



# Building Canada's Clean Energy Economy with a **Just Transition**

Canada's Just Transition Consultation

**Blue Green Ideas**  
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## SUMMARY

Transitioning Canada's economy over the next thirty years is only possible if it happens in a balanced and fair way – in a way that both creates good jobs and leaves nobody behind. The challenges in accomplishing this are many. But so too is the potential enormous for the growth of good jobs, better equity standards, and a cleaner economy.

**To realize these gains – and address the many** impacts of the climate crisis - will require progressive federal government policies and public investment, as well as strong standards to ensure the creation of good jobs across Canada. A Just Transition act is fundamental to any climate solutions agenda. But a Just Transition Act is also crucial to a new jobs agenda that can create more jobs, tackle inequality, and uplift communities across Canada.

In the wake of Covid-19 and the worst economic downturn since the Great Depression of the 1930s, now is the time for federal and provincial government officials to seize the opportunity to make these commitments. Passing a Just Transition act that pledges to create good jobs is a first step. But passing a Just Transition act that guarantees social justice and worker's rights, as well as upholds democratic participation and dialogue will be the kind of generational change that can help all Canadians.

In this submission, Blue Green Ideas looks to contribute to a much needed and long overdue conversation on how Canada can build a durable foundation for an



economically robust, fair, and sustainable long-term future. This report draws on international policy advice and current real-world developments. The report also firmly believes in upholding basic democratic principles for any clean energy plan - starting with the necessity of developing a more publicly accountable and equitable just transition approach focused on care and people, and real concrete policies that transition Canada to a clean energy economy.

A Just Transition act is one institutional pillar to achieving an environmentally sustainable future that benefits all working people in Canada. A new Just Transition act requires:

## 1. Just Transition Principles

Governments must uphold their clear commitments to good jobs, an inclusive society, and real social dialogue in creating a clean energy economy. But government must also commit to meeting international climate objectives of limiting global warming to well below 2C in order to ensure decent work for all Canadians.

## 2. National Goals and Timeline Targets

All scientific and international policy experts agree on the importance of net-zero carbon emissions by mid-century. But to meet these targets requires the design and implementation of clear roadmaps for achieving a clean and resilient energy system. A Just Transition act must include clear pledges and timeline targets to meet the goals of net-zero by 2050 while ensuring an inclusive and sustainable economy and society.

## 3. Climate Transition Secretariats

To move Canada towards its climate goals, federal and provincial governments must ensure that all ministries are addressing climate and energy change. Governments must also make certain that they have the research and policies to meet their goals and have the public engagement and input necessary to quickly design and implement policies. Establishing a federal secretariat for Climate Transition that includes the formal input of labour and environmental organizations is crucial to setting policy and targets. Such a Secretariat can also create the formal multi-partite dialogue structure to conduct planning (and inter-governmental planning) to transition Canada's economy. A Just Transition act must include the institutional resources necessary to create good jobs and ensure that social dialogue takes place at all stages from policy design to implementation to evaluation.

## 4. Just Transition Job Policy Measures to Build a Clean Energy Economy

To achieve high-quality jobs, unionized work, and strong labour standards, governments must take several steps to ensure climate policies and government investment make the economy equitable. A Just Transition act must commit to implementing project labour agreements, community benefit and local hire agreements, union organizing rights, and targeted hire mandates. A Just Transition act must also commit to upholding Buy Clean/Green procurement agreements in all infrastructure and climate policy spending that give preference to low-carbon companies and products will also help lower greenhouse gas pollution and foster better labour conditions. Only with these legislative commitments to good wages, job security, and strong work conditions and benefits, will government be able to ensure that the clean energy jobs of the future will be good-family supporting jobs that benefit everyone – including people of colour, women, and other disadvantaged groups.

## 5. Just Transition Policies for Fossil-Fuel Dependent Communities

Implementing strong policies to ensure an orderly transition that protects fossil-fuel dependent communities and allows workers to either retire or transition to new employment is critical to a just and fair transition. There is a clear need for policies to reduce the impact of job loss but also to oversee a planned industry phase out on workers and communities. Concrete policies such as: economic diversification funds, extended and improved unemployment benefits, income transfers for training and relocation, provincial job placement programs, enhanced apprenticeship programs, early retirement financing for older workers, and environmental remediation and restoration, are all essential for any just transition for communities affected by the switch to clean energy.

# I. Introduction

The challenges facing Canada to achieve an economic recovery – and a sustainable health and environmental plan over the next twenty years – are many. The endemic nature of zoonotic viruses. The climate crisis. Unemployment. Runaway inequality. An inadequate and unfair tax system and growing deficits because of Covid-19 related spending programs.

