-government Just Transition work programme**, and lead **external engagement to co-create** solutions and responses with Maori/iwi and social partners
- This involves looking across key policy areas, including energy, regional economic development, work-force planning and having a strong interface with education and skills development



# JUST TRANSITIONS ARCHITECTURE







## AIDE MEMOIRE

### Cabinet Paper: Public Consultation on the Zero Carbon Bill

<b>Date:</b>	21 May 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3474 17-18

#### Information for Minister(s)

Hon Phil Twyford  
**Minister of Housing and Urban Development**

Hon Dr Megan Woods  
**Minister of Energy and Resources**  
**Minister of Research, Science and Innovation**

Hon David Parker  
**Minister for Economic Development**

Hon Shane Jones  
**Minister for Regional Economic Development**

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Robyn Henderson	Manager, Sectors	04 901 1305	Section 9(2)(a) ✓
Janet Humphris	Principal Advisor	04 470 2314	

#### The following departments/agencies have been consulted

#### Minister's office to complete:

- ☐ Approved  
☐ Noted  
☐ Seen  
☐ See Minister's Notes

- ☐ Declined  
☐ Needs change  
☐ Overtaken by Events  
☐ Withdrawn

#### Comments



## AIDE MEMOIRE

### Cabinet Paper: Public Consultation on the Zero Carbon Bill

Date:	21 May 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	3474 17-18

#### Purpose

This paper provides you with an update on MBIE's views on the draft Zero Carbon Bill discussion document, to be discussed at the Cabinet Environment, Energy and Climate Committee (ENV) on 22 May. ENV may also refer the document for discussion at Cabinet Economic Development Committee (DEV) on 23 May. This paper also notes that key messages on a just transition are being prepared to support the release of the discussion document.

Robyn Henderson  
**Manager, Sectors**  
Labour, Science and Enterprise, MBIE

21 / 5 / 2018

#### Zero Carbon Bill Discussion Document

1. The Zero Carbon Bill discussion document has been submitted for consideration at ENV on 22 May. ENV may also refer the document for discussion at DEV on 23 May.
2. MBIE has reviewed and provided comment on several drafts of the discussion document. We are broadly comfortable with the content and the proposals outlined. We would emphasise the following:
  - a. It will be important to ensure that the questions asked on the proposals in the discussion document are open-ended to ensure that submitters are able to outline a range of views and have space to clearly articulate the rationale for their views.
  - b. The modelling work for the targets section is still in progress and the current version of this section is still draft. A technical report will be published alongside the discussion document, which will summarise all of the impact analysis reports that the Transition Hub has commissioned, including the modelling work, and each analytical report will also be published separately. We note that it will be important to ensure care is taken to communicate clearly what the modelling can and cannot do, given the limitations of any modelling approach and the risk that people might treat the results as fact rather than illustrative. We will work with the Transition Hub in the final stages of drafting to ensure that the discussion document presents the results in an appropriate way.

## Just Transition

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3. We are working with the Transition Hub and other agencies to shape and develop key messages on a just transition in the context of developing a cross-government work programme. These messages will be prepared by the time that the Zero Carbon Bill discussion document is released for consultation. We would welcome your feedback on any specific communications that you would like to have prepared to support the release of the discussion document.
4. Officials are currently working on development of a cross-government work programme to support the vision for a just transition. This includes working to establish key policy questions and priorities for your consideration that will support a successful transition over the longer term.
5. We are taking a broad approach to defining a just transition, to fit with Government's vision for a more productive, sustainable and inclusive economy. While part of a just transition is considering how we can take advantage of change to create new opportunities, skills, jobs and investments, we know that the costs and benefits of change will impact some more than others and people's needs for support to manage the impacts of change will be different. A just transition will requires a good evidence base and co-design and collaboration with a range of stakeholders to harness opportunities and manage the pace and risks of change to support transition for those most affected.



## AIDE MEMOIRE

### Climate Change Ministers Meeting 30 April 2018

<b>Date:</b>	27 April 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3105 17-18

#### Information for Minister(s)

Hon Phil Twyford  
**Minister of Housing and Urban Development**

Hon Megan Woods  
**Minister of Energy and Resources**  
**Minister of Research, Science and Innovation**

Hon David Parker  
**Minister for Economic Development**

Hon Shane Jones  
**Minister for Regional Economic Development**

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Iain Southall	Policy Director	04 901 1232	Section 9(2)(a)
Janet Humphris	Principal Advisor	04 470 2314	✓

#### The following departments/agencies have been consulted

N/A

#### Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

#### Comments



## AIDE MEMOIRE

### Climate Change Ministers Meeting 30 April 2018

<b>Date:</b>	27 April 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3105 17-18

### Purpose

To provide MBIE Ministers with background information for the Climate Change Ministers meeting at 8am, on Monday 30 April.

Iain Southall  
**Policy Director, Tourism, Sectors, Regions and Cities**  
Labour, Science and Enterprise, MBIE

27/4/18

## Background and Agenda

1. You are attending the Climate Change Ministers meeting at 8am, on Monday 30 April. We understand that the agenda for the meeting is as follows:

	Agenda Item	Lead
1	Proposed Framework for climate change decisions: vision and objectives	Minister Shaw
2	Zero Carbon Bill: key proposals for consultation	Minister Shaw and Minister Woods

2. A slide pack will be sent to you from Minister Shaw's office on the Zero Carbon Bill, which will include a slide on mapping the Just Transitions work programme. Minister Woods is leading discussion on this slide. Notes for Minister Woods for this discussion are provided under Agenda Item 2.

### Agenda Item 1: Framework for climate change decisions

3. This item is to seek feedback on a draft Cabinet paper proposing a framework for climate change decisions, which will be sent to you from Minister Shaw's office before the meeting. The framework outlines a vision and objectives for climate change policy and decision making. The paper is due to be considered by Cabinet Environment, Energy and Climate Committee (ENV) on 8 May.
4. The proposed framework is based on the three key pillars of: leadership at home and internationally; a productive, sustainable and climate-resilient economy; and a just and inclusive society. The aim of the framework is to serve as a tool for policy development through identifying trade-offs that Ministers will need to consider in their climate change decision-making processes.
5. MBIE is broadly comfortable with the proposed framework. It appropriately recognises both the opportunities and potential costs of transitioning to a low emissions economy. In doing so, it provides scope to use policy to:
- influence the way in which the transition plays out, including through the choices the government makes around timing, appropriate distribution of the impacts and risk it is willing to tolerate;
  - align the transition with the Government's vision for building a productive, sustainable and inclusive economy, including through ongoing diversification and the shift towards more value added and weightless activities; and
  - mitigate adverse impacts on workers, businesses, investors, regions, Māori, and households.
6. To be effective as a policy tool, all three pillars within the framework will need to be taken into consideration. Given our unique emissions profile, and the extent to which we derive our wealth from natural capital, the transition to a low emissions economy will be a key driver of New Zealand's economic development over the next ten to 20 years. Acting early will present opportunities, not only in the form of international leadership, but potentially also through strengthening the New Zealand brand, being able to secure a premium for our products and holding other countries to account. However, there are also costs if we cannot meet an aspirational target, notably the erosion of our broader integrity capital. Choosing a transition path that works for New Zealand is therefore important and will include timing considerations.

7. In addition to being ambitious, New Zealand can also demonstrate leadership on climate change through developing and demonstrating innovation in our areas of strength e.g. agriculture and the Global Research Alliance. We can also partner with other countries where joint solutions will lead to better climate outcomes for all.

## **Agenda Item 2: Zero Carbon Bill key proposals for consultation**

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### **Zero Carbon Bill – key proposals for consultation**

8. The Zero Carbon Bill (ZCB) will set out how New Zealand plans to get to a net zero emissions, climate resilient future. The key decisions to be made relate to how far and how fast New Zealand will transition its economy. A discussion document to consult on the ZCB is being drafted, and is due to be considered by ENV on 22 May. Following that, it will be released for public consultation in June and July, with final policy decisions due to be made in August.
9. Minister Shaw is presenting slides seeking feedback on the key proposals for public consultation on the ZCB. Key areas where feedback is being sought include:
  - a. Target options to be specified
  - b. The role of the Climate Change Commission and the Executive
  - c. Reporting and monitoring of progress on adaptation
  - d. The need for a plan.

#### *Targets*

10. Feedback is sought on the proposed choices for the form of a target to be outlined in the ZCB discussion document. The proposed options for consultation are a single target, or an option for a split target (for example, splitting out short lived from long lived gases, or splitting agriculture from other sectors). It is not proposed at this stage that the discussion document indicates a preferred option.
11. The discussion document does not propose to consult on specific options relating to timeframe for a target, or conditionality in a target, but proposes to question stakeholders on whether there are any other parameters that they think should be considered in setting a target.
12. We are comfortable with the approach to consultation proposed for the discussion document. We consider that it is premature at this stage to present a preferred option. At this stage, we note there are only limited results of modelling available to provide information on what the likely impacts of a target may be. As further work comes from the government's Transition Hub, this will be available to help form a view on a final target level by August.

#### *Climate Change Commission*

13. Feedback is sought on the range of options proposed to be included in the ZCB discussion document for the role of the Climate Change Commission (CCC).
14. The proposed preferred option is for an independent model based closely on the UK Committee for Climate Change, where:
  - a. the CCC provides advice to the government on carbon budgets
  - b. the government retains powers to set budgets and policies to achieve them, but is required to respond to the advice from the CCC



- c. The CCC monitors progress towards budgets and government would respond through a report tabled in Parliament.
15. It is also proposed that the discussion document consults on an alternative option where the CCC has a stronger role in terms of the New Zealand Emissions Trading Scheme (ETS). In particular, that the CCC is empowered to set ETS unit supply. In relation to this, we note there may be merit in an independent function having greater control over some ETS settings to provide greater market certainty in a rising price trajectory for the ETS. However, this would mean that government has less control over the carbon price, which may reduce government's ability to balance different approaches to reducing emissions.
  16. MBIE does not have a preferred option for the powers and functions of the CCC at this stage. Our initial thinking is that largely aligning with the United Kingdom model would be a sensible approach. We consider that consultation should cover a range of options and should not suggest a preferred option at this point. Feedback on options may assist in determining whether there are unique features of New Zealand that might lead us to prefer a specific approach.

#### *Adaptation*

17. The ZCB proposes to consult on an option to require in law:
  - a. A National Climate Change Risk Assessment to understand the risks we are facing
  - b. A National Adaption Plan to provide a framework for action
  - c. A monitoring framework to determine if we are on track
  - d. A reporting power under which specified organisation regularly report on what they are doing to prepare for climate change impacts.
18. Under the suggested option it is proposed the ZCB includes processes for who updates these documents and when, who determines which organisations are subject to the reporting power and when, whether this is mandatory or voluntary and who reviews the report.
19. We have no specific comments on the proposed approach to consultation.

#### *The need for a plan*

20. One proposal being considered in the ZCB discussion document is the introduction of a statutory requirement that the Government maintain a 2050 Climate Change Transition Strategy. This could cover the period out to 2050 and set a longer-term framework within which responds to specific issues that can be set out.
21. We note that, under the Paris Agreement, New Zealand is encouraged to have in place a low emissions development strategy by 2020.
22. Again, at this stage we recommend that the ZCB discussion document does not indicate a preferred view on this proposal. There is still a need to clarify how a proposed requirement in legislation would fit with broader government strategies such as the Economic Strategy and a broader just transitions work programme. Information on key issues relating to the fit of the just transition and other work programmes is outlined immediately below.

### **Notes for discussion on the Just Transitions Work Programme**

23. The slide pack includes a slide providing an overview of the Just Transition work programme from a climate change perspective, including how this relates to the Government's Cabinet Priority Committee Outcomes, broader Economic Strategy and the various engagement processes feeding into this work. **Minister Woods will be speaking to this slide.**



24. The concept of a just transition is a key plank of the Government's social and economic agenda. It provides an opportunity to take a holistic policy approach to managing transitions in an inclusive and orderly way to address adverse impacts and to ensure the wellbeing of future generations is preserved. The concept of a just transition is not limited to climate change. It also includes broader, albeit related, economic transitions such as the future of work and technological change.
25. There are a number of work streams underway to address transition issues and build New Zealand towards a productive, sustainable and inclusive economy. These include Government's Economic Strategy, the work of climate change Transition Hub, tripartite engagement on the Future of Work, the Provincial Growth Fund, the Green Investment Fund and the Ministry for Primary Industries work with land based industries, as well as the Transition Unit being established in MBIE. Similarly there are a number of Ministerial and Chief Executive groups coordinating work, focused around the themes of climate change, economic strategy, natural resources and the future of work.
26. We recommend that you focus discussion with Climate Change Ministers at a high level on the fact that there are a significant number of processes underway and that there are a number of overlaps between these. You may wish to note that officials are working through how governance arrangements between these processes can be best integrated and co-ordinated and will report to relevant Ministers with advice on this in the next few weeks.



## AIDE MEMOIRE

### Future of Work Tripartite Forum meeting 2 August - talking points for the Just Transition workstream

<b>Date:</b>	1 August 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0402 18-19

#### Information for Minister(s)

Hon Dr Megan Woods  
**Minister of Energy and Resources**

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Gus Charteris	General Manager, Just Transition Unit	04 474 2839	✓
Robyn Henderson	Manager, Just Transition Unit	04 901 1305	

#### The following departments/agencies have been consulted

#### Minister's office to complete:

- ☐ Approved  
☐ Noted  
☐ Seen  
☐ See Minister's Notes

- ☐ Declined  
☐ Needs change  
☐ Overtaken by Events  
☐ Withdrawn

#### Comments



## AIDE MEMOIRE

### Future of Work Tripartite Forum meeting 2 August - talking points for the Just Transition workstream

Date:	1 August 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	0402 18-19

#### Purpose

You are attending the first meeting of the Tripartite Future of Work Forum (the Forum) on 2 August 2018. Talking points to support you at the meeting are attached as **Annex One**, and the agenda for the meeting is attached to this briefing as **Annex Two**.

The purpose of this briefing is to provide you with the following, to support your attendance at the Forum:

- background information about the work programme for the Forum; and
- information and talking points about the work you are leading under the work programme.

Robyn Henderson  
**Manager, Just Transition Unit**  
Labour, Science and Enterprise Group, MBIE

01/08/2018

#### Background of the Tripartite Future of Work Forum

1. In May 2018, the Government announced the establishment of the Tripartite Future of Work Forum (the Forum). The goal of the Forum is to prepare New Zealand for the changing nature of work and to share the government's work supporting New Zealand workers and businesses.
2. The Forum consists of BusinessNZ, the Council of Trade Unions (CTU) and government, and has four themes to achieve its goal, each of which has been assigned to Lead Ministers to progress. The four themes are:
  1. Technology – uptake and impact (Hon Clare Curran, Hon David Parker);
  2. Productivity in the Work Place (Hon Iain Lee-Galloway, Hon Chris Hipkins, Hon Willie Jackson);
  3. Learning for Life – Building a Resilient and Adaptable Workforce (Hon Chris Hipkins, Hon Tracey Martin, Hon Jenny Salesa, Hon Willie Jackson); and

4. Just Transitions – Sustainable Work in a Low Carbon Economy (Hon Dr Megan Woods, Hon Carmel Sepuloni, Hon David Parker, Hon James Shaw, Hon Shane Jones).
3. The Treasury has developed a draft work programme of initiatives and focus areas under each theme. The draft work programme will be discussed and considered at this first meeting of the Forum.

## Just Transition workstream

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4. We have provided The Treasury with a short list of initiatives for the Just Transitions workstream, which derives from the six month work programme we have shared with you. The Treasury has opted to include a further item on first report of the Climate Change Adaptation Technical Working Group. This is a component of the climate change policy work programme we are supporting the Ministry for the Environment on. Other important components we are focusing more attention on are the Zero Carbon Bill and the review of the Emissions Trading Scheme.
5. Lead Ministers of the four workstreams will be asked to field questions on those work programme initiatives within their portfolios. We understand that the office of the Minister of Finance is deciding whether Ministers will also be invited to make **brief** remarks at the beginning of the discussion (after the Minister of Finance's introductory comments). Talking points to support you at the meeting are attached as **Annex One**. Gus Charteris from the Just Transition Unit will be attending the Forum (subject to final overall numbers allowing this).

## Skills shift in manufacturing

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6. The agenda includes an item to be led by Dieter Adams, Chief Executive of the New Zealand Manufacturers Network, to discuss a new industry-driven initiative on the supply of skills for the manufacturing sector. The proposal has two components:
  - A research component focusing on understanding the demand and supply conditions for new skills, resulting in recommendations for changes in supply to meet market demand.
  - An Implementation Pilot, to practically test insights and recommendations from the research to understand their effectiveness on a single business. Preceding a wider roll-out of training and up-skilling activities across the manufacturing sector, it is proposed to implement a single-company rapid-implementation pilot for getting manufacturers and tertiary education organisations (TEOs) working together to take owner(s), managers and workers into the age of Industry 4.0.
7. The pilot will deliver:
  - a snapshot of what activities and detailed plans (if any) are in place already to master the Skills Shift challenges in the New Zealand manufacturing sector.
  - a blue print for the changes manufacturers, their employees and TEOs need to make to do so.
8. The Manufacturers' Network is proposing to carry out the initiative through partnering with tertiary education and training providers, Competenz, trade unions, manufacturers and relevant technology vendors. This research stage of this initiative could begin by October 2018, and the pilot in July 2019.

9. We understand this initiative will require some seed funding from government to get underway (circa \$100,000).
10. For your information we are engaging with the Manufacturers Network on Industry 4.0 in a broader sense and are in the process of developing some proposals for consideration with the Minister for Economic Development. We would welcome your involvement in these discussions.

## **Next steps**

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11. A meeting pack including the meeting agenda, amended draft work programme and associated material will be provided to you by The Treasury.
12. The Treasury is currently awaiting feedback from Ministers on the draft work programme. Once Ministers' feedback is received and incorporated, MBIE will confirm the work programme with The Treasury and brief you on any significant changes if necessary.

## Annex One – suggested talking points for the Just Transition workstream

### Focus area/initiative

#### **Assist government to develop a prioritisation framework for engagement (current Government initiative)**

*Identifying the key stakeholders to engage with on a just transition, to be informed by an assessment of the likely future impacts; the scale of the opportunity for change; and the need to government to play a role to release these opportunities.*

#### Talking points on this item:

- The Just Transition Unit (JTU) has developed a high-level framework for engagement and is currently connecting with a range of different sector stakeholders to better understand possible impacts and opportunities.
- Efforts will be placed where there is likely to be significant impacts and/or scope for the realisation of opportunities, where partners are willing and able to work with government, and where government can unlock benefits that wouldn't otherwise occur.
- In the short-term, this involves working with Taranaki (see below); the JTU is looking at possible engagement with the manufacturing sector on their transition to a low emissions future.

#### **Build the understanding of policy levers and their relative priority (current Government initiative)**

*Articulating the variety of policy levers that government can bring to manage an effective transition, for example the role of the education system, social support services, innovation and science policy. Ensuring a just transition perspective is brought to bear on future policy decisions.*

#### Talking points on this item:

- The JTU is bringing together the range of different policy levers that will play a role in our transition. I plan to take a strategy discussion to the DEV/ENV Cabinet committees in September which will touch on the role that many of our portfolios play.
- The Future of Work Tripartite Forum itself is a valuable mechanism to explore these connections, for example, lifelong learning is hugely important for equipping New Zealanders with the adaptable skills that will be needed as career paths change over time and new industries emerge.

#### **Assist to establish effective governance across government, with social partners and sectoral and regional groupings (current Government initiative)**

*Just transitions have at their core a strong partnership with social partners. The work programme is founded in a collaborative operating environment with Business NZ, CTU and E tu as key partners. This model will be replicated at a regional level e.g. in Taranaki.*

#### Talking points on this item:

- The JTU is developing close working relationships with CTU, E tu, First Union and others, to involve a strong worker perspective in its work programme.
- We are also exploring just transition models and case studies from overseas to distil important insights and what may (or may not) work well in New Zealand.

- I value the input of these social partners and the networks that they bring to the table as we explore the pathways ahead.

#### **Advise on the Engagement with Taranaki (current Government initiative)**

*Embedding a partnership approach with local government, businesses and iwi to develop a just transition plan for this region. Using a co-creation process to identify how the region can effectively transition to a low emissions economy and ensure that local businesses and residents are able to participate meaningfully and productively in this evolving regional economy.*

Talking points on this item:

- Work is advancing with Taranaki. A workshop was held in July and another one planned for the end of August – with key regional leaders present and perspectives shared. The discussions are focusing on what the future holds for the region and how we can support the realisation of the opportunities ahead (e.g. clean energy, future foods).
- I envisage that we will collectively contribute to a transition plan for the region that will articulate how these opportunities will be realised.
- The JTU is also working with the region on organising a National Just Transition Summit to be held in New Plymouth in early May 2019. This will drive a national level conversation about what this transition means for New Zealand, as well as provide Taranaki with an opportunity to showcase their advancement towards a clean energy future.

#### **Review and feedback on the Adapting to Climate Change in New Zealand Report (current Government initiative)**

*This report is the first report prepared by the Climate Change Adaptation Technical Working Group. It summarises the expected impacts of climate change on New Zealand over the medium and long term, takes stock of existing work on adaptation, and identifies gaps in New Zealand's current approach.*

Talking points on this item [Note Treasury included this item]:

- This is one of a number of climate change policy areas that the Ministry for the Environment is leading and other agencies, including MBIE's JTU, are supporting.
- The other important policy decisions coming up are the Zero Carbon Bill and the review of the Emissions Trading Scheme.
- In total, these all represent the underpinning framework and architecture that will drive our low emissions future. This feeds into our Just Transition work programme in terms of assisting groups that need support for that transition, and helping with the realisation of opportunities, where government has a role to play.



## Annex Two: Agenda

Ministerial Dining Room, Executive Wing, Parliament House

Time	Agenda item	Speakers/extra attendees
9.15-9.30am	Attendees arrive – tea and coffee available.	
9.30-10.00am	<p>Discuss and determine FoW Forum work programme. (30 mins total)</p> <p>This could be separated into 10 minute discussion on each theme with each lead Minister discussing the proposed focus areas and initiatives in more detail.</p>	<p>The following Ministers are likely to attend:</p> <ul style="list-style-type: none"> <li>• Minister for Economic Development;</li> <li>• Minister of Research, Science and Innovation;</li> <li>• Minister for Climate Change;</li> <li>• Minister for Social Development;</li> <li>• Minister of Education;</li> <li>• Associate Minister of Education (Hon Tracey Martin)</li> <li>• Associate Minister of Education (Hon Jenny Salesa)</li> <li>• Minister for Workplace Relations and Safety;</li> <li>• Minister for Digital Media and Government Digital Services; and</li> <li>• Minister of Employment.</li> </ul> <p>They can attend for just for the discussion of the work programme or for the whole meeting. Those Ministers invited were:</p>
10.00-10.10am	Break – coffee/food (10 mins)	
10.10-10.40am	<p><i>Skills theme</i></p> <p>New Zealand Manufacturers Association proposal on their Skills Shift in Manufacturing Initiative. (30 mins)</p>	Dieter Adam, NZ Manufacturers Network.
10.40-11.10am	<p><i>Productivity theme</i></p> <p>CTU and Air NZ to present and discuss their High Performance, High Engagement Programme (HPE). (30 mins)</p>	Richard Wagstaff and representative from KiwiRail may attend as well.
11.10-11.30	Next steps	
11.30am-11.45am	<p>MoF, Kirk Hope and Richard Wagstaff to give a media briefing. (15 mins)</p>	Media representatives





## EVENT BRIEFING

### Meeting with the Parliamentary Commissioner for the Environment

<b>Date:</b>	23 July 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3909 17-18

#### Action sought

	<b>Action sought</b>	<b>Deadline</b>
Hon Dr Megan Woods <b>Minister of Research, Science and Innovation</b>	<b>Note</b> the background information and suggested talking points for your meeting with Simon Upton, Parliamentary Commissioner for the Environment	25 July 2018

#### Contact for telephone discussion (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st contact</b>
Robyn Henderson	Manager, Sectors	04 901 1305	Section 9(2)(a) ✓
Makere Hurst	Policy Advisor	04 901 3998	

#### The following departments/agencies have been consulted

Ministry for the Environment

#### Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

#### Comments



## EVENT BRIEFING

### Meeting with the Parliamentary Commissioner for the Environment

<b>Date:</b>	23 July 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3909 17-18

### Purpose

You are meeting with Simon Upton, the Parliamentary Commissioner for the Environment at 10:00am, Wednesday 25 July in your office. This briefing provides background information and suggested talking points for your meeting.

