Canadian Labour Congress
Congrès du travail du Canada

Green Jobs for Tomorrow

Submission

By the

Canadian Labour Congress

To the

Working Group on Clean Technology, Innovation and Jobs

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INTRODUCTION

The biggest challenge of our generation could also be the biggest opportunity of the century for economic growth and job creation. The Canadian Labour Congress (CLC) rejects the notion that there is a fundamental conflict between the economy and jobs and environmental sustainability. Good economic and job creation policies must address all the indicators of a good quality of life — the economy, jobs, equality and the environment. Canada has an unprecedented opportunity to create new and better jobs as part of a planned transition to a much more energy efficient and environmentally sustainable economy. There is an urgent need for labour to address not only climate change with solutions which can be deployed quickly but also to seize the opportunity to create new and better jobs and ensure that climate change policies will not increase inequality in Canada.

The CLC supports a green jobs strategy and an environmental economic development strategy which places manufacturing and trade policies at the center of the climate change agenda. The CLC looks forward to any opportunity to work in collaboration with government to build support for effective and concrete measures to avert catastrophic climate change while ensuring that the path forward also builds a stronger economy with good jobs. The CLC will work and collaborate with employers, educators and governments to minimize the costs of adjustment for workers, establish and collaborate on governance of Just Transition programs to support those workers who would be displaced by climate change or by climate change policies and mitigation measures. We believe the lynchpin of meaningful sustained climate action is retraining, re-employment and relocation for affected workers.

On behalf of the 3.3 million members of the CLC, we want to thank you for affording us the opportunity to present our views. The CLC brings together Canada's national and international unions along with the provincial and territorial federations of labour and 130 district labour councils whose members work in virtually all sectors of the Canadian economy, in all occupations, in all parts of Canada.

SUMMARY OF POLICY RECOMMENDATIONS

We make the following recommendations to complement the initiatives already being developed by the federal government:

Recommendation No. 1: Establish a price on carbon to acquire the additional new capital needed to finance the transition to a low-carbon economy;

Recommendation No. 2: Establish a National Green Homes and Green Buildings Strategy which will save Canadians money on their utility bills, reduce poverty, lower greenhouse gas (GHG) emissions by up to 126 Mt and create 438,000 climate jobs over five years as one portion of creating one million climate jobs over five years;

Recommendation No. 3: Collaborate with provincial governments to form a National Public Transportation Strategy which will guarantee predictable long-term funding, improve health, reduce inequality, lower GHG emissions by up to 25 Mt and create 101,600 climate jobs over five years as the second portion of creating one million climate jobs over five years;

Recommendation No. 4: Work with provincial and territorial governments to develop a Renewable Energy Development Strategy which will reduce GHG emissions by up to 110 Mt and create 290,000 climate jobs over five years as the third portion of creating one million climate jobs over five years;

Recommendation No. 5: Establish hard caps on emissions which will limit the total amount of GHG emissions in Canada. With our current rate of fossil fuel consumption, the increase in global average temperature will lead to widespread, harmful global impacts over the coming century. Rapid deterioration of ecosystems, large-scale losses of biodiversity, detrimental rising sea levels, significant increases in extreme weather events and a profound disruption to industry and human populations will result. The global economy will pay a high cost if average global temperatures rise more than 2°C in relation to pre-industrial levels. The CLC believes it is only through hard caps on emissions that Canada can do its fair share in reducing emissions and ensuring global average temperatures stay below 2°C.

Recommendation No. 6: Fund a Just Transition to prepare the economy for a future that leaves no one behind. Climate change is unique in terms of transition because some workers will not only lose their jobs but also their vocation, given that new available jobs might not be in the same occupation or sector or require

the same skills. Just Transition is about ensuring that workers who lose their jobs have as many options as possible with respect to their future.

The key to Canada's future prosperity lies in investment in the creation of green jobs while offering as many options as possible so workers and their families have a better future.

i. Improve labour market information about the Green Economy and Green Skills in Canada;
ii. Create a Labour Market Partners Council;
iii. Improve access to Employment Insurance (EI) training opportunities and employment supports;
iv. Improve Access to EI income benefits;
v. Improve access to training opportunities for people who are not eligible for EI;
vi. Improve apprenticeship registration and completion rates; and
vii. Create a National Workplace Training Fund.

Recommendation No. 7: Support not only the expansion, but also the manufacturing of low-carbon transportation options to achieve our continental low carbon vehicle manufacturing targets. Reducing carbon in our transportation industry should be paired with supporting low-carbon vehicle manufacturing, including buses, personal vehicles and trains to ensure Canadian manufacturing jobs today and into the future.

Recommendation No. 8: Facilitate Industrial Transformation to preserve and build Canadian industrial, social and economic capacity. Canada should begin to adjust its energy priorities to prepare for the significant changes in the energy landscape expected to occur within the next 10 to 15 years; however, planning cannot be pigeon-holed to the energy sector. A program of economic diversification and increased sustainability will require green sectoral economic strategies aimed at developing new industries, supporting existing industries and adding more value to our resources before they are exported.

