

Attachment Six: BusinessNZ and CTU memo on just transitions gap analysis and priorities



Joint memo from BusinessNZ and the NZCTU on the Just Transition gap analysis and Future of Work Tripartite Forum priorities.

At the March 2022 Forum on Just Transitions, the Future of Work Tripartite Forum agreed to a shared definition of a Just Transition. This shared definition sets out the principles of a Just Transition for the specific purpose of enabling the Forum to scope a national strategy and programme of work that meets these principles.

Definition of a Just Transition for the Future of Work Tripartite Forum

A Just Transition is a process run in partnership between the Government, Māori, as Te Tiriti o Waitangi partners, social partners (business and unions), local communities and local Government. The process is designed to secure rights and livelihoods when communities, industry or the country experience economic shocks or structural change.

The New Zealand economy will face uncertain future disruptions. Challenges from climate change, automation and the impacts of globalisation will occur alongside recessions, business restructuring and other international and national factors.

At times, the challenges posed by these future disruptions, the transition to the future of work, and the interaction between these will affect a community, region or industry. If not addressed promptly and proactively they will negatively impact businesses and workers alike. The economy will be unnecessarily impacted, skills will be lost, and human capital will be destroyed in the process. These changes risk reducing the availability of decent work together with secure and liveable incomes.

We can address these challenges through a just transition, towards a more productive, sustainable, and inclusive economy and society.

A Just Transition process:

- Mitigates the negative impacts of the transition and existing change processes
- Enables valuable change to occur and capitalizes on opportunities that come about because of the transition
- Prepares New Zealand's response to future adverse shocks
- Proactively shapes the economy to minimise the future impacts of change, and builds New Zealand's social, economic, and environmental capacity to respond to threats to its wellbeing

- Seeks to determine whether a change can be mitigated by government or other action, and what sort of action is necessary
- Recognizes that not all shocks are necessarily adverse
- Is a partnership with Māori, as Te Tiriti o Waitangi partners, social partners (business and workers) and local communities
- Strengthens the ability of communities, workforces, and industry to determine their own futures over the long term
- Seeks to equitably share the costs, benefits, and opportunities of change across society and the economy and mitigates the potential for that change to create larger economic inequality
- Is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind
- Ensures that the workers directly affected by a transition do not unfairly shoulder the burden of transitions.
- Delivers for more marginalized groups and sectors of the community. It supports these groups to play a leadership role in identifying and planning for the actions that will be needed for their transition over the short-, medium- and long-term.
- Actively works to achieve these outcomes

What are the gaps and forum priorities?

From the gap analysis and literature review on a Just Transition, we can see that there are gaps in both the knowledge and data available as well as gaps in the policy programmes being delivered.

The knowledge gaps include:

- Data on labour market resilience, including factors such as:
 - Household financial resilience
 - Skill obsolescence
 - Industry concentration
 - Likelihood of structural change
- What the regional distributional impacts of Just Transitions or economic shocks are likely to be.
- Business and industry projections and expectations for the skill and employment needs of the future workforce, in terms of new, emerging, and redundant jobs and skills as a result of both the emissions reduction plan, climate change, and technology change.
- What support would business and workers need to enable them to transition to a lower carbon future.
- How the supply chain adapts to transition events such as a fossil fuel intensive industry transitioning to green energy, or the downstream consequence of the loss of strategically important businesses.
- What the main pain points for energy intensive trade exposed businesses as a result of government policy interventions including the sinking emissions budgets and withdrawal of free allocation of credits.

The policy lever gaps include:

- A Just Transition for infrastructure needs such as road and rail, skills training, business parks and premises. While the ERP covers this specifically in relation to climate change, the forum definition of a Just Transition expands the scope to other forms of economic shocks. Therefore, a Just Transition for infrastructure includes infrastructure that is necessary to manage the risks of structural economic change, and economic obsolescence.
- Active Labour Market Policies (ALMPs) and how NZ Income Insurance engages with the ALMPs as an integrated whole.
- Lifelong learning, particularly access to education and training while people are at work or unemployed so they can update or upgrade their skill levels in response to changing skill requirements and disappearing occupations. A critical barrier is the cost of taking time off work to do it.
- Industry Transformation Plans (ITPs) and how they sit together cohesively: The Future of Work forum has defined Good Work and 8 elements of a Good Work Framework, however some ITPs have positioned Good Work as being out of scope. The ITPs came from the Future of Work forum as a means for addressing future of work issues and therefore this disconnect is evidence of a need for greater cohesion and an overarching goal and economic strategy that ties the ITPs together.
- Extent to which there is a Māori Economy lens that ensures the Just Transition plan is proactively working develop the Māori economy take advantage of the opportunities for tangata whenua and the Māori economy.
- A gender lens and increasing labour market resilience for women: When COVID-19 first hit, following the initial lockdown, women accounted for 90% of the 11,000 kiwis who lost their job due to the pandemic or the pandemic response. The reason for this is two-fold:
 - Childcare interruptions due to lockdowns and closed childcare centers, disproportionately impacted working mothers than working fathers.
 - Women workers are highly concentrated in three industries. In the year to March 2021, around 50% of working women were employed in: Healthcare and social assistance (18.6%); Retail, trade, and accommodation (16.9%) (represented in part, by the Tourism ITP); Education and training (12.3%).
 - These industries are more exposed to economic downturns, particularly in a pandemic where shops were closed.
 - Employment in these sectors is often precarious, job security and regularity of hours are already low. One-third of underemployed women work in retail trade.
- Policy levers and initiatives to address the highly segregated New Zealand labour market. Around 50% of workers are in occupations where at least 70% of the workforce are of the same gender. Too often initiatives designed to help stimulate economic activity and recover are male dominated – e.g. shovel ready fund and ITPs. The ITP sectors are weighted towards male-dominated industries and therefore risk leaving women behind.

Summary

Government policy on a Just transition should be complementary to the proposed NZ Income Insurance Scheme, its wider workplace relations programme, and its industry strategy.

We request that the government provide a timetable for responding to distributional analysis.

A Just Transition that wishes to increase the resilience of workers and businesses to economic shocks should work to desegregate the labour market to diversify risk and increase employment resilience for frequently marginalised or left behind sectors of the workforce.

A Just Transition must ensure policy levers and efforts are being focused on sectors that are equitably representative of male, female, Māori, Pasifika.

A Just Transition must proactively plan to equitably mitigate the risks and capitalize on the opportunities that will come about from a transition, such as to a low carbon economy. It must look to long term economic development planning

Social Partners Recommendations

1. The Forum agrees to the development of an economic development goal for NZ. This will establish our ambition for the economy of New Zealand and will be developed through tripartite process.

2. The Forum agrees that the statement above will be used to guide the work of:

- Workforce Development Councils, Regional Skills Leadership Groups / Active Labour Market Policy's/ Industry Transformation Plans / Employment Action Plans/National Infrastructure Unit/Regional Economic Strategies
- The Just Transition Work already underway, and the work of the Equitable Transition Strategy

3. The Forum agrees that a Just Transition has two mechanisms

- Proactively shaping the economy so that it is more resilient to change, and so that the costs of economic change are not borne disproportionately by one group
- Reactively supporting workplaces, communities, and sector through rapid economic change.
- Consequently, The Forum agrees to the development of a tripartite programme that will set out how both of these elements will be delivered, and how they will integrate with the rest of the government's economic development agenda.

The economic development goal, the policy programme, and its integration will be brought to a future FOW Forum in 2023.