### Recommendations

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the background information and suggested talking points for your meeting with Simon Upton, Parliamentary Commissioner for the Environment.

*Noted*

Robyn Henderson  
**Manager, Sectors**  
Just Transitions Unit, MBIE

..... / ..... / .....

Hon Dr Megan Woods  
**Minister of Research, Science and  
Innovation**

..... / ..... / .....

## **Background**

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1. You are meeting with Simon Upton, Parliamentary Commissioner for the Environment on Wednesday 25 July, at 10:00am.
2. There are two items on the agenda for the meeting:
  - a. Government's approach to understanding the impacts of transitioning to a low emissions economy
  - b. Just transitions.
3. Background information on these two agenda items is provided below. Suggested talking points are provided as Annex One.
4. A short biography of Simon Upton is provided as Annex Two.

## **Agenda item one: understanding the impacts of transitioning to a low emissions economy**

### **Background**

5. Research, analysis and modelling of the impact of climate change policy, and the impact of economic decisions on climate outcomes, enable us to make informed decisions on a transition to a low emissions economy, from both a mitigation and an adaptation view.
6. By using a range of tools and approaches we can more accurately inform policy and explore the impact of future possibilities. For example, the way future technology may impact the economics of emissions mitigation, or our ability to adapt, and so enables policy that is informed and fit for purpose.
7. A key decision ahead of us will be to decide what mix of analytical skills and tools we will need to determine the impacts of different pathways across time, and how we ensure we have the right skills and tools available to the different agencies and organisations that will need to play a role in this work.

### **Current analytical work**

8. The Transition Hub based at the Ministry for the Environment (MfE) leads and coordinates the Government's analytical work on understanding the impacts of, and identifying pathways to, transitioning to a low emissions economy. The Transition Hub has, to date, focused on economic modelling and analysis to help inform final decisions on a new 2050 target under the Zero Carbon Bill, as well as working alongside the Productivity Commission on a transition pathway towards lower emissions.
9. A range of analytical reports have been published on the MfE website as part of consultation on the Zero Carbon Bill:
  - a. All-of-economy modelling from the New Zealand Institute for Economic Research (NZIER) to explore the potential economic impacts of different targets for the transition to a low emissions economy.
  - b. Review reports on international literature regarding the impact of stronger climate policy on the innovation and competitiveness of emissions-intensive, trade-exposed industries.
  - c. A review of the international and New Zealand literature and initial analysis of potential co-benefits arising from stronger climate policies.

- d. Sector-level modelling undertaken by Concept Consulting, Motu Economic and Public Policy Research and Vivid Economics on the potential impacts of different targets on emissions pricing and on pathways for the transition to a low emissions economy, undertaken in conjunction with the Productivity Commission for their inquiry into transitioning to a low emissions economy.
10. There is also a range of other modelling work being undertaken across government which has links with climate change work. For example:
- a. MBIE produces and publishes projections of alternative scenarios of electricity demand and supply (known as the Electricity Demand and Generation Scenarios), and separately measures energy-related greenhouse gas emissions. The scenarios reflect a range of New Zealand's electricity futures and are used by Transpower for preparing and assessing major capital expenditure for grid investment proposals. The scenarios are also useful to inform policy thinking around how New Zealand might respond to future challenges and opportunities, and how those futures potentially impact on consumers, industries and the structure of the New Zealand energy sector.
  - b. Ministry for Primary Industries (MPI) has a range of work underway through the Biological Emissions Reference Group including work on measurement of agricultural emissions, mitigation potential, costs and barriers of possible policy options for reducing agricultural emissions, and possible implications of scenarios for land use change.
  - c. The Ministry of Transport models and projects changes in the road vehicle fleet, this includes electric vehicle (EV) uptake, fuel use and greenhouse gas (GHG) emissions all out to 2040. The model it uses will be updated to extend to 2050. The Ministry can also project GHG emissions from domestic aviation.

### **Next steps and longer term analytical capability**

11. The next phase of research, analysis and modelling work relating to climate change will include:
- a. Extending the Concept/Motu/Vivid modelling underway with the Productivity Commission to consider making optimal decisions on transition pathways under uncertainty.
  - b. Further work with NZIER to refine their modelling inputs and to provide more detailed information on the potential impacts of new 2050 targets that involve a split gases approach, as well as a potential net zero emissions target.
  - c. Using NZIER data outputs to improve our understanding of the regional impacts of different climate change targets, including examining impacts on regional output and employment.
  - d. Developing a set of information to aid evidence-based policy advice on potential sector-specific climate policy proposals and enable an assessment of the relative costs and merits of policy options designed to reduce emissions. This work stream also aims to extend sector specific climate policy analysis to a whole-of-economy impact assessment, to ensure the wider perspective is also considered.
12. Work is also underway to start developing marginal abatement cost curves (MACC)<sup>1</sup> across and within industries, and across the New Zealand economy, as part of the evidence base for future assessments of potential transition pathways.

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<sup>1</sup> (The cost of removing one additional unit of carbon out of the atmosphere.)

13. In the longer term, the Transition Hub is considering how best to build and support a coordinated interagency approach to economic analysis and modelling. Building a longer term framework will be key to supporting the formation of, and the response to, emissions budgets. This includes:
  - a. the effects on regions and society;
  - b. policy decisions on the role of free allocation of units across affected sectors under the New Zealand Emissions Trading Scheme; and
  - c. sector-specific policies.
14. To build this longer term approach, it will be important to coordinate the range of inputs into climate change modelling that are being developed across government and externally.
15. Discussions have already been held with a number of external practitioners on the potential for a more coordinated approach. You met with Motu Economic and Public Policy Research on 14 June 2018, to discuss their current research initiatives in this space and future options for a more coordinated approach. Drawing together the broad range of expertise both within and external to government agencies will help officials provide the best possible evidence-based policy advice on pathways for transition and policy levers to drive transition.
16. The Transition Hub is in the process of developing a coordinated forward work programme for economic modelling relevant to climate policy. Coordination of a forward work programme will ensure that potential for gaps and overlaps is minimised. Issues to be considered and worked through for development of a longer term work programme include:
  - a. Taking stock of existing models and modelling capability to ensure consistency and accessibility of models across government agencies and external parties.
  - b. Taking stock of coverage of inputs and baselines captured by models, and how models can be brought together to form a wider picture of our climate change mitigation policy.
  - c. The role of different stakeholders in modelling, including what modelling expertise we need within core government, and within the new independent Climate Change Commission. Furthermore, what external expertise may be needed and how we can build our capacity to meet New Zealand's need for robust climate change analysis.
  - d. Potential technological and social transformation which could impact on future climate change mitigation policy.

## Agenda item two: just transitions

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### How we are defining a just transition

17. A **just transition** is about:
  - a. understanding the different pathways we have to transform our economy (to one that is more **productive, sustainable and inclusive**);
  - b. partnering with Maori/iwi, local government, business, communities and the workforce to identify, create and support new opportunities, new jobs, new skills and new investments that will emerge from transition; and
  - c. understanding how the impacts of transition are distributed across the economy and making choices about how we manage these in an equitable and inclusive way.
18. A broad range of factors will impact on New Zealand's transformation over the next 30 years, including our response to **climate change**, technological development and the future of work.

19. We are focusing our just transition work on the pathways, partnerships and decisions that support a **just transition to a low emissions economy**.

### **Current activity**

20. We have developed a cross-government just transition work programme in consultation with other agencies. This involves looking across key policy areas, including energy, regional economic development, and education and training. The role of the Just Transitions Unit will not be to lead in all areas, but to facilitate action by others, both across government and externally, toward a just transition.
21. A key initial focus has been, and will continue to be, engagement with the Taranaki region to develop a just transition plan for the region. This work will be a significant aspect of the just transitions work for the next six months, and will be a useful pilot process for sectoral and regional engagement on a just transition.
22. We have divided the work programme into four broad streams:
- a. **Co-creation and engagement**
  - b. **Policy coherence and prioritisation**
  - c. **Communications, education and awareness raising**
  - d. **Institutional underpinning.**
23. For each stream we have asked ourselves where we need to be in six months' time and what we need to do to get there. The table below outlines our key activity for the next six months.

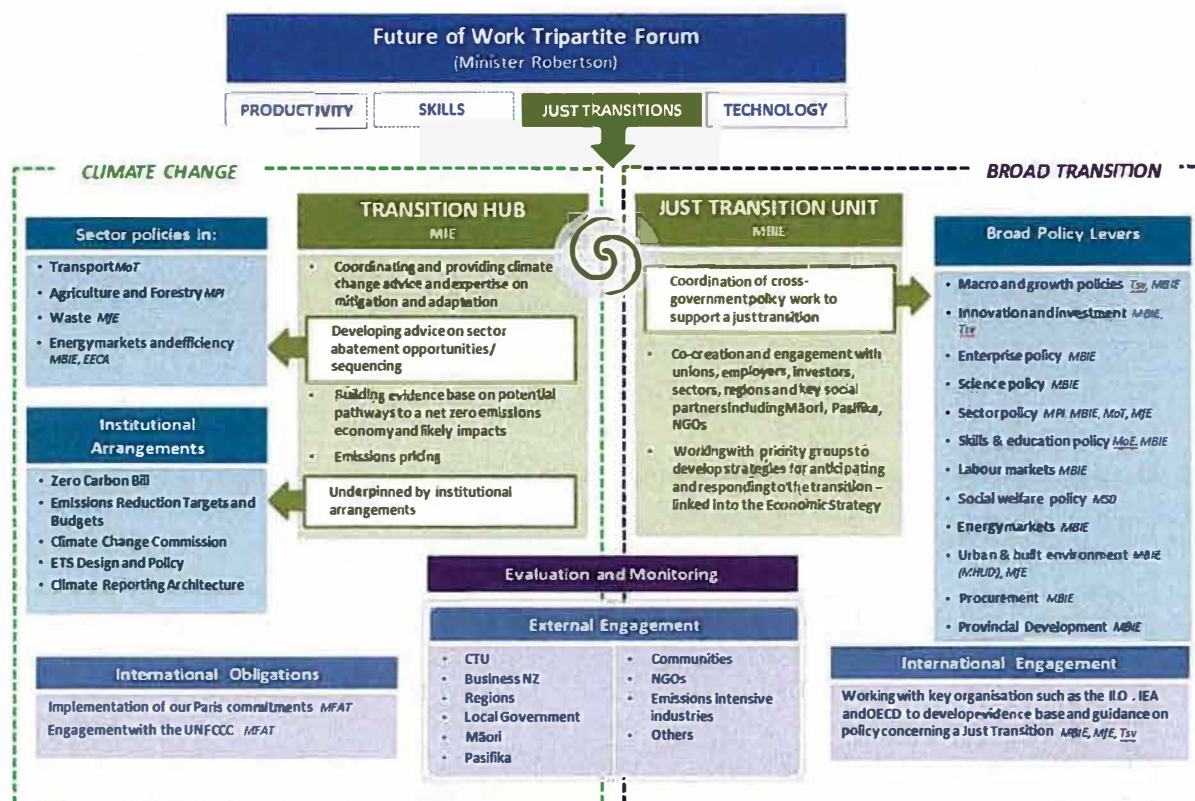


Figure 1: Priorities for the next six months

	Current activity	Six month progress
CO-CREATION, PARTNERSHIP & INVESTMENT	Partnering with Taranaki	Regional plan in place
	Develop prioritisation framework for other engagements	Framework being implemented
	Explore possible sectoral engagements	First sectoral engagement well underway
	Initiate engagement and co-creation with Māori	Good progress made on an agreed process and framework for future engagement and co-creation
	Initiate dialogue with key social partners	Strong relationships exist with social partners
POLICY ALIGNMENT & COHERENCE	Input into ETS and other key climate change policy decisions	Key climate policy decisions incorporate Just Transitions perspective
	Engage Government agencies on their Just Transitions issues	Government agencies are using a Just Transitions lens in their work
	Understand policy levers and their relative priority	Progress report to DEV on levers
	Develop evidence base for transitions decisions and monitoring	Evidence base development well underway
CLEAR COMMUNICATIONS	Develop communications plan	Implementation of communications plan well underway
	Initiate dialogue with key stakeholders and influencers	Key stakeholders and influencers on board with transitions story
	Plan for national summit in Taranaki in April 2019	Planning for national conference largely in place
SUPPORTIVE INSTITUTIONS	Establish effective governance across government, with social partners and sectoral and regional groupings	Governance arrangements are evolving to be fit for purpose
	Build institutional arrangements and dialogue that allows government and communities to make transition related decisions	Significant progress is being made in developing institutional arrangements and dialogue

24. The role of the Just Transitions Unit is complementary to the Transitions Hub at the Ministry for the Environment. The diagram below outlines how the just transitions architecture sits across government.

Figure 2: Just Transitions Architecture



25. You may wish to outline the proposed approach to the just transition work to the Parliamentary Commissioner for the Environment and seek his views on key priorities for a just transition.

## Annexes

Annex One: Suggested talking points

Annex Two: Biography of Simon Upton



## Annex One: Suggested Talking Points

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### General talking points

26. Thank you for your input to date and constructive engagement on issues relating to climate change.

### *Zero Carbon Bill*

27. The consultation on the Zero Carbon Bill has now closed and the Transition Hub is working through information from workshops, meetings and submissions on the Bill.
28. A second stage of economic modelling is underway to provide additional information for making final decisions on targets under the Zero Carbon Bill.

### Climate Change modelling, research and analysis

29. Government is looking to develop a coordinated forward work programme for climate change modelling. This will be key to providing analysis and information to support formation of carbon budgets.
30. What do you see as the key questions for climate change modelling to answer in the short and long term moving forward?
31. What are the most pressing limitations in current modelling and do you see any gaps in current modelling capacity?
32. What is your view on the role of the Climate Change Commission and the government in the modelling space, and of other parties including the Parliamentary Commissioner for the Environment and independent modellers?

### Just Transition

33. We are focussed on just transition work on the pathways, partnerships and decisions that support a **just transition to a low emissions economy**.
34. We're thinking about a just transition in the following way:
  - a. understanding the different pathways we have to transform our economy (to one that is more **productive, sustainable and inclusive**);
  - b. partnering with Maori/iwi, local government, business, communities and the workforce to identify, create and support new opportunities, new jobs, new skills and new investments that will emerge from transition; and
  - c. understanding how impacts of transition are distributed across the economy and making choices about how we manage these in an equitable and inclusive way.
35. I'd be interested to hear what your views on what role you see the Parliamentary Commissioner for the Environment playing in the just transitions space?

## Annex Two: Biography of Simon Upton

### **Simon Upton, Parliamentary Commissioner for the Environment**



Simon Upton was sworn in as Parliamentary Commissioner for the Environment for a five-year term on the 16<sup>th</sup> of October 2017.

Mr Upton is a Fellow of the Royal Society of New Zealand and a Rhodes Scholar, with degrees in English literature, music and law from the University of Auckland, and a MLitt in political philosophy from Oxford University. He was sworn in as a member of the Privy Council in 1999.

A Member of Parliament between 1981 and 2000, Mr Upton held a variety of Ministerial portfolios including Environment, Research, Biosecurity, Health and State Services between 1990 and 1999.

After leaving Parliament, Mr Upton moved to Paris to chair the Round Table on Sustainable Development at the Organisation for Economic Co-operation and Development (OECD). In 2005, he returned to New Zealand to pursue a number of private sector roles while continuing to chair the Round Table.

In April 2010 he returned to the OECD full-time as Environment Director, a post he held for seven years until returning to take up the role of Parliamentary Commissioner for the Environment.



## BRIEFING

### Update on the Taranaki just transition workshop and next steps

<b>Date:</b>	18 July 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0195 18-19

#### Action sought

	Action sought	Deadline
Hon Dr Megan Woods <b>Minister of Energy and Resources</b>	Discuss the contents of this briefing and next steps with MBIE's Just Transitions Unit  Refer this briefing to the Minister for Regional Economic Development and the Parliamentary Undersecretary for Regional Economic Development	23 July 2018
Hon Shane Jones <b>Minister for Regional Economic Development</b>	<b>Note</b> the contents of this report	None
Fletcher Tabuteau <b>Parliamentary Undersecretary for Regional Economic Development</b>	<b>Note</b> the contents of this report	None

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Gus Charteris	General Manager, Just Transitions Unit	04 479 2839	✓
Kerryn Fowle	Policy Director, Just Transitions Unit	04 901 2022	

Section 9(2)(a)

#### The following departments/agencies have been consulted

#### Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

#### Comments:



## BRIEFING

### Update on the Taranaki just transition workshop and next steps

Date:	18 July 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	0195 18-19

#### Purpose

This briefing updates you on key messages and action points from the Taranaki just transition workshop held on 10 July 2018, and provides the next steps for our partnership with the region.

#### Executive summary

On 10 July 2018, MBIE and Venture Taranaki jointly hosted a workshop with our key partners and stakeholders to start a conversation on what a successful just transition would look like for the Taranaki region.<sup>1</sup> The workshop was a first step towards establishing a genuine partnership between the region, its iwi and central government, from which we can build the platform for a successful transition.

Participants included representatives of the eight Taranaki iwi, mayors and executives from local and regional government, union representatives, Chief Executives of energy, dairy and port companies, the chamber of commerce, the regional tertiary education institute and a group linking young Taranaki people with career pathways.

Key messages included:

- the need for an active and effective partnership between Taranaki and central government on the way forward; and
- the importance of engaging and consulting with Taranaki on key policy decisions that will impact the region's future; most notably the current work on the interim Climate Change Committee, the Zero Carbon Bill and Emissions Trading Scheme (ETS) reforms.

Participants highlighted five key areas they considered to be important to a successful transition for Taranaki. These were: clean energy; food futures; education and training; entrepreneurship and innovation; and the visitor experience.

Looking ahead, a strong partnership will be vital to the central government's ability to work effectively with Taranaki on identifying and co-creating opportunities that will support its transition towards a clean energy and low emissions future.

We propose that a Taranaki Transitions Working Group (TTWG) be established to provide strategic guidance and alignment for the transition work programme, including helping to shape the transition pathway and to mobilise support for the collective effort required to ensure a successful transition.

We also propose that a further workshop be held in four to six weeks to demonstrate the government's genuine intent to actively partner with the region and deliver on its commitments.

<sup>1</sup> Venture Taranaki is the Regional Economic Development Agency for the region.

## Recommended action

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The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** to discuss the contents of this report and proposed next steps with MBIE's Just Transitions Unit at your forthcoming fortnightly catch up

*Agree/Disagree*

- b **Agree** to refer this report to the Minister for Regional Economic Development and the Parliamentary Undersecretary for Regional Economic Development.

*Agree / Disagree*



Gus Charteris  
**General Manager, Just Transitions Unit**  
Labour, Science and Enterprise, MBIE

14/07/18

Hon Dr Megan Woods  
**Minister of Energy and Resources**

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## **Background**

1. On 10 July 2018, MBIE and Venture Taranaki jointly hosted a workshop with our key partners and stakeholders in Taranaki to start a conversation on what a successful just transition would look like for the region.
2. Participants engaged in a free and frank exchange of views, sharing their hopes and fears for Taranaki's future, as well as finding common ground and a way to work together to make the biggest positive impact for the future of Taranaki.
3. The 37 participants included representatives of the eight Taranaki iwi, mayors and executives from local and regional government, union representatives, Chief Executives of energy, dairy and port companies, the chamber of commerce, the regional tertiary education institute and a group linking young Taranaki people with career pathways. Central government participants included the Senior Regional Official for Taranaki, the Regional Commissioner from the Ministry of Social Development, and officials from MBIE's Just Transitions Unit, Provincial Development Unit and the Strategic Policy and Programmes Branch.

## **Key messages from the workshop**

4. The key messages from the workshop can be briefly summarised as follows:
  - A strong desire from the region to work in partnership with central government, to build on past successes and create future opportunities that will support the ongoing contribution of the region to New Zealand and ensure that Taranaki remains a vibrant community.
  - An expectation that Taranaki, should and will, be fully engaged and consulted on policy processes that will impact the region's future, in particular the work of the interim Climate Change Committee on renewable energy, the Zero Carbon Bill and Emissions Trading Scheme (ETS) reforms.
  - An agreement that key areas where further investment is required to support a transition to a low emissions economy include:
    - Clean energy
    - Food futures
    - Education and training
    - Entrepreneurship and innovation
    - Visitor experience

### **Taranaki regional partnership with central government**

5. A key theme from the workshop was the importance of an active and effective partnership between Taranaki and central government. While the transition to a clean energy and low emissions future needed to be led by the region, central government had to be a key partner in the process.
6. Participants agreed that the Taranaki side of the partnership should be reflective of the whole community, and notably include a youth voice. While not explicitly discussed, the general sentiment appeared to be that the process needed to incorporate a broader range of views

Section 9(2)(f)(iv)

Section 9(2)(f)(iv)



### *Food futures*

14. Workshop participants identified the need for partnering with exemplars on how to place innovative and/or value added foods in market, which they see as critical for building scale over the long term. Participants also underscored the difficulties and additional costs the region encountered in getting their products to market. One example used was that of Fonterra shipping directly from the Port of Tauranga and no container traffic going out of the Port of Taranaki.
15. Food hubs were raised as having a potentially important role in the region. The branding, authenticity and sustainability of Taranaki's food offering was discussed, including easy to access certification processes.<sup>3</sup>

### *Education and training*

16. Participants agreed that education will be a key enabler of a successful just transition for Taranaki.
17. A regional skills analysis was required to better understand the regional need for education and skills, ranging from those required by disadvantaged communities (e.g. basic literacy skills), through to the high end skills required for a clean energy future.
18. Existing providers, such as the Western Institute of Technology at Taranaki (WITT), could be both providers and brokers for the region, forming collaborative partnerships with other institutions to provide the complete suite of education and training required for Taranaki's future.

### *Entrepreneurship and innovation*

19. Participants noted that while there were pockets of excellence in entrepreneurship and innovation, the region could do better with more research and facilities. Key was establishing a platform through which potential opportunities and funding (notably private sector investment) could be brought together, building on the support institutions already in place. This platform could also help to connect innovation-related activities in both the north and the south of the region. Participants also suggested that an 'innovation map' could be developed that would help identify the critical parts of the system and/or activities that would benefit the most from support.