Recommendation No. 9: Facilitate renewable energy development in indigenous, rural and remote communities which has both some the highest emission and highest cost electricity generation in Canada. Phasing out diesel generation, reducing energy costs and creating new employment, skills development and business opportunities in the emerging clean energy economy must also address energy poverty, unemployment skills training and opportunities in indigenous, rural and remote communities.

Recommendation No. 10: Establish salient and realistic pathways to decarbonisation by pairing medium with long-term strategies which extend beyond existing benchmarks. While reducing emissions by one-third in ten years is consistent with Canada's fair share, Canada will need to continue to reduce emissions into the future. Canada must establish an industrial strategy, skills training and jobs development to meet interim targets and beyond as Canada's industries and Canadians move towards decarbonisation in the long term.

ESTABLISH A PRICE ON CARBON

Putting a consistent price on carbon emissions will enable governments to acquire the additional new capital needed to finance the transition to a low-carbon economy. With this goal in mind, revenues should be allocated to building infrastructure which continues to reduce emissions. Carbon pricing mechanisms will serve to provide a clear price signal for business, organizations and consumers, although initial levels of carbon pricing will not be sufficient to significantly change consumer behaviour; they will instead build the infrastructure which changes consumer behaviour.

In line with the polluter pay principle, the CLC has long supported carbon pricing, specifically a national Cap-and-Auction (Trade) Carbon Pricing System. Under the model proposed by the CLC, the government would fix a maximum emission level in-line with overall national targets, literally setting a cap for different industries based on the industrial sector's ability to reduce their carbon emissions within a realistic time frame. The system would be permit-based and would move rapidly towards full auctioning by government of all permits. Governments must set a price to avoid the failures of market mechanisms alone, as seen in the EU carbon trading scheme. To meet their targets, companies would have to reduce emissions and buy permits in an auction or from other companies in Canada that have reduced emissions below the cap at market price. All of the proceeds from the auction should be recycled into investments in infrastructure which reduces emissions and, where required, industrial adjustment supports and Just Transition measures. Such a cap-and-auction (trade) system must create financial incentives to reduce emissions. In many cases, emission reduction activities would result in modernizing plants and improving workers' health and safety.

In regulations implementing a cap-and-auction (trade) system, competitive realities which could cost production and jobs with no environmental gain will have to be taken into account. In sectors which are closely integrated on a North American basis, significantly raising costs in Canada ahead of the US could cause transfers of production and job loss with no net reduction of carbon emissions. Some industries, such as the pulp and paper sector, have already made major reductions in their use of carbon-based energy by such means as switching to biomass and co-generation of heat and power, and these efforts should be acknowledged using a 1990 baseline and then rewarded through caps which are only modestly below current levels. Caps should still be imposed, but initially at modest levels.

If Canada is to establish a national price on carbon either through a cap-and-auction (trade) system, a carbon tax or both, the federal government must ensure that tariffs are placed on imported goods. Specifically, a separate carbon pricing scheme must be developed for imports. This carbon pricing system would ensure that offshore producers, particularly transnational corporations, pay the price of the carbon content in the goods they ship to us. Under a national Cap-and-Auction (Trade) System, carbon pricing on imports is not a discriminatory tariff, since the same policies would apply to Canadian produced goods.

It is important that national carbon pricing initiatives are both effective at reducing emissions and do not put an undue burden on the poorest Canadians. The solution is not to debate the merits of a national carbon tax versus a cap-and-auction (trade) system, but rather to ensure that revenues are used effectively. It is the view of the CLC that any national carbon pricing mechanism should only move forward if 100 percent of the revenues are directed into investments in further GHG emission reductions through renewable energy, energy efficiency and retrofit programs and public transit, as well as measures to protect low-income Canadians and First Nations. Any inequitable impacts of carbon pricing to low-income Canadians must be offset. This should be done by following the structure of the GST rebate, in which all low-income Canadians receive GST rebate cheques with the amount tapering off and cutting off at $35,000 per year.

The federal government has initiated the Working Group on Carbon Pricing Mechanisms to build on the progress already undertaken by the provinces. We recommend:

- A harmonized national carbon price of a minimum of $30 per tonne of CO_2, increasing to $200[i] per tonne, including a tax rebate (structured like the GST rebate) for low-income citizens;
- That the carbon pricing mechanism includes incremental and predictable annual increases; and
- That revenues are directed into investments in further GHG emission reductions through renewable energy, energy efficiency and retrofit programs and public transit.

NATIONAL GREEN HOMES AND GREEN BUILDINGS STRATEGY

The Green Homes and Green Buildings Strategy will reduce annual greenhouse gas emissions annually by up to 126 Mt and will create 438,000 person job years over five years.

