# Making Good Green Jobs the Law:

How Canada can build on international best practice to advance just transition for all

**IISD REPORT** 



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Written by Vanessa Corkal and Estan Beedell

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# **Executive Summary**

This report examines the role of federal legislation in advancing just transition in Canada. After limited progress since the federal government's 2019 original commitment for just transition legislation, momentum on this file in Canada may finally be picking up, as indicated by its prominence in the fall 2021 mandate letters. Action on just transition can't come soon enough. There is increasing clarity about the massive energy and social changes that will be needed to meet a 1.5°C target, confirmed by a flurry of reports last year, from the International Energy Agency's *Net Zero by 2050* report, the United Nations Environment Programme's Production Gap report, to the Intergovernmental Panel on Climate Change's *Sixth Assessment Report* and more.

In this paper, IISD set out to identify the role of federal just transition legislation, what it should include, and what additional measures are needed in Canada to ensure success. We examined 12 jurisdictions around the world to assess international best practices for integrating just transition considerations in legislation. We also conducted 15 qualitative interviews with domestic and international just transition experts to shed light on the real-time development of just transition policies around the globe as well as some of the strengths and weaknesses of Canada's approach to the coal transition. This paper advocates for a just transition in line with the approach that has been pioneered by the labour movement, including social dialogue and meaningful engagement to support impacted workers and communities while maximizing positive social impacts such as inclusion and poverty eradication.

# **1.** Overarching Policy Considerations

First, our research revealed the following overarching considerations for federal just transition policy:

- All federal bodies involved in just transition initiatives should **commit to just transition principles** in line with International Labour Organization guidelines.
- Social dialogue processes should be robust, early, and ongoing and must go beyond one-way consultation on specific policies. Workers must be at the table, and civil society must be meaningfully involved. Compared to countries such as Germany and Norway, or even South Africa with its more recent history of just transition dialogues, Canada does not have strong social dialogue processes in place.
- Just transition must include Indigenous Peoples as partners, not solely as stakeholders. Government must be proactive and adaptive to ensure respectful inclusion of Indigenous Peoples, including through adequate resourcing. New Zealand is a particularly relevant country to consider regarding Indigenous inclusion, given the progress toward including Māori in just transition processes.

- Government must explicitly **acknowledge the need to transition from fossil fuels.** Understanding the "end goal" is critical to guide policy and provide signals to the private sector.
- Canada's domestic approach must **align with our international responsibilities**, including those under the Paris Agreement.

# 2. Specific Recommendations for Just Transition Legislation

Analysis of the international case studies and expert interviews led us to develop the following recommendations for federal just transition legislation:

- 1. Link just transition to a 1.5°C-aligned pathway and acknowledge that just transition involves addressing both job elimination and job creation. The act must reinforce Canada's legislated commitments under the Net-Zero Emissions Accountability Act.
- 2. Entrench just transition principles, including social dialogue and decent work, in line with International Labour Organization guidelines and best practices from leading jurisdictions (such as Spain and South Africa).
- 3. Name tripartite-plus partners that will take part in social dialogue. This includes governments (including Indigenous governments), unions, and employers, with an inclusive role for civil society groups and communities. A good example is New Zealand's *seven pou* framework.
- 4. Commit to Leave No One Behind, refer specifically to Indigenous rights, and make linkages to environmental justice. Legislation in Spain, Illinois, and Colorado provides instructive examples.
- 5. Formally establish and identify the role, mandate, membership, and independence of the proposed advisory body. We heard a strong desire for the body to have negotiating power (as with the German Coal Commission) to be in a better position for influence and accountability.
- 6. **Mandate the creation of a comprehensive just transition strategy**, for which the advisory body will play a central role. This includes funding considerations: the European Union's approach, for example, has separate regulations for funding programs.
- 7. Establish sufficient institutional structure, including identifying responsibilities for implementation, and a mechanism to ensure collaboration between relevant ministries. Government should strongly consider establishing an agency or institution to lead implementation and play a central role in planning (such as Spain's Institute for the Just Transition). A whole-of-government approach, such as the U.S. Interagency Working Group on Coal and Power Plant Communities, can support broader action.
- 8. Ensure adequate authority and specify approaches for accountability, monitoring, and transparency. Canada must rectify its currently insufficient monitoring and evaluation (or at least transparency) of the efficacy of existing just

transition-related programs. Government should also identify how to enable adequate authority and planning powers to protect impacted workers and communities.

# 3. Recommendations for Broader Just Transition Policy

We also found that the following critical actions alongside legislation are needed to meaningfully move this file forward in Canada:

- **Comprehensive just transition strategy:** This was listed as a priority by nearly all our interviewees. While legislation can set this in motion, a number of measures must be included and developed, from worker-specific supports, targeted measures for underrepresented groups, economic diversification and regionally specific roadmaps, and more.
- **Complementary measures** such as green industrial policy, labour market planning and adjustment (including access to labour market information), and upholding and strengthening social protection. A national conversation on just transition cannot be separated from existing challenges within Canada's labour market and social security net.
- **Corporate accountability:** Governments—and taxpayers—should not unfairly shoulder the cost burdens and financial liabilities related to the energy transition. Our research illustrates several ways to ensure accountability and uphold the polluter-pays principle, such as requiring adequate notice of plant closures, ensuring the development of alternative industrial plans, reforming bankruptcy laws, and more.
- **Proactive funding:** Social dialogue and the legislative process both take time, and the need for funding is urgent. Among other things, we found that Canada's funding approach must be nationally coordinated, ensure flexibility to support local decision making, include worker-specific supports, uphold Indigenous rights and authority, and include effective monitoring and evaluation.

The scale of the just transition challenge is immense, but the opportunities are enormous. The longer the delay, the higher the economic, social, and environmental risk. As one of our interviewees for this paper highlighted, there is a "democratic imperative" for fast and comprehensive action on just transition. Just transition legislation can put Canada on a pathway to anticipate and respond to economic impacts and opportunities, to engage directly with workers and communities, and to create hope and certainty for their futures. Our hope is that the jurisdictions and principles examined in this paper can inspire government to take proactive and bold action to protect the workers of today and support the workers of tomorrow.

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# **1.0 Introduction**

The summer of 2021 saw horrific floods in British Columbia, along with heat waves, continuous forest fires, and a severe drought in the Prairies—forcing the climate crisis to the front and centre for many people across Canada. The same year, the Intergovernmental Panel on Climate Change's *Sixth Assessment Report* clarified the massive impacts of human-induced climate change (Masson-Delmotte et al., 2021), and the International Energy Agency released *Net Zero by 2050: A Roadmap for the Global Energy Sector*, showing the enormous energy changes that will be needed to meet a 1.5°C target (International Energy Agency, 2021).

Canada's response to climate change could transform our economies in the best way possible, positively impacting workers, their families, and their communities. But delayed action holds immense economic, social, and environmental risks, as we have already seen this year. Labour and civil society groups in Canada have been calling for a ramping up of just transition policies for years, a call that seemed to be at least partly heeded in 2019 when the federal government announced its intention to introduce related federal legislation (Office of the Prime Minister, 2019). While very limited progress was made in the 2 years following, momentum is picking up again: the 2021 federal mandate letters foregrounded just transition, promising both legislation and "comprehensive action" (Office of the Prime Minister, 2021c).

This paper explores what federal just transition legislation should include, the role it can play, and what additional measures are needed in Canada to ensure success. We seek to explore the role of legislation in creating an enabling environment for a just energy transition and what key components or mechanisms could be entrenched through legislative processes. We also identify other aspects of just transition policy that need to be promoted outside of specific legislation.

This report builds on existing bodies of research on just transition legislation, including the Canadian Centre for Policy Alternatives' *Roadmap to a Canadian Just Transition Act* (Mertins-Kirkwood & Duncalfe, 2021). Our findings are informed heavily by developments in other jurisdictions, where we look at how governments are approaching legislation and implementation. While just transition will need to be applied to multiple sectors facing the energy transition, the evidence and examples cited in this paper relate primarily to the fossil fuel production sector, given that just transition in this sector (primarily coal) has been the primary focus of existing government efforts worldwide.

As the development of just transition policies and legislation is occurring around the globe in real time, it is in many cases too early to fully gauge successes and failures, and there is limited available literature that assesses recent political developments. To that end, we also conducted 15 qualitative interviews with domestic and international just transition experts. Interviewees included labour and civil society organizations as well as key experts from Spain, South Africa, New Zealand, and the United States, who provided perspectives on how the just transition

challenge is being addressed in those countries and what Canada could learn from them. Findings from our interviews are integrated throughout the paper.

We explore the potential for just transition legislation in four major sections. First, we situate our discussion of just transition in fundamental concepts, exploring how dialogues have evolved in Canada in recent years. Second, we summarize the current Canadian context, including existing policies, barriers, and opportunities. Third, we survey international examples of just transition efforts, focusing on legislation or implementation examples that Canada could learn from. Fourth, we identify recommendations for government on what a legislative approach should include and what complementary actions are needed to meaningfully move this file forward in Canada.

# 2.0 Where Are We Starting From?

# 2.1 Key Just Transition Concepts

This paper advocates for a just transition in line with the approach that has been pioneered by the labour movement, as outlined in the International Labour Organization's (ILO) *Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All* (2015). These guidelines describe key components of a just transition, including relevant policy areas and enabling conditions that ensure just transition processes are successful. This includes social dialogue and meaningful stakeholder engagement as the key processes by which support for impacted workers and communities can be achieved, while maximizing positive social impacts, such as inclusion and poverty eradication. These components (see Box 1 for more details) are critical for governments to engage with in order to put workers and communities first as we navigate the transition to a low-carbon economy. Just transition processes are founded on the idea of deliberative democracy and a bottom-up approach that builds on community-led initiatives (Haf & Robison, 2020). Because energy transitions and their impacts vary depending on local dynamics and contexts, just transition processes enable affected parties to be part of both local and higher-level planning.

### Box 1. Important terms related to just energy transitions

**Social dialogue** relies on "adequate, informed and ongoing consultation" with affected partners and stakeholders (ILO, 2015). It provides the space for parties to raise their concerns and priorities about economic and social policy and to build support for policies to "go further and faster together" (Carbon Brief, 2017).