### *Visitor experience*

20. Participants identified the authenticity of the 'Taranaki Story' as a key element of the visitor experience. Time and effort was required to connect regional stories and leverage from their uniqueness and authenticity. This required people being prepared to share their stories, which may take time to develop.
21. The connectivity of the region, particularly through State Highway 43 - the Southern Entrance - was highlighted as important to improving the visitor experience.<sup>4</sup>

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<sup>3</sup> This action would involve the Ministry for Primary Industries (MPI), which has responsibility for such processes.

<sup>4</sup> State Highway 43 (SH43) connects Stratford to Taumaranui. As part of the Taupuae Roa action plan launch on 6 April 2018, the Minister for Regional Economic Development announced \$400,000 to be invested to determine the value of SH43 to Taranaki's economy, ahead of a possible multi-million dollar upgrade to the road.

## Future support structures for a just transition in Taranaki

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22. Looking ahead, a strong partnership will be vital to the government's ability to work effectively with the region on identifying and co-creating opportunities that will support its transition towards a clean energy and low emissions future. The support structure will need to facilitate an ongoing dialogue between Taranaki and central government.
23. MBIE will continue to work with the region to establish a Taranaki Transitions Working Group (TTWG). This group could provide strategic guidance and alignment for the just transition work programme, including helping to shape the transition pathway and mobilise support for the collective effort required to ensure a successful transition. It would leverage different perspectives from across the community, test ideas and act as a conduit to effectively link the region with central government.
24. The TTWG needs to complement and not duplicate governance structures being established to support delivery of *Tapuae Roa*. In a number of areas, such as clean energy, there is already overlap between the initiatives that workshop participants consider will support a just transition and those already in action as a result of *Tapuae Roa*. This includes continuing to work with Venture Taranaki on how the recently announced Transitional Economy Manager will work with, and support, the TTWG.<sup>5</sup>
25. The TTWG is proposed to be more broadly representative of the region's wider interests in a just transition than that of the *Tapuae Roa* governance group. The TTWG includes all eight Taranaki iwi (versus three iwi representatives on *Tapuae Roa*), a union (E Tū) and youth representation.
26. To be effective, the TTWG needs to be of a sufficient size to represent the diversity of views across the region while at the same time be of a size that is manageable and allows everyone to be heard. The participants at the initial workshop are a good starting point. While the overall number of participants (37) is high, some attrition is likely and should result in a smaller, more focussed group. We may, however, need to consider whether other community groups need to be represented, notably youth given the future focus of the work.
27. In addition to the TTWG, we may need to consider mechanisms for broader outreach to the community. For example, we understand that a number of union members have expressed an interest in being engaged in this process. Further, a youth network, comprising Māori, young professionals, farmers and students would provide an important perspective(s) on what is required to ensure Taranaki remains a vibrant community where young people wish to live and work.
28. We also welcome the opportunity to discuss with you the role you and other Ministers wish to have in working with the region as the TTWG progresses (e.g. the Ministers for Regional Economic Development, Economic Development, Transport, and Education etc.).

## Next steps

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29. Our next step is to set up another workshop with the same group in about four to six weeks. Doing so will demonstrate our intent to partner with the region and deliver on our commitments. Key aspects of the next workshop could include:
  - Agreeing on the values and behaviours the working group members share and how we will work together.

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<sup>5</sup> On 12 July 2018 the Parliamentary Undersecretary for Regional Economic Development announced an investment of \$600,000 from the Provincial Growth Fund to employ a "transitional economy manager" to help diversify the local economy.

- A dialogue with the interim Climate Change Committee on its work on the transition to 100% renewable energy.
  - An update on timeframe and processes for key upcoming decisions, including on the Zero Carbon Bill and ETS reform.
  - Further testing of initial proposals to support a just transition, including work underway, funding already provided, and areas where further investment may be required.
  - Discussion on support structures to incorporate a broader voice in the TTWG, including possible union and youth networks.
30. We are also using the feedback from the first workshop to build a more comprehensive view of what our Taranaki work programme will look like over the next six to 18 months. This includes the Just Transitions Unit's broader work on policy coherence and alignment (in particular, the need to identify and understand the policy levers that are most relevant to a just transition in Taranaki). Issues we need to test with relevant policy units in MBIE and other government agencies include, but are not limited to:
- How do regional innovation systems work? What are the pre-conditions of success? Are these present in Taranaki? What more do we need to know before partnering and investing in this area with Taranaki?
  - How will the ITP Roadmap 2020 impact Taranaki's WITT?<sup>6</sup> Are there other areas of work in tertiary education where a just transition lens could be applied to support Taranaki's transition e.g., Vocational Educational Training Reform, introducing Centres of Vocational Excellence, micro-credentialling? How can the TTWG engage in these processes?
  - What do we already know about supporting the growth of value-added and/or complex foods? How can we apply lessons learnt from existing Food Hubs to a Taranaki context? What is the current state of play on branding and certification processes in the primary sector?
  - Summarise what work is already underway to strengthen the connectivity of Taranaki to the rest of New Zealand e.g. are there any scheduled improvements to the Southern Entrance? If investments are to be made, what are the timeframes for this work?
31. We will also use the outcomes from the initial workshop and future workshops to help develop the agenda for the National Just Transition Summit, proposed for April/May 2019.
32. Private investment will be a key enabler of a successful transition for Taranaki. The summit could provide a platform through which to encourage investment in the key priority areas identified by the TTWG. We will update you on planning for the Summit as we develop this thinking in conjunction with the Taranaki region.

## Annexes









### Annex One: Overview of Climate Change Modelling Work Completed, Underway and Planned

#### Section 9(2)(ba)(i)

<sup>6</sup> The Minister of Education is conducting a programme of work to reform the Institutes of Technology and Polytechnics (ITP) sector to make sure the institutions are sustainable and effective in delivering for our regions.



## Annex One: Overview of Climate Change Modelling Work Completed, Underway and Planned

Recently completed analysis															
Prod Comm		Transition Hub (Ministry for the Environment)					Other								
															
Sector-level (land use and energy) modelling		Whole economy (CGE) modelling		Quantitative analysis		Theoretical and empirical literature review		Empirical literature review		Quantitative analysis		Economic impact analysis		Modelling	
Analysis in progress															
Prod Comm		Transition Hub		MBIE			MPI/BERG	MoT	Other						
Vivid modelling stage II: Decision making under uncertainty (no regrets)		NZIER modelling stage II: <ul style="list-style-type: none"><li>Methane stabilisation</li><li>Forestry</li><li>International units</li><li>Baseline emissions</li></ul>		Co-benefits of electrifying industrial process heat and space heating		Regional impacts analysis based on NZIER's results	PHINZ project (with EECA) energy efficiency and use of renewable energy in industrial process heat	Electricity demand generation scenarios (EDGS), incl 100% renewable electricity generation	Fiscal impacts from changes in offshore exploration permit policy	On-farm emissions, mitigation options and impacts of land-use change	Modelling the vehicle fleet, incl. EVs, fuel use and emissions	SPINE project (Auckland case study) - econ and env impact of spatial and land-use planning policies (OECD)	Economic impact of recent changes in offshore exploration policy (PEPANZ)	Modelling energy scenarios to 2050 (BusinessNZ, Energy Council)	Electricity Everything: meeting current electricity demand by 100% renewables (EECA)
August 2018		September 2018		August 2018		July 2018	Mid-2019	June 2019	August 2018	August 2018	On-going		August 2018	2019	
Future analysis – Planned				Future analysis – Potential											
Transition Hub				MBIE					Interim Climate Change Committee						
Marginal abatement cost curves for key sectors				Regional/TA impact modelling		Household impact modelling		Better understanding of trade/competitiveness/emissions leakage risks			Impacts of emissions budgets, 100% renewable electricity, agriculture in ETS				
Infrastructure: Developing an integrated set of models and tools that can be used to assess potential impacts from policy changes															

Section 9(2)(ba)(i)

Section 9(2)(ba)(i)



## BRIEFING

Section 9(2)(f)(iv)

Date:	19 June 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	3758 17-18

Action sought		
	Action sought	Deadline
Hon Megan Woods Minister of Energy and Resources	<b>Note</b> the material in this briefing for your meeting at 5.00pm on Thursday, 21 June 2018.	21 June 2018
Hon Iain Lees-Galloway Minister for Workplace Relations and Safety	<b>Note</b> the material in this briefing for your meeting at 5.00pm on Thursday, 21 June 2018.	21 June 2018

Contact for telephone discussion (if required)				
Name	Position	Telephone	Section 9(2)(a)	1st contact
Robyn Henderson	Manager, Just Transitions Unit	04 901 1305		✓
Arek Wojasz	Policy Advisor	04 901 8453		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Noted

☐ Seen

☐ See Minister's Notes

☐ Declined

☐ Needs change

☐ Overtaken by Events

☐ Withdrawn

Comments





## BRIEFING

Section 9(2)(f)(iv)

Date:	19 June 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	3758 17-18

### Purpose

Section 9(2)(f)(iv)

### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note and discuss** the contents of this briefing in the meeting between Minister Woods, Minister Lees-Galloway and MBIE officials at 5.00pm on Thursday, 21 June 2018.

*Noted*

Robyn Henderson  
**Manager, Just Transitions Unit**  
Labour, Science and Enterprise, MBIE

19/06/2018

Hon Iain Lees-Galloway  
**Minister for Workplace Relations and Safety**

..... / ..... / .....

Hon Megan Woods  
**Minister of Energy and Resources**

..... / ..... / .....



## **The just transitions work programme is 'nested' within the Future of Work Tripartite Forum**

### *Future of Work Tripartite Forum*

9. A tripartite forum between government, the New Zealand Council of Trade Unions, and Business NZ has been created by Minister Robertson to work on future of work topics. The forum is still in the process of shaping its working arrangements, but one of the four workstreams of this forum is just transitions (along with productivity, skills and technology – shown in the top half of the diagram in Annex One).

10. [Section 9\(2\)\(f\)\(iv\)](#)

### *Just transitions*

11. The just transition concept refers to transforming our economy to one that is more productive, sustainable and inclusive without leaving anyone behind. This includes transitions based on a number of external factors, including climate change, technological development and the future of work. [Section 9\(2\)\(f\)\(iv\)](#)
12. The Just Transitions Unit sits within the Ministry of Business, Innovation and Employment (MBIE) and was established to shape and coordinate the cross-government just transition work programme by looking across key policy areas, including energy, regional economic development, workforce planning as well as linking with education and skills development.
13. The just transitions work programme will include four broad streams:
  - a. Co-creation and engagement with stakeholders
  - b. Policy coherence and prioritisation
  - c. Communications, education and awareness raising
  - d. Institutional underpinning
14. Just transitions work has strong linkages to the Climate Change Ministers Group, and its main Ministerial governance group will be the Cabinet Economic Development Committee (DEV) with Minister Woods as the lead Minister. A chew session with a combined DEV and ENV committee will be scheduled for later in July.

## **Strong communication and analysis will be ongoing between future of work and just transitions teams**

15. As noted above, the relevant teams within MBIE are already working across the labour market perspective on the just transitions work programme. For example, our engagement with the New Zealand Council of Trade Unions on the just transitions work programme was hosted as a joint meeting between the Just Transitions Unit and the Labour and Immigration Policy branch. We are also investigating labour market data in Taranaki to get a sense of the possible future impact on particular job types arising from changes to the sector composition in the region over time.

16. Other relevant topics that Ministers may want to discuss include:

- a. The Just Transitions Unit is developing an engagement plan which will include unions and other work groups. We will use the union networks within regions to get an on-the-ground perspective on the nature of just transition and future of work issues as they develop.
- b. A literature review undertaken by the Just Transitions Unit (we plan to share the key points arising from this in a briefing to Minister Woods shortly) identified five key elements of a just transition that government will need to take into account as New Zealand transitions to a low emissions economy. They are:
  - i. Social dialogue and engagement with stakeholders
  - ii. Job creation and redeployment of workers
  - iii. Social support mechanisms
  - iv. Skills and training
  - v. Funding and investment
- c. The just transitions work programme under development has highlighted already that the nature of our social security system does not respond well to people who are currently employed but will need support to change vocation as their current role becomes unviable or obsolete.
- d. The role of the education system will be fundamental to the success of New Zealand transition and ensuring that no one is left behind. We are commencing engagement with the Ministry of Education, and will be using the future of work programme as the point of entry on this.
- e. We plan to analyse the specific labour market data to identify regions (e.g. Taranaki) and sectors (e.g. manufacturing) that are key for just transitions and will share this information with Ministers and other agencies.

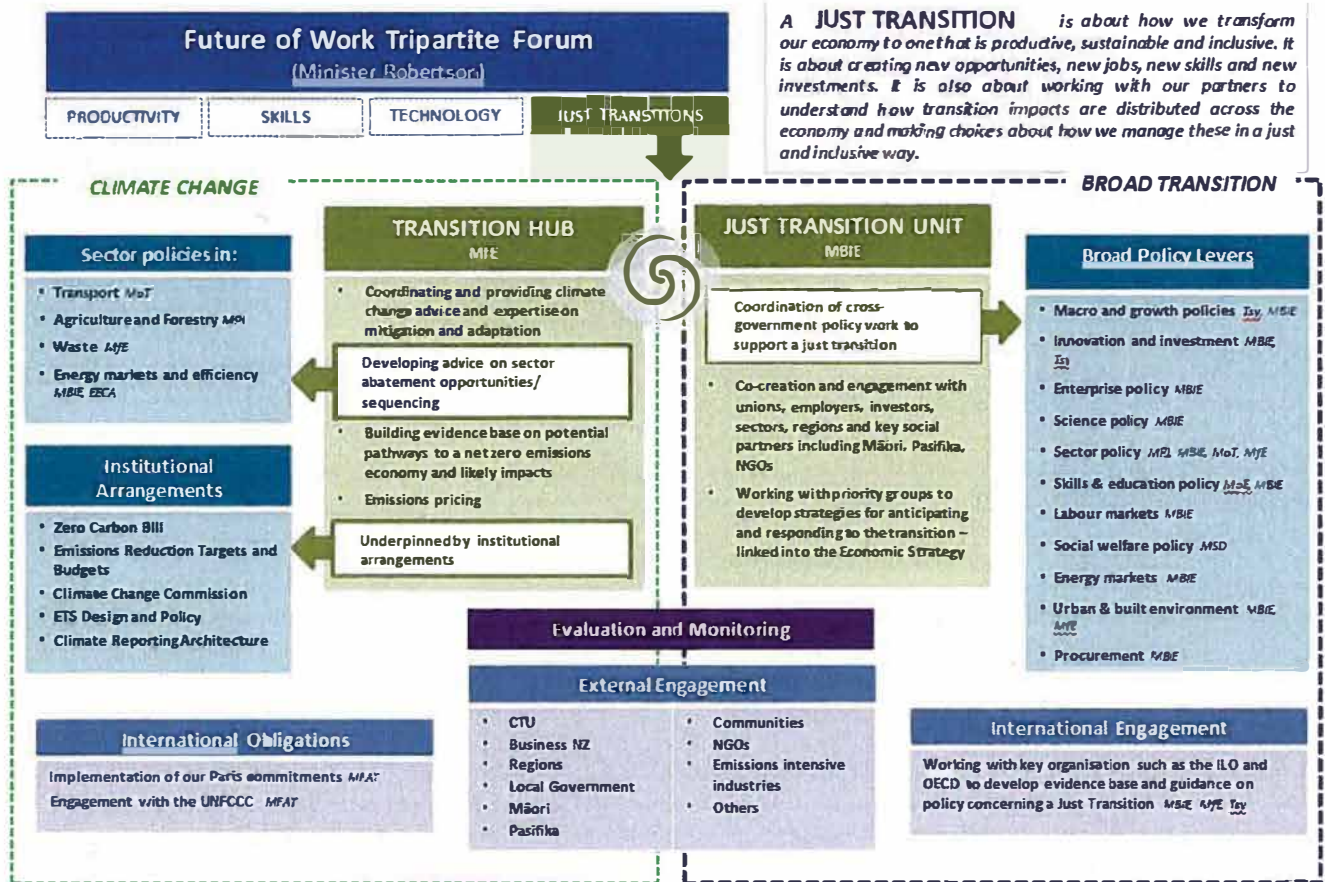
## Annexes

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### Annex One: Just Transitions Architecture

#### Section 9(2)(f)(iv)

## Annex One: Just Transitions Architecture











## BRIEFING

### Preliminary work on a Just Transition for Taranaki's Energy Sector

Date:	23 May 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3452 17-18

Action sought		
Rt Hon Jacinda Ardern Prime Minister	<b>Action sought</b> Out of scope  This advice also provides our initial thinking on the broader approach to a Just Transition. Out of scope	<b>Deadline</b> 25 May 2018
Hon Dr Megan Woods Minister of Energy and Resources	Out of scope  This advice also provides our initial thinking on the broader approach to a Just Transition.	25 May 2018

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David Darby	Manager, Commercial Analysis & Investment	04 901 4987	Section 9(2)(a) ✓
Suzannah Toulmin	Principal Investment Advisor	04 901 3879	

The following departments/agencies have been consulted
Provincial Development Unit, Just Transitions Unit, Labour, Science and Enterprise, Tertiary Education Committee

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments

Out of scope

Out of scope

Out of scope

Out of scope

Out of scope

Out of scope



David Darby  
**Manager, Commercial Analysis & Investment**  
Building, Resource and Markets MBIE

23/5/18...

Rt Hon Jacinda Ardern  
**Prime Minister**

..... / ..... / .....

Hon Dr Megan Woods  
**Minister of Energy and Resources**

..... / ..... / .....

## Background

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1. In advance of your engagements with various stakeholders in Taranaki on 25 May 2018, you have requested advice in relation to the Ministry of Business, Innovation and Employment's (MBIE) preliminary thinking on an approach for a Just Transitions work programme, especially with respect to Taranaki. We have provided a separate event briefing pack for your engagements in Taranaki (briefing 3312 17-18 refers).
2. The Government has committed to a net-zero emissions economy by 2050; it has confirmed New Zealand's contribution under the Paris Accord; and it has also recently announced that no new permits will be issued for offshore oil and gas exploration in New Zealand.
3. These policies will impact on regional economies, and ultimately the wider economy, but the precise impacts and their timing are, as yet, unknown. Some of these impacts will be felt more in some regions than others, including Taranaki, particularly with respect to the offshore oil and gas exploration announcement.
4. The Government is concerned about carefully managing the impacts of these policies, particularly ensuring that a transition is just and inclusive. Consequently, the Government has commissioned MBIE to establish a Just Transitions Unit to lead the development of Government-wide strategies to manage the opportunities and effects of the transition to a low emissions economy on households, workers, firms, regions and communities. It will define what a Just Transition is, and what it looks like over time, advise on how the Government should respond.
5. This advice provides our initial thinking on these matters. It discusses:
  - A wellbeing framework for ensuring a Just Transition and how a Just Transition and supporting work programme may be defined;
  - Related government work already underway
  - Areas of future work that should be considered as part of developing a Just Transition work programme

## A wellbeing framework for ensuring a Just Transition

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### The Government set out its priorities through the Cabinet Priorities Committee

6. The Government set out its priorities (CPC-18-MIN-0001 refers) to ensure a **productive, sustainable** and **inclusive** economy. These include:
  - Grow and share New Zealand's prosperity
  - Support thriving and sustainable regions
  - Transition to a clean, green and carbon neutral New Zealand.
7. Key shifts in the economy and a more holistic approach to decision-making will be required to achieve these priorities. Complementary to these are the objectives under the heading of **improving the wellbeing of New Zealanders** and their families, such as support(ing) healthier, safer and more connected communities.

## Defining a Just Transition

*The Government's priorities are reflected in how we measure the progress of government in delivering – what gets measured gets done*

8. In recent years there has been an increased focus in New Zealand to develop a more holistic and multi-dimensional framework focused on the improving the wellbeing of New Zealanders – the Living Standards Framework. These efforts recognise that wellbeing includes environment, health and social wellbeing, in addition to economic wellbeing.
9. This new approach considers 'national wealth' in wider terms, one that supports the identification and measurement of economic and social progress more comprehensively. This is done by reference to the levels and growth of different 'capitals'. These capitals are: financial, natural, human and social. The aim is to consider the collective impact of policies on intergenerational wellbeing. The Just Transition Unit will frame its approach to transitioning in this context.
10. The transition is a medium to long term (30 years plus) process, and we believe it is an opportunity to deliver on the Government's vision for a more productive, sustainable and inclusive economy. It is about creating new opportunities, new jobs, new skills and new investments. For example, through inspiring opportunities for innovation and facilitating a move toward engaging in high value, low emissions activities.
11. Costs and benefits of change may not be evenly shared and people's needs for support to manage the impacts of change may be different. Therefore, a just transition will require a good evidence base. It will require co-design and collaboration with a range of stakeholders to manage the pace of change and support transition for those most affected. A just transition will need to understand how impacts of transition are distributed across the economy and different groups of New Zealanders in order to make choices about how we manage these in an inclusive way.
12. To be successful we believe a Just Transition will require a mix of policies, government support, and commitment to social dialogue at multiple levels. It will require planning not just by government, but across all sectors of society including businesses, households, sectors, regions, communities and Māori.
13. The Government could deploy any number of tools, both now and in the future, to mitigate the social and economic impacts of transition to a net zero emissions economy. Disaggregating the economic impacts of choices stemming from this policy priority versus others may be simple in some instances and more challenging in others. Examples of tools the Government can use include:
  - Grants
  - R&D tax incentives/wider tax incentives
  - Green fund
  - Regional/provincial fund
  - RMA changes for projects of national significance
  - Other direct aids/business grants
  - Showcasing opportunities to invest through trade and enterprise, and
  - Active labour market, skills development and social welfare policies.
14. We are not working in a vacuum of information. International organisations, like the ILO and the OECD have undertaken research on the key policy areas and appropriate institutional arrangements for a just transition. The Just Transitions Unit will draw from this work as it develops its work programme.

15. In addition to natural business cycles, New Zealand has gone through significant changes in the past, reflecting shifts in global demand, technologies, household preferences and policy changes. Part of undertaking a just transition will be using lessons from the past to manage and minimise the degree of economic shock for regions, communities, workers, businesses, iwi and other stakeholders.

### Development of a work programme on just transition

16. The Government is developing a work programme to support its vision of a just transition. Officials are currently working to establish key policy questions and priorities for your consideration that will support a successful transition over the longer term.
17. The just transition will be an all-of-government collaborative approach, with government working in partnership with industry and employee groups and with regions, local government, central government, unions, iwi and industry. It will draw from existing mechanisms for engaging with our social partners and create new ones as required. The tripartite forum between Government, the Council of Trade Unions (CTU) and Business NZ will be a key aspect of this.
18. The just transitions approach will work with other cross-government initiatives, including the work underway in the climate change Transition Hub<sup>1</sup> and the Future of Work. The just transition work programme will also leverage off existing policy mechanisms and funding arrangements in place, such as the Provincial Growth Fund and the Green Investment Fund.
19. Key actions that the Just Transitions Unit will take over the next six to twelve months include:
- a) Using information from modelling (such as the modelling the government's climate change Transition Hub are doing on the impacts of transition to a low emissions economy for sectors, regions and households), and from consultation and engagement to build a picture of **what sectors, regions and households** are going to face the most significant changes.
  - b) Understanding the nature of those changes.
  - c) Working with sectors and communities to **develop strategies for anticipating and responding** to those changes. This will include working with the **Taranaki region** to support its long term transition away from the fossil fuel industry, using mechanisms such as the Regional Economic Development Programme and the Action Plans under that programme.
  - d) Setting **longer term structures in place for transition** including aligning government policies, regulation and funding structures, investment and systems such as the innovation system, skills system, household assistance and infrastructure development in a way that will support New Zealanders' needs (both overall and for specific groups) and allow New Zealand to seize opportunities from transitioning.
  - e) Working across government to provide **clearer signals on the transition to a low emissions economy**, including level of ambition and speed of adjustment. e.g., through setting a new 2050 emissions target and establishing mechanisms for New Zealand's response to climate change in legislation.

