

## Unifor Submission for the 2021 Federal Just Transition Consultations

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## *Introduction*

Unifor is Canada's largest union in the private sector, representing 315,000 workers across a wide range of economic sectors, including tens of thousands of workers who depend on the energy sector for their livelihoods. Unifor's engagement with the environment and climate file goes back many decades, and one of our predecessors, the Communications, Energy and Paperworkers Union of Canada (CEP), in fact coined the term 'just transition'. As the CEP labour activist Brian Kohler noted in 1998, "the real choice is not jobs or environment. It is both or neither."

During the early days of the pandemic, Unifor's [Build Back Better campaign](#) made a just transition to green jobs via targeted industry supports and a just transition fund a key plank of our vision for a post-pandemic economy. The question of how to provide workers with a just and equitable transition to decent, good-paying, unionized jobs in the green economy is one that our union has long grappled with, and we are pleased to provide the government with our reflections and policy recommendations on the subject.

Our submission is divided into three sections. In the first part, we provide our assessment of the state of the federal just transition file, including the measures that have been taken up to, and including, the just transition consultation itself. In part two, we offer our reflections on the two issues that the consultation highlighted as primary areas for public feedback – the 'people-centred' just transition principles and the question of whether to assemble a Just Transition Advisory Body to guide the development of just transition legislation. Finally, we offer Unifor's prescriptions for how the federal government can most effectively tackle the issue of just transition through a broader, multiple-pronged strategy that includes active labour market policies, industrial strategy, and site-specific measures and investments.

In general, Unifor believes that the question of how to fairly transition Canadian workers to a greener, decarbonized economy while meeting Canada's climate targets is the most pressing issue of our time. While the prospects of moving towards an economy driven by cleaner energy suggest tremendous opportunities to generate new sources of economic growth, there are simultaneously a number of pitfalls that the federal government must avoid if it is to preserve and improve the living standards of the average worker in Canada. Foremost among these is the potential for employers to deploy swift technological and operational changes as a means of eliminating good-paying, secure, unionized jobs and replacing them with non-unionized workers in precarious working conditions.

This point bears repeating: just transition cannot become contract-flipping by another name.

Unless the federal government takes meaningful steps to provide workers with concrete policies and programs that protect workers' incomes, preserve (and expand) access to collective bargaining, provide efficient and relevant training, and generate decent unionized jobs in the green economy, just transition will simply serve as another empty slogan signalling government inaction and missed opportunities.

### *The current state of the just transition file*

While Unifor welcomes the opportunity to provide input into the just transition file and the drafting of future just transition legislation, we also recognize that the present consultation comes on the heels of three years in which the federal government has had ample opportunity to move the ball forward. Despite countless calls on the government to put in place policies, programs and investments that would provide workers in sectors vulnerable to climate and decarbonization related job losses, there has been little concrete progress made since the [Just Transition for Canadian Coal Power Workers and Communities Task Force](#) concluded its work.

Strikingly, just transition was barely featured in the strengthened 2020 climate plan, *A Healthy Environment and a Health Economy*, and only in relation to the phasing out of coal power. This omission is highly concerning in our view, since it means that the government has failed to draw the obvious connection between the fate of coal power communities and the future of communities that are highly dependent on fossil fuel driven industries today.

It is also troubling that the detailed principles and recommendations issued by the Just Transition Task Force in early 2019 have been entirely ignored in the discussion paper accompanying the present consultation. While the task force's recommendations were developed in the context of the coal phase-out, all ten of the recommendations detailed in the final report are clearly generalizable to other sectors that will see Canadian workers impacted by the global decline of oil and gas demand. Moreover, the task force cited seven principles to guide a just transition, which are more concrete and applicable to the circumstances of impacted workers than those proposed in the consultation's discussion paper (more on this below).

Unifor was an active participant in the Just Transition Task Force, which travelled from coast to coast to hear the stories of coal power communities, and we experienced firsthand the passion

with which local workers and community members spoke of their plight as well as their vision for a better future. It would be beyond tragic for the federal government to simply shelve the findings of the task force by attempting to reinvent the wheel yet again, rather than use the task force's findings as a basis for future just transition policies, programs and legislation. We already have a made-in-Canada strategy for the problem of just transition – rather than embark on yet another time-consuming consultation, government should be expending every effort to put that strategy into practice.