**Tripartism** refers to cooperation and dialogue between tripartite partners (governments [including Indigenous governments], employers, and workers) for standards, policies, and programs related to labour (ILO, n.d.-b), whether it be consultations, negotiations, or exchanges of information. A tripartite approach to just transition policy development ensures cooperation between partners, increased participation from those affected, and improved governance.

**Tripartite plus** occurs when social dialogue is opened beyond tripartite partners to other important stakeholders and civil society groups (Engin, 2018) and is a way of ensuring equitable processes that engage communities historically excluded from policy-making and the economy.

**Decent work** is a term that describes work opportunities that provide, among other things, fair income, equality of opportunity, and agency for people's decision making about their own lives. The ILO's Decent Work Agenda has four pillars: employment creation, social protection, rights at work, and social dialogue (ILO, n.d.-a).

### 2.2 Situating the Energy Transition in Canada

The energy transition, while in scale among the most significant, is one of many disruptive transitions in Canada's economic history. Various Canadian communities, at different points in time, have relied on a single industry, often a natural resource, leaving their economies highly vulnerable to external shocks. Other transitions have occurred simultaneously across many communities that have been driven by technological change, changes in consumer demand, global shocks, and other factors. Examples include the mechanization of agriculture in the early 20th century, the collapse of Newfoundland and Labrador's cod fishery in the 1990s, and the decline of manufacturing in the 2000s (Stanford, 2021). These transitions were more disruptive as a result of being unmanaged.

The scale of the climate crisis demands unprecedented changes across society and policy levers to enable that change. As one of our interviewees described, unlike the history of other economic transitions, the energy transition is a "deliberately and socially mandated change." Government has a particular duty to ensure that workers and communities are "kept whole" by considering both the positive and negative impacts of these changes (the private sector, too, has responsibility, having known about this transition and other related impacts such as automatization). An effective government approach should include *reactive elements*, to address immediate impacts that are already underway, as well as *proactive elements*, which allow us to plan and get ahead of anticipated economic changes while maximizing opportunities for long-term economic development, diversification, and reindustrialization to ensure Canadian communities can thrive as the economy shifts.

A properly designed Just Transition Act can create the legal and policy framework to provide workers and communities with certainty that these actions will occur and delineate the government's role to support workers both transitioning *out of* declining sectors as well as transitioning *into* those sectors that will underpin Canada's low-carbon economic future.

Sometimes there is no clear delineation between sectoral impacts caused by external factors, such as technological change and market pressures, and impacts caused by government policy. Such forces usually work in combination. Our previous research with civil society and labour groups highlighted concerns regarding the inherent job insecurity for workers in certain sectors— particularly natural resources—that are prone to boom-and-bust cycles, but concluded that just transition legislation can help smooth out these disruptions (Beedell & Corkal, 2021). However, there is a balance to be had: the groups we interviewed in this previous research also expressed the need for more effective measures *outside* the scope of a just transition act, such as a stronger social safety net and better conditionalities and accountability of the private sector.

Crucially, just transition is an opportunity to "pull people up" and maximize social and economic benefits in new and emerging industries—for both workers transitioning between jobs *and* those entering the workforce. To do so, policy-makers must consider the disparate impacts of historical policy, social marginalization, and structural oppression on various communities (BIPOC, 2SLGBTQIA+, and others), as well as the varying needs of different groups (youth, people with disabilities, language minorities, newcomers, and others) with an intersectional lens. Targeted measures will be required for groups who are underrepresented in current sectors so as to not have just transition programs perpetuate labour market inequities.

# 3.0 The Canadian Policy Context

### **3.1 Current Policies**

### 3.1.1 Learning From the Coal Transition

After the federal government's 2016 decision to phase out traditional coal-fired electricity by 2030, the Task Force on Just Transition for Canadian Coal Power Workers and Communities carried out consultations with stakeholders and published their recommendations for both support programs for workers and communities as well as foundational changes needed to reform Canadian institutions (Task Force on Just Transition for Canadian Coal Power Workers and Communities, 2018). The strengths of the federal government's approach to the coal transition include having a clear phase-out date and the inclusion of a broad range of stakeholders in its consultations—including labour unions, environmental groups, and civil society (Sanchez et al., 2021). The government also provided some funding for affected communities for retraining and economic diversification, including funding provided through Western Economic Development Canada (Department of Finance, 2019).

However, there are also weaknesses. The Task Force served an advisory role only, without the legal authority to negotiate how recommendations and funding were implemented. The federal government, after initially welcoming the Task Force's final report, did not implement many of its recommendations (particularly around supports to individual workers such as pension bridging and income support) and others were left severely underfunded (Canadian Labour Congress, 2019a). Funding was channelled through regional economic diversification agencies, which do not have the mandate to provide direct support to workers.

Feedback from our interviews revealed additional on-the-ground challenges with the coal transition, despite available funding. We heard concerns that there was no "coherent transition mechanism" or transition policy framework to coordinate coal transition activities, which interviewees felt led to an **ad hoc approach** with different and inconsistent results in local communities. Some felt that actual just transition programming was "left to the creativity" of impacted jurisdictions—which worked well in locations that had strong planning capacity but less well in others. Some local organizations tasked with carrying out programs faced **barriers in accessing the right information** to inform program design, to reach affected workers and businesses, and to ensure key demographics (such as youth and Indigenous workers) were properly supported. We also heard a desire for local organizations and non-profits to better collaborate with (and avoid undermining the role of) unions. Questions were raised about the limitations of what available federal just transition funding could be used for and how funding could best be allocated (and to whom).

A key weakness identified by our interviewees was the **lack of collaborative relationships** between actors working on transition programming and private companies. Interviewees cited

concerns about companies not sharing information about impacted workers, making it difficult to reach them with available supports. One interviewee named an example of a company dismissing certain workers and replacing them with short-term workers that had fewer labour protections. As another stated, "They don't want to release any information . . . . [Companies] keep workers until they are done with them. . . . This practice doesn't allow workers with families to strategize—they need time to pivot and transition. Their decisions become crisis-based."

Assessing the full successes and failures of federal coal transition funding is a substantial task, and our interviews only skimmed the surface. The concerns we heard point to a need for more thorough monitoring and evaluation of coal transition funding programs and ongoing engagement with affected communities to ensure funding and coordination are meeting their needs. As the federal government considers more far-reaching just transition policies affecting other sectors, ensuring these shortcomings are not repeated should be top of mind.

### 3.1.2 Current Status of Just Transition-Related Legislation in Canada

In summer 2021, the federal government began consultations on just transition and related legislation, led by Natural Resources Canada (2021a). The December 2021 mandate letters reprioritized just transition and consultations with a broad range of partners and stakeholders. The letters encouragingly show that a broad range of ministers will be involved,<sup>1</sup> pointing to the government's awareness that this is a cross-cutting issue that requires many hands on deck. Natural Resources Canada will lead on both legislation and broader strategy, while Employment and Social Development Canada has been tasked with launching a Clean Jobs Training Centre to help upskill workers (Office of the Prime Minister, 2021c, 2021a). Other ministers have been tasked with developing a CAD 2 billion Futures Fund for Alberta, Saskatchewan, and Newfoundland & Labrador.

Beyond the specific just transition legislation promise, there have been other proposals for legislation that are closely related to worker protection and equitable transitions. Bill C-253 (2021) proposed measures to protect workers when companies declare insolvency but, despite passing second reading, was not moved forward before the 2021 election. It would have amended the Companies' Creditors Arrangements Act and the Bankruptcy and Insolvency Act to guarantee workers' wages, pensions, and benefit programs were paid for before payouts to shareholders. The bill is an example of how legislation could ensure private sector accountability to workers.

Recent environmental justice legislation proposals also have strong linkages to just transition. Bill C-28 (2021), which did not see debate prior to the 2021 election but is expected to be

<sup>&</sup>lt;sup>1</sup> Ministers that have been tasked with just transition-related objectives in the 2021 mandate letters include the Minister of Natural Resources, the Minister of Labour, the Minister of Finance, the Minister of Employment, Workforce Development and Disability, and the Minister of International Trade, Export Promotion, Small Business and Economic Development. They will be supported by the Ministers responsible for the Atlantic Canada Opportunities Agency and Prairies Economic Development Canada, the Minister of Rural Economic Development and the Minister of Tourism and Associate Minister of Finance.

debated this cycle, aimed to update the Canadian Environmental Protection Act and included a component to legislate the right to a healthy environment. Bill C-230 (2021), which passed second reading before the 2021 election was called, would have required government to develop and report on a strategy to address environmental racism. Both of these legislative proposals attempt to start addressing critical equity gaps in Canada's current approach to environmental policy. They illustrate how other types of legislation could also address gaps in Canada's labour and environmental policy frameworks, with implications for the energy transition.

# 3.2 Moving Beyond Coal and Scaling Up the Transition in Canada

Canada's coal transition was to affect nearly 50 communities across four provinces and 3,000 to 3,900 direct workers (Task Force on Just Transition for Canadian Coal Power Workers and Communities, 2018). Expanding and improving just transition approaches to other sectors affected by the energy transition is an exponentially larger task. For example, direct employment in fossil fuel industries alone, while small as a percentage of Canada's total workforce, was around 170,000 jobs in 2019 (Stanford, 2021), or 43 times that of the coal workforce. Beyond those directly working in energy-related sectors that face transition, there is a need to consider indirect workers in just transition planning. Especially in rural communities, job losses in a primary economic sector can have severe knock-on effects for those working in services and other regional employers.

### 3.2.1 Tackling Oil and Gas

While it is encouraging that the discussion paper for the 2021 federal just transition consultation took a broad scope that included multiple sectors, it made no direct reference to fossil fuels (Natural Resources Canada, 2021b). As highlighted by United Nations Environment Programme's *Production Gap* report (Stockholm Environmental Institute et al., 2021), global fossil fuel production must decline steeply and rapidly in order to meet Paris Agreement targets. The Canadian Net-Zero Emissions Accountability Act (2020) sets interim economywide emissions reduction targets at 5-year intervals but lacks a carbon budget framework that would help guide emissions pathways per sector. The federal government has also committed to establishing a cap for oil and gas sector emissions in line with net-zero by 2050, with 5-year targets (Office of the Prime Minister, 2021b).