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<sup>1</sup> An interagency Transition Hub has already been set up working across Government departments on putting in place the architecture and modelling the impacts of a transition to a low emissions economy.





## MEMO TO SLT

### Creation of a Just Transitions Unit within LSE

Date prepared:	18 April 2018	Meeting date:	19 April 2018
Prepared by:	General Manager Tourism, Sectors, Regions and Cities	Approved by:	Paul Stocks, DCE Labour, Science and Enterprise

#### Purpose

The purpose of this paper is to seek SLT's approval for a new structure to enable MBIE to effectively lead the Government's economic strategy and just transition work programme. We propose that this structure be in place for six months initially, and reviewed at that point.

#### Recommended action

We recommend that SLT:

- a) Agree to establish a new Just Transitions unit to focus on the government's just transition work programme
- b) Agree to appoint a General Manager to run this unit for a six month term initially
- c) Agree to resource this team with 8 (TBC) FTEs, by shifting the majority of the Sectors team from TSRC and adding two (existing) Director positions.
- d) **Note** that this Unit will work with the other relevant parts of MBIE to ensure that we are providing coherent economic development advice anchored in the transition, and that brings together regional, industry, resource and labour market perspectives.

#### Proposal

1. In order to respond to the direction that MBIE lead the government's just transitions work programme, it is proposed that a 'Just Transitions' unit be established within the Labour, Science and Enterprise (LSE) group at MBIE. This unit will be led by a new General Manager position.
2. This new unit will be responsible for MBIE's lead role in the just transition work programme. This will include working across government to develop a just transition strategy and related transition plans as well as supporting upcoming decisions on the transitions path and the policy levers that MBIE has to influence and manage this transition.
3. The unit will second existing resources from the Sectors team in TSRC, as well as two (existing) Director positions. It will also draw on relevant work streams from across the Ministry to ensure that MBIE has a

coherent economic strategy e.g. with Strategic Policy Integration, the Māori Economic Development and Provincial Development Units, and Energy and Resource Markets. It is anticipated that secondments into the new branch will be made as and when appropriate (including from other agencies if necessary).

4. The DCE LSE, DCE Building and Resource Markets (BRM) and Head of OCE will work together to ensure that there is appropriate governance and co-ordination between this work, the Economic Strategy work (led by Ministers Robertson and Parker) and MBIE's contribution to a potential Future of Work stream (led by Minister Robertson) given the strong commonality between the three.
5. MBIE is in the early stages of establishing the just transition programme of work. Various teams within the Ministry are already part of a Transitions to a Low Emissions Economy (TLEE) working group, and an associated governance group is in place, with co-ordination and secretariat services provided by TSRC. This proposal to establish a new unit and General Manager will ensure that there is an appropriate level of dedicated resource and leadership on the government's just transitions work programme for the crucial months ahead. Key decisions on climate change and the government's goal of having a net zero carbon economy by 2050 will be made over the course of 2018.
6. The Just Transitions unit, working with MBIE's Strategic Policy team, will provide a whole-of-economy perspective that will draw on the different sets of knowledge and networks throughout the Ministry (building from the existing mechanisms in place). This will ensure we are able to provide coherent advice to Ministers on the likely impacts from a regional, industry and labour market point of view, as well as supporting the external engagement process that will be required to inform our advice.

## Structure

Out of scope

Out of scope

Next steps/timeline

Out of scope

Out of scope



## MEMO TO SLT

### Establishment of a new Transitions Team

Date prepared:	11 April 2018	Meeting date:	12 April 2018
Prepared by:	General Manager Tourism, Sectors, Regions and Cities	Approved by:	Paul Stocks, DCE Labour, Science and Enterprise

#### Purpose

1. The purpose of this paper is to seek SLT's approval for a broad approach to MBIE leading the Government's just transition work programme, including the establishment of a new Transitions Team within the Tourism, Sectors, Regions and Cities Branch and associated resourcing and budget implications.

#### Executive summary

The Government has instructed MBIE to take the lead on the just transition work programme.

Meeting these expectations will require a step change in MBIE's current approach to the transition to a low emissions economy (TLEE), with associated organisational, governance and resourcing implications.

While we are better placed to deliver in some immediate priority areas of focus, notably a transition plan for the petroleum and minerals industry, a significant re-focussing of efforts and increase in resourcing will be required to lead a whole-of-economy approach across government.

We also need to start shaping Ministerial views on the approach to developing sector transition plans, given decisions regarding desired transition paths have yet to be made and are integral to understanding the likely trade offs and distributional effects of the transition across both regions and sectors.

#### Recommended action

2. We recommend that SLT:
  - a) **Agree** to establish a new Transitions Team within the Tourism, Sectors, Regions and Cities Branch
  - b) **Agree** to appoint a Programme Manager to run this Team for a fixed term (6 to 12 months) initially
  - c) **Agree** to resource this team with five FTEs, through a combination of re-prioritisation and new funding
  - d) **Note** that the Tourism, Sectors, Regions and Cities Branch (TSR&C) will prepare a paper for the next Climate Change Ministers meeting on 30 April on the just transitions work programme, including the approach to engaging with unions, employers and iwi on the transition.

## Background

3. On Monday 9th April, the PM announced that the Government had instructed MBIE to take the lead on the just transition work programme, including coordinating the planning required to make the changes necessary for moving to a future where *'fossil fuels play far less of a role in our economy.'* This included *'looking across energy, regional economic development and workforce planning'*, and having *'a strong interface with education and skills development.'*

## Focus of Work Programme

4. Delivering on this announcement will require a step change in MBIE's current approach to the TLEE. The current focus has been on forming a consolidated MBIE view on key decisions related to the transition (targets, independent climate change commission etc), the transition path and the policy levers that MBIE has to influence and manage this transition. Progress is being made on pulling together a framework for a MBIE narrative on the transition, and a number of sub narratives in areas where we have policy influence (notably, research, science and innovation, built and urban environment, energy markets, investment, procurement and future of work/regional development). This work is overseen by a TLEE Governance Group, endorsed by SLT on 28 February 2018.
5. The Government's expectation is that MBIE will now lead the cross-Government just transition work programme. The immediate focus is on the plan for a just transition in the petroleum and minerals industry, recognising the impact on communities and the workforce skills required to make the transition. We are relatively well placed to deliver on this priority area, and nothing within this proposal would shift responsibility for doing so within MBIE.
6. Over time, a number of other sectors will also be affected by the transition, and new opportunities will emerge. By developing a transition plan for one sector, expectations that government will prepare plans for a much broader range of sectors likely to be affected by the transition are likely to be high.
7. The Government has choices, still to be made, over the desired transitions path and how fast to transition various sectors. At one extreme, we could rely on a high carbon price to drive the structural adjustment necessary to a low emissions economy. At the other, we could focus on driving, to the extent possible, technological developments to create new mitigation options within our current industrial structure. The distributional effects of these approaches will differ.
8. A whole-of-economy approach will assist the Government in determining which transition path it wishes to pursue, assessing trade offs, including in our industrial make up, and how it can best seize opportunities brought about by the transition and manage the distributional consequence of the desired path. We understand that the Minister of Finance is in favour of a tripartite approach to developing sector transition plans. While sector plans may be the ultimate goal, prematurely engaging in such a process risks bringing to the surface vested interests on which the Government will be required to make decisions, in the absence of a coherent cross-economy view. As a result, the trade offs inherent in transitioning New Zealand to a low emissions future may not be adequately surfaced and addressed.
9. A whole-of-economy (rather than sectoral) approach to engagement, at least in the first instance, would provide a valuable evidence base on areas where there is broad agreement on how the transition should play out, and the appropriate role of government, as well as highlight key areas of disagreement and potential conflict across sector groups. Alongside the more empirical government-led impact work, this would be a valuable input to future engagements on more specific transition plans for those sectors most likely to be affected.
10. At a minimum, such an approach is likely to entail MBIE:

- First, developing an overarching strategy for what a just transition looks like, including the desired transitions path, working across government with unions, employers and iwi (i.e. a plurilateral approach)
- Second, engaging at a sectoral and regional level on transition plans for those sectors likely to be most affected by the desired transitions path, including the role of Government in supporting the development of new opportunities within these sectors/regions.

## Proposed Working Arrangements

11. Delivering on this work programme will require a significant increase in resourcing. We propose that a new Team is established within the TSR&C Branch, with a dedicated Programme Manager employed for a six-to-12 month fixed term to make the resourcing and investment decisions required to drive results. At least initially, the Team would require five dedicated resources. Key skills required would be a combination of strategic thinking, drive for results and an ability to work comfortably within a complex cross-Government process. Depending on how the work programme evolves, resourcing requirements may increase over time.
12. The new Team could be resourced through a combination of re-prioritisation and new funding. We can provide SLT with an outline of the likely financial implications by your 24<sup>th</sup> April weekly meeting.
13. Internally, this Team would report directly to the General Manager of Tourism, Sectors, Regions and Cities. Its functions would be twofold:
  - Cross-Government leadership and coordination of the just transition work programme; and
  - Ongoing coordination of MBIE's position on policy levers to influence the Transition to a Low Emissions Economy
14. We propose that the governance arrangements for these two functions would be based on existing structures, at least in the near term. The Team would be directly accountable to the internal TLEE Governance Group, chaired by DCE – Labour Science and Enterprise. Externally, the TLEE Governance Group would be accountable to the Climate Change Public Governance Group (PGG) via the DCE who is a member. [Refer appendix one for a diagram of the proposed organisational and governance arrangements].
15. A key unresolved issue is how this Team's work would crossover with the existing cross-Government Transition Hub, located within the Ministry for the Environment. The core function of this group is to provide advice on the choices available to make New Zealand's Paris targets for climate change, set future targets and set New Zealand on a pathway to a low emissions economy.

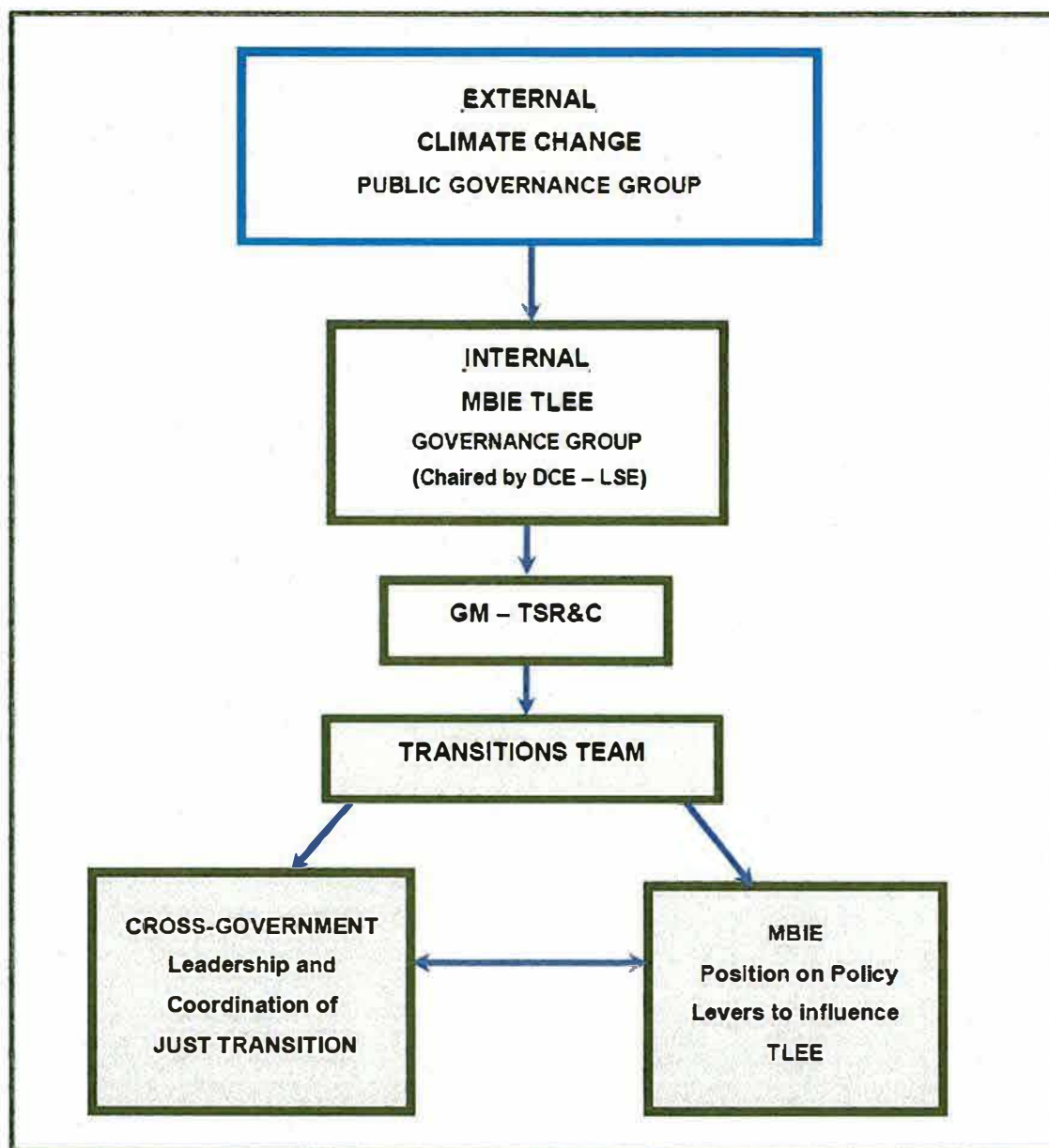
## Next Steps

16. If SLT agrees, given this is a Government priority, establishment of the Team will need to move with pace. In the interim, we will proceed with the work required using current structures and resourcing.
17. Climate Change Ministers are next scheduled to meet on 30<sup>th</sup> April 2018. We propose submitting a paper to this meeting that:
  - seeks to better understand Ministers' views on the scope of the 'just' transition (i.e. is it the transition to a low emissions economy and those regions/sectors most affected, or something broader that encompasses the long-term structural adjustment that the Government would like to see in the New Zealand economy) and how this relates to the Economic Strategy
  - positions the just transition with other workstreams underway (Transition Hub, role of climate change commission, individual agency work programmes)



- provides initial ideas on an ongoing cross-Government engagement process with unions, employers and iwi (i.e. a plurilateral approach), in parallel to engagement on the specific plan being developed for the Petroleum and Mineral's industry.

## Appendix One: Proposed Organisational and Governance Arrangements for Transitions Work Programme





## Release of the Productivity Commission's Final Report on the Low-Emissions Economy Inquiry

Date Submitted:	Friday 31 August 2018	Tracking #: MfE 2018-B-04789; MBIE 0798 18-19	
Security Level	In-confidence	MfE Priority:	Non-Urgent

	Action sought:	Response by:
To Hon Grant Robertson, Minister of Finance	For your information	N/A
To Hon David Parker, Minister of Economic Development	For your information	N/A
To Hon James Shaw, Minister for Climate Change	For your information	N/A

Actions for Minister's Office Staff	<p><b>Forward</b> this report to the following Ministers:</p> <ul style="list-style-type: none"> <li>• Hon Dr Megan Woods</li> <li>• Hon Shane Jones</li> <li>• Hon Damien O'Connor</li> <li>• Hon Phil Tywford</li> <li>• Hon Eugenie Sage</li> <li>• Hon Jenny Salesa</li> <li>• Hon Kris Faafoi</li> <li>• Hon Nanaia Mahuta</li> </ul> <p><b>Return</b> the signed report to the Ministry for the Environment and the Ministry of Business, Innovation and Employment</p>
Number of Attachments - 3	<p><b>Titles of attachments:</b></p> <ul style="list-style-type: none"> <li>• Appendix 1: Draft media release</li> <li>• Appendix 2: Possible speaking points for your meeting with the Productivity Commission - Monday 3 September 2018</li> <li>• Appendix 3: List of recommendations and findings</li> </ul>
Note any feedback on the quality of the report	

### Contact details

Position	Name	Agency	Cell phone	1 <sup>st</sup> contact
Programme Director	Paul Alexander	Ministry for the Environment	Section 9(2)(a)	✓
Manager	Robyn Henderson	Ministry of Business, Innovation and Employment	-	✓
General Manager	Gus Charteris	Ministry of Business, Innovation and Employment	-	

## **Purpose**

1. You are meeting with the New Zealand Productivity Commission (the Commission) on Monday 3 September at 11:30am to discuss the final report on the Low-Emissions Economy Inquiry (the Report).

## **Key Messages**

2. The Productivity Commission is releasing its final Report on the Low-Emissions Inquiry on Tuesday 4 September.
3. The Commission's report provides a comprehensive and useful framework for approaching a challenging transition in a cost effective and just manner.
4. The Government is required to respond to the recommendations set out by the Commission. Officials aim to provide you a Government response for Cabinet to consider in late November.

## **The report's key findings**

5. The Commission notes that the transition will be challenging but achievable given concerted commitment and effort across government, business, households and communities. The sooner we begin to reduce emissions, the less abrupt and costly the transition will be.
6. The Commission identifies three key changes that need to occur if we are to meet our low-emissions goals:
  - i. Fast-tracking low-emissions transport uptake and switching away from fossil fuels in providing heat for industry
  - ii. Increasing afforestation substantially and on a sustained basis for the next 30 years. Land planted in forests would need to increase by between 1.3 million and 2.8 million hectares
  - iii. Changing the structure and methods of agricultural production, with greater adoption of on-farm mitigation and shifting to land uses such as horticulture and cropping.
7. These changes would need to be supported by early action including stronger emissions pricing, establishing stable laws and institutions, and substantially lifting investment in innovation.
8. The transition needs to be approached cognisant of the challenges facing low-income households who may be disproportionately affected, so the government should consider offsetting costs through the tax and welfare system, as well as supportive measures in the skills and education system.

## **The Commission has made 78 recommendations and 173 findings**

9. Significant recommendations made by the Commission include:
  - i. A split gas target, on the basis that long-lived and short-lived gases have different impacts on the atmosphere and need to be treated differently
  - ii. Having separate emission budgets for long-lived and short-lived gases
  - iii. Setting up a new independent agency to auction New Zealand Units (NZUs), set yearly auctioning unit volumes and oversee the New Zealand Emissions Trading Scheme (NZ ETS) market.

10. It is likely that media commentary may focus on the need for strong early price signals within the range of \$75 to \$250 per unit of carbon by 2050.

## Recommendations

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11. We recommend that you:

- a. **Note** that a Government response to the Productivity Commission's Final Report on the Low-Emissions Economy Inquiry will be provided by late November 2018

**Refer** this to briefing to the following Ministers for noting

- Hon Dr Megan Woods (Energy and Resources, Research, Science and Innovation)
- Hon Shane Jones (Forestry and Regional Economic Development)
- Hon Damien O'Connor (Agriculture)
- Hon Phil Tywford (Housing Development and Transport)
- Hon Eugenie Sage (Associate Minister for the Environment – Waste)
- Hon Nanaia Mahuta (Associate Minister for the Environment, Māori Development and Local Government)
- Hon Jenny Salesa (Building and Construction)
- Hon Kris Faafoi (Commerce and Consumer Affairs)

Yes/No

## Signatures

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Paul Alexander  
Programme Director - Transition Hub  
Ministry for the Environment



Gus Charteris  
General Manager - Just Transitions Unit  
Ministry of Business, Innovation and  
Employment

Hon Grant Robertson  
Minister of Finance

Hon David Parker  
Minister of Economic Development

Hon James Shaw  
Minister for Climate Change

## **Supporting material**

### **Context**

1. In May 2017, the Commission was asked to conduct an inquiry into the opportunities and challenges of a transition to a lower-net emissions economy while growing income and well-being. The Commission published its draft report in April 2018 and its final report will be publicly released on Tuesday 4 September.
2. Key changes from the Commission's draft report include:
  - i. A new chapter on the nature of transition and what makes for a successful transition
  - ii. Development of the inclusive transition chapter
  - iii. Enhancements in the emissions pricing, two gases, transport and process and industrial heat chapters.
3. Additional modelling work has also been undertaken to explore a number of uncertainty variables and provides more insights into different transition pathways.

### **Key findings of the report**

4. The Commission suggests the transition to a low-emissions economy will be a long journey through very uncertain terrain. Technological change, climate-change policy in other countries, and unintended consequences stemming from emissions policies could each conspire to slow or derail progress.
5. While challenging, the transition is achievable given concerted commitment and effort across government, business, households and communities. The sooner we begin to reduce emissions, the less abrupt and costly the transition will be.
6. Three key changes must occur if we are to meet low-emissions goals:
  - i. Fast-tracking low-emissions transport uptake and switching away from fossil fuels in providing heat for industry
  - ii. Increasing afforestation substantially and on a sustained basis for the next 30 years. Land planted in forests to increase between 1.3 million and 2.8 million hectares
  - iii. Changing the structure and methods of agricultural production, with greater adoption of on-farm mitigation and shifting to land uses such as horticulture and cropping.
7. These changes would need to be supported by early action including stronger emissions pricing, establishing stable laws and institutions, and substantially lifting investment in innovation.
8. The more significant policy interventions proposed include: extending emissions pricing to agricultural emissions; supporting further R&D for agricultural mitigations; transport policies such as a 'feebate' scheme; minor regulatory changes in the electricity sector; government leadership to limit new fossil-fuel powered plant in publicly owned buildings; an extended waste disposal levy; and requiring mandatory climate-related financial disclosures.

### **The Commission has made 78 recommendations and 173 findings**

9. Overall the report provides a comprehensive and useful framework for approaching a challenging transition in a cost effective and just manner. The Commission provides 78 recommendations and 173 findings (see full list in Appendix 3) for Government to consider.
10. We have highlighted some of the more significant and contentious recommendation below:



## Emissions Pricing

*Recommendation 5.4 - Establish a new independent agency to auction New Zealand Units (NZUs), set yearly auctioning unit volumes and oversee the New Zealand Emissions Trading Scheme (NZ ETS) market*

11. This is a new recommendation that was not included or signalled in the draft report. It is proposed that this independent agency has an operational role with respect to auctioning and market oversight, but no significant decision-making power with regard to overall NZU volumes or floor/ceiling prices.
12. There is not a strong rationale presented in the final report supporting the establishment of a new agency to perform this role, particularly in the context of the new Climate Change Commission. We will consider this recommendation further as part of our work operationalising auctioning and market governance improvements and where these functions may best sit.

*Recommendation 11.2 on including agriculture in the NZ ETS*

13. The Commission make recommendations regarding agriculture being included in the NZ ETS noting nitrous oxide should be fully included in the NZ ETS. Agricultural methane should be fully included if that is the option recommended by the Interim Climate Change Committee in its report to Government due end of April 2019.