We also want to underscore how pressing the issue of just transition truly is. The recent report by the Intergovernmental Panel on Climate Change (IPCC) presents a stark picture of the truly disastrous ramifications of government inaction. Governments around the world are responding to the call to action and are accelerating their efforts to introduce new technologies while transforming existing industries to meet their decarbonization targets. Canada must not be left behind and miss out on the [24 million new jobs](#) that could be created by 2030 as countries across the world shift towards greener economies. Indeed, succeeding at just transition will be critical to securing Canada's economic competitiveness in the global economy of the near future.

### *Just transition principles and advisory body*

The four principles outlined in the consultation's discussion paper are admirable as general guidelines for government engagement with stakeholders, but are inadequate as principles to guide the development of just transition policies, programs and legislation. While inclusivity, international cooperation and consensus-building are vital, such principles are more process-oriented than outcomes focused. What matters to workers is whether or not good, unionized jobs await them in a decarbonized economy, and whether they receive adequate income and training assistance to prepare them for those jobs.

Unifor also stresses the need for any just transition to be worker-centred. The use of the term 'people-centred' in the just transition document waters down the original focus of the concept on the needs and challenges faced by workers in fossil fuel dependent industries undergoing transition. The government must be clear that just transition is an idea that places the well-being and livelihood of workers front and centre, and it is not about catering to the needs of other segments of the economy first nor is it about boosting the productivity or value of labour. Unifor believes that if workers are taken care of during the transition, positive economic benefits will flow from their well-being to surrounding communities and other parts of the

economy. This is why workers must be the primary stakeholders in any just transition consultation or advisory body.

As noted above, rather than reinventing the wheel, the government should adopt the seven principles that guided the work of the Just Transition Task Force:

1. Respect for workers, unions, communities, and families;
2. Worker participation at every stage of transition;
3. Transitioning to good jobs;
4. Sustainable and healthy communities;
5. Planning for the future, grounded in today's reality;
6. Nationally coherent, regionally driven, locally delivered actions; and,
7. Immediate yet durable support.

These seven principles place workers at the forefront of just transition and emphasize the need for direct worker involvement while simultaneously highlighting the basic requirement that workers must transition to good jobs. The focus on immediate and durable support also underscores the need for tangible investments by the government to support workers whose jobs are at risk, and the fact that such investments will have to be sustained over the long-term. In the section below, Unifor provides some concrete examples of the kinds of policymaking that would allow the government to embed just transition into the very fabric of labour market policy and institutions, rather than respond to climate and decarbonization related unemployment through ad-hoc measures on a case-by-case or sector-by-sector basis.

On the discussion paper's second question around whether or not the government should establish a Just Transition Advisory Body, Unifor proposes going one step further: the federal government should create a permanent tripartite just transition ministry or commission, with the explicit mandate to direct and coordinate policymaking for programs relevant to the just transition file, including providing impacted workers with income supports, pension bridging, sector-specific training, just transition centres, relocation supports, and so on.

Unifor's rationale for proposing the establishment of such a comprehensive institution to oversee the transition process is simple: workers must have a bigger role in the process than simply providing advice to the government and an advisory body is ultimately insufficient for coordinating and guiding all the elements that will be required to provide at-risk workers with the programs and supports necessary for a just transition. What is needed is a permanent government coordinating body, directed by a member of federal Cabinet that allows workers and employers to engage with the federal government in designing and implementing the most

effective suite of policies and programs (existing across multiple government departments and agencies) to facilitate workers' transition to a decarbonized and greener economy.

Again, there is no need for the federal government to design such an institution from scratch when the Just Transition Task Force provides a clear precedent for the structure and membership of a permanent tripartite body that would oversee the work of a ministry or commission responsible for just transition. It would take little logistical effort to revive the Just Transition Task Force and provide it with a broader mandate, to help the federal government apply its principles and recommendations to all workers impacted by the transition.