***The world's leading scientific organizations have been clear – only by tackling climate change, 'decarbonizing' the economy, and escalating the use of clean energy, will Canada and the world recover from the worst economic slump since the Great Depression.<sup>1</sup>***

Similarly governments must adopt solutions that protect people's well-being in the workplace and the wider community if they are to initiate and sustain a recovery from the COVID-19 recession.

So too policy makers must make renewed efforts to counter injustice and inequality in the wider society. if they are to ensure that any future prosperity is shared. Only by adopting such a multi-pronged approach to recovery and the climate crisis will it be possible for any in the global community to create a sustainable economy that will work for all.

As this submission demonstrates, designing a robust and progressive clean energy economy requires strong public institutions, resilient public services, as well as protective labour laws and policies. Developed in this way, a clean energy and just transition project will not only reduce emissions. It will also expand economic opportunities and jobs throughout Canada.

Hundreds of thousands of jobs can be created in Canada with publicly led investment programs in clean energy infrastructure, electric transportation and public transport, residential and commercial energy retrofits, as well as manufacturing efficiency. But as one of the world's largest oil and gas exporters, we must also design and implement just transition policy programs for workers and communities in Canada that are currently dependent on fossil fuel industries for their livelihoods and that will have to be phased out if we are to meet our clean energy and zero-emissions goals.

To tackle these issues, Canada must develop strong forward-thinking policies. A strong Just Transition act will be one step in the right direction. Such an act can outline key justice and employment principles. It must also put in a place a detailed framework of institutions and policies that ensures a clean energy economy, good jobs, and a just transition for workers and communities. Lastly, there must be a real commitment to meeting the targets of a clean energy economy by 2050, and providing the public finance necessary to support climate jobs and ensure socially just labour standards.

## **These are but the top problems facing Canadians as**

well as people in many countries around the world today. But without serious efforts to weigh our choices and engage in a public discussion about how to deal with these issues, there will be no going forward. Indeed, government political decisions that only do more of the same or worse continue with 'business as usual' policies in the wake of the pandemic will only make all of our problems worse and put our future prosperity at risk.

Canada – like many other Canadian provinces and countries around the world – faces difficult problems and tough choices. But to develop the necessary solutions and recover from the pandemic and address the climate crisis will require openness and dialogue. Solutions will require engaging with citizens and their central organizations. Innovative legislation and policies will require engaging with progressive alternatives. Solutions must draw on the best international policy and scientific advice to tackle our health, economic, job, and environmental crises.



## II. Just Transition Principles

As the International Energy Agency has recently reported, a transition from fossil fuels isn't just necessary, it is now inevitable, as prices for renewable energy production and battery storage continue to drop.<sup>2</sup>

unions, workers, employers and governments, and that workers and communities facing job loss are not abandoned.<sup>5</sup>

For the past two decades, the labour movement has advocated that 'Just Transition' be a formal element of any agreement to create carbon-neutral economies.<sup>6</sup> Looking to uphold the basic principles of decent work, strong labour standards, and social dialogue, the International Labor Organization has worked with the United Nations to highlight the importance of just transition principles in any development policy framework.

The framework for the 2015 ILO Guidelines calls for any greening of economies to generate good jobs and decent work by upholding good labour laws and strong employment standards. It also calls on all governments to institute social dialogue with workers and communities at all stages. In upholding these principles, the ILO has emphasized the importance of democratic participation and that workers, unions, and citizens are not passive bystanders but key actors of change with a right to participate in developing any new pathways to sustainability.

In 2015, the Paris Climate committed countries to limiting global warming to 1.5 to 2 degrees Celsius above preindustrial levels by 2100. The preamble to the agreement states that countries take "into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities".

**However, past economic and labour force transitions** have seldom gone well for Canadians or Canadian workers. The most recent example of bad planning and lack of support came in the 1990s and 2000s when with the introduction of free trade and the end of the Auto Pact with the United States businesses laid off more than 600,000 manufacturing jobs over two decades – the majority in the auto industry.<sup>3</sup>

With limited income and social supports, no dialogue, and few if any diversification funds, manufacturing workers were left with difficult prospects in transitioning to new jobs. So too communities and cities across Canada that lost jobs and industries with the global restructuring of industries found it difficult to recover – and many never did.<sup>4</sup>

To ensure that such problems do not occur again, Canada must adopt a new Just Transition Act – an act that ensures new principles of decent work, formal institutional dialogue among

In 2016, the UN Climate Convention followed by recognising that the rights of workers (including the number and quality of jobs) and the laws and legislation safeguarding their livelihoods were key principles of a just transition. It also noted that the preparation, monitoring and evaluation of an equitable climate policy must be based on a dialogue with labour market organisations that enables genuine commitment to that policy from all parties.<sup>7</sup>

Since the adoption of the Paris climate several countries have adopted national just transition legislation.<sup>8</sup> Scotland, Spain, France, and New Zealand have made just transition a statutory requirement in their environmental legislation. Climate plans in these countries must now detail how they have implemented the principles of just transition and/or met UN Sustainable Development goals.

