



WORKING GREEN 2050

JUST TRANSITION:
EXACTLY WHAT'S IN
IT FOR WORKERS
INTRODUCTIONS & OBSERVATIONS

MARCH 2022

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**Labour
Education
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ACW | Adapting Canadian Work and Workplaces
to Respond to Climate Change

WINNER 2018 SSHRC IMPACT
PARTNERSHIP AWARD

Introductions & Observations

Context

The Labour Education Centre's (LEC) interest in Just Transition is a logical continuation of the organization's focus on helping workers find and keep good jobs and in supporting unions to provide good, equitable transitions for union members from job to job. LEC has been delivering education and adjustment programs to unions and union members in 1987, establishing a pattern of finding innovative ways to help workers enter and re-enter the workforce. The importance of finding accessible pathways for workers to find and keep decent jobs is the core of LEC's work. It is hoped that mistakes made and opportunities gained as outlined in these 4 case studies will inform workers and their union in other areas and industries to help them attain a Just transition.

The compelling story of coal-fired electricity plant closures in Australia as recounted at an International Confederation of Trade Unions workshop on Just Transition in October 2017 was the initial inspiration for the Labour Education Centre's four case studies on Just Transition. In these four examples, LEC is examining Just Transition from a worker's point of view to understand the extent to which the interests of workers were being taken into consideration before, during, or after coal plants were closed. The case studies represent four different approaches taken to shutting down coal-fired electricity plants. The four cases studied were the closure of all coal plants in the Canadian provinces of Ontario and Alberta, the Hazelwood coal plant closure in the Latrobe Valley, State of Victoria, Australia; and the plant and feeder coal mine located in Port Augusta in the Australian state of South Australia.

The transitions in the four case studies were each prompted by factors varying from Greenhouse Gas (GHG) emissions reduction to changes in complex energy markets, markets themselves that are being impacted by the global imperative to reduce GHGs. They describe different approaches to transitioning workers from coal-fired electricity plants to new jobs or out of the workforce. Although there are distinct lessons learned from each scenario, the Labour Education Centre has developed an overall framework, The Seven Rs of Just Transition. These Seven R's have been applied to all four case studies and most are present, to varying degrees in all four examples. LEC also identified Racial Equity and Indigenous Reconciliation as two additional Rs for Just Transition.

Finally, in Ontario all of the coal fired plants were closed. In Alberta, the newer plants have been converted to natural gas generators.

The Seven Rs of Just Transition

Our research has led us to believe that the type of assistance that workers and unions need to ensure a Just Transition can be organized into seven categories. The seven categories are:

01

Re-deployment

Different, perhaps related jobs within the same employer and/or industry.

02

Re-education or re-training

Grants or assistance to learn new skills or change careers accompanied by income support that would allow the affected workers to access the programs.

03

Re-employment

Grants that provide support for workers to transition to new jobs

04

Rehabilitation

Workers may be employed in the decommissioning or re-habilitation of the site of the plant or mine

The Seven Rs of Just Transition

05

Re-investment in the community

This would include both social and economic investment to ensure communities are not hollowed out by plant closures, are equipped to deal with associated social problems such as family violence, and maintain a sense of community pride. This might be investing in a worker-led community economic development strategy to re-build and re-vitalize communities after the departure of a major employer and must also include:

- Support for counselling services
- Services for victims of domestic abuse and/or family violence
- Support for child care services and income support to ensure that workers can access new employment, training or re-education
- Public works, recreation and/or infrastructure projects
- Job creating energy efficiency projects for homes, businesses and institutions

06

Relocation

Assistance to move a substantial distance for a new job, perhaps a de-deployment, that would include moving costs and help with the purchase of a home

07

Retirement

Financial support (bridging) for workers who are close to retirement but not yet eligible for their employer pension

When the term Just Transition is used to describe an economy wide or even global transition there are two additional Rs that need to be included in a Just Transition strategy, in addition to the 7 above. They are:

08

Racial Equity

The need to ensure that workers from diverse backgrounds (racialized, newcomers, women, LGBTQ2+, Indigenous) are included in the transition to a carbon free future

09

Reconciliation

The right of Indigenous communities to be meaningfully consulted on use of their lands including Just Transition projects such as new builds for job sites of all kinds, including mines, timber, solar, wind, industrial and manufacturing. It is worth noting that rehabilitation of Indigenous lands will in some cases be large and expensive undertakings

Any public money allocated to emission reduction retrofits or equipment purchases for companies should only be available to companies with a Just Transition program in place that has been endorsed by a written agreement with their union.



