



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Research, Science and Innovation
Title of Cabinet paper	<i>Resourcing Taranaki's Just Transition Programme</i>	Date to be published	11 September 2020

List of documents that have been proactively released

Date	Title	Author
20 July 2020	<i>Resourcing Taranaki's Just Transition Programme</i>	Office of the Minister of Research, Science and Innovation
20 July 2020	CAB-20-MIN-0340	Cabinet Office

Information redacted

~~YES~~ / NO (please select)

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In Confidence

Office of the Minister of Research, Science and Innovation
Cabinet

Continuing to Resource Taranaki's Just Transition Programme

Proposal

- 1 This paper seeks Cabinet's agreement to provide resourcing to complete the Taranaki 2050 Roadmap process.

Relation to government priorities

- 2 Resourcing Taranaki's Just Transition process supports the Government's:
 - 2.1 vision to improve the living standards and wellbeing of all New Zealanders;
 - 2.2 economic strategy to build a productive, sustainable and inclusive economy that is resilient, including the outcome of transitioning to a clean, green and carbon neutral New Zealand; and
 - 2.3 international commitments to reduce greenhouse gas emissions and ensure a just transition.

Executive Summary

- 3 Since 2018, the Government has been partnering with Taranaki stakeholders to support a just transition for Taranaki's people, places and businesses.
- 4 The initial focus of the work over 2018/19 was on running a collaborative process to develop a 30 year just transition plan for Taranaki (called the Taranaki 2050 Roadmap) and running a National Just Transitions Summit in New Plymouth. The focus of the work over 2019/20 has been on working in partnership with Roadmap partners to run a collaborative process to plan in detail each of the 12 transition pathways identified in the 2050 Roadmap. The focus over the next 12 months will be on:
 - 4.1 completing the transition pathway action planning process;
 - 4.2 integrating the actions from the 2050 Roadmap with Taranaki's regional economic development strategy and its COVID-19 recovery plan;
 - 4.3 working with Roadmap partners on an implementation plan; and
 - 4.4 identifying how individual and collective actions can best be progressed, including:
 - 4.4.1 developing high-value ideas to be investment ready; and
 - 4.4.2 identifying appropriate private and public funding sources.
- 5 Taranaki stakeholders have previously raised resourcing as an issue to continue the 2050 Roadmap process. They have requested \$3.75m to fund

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roles in Venture Taranaki to complete the Roadmap and implement it over the next five years. Due to COVID-19, decisions regarding this were deferred.

- 6 Venture Taranaki's work to date has been funded by the Provincial Growth Fund (PGF). It is expected that this funding will be depleted by the end of July 2020 and Venture Taranaki have indicated that this work cannot continue without further resourcing from central Government.
- 7 Venture Taranaki has sought additional funding from the PGF to complete the process but this request is unlikely to be approved. The project does not necessarily fit within the new shovel-ready and high visibility requirements as directed by the Regional Economic Development Ministers Group. Venture Taranaki has exhausted other local funding options. Securing funding to continue the Roadmap process is now urgent.
- 8 I am seeking Cabinet approval to charge \$0.45m to the Between-Budget Contingency Fund for 2020/21 to ensure we can complete the Roadmap process. Once this process is completed the Government will be better placed to consider the investment needs of the region, including initiatives to support its implementation. This approach is appropriate given the constrained fiscal environment we are facing due to COVID-19.
- 9 I recommend that funding be charged against the Between-Budget Contingency Fund. This resource request is not eligible for funding from Budget 2020 as it is not a cost pressure investment and is not directly COVID-19 related. Funding cannot be met from within MBIE's baseline funding.
- 10 There are three key points I wish to highlight:
 - 10.1 Without further funding support, it is unlikely that the Roadmap programme will continue in its current form resulting in a loss of momentum for a Just Transition in Taranaki.. However, I expect that some of the benefits of the planning undertaken to date will continue to inform Taranaki's regional economic development.
 - 10.2 Funding resources for one year only continues our support for the process and preserves our ability to make an informed decision of further Crown investment once the Roadmap process is complete and the impacts of COVID-19 are known.
 - 10.3 By providing direct funding to complete the Roadmap process we may be setting a precedent for other regions that engage in a similar process.
- 11 Note that the Prime Minister I have been invited to attend the launch of the National New Energy Development Centre on 23 July 2020. I expect this resourcing issue to be raised at meetings around the launch.

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Background

- 12 Transitioning to a clean, green and carbon neutral New Zealand is a key outcome of the Government's economic strategy to build a productive, sustainable and inclusive economy. As recognised in the Paris Agreement on climate change, a just transition is imperative for the workforce and the creation of decent work and quality jobs. A just transition is also understood by many New Zealanders to be a critical process to support enduring positive outcomes for our people, places and sectors. It also aligns closely with the industry transformation plans that are being developed as part of our new approach to industry policy [DEV-20-MIN-0110].

The Government has been partnering with Taranaki stakeholders to support a just transition for Taranaki's people, places and businesses

- 13 In April 2018, the Government announced that it would cease new offshore block offers as part of its programme to transition New Zealand to a net zero carbon economy by 2050. The Government recognised that its policy decision will require transitions for our people, places and sectors in Taranaki given the large role that Taranaki's oil and gas industry plays in its regional economy, directly and indirectly.
- 14 Since May 2018, the Government has been partnering with business, iwi, unions, local government, community groups and education providers to support a just transition for Taranaki through the 2050 Roadmap process [DEV-18-MIN-0215]. In August 2019, Cabinet noted an update on the work with Taranaki and agreed to continue supporting the Taranaki Roadmap partnership [DEV-19-MIN-0207].

Focus of the work over 2018/19 – Organising the first National Just Transitions Summit and running a collaborative process to develop a vision for Taranaki in 2050

- 15 The initial focus of our work with Taranaki was on supporting Taranaki to host the first National Just Transitions Summit and working with our Roadmap partners to co-develop, refine and publish the Taranaki 2050 Roadmap.
- 16 The Taranaki 2050 Roadmap set out a vision for Taranaki in 2050 and identified 12 transition pathways that the region wanted to focus its planning efforts on. The Roadmap was created following 29 workshops on 12 transitions topics, surveys, community outreach visits to over 40 locations attended by over 1,000 people, and a formal consultation process. The 12 transition pathways include:
- 16.1 **seven focus sectors:** energy, food and fibre, tourism, the Māori economy, infrastructure and transport, health and wellbeing, and arts; and
 - 16.2 **five cross-cutting focus areas or enablers:** people and talent, innovation and R&D, regulation, environmental science and metrics and evaluation.

- 17 The 2050 Roadmap process has widespread support in Taranaki. It is led by a multi-stakeholder partnership chaired by the CEO of Todd Energy (Joanna Breare) with representatives from seven pou: business, unions, iwi, community, local government, central government and education providers.

Focus of the work over 2019/20 – Detailed planning for each of the 12 transition pathways is nearing completion

- 18 **Progressing the Taranaki 2050 Roadmap** – The Roadmap process is focused on developing action plans for each of the 12 transition pathways identified in the 2050 Roadmap. For most of the transition pathways, Venture Taranaki has facilitated three transition pathway action planning workshops with stakeholders from Taranaki and around the country.
- 19 The workshops have focused on understanding the current and future state, identifying the desired future and developing action plans. So far, 28 workshops have been held and the planning process is nearing completion, albeit slightly delayed due to the impact of COVID-19. I expect the last of the transition pathway action plans to be published by the end of August 2020. The lead group and local stakeholders have invested significant time in this planning process.
- 20 **Standing up the National New Energy Development Centre** – My MBIE officials have also been working with Venture Taranaki and an establishment team to stand up the NNEDC. The Centre will be a nationwide hub based in Taranaki that supports new energy products and technologies to be demonstrated and commercialised. The establishment of the Centre is on track and will be launched on 23 July 2020. The Prime Minister and I have been invited to attend.