Energy efficiency and conservation are our cleanest, cheapest and most productive methods for reducing GHGs, yet the vast majority of Canadian buildings (92 percent) have not been retrofitted. Energy efficiency is a smart investment that can be started immediately, using existing skills and technologies, to create jobs and save money. Investing in energy efficiency and conservation boosts productivity, reduces costs, cleans our air and water, and creates jobs everywhere. Energy efficiency is unique in that it pays for itself through savings in a relatively short time. As a result, energy efficiency improvements are ideal ways to put unemployed workers who have returned home from the oil patch back to work in areas with rising unemployment, such as New Brunwsick or Newfoundland and Labrador. Energy efficiency improvements are also ideal ways to reduce poverty and provide apprenticeships and create job opportunities in areas of high unemployment, such as First Nations communities, isolated and Northern communities and reserves. An energy efficient economy is a strong, competitive economy and an economy where electricity bills can be lower in response to energy savings.

Canada needs a Green Homes and Green Buildings Strategy to transform this country's housing and building stock. To develop and implement this Green Homes and Green Buildings Strategy, the federal government has a vital role to play in reaching an agreement on national energy efficiency standards and in ensuring that financial institutions guarantee loans to municipal governments for property tax system financing for retrofits. Low-income residents can benefit from this strategy through grants for retrofits and the resulting decrease in their energy bills. For the strategy to be the most effective and generate the highest potential for employment, more stringent federal efficiency regulations will be required as well as expanded federal-provincial/territorial national efficiency support services.

Over the next five years, the CLC-supported Green Homes and Green Buildings Strategy will achieve the following objectives:

- Retrofit 40 percent of Canadian homes to an average level of 30 percent increased energy efficiency savings per home;

- Upgrade 150,000 low-income homes and reduce energy bills by an average of 30 percent;
- Increase the energy efficiency of new homes by two percent per year towards 2025 when all homes built after that date will produce as much energy as they consume (net zero);
- Improve the efficiency (technical and operational) of all buildings (industrial, commercial, business and public) across Canada by 50 percent; and
- Require all new buildings to be net zero by 2025.

To achieve the objectives of the Green Homes and Green Buildings Strategy, the CLC makes the following recommendations:

- Revise national building codes by 2020 for residential, institutional, commercial and industrial facilities, as promised in the 2016 federal budget;[ii]
- Require all new buildings to be net zero by 2025 and support this transition through training, research and development and fiscal incentives such as tax credits tied to domestic procurement;
- Establish mandatory energy audits[iii] and efficiency labelling for homes and buildings at time of sale or with a new rental agreement;
- Facilitate and fund innovative financing arrangements to ensure that financial institutions and utilities guarantee loans to municipal governments for property tax-based and utility-based on-bill financing for retrofits; and
- Use EI to assist and fund the use of retrofits as an opportunity for laid-off workers to finish apprenticeships, gain skills, and improve the housing stock in areas suffering rapidly rising unemployment.

Conserving the energy used to run homes and buildings should be a top priority. The investments in energy efficiency included in the 2016 federal budget has already formed the foundation for creating a national Green Homes and Green Buildings Strategy. A further annual investment of $3.0 billion (1.1 percent of the federal budget)[iv] in a Green Homes and Green Buildings Strategy over five years[v] will boost productivity, reduce energy costs, lower annual GHG emissions by up to 126 Mt, and create 438,000 climate jobs.

NATIONAL PUBLIC TRANSPORTATION STRATEGY

The National Public Transportation Strategy will reduce annual greenhouse gas emissions annually by up to 25 Mt and will create 324,600 person job years over five years.

The transportation sector was responsible for 28 percent of Canada's GHG emissions in 2014.[vi] Just over half of the energy used in the transportation sector is specifically dedicated to transporting people. If Canada is to make the shift to a green economy, significant investments will be needed to enhance our public transit and intercity rail capacity to transport people and thereby reduce the dependency on conventional private automobiles as the primary means of transportation.

Developing a National Public Transportation Strategy will create jobs, reduce pollution, lower emissions and pollutants, and boost the economy. Coordinated investments in public transit and sustainable transportation improvements will yield billions of dollars in savings through improved health, decreased traffic congestion, and increased productivity.[vii]

Canada needs a national transportation plan designed to encourage Canadians to reduce their dependency on private automobiles as their primary mode of transport. We propose a National Public Transportation Strategy that involves a two-pronged approach:

1) **Public Transit Systems:** the development and expansion of public transit systems within urban centres and smaller communities across the country; and
2) **Intercity Rail Systems:** the development of high-speed rail systems (HSR) or monorail systems in urban corridors (i.e. Québec-Windsor, Edmonton-Calgary, Vancouver-Seattle).

For this public transportation strategy to be effective, it must be accessible, affordable, and accountable. The current level of funding from federal and provincial governments is insufficient to meet the needs for municipal transit systems, let alone intercity rail.

Canada is both the only G8 country without existing HSR infrastructure and the only G20 country without official plans to construct an HSR line in the coming decades.[viii] Aside from paying for repeated studies demonstrating the feasibility and practicality of implementing HSR lines in major corridors, zero dollars have

thus far been spent by the provinces and the federal government for this important initiative.