Currently, in its most ambitious modelling scenarios, Canada is still projecting oil production to grow until 2032 and gas production to grow until 2040 (Canada Energy Regulator, 2021). The current lack of clarity on pathways for the sector, in addition to jurisdictional issues (see Section 3.3.1), means that Canada has no projected or mandated timeline for oil and gas transition, unlike the clarity provided by the phase-out date for coal-fired power. Additional clarity will be needed from the federal government on pathways for the oil and gas sector to allow workers and communities to plan.

# 3.3 Complexities of Just Transition Legal and Policy Processes in Canada

### 3.3.1 Canadian Federalism

Canada's federal system adds considerations and challenges for just transition legislation not faced by unitary states. In many European countries, labour and environmental policy are handled by a central government. The Canadian division of powers between provinces and the federal government gives control over labour law to provinces, except in certain industries (Brideau & Brosseau, 2019). Employment insurance is an exception; provinces yielded some of their power to the federal government to allow for the creation of a national employment insurance program in the 1940s (Employment and Social Development, 2020). To change the direction of policy in areas where it has no jurisdiction, the federal government typically relies on "spending power"—the use of federal conditional grants to shape program design at the provincial level (Telford, 2003).

Environmental law, not specified under the Constitution, falls under a mix of federal and provincial jurisdiction, while natural resources are an exclusive power of provincial legislatures. However, the landmark Supreme Court carbon pricing ruling in 2021 stated that climate change "poses a grave threat to humanity's future," and, as such, the federal government could enact climate change laws under the Constitution's "peace, order and good government" clause, which gives the federal government the power to enact laws to address issues that affect the whole country (Supreme Court of Canada, 2021; Tasker, 2021). The precedent set by this ruling could potentially allow the federal government to enact more extensive just transition policies, including through legislation, rather than simply relying on spending power, which is impermanent and vulnerable to the political cycle.

No oil and gas-producing province has started planning for a decline in global demand, nor have they developed their own net-zero pathways for the fossil fuel sector or transition plans and processes for affected workers (Dusyk & Turcotte, 2021). The scale of the transition ahead of us requires increased action from the provinces, as well as improved coordination and collaboration between the federal and provincial governments to enable just transition processes and planning around economic diversification. Federal just transition legislation could pave the way to mechanisms or processes that advance collaboration and action between multiple levels of government.

### 3.3.2 Tripartism and Social Dialogue in Canada

Compared to European countries such as Germany and Norway, Canada does not have strong tripartite institutions that codify the relation between unions, businesses, and government or that mandate labour involvement in policy-making. For example, in Denmark, which is not a federated system, just transition policies are delivered through existing institutions (including labour market

institutions) that already incorporate social dialogue, tripartism, stakeholder engagement, and an emphasis on social protection.

In Canada, tripartite institutions that were developed in the mid-20th century were weakened in the 1980s and 1990s as the federal government took a more neoliberal approach to labour market policy, emphasizing labour market competition over job security (de Wolff, 2006). The Employment Insurance Act of 1996 transferred additional labour market responsibility to the provinces and led to the closure of the Canadian Labour Force Development Board, one of the primary tripartite bodies that had operated at the federal level. Remaining similar institutions were further weakened by the Harper administration (2006–2015), for example by removing the tripartite Board of Referees from the Employment Insurance appeals system in 2012 (Canadian Labour Congress, 2019b). Tripartism in Canada is also a challenge due to the country's lower unionization rate, with 31% of workers covered by a collective bargaining agreement (2020), compared to 54% in Germany (2018) and 80% in Spain (2018) (Organisation for Economic Cooperation and Development, 2021).

### 3.3.3 Other Barriers and Challenges

Canada's low population density creates additional challenges for just transition programs not felt to the same extent in densely populated countries. This is especially the case for remote resource-extraction communities. Whereas in Europe most fossil fuel-dependent regions are in close proximity to more diversified economies and are well-connected by infrastructure, many Canadian communities do not have these enabling factors for economic diversification. At the same time, many workers in Canada have already left their homes and migrated for work, including, for example, those coming from other provinces to Alberta to work in the oil and gas sector. The energy transition provides an opportunity to rethink how local economies can be strengthened and well-paying jobs created across Canada.

Political barriers were frequently cited by our interviewees, including what respondents describe as undue influence on the federal government from vested interests and incumbent industries (Beedell & Corkal, 2021). Researchers have described this as a "regime of obstruction": how corporate economic, political, and cultural power in Canada creates blockages against a just energy transition despite the technical feasibility and availability of solutions (Carroll, 2021).

# 4.0 International Progress on Just Transition Legislation: What can Canada learn?

In this section, we provide an overview of key just transition legislation and related policies from jurisdictions around the world. Many of these policies have been introduced only recently, meaning that fully understanding the strengths and weaknesses of each country's approach may take time as the evidence of outcomes from implementation emerges over the coming years. Much existing just transition legislation and policy relates only to coal, but the needle is shifting—one example is recent legislation in Illinois that addresses all types of fossil fuel-powered electricity (Section 4.3.2). The global conversation is quickly evolving, and in November 2021, Denmark and Costa Rica launched the Beyond Oil and Gas Alliance, which unites jurisdictions moving forward on ending oil and gas expansion and production (Beyond Oil & Gas Alliance, 2021).

Table 1 provides an overview of specific legislative measures examined for this paper. In the following text, we explore each jurisdiction in more detail. We include examples from some jurisdictions where no specific just transition legislation exists but where broader climate change legislation has embedded just transition principles (noting that there may still be a need in some of these jurisdictions to advance just transition-specific legislation).

Jurisdiction	Legislation or bill	Summary of inclusion of just transition
Scotland	Climate Change (Emissions Reduction Targets) Act (2019)	Sections 24 and 35 specify just transition and climate justice principles, including that the climate plan must support the workforce, employers, and communities in impacted sectors and regions, and align with broader just transition principles (Climate Change [Emissions Reduction Targets] [Scotland] Act 2019).
Ireland	Climate Action and Low Carbon Development Act (2021)	The bill enshrines climate justice and the requirement for a just transition, but is not detailed on definitions. It also sets a target of climate neutrality by 2050, and embeds 5-year carbon budgets into law (Climate Action and Low Carbon Development Act, 2021).

Table 1. Key legislative measures and proposals on just transition around the world (as ofJanuary, 2022)

Jurisdiction	Legislation or bill	Summary of inclusion of just transition
Spain	Law on Climate Change (Proyecto de Ley de cambio climático y transición energética) (2021)	Article 2 entrenches robust just transition principles, while Article 28 mandates the adoption of 5-year just transition agreements to ensure equal opportunities for employment generated by the transition to a green economy and minimize negative impacts. The bill also establishes a ban on all new coal, oil, and gas projects with immediate effect, to reach net- zero by 2050 (Government of Spain, 2021). The draft bill informed Spain's Just Transition Strategy.
Germany	Structural Support for Coal Regions Act (Strukturstärkungsgesetz) (2020)	The act mandates support to affected coal regions, with financial aid for investments to deal with structural changes and to create new employment in the period to 2038 when coal will be phased out as per the Coal Phase-Out Act (Government of Germany, n.d.).
United States	Investing in Infrastructure and Jobs Act (2021) (passed) and Build Back Better Act (2021) (passed House of Representatives)	These acts leverage spending power to make historic investments in climate action, with significant implications for job creation and just transition.
United States	CLEAN Future Act (2021) (proposed)	The bill would create an Office of Energy and Economic Transition in the White House to develop federal policies on just transition for all workers and communities affected by the low-carbon transition, including and beyond the fossil fuel sector (H.R.1512–117th Congress (2021–2022): CLEAN Future Act, 2021).
United States	American Energy Worker Opportunity Act (2021) (proposed)	The bill proposes a wide range of worker- specific provisions to support energy workers affected by the low-carbon transition, such as wage supplements, worker education and training, and education for child dependents of displaced workers (Brown, 2021).

Jurisdiction	Legislation or bill	Summary of inclusion of just transition
United States	Environmental Justice for All Act (2021) (proposed)	The bill proposes a range of rights to redress inequities in the access to environmental benefits and the exposure to potential environmental and climate threats. The act would establish a Federal Energy Transition Economic Development Assistance Fund and a Just Transition Advisory Committee with broad representation to help communities transition from fossil fuel-dependent economies and oversee allocation of funds. It also prioritizes funds for displaced workers from the fossil fuel sector (Environmental Justice for All Act, 2020).
Colorado	Just Transition From Coal- based Electrical Energy Economy Act (2019)	The act created a just transition office and advisory committee tasked with drafting a just transition plan specifically for workers transitioning from the coal industry. The bill states that planning should take into consideration the interests of communities disproportionately exposed to both economic and environmental impacts (Colorado General Assembly, 2019).
Illinois	Climate and Equitable Jobs Act (2021)	This far-reaching act includes various components, including a phase-out of fossil fuel-powered electricity, measures to create economic opportunities for disadvantaged communities, create clean energy jobs, and provide support (including funding) for workers impacted by the transition from fossil fuels (Illinois General Assembly, 2021).
New York State	Climate Leadership and Community Protection Act (2019)	New York's broad climate change legislation establishes a Just Transition Working Group but does not include labour provisions (Bill S6599—Climate Leadership and Community Protection Act, 2019). Civil society groups have proposed a follow-up Climate and Community Investment Act that would establish labour provisions and a levy on corporate polluters to raise funds for various clean energy supports (Murray-Cooper, 2020; NY Renews, n.d.).