In other countries, such as Denmark, the Netherlands, and Germany, trade unions, government officials, and business have consulted on a sectoral level, subsequently laying out climate strategies for their respective sectors and providing input into national transition and employment plans.<sup>9</sup> Dealing with coal phase out (Germany), the development of wind energy (Denmark), or the emissions (Netherlands), in each of these countries there has been extensive social dialogue, active labour transition agreements, and government support of industrial and regional development.

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***Overall, more than twenty countries today have climate change policies that contain labour considerations, including complementary skills policies and job creation.<sup>10</sup>***

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## Just Transition Principles

If Canada is to meet its international climate commitments, Canada's new Just Transition must commit to:

- i. Creating decent work, good jobs, eradicating poverty, and upholding strong labour standards and labour agreements in any transition to a clean energy economy;
- ii. Ensuring social dialogue at all stages of climate policy from initial policy design to implementation and evaluation;

Such first principles will be indispensable for making Canada's transition a success. They will ensure that the process is co-designed and co-delivered by labour, business, and government alike, and that all Canadians will have a voice in making the transition a reality.

An equally important principle for Canada's just transition is that it meet its commitments to reduce greenhouse gas emissions. Globally, emissions from fossil fuels rose a staggering 60 percent between 1990 and 2013, and CO2 emissions from the power sector alone have increased by more than 45 percent between 2000 and 2016.

Canadian government have also failed to align emissions with international climate commitments. Between 1990 and 2018, Canada's total emissions rose by nearly 20 percent, and since 2015 have continued to rise.<sup>11</sup> Such developments have serious impacts on work and good jobs in Canada,

As we have seen over the past few years in Canada, the increasing frequency and intensity of natural disasters such as deadly heat waves, devastating fires and floods, and hurricanes have all lowered productivity with growing costs of reconstruction, lost work time, and loss of agricultural land.<sup>12</sup> Looking internationally, the ILO estimates that between 2000 and 2015, natural disasters led to a global loss of working-life years equivalent to 0.8 per cent of a year's work.<sup>13</sup> And as the temperature increases, heat stress and infrastructure failures will become more common, reducing the total number of working hours.

Thus the failure of Canada to meet its climate targets is putting it citizens and workforce at risk. To counter this, Canada must make changes that will be good for our workers, our communities, and our economy. This includes not simply setting ambitious targets to decarbonise. But also holding government to account on the delivery of just transition.

## Just Transition Commitments

To ensure that a transition takes place in a manner that meets its goals, the new Just Transition act must also include commitments to:

- iii.** Include Just Transition contributions in Canada's Nationally Determined Contributions as laid out in the Paris Climate Agreement. This will ensure that Canada's transition not only delivers on its climate policy objectives but achieves good jobs and decent work for all Canadians.
- iv.** Binding five-year job, training, and workforce development targets to coincide with Canada's Net-Zero's Emissions Accountability act. Based on national and sectoral emissions-reduction targets for 2030, 2035, 2040, and 2045, it will detail key measures to create good jobs, expand training and apprenticeship, and ensure social dialogue.
- v.** Enacting Just Transition principles into any economic strategy or legislation that seeks to expand Canada's clean energy infrastructure, boost its green manufacturing and industry, decarbonize its supply chains, or tackle its residential and commercial energy efficiency.

Finally, the development of new industrial, transit, transportation, or manufacturing plans must have commitments to strong and meaningful just transition policies and principles if they are to be successful. Transitioning Canada will require the cooperation and coordination of business, labour, and government at all levels to cope with the large scale employment changes coming in future decades.

Building a Just Transition Act in this way, Canada's federal government will be able to take its first steps to achieving a clean energy economy and working with all parts of its economy and labour force to deliver a fairer and greener Canada.

Nationally Determined Contributions (NDCs) set the strategic objectives for Canada and countries around the world. Just Transition objectives must be a part of NDCs. So to Just Transition goals must be a part of Canada's national and sectoral emissions reduction targets if efforts to decarbonize our economy are to be socially just.



