

Southland's just transition draft work plan

What is this document?

In July 2020, the owners of the New Zealand Aluminium Smelter (NZAS) announced the results of a strategic review into the site's operations. The outcome of this review was a decision to terminate the smelter's existing energy contracts and wind down production by August 2021 as a result of high energy costs and low aluminium prices.

Following a period of negotiation between NZAS and its energy suppliers, the smelter's owners announced they were extending the planned closure date to December 2024.

The Tiwai Aluminium Smelter has been integral to the Southland economy for 50 years. In response to the closure announcement, the Government committed to supporting the Southland community to deliver a just transition for workers and the wider region.

The Just Transition Partnerships team at the Ministry of Business, Innovation and Employment have developed this document as a first report back on progress delivering the Government's commitment. This document will set out:

1. The work we have done since the closure announcement;
2. A draft work plan developed with local stakeholders, for your feedback, and;
3. The next steps in delivering the just transition process.

What is a just transition?

Local, national and global changes in regulation, technology, the climate and environment, geopolitics and the economy all have an impact on people’s lives and livelihoods. In some cases, these forces can have enough of an impact that communities need a managed transition to adapt to the impacts.

Transitions usually benefit some groups more than others. A just transition approach addresses these impacts to make the process more fair, equitable and inclusive. A just transition ensures:

- › Negative social, economic, and environmental impacts of the transition are reduced;
- › Opportunities brought about by the transition are captured, and;
- › Those most affected are a part of planning and are appropriately supported.

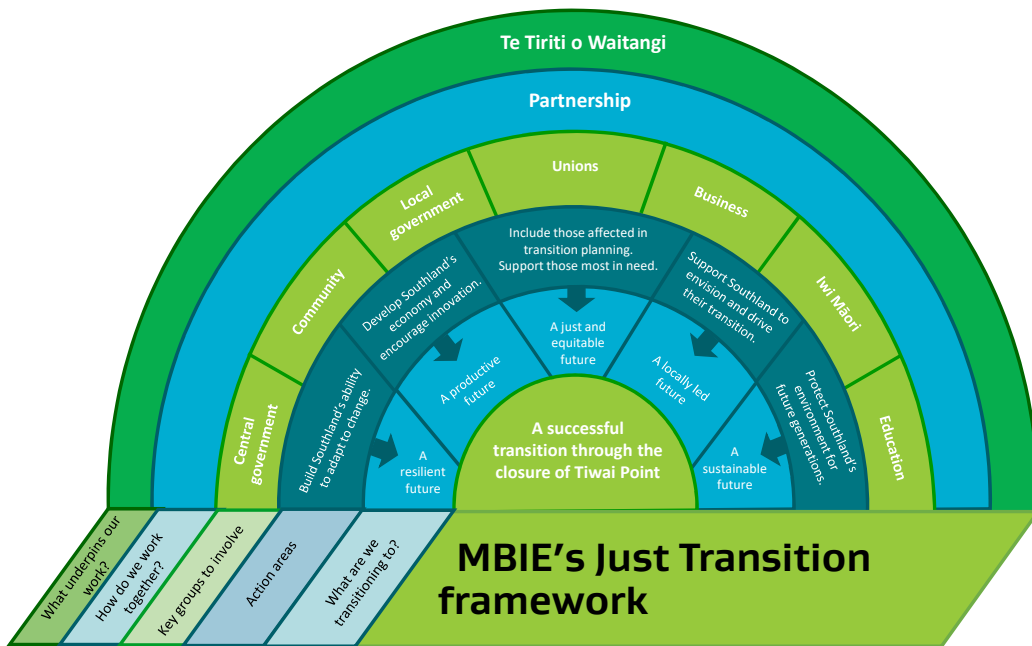


FIGURE 1: How MBIE approaches a just transition

What have we been doing?

The Just Transition Partnerships team have spent the first half of 2021 working with regional leaders to design Southland’s transition.

Project oversight

We have worked with iwi and local government to set up an interim group to develop and oversee the first stages of transition planning. This interim project oversight group has six members: two each from iwi, local government and central government. The group has agreed to a project goal of:

Helping Southland build its economic, environmental and social resilience through and beyond the planned closure of the New Zealand Aluminium Smelter in December 2024.