We propose that a public investment plan is put in place by governments to address the current needs of public transit systems across the country and also begin to enable the development of efficient low-impact rail travel between the nation's most populous urban areas and along its busiest routes. More specifically, this plan should include:

- Coordination with other orders of government to establish a National Public Transportation Strategy and lay the groundwork for higher speed rail between cities and urban corridors;
- Providing predictable long-term funding to local and regional transit systems;
- Implementing policies that encourage growth in Canada's transit manufacturing industries as well as associated research and development industries;[ix]
- Investment of $1.76 billion annually (0.6 percent of the federal budget)[iv] for the development and expansion of public transit systems within urban centres across the country over five years;[x] and
- Investment of $1.0 billion annually (0.4 percent of the annual federal budget)[iv] to lay the groundwork for higher speed rail between cities in urban corridors, commencing with the highest-density and most industrialized corridor, Québec-Windsor.[xi]

The CLC-supported National Public Transportation Strategy, with a total investment of $17.6 billion for public transit and $10 billion toward developing high-speed rail corridors, will reduce congestion, increase economic activity, decrease air pollution, and create 324,600 climate jobs over five years.

To be effective over time, such investments also need to coincide with a scaling down of provincial government investments in highway construction and should focus on the electrification of public transportation from renewable energy sources. During that time, the direct GHG emission reductions achieved through diversion from private vehicles will be between 12 and 25 Mt per year. Indirect GHG emission reductions from increased urban density and the avoidance of future increases in GHG emissions from a business-as-usual approach will result in up to 100 Mt of reductions in the long term.[xii]

RENEWABLE ENERGY DEVELOPMENT STRATEGY

The Renewable Energy Development Strategy will reduce greenhouse gas emissions annually by up to 110 Mt and will create 290,000 person job years over five years.

The transition to a low-carbon economy will require an increase in electrification. The level of electrification required to meet Canada's Paris obligations requires a substantive increase in electricity derived from renewable sources.[xiii] Canada has enormous unrealized potential for electricity generated from solar, wind, and geothermal energy sources. The price for wind and solar is increasingly competitive, falling 65 percent and 90 percent respectively since 1983.[xiv] Recent analysis from Bloomberg New Energy Finance (BNEF) and the International Renewable Energy Association (IRENA) show that the dramatic reduction in cost for wind and solar will continue well into the future.[xv]

The federal government – in collaboration with provinces, territories, municipal governments, Indigenous peoples, and communities – must take the lead in generating this transition. While investments in renewable energy were included in the 2016 federal budget, the scale of these investments was not sufficient to achieve the level of transformative change that is required to meet Canada's 2030 target. To facilitate the development of renewable energy sources to meet future energy demand, lower GHG emissions by up to 110 Mt, and create 290,000 climate jobs over five years, the federal government should:

- Separate renewable energy from "clean technology" and "clean energy" (which include oil extraction) and create significant targeted investments over the next five years for renewable energy development and infrastructure, including job creation and GHG reduction targets;
- Allocate specifically targeted funding to Natural Resources Canada to facilitate regional dialogues and studies that identify the most promising renewable energy infrastructure projects and maintain and improve renewable energy policy capacity;
- Work with Indigenous, rural, and remote communities to increase access to renewable energy and facilitate renewable energy project development[xvi] on the microgrid scale to support rural areas and reduce overall dependency on diesel, as recommended by the Premiers;[xvii] and
- Work with the provinces and territories to address regulatory barriers related to distributed electricity generation, including facilitating permissions, approvals, and access to the grid, as committed in the 2016 federal budget.[xviii]

It is essential that the federal government provide leadership in advancing this Renewable Energy Development Strategy. Although the implementation of such an initiative resides with provincial/territorial and municipal governments, the federal government has a critical role to play in initiating, facilitating, and financing the strategic shift to a renewable energy future across Canada.

The relatively large allocation of 0.8 percent of the federal budget in renewable energy programs and development is critical to meet growing energy demands, including the increase in electrification that is required for the transition to a low-carbon economy.

HARD CAPS ON EMISSIONS, ELIMINATE SUBSIDIES

Just under half of all Canadian carbon dioxide emissions come from heavy industry, led by coal-fired electricity plants and the primary oil and gas sector. The goal of the government's climate policy must be to force significant real reductions in absolute emissions from these sectors, not simply a reduction in emissions intensity. The CLC supports hard caps on emissions from large final emitters, including the tar sands – the most dominant factor in future oil and gas development and single most destructive development project anywhere on Earth. Massive growth in oil sands production could potentially dwarf all other Canadian GHG efforts. Ongoing development will have an impact on more than Canada's aggregate emissions, as growth will continue to have a significant impact on GHG emissions, water quality in Alberta and beyond, and most directly on First Nations communities in Western Canada. Further, ongoing tar sands development is mainly driven by foreign transnationals that export raw bitumen and profits to the United States.