Jurisdiction	Legislation or bill	Summary of inclusion of just transition
European Union (EU)	European Climate Law (2020); Just Transition Fund, InvestEU program, and Public Sector Loan Facility regulations	The European Climate Law references just transition and sets out broader climate objectives for the EU. The Just Transition Mechanism (JTM) includes targeted support to regions most impacted by the transition to a climate-neutral economy. Separate regulations govern each of the three pillars: the Just Transition Fund, the InvestEU program, and the Public Sector Loan Facility (European Commission, n.d.).
South Africa	Climate Change Bill (passed cabinet in 2021)	The bill instills just transition principles within broader climate change legislation, which creates opportunities to contribute to social goals such as poverty reduction, equity and inclusion, and diversification of asset and company ownership structures (Government of South Africa, 2021). While strong principles are included (derived from the ILO guidelines), they are less clearly legally enforceable or binding.

# 4.1 Spain

Spain, though in theory a unitary state, has, to varying degrees, devolved power to its Autonomous Communities (first-level administrative divisions), bringing the country closer to a federation in practice (Barreira, 2020). Spain is an international leader in pursuing comprehensive just transition policies, although the country's approach can be considered reactive in response to employment losses in the coal industry (Patel, 2021), and implementation is in its early days. Spain's coal industry decline accelerated after an EU decision in 2010 called for an end to coal subsidies, which had been propping up Spain's unprofitable coal mines (World Resources Institute, 2021b). In response, a group of unions<sup>2</sup> pushed the government for just transition policies to build on EU support that at the time mainly consisted of benefits to unemployed workers and had limited focus on policies to create new sources of employment. The subsequently created "Plan Del Carbón" was a decadelong plan that sought to provide local re-employment in environmental restoration work and reskilling programs for clean industries (Abascal et al., 2018). The Spanish government also signed a strategic partnership agreement with the ILO in 2018 to implement the ILO Just Transition Guidelines (Ministerio para la Transición Ecológica, n.d.-a). In 2019, Spain adopted the Strategic Framework for Energy and Climate, which included the country's first

<sup>&</sup>lt;sup>2</sup> Comisiones Obreras (CCOO), Unión General de los Trabajadores (UGT), and Unión Sindical Obrera (USO) and the Federación Nacional de Empresarios de Minas de Carbón (Carbounión).

Just Transition Strategy as well as a Draft Bill on Climate Change and Energy Transition that entrenched the ILO principles and committed the government to update the strategy every 5 years (Ministerio para la Transición Ecológica, n.d.-b; World Resources Institute, 2021b).

The **Bill on Climate Change and Energy Transition**<sup>3</sup> became law in April 2021. It has as a central mechanism the creation of comprehensive just transition agreements<sup>4</sup> between the central government and local authorities in fossil fuel-dependent regions but is not restricted to fossil fuel workers (Proyecto de Ley de Cambio Climático y Transición Energética, 2021). The agreements will seek to promote economic activity and diversification, as well as improve the employability of vulnerable workers and groups at risk of exclusion. Technical, financial, and legal assistance for the drafting and implementation of the transition agreements will be provided by the newly created Institute for the Just Transition (ITJ).<sup>5</sup>

An ITJ Advisory Board, formed by representatives from the central government, Autonomous Communities, Local Entities, trade unions, and stakeholders (including youth), will coordinate and monitor the overall **Just Transition Strategy** (Ministerio para la Transición Ecológica, 2020). Among other things, the strategy sets up a social dialogue framework and establishes roundtables, and identifies roles and responsibilities for tripartite partners (Patel, 2021). Spain's process benefits from measurable objectives, the incorporation of participatory approaches including diverse stakeholders, and the inclusion of gender analysis (Rodríguez, 2021). We heard in our interviews that Spain's approach is also strong on the involvement of environment and labour ministries and recognition that just transition must be cross-sectoral. Food and agricultural production, transportation, and other sectors have already been discussed, although for the time being capacity to expand to these sectors is limited.

Spain's strong social dialogue approach appears to have resulted in a significant number of measures approved in agreements for coal workers, including early retirement, programs for retraining, relocation, and more, as well as environmental restoration and reclamation (Krawchenko & Gordon, 2021). One interviewee noted that the social dialogue process in Spain led directly to entrenching ILO-aligned principles in the 2021 climate change bill. There is also a strong Leave No One Behind component to the Spanish approach: the bill provides for support to geographic areas or groups vulnerable to the transition to a low-carbon economy, tasking the ITJ Advisory Board with evaluating their vulnerability status in accordance with the Just Transition Strategy (Proyecto de Ley de Cambio Climático y Transición Energética, 2021). The strategy does not provide clear evaluation criteria for vulnerability status; the ITJ must consider the full economic impacts of the transition when negotiating just transition agreements with local

<sup>&</sup>lt;sup>3</sup> From the Spanish original, "Proyecto de Ley de cambio climático y transición energética" (2021).

<sup>&</sup>lt;sup>4</sup> Each agreement, along with support measures such as digitization, entrepreneurship, employment, social protection, and training activities, must include the following: an evaluation of the vulnerabilities of the affected region to the energy transition; commitments from participating parties, including the companies benefiting from transition support measures; and an implementation timeline.

<sup>&</sup>lt;sup>5</sup> From the Spanish original, "Instituto para la Transición Justa (ITJ)." A full list of regulations and laws related to the ITJ can be found at: <u>https://www.transicionjusta.gob.es/Quienes\_somos/index-ides-idweb.asp</u>

authorities. As a starting point, the Spanish government has estimated job gains and losses across all sectors as a result of the Integrated National Energy and Climate Plan 2021–2030 (Ministerio para la Transición Ecológica, 2020).

Just transition agreements in Spain have so far been limited to coal-dependent communities (Rodríguez, 2021). Under coal-specific closure agreements, the central government works with employers in each region and will then select projects for funding (Spain relies heavily on EU funding for just transition). Based on our interviews, this approach is seen as preferable to allocating money to regional governments to avoid spending on traditional infrastructure that may not actually advance transition objectives.

A unique and notable aspect of Spain's just transition-related processes more generally is that when large plants close, companies and trade unions must undergo a bargaining process mediated by government. According to Jofre-Monseny et al. (2018), anecdotal evidence shows that these deals have resulted in severance payments above what would normally be legally required, as well as early retirement packages and efforts by local governments to relocate workers.

#### **KEY INSIGHTS FROM SPAIN**

- Just transition principles in line with ILO guidelines can and should be mainstreamed in legislation.
- Entrenching social dialogue processes early on can set up just transition legislation and strategy for longer-term success.
- Multilateral social processes and representation can contribute to "Leave No One Behind" objectives and equity goals.
- A specific just transition institution can advance relevant priorities and help identify where funding should go, provided adequate guidance comes from key partners.
- Funding allocation must take into consideration the likelihood of projects to advance transition objectives.

## 4.2 New Zealand

In 2018, as New Zealand was drafting its first net-zero legislation, it set up the **Just Transitions Unit** (JTU) to "coordinate the work of transitioning New Zealand to a low emissions economy" (Ministry for the Environment, 2021; Ministry of Business, Innovation & Employment, n.d.). The JTU will examine the impacts of climate change policies on households and communities and work with government agencies to facilitate opportunities created by the transition to a lowemissions economy. Particular focus has been placed on Taranaki, the most fossil fuel-dependent region of New Zealand. The JTU established a Taranaki Transition Lead Group formed with representatives of seven constituencies, including Māori, business, labour, and community leaders (Wellbeing Economy Alliance, n.d.). After extensive public consultations, the group created a roadmap to 2050 for a just transition to a low-emissions economy, as well as Transition Pathway Action Plans for each of the 12 identified transition pathways, including 7 sectors: energy; food and fibre; tourism; arts; health and well-being; the Māori economy; and infrastructure and transport (Venture Taranaki, 2019).<sup>6</sup>

The **Climate Change Response (Zero Carbon) Amendment Act**, passed in 2019, compels government to create a strategy (including for funding) under the emissions reduction plan to address impacts related to the low-carbon transition on workers and communities. While an important step, the act lacks the words "just transition," and, although just transition principles are reflected, it does not mention unions and establishes no formal structure for tripartite-plus dialogue that would meet ILO criteria. Alongside the act, the He Pou a Rangi (**Climate Change Commission**) was established to provide independent advice on reaching New Zealand's net-zero target (New Zealand Government, n.d.). Its final report, published in June 2021, recommended the government develop an Equitable Transitions Strategy to deliver an inclusive transition (He Pou a Rangi the Climate Change Commission, 2021). It also emphasized a partnership approach between the New Zealand government and Māori, with a focus on equitable transition for Māori communities. The report was praised by the New Zealand Council of Trade Unions (CTU) for being centred around proactive engagement and for its emphasis on a strong distributional impact assessment of climate policies to address social inequities (E tū, 2021).

New Zealand also has a **Future of Work Tripartite Forum**, which brings business groups, unions and government together to address risks and opportunities posed by emerging global trends, including but not limited to climate change (Ministry of Business, Innovation & Employment, 2021a). It was praised in our interviews as an important opportunity for social dialogue while involving key government departments, such as the Ministry of Finance. It has been significant in terms of producing government actions in areas of consensus between business and labour. That said, interviewees noted that it has remained a challenge to ensure workers are "at the table." The country has not formalized just transition social dialogue processes beyond the Taranaki region (White & Leining, 2021) and, more recently, the Southland region (Ministry of Business, Innovation & Employment, 2021b).

New Zealand is a particularly relevant country to consider regarding Indigenous inclusion, given the progress toward including Māori as full partners in just transition processes. New Zealand's just transition approach was adapted to the *seven pou* framework,<sup>7</sup> with consultation with groups including *iwi* (Māori confederations that act similarly to tribal governments) and *hapū* (sub-units of *iwi*). This approach has allowed for the strong involvement of both unions and *iwi*. Māori leaders and representative structures within unions are essential to union relationships with *iwi*; many larger unions have a *rūnanga* (council) of Māori members. Representatives of these serve the New Zealand CTU *rūnanga*, whose priorities include implementing treaty-based change

<sup>&</sup>lt;sup>6</sup> In addition to sector-specific pathways, the roadmap also examined other types of non-sector-specific "enabling" pathways including environmental sciences, regulation, people and talent, innovation and R&D, and metrics and evaluation (Venture Taranaki, 2019).