## Laws and Institutions

*Recommendations 9.1 and 9.4 on setting emissions reduction targets*

14. The Commission recommends a split gas target, on the basis that long-lived and short-lived gases have different impacts on the atmosphere and need to be treated differently. They recommend biogenic methane to be stabilised at a level (to be determined by the Climate Change Commission (CCC)), with other greenhouse gases to be reduced to net zero. The report further suggests that non-methane abatement (eg, forestry CO<sub>2</sub> sequestration) should not be counted towards such a methane stabilisation target.

Section 9(2)(f)(iv)

15.

*Clear framework for determining stabilisation level set in primary legislation, but with biogenic methane stabilisation level to be set in delegated legislation*

16. The Productivity Commission recommends the primary legislation set out the long-lived gas target; and also specify the factors<sup>[1]</sup> that should inform CCC advice on the appropriate biogenic methane level within the stabilisation target. The specific quantity of biogenic methane is to be set in delegated legislation, and subject to periodic review following CCC advice using the same factors. In this case, the CCC advice would determine whether the level remained appropriate or should be changed (by amending secondary legislation).

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<sup>[1]</sup> The Productivity Commission recommends the following

- the relative cost for abating biogenic methane versus CO<sub>2</sub>
- the global stock of both short- and long-lived gases in the atmosphere
- relationship between the remaining carbon budget and the warming contribution of biogenic methane
- New Zealand's historical and ongoing contribution to the global stocks of GHGs
- the abatement potential for biogenic methane that is considered acceptable in terms of social and economic consequence
- an assessment of what New Zealand's "fair share" of global biogenic methane emissions comprises



*Transparent process for amending a target*

17. The Productivity Commission also suggests, as per the Parliamentary Commissioner for the Environment (PCE), a transparent process for reviewing the target to be set in primary legislation, including:
- providing ample prior notice of any changes in the target quantity level
  - providing clear reasons for setting a revised target
  - parliamentary assent to the revised target.

*Recommendations 9.2, 9.5 and on separate emissions budgets for long-lived and short-lived gases*

18. The Commission recommends separate emissions budgets are established for long-lived gases and short-lived gases (i.e. biogenic methane). Section 9(2)(f)(iv)

19. The form of emissions budgets will ultimately need to reflect the decisions made around the 2050 target. If this is a split target that distinguishes between biogenic methane and all other greenhouse gases, the option of separate emissions budgets will need to be considered.

*Recommendation 9.6 on having a separate pricing mechanism for biogenic methane*

20. We acknowledge the Commission's recommendation that all long-lived gases come within the NZ ETS, and that biogenic methane from agriculture and waste should be included in some form of an emissions pricing scheme to incentivise emissions reduction. We will look into these options.

**Regulations and policies**

21. The Commission recommends three key changes must occur for New Zealand to meet its low-emission goals:

*Fast-track low-emissions transport uptake and move away from fossil fuels in providing heat for industry. Significant policy interventions in this area include:*

- Introduce a 'feebate' scheme, require fleet-wide emissions CO<sub>2</sub> standards, continue to support funding for some electric vehicle (EV) infrastructure projects and lead on EV procurement. The Ministry of Transport are largely supportive of these interventions.
- In Heat and Industrial Processes, the Commission has recommended changes to the statutory functions of the Energy Efficiency and Conservation Authority to 'encourage, promote, and support the use of low-emissions energy sources and materials. Functions relating to energy efficiency and conservation should be retained'.

There is a new and significant recommendation, stating 'Government should take the lead in phasing out the use of coal and other fossil fuels for heating by limiting any future installation of fossil-fuel-powered heating systems in government buildings'. These recommendations will be considered as part of the Government's response.

*Increase afforestation substantially and on a sustained basis for the next 30 years and land planted in forests to increase between 1.3 million and 2.8 million hectares.*

22. While the need to increase the rate of afforestation has been recognised and addressed by the Government through the 1 Billion Trees programme, the rate of sequestration suggested

by the Commission's modelling would be challenging to maintain over 30 years. While afforestation will be important to help meet emissions targets, it will lock land into forestry, and reduce the long term opportunities for New Zealand to diversify the economy in rural areas.

23. The Commission's analysis suggests that much of the land used for new plantings would come at the expense of the sheep and beef sector. However, the Commission do not appear to have considered a number of possible environmental constraints such as availability of water or risk of wilding conifers which could limit land use change, and make these afforestation rates more difficult to achieve.

*Change the structure and methods of agricultural production, with greater adoption of on-farm mitigation and shift to other land uses such as horticulture and cropping.*

24. The potential for reducing emissions on-farm without large scale land use is currently limited by the available technologies. As the Commission point out, developing technologies and practices for on-farm mitigation will be highly dependent on continued Government investment in both primary science and dissemination of good practice. Alternative land uses such as horticulture bring their own environmental challenges, such as impacts on water use and water quality.

*Other regulatory and policy recommendations*

25. The majority of the Electricity chapter remains unchanged, with the exception of some new findings and recommendations on the Resource Management Act (RMA), and new technology, lines companies and regulators. The new section on the RMA finds that obtaining resource consents could hinder expanding renewable electricity generation.
26. The new recommendations suggest that the Government should give priority to revising both the National Policy Statement - Renewable Electricity Generation (NPS-REG) and the National Policy Statement - Electricity Transmission (NPS-ET) and issue a new National Environmental Standard for Renewable Electricity Generation that sets out the conditions under which renewable energy activities take place under the RMA.
27. Other new recommendations on new technology, lines companies and regulation include that the Government should review and amend the legislative framework for regulation of electricity distribution network businesses. They suggest more collaboration among electricity distribution businesses (EDBs) could increase their efficiency and their collective capability to use emerging technologies for the benefit of consumers. These issues are discussed in the first report of the Electricity Price Review which is scheduled to be consulted on shortly.

### **Innovation and Investment**

28. The Commission found that current investments in science and innovation are inadequate in size and scope.
29. [Section 9\(2\)\(f\)\(iv\)](#)

### **Investment**

30. The investment chapter recommended that any decisions made by the Government in regards to the New Zealand Venture Investment Fund (NZVIF) should give priority to low-emissions investments, and possibly exclude high-emissions investments.
31. MBIE will need to do further analysis on what constitutes high-emissions and low-emissions

investments, but at this stage would suggest caution in excluding all potential NZVIF investments as some may well result in lower economy-wide emissions outcomes.

32. With regard to recommendations on mandatory climate change disclosure (recommendations 7.3 and 7.4), we support encouraging additional disclosure to investors on key risks to businesses, including climate change risks where relevant. Implementation details such as interactions with other reporting requirements and compliance costs are important considerations, and we are still at the early stages of understanding what these are likely to be.

*Finding 6.2 – Continue to campaign for the removal of subsidies for fossil fuels*

33. Finding 6.2 suggests that New Zealand should continue to campaign for the removal of fossil fuel subsidies, and notes that 'New Zealand provides only minor (less than \$4 million a year) government support to activities with some relationship to fossil-fuel production and consumption'.
34. The Ministry of Foreign Affairs and Trade supports the Government's position to continue to campaign for fossil fuel subsidies reform (FFSR). Inefficient fossil fuel subsidies encourage wasteful consumption and disadvantage renewable energy. Addressing subsidies will deliver trade, economic, social and environmental benefits. FFSR complements New Zealand's broader trade policy view that trade and environment objectives can be mutually supportive including tackling environmentally-harmful and trade-distorting subsidies. It is also an important element of New Zealand's contribution to the global effort to combat climate change. New Zealand is a champion of FFSR internationally and a leading member of the Friends of Fossil Fuel Subsidy Reform group.

**Pathways to a low-emissions economy**

*Finding 3.9 – Emissions prices need to significantly increase*

35. The economic modelling carried out suggests that:
- i. An emissions price rising strongly from current levels to between \$75 and \$150 a tonne of carbon dioxide equivalent (CO<sub>2</sub>e) could lower New Zealand's emissions to 25 million tonnes (Mt) of CO<sub>2</sub>e in 2050
  - ii. New Zealand could reach net-zero GHG emissions by 2050, with emissions prices rising more strongly to between \$150 and \$250 a tonne of CO<sub>2</sub>e by 2050, noting these prices are within the range of emissions prices that will be required in other developed countries to deliver on the objectives of the Paris Agreement
  - iii. An insight from their recent uncertainty analysis is the potential value of early, strong action in the form of higher emissions prices in the period from now to 2030.
36. Even if New Zealand follows a pathway consistent with net-zero emissions by 2050, it is highly likely that domestic net emissions will overshoot the 2021-2030 emissions budget for New Zealand's first National Determined Contribution (Finding 3.5).
37. We expect that these figures will draw media attention and have set it out in the risk section below.

**Risk**

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**Media commentary on high emissions prices or impact on households**

38. It is likely that media commentary may focus on the need for strong early price signals, and within the range of \$75 to \$250 by 2050 per unit of carbon. It is worth noting in response

that:

- i. Models are indicative only and not prediction. A number of models and analysis around the benefits of acting in New Zealand all add up to providing a richer picture of the options, and some of the trends to consider when addressing the transition to a lower emissions economy
  - ii. Consultation is currently underway on improvement to the NZ ETS
  - iii. The Government is currently considering submissions from the Zero Carbon Bill and developing policies on a 2050 target, and establishing a Climate Change Commission.
39. The Report also raises a number of points regarding an inclusive transition (chapter 10). This indicates that mitigation policies may raise energy and food prices, and that impacts may be disproportionately felt by lower-income households. They indicate that changes may be needed in the education and training system to support mid-career retraining, and that welfare benefits and tax credits to help lower-income households should be considered.
40. You may also want to reiterate messages regarding the commitment to a just transition and the need to consider the distributional and social impacts of climate change policies. The report's inclusive transition paper was a welcomed addition, and is consistent with the way the Government is beginning to think about an inclusive transition.

#### **Differences between the PCE report on livestock methane and the Commission**

41. The PCE released a report on livestock methane on Thursday 30 August. This will likely draw attention to the treatment of agricultural gases and approaches to methane in particular.
42. The PCE report provides timely and useful input into any analysis required to help determine an appropriate level of methane stabilisation. It does so without expressing support for any particular target type, or making any judgement as to what an appropriate methane stabilisation level might be.
43. There is one significant disagreement, where the new analysis from the PCE refutes a statement in the Commission's report. The Commission's report states that 'Stabilising the stocks of short-lived gases at current levels will stop them contributing to further warming'. However the PCE report, supported by peer-reviewed research using climate models, states:
- ... if New Zealand's emissions of livestock methane were held steady at 2016 levels, then within about ten years the amount of methane in the atmosphere from that source would level off. However, the warming effect of that methane would continue to increase, at a gradually declining rate, for more than a century. In the year 2050, holding New Zealand's livestock methane steady at 2016 levels would cause additional warming of 10-20 per cent above current levels. This warming would increase to 25-40 per cent by 2100.*
44. The PCE report also provides an answer to the question 'What reduction in methane emissions would be required to avoid any additional warming contribution from New Zealand livestock methane emissions?'
45. The PCE report finds that the reductions required in 2050 would be in the range of 10 – 22 percent below 2016 levels, with further reduction by 2100. The range depends on the level of collective action to reduce emissions globally: if other countries take strong action, New Zealand's methane emissions cuts would need to be deeper. This is because the background concentrations of methane will be lower, so the methane emitted by New Zealand causes more warming.

## Next Steps

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### 46. *Present the final Report to the House of Representatives*

The Productivity Commission Act (2010) sets out that the Responsible Minister (Hon Grant Robertson) must present a copy of the final Report to the House of Representatives as soon as practicable after receiving it. Hon Robertson has agreed for Hon Shaw to present the final report to the House of Representatives by Monday 3 September.

### 47. *Publish a media release welcoming the Report*

The Commission will publicly release the final Report, and other documents produced through the inquiry, on their website on Tuesday 4 September. Hon Shaw will publish a media release on the publication of the final report.

### 48. *Provide a Government response to the Productivity Commission's recommendations*

The Government's response will require cross government effort as the recommendations will impact the work programmes of a broad range of agencies. The Climate Change Chief Executive's Board will oversee the public sector response, as currently drafted in the Board's Terms of Reference.

### 49. The proposed approach for response is to set out a forward work programme outlining:

- Whether the Government agrees or disagrees with each of the Commission's recommendations
- Specific actions the Government has taken, or will take, to give effect to recommendations
- Signal further policy work on specific recommendations.

### 50. In a number of areas, we will be able to signal progress in considering their recommendations, in particular by taking actions through the Zero Carbon Bill. We aim to provide a response for Cabinet to consider in late November.

Date	Step	Who
Monday 3 September, 11:30am	Meet with the Productivity Commission	Minister of Finance, Minister of Economic Development, Minister for Climate Change
Monday 3 September	Present the final Report to the House of Representatives	Minister for Climate Change
Tuesday 4 September (Release day)	Publish media release on the publication of the final Report	Minister for Climate Change
By end of November 2018	Provide the Government's response to Cabinet	Ministers of Finance, Minister of Economic Development, Minister for Climate Change

Section 9(2)(g)(i)



Section 9(2)(g)(i)



## **Appendix 2: Possible speaking points for Ministers meeting with the Productivity Commission**

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You may wish to use the following speaking points for your meeting with the Productivity Commission at 11:30 am on Monday 3 September.

- I would like to thank the Commission for their work on the inquiry
- The report provides a comprehensive and useful framework for approaching a challenging transition in a cost effective and just manner
- We currently have a significant climate change work programme underway which includes:
  - Introducing a Zero Carbon Bill that will set a new emissions reduction target by 2050
  - Establishing an independent Climate Change Commission. In the meantime we have an Interim Climate Change Committee focusing on key climate change issues in agriculture and renewable electricity
  - Improving the New Zealand Emissions Trading Scheme so that it is credible and helps us meet our climate change targets.
- Much of the work we are progressing aligns with the recommendations you have raised
- I am interested in understanding more about your views around the:
  - Two-gases and how biogenic methane is accounted for in the 2050 target and in emissions budgets
  - Your view and that of other commentators and the different treatment of gases
  - What are the most important areas for government to focus on immediately, and what opportunities for government leadership
  - How best to address impacts on households and ensure a just transition.
- I have asked the Ministry of Business Innovation and Employment and the Ministry for the Environment, working with the Treasury and relevant agencies to develop a Government response in due course.

## **REACTIVE Q&AS ON JUST TRANSITION – April 2018**

### **JUST TRANSITION**

**Question:** What's a just transition?

**Our Response:**

- Government is setting a target for a transition to a low emissions economy to respond to climate change.
- Global trends such as technological innovation, the changing nature of work and responding to climate change will also have a profound effect on the New Zealand economy.
- A just transition will involve clearly signalling change, minimising adverse impacts of change on workers, regions, firms and others and ensuring the wellbeing of future generations is preserved.
- We are making these decisions today so that we have a smooth transition which isn't jarring for workers, industry or consumers.

**Question:** How will you manage a just transition?

**Our response:**

- We are planning our response to change now, to help us get ahead of coming shocks and ensure we are investing wisely for our futures.
- This will involve a clearly signalled transition to enable us to avoid shocks like those experienced in the 1980s.
- As a part of this, Government will consult and work with a range of stakeholders including regions, workers, businesses, investors, Māori and others on how best to seize the opportunities and manage impacts from transition.
- The government is in the early stages of establishing a just transitions programme of work. By beginning to plan long term, we can support people to develop the skills they need as the nature of work changes, and manage the pace of change for affected communities.
- This will assist New Zealand to diversify and future proof against shocks and disruption.

**Question:** Why are you doing this?

**Our Response:**

- Transitioning to a low carbon economy is inevitable. By making the transition now we give people certainty, can ensure a just transition for those affected.

**Question:** Is this about the government making us make change e.g all switching to electric vehicles?

**Response:**

- Regardless of the pathway, sectors of the economy will need to adjust and some will find this challenging.
- Government will consult and work with a range of stakeholders on managing a just transition.

- Transitions will differ for different sectors and group – consumers, workers, businesses, regions, Māori and others.
- Government can assist transition in a range of ways including for example supporting people to develop skills they need for the future of work, supporting science and innovation activity and supporting provision of consumer information.

## **ECONOMIC IMPACTS**

**Question: In shifting to a just transition phase - will industries see this as a signal that New Zealand is closed for business and will this hurt business confidence?**

**Response:**

- This shift shows we have a government that is thinking beyond the 3 year election cycle and onto what will actually help our economy in the long term – getting ahead of coming shocks and investing wisely for the future. Businesses will see New Zealand as having a plan to tackle climate change, providing investment certainty in the face of one of the biggest challenges we face.

**Question: Are you turning away millions of dollars of investment?**

**Response:**

- We are ensuring the investment in New Zealand is sustainable and will benefit New Zealand in the long term.

**Question: How does the transition to a low emissions economy fit with other government policy priorities such as the Regional Development Programme?**

**Response:**

- Given the transition to a low emissions economy is by nature far-reaching and complex, Government will work collaboratively to ensure a cohesive and coordinated response to the transition.
- This includes building the transition into existing priorities, and aligning the objectives of transition with future policy priorities.

**Question: How will you assist regions affected by the transition?**

**Response:**

- The Government will work closely with regions to actively manage the effects of the transition and ensure they are supported. This includes giving appropriate lead times and utilising existing support mechanisms such as the Provincial Growth Fund, and Regional Action Plans.

**Question: How are you going to support workers in industries affected by transition?**

**Response**

- Support will be required for working in some industries to protect people's ability to enjoy good jobs with decent incomes – we know these jobs are at risk as the world transitions to low emissions. Other trends such as technological change will also impact the way we work.

Section 9(2)(f)(iv)

Out of scope

Out of scope

Out of scope

Out of scope



Out of scope

Out of scope

## **ZERO CARBON BILL**

**Question:** How does the Just Transition programme fit in with the Zero Carbon Bill?

**Response:**

- This Government has committed to taking decisive action on climate change, and plans to introduce a new Zero Carbon Bill in 2018.
- The Bill will provide a vision for how we transition to a sustainable and climate resilient future. It will set an ambitious new target for 2050 and establish an independent Climate Change Commission to keep Governments on track to meet our goals.
- Consultation on the Zero Carbon Bill will open in late May. Details of the Bill's proposals will be released at that time. Register on the [Ministry for the Environment website](#) to receive email updates on the consultation.
- We'll work alongside communities and working people for a just transition from carbon-intensive industries to clean, sustainable jobs.
- A Green Investment Fund will direct investment towards low-emissions industries.
- We'll move to electric vehicles – the Government's own car fleet will be electric by 2025.
- The Government's committed to planting one billion trees over the next 10 years.
- We'll continue to invest in research and technology that can reduce agricultural emissions while increasing productivity and profitability for farmers.

## **NZ EMISSIONS TRADING SCHEME**

**Question:** How does the emissions trading scheme fit into the Just Transitions programme?

**Response:**

- The emissions trading scheme and emissions pricing can be a powerful tool to support New Zealand's transition to a low carbon economy.
- We are strengthening and improving the NZ ETS following the recent review, and expect these changes to come in after the introduction of the Zero Carbon Act.
- These changes will allow the Government to better manage the NZ ETS in a way that will help us meet our overall climate change objectives.
- We also want to ensure the NZ ETS operates in a predictable and well-signalled way to avoid the problems experienced in the past.

*If required:*

- Specific changes include limiting the use of international units and other changes that would allow the Government to put in place an emissions cap [introduction of auctioning, and development of a new type of price ceiling]
- We expect to consult on these issues later in 2018
- Current carbon price is \$21.25 (midday 19 April 2018).

## **Minister Woods talking points on Just Transition – Q+A, Sunday 22 April**

### **Just Transition**

- This Government's vision for New Zealand is simple – we want to build a better NZ for all our people.
- Our economic strategy boils down to being more productive, more sustainable and more inclusive.
- Part of that vision is a commitment to building a diverse and sustainable economy with thriving cities and regions, and strong communities where everyone is earning, learning, caring or volunteering.
- We can't deliver this new vision with the same old approaches, hoping everything will be okay.
- We are putting the wheels in motion to help New Zealand transition to an economy that is more sustainable, inclusive and resilient to shock.
- An economy that can grow, but not at the expense of our environment and wellbeing.
- Making strategic shifts in the economy and embracing a more holistic approach to decision-making now, enables us to work towards our vision for a productive, sustainable and inclusive economy.
- We need to change the way we do things to achieve these aspirations.
- Global trends such as technological innovation, the evolving nature of work, adapting to climate change and the impact of a rising middle class are having a profound effect on New Zealand's economy.
- Change is inevitable.
- It is also essential as the prosperity of our nation depends on us not only accepting change, but finding ways to get ahead of it.

- Government considers a just transition is key to supporting social and economic change.
- This will involve clearly signalling change, minimising adverse impacts of change on workers, regions, firms, investors, Māori and others and ensuring the wellbeing of future generations is preserved.

### **The opportunities of Just Transition**

- A clean, green and net zero emissions economy can respond to the challenges of climate change, and will also inspire opportunities for innovation.
- Taking faster action on climate change could save New Zealand \$30 billion by 2050, according to new research commissioned by Westpac.
- The rapidly changing world of work provides opportunities to embrace new technologies and innovation, educate and upskill our workforce, and invest in research and development.
- Our Future of Work focus will lift New Zealand's productivity and will prove to be critical in helping transition to an economy that is sustainable, inclusive, and productive.
- A just transition also enables us to build on our traditional strengths by adding value to our natural resources for high-value goods and services.
- New Zealand can transition to a cleaner economy and protect our planet while still providing high paying jobs that support families.

### **Supporting a Just Transition**

- This is not an abrupt, overnight change.
  - The benefits of the changes we are making now will increasingly be felt over the next 20 to 30 years.
-

- We have choices around transition paths and how we build resilience and agility to ensure the economy can adapt to transitions.
- By bringing together government, communities, the workforce and industries, we can plan for transitions that will give people certainty to ensure a just transition for those affected.
- This planning will help us to get ahead of coming shocks and ensure we are investing wisely for our futures in a rapidly changing environment. We want a clearly signalled transition to enable us to avoid shocks such as those experienced in the past.
- Changes will also inevitably create transitions, such as a new economic mix in regions and new jobs for workers.
- But communities will not be left to cope with change on their own.
- For instance we are ensuring our regions are supported throughout the transition through mechanisms such as the Provincial Growth Fund.
- The Government's \$100 million Green Investment Fund will also play its part with it seeking to stimulate \$1 billion of new investments in low emission industries.
- The Government is establishing a Just Transition programme of work.
- We have asked MBIE to prioritise working with Government's climate change Transition Hub to ensure planning is underway to support the economic transition that we want to make.
- MBIE is establishing a unit to lead this work.
- A cross-government effort will involve collaborating with stakeholders to find ways to manage the pace and impact of change through future work planning, building our regions, investment in new technology, and better use of our resources that will build the foundation of new industries.

- Government has a key role to play in planning what a transition might look like and a range of tools available to assist in transition. For example, providing support for science and innovation, providing support to workers to develop skills and providing information to consumers.
- The Government will ensure that it is using all the appropriate tools that it has available to assist in transition.
- By beginning to plan for long-term transitions, we can ensure people have the skills they need as the nature of work changes and manage the pace of change for economies such as Taranaki that have traditionally relied on fossil fuels. This will assist New Zealand to diversify and future proof against shocks and disruptions
- Businesses will see that New Zealand is developing a strategy for addressing and responding to climate change - establishing predictability in the face of one of the world's biggest challenges.
- Just transitions have to start somewhere. And unless we start thinking about a smooth shift, we run the risk of local communities falling behind simply because we didn't think long term.