The CLC will support hard caps on carbon emissions, including those on the tar sands, as well as changes to federal corporate income tax rules to eliminate subsidies to the primary energy industry and to encourage the provinces to raise oil royalties. Perverse tax subsidies to the primary oil and gas industry must be eliminated. The primary oil and gas sector is highly profitable and can afford to invest much more in climate change abatement measures without public subsidies. The current $3.6 billion in annual fossil fuel subsidies[xix] should be reallocated for the transition to a green economy, fulfilling Canada's G20 commitment to phase out subsidies to the fossil fuel industry, as promised in the Liberal government's election platform.[xx]

In addition, the National Energy Board should re-regulate oil and gas exports to maintain long-term Canadian energy supplies for Canadians, including supplies for a strong domestic petrochemical industry. Foreign takeovers and new investments in the energy and mining sector should be turned down unless there are large benefits to Canadians, and exports of unprocessed energy and mineral resources as well as raw logs should be closely regulated to force investment in higher value-added industries. The energy input costs of the forest industry must be reduced, including by making sure that hydro power developed for industrial purposes is retained for industrial use.

FUND A JUST TRANSITION

Around the world, taking action on climate change must also be inextricably linked to a Just Transition for workers, both to provide support to those workers and to build the skilled workforce we need for the emerging green economy. The International Labour Organization (ILO) has emphasized key policy areas and institutional arrangements for a just transition, specifically the mix of macroeconomic, industrial, sectoral and labour policies, with the aim of generating decent jobs along the supply chain and offering employment opportunities on a large scale.[xxi]

Energy-intensive industries, extractive industries and road transport are examples of sectors that could see some negative consequences from climate mitigation policies if measures are not taken to protect workers. For workers affected by changes in employment patterns resulting from transitions to a green economy, the key to a fair and just transition is a properly-planned aggressive green economic development strategy that will create an economy that is more labour intensive and offers new unionized jobs and opportunities for workers.

Workers who are displaced or experience wage cuts due to structural economic changes which benefit society as a whole should be fully compensated, as should communities that suffer a negative impact due to such changes. Unfortunately, this principle has often been evoked in response to trade-driven economic change, but is rarely translated into practice.

In Canada, to transition workers to emerging green industries, Employment Insurance will continue to be vital to Canadian workers, their families and their communities. The EI program must be there to support workers when they lose their job through no fault of their own. Structural unemployment as a result of necessary responses to climate change is certainly beyond the control of workers. Unfortunately, successive federal governments have made the program less equitable and harder to access. In fact, the proportion of unemployed workers receiving benefits from Employment Insurance is at an all-time low, with less than 40 percent of unemployed workers qualifying for EI.

Meanwhile, employer investment in training has been dropping in Canada. In 1993, employer investment in training per employee was an average of $1,249; it dropped by nearly 46 percent over the next 20 years. In 2014 and 2015, Canadian employers spent an average of $800 per employee on training – still far below the peak in 1993 – and Canada continues to lag behind our international competitors.[xxii]

In addition, Canada's public spending on training and active labour market measures is dismal. In fact, Canada ranks near the bottom of all OECD countries. In 2004, government spending on active labour market measures in Canada was 0.35 percent of Gross Domestic Product (GDP). In 2014, it dropped to 0.22 percent. That is well below the OECD average of 0.55 percent and far behind Denmark, which spent 1.91 percent.[xxiii]

Precisely when Canada should be investing in skills training for new green industries, the culture of providing good skills training has not caught on with business and governments. In the context of some skill shortages in particular occupations (such as the skilled trades) and in some regions, we have a major opportunity to move unemployed, under-employed and low-paid workers into better jobs. Across Canada, access to training should be greatly increased for the 49 percent of workers with limited literacy and numeracy skills, and recent immigrants who are under-employed relative to their education and credentials. Aboriginal Peoples must also have fair access to participate equally in an expanding job market.

Both governments and employers in Canada must take action and invest more in training for employed and unemployed workers to ensure a Just Transition for workers to a low-carbon economy. We recommend the following seven policy options:

i. Invest $15 million to improve Labour Market Information (LMI) on the Green Economy and Green Skills in Canada.

The federal government needs to know where to invest and where to invest training dollars. The starting point must be to improve Canada's labour market information about the green economy. Governments, educators, employers and worker organizations including trade unions require a more complete understanding of the current size and composition of the green economy in Canada. More information on emerging labour market trends (e.g. full-time jobs, unionized jobs, wage rates, working conditions) is needed in order to assess the future demand and current gaps for green skills and occupations.

The federal government should invest $15 million in a new Green Economy and Skills survey. This can provide reliable and timely information on the demand and supply sides of the labour market and help all stakeholders make informed decisions.

As the government fine-tunes their policies on innovation, education, training, labour adjustment and industrial development, the results from the Green Economy and Skills survey would help clarify many of these issues and assist in evidence-based policy development.

ii. Invest $10 million per year to create a Labour Market Partners Council.

Under normal circumstances, no single player can address Canada's labour market issues on their own; all stakeholders must be part of the solution, and rapid labour market transformation due to climate change is no different. Collaboration and coordination are needed at the national level to improve labour market program design and delivery across the country. Unfortunately, the previous Conservative federal government eliminated core funding for all national multi-stakeholder organizations.