<sup>&</sup>lt;sup>7</sup> *Pou* is te reo Maori for "post" or "pillar." The *seven pou* framework includes employers, unions, local and central governments, educational institutions, iwi, and other community groups.

(New Zealand Council of Trade Unions, n.d.). There is also ongoing work to set up a tripartite process on the Future of Work for Māori, involving the CTU *rūnanga*, Māori business, *iwi*, and government.

Interviewees acknowledged that it has been a learning process to include hapū on their own terms and that adequate time and money were required to do sufficient outreach. They noted more work needs to be done to address other communities facing marginalization, such as workers with disabilities and Pacific workers. A key area cited for improvement is ensuring Māori partners are adequately resourced and respectfully engaged. Interviewees reflected that much more work is needed to engage on terms that suit Māori rather than terms that primarily suit labour, business, or government.

Interviewees familiar with New Zealand indicated several key challenges, including insufficient funding availability (including direct worker supports). They noted there is a need to ensure a coordinated plan for replacement industries is developed, alongside adequate financial mechanisms to leverage funding beyond regional growth and green investment funds.

#### **KEY INSIGHTS FROM NEW ZEALAND**

- Legislation must mandate government to develop key components of just transition, such as a full strategy and funding.
- Regional processes, such as the Taranaki process, can pave the way for broader and more expansive just transition implementation, but adequate social dialogue processes must be established.
- Government must be proactive and adaptive to ensure respectful inclusion of Indigenous Peoples as full partners in just transition processes, including through adequate resourcing.

## 4.3 United States

Since taking office, the Biden administration has made efforts to move quickly on climate change, just transition, and environmental justice. In his first week in office, President Biden used an executive order to establish the **White House Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization**. The working group is tasked with convening stakeholders, identifying priority geographies, and making transition recommendations to government, including on funding. It is part of efforts to "coordinate an integrated, whole-of-government approach to supporting energy communities" (White House, 2021a).

Recent major legislation with enormous implications for climate change, environmental justice, and jobs includes the **Infrastructure Investment and Jobs Act** (IIJA) and the **Build Back Better Act** (BBBA) (2021), although neither specifically mentions just transition. Made law in November 2021, the IIJA's USD 550 billion in infrastructure investments are expected to create around 2 million jobs per year (White House, 2021b). The implications for just transition are

significant, given the focus on clean energy infrastructure (including transit, electric vehicles, and renewable energy) and environmental remediation. The expansive BBBA, as passed by the US House of Representatives in November 2021, included climate-related spending of USD 555 billion, focused on incentivizing clean energy supply chains and adoption, and supporting resilience and natural climate solutions, alongside various other provisions to expand the social safety net (Popli & Vesoulis, 2021).

The Environmental Justice for All Act (2020), which was still before Congress as of December 2021, uses an equity lens to target diverse communities, and has various components, including some aimed at ensuring equitable access to environmental funding (Environmental Justice For All Act, 2020). The act would create a fund using new fees on fossil fuel companies, open to a range of governmental and non-governmental bodies to use toward just transition initiatives (Neal, 2020). The drafting of the legislation has been praised for its bottom-up approach that followed a community-driven process (Natural Resources Defense Council, 2021). However, environmental advocates warn that clear and transparent monitoring mechanisms must be put in place to track progress (Natural Resources Defense Council, 2021).

The **CLEAN Future Act** was introduced to Congress in March 2021 and draws many of its provisions from civil society proposals (see Box 2). Among other things, it would require federal agencies to develop plans to achieve emissions reduction targets and provides for 100% zero-emission electricity by 2035. The bill has provisions for environmental justice and worker protection, and its description includes all energy workers, unlike previous legislation (Colorado, see Section 4.3.1) that only targeted coal workers.

Finally, the proposed **American Energy Workers Transition Act** (2021) presents the most comprehensive package of worker supports for fossil fuel workers to date. It has been endorsed by various major unions and environmental organizations (Brown, 2021). The bill includes significant investments over 10 years, including wage supplements (including to maintain health benefits), grants for education and training, and educational grants for the children of displaced workers (Brown, 2021). While focused on direct workers, the bill includes provisions to add new groups of fossil fuel-dependent workers as needed.

### 4.3.1 Colorado

In 2019, Colorado passed the **Just Transition Support for Coal-Related Jobs** bill, which created the Office of Just Transition and the Just Transition Advisory Committee to manage the state's coal phase-out (Colorado General Assembly, 2019). It is significant for not only providing support for those disrupted by the transition away from coal but also in seeking to rectify the damage inflicted by the coal industry on disadvantaged groups. The act defines as disproportionately impacted communities "any community of color, low-to-middle income community, or indigenous community [sic] that is or has been directly impacted by coal pollution" (Colorado General Assembly, 2019). While the act aimed to create a just transition office and strategy, it did not directly enable the funding of programs.

#### Box 2. Key proposals from US-based coalitions

Key organizations in the United States have provided guidance to governments that bear mentioning here. The **National Economic Transition** (NET) Platform, a large coalition effort, made extensive recommendations on workforce and economic development strategies and support for workers and communities, but only for the coal transition (Just Transition Fund, 2020). Its seven pillars prescribe integrated federal policy solutions, including interagency grant programs, an expansion of the Environmental Protection Agency Brownfields program, and skills training and workforce development programs that include services to ensure access for BIPOC communities.

BlueGreen Alliance (BGA), which participated in the NET Platform, developed the BlueGreen Alliance National Energy Transition Policy Framework as a roadmap to ensure a fair and equitable transition for energy workers and communities in various sectors, with seven comprehensive pillars (BlueGreen Alliance, 2021). It recommends an interagency grant program that would use labour, equity, and environmental standards and selection criteria to determine who receives funding. A key component is a proposal for communitybased hubs that would serve as just transition centres in affected communities to act as a trusted conduit and help navigate and access federal funding. Since there are already multiple existing federal programs that could provide funding, this system could be more politically feasible to flow money quickly (rather than introducing a single, centralized just transition funding authority or program) while ensuring flexibility on how funding is used at a local level. At the national level, an intergovernmental task force and complementary stakeholder advisory board would be tasked with developing a broader transition strategy (including identifying new funding streams), to be coordinated by a new federal Office of Energy Transition. The recently created interagency working group is very similar to this proposal. BGA also recommends closing loopholes in bankruptcy laws to protect workers and mandate environmental reclamation and remediation. Many of the recommendations from BGA, such as the community hubs proposal, are included in the proposed CLEAN Future Act.

#### 4.3.2 Illinois

In Illinois, strong civil society organizing led to the 2021 passage of the landmark and comprehensive **Climate and Equitable Jobs Act** (CEJA) (Illinois General Assembly, 2021). The Illinois Clean Jobs Coalition, a group of diverse environmental, labour, and other groups, had previously succeeded in getting the Future Energy Jobs Act passed in 2016 (at the time the most significant climate legislation in the state) (Illinois Clean Jobs Coalition, 2021). A subsequent multi-year campaign resulted in the passage of CEJA, which covers a wide range of transition-related issues, including power generation (including phase-out dates for fossil fuel-powered electricity), buildings and energy efficiency, transportation, job creation, corporate accountability, and more. While diluted from the original proposal, CEJA still includes groundbreaking and

extensive just transition components, with equity and environmental justice front and centre. Among these are grants accessible to impacted communities, funding for training and education, a bill of rights for displaced energy workers that aims to lessen the impacts of planned closures, clauses to ensure advance notice of plant closures and to ensure plant closure dates take into account proximity to low-income communities, and much more (Illinois General Assembly, 2021). Civil society groups touted the development process of the law for including extensive input from impacted communities (Lydersen, 2021); now, the challenge turns to implementation.

#### 4.3.3 New York

In 2019, the state of New York passed the **Climate Leadership and Community Protection Act** (CLCPA), which is broad climate change legislation including emissions reduction targets, climate justice provisions, the creation of a Climate Action Council, and more (Bill S6599— Climate Leadership and Community Protection Act, 2019). The act established various advisory panels to inform the Climate Action Council, including a Just Transition Working Group and Climate Justice Working Group. The Just Transition Working Group has a diverse membership, including impacted industries, unions, environmental justice communities, and developers of renewable energy. Under the legislation, the group has detailed tasks and responsibilities, including conducting research and policy advice for a variety of workforce-related objectives (Bill S6599—Climate Leadership and Community Protection Act, 2019). The Climate Justice Working Group is tasked with developing a definition of "disadvantaged communities" and is expected to collaborate with the Just Transition Working Group.

The CLCPA is the result of many years of civil society advocacy, primarily by NY Renews (a coalition of over 300 civil society groups). However, the final version removed key labour provisions from the original proposal (including ones for displaced energy workers and fair wages for those in renewable energy) and weakened some of the environmental justice provisions (Murray-Cooper, 2020).<sup>8</sup> In an effort to move forward with stronger just transition legislation, civil society groups are now advocating for a **Climate and Community Investment Act**. The act aims to raise USD 15 billion per year through a gradually increasing levy on corporations for pollution (both greenhouse gases and co-pollutants) (NY Renews, n.d.). Funds would be spent on key transition measures, including supports for impacted fossil fuel workers, grant funding for disadvantaged communities, energy rebates for low-income communities, and large-scale renewable energy projects. The act would also guarantee standards for wages, establish apprenticeship programs, and establish social procurement provisions (Murray-Cooper, 2020).

<sup>&</sup>lt;sup>8</sup> At the time, a separate deal was being discussed in the state legislature that would have established wage and job standards across all state government programs (including clean energy programs); this was perceived to be the reason that labour provisions were removed from the CLCPA (Murray-Cooper, 2020).

#### **KEY INSIGHTS FROM THE UNITED STATES**

- Environmental justice and just transition objectives benefit from being closely linked in legislation.
- Whole-of-government approaches, such as the US Interagency Working Group on Coal and Power Plant Communities, can be used to advance comprehensive action on just transition.
- Corporate accountability is a critical component of just transition that can be addressed through legislation (e.g., notice of plant closures).
- The CLEAN Future Act, CEJA, as well as funding proposals from BGA and NET, all informed by civil society and labour demands, illustrate potential funding models and priorities that Canada could learn from.

