

NEXT STEPS ON JUST TRANSITION TO GOOD, GREEN JOBS

CTU agenda for 2020 and into the new parliamentary term



INTRODUCTION

Climate change may be a problem of physical science but how we arrive at a point of mitigation is a social issue that can be collectively decided. The union movement's contribution to this collective decision making is to promote a just transition for working people affected by climate change. As we are gripped today by the changes to our climate, it's not an imagined future that just transition foreshadows, it's the felt reality of an active transition already underway.

Two years ago, the CTU launched *Just Transition: A Working People's Response to Climate Change*¹ at our Biennial Conference. The result of over a year's work, it was the first time we had set out in detail what a just transition, that puts working people at the centre of planning for a low carbon future, should look like in Aotearoa New Zealand, including the role of Māori in the transition.

As we said in 2017, "the idea of a 'Just Transition' recognises that responding to climate change will be a mix of positive opportunities and necessary changes. It acknowledges that we will only be successful if we find a way forward which is fair to everyone. Addressing climate change requires collective action. If we are asking some people to move their homes, their families and their careers for the good of us all, we should expect them to ask what they are being offered by society in return."

The same day we launched our report, across town the new government was being sworn in at Government House. And later that day we heard from Prime Minister Jacinda Ardern, and other Ministers over the course of our conference, that they supported a just transition for working people and would work with us to bring this about.

Much has happened since. Chief among this is planning underway to ensure a just transition for Taranaki, through the inclusive Taranaki 2050 Roadmap co-design process – assisted by central government in the form of the Just Transition Unit in MBIE. Funding is coming on stream through the combined weight of the Provincial Growth Fund and Green Investment Finance Limited. National level tripartite social dialogue is taking place through the Future of Work Tripartite Forum, chaired by the Minister of Finance, CTU and Business NZ. And reform of vocational education will help future proof our education, training and skills provision for current workers and the next generation. At the international level New Zealand has signed both the *Solidarity and Just Transition Silesia Declaration* in Katowice in December last year, and the *Advancing a Just Transition and the Creation of Green Jobs for All for Ambitious Climate Action* statement in New York this year.

However the pressing need to map out the detail for a transition for working people and communities to a low carbon future remains, and this document sets out the CTU's priorities both for 2020 and for the next term of parliament in 2020-2023 term.

At a macroeconomic level, a number of the key levers for a just transition are in place. The need for economic diversification is understood, and support and funding are in place to assist this.

For working people, however, a second important feature is necessary. It's not enough to just know that the new jobs are there. Working people need to see, and be enabled to develop themselves, a dedicated plan to manage the change process for themselves and their workmates – with what we call 'active labour market policies', backed up by a strong social security net.

More broadly, a Just Transition needs to also ensure that opportunities for decent work in sustainable industries are available for all working people – and that the transition does not repeat existing patterns of inequality. For example the hundreds of thousands of care and support roles in health, education and other public services are critical to New Zealand's future wellbeing, and these roles have been historically dominated by working women and characterised by low pay and conditions, which current and past pay equity claims are seeking to resolve.

1 <http://www.union.org.nz/just-transition/>

PROPOSALS FOR IMPLEMENTING THE JUST TRANSITION: 2020 AND BEYOND

Funding the Taranaki 2050 Roadmap

Following a number of community hui from February to April, a Taranaki 2050 Roadmap² was launched at the Prime Minister's Just Transition summit in New Plymouth on 9 and 10 May 2019. This document set out a vision for Taranaki in 2050 including the kind of communities the region wanted to create and the jobs and economic activity that will underpin livelihoods in the region. Now is the time to turn the roadmap into action – and several action groups are developing plans to implement aspects of the vision set out in the Roadmap.

In contrast to other economic development planning processes, the strength of Taranaki 2050 is how inclusive it has been. As the Taranaki Draft Roadmap Report noted, the “creation of the Taranaki 2050 Roadmap could be described as a bottom-up, transparent, inclusive exercise capturing new information from a far more diverse group of stakeholders within a changed economic context due to government policy amendments in relation to climate change.” Union members have been a key part of Taranaki 2050.

Central government has supported the work of the Taranaki 2050 Roadmap. We recommend ongoing support and funding of initiatives to ensure the just transition becomes a reality.

Support the participation of Māori in driving just transition processes

Within Aotearoa New Zealand a Just Transition depends on first acknowledging the unjust, allowing a time of mourning of the loss, but then beginning the journey of reparation. As CTU's Te Rūnanga o Ngā Kaimahi Māori said in our 2017 report, a just transition model will need to work right for indigenous people if it is to work: “indigenous people want to be part of the change, not have change foisted upon them.”

Likewise, the Taranaki Draft Roadmap Report called for “ensuring the Māori world view and values are incorporated as we move forward: Through all workshops, there was an overwhelming desire for Māori values to be woven through our transition to a low-emissions economy – as a region adopting a multi-generational outlook to our economy, people, and the environment.”