The reality today is that no national forum exists to facilitate ongoing dialogue and collaboration between key stakeholders on employment and workforce development issues. This has had a deeply unfortunate outcome on labour market program design and delivery as well as dialogue in general. Despite a worsening labour market, real dialogue and constructive discussion around key workforce development issues have not happened in years. Moreover, the minimal dialogue that has taken place has not been informed by evidence. Instead, on critical labour market issues, there have been parallel monologues, even in the context of industrial transformation due to climate change. The parallel monologues and lack of informed dialogue were most obvious in recent years when it came to labour shortages, skill shortages, and training programs – all to the detriment of Canadian workers.

Moving forward, the federal government should invest $10 million annually to establish a national Labour Market Partners Council that would facilitate ongoing dialogue and collaboration between key stakeholders: governments, unions, employers, and educators.

iii. Invest $500 million to improve access to Employment Insurance training opportunities and employment supports.

The Employment Insurance account is projected to be in a surplus for 2016 and beyond if premiums remain at their current level. This presents an opportunity to be proactive and use EI funds for adjustment services and

training programs that will support workers' transition to a low-carbon economy.

The Labour Market Development Agreements (LMDAs) between the federal government and the provinces and territories will be crucial. The LMDAs transfer funds from the EI account to the provinces and territories for training programs for people who are eligible. The current LMDAs transfer $1.95 billion in funding annually to the provinces and territories for EI training programs. This transfer has not increased in the last 20 years. The new federal Liberal government made an election commitment to increase the LMDA transfer by $500 million each year. The 2016 federal budget committed a $125 million increase in the LMDA transfer in this fiscal year. The CLC strongly supports this commitment and urges the federal government to follow through on the full $500 million commitment.

As noted earlier, Canada lags far behind our international competitors when it comes to public spending on active labour market measures. We need to do more and the surplus in the EI account will allow us to do more. A main focus of the new EI funds transferred through the LMDAs must be to expand labour adjustment and transition programs to increase access to employment assistance services and training programs.

iv. Improve access to EI income benefits.

If a worker does not qualify for EI income benefits, then they do not qualify for EI training programs. The federal government's move in the 2016 budget to eliminate the 910 hour entrance requirement for new entrants and re-entrants will improve access to EI, especially for young workers and new Canadians. The CLC supports this decision and urges the government to go further by introducing a single, national entrance requirement of 360 hours for EI eligibility. In addition, we urge the federal government to ensure workers receive income benefits for the full duration of all training programs. Workers need income support to put food on the table and pay the rent while participating in training programs.

v. Improve access to training opportunities for people who are not eligible for EI.

Fewer than 40 percent of unemployed workers are currently eligible for EI benefits. We need more training opportunities for workers who are not eligible for EI. In 2008, the federal, provincial and territorial governments negotiated Labour Market Agreements (LMAs) to help non-EI eligible

individuals access employment supports and training programs. These LMAs supported specific groups of workers including Aboriginal Peoples, immigrants, older workers, persons with disabilities and low-skilled individuals. LMA programs also focused on providing literacy and basic skills learning for individuals.

Unfortunately, in 2013, the federal Conservative government unilaterally introduced the Canada Job Grant, which re-allocated $200 million from the LMAs. In the 2016 federal election campaign, the Liberal Party promised to restore the $200 million cut from the LMAs by the previous Conservative government. In the 2016 budget, the new federal Liberal government allocated $50 million more to programs supported by the LMAs. The CLC strongly supports this commitment and urges the federal government to follow through on the full commitment of $200 million in funding for LMA programs.

vi. Invest $100 million to improve apprenticeship registration and completion rates.

The skilled trades play an important role in our economy and provide good jobs for Canadians. Apprenticeship is a key entry path to the skilled trades, but Canada is lagging behind other industrialized nations on apprenticeship registration and completion rates.

While apprenticeship enrolments have increased over the past decade, they still represent only 2 percent of the Canadian labour force. This figure is much higher in other nations such as Germany, Switzerland, Australia and the United Kingdom.[xxiv]

We need to attract more Canadians to apprenticeship training and the skilled trades. The federal government can help by investing $10 million in a national public awareness campaign promoting the benefits of apprenticeship training and a career in the skilled trades. It is especially important to raise awareness amongst under-represented groups, such as women, Aboriginal Peoples, immigrants, persons with disabilities and at-risk youth. The labour movement has developed several good programs and the federal government should partner with unions to expand these efforts.

Another big challenge is the low apprenticeship completion rate, which is about 50 percent in Canada.[xxv] Canada's completion rate ranks far behind

many of our international competitors. One barrier to completion and certification is that Canada has 13 different apprenticeship systems across the country and every jurisdiction has different training standards and requirements for certification. It makes no sense that an apprentice welder who does her classroom work in New Brunswick cannot receive credit for on-the-job-training she completed in Saskatchewan. The federal government should invest $5 million to support the efforts of the provinces and territories to harmonize their apprenticeship systems.

The labour movement is doing its part when it comes to apprenticeship training. Union training centres provide a wide range of apprenticeship programs, and unions are one of the biggest sources of skilled trades training in the country. Completion rates are much higher in unionized workplaces because of the extensive support that unions provide to apprentices. Union training programs can play an important role in ensuring apprentices and skilled trades workers get the training they need for specialized skills in the green economy. The federal government should invest $85 million over five years for union training facilities. In its 2016 federal budget, the Liberal government allocated $85.4 million over the next five years for union training centres. The CLC looks forward to working with the federal government to develop a framework for how these funds will be invested.

