



COVERSHEET

Minister	Hon Stuart Nash	Portfolio	Economic and Regional Development
Minister	Hon Carmel Sepuloni	Portfolio	Social Development and Employment
Title of Cabinet paper	Emissions Reduction Plan: Equitable Transition	Date to be published	18 August 2022

List of documents that have been proactively released

Date	Title	Author
March 2022	Emissions Reduction Plan: Equitable Transition	Offices of the Minister for Economic and Regional Development, and the Minister for Social Development and Employment
9 March 2022	Emissions Reduction Plan: Equitable Transition SWC-22-MIN-0028 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Confidential advice to Government.



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Emissions Reduction Plan: Equitable Transition

Portfolios **Social Development and Employment / Economic and Regional Development**

On 9 March 2022, the Cabinet Social Wellbeing Committee:

- 1 **noted** that under section 5ZG(3)(c) of the Climate Change Response Act 2002 (CCRA), the emissions reduction plan must include a strategy to mitigate the impacts of the transition on employees and employers, regions, iwi and Māori, and wider communities;
- 2 **noted** that in April 2021, the Cabinet Business Committee agreed that the Minister for Economic and Regional Development be responsible for emission reduction plan content on ensuring an equitable transition, which will be led by the Ministry of Business, Innovation and Employment and the Ministry of Social Development [CBC-21-MIN-0044];

Emissions Reduction Plan: Equitable Transition chapter

- 3 **noted** that there will be a chapter in the emissions reduction plan that responds to section 5ZG(3)(c) and that the chapter will draw on policies and measures from across other parts of the emissions reduction plan;
- 4 **agreed** that, subject to minor presentation adjustments, the following four pillars will form the overarching framework for the chapter on managing impacts in the transition:
 - 4.1 ensure the transition is affordable and inclusive, particularly for those least able to respond;
 - 4.2 seize the opportunities of the transition including new business, job and other economic and social opportunities;
 - 4.3 support proactive transition planning with industries, workers, iwi, Māori, regions and communities;
 - 4.4 build the evidence base and tools to monitor and assess distributional impacts enabling timely and well evidenced policy responses;
- 5 **noted** that the CCRA requires funding for actions designed to mitigate the impact which reducing emissions will have on employees and employers, regions, iwi and Māori, and wider communities, and that the Climate Emergency Response Fund budget process allow for funding to be allocated over the life of the emissions reduction plan;

Equitable Transitions Strategy

- 6 **agreed** to accept the Climate Change Commission's (the Commission's) recommendation 28 that the government develop an Equitable Transitions Strategy (the Strategy);
- 7 **noted** that the Strategy will use the terminology of an "equitable transition" and that this language will also be reflected in the emissions reduction plan chapter;
- 8 **agreed** to commence work on the Equitable Transitions Strategy in 2022, in parallel with the Just Transition Partnerships work programme, aligned to the Commission's recommendation to prepare a draft strategy for consultation by June 2023 and publish a final strategy by June 2024, and with sufficient flexibility to enable the identification of priority issues necessitating more urgent intervention;
- 9 **agreed** that the Strategy be developed through high engagement and in collaboration with affected groups, with governance and decision making remaining with government;
- 10 **agreed** that the Strategy be designed with iwi/Māori and a range of stakeholders including local government, businesses, unions, workers, beneficiary and low-income households, the disability community and a range of other interests including young people, older people, rural communities and Pasifika people;
- 11 **invited** the Minister for Social Development and Employment and Minister of Economic and Regional Development to report back to Cabinet with a proposed final terms of reference, governance arrangements and delivery approach for the Strategy which takes into account Cabinet's preferred approach to timeframes, governance and stakeholder participation;
- 12 **noted** that an overarching objective for the Strategy is to give effect to the principles of Te Tiriti o Waitangi and align with Iwi/Māori perspectives on wellbeing;
- 13 **agreed** that the Equitable Transition chapter in the emissions reduction plan include key objectives for the Equitable Transitions Strategy including:
 - 13.1 undertaking proactive transition planning that aligns with tikanga values and is developed in collaboration with Iwi/Māori, local government, regional economic development agencies, workers, unions, businesses, low-income households, and community groups including rural communities, with particular regard to those most affected by the transition;
 - 13.2 strengthening efforts to support a nimble and responsive education system with equitable access that sets New Zealanders up with skills needed for a low emissions future, including strategies for identifying and building the skillsets needed to support sectors key to move to a low-emissions economy over the next decade, and education pathways by Māori, for Māori;
 - 13.3 supporting workers to transition from high-emissions sectors to low-emissions sectors, including redeploying and upskilling workers, and identifying preventative interventions to avoid job loss and displacement, in conjunction with workers, unions, education providers and businesses;
 - 13.4 factoring distributional impacts into how climate strategies and policies are designed and implemented so that they minimise negative impacts, maximise co-benefits and take opportunities to reduce inequities, including work to improve real-time monitoring of impacts and the development and provision of more detailed modelling and analysis of how the transition will affect different groups;

- 13.5 identifying actions to reduce the exposure of households and communities to negative transition impacts and seize opportunities to address existing inequity through climate policy co-benefits – for example measures to improve fairness, accessibility and equity in the transport sector;
- 13.6 identifying measures to support continued business viability while also reducing emissions – including for small businesses;
- 14 **noted** that groups involved in the development of the Strategy will likely have further aspirations for the content of the Strategy, and officials will continue to work with stakeholders to ensure that the final Terms of Reference reflects these aspirations;
- 15 **noted** that the decisions in paragraphs 6 to 13 above will be reflected in the emissions reduction plan to provide information about which groups will be involved in the Strategy, how the work will be delivered, and what the key objectives of the work will be;

Other measures for inclusion in the Equitable Transition chapter of the emissions reduction plan

- 16 Confidential advice to Government
- 17 **agreed** that the Equitable Transition chapter in the emissions reduction plan will include a range of measures that are being developed through parallel processes to the emissions reduction plan, including:
- 17.1 Confidential advice to Government
- 17.2 a New Zealand Income Insurance Scheme;
- 17.3 work to ensure Active Labour Market Programmes are both effective and fit-for-purpose to support workers through economic transitions, including climate change;
- 17.4 utilising the Regional Public Service Commissioners in order to engage with local communities, gain regional input and to understand rural issues;
- 17.5 the renewed welfare overhaul work programme;
- 17.6 work to ensure that the education system sets New Zealanders up with the skills needed for a low emissions future;
- 17.7 Just Transition Partnerships work in Taranaki, Southland and other regions, Industry Transformation Plans and the Regional Strategic Partnerships Fund;
- 17.8 Confidential advice to Government

Rachel Clarke
Committee Secretary

Attendance (see over)

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Poto Williams
Hon Stuart Nash
Hon Kris Faafoi
Hon Peeni Henare
Hon Willie Jackson
Hon Jan Tinetti
Hon Dr Ayesha Verrall
Hon Aupito Williams Sio
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC