

Terms of Reference – Equitable Transitions Strategy for Aotearoa New Zealand

Context

- 1 Our transition to a low-emission economy will create challenges and opportunities. Changes will play out in different ways for different regions, industries and groups in society.
- 2 A well-signalled and inclusive transition can ensure that we achieve our climate goals while helping our economy and communities prosper, leading to higher wages, improved wellbeing and more productive and resilient businesses.
- 3 To realise this vision, Cabinet accepted the Climate Change Commission’s recommendation to develop an Equitable Transitions Strategy and agreed to include this commitment in the emissions reduction plan.

Purpose

- 4 The purpose of the Equitable Transitions Strategy is to ensure a well-signalled and inclusive transition to a high wage, low-emissions and climate resilient future, which maximises opportunities and minimises disruption and inequities.

Te Tiriti o Waitangi

- 5 To ensure that the transition is equitable, fair and inclusive, the emissions reduction plan recognises the importance of upholding Te Tiriti o Waitangi, working in collaboration with Iwi/ Māori to maximise opportunities, and avoiding disproportionately affecting Māori or locking in existing inequities.

Governance arrangements

- 6 The Ministry of Business, Innovation and Employment (MBIE) and Ministry of Social Development (MSD) are the lead agencies responsible for developing and delivering the Equitable Transitions Strategy.
- 7 The Minister for Economic and Regional Development and Minister for Social Development and Employment are the responsible Ministers.
- 8 MBIE and MSD will chair an Interagency Governance Group to maintain strategic oversight and ensure that delivery, stakeholder management, and budget allocation is on track. Progress will be monitored and reported to:
 - 8.1 The responsible Ministers
 - 8.2 The Senior Leadership Teams of MBIE and MSD

- 8.3 The Climate Change Chief Executives Board established as an Interdepartmental Executive Board (IEB) under the Public Service Act 2020 to oversee the implementation of the emissions reduction plan.
- 9 The Climate Response Ministers Group (CRMG) may take an interest in the development of the Equitable Transition Strategy, given its cross-cutting scope.
- 10 Cabinet will approve the draft and final versions of the Equitable Transitions Strategy before publication.

Scope and Objectives of the Equitable Transitions Strategy

- 11 The development of the Equitable Transitions Strategy will include developing tangible actions and policies to address challenges and leverage opportunities that are targeted toward those groups in most need of support, drawing on a diverse range of perspectives and experiences.
- 12 Cabinet has agreed that the Equitable Transitions Strategy will focus on six initial objectives:
- Objective 1 – Undertake proactive transition planning that 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.
 - Objective 2 – Strengthen 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.
 - Objective 3 – Support 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.
 - Objective 4 – Factor 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.
 - Objective 5 – Identify 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 not improve fairness, accessibility, and equity in the transport sector.

- Objective 6 – Identify measures to support continued business viability while also reducing emissions, including for small businesses.

13 It is recognised that while transition planning and other measures are essential to ensure an equitable transition, these objectives should not be used to justify avoiding or delaying changes necessary to drive the transition to a low-emission future.

Development process for the Equitable Transitions Strategy

14 Across the objectives, the development of actions and policies will be tailored to different challenges and opportunities for different groups. This will be achieved through meaningful engagement across a broad range of groups and interests, including but not limited to:

- Māori
- unions
- workers
- business
- women
- education providers
- regional and rural communities
- local government
- disabled people
- Pacific peoples
- young people
- ethnic communities and new migrants
- low-income and beneficiary households.

15 The Equitable Transitions Strategy development process will involve working with these and other groups to develop:

15.1 a shared view of the problem definition and the strategic long-term outcomes that are sought

15.2 a workable number of options for intervention, with a particular focus on options that are realistic and implementable.

16 The Interagency Governance Group is tasked with ensuring that the strategy development process is collaborative and meaningful. This means:

- 16.1 developing proposed solutions alongside partners and key stakeholders to ensure that end results meet a broad range of needs
 - 16.2 having particular regard to those who are most affected by the transition
 - 16.3 ensuring that a diversity of views are incorporated, including groups with less resource to engage in traditional consultation processes.
- 17 It is recognised that meaningful engagement will take time and that some issues within the scope of the Equitable Transitions Strategy may justify action prior to the completion of the final Strategy. Where there is a strong case for early intervention the Strategy will seek to develop actions for implementation in parallel with the development of the overall strategy.

Key dates

- 18 A draft Equitable Transitions Strategy for consultation by 30 June 2023.
- 19 A final Equitable Transitions Strategy prior to June 2024.