The Case Studies

Ontario, Canada

The last 5 coal plants in Canada's largest and most populous province, with a population of over 13 million (Census 2016) were closed between 2005 and 2014 by a new government responding more to health concerns than greenhouse gas emissions. The closure was opposed by both the publicly owned utility and the 2 unions representing workers. No special provisions were made for workers or communities, other than what was already stipulated in the workers' Collective Agreement.

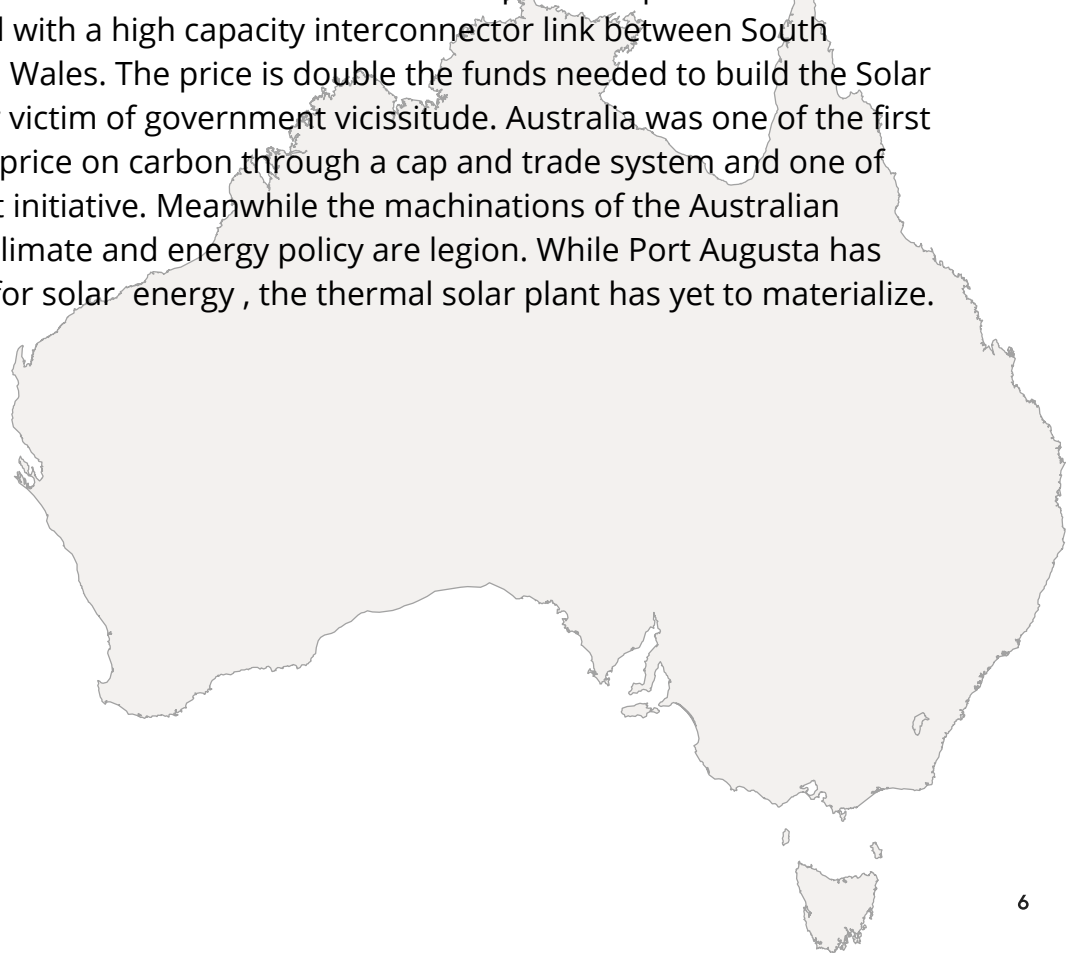
The closure of five coal-fired electricity plants was driven by a change in government from Conservative to the more centralist Liberals, led by Premier Dalton McGuinty, in 2003. The McGuinty government promised a full coal shutdown within a few years to respond to the health concerns raised during the election campaign. The Lakeview plant near Toronto closed in 2005 and, the Liberal government stayed in power long enough to see them all shut. Some of the plants had been modernized, leaving workers and management to believe they should stay open. The two unions representing plant workers and technical staff chose to join forces with the management of Ontario Power Generation (publicly utility) and the two unions representing workers (Power Workers Union and Society of Professional Engineers) to oppose the shutdowns, rather than negotiating a better transition for the workers.