Finally, the federal government has an opportunity to show leadership and provide a major boost to apprenticeship training by making it mandatory that all contractors working on federal maintenance and infrastructure projects sponsor apprentices, including all new investments in green infrastructure.

vii. Create a National Workplace Training Fund.

Despite all evidence that shows investment in training is key to competitiveness, innovation and productivity growth, Canada's record on employer-sponsored training is abysmal. As noted earlier, according to the Conference Board of Canada, since 1993, employer investment in training has decreased significantly, and we continue to lag behind our international competitors.

The voluntary approach to workplace training is not working. Too many employers are not willing to put skin in the game. This is undermining the competitiveness of the Canadian economy and its ability to adapt to

structural changes such as the move to a low-carbon economy. This is not acceptable. We can and must do better, and it is time for a bold new approach.

The federal government should establish a mandatory National Workplace Training Fund that would be governed by the National Labour Partners Council recommended earlier.

National training funds are common in many countries and payroll training levies are the main source of financing. According to the World Bank, over 60 countries have payroll levies that require employers to invest in training their workforce.

Quebec introduced legislation in 1995 which requires employers with a payroll of more than $1 million to invest 1 percent of their payroll in training. Businesses that fail to invest 1 percent must pay the shortfall into a public fund which is used to finance work-related training initiatives.

Research by the World Bank and the Canadian Council on Learning shows that training levies can increase both the quantity of training and the quality of investment. Furthermore, employers say that they do not invest in training because, if they did, other employers who invest nothing would simply poach their talent. Financing workplace training with a mandatory levy – one that spreads the costs amongst all employers – can eliminate this free-rider problem.

Recent public opinion research by Vector Research and Development shows that a “train or pay” approach has broad support from Canadians. In fact, in a recent poll, 83 percent of Canadians say they would support a law that requires large employers to either spend 1 percent of their payroll on job training or pay 1 percent into a public fund for training.

SUPPORT NOT ONLY THE EXPANSION, BUT ALSO THE MANUFACTURING OF LOW-CARBON TRANSPORTATION OPTIONS

Manufacturing (and some service production) is being shifted in a massive way by transnational corporations to China and other developing Asian countries, partly because of low wages, low taxes and the absence of environmental rules, but also because these countries manage trade and industrial development in their own interests. Canada now runs a huge trade deficit with Asia, and we are losing much of our traditional US market to offshore producers, which hampers Canada's job creation and economic growth and yields a net increase in global emissions.

As a country, we have failed to build the knowledge and skills-intensive industries which can best sustain good jobs in a brutally competitive world. Parts of our economy have benefitted from strong global demand for resources, but an economy driven almost exclusively by the export of raw resources is capital intensive, unstable, environmentally unsustainable, and chronically short of good jobs.

Infrastructure programs should require all levels of government to maximize Canadian procurement of goods and services, boosting manufacturing employment. To take just one example, Buy Canadian policies linked to federal and provincial investments could lead to a major expansion of the market for Canadian-built public transit vehicles.

FACILITATE INDUSTRIAL TRANSFORMATION

The new federal government tends to put forth platitudes when it comes to Canada's obligation to reduce emissions and rise to the challenge of climate change. Additionally, it frequently makes reference to the relationship between the environment and the economy. What the intersection of environment and economy means for domestic production has largely been ignored up to this point.

Our manufacturing sector is in crisis, and the forest industry – a lynchpin of single-industry communities across the country – is in deep trouble. Our overall national unemployment rate is low, but good jobs with decent wages and benefits are being destroyed by industrial re-structuring and ongoing contracting-out and privatization of public and social services. Many new jobs are being created in private services, but far too many of them are non-union, low-pay, dead-end and insecure.

Instead of keeping corporate tax rates low, the Government of Canada should rely on sector development councils to support Canadian businesses and the industries of tomorrow. Across the board, corporate tax cuts enrich the shareholders of already highly profitable and often foreign-owned industries while doing very little to boost the real investment we need to build a stronger economy, let alone a strong sustainable economy. Canada needs a much stronger base of Canadian companies which invest heavily in new machinery and equipment, research and development and worker skills, and support good jobs in the public and private service sectors.

Moving forward, instead of a low corporate tax rate, questioned by the CLC, the federal government should push for targeted supports on the same scale to support new investments which help us retain and build our industrial base. These can come in the form of tax credits for investments in research, training and new machinery and equipment, or funding for sector development strategies in industries like forest products, auto, aerospace and cultural industries. Labour must play a key role in the development of these sectoral strategies, and labour councils must be assisted in their work with local governments to develop viable community economic development strategies.