### 4.4 South Africa

South Africa, a country highly dependent on coal for both its economy and energy supply, has strong dialogues in place on just transition at the national level. The Council of South African Trade Unions has been instrumental in advancing conversations in the country over the past decade (World Resources Institute, 2021a), including by identifying co-benefits such as poverty reduction and justice for marginalized communities. As a result of their efforts, and in response to market realities, the South African government has undertaken substantive research and policy development. Notably, the National Planning Commission held dialogues with tripartite partners and civil society from 2017 to 2019, which helped solidify and socialize just transition imperatives and related poverty-reduction goals. The **National Economic Development and Labour Council** (NEDLAC) is also a key forum for social dialogue and public participation, where unions, businesses, government, and civil society can negotiate and engage on policy; it was created through legislation in 1994 (NEDLAC, 2021). Interviewees expressed that this body has been particularly useful in the context of pandemic response and recovery.

In 2021, South Africa updated its Nationally Determined Contribution to the Paris Agreement, which commits to finalizing a national Just Transition Plan (Department of Forestry, Fisheries and the Environment, 2021a). To achieve this, the **Presidential Climate Commission** (PCC) has been tasked with providing a just transition framework for South Africa's energy transition. Created after the 2018 Presidential Jobs Summit, the PCC provides independent advice to the government on climate change policy and has diverse representation, including those from impacted industries (PCC, n.d.). Its overall activities are heavily focused on just transition, including addressing the needs of disadvantaged communities.

Inclusion of just transition principles in the **Climate Change Bill** is one example of the successes of South Africa's existing dialogues (Government of South Africa, 2021). The bill was passed by the cabinet in fall 2021 and at the time of publication was headed to the South African parliament (Department of Forestry, Fisheries and the Environment, 2021b). It instills just transition principles that are broadly aligned with the ILO guidelines and clarifies the functions of the PCC.

Labour and other groups were able to engage with ministers on the bill, which contributed to the strong wording despite pushback from companies. The bill also compels municipalities to produce a climate change needs and response assessment every 5 years. Interviewees noted this was important for just transition due to the important role municipalities play in local economies. For governments at all levels, they stated that legislation was a crucial tool to ensure government advances just transition and related funding, including to act as a guard rail against periods of austerity. Interviewees also warned that legislation alone is insufficient: they explain that South Africa's positive progress so far is largely due to an enabling environment for social dialogue and that adequate funding and proper implementation are now key.

#### **KEY INSIGHTS FROM SOUTH AFRICA**

- Social dialogue processes should be iterative and occur in multiple avenues, contributing to an enabling environment for just transition.
- South Africa's longer history on this issue shows that ongoing efforts on just transition can help socialize and build public acceptance over time, provided there is meaningful involvement from partners.

## 4.5 United Kingdom

In 2015, the United Kingdom became the first country to officially commit to phasing out coal (NS Energy, 2020), which at the time employed fewer than 2,000 workers (Ritchie, 2019). In the years since, the country has raised its climate ambition and since 2019 has adopted whole-of-government approaches to climate change, including Climate Action Strategy and Climate Action Implementation cabinet committees (McKenzie & Kuehl, 2021). This focus on interdepartmental collaboration could help mainstream just transition considerations across government.

The United Kingdom has yet to enact comprehensive just transition legislation or policies. Recognizing this gap, the UK Climate Change Committee<sup>9</sup> has called for stronger just transition policies in its most recent Sixth Carbon Budget report (Committee on Climate Change, 2020). The report recommended that the British Treasury, in its **Net-Zero Review**, develop a plan for funding decarbonization that is fair by considering the following: where the costs and benefits of policies will fall and how to mitigate negative impacts on vulnerable groups; the impacts on jobs and job quality and how to fund reskilling and retraining; and monitoring and reporting on progress toward a fair transition (Committee on Climate Change, 2020). Although the final Net-Zero Review does not explicitly reference just transition and lacks detail on many related elements, it does take some positive steps forward and illustrates the United Kingdom's intention to maximize economic opportunities while addressing distributional impacts from the clean energy transition (HM Treasury, 2021; Serin, 2021).

<sup>&</sup>lt;sup>9</sup> The Climate Change Committee is an independent, statutory body established under the Climate Change Act 2008 to advise the British government on its 5-year carbon budgets to meet its net-zero target by 2050 (Government of the United Kingdom et al., 2010).

### 4.5.1 Scotland

Scotland's 2019 **Climate Change (Emissions Reduction Targets)** Act set a net-zero target date of 2045 and enshrined just transition principles in law generally in line with the ILO guidelines (Climate Change [Emissions Reduction Targets] [Scotland] Act 2019). In parallel, the Just Transition Commission serves an advisory role to the Scottish Government on how to maximize economic and social opportunities in a net-zero economy and mitigate risks relating to regional cohesion, equalities, poverty (including fuel poverty), and a sustainable and inclusive labour market (Scottish Government, n.d.). Its diverse membership (which includes environmental organizations, unions, industry, and other civil society groups) has been praised; however, as an advisory body, it cannot directly change policy or distribute funding (Rushtan, 2020).

#### KEY INSIGHTS FROM THE UNITED KINGDOM AND SCOTLAND

- Diverse partner and stakeholder representation can ensure broader equity and inclusivity goals are championed, as with Scotland's Just Transition Commission.
- Whole-of-government approaches to climate change could help facilitate the mainstreaming of just transition across government departments.

# 4.6 Ireland

Ireland, spurred by the closure of peat-fired power plants, appointed a Just Transition Commissioner in 2019 to engage stakeholders, initially in the peat-producing Midlands region, and oversee the disbursement of a **Just Transition Fund** (Mulvey, 2020). Just transition was further embedded in government with the promise to create a Just Transition Review Group<sup>10</sup> under the National Economic and Social Council (NESC), that would provide recommendations on how to achieve the goals set out in Ireland's 2019 Climate Action Plan (NESC, 2020). The NESC brings together members from government, business, unions, agriculture, social and environmental organizations, and academia.

Recommendations from the Just Transition Commissioner and the NESC informed the **Climate Action and Low Carbon Development Act** (2021), which commits the government to both a just transition and to a climate-neutral economy, including an obligation to maximize employment and support those negatively affected. Opposition parties have contended that the just transition elements of the act are insufficiently robust (O'Sullivan, 2021). The Irish Congress of Trade Unions (ICTU) emphasized the need for a progressive distribution of costs associated with transition and for clear accountability mechanisms (Climate Case Ireland, 2020), pointing to the Scottish case as an example of a more robust process (ICTU, 2019).

Despite the limitations of the new legislation, the concept of just transition has been gaining traction in Irish policy. In fall 2021, Ireland published an updated Climate Action Plan, which

<sup>&</sup>lt;sup>10</sup> The Just Transition Review Group has not been developed as of the time of publication.

includes many new commitments on just transition. Among other things, it pledges to embed just transition principles (including social dialogue) across sectoral climate policy development, including the national rural development policy, and to establish targeted social protection measures (e.g., by redirecting revenues from carbon pricing). Ireland has also promised to create a **Just Transition Commission** (Department of the Environment, Climate and Communications, 2021). Ireland states that the Commission's role will be integrated "with our existing governance and engagement structures . . . and fully embeds our just transition principles into the delivery of climate policy" (Department of the Environment, Climate and Communications, 2021, p. 39). The commission will be supported by a secretariat and will also benefit from strategic advice, including on just transition indicators, from a new research and policy working group (including the NESC). Ireland also plans to address the need for social dialogue for just transition through its broader National Dialogue on Climate Action. These recent developments have been generally well received by the ICTU, who noted that significant efforts will be needed to ensure effective and robust implementation (Irish Congress of Trade Unions, 2021).

#### **KEY INSIGHTS FROM IRELAND**

- The role of an advisory body or commission can be supported and strengthened through adequate resourcing and policy capacity, such as a secretariat and working groups.
- Embedding just transition principles across sectoral policies can help mainstream just transition as part of broader climate action.
- Developing indicators could help establish important baselines and metrics against which to measure progress on just transition.

## 4.7 European Union

Learnings from the EU centre primarily around funding availability and creation. Just transition policy in the EU is organized under the **JTM** (European Commission, n.d.). The JTM aims to mobilize EUR 65–75 billion over the period 2021–2027 through its three pillars: the Just Transition Fund for direct funding to programs; the InvestEU program to provide advisory support; and the Public Sector Loan Facility to provide affordable loans to local public authorities.

The JTM is one element of the European Green Deal, which was further legislated by the **European Climate Law** (2020). To ensure consistency, the climate law states that "all EU actions and policies should pull together to help the EU to achieve a successful and just transition towards climate neutrality and a sustainable future" (European Climate Law, 2020). Regulations were drafted for each of the three pillars of the JTM (European Commission, 2021). In May of 2021, the European Parliament approved the EUR 17.5 billion **Just Transition Fund**—the largest dedicated fund so far for a just transition to a climate-neutral economy (New Europe Online/KG, 2021). The fund also aims to prevent regional disparities within the EU from growing (European Parliament, 2020). Funds will be allocated based on the scale of the transition challenges of the most carbon-intensive regions and the social challenges resulting

from potential job losses in fossil fuel industries. With support from the European Commission, member states will prepare territorial just transition plans; the Just Transition Fund, the largest of the JTM's three pillars, will disburse funding to eligible projects based on these plans (European Commission, n.d.).

The JTM has been praised for strengthening the social acceptability of the clean energy transition among EU citizens by showing concern for vulnerable regions and for promoting a clean growth strategy (Marty, 2020). The JTM's objectives were, however, criticized in a third-party evaluation commissioned by the EU as too diverse, risking funds being spread too thinly across a multitude of social, economic, and land restoration programs (Cameron et al., 2020). Civil society groups have expressed concern that funding is insufficient (Tsagas, 2020) and called the approval process for territorial just transition plans inflexible and undemocratic (Marty, 2020). But that such specific weaknesses have been identified is further evidence of the JTM being arguably the most expansive and detailed package of existing just transition legislation.