Next steps – Integrating the Taranaki 2050 Roadmap with Taranaki’s regional economic development strategy and Taranaki’s COVID-19 recovery plan and identifying actions

- 21 **Completing the transition pathway action planning process** – Partnering with Venture Taranaki to finalise the remaining transition pathway action plans by August 2020.
- 22 **Embedding the 2050 Roadmap into Taranaki’s ongoing regional economic development** – Partnering with Venture Taranaki to integrate the 2050 Roadmap with Taranaki’s regional economic development strategy and Taranaki’s COVID-19 recovery plan.
- 23 **Developing an implementation plan** – Working with Roadmap partners on an implementation plan and identifying how individual and collective actions can best be progressed, including developing high-value ideas into investment ready propositions and identifying appropriate private and public funding sources.

- 24 **Developing a partnership agreement** – Co-developing a partnership agreement which will embed the just transition approach and shape how the Roadmap partners will work together in partnership going forward.
- 25 **Connecting with iwi and Māori groups** – MBIE is working closely with local iwi and Māori groups to understand their context and support their economic development.

Our Roadmap partners have requested resourcing to complete the Roadmap process and implement it over the next five years

- 26 In March 2020, Hons Robertson, Woods, Hipkins and Little met with Taranaki 2050 Roadmap stakeholders and discussed progress, next steps and resourcing issues. Ministers’ indicated that they were open to supporting Taranaki with further resources and invited Venture Taranaki to work with MBIE on a proposal.
- 27 Progress on this has been delayed due to COVID-19. Venture Taranaki is developing a business case for resources to implement the Roadmap which has helped to inform this request. The final case will be used to inform any future request for resources to implement the Roadmap.
- 28 With the 2050 Roadmap process nearing completion, additional resources are required to support:
 - 28.1 completing the 2050 Roadmap planning process; and
 - 28.2 implementing the 2050 Roadmap over the next five years and reviewing it in 2024.

<p>1) Completing the 2050 Roadmap planning process</p>	<ul style="list-style-type: none"> • Consolidating the Roadmap, Taranaki’s regional economic development strategy and its COVID-19 recovery plan. • Developing an implementation plan and working with the Roadmap partners and stakeholders across the region to secure individual and collective commitment to action. • Developing high-value and strategically aligned actions into a package of high-value investment ready proposals.
<p>2) Implementing the 2050 Roadmap over five years and reviewing it in 2024</p>	<ul style="list-style-type: none"> • Staff to co-ordinate work streams, drive action, support collective action across the region and attract investment. • Monitoring progress, evaluate and reviewing the Roadmap in 2024. • Resources to fund business cases and develop investment propositions.

Funding is needed to complete the Taranaki 2050 Roadmap planning process

- 29 Venture Taranaki has been progressing the Roadmap with funding through the Provincial Growth Funding (PGF) of \$0.6m. This is due to expire at the end of July 2020 once the last of the transition pathways are published. MBIE has provided Venture Taranaki with additional funding from within its baseline for the transition pathway workshops and contractors to help develop the actions plans.

30 Venture Taranaki has applied for additional PGF funding to complete the Roadmap process. Further PGF funding is unlikely given the project does not necessarily fit within the new shovel-ready and high visibility requirements. Venture Taranaki has exhausted local funding options.

Funding will also be needed to implement, monitor and review the 2050 Roadmap

31 The Taranaki 2050 Lead Group has requested \$3.75m over five years (\$0.75m per annum) in dedicated resourcing to implement the Taranaki 2050 Roadmap programme. The funding would employ a programme lead, a programme coordinator and three work stream managers – all based in Taranaki.

Funding options

32 I have identified four funding options for continuing the programme which are outlined below in Table One.

Table One: Funding options for continuing to resource Taranaki’s just transition programme