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## NARRATIVE OUTLINE FOR JUST TRANSITION

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### THE NEW ZEALAND ECONOMY THAT WE WANT

The Government is committed to transforming how we grow and share our prosperity. We want to build a sustainable economy with thriving cities and regions, and strong communities where everyone is earning, learning, caring or volunteering.

Key shifts in the economy and a more holistic approach to decision-making are required to achieve these aspirations. The Government's vision is for a **productive, sustainable and inclusive** economy that:

- gives all New Zealanders the opportunity to participate in our economy as it adapts to new technologies and the shifting nature of work, with support for a just transition;
- builds on our traditional strengths while identifying and developing new opportunities to lift the value we add to our natural resources and create high value-add goods and services; and
- is clean, green and net zero emissions, and can respond to the challenges of climate change, embracing the opportunities for innovation that arise.

Global trends will impact on New Zealand's economy and society and reinforce the need for transformation in the way we do things. For example, the impacts of a rising global middle class, technological changes such as robotics and the internet of things, the changing nature of work such as the gig economy, and other country responses and adaption to a changing climate. Change is inevitable and essential, and our prosperity as a nation requires us not only to accept change, but to get in front of it.

Changes will create impacts such as new jobs for workers, new sectors of economic activity and a new economic mix for regions. Costs and benefits of change may not be evenly shared (at least in the short to medium term) and how fast a transition occurs will significantly influence its impact on communities and sectors.

Government is setting a target that will drive action towards a low emissions economy. Given this, there is a more direct role for government in working with businesses, regions, workers, investors, Māori and others to manage the pace of change and support a just transition for those most affected.

This change can create opportunities and drive economic transformation, for example, through inspiring opportunities for innovation and facilitating a move to high value, low emissions sectors. However, there are also challenges and choices that need to be made in relation to impacts.

### MANAGING A JUST TRANSITION

Government considers a just transition is key to supporting social and economic change. This will involve taking a holistic approach that signals change clearly, minimises adverse impacts of change on workers, regions, firms, investors, Māori and others and ensures the wellbeing of future generations is preserved. The concept of a just transition is broader than the shift towards a low emissions economy and will also include related economic transitions such as technological change and the future of work.



The impacts, including distributional effects of different transition pathways will differ. The Government can use available information to improve understanding of the consequences of particular transition paths, and can align its policies in a way that tries to facilitate a smoother transition that minimises adverse impacts:

- Transitions can be assisted using design (e.g. lead times for those sectors which have few or costly emission reductions) and/or support (e.g helping workers to retrain) and government will need to consider what levers will work best in what situations.
- Changes have to factor in all likely costs and benefits, not just for the overall economy but also for specific groups.
- Transition pathways should enable communities to make choices that reflect their values.

#### **WHAT GOVERNMENT CAN DO**

The government has a key role to play in planning what a just transition might look like. Transitions will differ for different sectors, and government can assist in a range of different ways, for example, through supporting people to develop the skills they need to transition to different work, providing funding and support for science and innovation activity and supporting provision of consumer information.

The Government is establishing a just transition programme of work. This work will focus primarily on the transition to a low emissions economy but include work around broader economic transitions such as the future of work and technological change.

Key aspects to consider in planning for a transition include:

- Choices around transition paths and the policy levers that can be used to drive towards a particular path, i.e. the focus can be on doing existing activity better or on working to move the economy further toward weightless/less emissions intensive activities.
- How we build resilience and agility to ensure the economy can adapt as necessary to external developments that are beyond our control (e.g. the speed of development of low emissions technologies) and continue to make progress towards our overall goals
- How we manage a transition, including through supporting those most likely to be affected, and signalling change clearly to those making decisions for the long term.

As a part of this government will need to consult and work with regions, workers, businesses, investors, Māori and others on how best to harness the opportunities and manage the risks of transition. Cross-government modelling of transition targets and paths will also provide information.

Additionally, under our Paris Commitments, we are required to have in place a low emissions development strategy by 2020.



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## NARRATIVE OUTLINE FOR JUST TRANSITION

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- How we build resilience and agility to ensure the economy can adapt as necessary to external developments that are beyond our control (e.g. the speed of development of low emissions technologies) and continue to make progress towards our overall goals
- How we manage a transition, including through supporting those most likely to be affected, and signalling change clearly to those making decisions for the long term.

As a part of this government will need to consult and work with regions, workers, businesses, investors, Māori and others on how best to harness the opportunities and manage the risks of transition. Cross-government modelling of transition targets and paths will also provide information.

Additionally, under the Paris Agreement, we are encouraged to have in place a low emissions development strategy by 2020.





## BRIEFING

### Update on the Cross-Government Just Transitions Work Programme

<b>Date:</b>	8 June 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	Unclassified	<b>Tracking number:</b>	3720 17-18

#### Action sought

	Action sought	Deadline
Hon Dr Minister Woods <b>Minister for Energy and Resources</b>	Provide feedback on officials' initial thinking on the shape of the cross-government work programme on the Just Transition.	18 June 2018

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Gus Charteris	General Manager, Just Transitions Unit	04 474 2839	Section 9(2)(a) ✓
Kerryn Fowle	Policy Director, Just Transitions Unit	04 901 2022	

#### The following departments/agencies have been consulted

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#### Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

#### Comments



## BRIEFING

### Update on the Cross-Government Just Transitions Work Programme

Date:	8 June 2018	Priority:	Medium
Security classification:	Unclassified	Tracking number:	3720 17-18

#### Purpose

The purpose of this briefing is to update you on the progress of MBIE's new Just Transition Unit, including how we have positioned the work of the Unit relative to other related work across government (i.e., the just transitions architecture), the broad priorities and initial areas of focus.

This briefing has been triggered by a request from Ministers Shaw and Sage to meet with Gus Charteris – the General Manager of the Just Transitions Unit at 5pm, Wednesday 13<sup>th</sup> June to discuss the Just Transitions Work Programme. We understand that you are unable to attend this meeting. MBIE have prepared a presentation for this meeting, attached in Annex One, which we will table at the meeting.

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Provide** feedback to officials on MBIE's initial thinking on the shape of the cross-government work programme on the Just Transition.  
*Agree/Disagree*
- b **Note** that MBIE's Just Transitions Unit will work with your office to set up a regular fortnightly meetings to ensure that you are well informed of how this work is progressing.  
*Noted*

PP

Gus Charteris  
General Manager, Just Transitions  
MBIE

8/6/18

Hon Dr Megan Woods  
Minister for Energy and Resources

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## Just Transitions Unit Update

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1. MBIE's Just Transitions Unit has been operating for approximately six weeks. A key initial focus has been to support you and the Prime Minister in your engagements with the Taranaki region. Engaging with Taranaki to develop a just transition pathway for the region will be a significant aspect of our work programme over the next six months. It will also be a useful pilot for future sectoral and regional engagements on the just transition.

### **A Just Transition is about how we establish pathways to transform our economy while leaving no one behind**

2. In parallel to this process, we have started to develop the thread of a just transition narrative, which we are using to shape and direct our work programme, as well as to inform how we engage with our partners going forward. We have defined a just transition as being about *establishing pathways to transform our economy while leaving no-one behind. It is about creating new opportunities, new jobs, new skills and new investments to make our economy more productive, sustainable and inclusive. It is also about understanding how impacts of transition are distributed across the economy and making choices about how we manage these in a just and inclusive way.*
3. This is a relatively broad interpretation of a just transition. The transition to a low emissions economy is a key initial focus given the number of significant policy decisions that have been made and are likely to be made over the next one to two years in this area. However, in addition to climate change, we expect cross-government work on the just transition to encompass a broad range of external factors that will shape New Zealand over the next 30 years, including technology, the future of work and demographics, amongst other things.

### **Co-creation is critical**

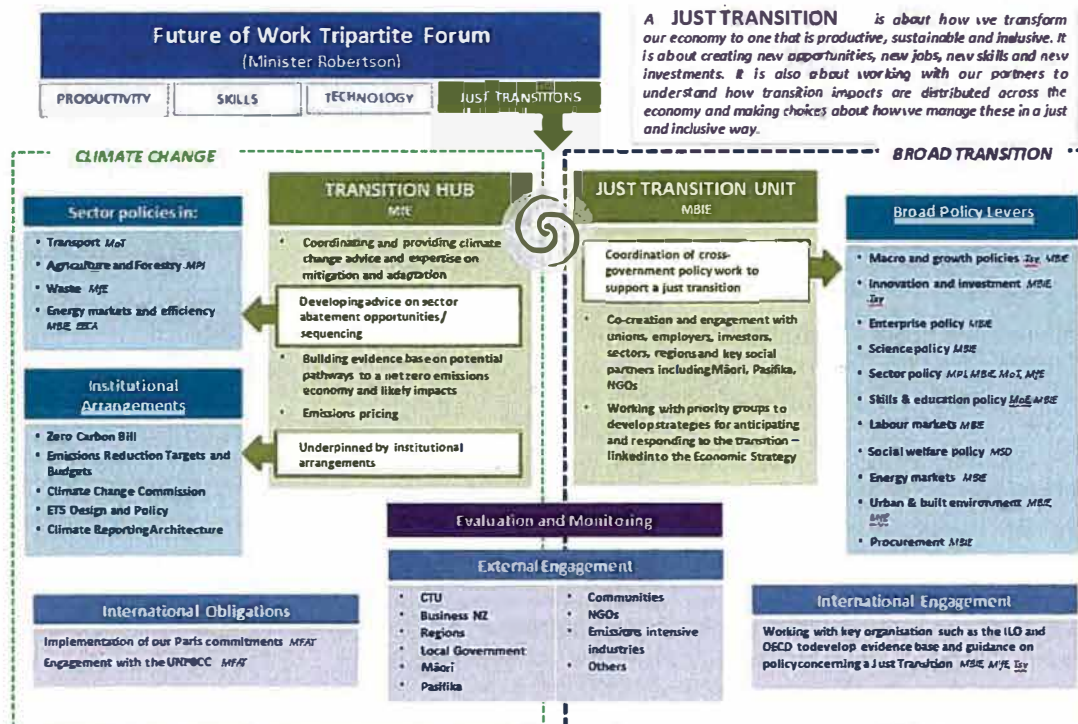
4. Social dialogue is core to the Just Transitions work programme. A just transition and will require a response that is co-created with our social partners, particularly the workforce and employers. Engagement will take place at multiple levels - enterprise, sectoral and regional – as well as by working directly with vulnerable populations, such as those whose jobs are at risk from automation.

### **It is a cross-government effort...**

5. While the Just Transitions Unit will play a key role in shaping and directing the government's approach to a just transition, other agencies and MBIE groups are leading or will lead work in their areas of policy and/or sectoral responsibility. The organogram below outlines how we see the relationship between the work of the Just Transition Unit, the Climate Change Transition Hub and the Future of Work Tripartite Forum, which currently form the foundation of the government's just transition architecture. It also outlines the way in which the work of other agencies will feed into this.



Figure 1: Just Transitions Architecture



... and there are several aspects to the work programme

6. The just transitions work programme that we are developing is multi-dimensional. In early May, we hosted a cross-government workshop on a just transition, including participants from MBIE, MfE, Treasury, DPMC, the Productivity Commission, MPI, MFAT, MSD and MoE. Four priority areas of work emerged from this discussion:

- Co-creation and engagement – working with our partners to support them in harnessing opportunities, transitioning people into these opportunities and managing the risks of change.
- Policy coherence and prioritisation - evidence-based decision making that seeks to align long term government policies, regulation and funding structures, investment and systems (such as the innovation system, skills system, household assistance and infrastructure development) across government. The aim is to provide coherence, smooth the impacts of transition and support New Zealanders' needs, both overall and for specific groups.
- Communications, education and awareness raising - Clearly signalling and being transparent about what we know about change to provide time and assistance to transition, and minimise wastage and mis-directed investment – e.g. in long lived infrastructure such as electricity networks, or in skills development for potentially short lived careers.
- Institutional underpinnings – ensuring we know what a successful transition looks like and that the supporting institutional arrangements (including governance structures) enable us to deliver.

## **We will be making progress in each of these areas over the next six months**

7. We are using these priority work areas to frame up our initial work programme, focusing on where we need to be in six months' time and what we need to do to get there. The following table outlines our thinking on the key deliverables for the next six months:

*Table 1: Key Six-Month Deliverables for the Just Transitions Work*

<b>1. CO-CREATION &amp; ENGAGEMENT with Stakeholders</b>	<ul style="list-style-type: none"><li>• Taranaki engagement well underway; regional plan in place, workforce planning underway</li><li>• Prioritisation framework for engagement completed and being implemented</li><li>• Pilot sectoral engagement taking place, eg. metals</li><li>• Strong initial dialogue established with key social partners, regions &amp; sectors</li></ul>
<b>2. POLICY COHERENCE &amp; PRIORITISATION</b>	<ul style="list-style-type: none"><li>• Strong input into ETS and key climate change policy decisions</li><li>• Government agencies understand JT work, their role and have own JT plan</li><li>• Progress report to DEV on key policy levers and their priority</li><li>• Developing evidence base for transition decisions and monitoring</li></ul>
<b>3. COMMUNICATIONS, EDUCATION &amp; AWARENESS RAISING</b>	<ul style="list-style-type: none"><li>• Communications plan developed and implementation underway (including development of the transition story)</li><li>• Key stakeholders and influencers on board with the transition story</li><li>• National conference early 2019</li></ul>
<b>4. INSTITUTIONAL UNDERPINNING</b>	<ul style="list-style-type: none"><li>• Governance arrangements have evolved in light of experience to be fit for purpose</li><li>• Education, skill development, labour market and social support institutions are developing a coherent strategy for Just Transition.</li></ul>

## **Next steps**

8. We would welcome your feedback and perspectives on our initial thinking on the shape of the cross-government work programme on the just transition. This is an evolving work programme, which we will adapt as we develop our understanding and knowledge of the impacts of the transitions currently taking place, and those likely to take place over the next 30 years.
9. As discussed at your meeting with Gus Charteris on 21 May 2018, we will also work with your office to set up fortnightly meetings between you and the Just Transitions Unit to ensure that you are well informed of how this work is progressing on an ongoing basis.

## **Annexes**

### **Annex One: Just Transitions Presentation**

## **Annex One: Just Transitions Presentation**

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**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI

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# A JUST TRANSITION

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DRAFT

20 June 2018



## 1. What this presentation will cover

- What do we mean by a Just Transition?
- What is the role of the Just Transitions Unit?
- How do we undertake Just Transitions work?
- What is the work programme?
- We wish to test our views with you to ensure we get the foundations right for the work programme





## 2. What do we mean by a Just Transition?

- A Just Transition is about understanding the pathways to transform our economy, in order to take collective action to ensure no-one is left behind
- It is about creating new opportunities, new jobs, new skills and new investments to make our economy more productive, sustainable and inclusive
- It is also about understanding how impacts of transition are distributed across the economy and making choices about how we manage these in a just and inclusive way.
- This means just transition includes a broad range of external factors that will shape New Zealand over the next 30 years, including climate change, technological development and the future of work



### 3. What do we mean by a just transition *(continued)*

- In essence, we want to transform the economy so that it is productive, sustainable and inclusive
- We will have choices about how that transformation takes place (what the transition pathways are)
- We want to make choices that ensure people have opportunities as some industries decline and other industries are created or expand
- We want to avoid the mistakes of earlier reforms which created major social hardship
- We can make the transition justly, as the scale of change required is likely to be similar to that which the economy has undergone over the past 30 years



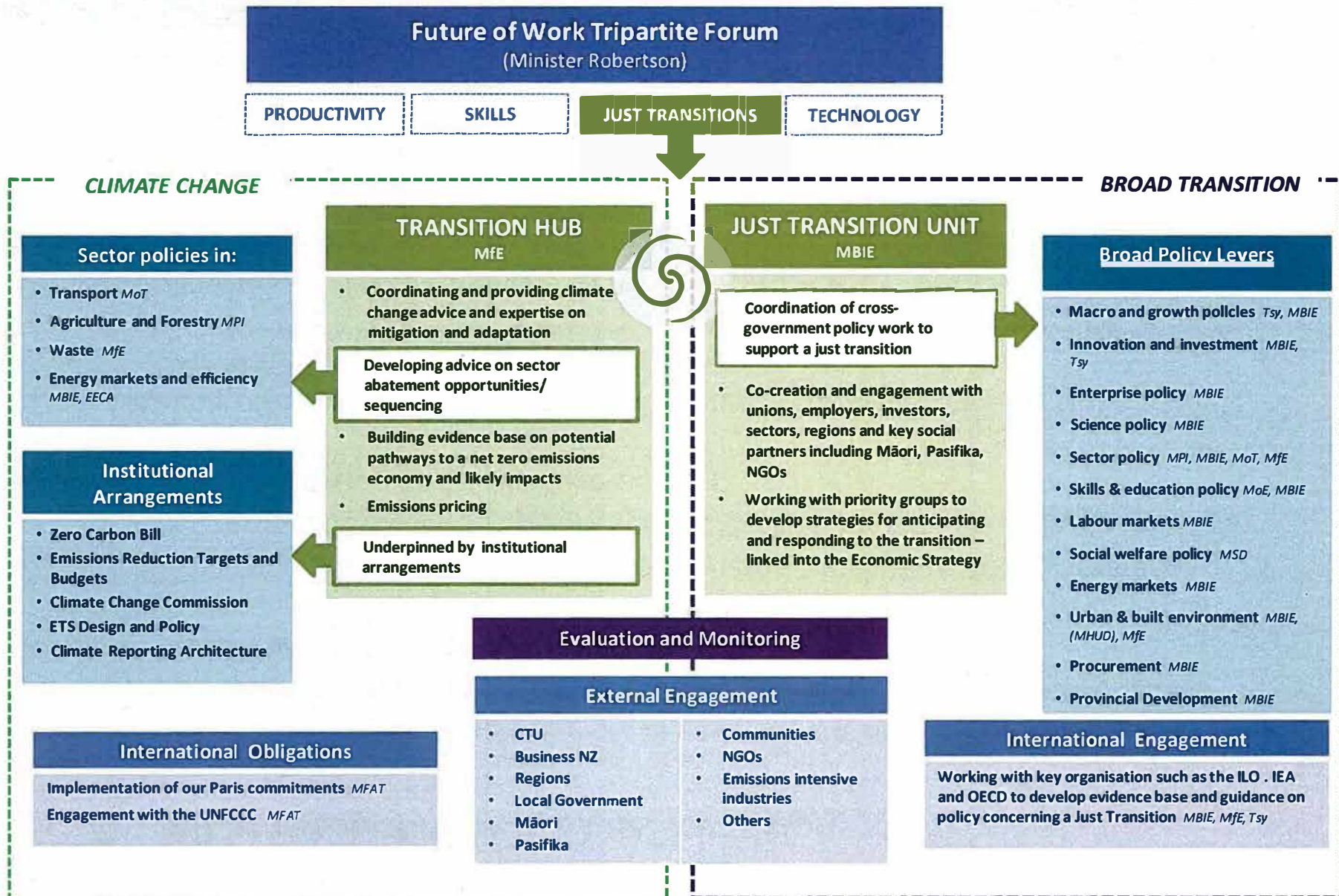


## 4. What is the role of the Just Transitions Unit?

- To shape and coordinate the cross-government Just Transition work programme, including how we transition in a just way to a future where fossil fuels play far less of a role in our economy
- This involves looking across key policy areas, including energy, regional economic development, work-force planning and having a strong interface with education and skills development
- Our role cannot be to do everything, but to do what only we can do, while facilitating action by others across government
- Our role is complementary to the Transitions Hub at the Ministry for the Environment



## 5. JUST TRANSITIONS ARCHITECTURE



## 6. How do we undertake Just Transitions work?

- Social dialogue is core to successful Just Transitions work
- It means working together to identify areas which will be impacted and new opportunities that can be realised
- This means co-creation of transition plans with social partners: iwi, workforce, communities, employers
- Work may take place at the enterprise, sectoral, or regional level, or by working directly with vulnerable populations



## 7. What is the work programme?

- We have divided the work programme into four broad streams
  - **Co-creation and engagement**
  - **Policy coherence and prioritisation**
  - **Communications, education and awareness raising**
  - **Institutional underpinning**
- For each stream we have asked ourselves where we need to be in six months' time and what we need to do to get there



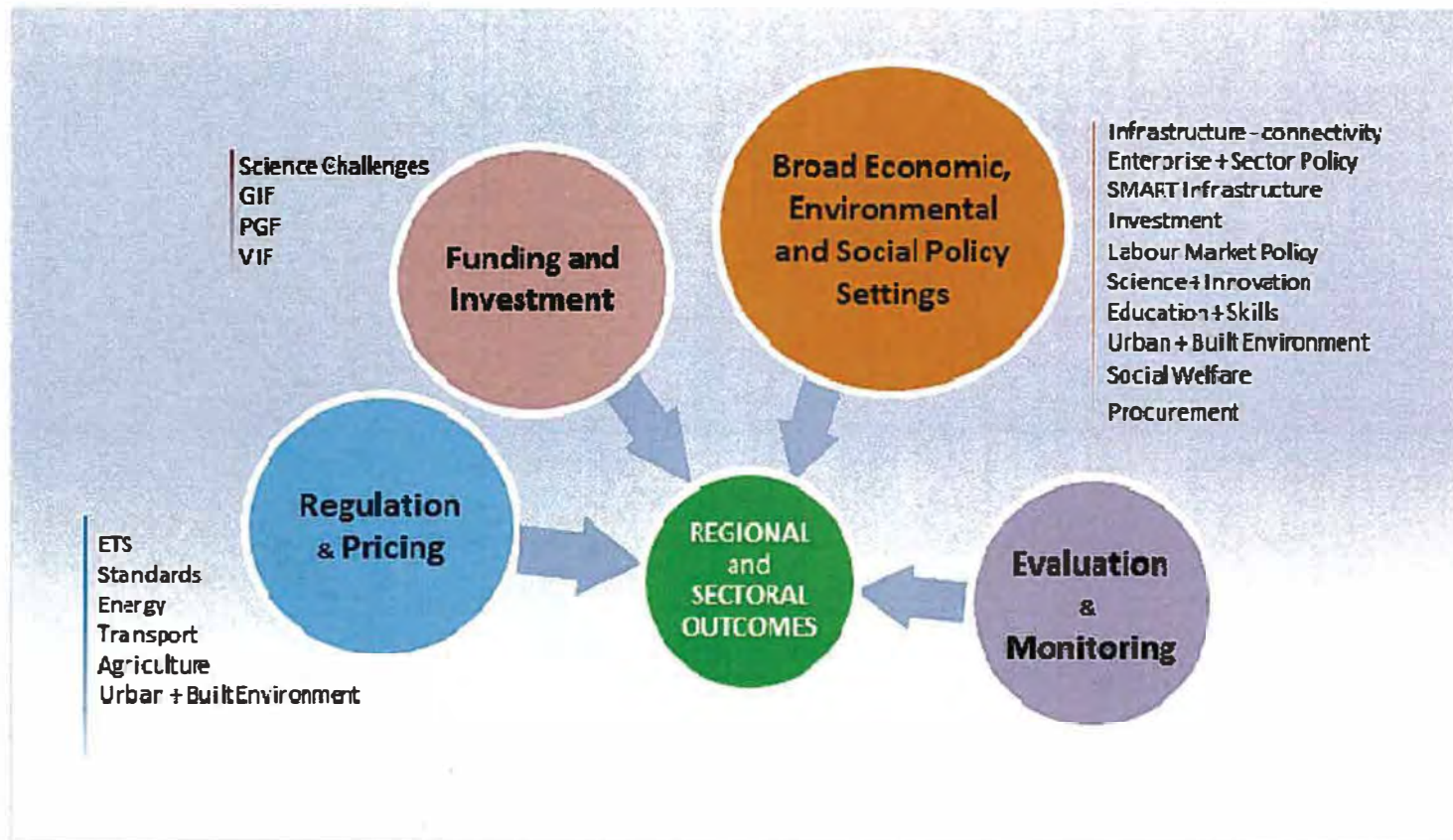


## 8. Where we want to be in six months time - Highlights

	Current activity	Six month progress
CO-CREATION & ENGAGEMENT	Engaging with Taranaki	Regional plan in place
	Develop prioritisation framework for engagement	Framework being implemented
	Explore possible sectoral engagements	First sectoral engagement well underway
	Initiate dialogue with iwi and key social partners	Strong relationships exist with social partners
POLICY COHERENCE & PRIORITISATION	Input into ETS and other key climate change policy decisions	Key climate policy decisions incorporate Just Transitions perspective
	Engage Government agencies on their Just Transitions issues	Government agencies are using a Just Transitions lens in their work
	Understand policy levers and their relative priority	Progress report to DEV on levers
	Develop evidence base for transitions decisions and monitoring	Evidence base development well underway
COMMUNICATIONS, EDUCATION & AWARENESS RAISING	Develop communications plan	Implementation of communications plan well underway
	Initiate dialogue with key stakeholders and influencers	Key stakeholders and influencers on board with transitions story
	Plan for national conference in Taranaki in April 2019	Planning for national conference largely in place
INSTITUTIONAL UNDERPINNING	Establish effective governance across government, with social partners and sectoral and regional groupings	Governance arrangements are evolving to be fit for purpose
	Building institutional arrangements and dialogue that allow government and communities to make climate change decisions	Significant progress is being made in developing institutional arrangements and dialogue



## 9. Policy alignment will be critical





## 10. CONCLUSION

- A just transition is a critical strategy for anticipating and responding to the changes technology and climate change will bring.
- It is important we begin planning now to get the foundations right for what will be a 30 year transition.
- How can we best partner with Māori at different levels – what does an ongoing ‘just transition’ social dialogue look like to Māori?