The interim project oversight group has guided the Just Transition Partnerships team as we have worked to understand the likely impacts and opportunities presented by the closure. To support the interim oversight group, we have formed a project team with staff from the Murihiku Regeneration Collective and the Ministry of Social Development.

As the just transition project moves from planning to action, the interim group will be replaced with an enduring project oversight group with a wider membership. The enduring group will have members from:

- › Iwi
- › Central government
- › Business/industry
- › Education & training
- › Local government
- › Unions
- › The community sector
- › The primary sector

Developing the work plan

To develop this draft work plan, we have drawn from Southland’s existing regional plans and strategies, undertaken one-on-one engagements with local stakeholders, and ran facilitated stakeholder workshops. This information informs the work plan in this document, which covers the period 2022-25. The plan sets out how we will work with local partners, and what the just transition will deliver.

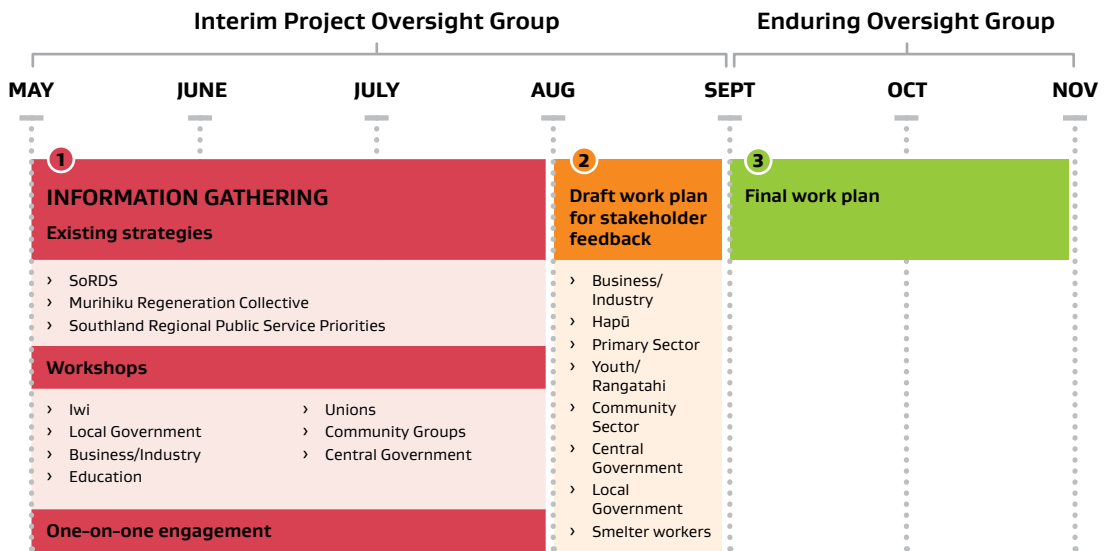


FIGURE 2: Our process for developing the just transition work plan.

What have we learned?

This draft work plan draws on three sources of information:

Existing regional strategies

Southland has a number of existing regional plans and prioritisation documents. The Southland Regional Development Strategy (SoRDS), work done by the Murihiku Regeneration Collective, and the Regional Public Sector Lead priorities are all important inputs in deciding where to focus just transition effort and resources.

Key themes in these strategies include the importance of developing diverse new industries across the primary industries and clean energy, capacity building and community development, and regional strategic planning.

The work being done by the Just Transition Partnership team does not replace Southland's existing strategies. The goal of the work plan is to provide further support, where needed, in response to the potential shock of NZAS closing.

One-on-one engagements

The Just Transition Partnerships team have met one-on-one with a range of local stakeholders. In particular, the bulk of our engagement with the business community has been through individual meetings.

These one-on-one engagements have been useful in building our understanding of the range of projects and specific initiatives under investigation or development in the region. Many of these projects are commercial in confidence and are not able to be shared in a public forum.

We will continue to meet individually with stakeholders to inform and refine Southland's transition work plan.

Stakeholder workshops

To supplement existing regional plans and individual engagements, the project team organised a series of three facilitated stakeholder workshops.

Workshop participants represented central and local government, Iwi, community groups, business, the education sector, and unions.

The purpose of these workshops was to deepen our understanding of local priorities and to help us develop frameworks for prioritising actions and investments. The three workshops focussed on:

Discovery: Here, it became clear there is a desire to use the smelter's closure as an opportunity to invest in economic, social, environmental and cultural sustainability in the region. Attendees also highlighted the need to separate long-term regional planning from immediate actions to support a just transition.