The involvement of Maori is essential to any meaningful just transition in Aotearoa New Zealand. Kaitiakitanga – guardianship and conservation – provides a basis for our approach to climate change and just transition in Aotearoa New Zealand. This tradition indicates an intimate relationship between the people and their environment to the extent that the health of a community is measured by the health of the environment. We need to listen to solutions to climate change that Iwi can offer.

The resources of Maori are stretched though, and iwi, hapū and Maori organisations are regularly asked to contribute to government and other processes, seldom with adequate support to do so.

We recommend that iwi, hapū and Maori organisations are funded to both contribute to region/sector wide just transition planning work, but also to carry out the processes internal to their memberships and organisations, as determined by themselves.

Implement Welfare Expert Advisory Group's recommendations on active labour market policies

For unions the traditional role of the social security system has been to ensure that working people are supported in times of illness, redundancy and unemployment with adequate income and security. The Welfare Expert Advisory Group's recommendations in *Whakamana Tāngata*³ are highly relevant to just transition. Chapter 9 lays out the case for increased support for workers in transition – what is called active labour market policies.

Active labour market policies are a central part of a modern and fit-for-purpose social security system. The CTU has argued these policies should include support for working people who face job losses or redundancy, including requirements on employers to notify mass job loss, assistance with job search, career planning, retraining, relocation, income replacement of 80-90 percent of previous income for up to 12 months, and statutory redundancy payments.

In addition to active labour market policies, we also support proposals in the Advisory Group's report to a significantly lift income levels of those accessing a benefit. This is long standing CTU policy.

We recommend the implementation of the Welfare Expert Advisory Group's recommendations as a first step towards fit-for-purpose support for workers facing job loss.

Progress universal access to redundancy compensation

Related to the above, we note that all three parties that make up government went into the 2017 general election with policies on introducing guaranteed access to redundancy compensation⁴.

This is welcome, and needs to be progressed. A 2017 OECD report⁵ on New Zealand's system for assisting displaced workers found it among the weakest in the OECD, and that the costs of economic restructuring largely fall onto individual working people. Lack of redundancy provision was noted – but this was a small part of the reason why it concluded that New Zealand's system was so weak: it looked at all the forms of support.

This is entirely inconsistent with a commitment to a just transition and needs to be fixed.

We recommend as an initial step the government introduce universal access to redundancy compensation, based at four weeks payment for the first year plus two weeks for each year thereafter up to a maximum of 26 weeks' pay, and then develop further support for workers in transition (such as full income replacement proposals discussed in earlier section). The statutory redundancy pay should be tax-free and should not count towards benefit stand-downs or abatements.

Funding the transition

The essence of a just transition is simple: the costs of the necessary changes that deliver all of us a more stable climate must be spread evenly and not fall heavily and disproportionately on working people and those on low income.

3 <http://www.weag.govt.nz/weag-report/>

4 See https://www.labour.org.nz/workplace_relations_policy, <https://tinyurl.com/NZFirstLabourEmployment2017> and <https://www.greens.org.nz/page/industrial-relations-policy>

5 <https://www.oecd.org/newzealand/new-zealand-should-do-more-to-help-workers-struggling-after-redundancy.htm>

The transition, of course, requires revenue. Government's ability to fund this is related to the whether or not they are bringing in enough revenue. The CTU does not believe government is, and set out our approach to raising revenue to fund necessary public services and social and physical infrastructure that New Zealand needs in our submissions and later policy development following the Tax Working Group.

However it should not be up to government alone to fund the transition. Those firms that have benefited from the economic windfall of fossil-fuel industries have a social obligation to reinvest in the transition for the workforce and communities that have supported these industries.

We recommend reform of our tax system to bring in the necessary revenue to fund the comprehensive transition needed, in line with ideas outlined in our submission to the 2018 Tax Working Group⁶ and developed further since. We further recommend that government investigate new mechanisms in addition to taxation to ensure that businesses who have benefited from fossil fuel extraction are paying their fair share for the transition to a low carbon economy.

Use the purchasing power of key government funds to ensure good jobs, not just any jobs

As a major part of the economy, the government and its enterprises can assist a just transition through purchasing policies which look beyond the narrow criterion of short-term value for money for the purchasing agency to wider social and economic good, including decent jobs with living wages. The work on social procurement being done by the Southern Initiative in South Auckland is commendable.

Both the Provincial Growth Fund (PGF) and Green Investment Finance Limited have the transition to a low-carbon economy as explicit objectives. There are some minor references in the PGF application form to employment standards, in the form of open-ended questions, such as asking about the potential that the project contributes to the Fund's objectives of more permanent jobs, and how the conditions for working people in the supply chain will be improved/managed. But the potential for this fund to contribute to the government's agenda for decent work is being vastly under-utilised.