### III. National Just Transition Goals and Timeline Targets

If Canada is to meet its clean energy goals, a Just Transition Act must set out a vision for how its labour market transition will take place. Detailing its long-term objectives and short-term targets and policies will be one of the best ways to guide its pathway to a clean and renewable economy while creating good jobs and guaranteeing worker's rights.

#### **At COP 21 in Paris, countries committed to keep global**

warming well below two degrees Celsius compared to pre-industrial levels and to continue efforts to maintain it under 1.5 degrees. Over the past year, Canada's federal government has made new commitments to reduce greenhouse gas emissions and shift Canada towards carbon-neutrality within a few decades. But in Canada – as in many countries – emissions are either on the rise or not falling fast enough and the task of decarbonizing the economy appears daunting.<sup>14</sup>

In Canada, neither the commitments made to date nor its near term transition policies and measures are sufficient to meet its goals of reducing emissions by 40 percent below 2005 levels in 2030 or net-zero by 2050.<sup>15</sup> Climate Action Tracker, an international organization evaluating climate policies ranks Canada's policies and commitments as “highly insufficient.” Even recent additional 2021 measures are insufficient for Canada to meet any of its targets.<sup>16</sup>

Similarly, Climate Change Performance Index ranks Canada's efforts as “very low” – ahead of only Iran, Saudi Arabia, and the United States – in the development of adequate climate

and energy plans. In every category that it assesses – whether the development of renewable energy, improvements to energy efficiency, the development of mass transit and the electrification of transport and freight, or reducing GHG emissions – Canada's mitigation efforts rate among the worst in the world.<sup>17</sup>

Most missing are pathways and concrete policies for renewable energy, zero-emissions transport, low-carbon industry, and residential and commercial building efficiency to reach net zero.<sup>18</sup>

If Canada is to have a planned and managed transition, it must begin developing cost effective and efficient pathways to net zero. Already all the technologies needed to achieve deep cuts in GHGs exist, and a major worldwide push is on to build renewable energy, increase energy efficiency for buildings and manufacturing, develop flexible transmission grids, and electrify transport and freight.<sup>19</sup>

But such a transition requires scale, speed, and planning – especially for its labour markets. A new Just Transition Act must commit to:

- i.** Putting in place long-term policy frameworks to plan for employment changes and to facilitate an orderly transition to 2050;
- ii.** Setting out long-term sectoral roadmaps for a clean energy transition that detail national emissions strategies, national job estimates, and milestones for clean energy jobs in 2030, 2035, 2040, and 2045;
- iii.** Establishing measurable short-term targets and policies for jobs, training, and apprenticeship programs in renewable energy, energy efficiency, energy transmission, clean manufacturing, mass transit construction, and residential and commercial building retrofits.

## IV. A Climate Transition Secretariat and a Transition Council and Committees

A climate transition secretariat, a transition council and sectoral transition committees are essential to provide guidance and recommendations in support of Canada's climate policy, energy, and infrastructure proposals. Based on consultation and dialogue, these institutions can help ensure good jobs, social justice, and the wider public acceptability of transition plans.

**Canada's federal and provincial governments are key** to ensuring the long-term investment required for a clean energy transition and ensuring that benefits are shared by all. Government investment and public policies are essential to bring renewable energy technologies to market and to overseeing their use across sectors. Achieving a clean energy economy can not only boost jobs but it can also improve well-being and productivity.

But given that addressing the climate crisis and Canada's energy transition will cut across ministries, as well as federal and provincial jurisdictions, it is critical for Canada's governments to put in place:

- i. **Climate Transition Secretariats** that oversee work across all ministries and agencies and that coordinate with other levels of government.<sup>20</sup> The federal secretariat will work under the Prime Minister's office and guide the efforts of several ministries – from finance to the environment, to natural resources and infrastructure, to employment and industry - and report to cabinet.

The tasks of the federal secretariat are to oversee: policy and targets; coordinate the development of climate infrastructure and planning; undertake inter-governmental planning and coordination; report on annual targets; and ensure labour and just transition planning takes place.

Such an institutional reform is essential if Canada's governments are to have the resources and capacity to tackle the energy transformation across all sectors of our economy and our society. Our recent experience with Covid-19 is a clear illustration of how an abrupt and unplanned crisis can exacerbate the lack of uncoordinated leadership and create unnecessary delays, overlaps, and confusion – all at the cost of public health, jobs, income security, and well-being.