Evaluation: Here, participants identified their preferred methodology for collectively prioritising initiatives in a time & resource constrained environment. The group highlighted the need for a strong bi-cultural framework to incorporate the diverse interests of the Southland community.

Consolidation: Here, participants identified enabling factors to get just transition projects started and scaled. The workshop identified the community needs support in the areas of:

- › Fostering partnerships within the community & nationally
- › Enabling research to validate ideas
- › Attracting talent to the region to support innovation & growth
- › Communications to articulate purpose and intent of region
- › Training existing people in the region
- › Funding specific prioritised initiatives
- › Creating a political environment that compliments transitional growth
- › Creating a thriving community to holistically support all initiatives

What's the plan?

Southlanders told us they want an action-oriented just transition plan. While just transitions often focus on long-term economic shifts, Southland is facing a shorter, sharper shock, and the region needs to create new opportunities quickly.

The work streams below are what Southlanders have told us will make a meaningful difference to delivering on the project's goal of:

Helping Southland build its economic, environmental and social resilience through and beyond the planned closure of the New Zealand Aluminium Smelter in December 2024.

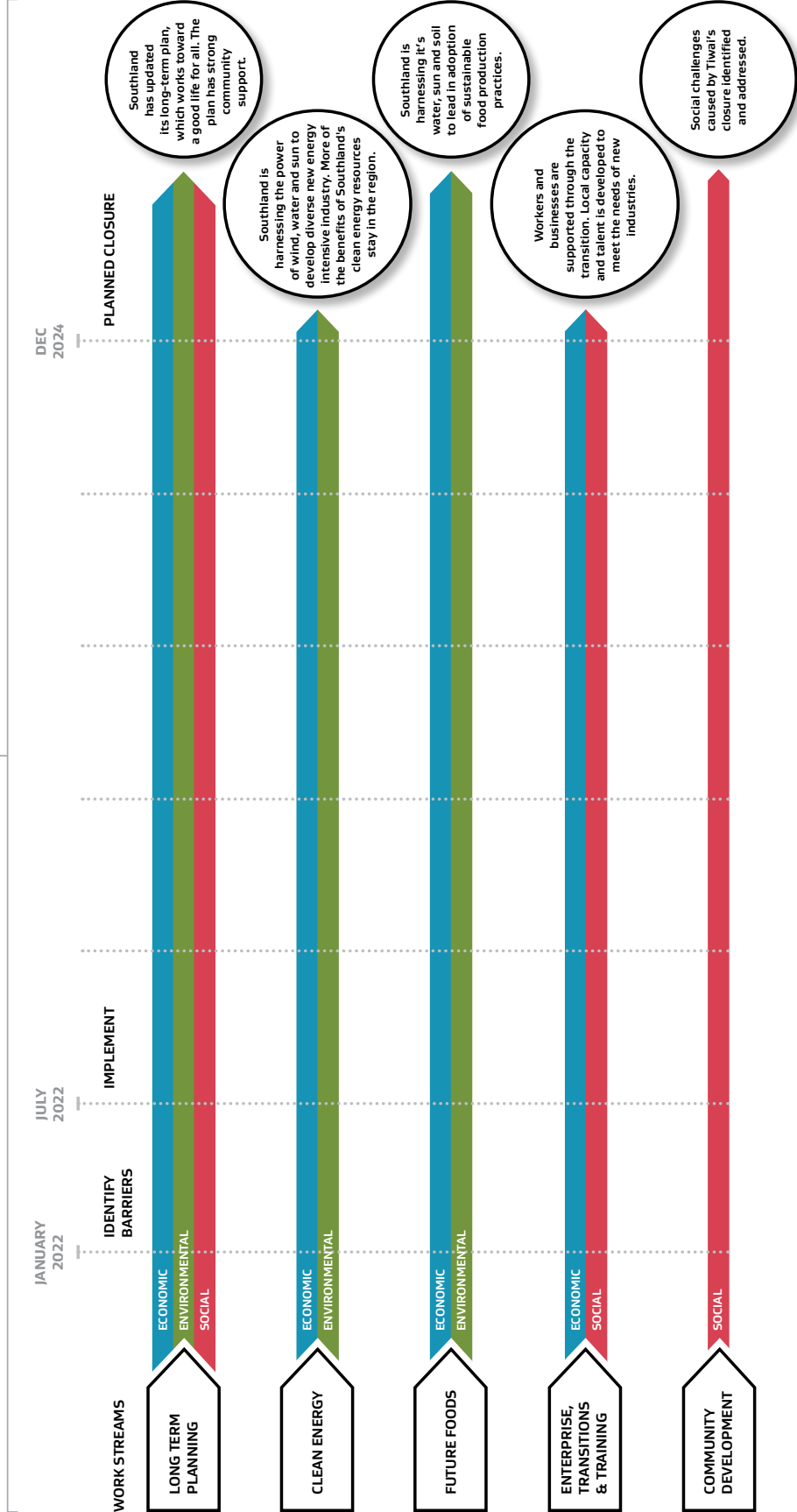
1. **Long-term planning:** Southland's existing long-term plan, SoRDS, is well regarded by many people in the community. The smelter closure, COVID-19 and changing markets, expectations and regulations mean the plan needs to be renewed and refreshed to continue to guide Southland's development. Southlanders have told us long-term planning should happen in tandem with short-term transition response planning.
2. **Clean energy:** Southlanders have expressed a strong desire for new energy intensive industries and renewable generation in the region.
3. **Future foods:** Both existing regional strategies and our engagements have highlighted substantial local opportunities in the primary industries, particularly aquaculture.
4. **Enterprise, education & training:** The just transition process needs to focus on education and training for emerging industries, tools to transition affected workers into new roles, and building local business resilience.
5. **Community development:** The closure of NZAS will have a range of social impacts, and may exacerbate existing challenges. Southlanders have told us the transition must identify and address these impacts.