## ANNEX TWO: A JUST TRANSITION TO A LOW EMISSIONS ECONOMY

### 1. What do we mean by a just transition?

A just transition is about:

- understanding the different pathways we have to transform our economy (to one that is more productive, sustainable and inclusive);
- partnering with Maori/iwi, local government, business, communities and the workforce to identify, create and support new opportunities, new jobs, new skills and new investments that will emerge from transition;
- understanding how impacts of transition are distributed across the economy and making choices about how we manage these in an equitable and inclusive way; and
- building the social licence necessary to be ambitious in our approach to transforming the NZ economy.

A broad range of factors will impact on New Zealand's transformation over the next 30 years, including our response to climate change, technological development and the future of work.

We are focusing our just transition work on the pathways, partnerships and decisions that support a just transition to a low emissions economy.

3.	MBIE Just Transitions Unit – 6 MONTHS WORK PROGRAMME	
	Current activity	Six month progress
PARTNERSHIP	Partnering with Taranaki	Regional plan in place
	Develop prioritisation framework for other engagements	Framework being implemented
	Explore possible sectoral engagements	First sectoral engagement well underway
	Initiate dialogue with key social partners	Strong relationships exist with social partners
POLICY ALIGNMENT & COHERENCE	Input into ETS and other key climate change policy decisions	Key climate policy decisions incorporate just transitions perspective
	Engage Government agencies on their just transitions issues	Government agencies are using a just transitions lens in their work
	Understand policy levers and their relative priority	Progress report to DEV on levers
	Develop evidence base for transitions decisions and monitoring	Evidence base development well underway
SHARED VISION	Develop communications plan	Implementation of communications plan well underway
	Initiate dialogue with key stakeholders and influencers	Key stakeholders and influencers on board with transitions story
	Plan for national summit in Taranaki in May 2019	Planning for national conference largely in place

### 2. How will we implement a just transition?

The transition to a low emissions economy will be the focus of our just transition work.

Taranaki is a key priority given recent decisions on oil and gas exploration. Work has started to develop an active partnership between central Government, Maori, councils, communities, workers and business to support a successful transition for the region to a clean energy and low emissions future.

Partnership is critical for a successful just transition. This means building effective and enduring relationships with Māori and iwi, business, workers, regions and communities from which we can co-create transition paths.

Applying a just transition approach will require commitment and alignment across a wide range of policy areas and portfolios.

Our education, skills, labour market and social support institutions will be critical for transitioning those affected by change into new opportunities. Policy and funding in other areas, for example, regional development, green investment, science, innovation, and business support can help catalyst and create those opportunities.



Working arrangements - MBIE has established a Just Transitions Unit to help shape and coordinate this work programme, working closely with MfE on the transition pathway and long-term planning required to meet our climate change objectives.

MfE's Transition Hub will lay the foundation for the transition; MBIE's Just Transition Unit will work across government on the complementary policies required to smooth the transition path and manage the effects on those most affected in a way that seeks to avoid significant social dislocation. This work could take place at the enterprise, sectoral or regional level, and/or by working directly with communities and vulnerable populations.

### 4. Questions for Ministers

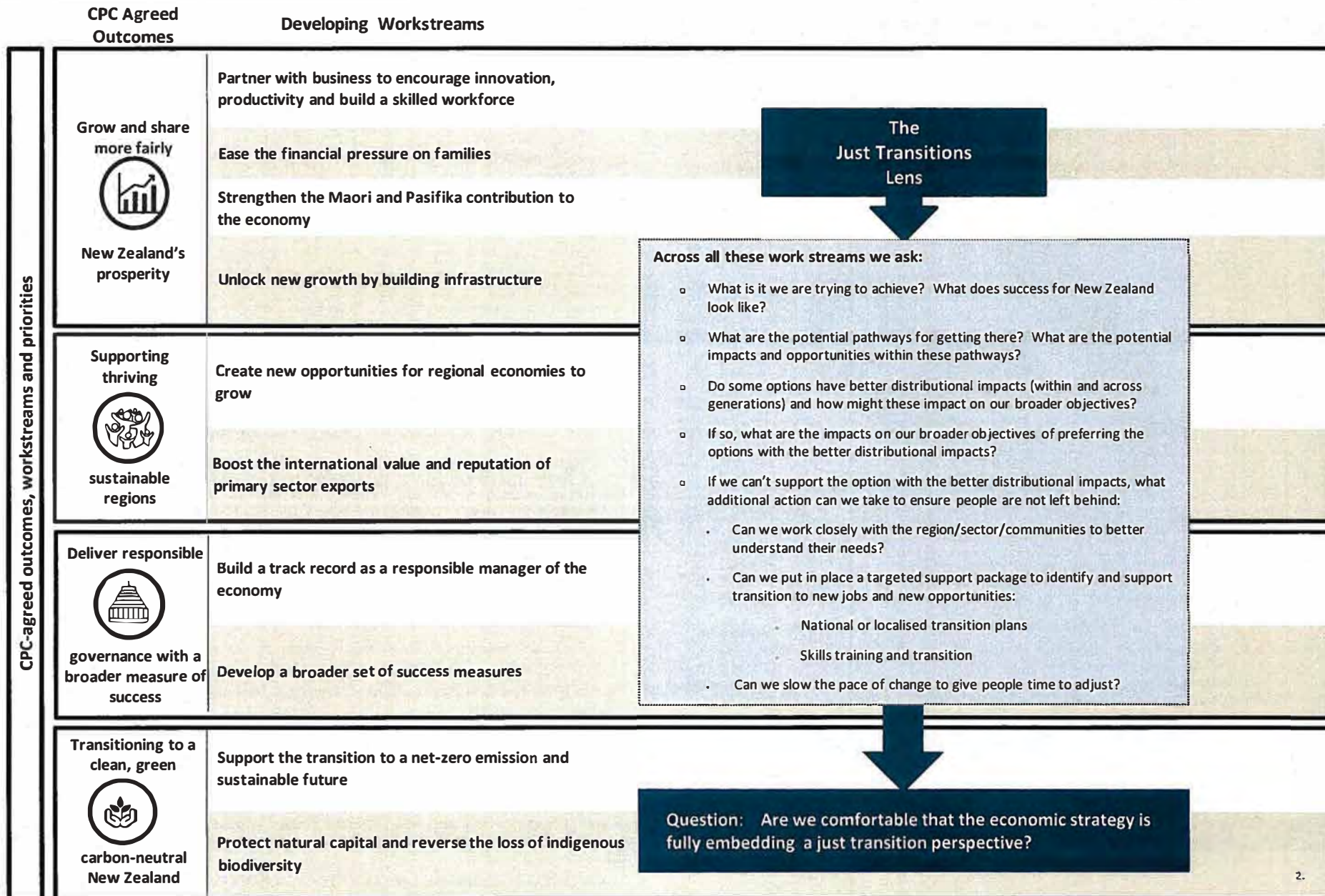
- Are Ministers comfortable with how the just transition approach has been articulated?
- Do Ministers agree that the focus of the just transition work should be on a transition to a low emissions economy, but that the approach is an important lens for our broader economic strategy work?
- Are Ministers willing to support the just transition approach through commitment and alignment of work programmes?
- Are Ministers comfortable with the proposed areas of focus for the Just Transitions Unit?



# A JUST TRANSITION IS CORE TO OUR ECONOMIC STRATEGY

Vision: Improved wellbeing and higher living standards for all New Zealanders.

TBC – NOT GOVERNMENT POLICY



## JUST TRANSITION - WORK PROGRAMME DEVELOPMENT

### IDENTIFIED PRIORITIES *(From INTERAGENCY WORKSHOP)*

A **JUST TRANSITION** is how we transform our economy to one that is productive, sustainable and inclusive. It is about creating new opportunities, new jobs, new skills and new investments. It is also about understanding how impacts of transition are distributed across the economy and making choices about how we manage these in a just and inclusive way.

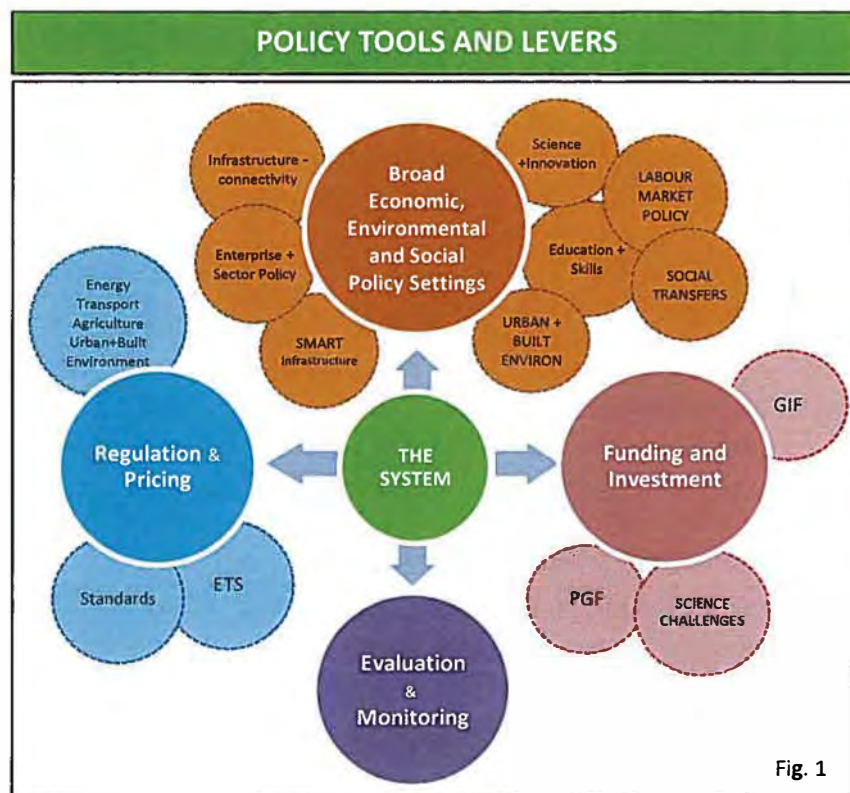


Fig. 1

How we work

### CO-CREATION & ENGAGEMENT

- Start a 'national conversation' (National Summit)
- Engage with our social partners to develop a shared understanding of the nature of the change required, roles of different stakeholders and future vision
- Identify and where necessary create platforms for ongoing engagement with priority groups (i.e., key affected regions, sectors, community groups, Māori and Pacifica)

What we do

### PRIORITISATION & POLICY COHERENCE

- Build the evidence base (quantitative and qualitative)
- Identify and align key policy tools and levers to support the transition (Fig. 1)
- Work with priority groups to develop strategies for anticipating and responding to the transition
- Leverage off existing mechanisms (PGF, GIF etc)
- Ensures rules and policy settings are adaptable and can respond to future developments
- Learn from others
- Horizon scanning

How we build the case for change

### COMMUNICATIONS, EDUCATION & AWARENESS RAISING

- Establish a shared vision and understanding of peoples role within it
- Ensure clear and consistent messaging around the Government's commitment to a just transition, degree and speed of change anticipated and opportunities presented
- Provide early signals of change to investors, workers and future workers
- Ensure that signals provide the certainty required for investment and planning, and to maximise educational opportunities

How we ensure the government can deliver

### INSTITUTIONAL UNDERPINNING

- Set clear objectives - what would 'good' look like
- Ensure Machinery of Government and supporting institutional arrangements are fit for purpose
- Establish effective governance arrangements
- Prioritise to help phase and sequence
- Build capability across Government
- Monitor and evaluate



## A JUST TRANSITION TO A PRODUCTIVE, SUSTAINABLE & INCLUSIVE ECONOMY

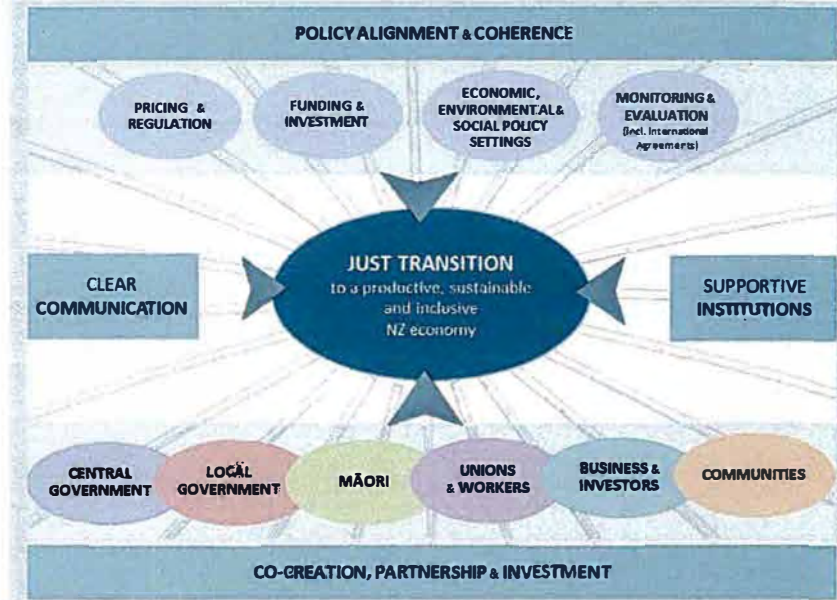
### 1. What do we mean by a just transition?

- The Government is committed to building an economy that is more productive, sustainable and inclusive
- The Just Transition is about understanding the pathways to transform our economy so we can take collective action to find a way forward that leaves no-one behind
- It is about partnering between Māori/iwi, central and local government, business, communities and the workforce to identify, create and support new opportunities, new jobs, new skills and new investments
- It is also about understanding how impacts of transition are distributed across the economy and making choices about how we manage these in a just and inclusive way
- The Just Transition includes a broad range of external factors that will shape New Zealand over the next 30 years, including climate change, technological development and the future of work
- **Climate change is a key initial focus on the Just Transitions work programme given that a number of key policy decisions have, and will be, made in this area over the next 6-12 months that will impact the future of New Zealand at many levels.**

### 2. How will we implement a just transition?

- We have established a Just Transition Unit in MBIE. It will shape and coordinate the cross-government Just Transition work programme
- It cannot do everything, but will facilitate action across government
- MfE's Transition Hub lays the foundation for the transition to a low emissions economy; MBIE's Just Transition Unit supports a broader economic transition in a way that is fair and just to all
- Dialogue is core to successful Just Transitions work. This means co-creation of transition plans with Māori/iwi, business, communities and the workforce
- Transition planning may take place at the enterprise, sectoral or regional level, and by working directly with vulnerable populations and communities.
- **Taranaki is a key priority, and we will develop an active partnership between central government, councils, Māori, communities, workers and businesses to support a Just Transition for the region.**

### 3. To achieve a Just transition will required commitment and alignment by many



### 4. Key issues to consider for Taranaki

- **What does a successful just transition look like for Taranaki – things to get right, things to avoid, critical success factors?**
- **How do we build from existing plans such as Tapuae Roa and other roadmaps, initiatives and/or plans?**
- **Who will be important strategic partners for this transition and how will we work together effectively?**
- **What are the 3-4 key areas where we will need to coalesce our efforts over the next 6-18 months to make real progress for Taranaki?**

## TO A LOW EMISSIONS ECONOMY





# This presentation will cover

- What we mean by a Just Transition
- The role of the Just Transitions Unit – our focus and approach
- The work programme
- How this fits with Future of Work (and MfE work)



# What we mean by a Just Transition

A **Just Transition** is about:

- **Partnering** between government, Māori, business, the workforce, and communities to:
  - Build an understanding of the potential pathways to transform our economy (to one that is low emissions);
  - Identify, create and support new opportunities, new jobs, new skills and new investments that will emerge from the transition; and
  - Better understand how the transition might impact on different communities, regions or sectors and make choices about how we manage these impacts in a just and inclusive way.





# Our focus – On a transition to a low emissions economy

A broad range of factors will impact on New Zealand's transformation over the next 30 years, including our response to climate change, technological development and the future of work.

We are focusing our just transition work on the pathways, partnerships and decisions that **support a just transition to a low emissions economy.**



## Our approach – Regional and Sectoral

Our role is to **help shape and coordinate** the work that supports a just transition to a low emissions economy.

To do this we are using a **regional** and **sectoral** lens.

**Regional:** We are starting with Taranaki given recent decisions on oil and gas exploration and the commitment made to the region to work with them on a just transition.

**Sectoral:** We are exploring what a deeper partnership with the food and beverage processing sector might look like (supporting MBIE's lead on 'process heat').



# Just Transition Unit Work Programme

Our initial focus will be on three key areas which will help build a Just Transition approach into our climate change work:

## 1. Partnership

- **Effective partnering with Taranaki to assist with the region's transition**
- Effective partnering with the food processing sector to assist the sector's transition

## 2. Policy coherence and alignment

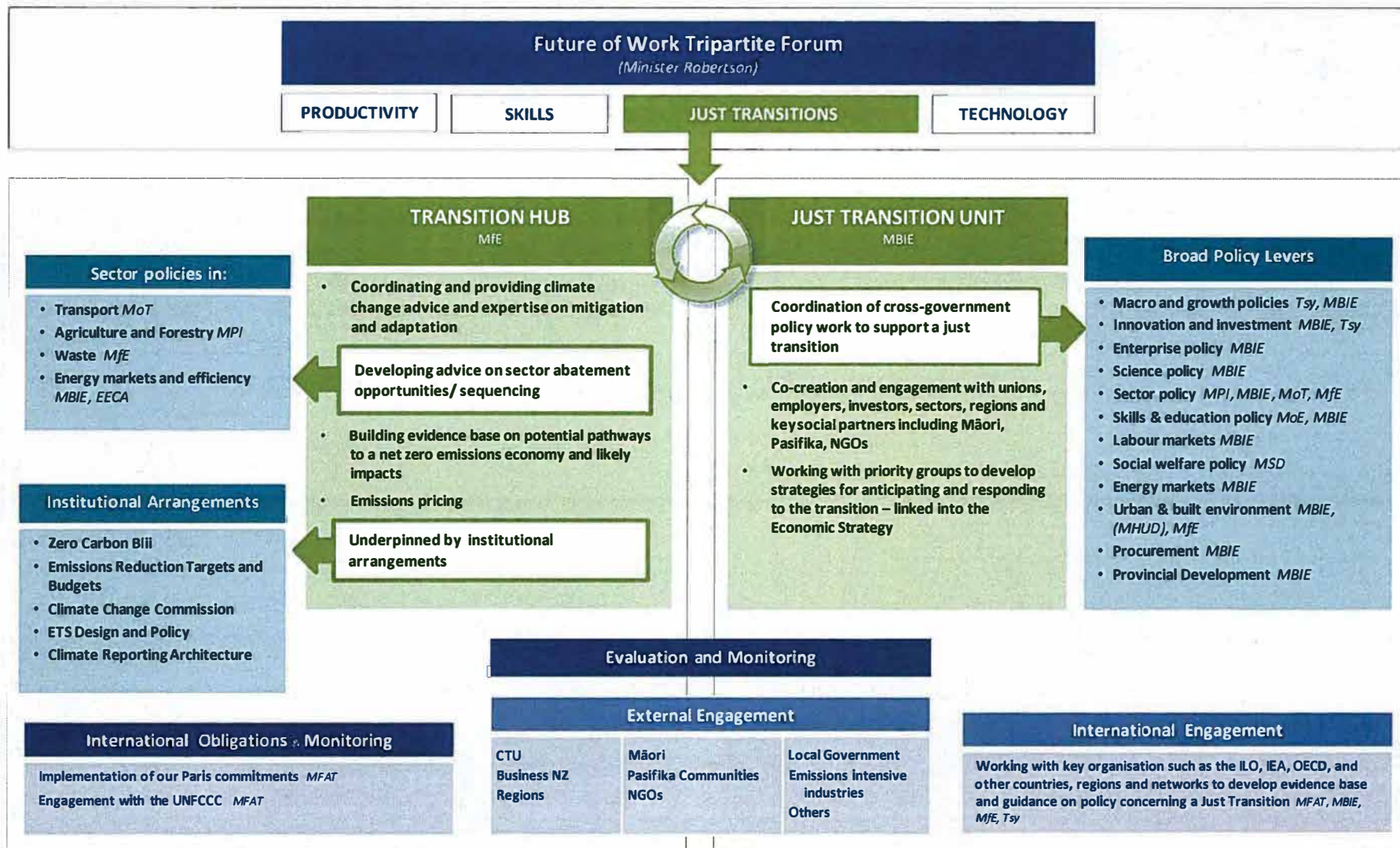
- Coordinating economic advice into key climate change policy processes
- Developing an evidence base to better understand the distributional impacts of major climate change policy decisions on – the regions, sectors and communities most likely to be affected by transition-related decisions
- Working with other government agencies to ensure a just transition lens is used in the development of policy and operational work

## 3. Shared vision

- **Planning for a National Just Transition Summit (hosted in Taranaki, 9-10 May 2019)**



# Future of Work and Just Transitions





## Work programme - where we want to be in six months time

	MBIE Just Transitions Unit – 6 MONTHS WORK PROGRAMME	
	Current activity	Six month progress
PARTNERSHIP	Partnering with Taranaki	Regional plan in place
	Develop prioritisation framework for other engagements	Framework being implemented
	Explore possible sectoral engagements	First sectoral engagement well underway
	Initiate dialogue with key social partners	Strong relationships exist with social partners
POLICY ALIGNMENT & COHERENCE	Input into ETS and other key climate change policy decisions	Key climate policy decisions incorporate just transitions perspective
	Engage Government agencies on their just transitions issues	Government agencies are using a just transitions lens in their work
	Understand policy levers and their relative priority	Progress report to DEV on levers
	Develop evidence base for transitions decisions and monitoring	Evidence base development well underway
SHARED VISION	Develop communications plan	Implementation of communications plan well underway
	Initiate dialogue with key stakeholders and influencers	Key stakeholders and influencers on board with transitions story
	Plan for national summit in Taranaki in May 2019	Planning for national conference largely in place



**Other slides that might be useful  
but not necessary....**





## 10. Conclusion

- A just transition is a critical strategy for anticipating and responding to the changes technology and climate change will bring, and to help ensure that we continue to develop a productive, sustainable and inclusive economy for the future.
- Challenging decisions about the pace and sequence of change initiatives will need to be made in order for people and business to be well positioned to take advantage of the opportunities that this change will generate.
- It is important we begin planning now to develop a long-term vision that offers reassurance in a period of change, and builds a framework for a just future.