Internationally, engaging in social partnership and social dialogue between labour unions, employers' associations and the government is an established best practice for large scale policymaking, particularly on broad-ranging issues that impact the labour market. In Germany, for example, the large-scale phasing out of coal mining in the Ruhr Region over the past four decades was accomplished through comprehensive negotiations between coal companies, labour unions and the government. The end result was a tripartite agreement that ensured the coal phase-out was accompanied by a comprehensive package providing early retirement incentives, work redistribution, relocation and income supports, employer commitments to transfer workers to similar paying jobs within the company, on-the-job training and certification for other energy sector jobs, and supports for workers transitioning to the service sector.

More recently, Denmark's [\*Recovery and Resilience Plan\*](#), which aims to use the recovery from the COVID-19 pandemic as a springboard to accelerate the green transition, involves a number of tripartite agreements and frameworks with labour unions and employers associations that aim to facilitate the transition through enhanced vocational training for workers, research and development, implementing green solutions that will reduce industry emissions, strengthening export opportunities and enhancing the green competitiveness of Danish companies. Canada must adopt similar social partnership models if it is to maintain its global competitiveness while protecting the livelihood of Canadian workers.

### *Towards a more equitable and effective transition for workers*

While adopting the policy recommendations above will increase the probability that workers in the energy sector are provided with a just transition, Unifor believes that the federal government must use the current moment as an opportunity to make structural changes to how Canada approaches the problem of worker transitions in general. Just transition cannot simply serve as the primary pillar of a palliative strategy that reacts to labour market disruptions

after they occur but must ultimately be part and parcel of a broader, formative approach that seeks to reshape longer term outcomes in the labour market and economy through state-driven policy changes, new regulatory frameworks, industry incentives, labour market adjustment mechanisms, etc.

In other words, just transition is ultimately limited because it offers an ad-hoc response to near-term challenges, which reflects the deeper problem of how to protect workers from the worst impacts of labour market churn. And the rate of worker turnover or churn in many industries will only increase as technological and economic changes resulting from climate change and decarbonization accelerate. At its worst, the concept of just transition can become an empty slogan that distracts from these more fundamental gaps in our labour market institutions and economic policies.

Likewise, just transition on its own cannot address the broader issues of equity within the labour market, which require greater state-driven interventions and support to ensure that Canadians facing structural barriers within the economy are able to access decent, well-paid jobs. While some of the recent changes to the Canada Labour Code at the federal level (e.g., pay equity, pay transparency and equal treatment provisions) are steps in the right direction, some measures have yet to be brought into force and the changes are insufficient on their own to provide workers with tangible employment. A more robust set of labour market adjustment mechanisms that have an explicit equity focus will be needed to ensure that transition policies do not simply reproduce existing social and geographic inequalities across Canada.

Unifor proposes a number of intersecting policy pathways to create an overarching economic framework that would simultaneously protect workers' employment while ensuring Canadian competitiveness in the decarbonized and greener global economy of the future:

1. Reform Employment Insurance and implement active labour market policies (ALMPs)

The COVID-19 pandemic not only revealed the inadequacy of the existing EI framework but also showed that many Canadians will take the opportunity to upskill, seek training, or find more suitable forms of employment, provided they have the necessary level and duration of income support. As Unifor noted in its [EI Reform campaign](#), the temporary changes to EI must be made permanent and improved upon so that workers have meaningful support when transitioning between jobs.

In some senses, the emergency benefits offered by the federal government during the pandemic temporarily implemented some of the main elements of active labour market policy

(ALMP) by providing Canadians with the financial breathing room to pursue both education and forms of employment that were better matched to their skill sets and interests. However, a key component of ALMPs is the linking of more generous employment insurance benefits of a longer duration (for example, Unifor's proposal of 75% wage replacement, a \$500/week wage floor and 50 weeks of benefits as a starting point) to an effective vocational training and job search assistance system that guides workers towards sectors experiencing, or expected to experience, labour shortages. At present, vocational training in Canada is a confusing patchwork of private and public programs, with little effective guidance offered to workers on what specific jobs to train or search for, and a federal Canada Training Credit that is largely insufficient to provide workers with the guidance or funding necessary to seek effective training. However, ALMPs must ultimately go beyond wage support and training to embed automatic labour market adjustment mechanisms within the Canadian economy, facilitating labour mobility from sectors of declining demand to emerging sectors. This means improved forecasting and data collection, along with long-term industrial strategies (see below).