Option	Pros	Cons/Risks
<p>Status quo (no further direct funding from the Crown)</p>	<ul style="list-style-type: none"> Takes into account our constrained fiscal environment. 	<ul style="list-style-type: none"> Will not meet stakeholder expectations for significant long term central government commitment and resourcing. Risk of community disengagement with Taranaki’s just transition process. Programme is unlikely to be continued by Venture Taranaki given inability to secure sufficient local investment.
<p>Option One: \$0.45m for 2020/21 (Preferred Option)</p> <ul style="list-style-type: none"> \$0.25m for 2 FTEs for one year only; \$0.2m for MBIE to use to fund development of business cases and proposals. <p style="text-align: right;">Further resourcing to be sought at Budget 2021.</p>	<ul style="list-style-type: none"> Continues the programme through to implementation and embeds it within Taranaki’s regional economic development strategy. Includes funding to develop business cases and proposals to support investment decisions in future Budgets. Takes into account our constrained fiscal environment due to COVID-19. Allows decision on resources once the Roadmap implementation plan is done, the economic impacts of COVID-19 and the incoming government has considered its regional investment priorities. 	<ul style="list-style-type: none"> May not meet stakeholder expectations for significant long term central government commitment and resourcing. Risk that future Governments do not prioritise funding for resourcing capability to continue the Just Transition programme in Taranaki. Does not include provision to invest in initiatives and therefore likely to be future requests for investment in initiatives.
<p>Option Two: \$0.8 m over two years</p> <ul style="list-style-type: none"> \$0.5m for 2 	<ul style="list-style-type: none"> Continues the programme through to implementation and 	<ul style="list-style-type: none"> Programme may not be as effective as option three due to lower level of

<p>FTEs over two years;</p> <ul style="list-style-type: none"> • \$0.3m for MBIE to use to fund development of business cases and proposals. <p>Further resourcing to be sought at Budget 2022.</p>	<p>embeds it within Taranaki's regional economic development strategy.</p> <ul style="list-style-type: none"> • Includes funding to develop business cases and proposals. • Reflects an equitable share of costs between central government and local partners. • Takes into account our constrained fiscal environment due to COVID-19. • Allows decision on resources once the Roadmap implementation plan is done, the economic impacts of COVID-19 and the incoming government has considered its regional investment priorities. 	<p>staff.</p> <ul style="list-style-type: none"> • Only partially meets stakeholder expectations. • Does not include provision to invest in initiatives and therefore likely to be future requests for continued resourcing and investment in initiatives.
<p>Option Three: \$3.75M over five years</p> <ul style="list-style-type: none"> • \$2.9m for 5 FTEs over five years • \$0.2m for MBIE to use to fund development of business cases and proposals. • \$0.63m to develop business cases and proposals. 	<ul style="list-style-type: none"> • Secures long term commitment to resourcing the programme to ensure it is embedded in Taranaki's regional development programme going forward. • Meets stakeholder expectations regarding resourcing. • High level of resourcing creates the potential for impact if managed well. • Includes funding to develop business cases and proposals. 	<ul style="list-style-type: none"> • Sets a precedent without considering the broader investment goals and principles. • Unclear what the work programme is and therefore whether it represents value for money. • Does not include provision to invest in initiatives and therefore likely to be future requests for investment in initiatives. • May be higher priority investment opportunities to support our COVID-19 response and recovery effort.

Preferred option – invest \$0.45m to complete the Roadmap process

36 My preferred option is Option One – \$0.45m. Option One supports our Roadmap partners to complete the process through to implementation and ensures the Roadmap is embedded within Taranaki's regional economic development programme going forward.

37 Option One defers a decision on implementation resources until the Roadmap planning process is complete. At this point we will be better placed to consider the investment needs of the region, including initiatives to realise the Roadmap and resources to support its implementation. This is appropriate given the constrained fiscal environment we are facing and the precedent we are setting in providing funding for Taranaki.

Key risks are that work on the Roadmap will cease, momentum is lost on Taranaki's just transition and we set a precedent for other regions

38 Without further support, it is unlikely that the Roadmap programme will continue in its current form. This is likely to trigger disappointment within the Taranaki community, particularly for the people that have invested significant time in the process to date. It would also stifle momentum created in

achieving a just transition for the Region. However, I expect that the benefits of the planning undertaken to date will continue to inform Taranaki's regional economic development, albeit with a more constrained focus on environmental and social outcomes.

- 39 Providing resourcing for one year only of \$0.45m continues our support for the process, in line with our constrained fiscal environment. This approach preserves our ability to decide to provide further Crown funding in the future.
- 40 By providing direct funding to complete the Roadmap process we may be setting a precedent for other regions that engage in a similar process.