In Ontario the forces that coalesced around health concerns connected to the high emissions from the plants helped bring in a liberal government committed to a "green agenda". Although much of this agenda did not materialize, some important gains were made including the protection of much of Ontario's green space, providing incentives for residents to make homes energy efficient, bringing in solar and wind power and, in partnership with Quebec and California, instituting a cap and trade program on January 1, 2017. The carbon price was yielding billions of dollars that were then distributed to Ontario school boards, hospitals, municipalities, community organization and green industries to upgrade aging infrastructure and retrofit older buildings and other GHG reducing measures. The first act of the Ford Conservative government when they were elected in June 2018 was the cancellation of the cap and trade program and these funding programs. The Ford government embarked on a costly and failed court challenge to a national carbon tax instituted by the federal Liberal Trudeau government. Ontario has no greenhouse gas reduction target or programs to reduce emissions.

The Case Studies

Port Augusta, South Australia, Australia

In Port Augusta, the May 2016 closure of the Northern Power Station was preceded by a grassroots campaign advocating for the facility to close. Repower Port Augusta, comprised of grassroots activists, union leaders and the local city council was able to convince the community that the future lay in renewable energy rather than the extraction of fossil fuels. A public non-binding referendum voted overwhelmingly to support a transition from thermal coal to thermal solar. The group marched on the State Capitol to keep the issue alive. However the surprise closure (little to do with community protest, more about costs in an aging plant and wider energy markets) caught all parties by surprise, and tested the local coalition in part because union leaders had not prepared their own members about eventual closure. Eventually, the Labour State government agreed to a purchase electricity from a solar thermal plant at a set price, attracting an American firm to duplicate a facility it had already built in Nevada. Undisclosed financial problems and perhaps technical problems with the existing Nevada plant combined with a change of government from Labour to the conservative Coalition lead to the cancellation of the solar plant in April 2019. That investment was replaced with a high capacity interconnector link between South Australia and New South Wales. The price is double the funds needed to build the Solar Farm. This is yet another victim of government vicissitude. Australia was one of the first countries to introduce a price on carbon through a cap and trade system and one of the first to withdraw that initiative. Meanwhile the machinations of the Australian federal government on climate and energy policy are legion. While Port Augusta has become a global centre for solar energy, the thermal solar plant has yet to materialize.



The Case Studies

LaTrobe Valley, Victoria, Australia

The Hazelwood coal-fired gas plant closed in March 2017. This was the dirtiest in Australia and among the dirtiest in the world. Its closure had long been advocated by environmental groups. As early as 2007 Climate Change Forums met to discuss the future of Hazelwood and the plant was one of five that was slated to be shut with federal funding under a Labour government. But a breakdown in negotiations stalled the initiative and a change of federal government ended the Contracts for Closure program, which would have helped the employer, workers and community through the closure. Subsequently, a 2014 underground fire at the adjacent coal mine burned for weeks, causing severe air quality issues and leading to more calls for its closure.

At the time the closure, 72% of the Hazelwood plant was owned by the large French multinational utility ENGIE and 28% by Mitsui, a large multi-sector Japanese company. In 2015 ENGIE announced its intention to divest its fossil fuel holdings and invest in renewable energy. In the end its demise was a result of decisions made in Paris (presumably to some extent in Tokyo) rather than by politicians or the community.

As was the case in Port Augusta, Hazelwood was the subject of community based planning for its closure. Upon closure, the Victoria state government poured millions into local workforce development and regional development initiatives, while still investing in renewable energy. Other nearby plants Loy Yang Power Stations A+B and Yallourn Power Station continue to burn high carbon brown coal.



The Case Studies

Alberta, Canada

Globally Alberta is known for oil and gas industry, and its mining of carbon rich bitumen (traditionally called tar sands, rebranded as oil sands), and continues to be controversial in Canada and abroad. The phasing out of Alberta's coal-fired electricity plants under the 2015-19 NDP government is proceeding, despite a return to a conservative government in 2019, which is reversing some of the decisions made by the previous government.

The 2015 election of the (social democratic) Notley NDP government accelerated the time frame to phase out coal-fired electricity plants established by the former (Harper) federal government from 2030 to 2029, and move toward using cleaner sources of energy, mainly gas. The government then paid out \$1.1 billion (\$825 million USD) to four energy companies to hasten the closures, although some of the plants were relatively new and efficient. The government's motivation to close early and compensate for stranded assets may have been to demonstrate to their electorate they were taking emission reductions seriously without tackling the much larger emissions produced by the tar sands. The compensation was paid out without any obligations to their workers or communities. However, public and union pressure put in place a strong program for displaced workers and some community support.

Although there was no consultation with the communities and workers before the closure announcements and the negotiations with the power companies, there was an effective consultation process organized.