ALMPs must also be geared towards equity by ensuring that regions and communities at risk of greater unemployment and underemployment levels benefit from a greater density of services and service providers. The Just Transition Task Force's recommendation that the government introduce local transition centres as a one-stop shop for unemployment, vocational training and job search services would constitute a particularly effective way of targeting communities and populations that are at greater risk of labour market disruptions.

## 2. Improve labour market data collection at the sectoral and regional/local levels

Knowing what jobs or sectors to prepare workers for relies on granular labour market data collection and sectoral forecasts that Canada currently lacks. Moreover, transitioning workers to new jobs requires an accurate assessment of the skills and knowledge that they possess in their current roles within specific industries or sectors. Statistics Canada must be given the mandate and resources to start collecting this data and providing it to the public so that counsellors working with the unemployed and trainees/students are able to receive accurate information on what kinds of jobs will be in demand. Any effective implementation of ALMPs will require targeted vocational training based on an inventory of existing and required skills for particular job roles, especially in emerging industries and sectors. And Statistics Canada must work in close cooperation with provincial labour, training and skills development ministries to ensure that regional and local strategies incorporate this data.

### 3. Implement long-term industrial policy and strategies

Unifor's recent experience securing billions of dollars in new investments for Electric Vehicle (EV) production in Canada proved that major employers are willing to stick with Canadian manufacturing when the government shows leadership by providing support and shouldering some of the risk. The need for industrial policy within the current context recognizes that businesses are unlikely to make the capital expenditures and investments needed to transform the economy in greener direction unless government steps in to both develop markets for new products and bear some of the investment risks. As the consultation's discussion paper notes, recent steps taken by the federal government to implement a 'mines-to-mobility' approach in developing the supply chains needed to support EV manufacturing in Canada are promising.

However, the federal government will need to invest far more than the \$46.4 million in Budget 2021 to establish the Critical Battery Minerals Centre of Excellence and for R&D in the critical minerals sector. Effective industrial policy requires the government to assist private enterprise in targeted capital expenditures through direct investment and partial stakeholding of specific projects. More importantly, it requires a clear roadmap and action plan for what the sector should look like in the next 10 to 15 years and the steps needed to get there. Finally, it requires nimble coordination between different levels of government, trading partners and unions/employers in order to implement the strategies quickly and effectively. As a recent report by [Clean Energy Canada](#) pointed out, unless the government is able to develop an effective industrial policy for the sector in the next few years, the window to establishing an internationally competitive battery supply chain in Canada will close and we will be outflanked by our competitors in Europe and Asia who have established industrial policies and strategies in place.

The challenges establishing a Canadian battery supply chain and the need to develop coherent industrial policy to facilitate the process are instructive for other promising but undeveloped sectors such as green hydrogen production. While the recent hydrogen strategy signals that the federal government is serious about supporting carbon-neutral inputs for large-scale industrial applications, green methods of producing hydrogen will need significant government investments and guidance to get them off the ground. Unifor's own experiences with employers engaged in steam methane reforming show, for example, that companies will opt for carbon intensive methods of hydrogen extraction simply because it is the cheapest to implement. Unless companies receive direct support to adopt green technology, there will be little incentive for them to do so. Crucially, then, the federal government must move away from using tax and financing incentives as their primary means of enticing companies to adopt emissions-saving technologies, which puts the onus on and places faith in industry to pursue green solutions

(e.g., the recently introduced federal Emissions Reduction Fund). Instead, the government should offer direct funding tied to emissions targets, job guarantees and stipulations around maintaining the existing workforce. As noted above, just transition cannot be a means for employers to contract flip their way out of a unionized, well-paid workforce with job security and benefits.