A Federal Climate Transition Secretariat – matched by other provincial governments establishing similar secretariats – is critical for an orderly and managed transition. It will oversee national planning and ensure that plans are taken forward that secure clean energy, good jobs, and a more equitable economy.

Also essential will be:

### **ii. The creation of a National Climate Transition Council**

The national transition council will consist of representatives from labour market organisations, environmental NGOs, expert researchers, and business. The council will independently assess emission reduction and clean energy transition measures, and report to the Federal Climate Transition Secretariat. The council will conduct national impact assessments of current energy, employment, and transition strategies, and forecast job and skill requirements in the short and medium term. With union and environmental involvement, the council will ensure social dialogue in the production of a national roadmap to a clean energy economy.

### **iii. The set-up of Sectoral Climate Transition Committees**

Sectoral committees for renewable energy, clean manufacturing and supply chains, residential and commercial efficiency, clean public transit, zero-emissions transport are required for the formulation and development of national climate policies. These committees will be responsible for considering the impacts of climate and clean energy measures on employment or the need for skills.

Ensuring social dialogue and stakeholder participation will be critical in the formulation and implementation of climate and clean energy policies. The development of any national or sectoral strategies requires the input of labour and environmental organizations and independent research.

## V. Just Transition Policies for a Clean Energy Economy and Good Jobs

Done right, public investment in economic transformation to a clean and renewable economy can create hundreds of thousands of good-paying jobs in Canada. But to make this a reality, a new Just Transition act must commit to legislation that creates good jobs, high-quality union employment, and strong labour standards. A Just transition act must also ensure that labour forces have the skills and training required to work in a low-carbon economy.



**However, as scientists, researchers, and unions are** quickly realizing tackling the climate crisis offers the greatest investment opportunity in decades to fundamentally rebuild economies and improve people's lives.<sup>21</sup> Done right, the economic transformation to a clean and renewable economy can create hundreds of thousands of good-paying jobs in Canada as well as millions of good jobs around the world.

Commitments since the Paris Agreement are already providing a \$23 trillion investment job opportunity in climate solutions.<sup>22</sup> Automakers in North America, Europe, China, and Japan, for example, are investing hundreds of billions of dollars to develop electric vehicles.<sup>23</sup> Manufacturing industries in their efforts to reduce emissions are implementing more advanced technologies to reduce their carbon emissions and investing billions while hiring new workers. So too new solar and windmill companies have tripled their output over the past decade.

As important are the employment impacts of such new economic investment in clean energy technologies and infrastructure. Global job estimates of the benefits of upgrading electrical infrastructure for vehicles, expanding renewable energy such as wind and solar, and increasing energy efficiency, show that more than 24 million jobs can be created over the next 10-20 years – and more than half a million in Canada.<sup>24</sup> Added to this is the potential of thousands of new jobs in manufacturing – whether in new zero-emissions transportation and freight, more energy efficient building materials, or material supplies – or in construction industries across Canada.

To ensure that Canadians receive the benefits of these enormous new opportunities in a clean energy economy, a new Just Transition act must commit to creating good jobs, high-quality union jobs, and strong labour standards. A Just transition act must also ensure that labour forces have the skills and required training to work in a low-carbon economy. And a Just Transition act must also pledge to provide training and jobs for disadvantaged communities and workers.

There are several ways that governments can support good jobs, unionized employment, and make the economy more equitable for women, people of colour, and other disadvantaged groups. Several of these have been used by provincial and municipal governments in the past. But going forward over the next three decades, new just transition labour policies are essential to create good jobs and good unions jobs across Canada's economy.

## Project Labour Agreements/ Community Benefit Agreements

A new Just Transition act must include government commitments to:

### **i. Project labor agreements (PLAs)**

PLAs are collective bargaining agreements covering all of the workers, union and nonunion, on a construction project. Governments in Canada and the United States have used PLAs to ensure that large projects uphold high standards for workers, high-road firms are not undercut by contractors that pay below-market wages. PLAs have also been used to ensure that projects do not face costly delays and that disruptions are prevented.

### **ii. Community benefits agreements (CBAs) and community workforce agreements (CWAs)**

CBAs and CWAs are similar to PLAs but are broader and often include community organizations as signatories. CBAs and CWAs connect building trades unions with the local community through targeted hire provisions, apprenticeship, and pre-apprenticeship programs that create career pathways to high-wage jobs for workers in low-income and under-resourced communities. CBAs can also be used to provide procurement opportunities from groups disadvantaged in the community.