Similarities & Differences

Observations

One obvious similarity between all four examples is that in all cases government, communities, workers and unions were not prepared to provide anything close to a timely Just Transition when the plant closures were announced. Another unfortunate similarity is that the transition away from coal plants to renewable energy is not straightforward in any of these examples. Both Canadian examples led to an over-production of natural gas fired electricity generation.

The closure of coal-fired electrical plants was an election platform plank in the two Canadian examples. In Ontario, a strong coalition of health advocates urged the provincial government to move away from coal plants due to health considerations, as a result of an increasing number of smog days – where respiratory health was at risk. The move away from coal in Alberta was prompted in part by air quality concerns and by the election of an NDP (social democratic) government with an understanding of the need to reduce emissions efficiently and rapidly.

In both these cases it has taken years for the plants to close, resulting in affected workers facing long periods of concern and anxiety as reality sunk in bringing job loss and displacement, and the loss of local revenue. Neither government had a transition plan ready, or even in preparation when the closures were announced. In Ontario after the initial closure of Lakeview in 2005, the long gap to close the remaining four plants did not result in a standalone transition plan, rather just a continued reliance on the union agreements. The last plant closed in 2014. In Alberta, a good plan was put in place before the lay-offs started to happen, but after the government had already compensated the companies.

In contrast to the election-driven campaign promises made in Canada, the two Australian closures were the result of corporate decisions, which when announced left governments scrambling to pick up the pieces. In these cases, changing energy markets combined with old inefficient plants had more to do with their shuttering than long-standing public opposition. The time between announcement and actual closer was relatively short, 5 months for Hazelwood, and 11 months for the Northern plant in Port Augusta.

In all cases, older workers, for the most part, took early retirement or redundancy packages and left the workforce. We were not able to determine the effectiveness of

the innovative approach taken in the LaTrobe Valley, whereby older workers from neighbouring plants were offered early retirement to make room for younger workers transferring from Hazelwood. It seems that more than half the 150 budgeted transfers took place, but there are suggestions the other plants filled some vacancies with non-Hazelwood workers willing to work for lower wages.

This raises the question of enforceability and whether workers can have confidence in such measures. The plans made in the Hazelwood example to relocate workers to nearby to nearby coal plants were first used in Germany and could become more important in the future, not only in the phase-down of coal in the LaTrobe and other coalfields, but also in oil and gas fields, where due to economies of scale, closure is likely to be plant by plant, rather than each plant reducing production by 10, 50 or 80 per cent.

These plants were, in most cases, the main or major economic drivers in their communities. The companies paid taxes and sponsored various local initiatives. Employees owned homes, also paid taxes, supported local businesses. Many of the affected workers had to leave their communities to find commensurate employment; many never again found jobs with the same level of salaries and benefits.

One estimate, regarding the Hazelwood plant closure, noted that over 50,000 jobs could ultimately be affected. This includes the workers in the plant, subsidiaries, plant suppliers, and local business that depended on the worker's salaries.

A factor that is alluded to but largely unspoken in several case studies is the effect closure has on the mental health of workers and their families. In Hanna Alberta, news of the closure of the nearby Sheerness coal mine and plant caused a dramatic escalation in domestic violence and a demand for social workers and additional social services, as documented by local authorities including the Royal Canadian Mounted Police (RCMP). This phenomenon is undoubtedly present in all of these communities and is a consequence that needs to be understood and planned for so that services are part of the closure plan.

The October 2018 conference of Blue Green Canada in Edmonton Alberta included coal mine workers who were members of the United Steelworkers of America. While still working, most were expecting to receive lay-off notices within a few months. A concern they voiced was that eligibility for transition funding including re-training was not available until they had actually been laid off. This caused concern for two reasons.

Those interested in a retraining grant felt they should be able to register in advance for a course, so as to decrease the lag time from last day of work to course entry. They were also concerned that they would no longer benefit from peer to peer support after their last day of work, as they would no longer have day to day contact with co-workers and union leaders. Research done elsewhere on closures has shown that workers transition better to additional training and/or education if they can access these opportunities before lay-off occurs.

Workers, their Unions, and Green Jobs

Over 5,000 workers were directly affected by these four closures and thousands more impacted indirectly in terms of job loss among suppliers, the economic disruption of communities and the separation of families and close-knit communities. Many families had generations of workers in these plants. In almost every scenario, creating transition plans and looking after former employees was one of the last considerations of government and management.