#### 4. Conduct facility-specific transition assessments

While industrial policy will be needed at the macro-level to chart out broader strategies and roadmaps for greening the economy through the development of new industries and markets for clean energy, at the micro-level, workers and employers will need government assistance to determine transition options at specific sites and facilities. These transition assessments must be able to determine viable paths for specific facilities and sites to switch their manufacturing processes to greener, less carbon intensive processes and/or tangible product lines, with the least amount of disruption to the workforce. Such assessments would be particularly vital in ensuring that workers are able to maintain existing skilled trades certificates while working on new operations, or else determine specific paths of certificate upgrading that would be minimally disruptive to workers' careers.

As above, the assessments would aim to guarantee that any job transition does not become an avenue for employers to switch their workforce to more precarious and low-paying labour contracts or to contract flip their way out of a unionized labour force. To that end, creating a tripartite body for employers and labour unions to facilitate transition assessments would be essential given their operational expertise and the potential ramifications for existing collective agreements. Conducting tripartite transition assessments would also be particularly crucial for determining how at-risk firms might fare in an increasingly decarbonized economy and what supports they would require to maintain their existing manufacturing capacities and skilled workforces.

#### 5. Introduce border carbon adjustments (BCAs) while prioritizing locally produced goods and services

The policy proposals and reforms above would aim to create a robust framework for generating new sources of job and economic growth while protecting workers' livelihoods under a decarbonized economy. However, any measures undertaken would be rendered ineffective if companies are able to simply transfer their operations to carbon-intensive jurisdictions that have lax environmental and emissions regulations. As a result, Unifor supports the introduction of border carbon adjustments in coordination with trading partners in order to ensure that

carbon leakage does not result in a loss of competitiveness and good jobs to heavy emitting countries. The U.S. and EU are already studying BCAs closely and the EU could introduce BCAs as soon as 2023. Canada must not be left behind.

Beyond BCAs, however, our domestic manufacturing capacity and labour market must be bolstered by procurement policies that aim to promote the use of made in Canada goods and services, while ensuring that foreign investments benefit local workers and their communities. Where feasible, green infrastructure and clean energy projects that are funded by the federal government should embed both local procurement and community/social benefits criteria into their contracts. In short, the federal government will need to change the way it does business with private entities by ensuring that its procurement policies and purchasing decisions reinforce the policy objectives outlined above.

### *Conclusion*

While Unifor is heartened to see that the federal government wishes to re-engage the public on just transition, many of our members, particularly in the energy sector, are keenly aware that time is running out for meaningful action to protect their future livelihoods. The government must revisit the recommendations and principles developed by the 2018 Just Transition Task Force and implement them without delay, while dedicating significant, targeted funding to protect and transition impacted workers. Above all, a worker-centred just transition must ensure that employers in affected industries do not use the opportunity to retool their facilities as an excuse to contract flip their way out of a unionized workforce.

However, just transition on an ad hoc, sector-by-sector basis is not enough. As the Canadian economy undergoes rapid technological and structural changes over the coming decades, more and more workers will need to cope with an uncertain labour market that has higher rates of churn and which demands cutting edge skills. Of course, facilitating the path to unionization is one key method to allow workers to defend their hard-won rights themselves, which also means implementing anti-scab legislation and exploring sectoral bargaining as a means to bolster workers' bargaining power. However, the federal government must also plug the obvious holes in its labour market institutions and explore ways to pursue more active labour market policies, that improve employment insurance benefits while providing effective, coherent vocational training. Businesses and workers will need data-driven financial support and transition assessments, and the economy will require coherent industrial policies to achieve our net-zero targets while still generating good, unionized jobs.

The results of the recent federal election show that Canadians are broadly supportive of a government that has the courage to intervene in markets and support workers when they are faced with financial difficulties and an uncertain future. This is the ideal moment for the federal government to embark on a more ambitious path that sees government taking on a stronger leadership role in the economy by ensuring that all job and sectoral transitions are just, no matter what the economic conditions or circumstances.

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