Canadian and American city, provincial/state, and federal government have all long-used PLAs, CBAs, and CWAs when tendering construction projects or other services.<sup>25</sup> In provinces across Canada, PLA legislation is in place for large construction projects and routinely used to provide project and cost stability as well as make certain that qualified union workforces are employed. But the result is that through PLAs, all jobs are good jobs, that workers are trained through apprenticeship, and that community's benefit from the project.

Similarly, across Western Europe and in recent years in the United States, governments have used PLAs or sectoral agreements when investing in clean energy, transit, energy efficiency retrofits, and advanced manufacturing.<sup>26</sup> By making such a policy commitment, governments can guarantee that public investment upholds high labour standards and supports good jobs.

Complementary to PLAs are community benefit agreements (CBAs). In Canada, in recent decades, all levels of government have begun to change their investment and procurement policies to include community and social objectives, such as the health of the wider community, environmental improvement, or furthering social non-profit enterprises.<sup>27</sup> In 2018, Infrastructure Canada made a commitment to social procurement by introducing a Community Employment Benefits requirement for major projects. Provincial governments in British Columbia, Ontario, Quebec, and Nova Scotia have social procurement and infrastructure policies. While Toronto, Montreal, and Vancouver and other cities also include social procurement policies that create more inclusive employment opportunities as well as job training and support for social enterprises.

In creating new targets for transitioning Canada's economy and labour, the most direct way that governments can support decent work and uphold social dialogue, is to use PLAs and CBAs. These can support union jobs and apprenticeship training. They can be used build workforce development and high-quality jobs. And they can be effective measures to ensure that companies respect workers right to unionize and promoting good, well-paying jobs. A Just Transition Act that includes policy to uphold PLAs and CBAs will be key to making clean energy jobs into good jobs that benefit all Canadians.

## Local Hire Agreements / Targeted Hire Mandates

Two further concrete policy tools in a new Just Transition act that can secure good jobs in communities across Canada and provide opportunities for economically disadvantaged communities are:

### iii. Local hire agreements (LHAs)

LHAs mandate or incentivize the hiring of workers on a project from within the province or community where the project takes place. With this provision, employers must hire and in some cases train local workers. This prevents companies from bringing in work crews from out of province to do the work and then leaving on completion.

### iv. Targeted hire mandates (THMs)

THMs provide incentives to hire workers on a project from certain communities: such as include women, people of colour, and economically disadvantaged communities, or communities heavily affected by climate change. When combined with the development of registered apprenticeship programs, this create new career pathways for workers traditionally marginalized.

Climate action can be made stronger by progressive decent work policies. Policy tools such as LHAs and THMs are powerful but simple measures to provide training, job opportunities and/or procurement opportunities for groups that are identified as under-represented in the workforce or that face challenges to entering the workforce.<sup>28</sup> The transition to a clean energy economy will mean much more than the installation of new renewable energy infrastructure. It will also require massive reinvestment in local infrastructure – in buildings, transit, charging stations, energy usage monitoring, and low-carbon manufacturing.



To ensure fair treatment of workers and tackle inequality, public policy action that improves local hiring and training will be the best way to make sure that jobs are accessible to all and that local communities will benefit. Such tools are especially useful in communities affected by racism, pollution, and long-term industrial decline.<sup>29</sup> Rather through LHAs and THMs, public officials can take the lead in creating access to life-changing career pathways for workers. In these ways, public leadership can ensure that communities that undertake new clean energy investments and infrastructure will benefit from the jobs.

## Buy Clean Public Procurement

A final concrete policy tool to ensure good jobs and decarbonization is **Buy Clean public procurement – or what is also known as Green Public procurement.**<sup>30</sup> The Government of Canada – like governments around the world – has put a priority on public investment and public infrastructure to achieve a clean energy economy by 2050.<sup>31</sup> Best international estimates suggest that Canada will have to spend at least \$700 billion over the next two decades to fully transition its economy to clean energy.<sup>32</sup>

From steel to clean energy, public transit to telecommunications, building materials to transportation, Canada will need to prioritize low-carbon materials and construction processes.<sup>33</sup> By committing to environmentally

sustainable, low-carbon construction materials, Canada can push manufacturers to continue to innovate while supporting Canadian jobs. Moreover, through Buy Clean policies, Canada will be able to oversee that its supply chains produce the goods necessary for a clean, advanced economy. But perhaps most importantly, Buy Clean policies can help guarantee that public dollars are spent on materials that have been manufactured in the cleanest, most environmentally-friendly manner.