Building on changes to government procurement rules made earlier this year, we support strengthening of government procurement that is supporting the transition to a low carbon economy (and indeed all government procurement) by ensuring public money supporting the transition does so in a way that creates enforceable commitments to decent work. This includes rates of pay above industry-standard (and, at a minimum, above the current Living Wage), and commitment to workforce training and skills development, best practice in health and safety, equity and diversity in employment, and respect for workers' rights to freedom of association and collective bargaining.⁷

We recommend that all government procurement is amended to include commitments regarding decent work and labour standards beyond statutory minimums. This includes criteria for the Provincial Growth Fund's funding schemes (and other government schemes such as Mana In Mahi), and the investment profile and criteria for Green Investment Finance Limited.

6 <https://www.union.org.nz/wp-content/uploads/2018/12/NZCTU-Submission-Tax-Working-Group-Interim-Report.pdf>

7 <https://www.union.org.nz/wp-content/uploads/2019/05/Government-Procurement-Rules-4.pdf>

Ensure working people have a seat at the table where the transition is being planned

The voices of working people in the move to decarbonise is not only desirable, it is critical to its success. It is stating the obvious that without strong public support, governments' ability to introduce the urgent changes needed to keep global warming to within 1.5 degrees of pre-industrial levels is challenging.

The voices and contributions of working people need to be present at all decision making points involving just transition planning. We recommend that workers are included in the governance or as a key advisory role in the Climate Commission, continued involvement in processes under the Future of Work Tripartite Forum, the Workforce Development Councils being set up under the Review of Vocational Education (RoVE), (as provided for in section 479 (3) (a) of the Bill), proposed Regional Skills Leadership Groups (also from RoVE but encompassing similar proposals in the welfare and immigration reviews), the New Zealand Institute of Skills and Technology and the Tertiary Education Commission.

On the Regional Skills Leadership Groups – the CTU strongly supports the Government's intention to promote better integration of education, employment, immigration, and welfare systems as part of an overall strategy to shape and prepare for the future of work, and look forward to active participation in these regional bodies, where for some regions (such as Taranaki, West Coast), just transition will be a core interest.

We also support building the capacity of worker leaders from worksites across Aotearoa New Zealand to engage in the discussions and decision making around just transition and the future of work. We must support the participation of working people, including up-skilling for their roles on decision making bodies. We recommend a return of the Employment Relations Education Contestable Fund to in part support workers (and employers) in this.

We recommend working people have a seat at the table wherever decisions are being made on just transitions planning, and advocate the reintroduction of the Employment Relations Education Contestable Fund to help build the capacity of workers to engage in just transition planning.

Ensure that the costs of climate mitigation policies do not hurt the poor

As we transition to a low-carbon economy, the distributional impacts of climate policies need to be specifically identified and planned for. The changes we need to make globally in areas like land use, transport and energy will affect all workers, and it will affect the population unevenly.

Over-reliance on market-based climate mitigation policies, such as fuel taxes, will disproportionately hit low-income working people. Picture the person in a service-sector job in Auckland, clocking off shift at 4am. They won't be taking public transport any time soon. They'll be driving a cheap combustion-engine car home, paying through regressive consumption taxes for public transport investment, the timetables for which won't reflect the reality of their work life.

Governments (and firms) can also play proactive roles to assist low income communities with the transport transition. For example, mass roll out of electric vehicles for all government (and corporate) fleet cars will assist in creating a domestic second hand market which will be more accessible to low and middle income workers over time.

We recommend an explicit focus on the impacts of low incomes communities on all government climate policies.

Ensure the Climate Commission has just transition as a key focus

The CTU supports the aims of the Climate Change Response (Zero Carbon) Bill to create a Climate Commission and associated processes to ensure that New Zealand meets or exceeds our commitments to climate change mitigation under the Paris Agreement.

The Climate Commission should be given the mandate and expertise to provide independent advice and planning for a Just Transition in Aotearoa New Zealand. It is essential that all climate policy decisions and actions have an explicit focus on just transition and on distributional impact on low income communities.

We have recommend to select committee, changes to Climate Change Response (Zero Carbon) Bill to strengthen the mandate and expertise of the Climate Commission to consider and advise on actions needed for a Just Transition, and changes to strengthen the required content for Emissions Reduction Plans.⁸

Commitment to just transition processes in New Zealand's National Determined Contributions under the Paris Agreement

The process by which Governments report on the steps they are taking to meet their commitments under the Paris Accord takes the form of Nationally Determined Contributions (NDC). The first of these were published 4 years ago and the second round is presently under development.

Our NDC should include specific reference to the work underway on just transition. This is important not only to ensure coherence across different climate policy processes but it also helps build global support for just transition processes. As it does with other international alliances and processes such as Powering Past Coal, New Zealand has an opportunity to play a leadership role, and in this case to demonstrate that it is matching its commitments under the Paris Accord with action to support the workforce through change, through its support for a just transition.

We recommend that New Zealand's second Nationally Determined Contribution includes measures supporting a just transition for workers.

8 https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCEN_EVI_87861_EN12816/new-zealand-council-of-trade-unions-te-kauae-kaimahi