# The all-of-government framework for climate change policy and decision-making



Source: MfE  
As agreed by Cabinet (March/April 2018)

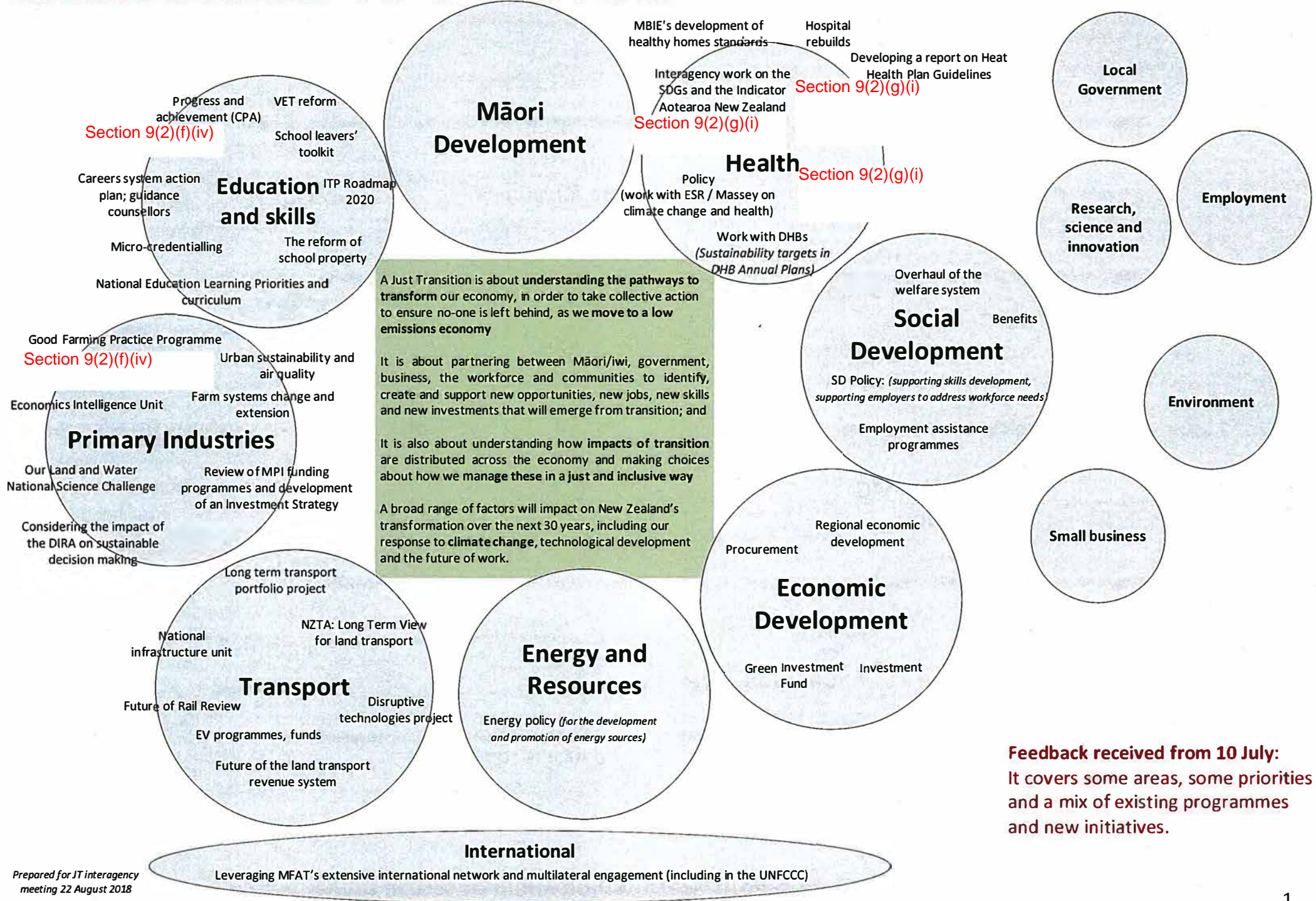


# JUST TRANSITION TO A LOW EMISSIONS ECONOMY





## FEEDBACK RECEIVED AFTER THE MOST RECENT JT INTER-AGENCY WORKSHOP



**Feedback received from 10 July:**  
It covers some areas, some priorities and a mix of existing programmes and new initiatives.

Section 9(2)(f)(iv)

Section 9(2)  
(f)(iv)

Section 9(2)  
(f)(iv)

Section  
9(2)(f)(iv)

Section  
9(2)(f)(iv)

Section 9(2)(g)(i)

Section 9(2)(g)(i)

Section 9(2)(g)(i)

Section 9(2)(f)(iv)  
Section 9(2)(g)(i)

Section 9(2)(f)(iv)

Section 9(2)(f)(iv)

Section  
9(2)(f)(iv)



## A possible framework to think about the role for a Just Transitions Unit?

**Mechanisms and incentives to transition New Zealand to a low emissions economy**

Are the systems set well for a transition to a low emissions economy?

Labour Markets

Education, skills  
and training

Innovation and  
science

Investment  
environment

We know there is a lot of work already underway in priority emission-producing sectors:

Transport

Primary Industries

Energy generation /  
transmission

Industry processes  
(industrial heat)

Are we satisfied our broad policy levers are delivering for the best outcomes in a regional context?

**Regional Development**

Local labour  
markets

Regional education  
and skills

Localised science  
and innovation

Regional  
investment

**National Policy Levers → Regional levers and influence**

**Incentives + Timing + Complementary Policies = A Just Transition**



Out of scope

Out of scope

Section 9(2)(f)(iv)

Section 9(2)(g)(i)

Section 9(2)(f)(iv)

Section 9(2)(f)(iv)

Section 9(2)(f)(iv)

## DISCUSSION

### Why do we need to think about prioritisation for the Just Transitions Unit?

Prioritisation can help us make choices that are:

- Better informed
- Transparent
- Understood by others

There are **many** policy levers and work programmes of relevance, but we are not a big unit.

We need to have a **rational, evidence-based logic** as to which policy areas we get involved with – and which areas we keep out of

- How do we manage the expectations of others?
- How do we justify our choices to decision makers?

### Some initial ideas about how to prioritise for the Just Transitions Unit

- **Partnership:** What are the opportunities to influence the area?
- **Collaboration:** What is the existing level of coverage and Just Transitions thinking in the area?
- **Impact:** What is the size of the opportunity?
- How relevant is the work to the region of Taranaki?

### Questions for inter-agency feedback:

1. Does this look about right for how the JTU can work with you and on key areas of work?
2. How should we be thinking about using national systems levers in a regional context?
3. Are there key aspects missing?
4. How can we work most effectively together?



## BRIEFING

### Engagement with Taranaki by the Provincial Development Unit and the Just Transition Unit

Date:	29 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3979 17-18

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	<b>Note</b> the outline of current and planned engagement with Taranaki  <b>Agree</b> to sign the attached letter of reply to the Chair of Venture Taranaki	N/A
Hon Megan Woods Minister of Research, Science and Innovation	<b>Note</b> the outline of current and planned engagement with Taranaki	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone	Section 9(2)(a)	1st contact
AJ Millward	General Manager, Strategy & Governance			
Gus Charteris	General Manager, Just Transitions	04 474 2839		✓
Robyn Henderson	Manager, Sectors	04 901 1305		
Mark Patterson	Senior Advisor, Provincial Development Unit	04 916 6064		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



## BRIEFING

### Engagement with Taranaki by the Provincial Development Unit and the Just Transition Unit

Date:	29 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3979 17-18

#### Purpose

To provide clarity on how the Provincial Development Unit and the Just Transition Unit are engaging in partnership with the Taranaki region. This briefing also outlines funding commitments made to date and others in development. This is relevant to correspondence from the Chair of Venture Taranaki to the Prime Minister in late May 2018 (attached).

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the Provincial Development Unit and the Just Transition Unit are working closely together on engagement with the Taranaki region, to build a co-creation process to assist further investment and support.
- b **Agree** to sign the attached letter of reply to the Chair of Venture Taranaki, which outlines government's commitment to working in partnership with Taranaki on their transition planning.

*Agree / Disagree*

AJ Millward  
**General Manager, Strategy & Governance**  
PDU, MBIE

..... / ..... / .....

Gus Charteris  
**General Manager, Just Transitions**  
Labour Science and Enterprise, MBIE

29/06/2018

Hon Shane Jones  
**Minister for Regional Economic Development**

..... / ..... / .....

Hon Megan Woods  
**Minister of Research, Science and Innovation**

..... / ..... / .....

## Background and key messages

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1. This briefing outlines:
  - a. the partnership and process being built with the Taranaki region
  - b. the funding commitments made to date and others in development, and how these will support a better understanding of the opportunities for the region
  - c. where to next.
2. The Provincial Development Unit (PDU) and the Just Transition Unit (JTU) are working jointly on engagement with the Taranaki region. We are in daily contact and are sharing information on discussions with regional stakeholders.
3. There is existing funding in place relating to the *Tapuae Roa Make Way for Taranaki* Action Plan, and commitment to support the advancement of further opportunities.
4. We are now co-creating a process with the region (using a just transition approach which has co-creation, more effective planning for change and alignment of support at its core) to establish what we are collectively going to support and progress (for example, through mechanisms like the Provincial Growth Fund (PGF) and the Green Investment Fund) in the region.
5. The process will likely highlight other areas that will require government support, for example, how the skills and training and innovation systems can better support opportunities in Taranaki.

### Background

6. The Prime Minister and Ministers Woods and Little visited the Taranaki region on 25 May 2018 to engage with key stakeholders on the implications of the recent decisions on offshore oil and gas exploration.
7. The Prime Minister issued a press release alongside this visit stating that the “government has a range of ways it can work with Taranaki and the energy sector – for example our Provincial Growth Fund and Green Investment Fund will invest millions of dollars into new jobs and industries in regions that currently rely on fossil fuels. We are committed to helping to accelerate our collective planning for transition, building the required evidence and business cases, and mobilising co-funding.”
8. The press release noted the Prime Minister’s support of the region’s desire to host a national Just Transition Summit, and that a dedicated Just Transition Unit had been established within MBIE to work with partners to develop plans and manage the transition to a low-emissions economy. It also confirmed that resources would be available to support in-region personnel to focus on just transition planning back into central government.
9. During the visit, regional Mayors sought support for further funding to support regional initiatives. This included an invitation for government to co-fund the regional economic growth implementation plan (at \$3.78m a year for three years) and to create a local development fund of \$10 million a year to be administered by a new regional committee to act as stimulus for change.
10. The Prime Minister and Ministers did not engage on the detail of these proposals but noted government would work closely with the region on further identifying and supporting the areas where the region could build on its strengths. On 27 May 2018, Robin Brockie, Chair of Venture Taranaki, wrote to the Prime Minister welcoming a new, open partnership

between the government, local and regional councils, local iwi, businesses and community to translate the vision to reality. The funding initiatives in para 9 were also detailed.

11. These ideas are discussed below under the 'Funding' heading. The letter from Mr Brockie and a draft reply from Minister Jones are attached as Annex 1 and 2.

### **Engagement – occurring jointly between the PDU and JTU**

12. Officials from the PDU and the JTU are working closely in their engagement with Taranaki, including with Al Morrison as the Senior Regional Official (SRO). Engagement with the region is occurring collaboratively, either involving joint PDU/JTU officials or, at a minimum, providing timely feedback from individual engagement.
13. Examples of this include meetings held in New Plymouth on 11 June 2018 with Venture Taranaki and the Taranaki District Mayor, which were attended by the JTU and the Energy and Resource Markets Branch of MBIE, with the PDU connected via teleconference. These meetings discussed the proposal to base a just transition person within the region (likely within Venture Taranaki).
14. In these meetings it was agreed to work towards a one-day session with key partners to map out what a plan for a successful just transition in Taranaki would entail. This facilitated workshop will be held on 10 July 2018 in Taranaki. It will have around 20 attendees comprising central government, local government, iwi, unions, and the agriculture and energy sectors.
15. Initial discussion has also occurred on the National Just Transition Summit, with agreement that it should be held in April 2019 (after WOMAD and in the shoulder season). Top level international speakers will be sought. Detailed planning on this is underway, and Ministers will be kept abreast of this via weekly reports and officials' meetings.

### **Funding**

16. Relevant funding for the region is summarised in the table below:

<b>What</b>	<b>Purpose</b>	<b>Status</b>
Tupae Roa Action Plan 13 projects (total \$19.9M)	To kick start implementation of Action Plan	Funding approved in April, projects in train
JT GM role (\$600,000 - \$200,000/year over 3 years)	To be an in-region contact and driver for just transition planning	Currently being considered by SROs
Hydrogen supply infrastructure (\$950,000)	Design, planning and cost estimation to support H2 Taranaki initiatives	Currently being considered by SROs
Section 9(2)(j)		
JT Summit Event manager role (\$TBC)	To manage organisation of the Summit	Proposal in development by Taranaki District Council then to be considered by SROs
\$10 million investment fund	To co-invest with region on	For further discussion with



	economic growth initiatives	the region in context of co-creation process
\$11.34 million investment (\$3.78 million per year for the next 3 years) for Venture Taranaki Trust	To increase capacity and capability within Venture Taranaki Trust to help accelerate the development and delivery of projects within the region's economic Action Plan	For further discussion with the region in context of co-creation process

*\$19.9 million has already been announced*

17. To date, the PDU has committed a total of \$19.9 million from the Provincial Growth Fund in a total of 13 projects linked to the Taranaki regions "Tapuae Roa – Make Way for Taranaki" Action Plan.
18. Of the \$19.9 million, the majority of this PGF investment is targeted towards increasing tourism opportunities in the region including upgrading the Taranaki Cathedral Church of St Mary, and improvements to infrastructure on Mount Taranaki.
19. There are key investigations underway as part of the initial PGF investment, including investigations into the development and delivery of hydrogen-based projects in the region, improvements to key roading networks (State Highway 43), and a stocktake of the current Māori education and enterprise in the region.

#### *Funding proposals*

20. The PDU has received a further six applications from the Taranaki region that are currently under consideration. Three of these applications are being considered by SROs with the outcomes to be formally advised in early July 2018.
21. This includes the application to support a Just Transitions General Manager role to be based in Taranaki, and focussed on development, cross-stakeholder engagement, and delivery of the Just Transitions programme in the region.
22. The other two applications under consideration by SROs are:
  - a proposal on hydrogen supply infrastructure front end engineering design, planning and cost estimation to support H2 Taranaki initiatives
  - Section 9(2)(j)
23. The three remaining proposals that have been received are at an early stage and are not ready for consideration. These include:
  - Section 9(2)(ba)(i)
  - Section 9(2)(f)(iv)
  - Section 9(2)(ba)(i)
24. The PDU actively seeks the input of the JTU and other government agencies when evaluating the merit of these proposals, for example, colleagues from MBIE's Energy and Resource Markets, and Research, Science and Innovation branches have provided advice on the hydrogen proposal.

*Additional proposals included in Robin Brockie's letter*

25. Mr Brockie expressed an interest in applying to the PGF for a \$10 million investment towards a contribution for the delivery of projects in its economic Action Plan. Currently, local councils of Taranaki have a combined contribution of \$3.78m per annum on supporting economic development.
26. To date the PDU has not received an application for the \$10 million. An application would be required to progress this, and then assessed against the PGF criteria (refer below for our thoughts on this).
27. Mr Brockie also expressed an interest in applying to the PGF for a \$11.34 million investment (\$3.78 million per year for the next 3 years) as a contribution to increase capacity and capability within Venture Taranaki Trust to help accelerate the development and delivery of projects within the region's Economic Action Plan. To date the PDU has not received an application for this.
28. Section 9(2)(f)(iv)

## Next steps

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29. We are actively building our relationships with regional stakeholders to allow us to co-create the appropriate responses to both the challenges and opportunities ahead. As noted above a workshop with key stakeholders in Taranaki is scheduled for 10 July 2018. Both JTU and PDU officials will participate. The workshop will explore:
  - what a successful just transition will look like for Taranaki – short, medium and long term aspirations; things to get right; things to avoid;
  - how to build from existing plans such as Tapuae Roa and other initiatives;
  - who will be important strategic partners for this transition;
  - the 3-4 key areas where we will need to coalesce our efforts over the next 6-18 months to make real progress for Taranaki.
30. This work will provide a firmer platform on which to assess the need and possible impact of the proposals that Robin Brockie as Chair of Venture Taranaki has suggested. In the meantime the PDU will continue their review and analysis of the Section 9(2)(f)(iv) and will share the outcomes of this with the JTU for reference in ongoing engagement with the region.
31. We anticipate that Venture Taranaki will move quickly to appoint the regional Just Transition person, and this person will be the key contact point for the JTU and PDU on the broader planning phase ahead.
32. A further proposal for PGF funding is expected in the next month or so to support the appointment of an event manager in the region with the task of planning for the National Just Transition Summit. Again, this will be a key point of contact for the JTU.

## Timeline

By early July 2018	SROs consider proposals and notification of outcome on: <ul style="list-style-type: none"><li>• the Just Transition Taranaki General Manager role;</li><li>• hydrogen supply infrastructure proposal; and</li><li>• <b>Section 9(2)(j)</b></li></ul>
10 July 2018	Workshop on what a successful just transition will look like for Taranaki
Early August tbc	<ul style="list-style-type: none"><li>• GM Just Transition appointed and in place in Taranaki</li><li>• Event manager in place for planning for JT Summit (In April 2019)</li></ul>
Mid July – December	Co-creation process for detailed planning on transition, including identifying actions and joint funding mechanisms.
April 2019	National Just Transition Summit held

33. A suggested reply from Minister Jones to Mr Brockie is attached. The letter seeks to reinforce the importance Ministers and government is placing on the close engagement process ahead. It also tries to clarify the approval processes for funding, and to state the contingencies around processes that are in train, and that will inform future funding decisions.
34. Ministers may want to jointly sign this letter.

## Annexes

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**Annex One:** Email from Robin Brockie

**Annex Two:** Draft reply

## **Annex One: Email from Robin Brockie**

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Dear Prime Minister,

**Re:- Your Taranaki Visit and a Just Community Transition Plan**

On behalf of the Venture Taranaki Trustees and executive, thank you for your valuable time discussing the impacts of recent oil and gas exploration policy changes.

Your visit and open communication of the Government's position in regards to transitioning our Nation to a low carbon economy is fully aligned to our own aspirational objectives in the new regional economic growth strategy, Tapuae Roa.

We share your views Taranaki is well positioned to lead the nation towards becoming a carbon neutral economy with our extensive skills and expertise developed over decades working in the energy sector.

This transition will require a new, open partnership between the Government, local and regional Councils, our iwi, businesses and community to translate the vision to reality.

The new transition team of MBIE is a positive start and we look forward to working closely with them in the coming weeks to operationalise some of the concepts we discussed on Friday.

Your recent investments in Tapuae Roa from the Regional Growth Fund were an encouraging catalyst for change and laid the foundations for a regional work programme on moving our economy beyond its current reliance on extractive industries. The pace of change does now need to accelerate if we are to achieve our joint objectives.

I did wish to clarify our idea of co-investment into our regional economic growth implantation plan. Currently the three territorial local authorities invest \$3.78m a year on economic development initiatives. The regional leaders are inviting you to match this level of investment for the next three years to boost the capacity and capability of our regional development agency to proactively respond to the transition needs of local industry and commerce.

Our leaders were also advocating for the establishment of a local development fund of \$10million a year to be administered by a new regional committee to act as stimulus for change. Its terms of reference would be jointly developed with our colleagues in Government and this fund could act as a subset of existing regional growth budgets.

I apologise your officers had not has more time to consider this idea prior to our meeting but you will appreciate the dynamic nature of the current international economic outlook and our need to evolve rapid strategic responses. You will be aware, the Council media release circulated before our meeting gave disclosure on this idea and breached my understanding of the confidentiality of our discussions. I do see the need for honest and open conversations in the weeks ahead and assure you our Trust has maintained its reputation for confidentiality over two decades.

With best wishes

Chair, Venture Taranaki Trust

Robin Brockie BCA, FCAANZ, MinstD, QSM

## **Annex 2: Draft reply**

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Robin Brockie

[brockierobin@gmail.com](mailto:brockierobin@gmail.com)

Tēnā koe Robin,

Thank you for your email of 27 May 2018 to the Prime Minister, Rt Hon Jacinda Ardern. I am responding as the matters you raise fall within my portfolio responsibilities as Minister for Regional Economic Development.

I acknowledge the value of our recent visit to your region. On behalf of the Prime Minister and Minister Woods, I assure you that the Government is committed to working in partnership with your community on the challenges and opportunities presented by the transition ahead.

With the recent oil and gas announcement, more work needs to be done on an equitable transition in the Taranaki region, including moving beyond the existing plan. I am advised the Ministry of Business, Innovation and Employment (MBIE)'s Just Transition Unit, led by General Manager Gus Charteris, is actively working with stakeholders in Taranaki, including Venture Taranaki, the Industry Gas Working Group and the New Plymouth District Council. Work is underway to understand what a successful transition looks like for the region and the mechanisms and resources it will require.

To assist in the transition, Government is currently considering providing a dedicated resource to support the development and delivery of the Government's Just Transitions programme in Taranaki. This initial three-year role will be a pivotal conduit between Government, local government, iwi, and the industries in implementing a Just Transition plan for the region. A funding decision on this will be made in early July 2018.

On the specific initiatives detailed in your email, we acknowledge that these are seen in Taranaki as important foundational investments. We wish to continue discussions on these as part of the co-creation process underway (I understand an initial workshop will be held on 10 July). This process will help us to establish collectively the priority areas for support in the region.

As you are aware, the Government has been working with the Taranaki region on the 'Taupae Roa Make Way for Taranaki' Action Plan, to build the region's economic potential. Through the Provincial Growth Fund, MBIE has invested \$210,000 in a coordinator role for the Action Plan, to be based in Venture Taranaki Trust. I understand that a subsequent request from Venture Taranaki for further capacity and capability support is expected to be lodged with the Provincial Development Unit soon.

Minister Woods is also actively engaging with her officials on this matter and receiving regular briefings on progress in Taranaki. We look forward to hearing the outcomes of these initiatives and welcome further discussions with you.

Nāku noa, nā

Hon Shane Jones

**Minister for Regional Economic Development**