Already implemented in the United States at the federal and state level, as well as around the world, governments have introduced Buy Clean and Green Public Procurement policies.<sup>34</sup> Seeking to ensure that products and materials have lower energy or carbon footprints, governments have adopted life-cycle assessments of products and services to assess the environmental impact of a product over its entire lifetime from production through transport to use and disposal. Once these standards are legislated, countries have realized significant decreases in GHG emissions and increased the number of green products.

The adoption of a similar Buy Clean policy by Canada's governments will not only reduce pollution and help meet our climate commitments. It will also help meet our goals for clean energy jobs and good jobs across Canada.

A Just Transition Act must commit to:

#### **v. A Buy Clean Policy**

Public infrastructure and public procurement dollars that are committed to low carbon materials, fuels, and processes will reduce emissions, spur innovation, and create good jobs. Currently, federal and provincial government procurement accounts for more than 13% of GDP. A Buy Clean/ Green Public procurement policy that accounts for embodied carbon in the life-cycle of products will help build Canada's clean energy economy and prevent the undercutting of strengthened environmental and labour standards.

## VI. Just Transition Policies for Fossil-Fuel Dependent Communities



Whether through phased in retirements, retraining alongside the building new infrastructure, strong job creation programs, income support, and clean energy diversification, governments can phase out the fossil fuel industry without major disruption or damage to the provincial labour market. With a planned orderly phase out of oil and gas industry, the transition to a clean energy economy in these communities can be handled without major disruption to Canada's labour market.

**The transition to a low-carbon economy will affect every** aspect of how Canada produces goods, provides services, and goods move. But so too will the employment effects vary across communities.

But it is important to highlight that at a national level, the fossil fuel sector accounts for less than 1% of jobs in Canada, and fossil fuel jobs are concentrated primarily in 18 communities across Canada – jobs that have been declining in recent years.<sup>35</sup>

However, in Alberta, Saskatchewan, and Newfoundland and Labrador, fossil fuel jobs make up slightly more in total provincial employment at 1-2%. In these provinces, there are communities where up to 5% of jobs are dependent on fossil fuel industry, and the oil and gas industry itself is key to government revenues.<sup>36</sup>

But what this relatively small number of oil and gas jobs – and their concentration in a limited number of communities – means is that addressing any adverse impacts from a clean

energy transition can be managed well – provided that the federal and provincial governments create real transition support for affected workers and communities.

### Just Transition in Coal-dependent Communities

Already, orderly and planned phase outs in fossil fuel communities – in particular to those tied to the coal industry – are ongoing around the world.<sup>37</sup> In Germany and Spain, for example, governments have sought a long-term phase out of their coal industries and coal-fired power plants.<sup>38</sup> In both, governments have set-up multi-stakeholder commissions to formulate policies for decommissioning the coal industry.

Based on advice from their commissions, public officials provided long-term income security, retirement, and retraining programs for workers affected by the coal phase out. In both, governments have also subsidized electricity consumers as well as utility and industry companies to compensate for costs. Governments have likewise provided diversification and remediation funds for affected communities<sup>39</sup>.

Canada too has led the way in the phase out of coal in its energy system. In November 2017, the UK and Canada initiated the Powering Past Coal Alliance, in which governments, regions and companies committed to phasing out existing traditional coal power in line with the Paris Climate Agreement.<sup>40</sup> For Alberta, a Just Transition plan for its coal industry was set up between the federal government and Alberta's provincial government. This involved shutting down five coal mines and six-coal fuelled power plants.

The Just Transition plan provided \$12,000 per worker for retraining or education; pension-bridging income support for those workers close to retirement; income supplements of up to 75% of previous earnings (to top up meager EI payments) as workers went through transition; a relocation allowances for workers who chose to move; and \$5 million for community economic development for affected communities.

Current Just Transition plans for the phase out of coal must be adopted for other oil, gas, and oil sands industries across Canada. If put in place, they can ensure that good jobs, workers' rights, and climate transition all occur.

Such Just Transition strategies for fossil-fuel dependent communities should be understood as a package of policies and actions aimed at:

- (a) anticipating the impacts of climate policies on employment;
- (b) protecting jobs and incomes while improving workers' livelihoods (health, skills, and rights);
- (c) securing pensions for those older workers affected by phase out; and
- (d) supporting communities.

If this suite of policies is implemented, just transition policies for fossil-fuel dependent locales will be powerful tools for furthering climate ambition while supporting workers and safeguarding communities.

## Just Transition Policies for Supporting Canada's Fossil Fuel Dependent Communities

A new Just Transition act must include commitments to:

### **i) Clear phase out plans for fossil-fuel industries**

Industries must be given targets to reduce emissions to zero or to retire. Taxation plans must also be put in place to pay for remediation and environmental damage.