Funding cannot be sourced from other funding sources

- 41 Taranaki's resource request does not meet Budget 2020's COVID-19 Response and Recovery Fund's criteria for a cost pressure investment and is not directly COVID-19 related. It cannot be met from within MBIE's baseline funding. Venture Taranaki has sought additional funding from the PGF to complete the process but this request is unlikely to be approved given its poor fit with the new shovel-ready and high visibility requirements.

Implementation

- 42 MBIE will contract to allocate this funding and maintain control of expenditure for the development of business cases and proposals.
- 43 I propose that we direct MBIE to report back to Cabinet once the Roadmap process has clarified the investment needs of the region to implement the Roadmap. At this point it will be important to consider the principles and investment objectives as well as the precedent we are setting.

Financial Implications

- 44 The proposal would approve \$0.45m of funding for 2020/21 to support the completion of the Taranaki 2050 Roadmap process through to implementation. This funding will comprise:
- \$0.25m for 2 FTEs for one year; and
 - \$0.2m for MBIE to use to fund development of business cases and proposals.
- 45 The proposed funding would be included in the 2020/21 Supplementary Estimates and in the interim be met from Imprest Supply. These expenses would be charged against the Between-Budget Contingency Fund established as part of Budget 2020.
- 46 Further resourcing for future Taranaki 2050 Roadmap implementation will be sought through future Budget processes.

Legislative Implications

47 There are no legislative implications.

Impact Analysis

Regulatory Impact Statement

48 The regulatory impact analysis requirements do not apply.

Climate Implications of Policy Assessment

49 A Climate Implications of Policy Assessment (CIPA) is not required.

Population Implications

50 This proposal does not have any direct population implications.

Human Rights

51 This proposal does not have any direct human rights implications.

Consultation

52 The Treasury has been consulted. The Department of the Prime Minister and Cabinet has been informed.

Communications

53 I do not propose to make any specific public announcements. My officials will inform Venture Taranaki and the Taranaki 2050 Lead Group.

Proactive Release

54 I intend to proactively release this paper within 30 business days of a decision being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

Recommendations

55 The Minister of Research, Science and Innovation recommends that the Committee:

- 1 **note** that since May 2018, the Government, has been partnering with business, iwi, unions, local government, community groups and education providers to support a just transition for Taranaki through the 2050 Roadmap process [DEV-18-MIN-0215 refers];
- 2 **note** that, in August 2019, Cabinet agreed to continue supporting the Taranaki Roadmap partnership [DEV-19-Min-0207];
- 3 **note** that I am reporting back to Cabinet in line with Cabinet's invitation for me to report back with further information on the just transitions work programme [DEV-19-Min-0207];

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- 4 **note** that in March 2020 Taranaki Roadmap partners met with Hons Robertson, Woods, Hipkins and Little and indicated that additional funding is needed to complete the Roadmap process and implement the Roadmap;
- 5 **agree** that an investment of \$0.45m in 2020/21 be made for resources to complete the Taranaki 2050 Roadmap process;
- 6 **approve** the following changes to appropriations to provide for the decision in recommendation 5 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2020/21 & outyears
Vote Business, Science and Innovation Minister for Economic Development					
Policy Advice and Related Services to Ministers MCA					
Departmental Output Expenses					
Policy Advice and Related Services to Ministers - Economic Development (funded from revenue Crown)	0.450	-	-	-	-
Total Operating	0.450	-	-	-	-

- 7 **agree** that the proposed changes to appropriation for 2020/21 above be included in the 2020/21 Supplementary Estimates, and, in the interim, the increases be met from Imprest Supply
- 8 **agree** that the expenses incurred under recommendation 6 above be charged against the Between Budget Contingency Fund established as part of Budget 2020;
- 9 **direct** the Ministry of Business, Innovation and Employment to report back to Cabinet once the Roadmap process has completed and it is clear what investment and resources are needed to implement the Roadmap; and
- 10 **note** that future funding requests to support Taranaki’s just transition approach will be considered through the Budget process.

Authorised for lodgement

I N C O N F I D E N C E

Hon Megan Woods

Minister for Research, Science and Innovation

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