#### **KEY INSIGHTS FROM THE EU**

- Specific funding mechanisms for advisory support can enable creation of regional just transition plans and strategies.
- Comprehensive funding and legislation can provide much-needed signals to smaller governments and the private sector while increasing the social acceptability of transition.

### 4.8 Germany

Unlike Canada, Germany has a long history of tripartite negotiation that has fostered institutions suited to the co-creation of laws between business, labour (represented by sectoral unions), and government (Sullivan, 2017). Germany has been addressing impacts to workers and communities related to declines in coal production since the 1960s, recently stepping into high gear to phase out coal-fired power generation by 2038 at the latest (Bundesumweltministeriums, 2021). Overall, Germany has taken a preventive, proactive, and integrative approach on coal transition, including active participation of local stakeholders, such as through multistakeholder commissions and conferences at the regional level (Furnaro et al., 2021). This has generally resulted in successful worker transition and the creation of new jobs and industries in hard coal regions (RAG Aktiengesellschaft, 2018).

In 2018, Germany established the Commission on Growth, Structural Change and Employment (the **Coal Commission**) to develop a strategy for phasing out coal-fired power generation and define policy measures that could create economic opportunities for coal-dependent regions (Agora Energiewende & Aurora Energy Research, 2019). The Coal Commission presented their roadmap in 2019, recommending that coal-dependent regions be developed into "model regions" to pilot lower-carbon industries and that policies be established that included direct worker supports and engagement with local residents (Agora Energiewende & Aurora Energy Research,

2019). A key strength of the Coal Commission was that it had negotiating power, including on how funding would be allocated and spent in affected regions.

These recommendations informed the government's **Structural Support for Coal Regions Act**, which came into effect in 2020 (Gesley, 2020) and set aside up to EUR 40 billion (Mertins-Kirkwood & Duncalfe, 2021; Press and Information Office of the Federal Government, n.d.). It accompanies the **Act to Reduce and End Coal-Powered Energy and Amend Other Laws** (the Coal Exit Law) (Gesley, 2020). The act also provides for early retirement of coal-plant workers aged 58 and older with up to 5 years of compensation before they are eligible for pensions.

#### **KEY INSIGHTS FROM GERMANY**

- Adequate negotiating power of an independent body, such as the Coal Commission, can ensure that just transition funding and programs are well developed.
- Consistent and active stakeholder participation in affected regions is necessary to complement higher-level policy forums, helping to minimize job losses and maximize regional economic opportunities.

# **5.0 Recommendations for Canada**

This section identifies considerations and recommendations for the federal government based on our literature review and interviews. Results from our expert interviews revealed a number of priorities for just transition legislation and strategy that were consistent with, matching, or building on lessons from the international examples in Section 4. We note that these recommendations should be viewed as "broad strokes"; more fully developed social dialogue processes are needed to build clarity on specific elements of just transition legislation and strategy. Many are consistent with other research on legislation in Canada (Mertins-Kirkwood & Duncalfe, 2021).

## **5.1 Overarching Considerations**

# All federal bodies involved in just transition initiatives should commit to just transition principles in line with ILO guidelines.

This includes Crown corporations or other government entities that play a significant role in economic development. ILO guidelines are a key reference for just transition, developed by representatives from governments, employers, and unions. Best international practices (e.g., in Spain and South Africa) start from these guidelines and add what is necessary for specific domestic contexts. A thoroughly developed just transition policy approach can strengthen tripartism in Canada (which is currently weak) and improve collaborative approaches where tripartite-plus partners can contribute meaningfully to policy development.

# Social dialogue processes should be robust, early, and ongoing to get both just transition legislation and strategy right.

As we heard in our interviews, these processes should be "transparent, inclusive, and meaningful." Examples from South Africa, Illinois, and Spain show that social dialogue (including the creation of commissions or advisory bodies) that occurs *before* legislation is passed can help ensure that legislation addresses the priorities of tripartite-plus partners. To facilitate involvement from diverse stakeholders, a common refrain from interviewees was that communities should be given capacity-building funds to support local participation in making meaningful contributions to social dialogue. As one interviewee expressed, "We need to create a venue for dialogue where [groups] will feel comfortable openly airing their needs and concerns."

Although the federal government has committed to just transition consultations with diverse communities, they have not explicitly committed to social dialogue, and it is not yet clear what approach government will take to ensure that underrepresented communities are able to participate fully. Canada could also learn from New Zealand's Future of Work Forum and South Africa's NEDLAC, which are examples of national bodies where social dialogue occurs on a range of policy issues beyond the energy transition.

For example, the Assembly of First Nations Joint Committee on Climate Action (2020) has made specific recommendations on full and effective participation in climate policy by First Nations. One interviewee noted, "We need to unlearn the colonial mindset of imposing solutions onto communities, especially Indigenous communities." Just transition strategy should work to address the structural determinants of employment barriers. It should take into account intergenerational trauma and support intergenerational equity, in particular by supporting Indigenous youth. Indigenous partners who take part in social dialogue must be adequately resourced and engaged on their own terms. As we heard, this is an "opportunity to support the revitalization of traditional economies" and reimagine Canada's "extractive economic structure."

#### Government must explicitly acknowledge the need to transition from fossil fuels.

The government's approach should provide certainty to workers, communities, investors, and companies. Interviewees from both Canada and abroad stressed the importance of having clear end goals for the transition. Many cited that an end goal (such as a phase-out date for fossil fuel production) would better guide a just transition strategy. They felt that a clear, mandated phase-out date of 2030 for coal-powered electricity increased resolve to develop relevant just transition processes; similar examples were cited from other jurisdictions. A 1.5°C-aligned energy-demand scenario from the Canada Energy Regulator is one critical tool to provide certainty. There must also be an acknowledgement that just transition goes beyond fossil fuels to ensure that all workers affected by the low-carbon transition are included. This includes striving to provide certainty for other high-carbon sectors beyond coal, oil, and gas, as well as those that may be vulnerable from a climate change adaptation perspective (such as agriculture).

# Canada's domestic approach must align with our international responsibilities, including those under the Paris Agreement.

This includes solidarity with those most impacted by climate change, particularly the Global South, and acknowledgement of our historical responsibility for emissions. Interviewees for this and other research have supported the idea of a "supply chain solidarity" or "do no harm" principle for workers in the developing world (Beedell & Corkal, 2021). Economically diversified and wealthier countries such as Canada have a higher capacity to act on fossil fuel phaseout, manage transitional impacts, and limit social costs (Muttitt & Kartha, 2020; Stockholm Environmental Institute et al., 2020).

### **5.2 Critical Issues for Legislation to Address**

Our research highlights the following priorities for inclusion in legislation, with two important caveats. First, our interviewees noted that **legislation should not be overly prescriptive**, particularly if it has not been created through a process of social dialogue. The international examples we explored in Section 4 vary in specificity—some only outline high-level objectives, while others are extremely detailed. Second, legislation is only one building block of an effective

just transition approach. We heard that an **overarching just transition strategy should be the priority** but that legislation can help establish important goalposts, mechanisms, and roles and responsibilities to ensure the strategy is created and implemented effectively. Legislation should accomplish the following:

# Link just transition to a 1.5°C-aligned pathway and acknowledge that just transition involves addressing both job elimination and job creation.

The act must reinforce Canada's legislated commitments under the Net-Zero Emissions Accountability Act. Legislation should focus on supporting workers and communities as the economy transitions to new sectors while ensuring the cost of climate action does not fall disproportionately on those working in affected sectors. Not all workers will necessarily move to new sectors: for example, Stanford (2021) finds that most fossil fuel workers will move to early retirement. Similarly, job creation must look beyond those whose current jobs may be impacted, to create new opportunities, particularly for youth and underrepresented communities.

# Entrench just transition principles, including social dialogue and decent work, in line with ILO guidelines and best practices from other jurisdictions.

This includes entrenching the government's obligation to carry out social dialogue, including for affected industries.

#### Name tripartite-plus partners that will take part in social dialogue.

Tripartite partners (unions, employers, and governments, including Indigenous governments) hold a unique role in just transition that must be acknowledged. However, the government should take a tripartite-plus approach to just transition with a central and inclusive role for civil society groups and communities. New Zealand's *seven pou* framework is just one such example.

# Commit to Leave No One Behind, refer specifically to Indigenous rights, and make linkages to environmental justice.

Wording in legislation from Spain and Illinois are both instructive in this regard, including through naming of specific groups that have been marginalized. This can help ensure equitable processes to include communities historically excluded from policy-making (Engin, 2018) and those that have been structurally and systematically excluded from the economy.

# Formally establish and identify the role, mandate, membership, and independence of the proposed advisory body.

The body should be composed of diverse representatives, including tripartite partners (government [including Indigenous], labour, employers) and stakeholders (e.g., civil society organizations, academic experts, communities, representation from historically excluded groups), with regional representation and sectoral coverage. Stakeholder mapping can help identify potential representatives from these groups. The body should be mandated to have a role in developing a just transition strategy, help define which communities will be eligible for assistance, and have substantive input on policy processes and funding allocations. It must also be adequately resourced to undertake its activities. We heard a strong desire for the body to have

negotiating power. This differs from an approach where the government can choose whether or not to follow the advice of the advisory body (as was done for Canada's coal transition). Without negotiating power, there is danger of creating "dialogue traps" where partners reach consensus but government fails to act on recommendations. A body with negotiating power will be in a stronger position to hold the government accountable, particularly if there is mandatory reporting back to stakeholders on progress.

# Mandate the creation of a just transition strategy, for which the advisory body will play a central role.

Canada's current approach has been called a "constellation" and "patchwork" of programs with insufficient coordination between them. Legislation must look to set up the processes and end products to rectify this and ensure the strategy sets us up for success, including for regional planning and funding. Mertins-Kirkwood and Duncalfe (2021) have detailed the types of funding mechanisms that could be established in legislation; social dialogue will help create more clarity on how legislation should address funding. The EU's approach, for example, has separate regulations for funding programs.