The just transition process cannot, and should not, try to address every issue facing Southland. Local government, business, iwi, the community sector and central government all have existing plans and projects in Southland. Where this work interacts with the just transition, we will work collaboratively to support those outcomes. Where our work does not overlap, we will stay out of the way.

The strategy map on the following pages sets out some of the early timelines, and draft goals for these work streams. Through your engagement on this draft plan, we will develop a final work plan which will identify working arrangements, project leads, and an ongoing governance structure. We aim to have this final work plan ready by the end of October 2021.

GOAL: To help Southland build its economic, environmental and social resilience through and beyond the planned closure of the New Zealand Aluminium Smelter in December 2024.

GOVERNANCE: Southland Just Transition Enduring Oversight Group



What's next?

This document is the first step in reporting back to Southland on what we've learned through our engagement.

Targeted consultation

We have developed this draft work plan to give stakeholders an opportunity to feedback on the document. The Just Transitions Partnerships team will conduct further engagement over August and September. These engagements will give a broad range of Southlanders the opportunity to have a say on the transitions work plan. The team will conduct further engagement with the following groups:

- › Youth/rangatahi
- › Primary sector representatives
- › Business/industry representatives
- › Hapū
- › Local government
- › Central government
- › Community sector
- › Smelter workers

This engagement process is deliberately targeted. We expect the long-term planning workstream will involve a longer and wider consultative process, similar to that undertaken to deliver SoRDS.

Final work plan

Following this next round of engagements the project team will return to the enduring oversight group with an amended work plan. This final draft will then be shared with all participants in the engagement process for final feedback.

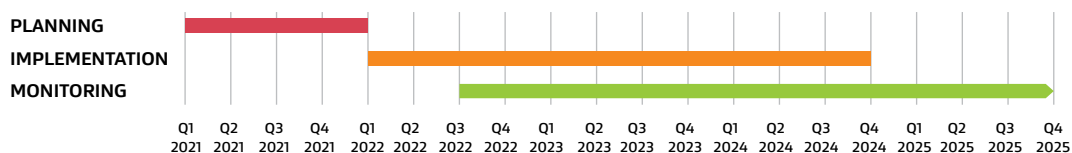
The enduring oversight group will meet in late October to review a revised document incorporating this final round of engagement. If the group is satisfied with the revised document, it will be adopted as the work plan for Southland's just transition and publicly released.

Once the work plan has been adopted, work will begin on implementing the agreed work streams.

Ongoing monitoring

We want to make sure the just transition initiatives are delivered well, and have an impact. Over the next few months we will develop a monitoring and evaluation framework for the work programme.

Below is a summary timeline for the just transition project, showing the staging of planning, implementation, and project monitoring.



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