A program of economic diversification and sustainability will require green sectoral economic strategies aimed at developing new industries and adding more value to our resources before they are exported. Transitioning our economy will require investments in emerging industries which can be tremendously aided by

the establishment of sectoral development councils. Sectoral development councils in the automotive, aerospace, energy, rail transportation, forestry and agriculture industries, for instance, could identify the needs and opportunities involved in reducing emissions while expanding production and employment. For example, automotive assembly and parts manufacturing in Canada could be re-tooled to support the production of hybrids, electric passenger cars, fuel-cell vehicles and other environmentally-friendly vehicle technologies and components, with the goal of 5 percent market penetration of electric vehicles by 2020.

INCREASE ACCESS TO RENEWABLE ENERGY AND FACILITATE RENEWABLE ENERGY PROJECT DEVELOPMENT IN INDIGENOUS, RURAL AND REMOTE COMMUNITIES

Investments in microgrid renewable energy for off-grid communities will free up money in community budgets for education, health, and business development, enable water system upgrades, create skilled jobs, and make heat and power more affordable. As mentioned previously, there are impressive overall benefits to a Renewable Energy Development Strategy. These include reducing fossil fuel dependence across Canada, lowering GHG emissions by up to 110 Mt, decreasing photochemical smog and acid rain and creating 290,000 climate jobs over five years. However, increasing renewable development in rural and remote communities, notably Indigenous communities, will reduce reliance on diesel in off-grid areas, energy costs, exposure to diesel fumes and diesel exhaust (both known human carcinogens), energy bills and poverty. Microgrid renewable energy investments are low-hanging fruit when it comes to reducing some of the highest costs and levels of carbon home heating, offering an important equity dimension that cannot be ignored.

ESTABLISH SALIENT AND REALISTIC PATHWAYS TO DECARBONISATION

While reducing emissions by one-third in ten years is consistent with Canada's fair share, Canada will need to continue to reduce emissions into the future. Canada must establish industrial, skills training and jobs development strategies to meet interim targets and beyond as Canadian industries and citizens move towards decarbonisation in the long term.

CONCLUSION

We have options, but the past is not one of them. Right now, the future is in our grasp. Climate change is being talked about all over the world. It is time to ensure that workers are part of the solution, and are answering the call to action that is the greatest challenge of our time.

Smart, evidence-based, adequately-funded and regionally-focused transition programs have the potential to make this large-scale social and economic change one that works for workers. These programs will involve transformative changes to our economy that must be paired with strategic employment programs, including:

- Developing green sectoral strategies;
- Developing an industrial strategy for Canada;
- Programs for those who are EI eligible and those who are not EI eligible;
- Planning for and investing in skills training and apprenticeships; and
- Supporting good jobs in every Canadian community.

Just Transition is primarily a federal responsibility, although provincial support is also crucial. On skills training, just as with GHG reductions, although there are primarily provincial levers, we need federal responsibility and accountability paired with mandatory, not voluntary programs.

There are tremendous opportunities to support workers during economic transition that will not require any government spending. The EI account is projected to have annual surpluses in the next few years. Instead of cutting EI premiums, the government should invest the surpluses to expand access to EI training programs with a focus on labour adjustment and transition. That way, Canadian workers can benefit from the transition to a green economy by accessing new, green jobs as a result of public investment programs and sector strategies. Furthermore, these “One Million Climate Jobs” will directly reduce GHG emissions.

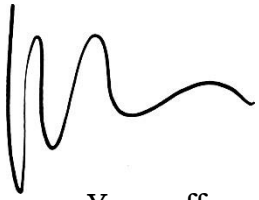
The Labour Market Development Agreements, funded through the EI fund, are to be renegotiated with the provinces and territories; however, consultation with employers must be extended to workers. Since workers pay for EI, too, and may have different perspectives on training needs, they must be at the table.

Many workers do not qualify for EI and desperately need support. Labour Market Agreements were set up to fill this gap. Since then, the need has only grown, and funding has been siphoned away for the Canada Jobs Grant program. We must enhance this essential pillar of our public training. Large-scale action on training and investments are required, and it is the time to plan, engineer and price major infrastructure projects and include apprenticeship and training opportunities so Canadian workers can have the skills and jobs they need as our economy transitions.

If the federal government is serious about its Paris commitments, it must also be serious about Just Transition, skills training and jobs development. When auto manufacturing plants suffer job losses, it is quite common to open Labour Adjustment Centres — paid half through Employment Insurance and half through the province — yet there are no Labour Adjustment Centres in Alberta to assist workers who have lost their jobs in the oil sands. Why aren't these types of transitions available to these workers? Or to those who are not EI eligible? Or to those who have lost their jobs because of the effects of climate change?

Canada can transition the economy and provide and Just Transition for workers in the next decade as Canada reduces emissions by one-third, but we need smart public policy now. As union members, when it comes to climate change, we will either make history or be vilified by it. Addressing climate change isn't just the right thing to do for the planet — it is the right thing to do economically. This is a win-win situation where we can reduce our greenhouse gas emissions, create jobs and build export potential not seen since the Industrial Revolution. The labour movement needs to be at the forefront of this critical issue. Canada needs political leadership to dramatically invest in public infrastructure and industrial development. We must be leaders, not followers.

This document is respectfully submitted on behalf of the Canadian Labour Congress:



Hassan Yussuff
President

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File: 20304-02-14

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