# Establish sufficient institutional structure, including identifying responsibilities for implementation and a mechanism to ensure collaboration between relevant ministries. Government should strongly consider establishing an agency or institution to lead implementation.

This could be done through a stand-alone agency or an institution housed within a relevant ministry or co-led by the most relevant ministries (international examples include Spain's ITJ and Colorado's Office of Just Transition). This agency could coordinate between government departments and between federal and provincial governments, administer funding, and provide support to on-the-ground actors in affected communities to build local capacity and reach affected individuals. It would also have a central role in planning—for example, some of the strongest international examples involve setting timetables and criteria for when individual facilities close (Germany, Illinois, and domestically, Ontario Hydro's coal phase-out). The agency should be informed by guidance from the advisory body. More broadly, a whole-of-government approach will help strengthen implementation (e.g., where just transition is part of the mandate of multiple ministries, as has been indicated in the 2021 mandate letters, and/or via a cabinet committee or executive leadership body that reports to the Prime Minister).

# Ensure adequate authority and specify approaches for accountability, monitoring, and transparency.

Proper accountability mechanisms are critical to establishing procedural and distributional justice for affected communities (Krawchenko & Gordon, 2021). Government should identify how just transition legislation can enable adequate authority and planning powers to protect those impacted (for example, requiring continuing operations to accept workers moving from closing facilities, requiring closing operations to negotiate closure agreements as in Spain, etc.). Our research also indicates that Canada appears to have insufficient monitoring and evaluation (or at least transparency) of the efficacy of current just transition-related programs. Legislation should look to establish mechanisms to review the implementation of the strategy so that indicators can be developed, funding programs can be properly assessed, and the government can be held accountable against measurable objectives. Accountability needs to extend beyond the federal government to the private sector; this will require additional measures beyond specific just transition legislation (see "Corporate Accountability" in Section 5.3).

# 5.3 Recommendations for a Broader Just Transition Strategy and Funding

Our research also revealed additional priorities as the government develops a broader and more comprehensive action plan for just transition. To avoid involuntary layoffs, maximize employment opportunities, and advance equity objectives, government should do the following:

# Ensure a comprehensive just transition strategy keeps workers and communities whole by considering both short-term and long-term impacts.

As we heard, the strategy must be "both reactive, to address ongoing impacts, and proactive, to get ahead of forthcoming transitions." It should include:

- Costing to assess funding needs across sectors and potential mechanisms to raise funds.
- Economic diversification strategies and regionally specific roadmaps for affected regions, which could take inspiration from approaches in countries such as Germany, New Zealand, and Spain.
- Early notice of transitions and integration of timelines for closure of impacted facilities (e.g., fossil fuel facilities) to facilitate planning.
- Skills development and training, including support for retraining, in collaboration with relevant educational institutions, regionally based organizations, unions, and provincial governments.
- Worker-specific supports, such as pension bridging and early retirement opportunities along with income support and support for geographic mobility as needed.
- Ways of ensuring land use, environmental remediation, and rehabilitation are fully integrated into transition planning.
- Monitoring and evaluation of just transition initiatives, including statistical and other data collection (including demographic, job, income, and well-being metrics), and guaranteed access to information.
- Identification of complementary policies to support workforce transition. For example, Unifor's Build Back Better plan outlines several measures, including reorienting existing employment support systems and accreditation for green jobs (Unifor, 2020).

Government should also consider the breadth of jobs and sectors addressed by just transition, including how adaptation-related jobs, care economy jobs, and other spillover jobs can be better integrated into a federal approach to just transition. These jobs provide considerable opportunities for economic prosperity, for supporting people who have been marginalized (e.g., ensuring dignified jobs for newcomers), and for advancing reconciliation with Indigenous Peoples. The strategy should have clear links to other important federal initiatives such as the National Adaptation Strategy to support resilient communities and Indigenous sovereignty.

### Pursue complementary measures such as green industrial policy, labour market planning and adjustment (including access to labour market information), and upholding and strengthening social protection.

Given the multitude of factors at play, teasing out the direct impact of federal climate action on a specific industry may be difficult, if not impossible. Economic assessments and industrial planning can help assess cross-sectoral impacts beyond those *directly* employed by a specific sector to include those *indirectly* employed (including in service sectors) or in the broader community dependent on that sector's economic activity. This includes assessing how companies may respond to other climate policies (such as the oil and gas emissions cap).

### Ensure corporate accountability and uphold the polluter-pays principle.

Providing certainty to the private sector and advancing social dialogue can help companies understand that collaboration and planning are ultimately good for their future and bottom line. That said, the government should identify additional accountability mechanisms to limit impacts on affected workers and communities, and whether these mechanisms should be included in primary just transition legislation. Governments—and taxpayers—should not unfairly shoulder cost burdens and financial liabilities. There is significant danger of both direct and indirect subsidies from taxpayers to companies that fail in their fiduciary duty to support their workers. To prevent this, some of the examples from our case studies and interviews included:

- Requiring adequate notice of plant closures, and/or requiring negotiations for closure agreements, to allow for sufficient planning and ensure worker supports are provided (e.g., companies in Spain).
- Requiring companies to develop alternative industrial plans (e.g., energy companies in Spain).
- Establishing mechanisms to ensure the order of facility closure dates takes into account environmental justice and income levels of affected communities (e.g., companies in Illinois).
- Requiring companies to share data on affected workers with organizations or agencies tasked with just transition implementation in a particular region.
- Conditionalities on funding allocations, such as requiring company net-zero plans to show job impacts, to release workers to participate in just transition processes, to participate in good faith in worker deployment schemes, or to undertake social procurement (such as commitments for hiring certain percentages of underrepresented groups).
- Reforming bankruptcy laws to give priority to workers over creditors and mandate environmental remediation (as well as enforcing related environmental regulations).

Certain approaches to corporate accountability may require additional legislation to be revised or introduced.

### 5.3.1 Increasing the Availability of Funding

Legislation will only be effective if sufficient funding is allocated. However, social dialogue and the legislative process both take time, and the development of a complete strategy will not happen overnight. **The need for funding is urgent, so funding must be proactive.** The Futures Fund will be a small start; much higher levels of investment will be needed, and the government will need to consider how these funds could be raised. Federal programs will also need to look to cover the shortfall that will be created by, for example, losses of municipal tax bases.

Although Canada's funding approach must be nationally coordinated, it should ensure flexibility to support local decision making and also include worker-specific supports (e.g., pension bridging). Interagency coordination will be key: for any funding disbursed through existing programs, there will be a need for centralized information so that those affected can access relevant funding streams. New mechanisms will almost certainly be needed. Klein (2020) and Mertins-Kirkwood and Duncalfe (2021) have advanced proposals for how federal–provincial–territorial transfers could be an additional channel to ensure funding availability at the scale required. Funds may need to be allocated based on the scale of the transition challenges in various regions and related social challenges, including job losses. Inspirations for how this could be accomplished include Spain, Germany, Illinois, and the EU, and proposals from the United States from the BGA and the NET Platform.

Accountability and transparency mechanisms must be implemented to ensure funding is well spent by both government and funding recipients. Any funding to the private sector must be tied to clear benchmarks for emissions reductions and employment-related requirements, with penalties for noncompliance (Corkal et al., 2020). Evidence from the World Benchmarking Alliance (2021) shows that most high-emitting companies are vastly underperforming on just transition objectives.

If funding is provided to provincial governments, it will also be necessary to implement conditions to ensure it is spent on areas that most benefit affected workers and communities. Feedback from our interviews showed there may be high risks associated with allocating money directly to provincial governments, such as funding not flowing where it is needed most. In addition, transfers to provinces could reinforce current jurisdictional issues and keep funding (and authority) out of Indigenous nations' hands. Funding processes and allocations must uphold Indigenous rights and authority. Indigenous governments should be able to receive direct funding (including through carve-outs in specific programs) and self-determine how best to use the funding for their communities.

**Effective monitoring and evaluation** will be critical to ensure funding mechanisms and allocations can be improved over time. This should include developing and reporting on specific criteria and indicators for how funding is reaching targeted groups (for example, Indigenous

communities [see recommendations from the Assembly of First Nations Joint Committee on Climate Action, 2020]).

Guidance from a diverse advisory body with adequate authority will help mitigate risks by ensuring funding allocations and mechanisms are well thought out and most likely to advance transition objectives, as illustrated by examples from Spain and Germany.

## 6.0 Conclusion

As one of our interviewees for this paper highlighted, there is a "democratic imperative" for fast and comprehensive action on just transition. In the case of oil and gas, workers are concerned and eager to find their place in a low-carbon economy: recent poll data shows that 68% of fossil fuel workers are worried about losing their jobs, while 90% believed that with 1 year or less of training, they could transfer to a net-zero-compatible job (Bulowski, 2021). However, promises from companies and elected officials about strong futures for the oil and gas sector can be tempting for Canadians to believe, despite strong evidence to the contrary (Cosbey et al., 2021; International Energy Agency, 2021; Stanford, 2021). Several interviewees for this paper stressed the links between economic transition and political polarization: an example was cited of economic decline in the U.S. Rust Belt, including the loss of "anchor" employers and the creation of conditions that resulted in social unrest and political polarization in advance of the 2016 election (Austin, 2017; McQuarrie, 2017).

Just transition legislation can put Canada on a pathway to anticipate and respond to economic impacts and opportunities, to engage directly with workers and communities, and to create hope and certainty for their futures. It is also an opportunity to strengthen our democracy by leaving no one behind. Eaton (2021) describes the "3D approach" to transition: the potential for climate policy to achieve not only decarbonization but social and economic justice through democratization and decolonization. As one of our interviewees aptly put, "Just transition isn't just about individuals and the economy—it's about democracy."

A transition away from fossil fuels across the Canadian economy must accelerate, and doing this will require a deliberate and principled approach to just transition: one that protects workers and communities and is grounded in social dialogue; that contributes to undoing the historical and ongoing harms of colonialism and racism; and that puts us on a path to a sustainable and thriving low-carbon economy that works to repair and restore the climate. Our hope is that the case studies and principles examined in this paper can inspire government to take proactive and bold action to protect the workers of today and support the workers of tomorrow.

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