The unions were not always at the forefront of planning for Just Transition. One of the clear lessons for the unions involved in the Port Augusta example was that union leaders should start conversations with their members much earlier in the transition process to educate about renewal sources of energy and help them identify their skills and abilities to transition into good, green jobs. To be fair, the company's announcement caught everyone by surprise, and work the union leadership had done with local environment groups prevented the community from being ripped apart.

In Alberta, the Alberta Federation of Labour and its President took a leading role in persuading the Alberta government to correct its initial mistakes in not providing any transition program for workers or communities. They organized community consultations and published a report with recommendations about how to implement a Just Transition program. Government sources have acknowledged that the workers and their union representatives ought to have been consulted much earlier in the closure process.

In Ontario no programs were ever put in place for workers or communities. Only a strong Collective Agreement with provisions for intra company transfers and training that had already been in place gave workers any justice.

A theme throughout all of these studies is that the workplaces were unionized, and that new renewable energy industries generally were not unionized. However it has to be pointed out that unions did not suddenly materialize in coal mines or coal generating plants. Coal mining unionization drives especially have been violently contested with many storied strikes in Canada, Australia and elsewhere. In Canada, the Nova Scotia strikes of the 1920's against wage reductions by the British owners forced federal and provincial governments to bring in conciliatory labour policies and strengthened the power of labour unions in Canada. In Australia a series of strikes and violent conflicts took place around coal mines in Broken Hill, New South Wales in the 1890's. In the US the miners strikes in West Virginia and Alabama culminated in the murders in Matewan, West Virginia in 1920. These events have been recounted in story, song and show, among which are Coal Miner's Daughter, John Sayles 1987 film "Matewan", and the British screen production Billy Elliot.

As they always have, it will be up to the modern labour movement to organize workers in the renewable energy sector and other green industries.

Federal Task Force on Just Transition

The report of the Canadian federal task force on *Just and Fair Transition for Canadian Coal Power Workers and Communities* was completed in December 2018 and was made public in March 2019. The report calls on the government to offer support in three specific areas, foundational, workers and communities and put forward 10 recommendations, including:

01

Embed just transition principles in planning, legislative, regulatory, and advisory processes to ensure ongoing and concrete actions throughout the coal phase-out transition

02

Dedicate research funds to examine the impact of plant closure on workers and their communities

03

Provide workers with a clear pathway to retirement by creating a pension bridging program

04

Create a detailed and publicly available inventory with labour market information pertaining to coal workers, such as skills profiles, demographics, locations, and current and potential employers (this recommendation is part of the mandate of the Canadian Labour Market Information Council)

Federal Task Force on Just Transition

05

Create a comprehensive funding program for workers staying in the labour market to address their needs across the stages of securing a new job, including income support, education and skills building, re-employment, and mobility

06

Identify, prioritize, and fund local infrastructure projects in affected communities

07

Meet directly with affected communities to learn about their local priorities and to connect them with federal programs that could support their goals

08

Establish a dedicated, comprehensive, inclusive and flexible just transition funding program for affected communities

While the recommendations from the federal task force point a way forward for provinces and communities negatively affected by plant closures, it remains to be seen what will actually be implemented. In September 2019 during a federal election Prime Minister Trudeau promised to introduce a Just Transition Act. Labour and environmental groups are advocating for full implementation and funding of the task force recommendations to ensure that the many Canadians whose lives and work will be affected by future plant closures have the opportunity for a just transition. These include coal plants in Saskatchewan, New Brunswick and Nova Scotia. They can also be applied to the oil and gas industry across Canada, as that industry inevitably shrinks as Canada moves to a low carbon economy.

The recommendations of the federal Just Transition Task Force closely resemble the Seven Rs developed by the Labour Education centre to ensure workers experience a Just Transition when facing plant closures, job loss, displacement and disruption. These Seven Rs, re-employment, retirement, re-location, re-education, re-deployment, rehabilitation and reinvestment, are the backbone or framework of any Just Transition process. The Labour Education Centre has used them as a lens through which to study the four different examples of the impact of closing coal-fired gas plants.

These four case studies offer examples of both positive and negatives outcomes of Just Transition. In all instances many of the workers are still facing unemployment, the loss of a good, stable job with benefits and pension, community upheaval, and social disruption. LEC is confident that the labour movement has the potential to be an important part of Canada's shift to cleaner, sustainable sources of energy and away from fossil fuels. This conversation has already begun in Ontario, in BC, and Quebec. These case studies will be an important part of these conversations as the federal government decides how to implement the recommendations of the Task Force. As our economy shifts away from fossil fuels and more workers are affected by plant closures in the battle to reduce emissions, it is critical that the lessons learned from these case studies, and others, ensure that Canada's workers experience a "fair and just transition".

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