### **ii) Social dialogue**

To ensure orderly and well-managed transition, provincial Just Transition commissions must be established where trade unions, employers, and governments, and other relevant community groups can meet to discuss strategies and plans for phase out and diversification. The active participation of all communities members will be essential in identifying skills gaps, implementing new training provisions, and recognizing future skills required in the community. Provincial Just Transition commissions can help ensure that jobs created in the new, low-carbon economy are good jobs.

### **iii) Income security**

Income security systems are the first line of protection against unemployment and layoffs. Employment insurance must be improved and extended for affected communities. Stable income security programs can support workers and help in their transition to new jobs.

### **iv) Improve skills through training**

Skills development programmes are crucial to the achievement of a just transition. Training policies, training funds, and reskilling strategies must be put in place in communities facing industry phase out. This should include funding for retraining and

for new community apprenticeship and vocational programs as needed. Resources must also be directed toward outreach, recruitment, and job placement.

**v) Job relocation services and relocation allowances**

For workers who must relocate to find new employment, local employment agencies must provide job relocation services and relocation allowances should cover the cost of individual moving expenses.

**vi) Early retirement financing**

For older workers whose jobs will be lost in the phase out, bridge financing for pensions should be provided and

**vii) Community Funds for Economic Diversification, Environmental Remediation, and Infrastructure**

Similar to how the federal and provincial government responded in 2019 for just transition in Alberta, officials must provide targeted funds for clean energy, green transit and transport, energy efficiency, and social infrastructure to support regional communities facing employment losses.

In addition, public funding (matched by oil and gas businesses) for remediation and restoration will help clean up decommissioned oil and gas wells, tar sands, coal mines, and fossil fuel power plants

**viii) New investments in social infrastructure**

Investments in universal childcare, universal pharmacare, and universal long-term care are all essential to protect the health and well-being of communities across Canada.

## VII. Conclusion

Just Transition policies are central to achieving a green economy and catalysing more ambitious climate action. Canada faces significant risks in achieving its goals of reducing GHGs by 85 percent by 2050. Workers face risks related to finding good jobs. Others face risks of re-employment or moving to retirement.

**At the same time, companies face strategic and financial risks.** While in Alberta, Saskatchewan, and Newfoundland and Labrador, will have to face up to the challenges of phasing out the oil and gas industry and the loss of a significant share of local economic activity

Handling these challenges well is vital to ensuring the best possible outcomes for all. Just Transition policies are imperative to address these issues fairly and effectively.

Past industrial transformations in Canada have not been handled well, with little planning or care for those whose lives were turned upside down by job loss, unemployment, and ever weaker labour protections. Now with the climate crisis facing all countries around the world, and Canada confronting the many problems that come from its reliance on fossil fuels, our challenge is to try as best we can to safeguard Canadians and make certain the coming transformation unfolds differently.

The United Nations and the International Labor Organization have set out the basic principles for undertaking this transition. First, all countries in tackling the climate crisis should have a clear future strategy and a comprehensive policy framework

to reduce greenhouse gas emission, transition to a low-carbon economy, and create good jobs. Second, to deliver job creation and ensure high-quality jobs, government must institute meaningful and functioning social dialogue and strong worker and community protections throughout the entire process and at all levels.

Following from the 2015 Paris Climate agreement, already many countries are putting these principles into legislation and policy. Canada must do the same. To deliver the major job creation from new low-carbon sectors, Canada's climate protection policy must invest at the scale and speed required while ensuring high-quality jobs. At the same time, regions with industries that produce the highest levels of carbon dioxide, must have funding and guaranteed protection for workers who are displaced or affected by the transition to a low-carbon economy. An approach to energy transition that includes high quality jobs and protections for workers and communities is essential in addressing climate change head on.

The proposals in this report for a new Just Transition act can help drastically reduce Canada's emissions and deliver good, family sustaining jobs. If adopted, these policies will provide an actionable Canadian agenda for addressing climate change and inequality. Each are critical in the effort to take meaningful steps toward reducing emissions and ensuring job creation and high labour standards. If implemented, these recommendations will benefit workers and communities across Canada making jobs more equitable, our economy more sustainable, and our energy system independent.

***Bold and aggressive plans are needed to create a clean energy future. Implementing a progressive Just Transition act will require substantial investment and substantial commitments from government, labour unions, communities, and climate advocates. But it is an investment well worth the cost. For with the creation of a clean energy economy, all Canadians will benefit for decades to come.***

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