



BLUE GREEN CANADA CONFERENCE BACKGROUND

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FINANCIAL SECURITY FOR WORKERS IN TRANSITION

Please see Blue Green Canada's complete set of Fact Sheets:

- Just transition and good green jobs - update and progress
- Context: Alberta coal and other transitions
- Worker transitions - training and green jobs
- Financial security for workers in transition
- Community transitions

See also:

- Blue Green Canada, "Just Transition and Good Green Jobs for Alberta - Edmonton 2016 Conference Summary"
- Alberta Coal Transition Coalition, "Getting it Right: A Just Transition Strategy for Alberta's Coal Workers."

Blue Green Canada is an alliance between Canadian labour unions, environmental and civil society organizations to advocate for working people and the environment by promoting solutions to environmental issues that have positive employment and economic impacts

THE PERIOD OF UNEMPLOYMENT BEFORE AFFECTED WORKERS LAND OTHER JOBS, OR REACH RETIREMENT, REQUIRES SOME FINANCIAL SUPPORT. CANADA HAS A SOCIAL SAFETY NET, BUT DECADES OF AUSTERITY POLICIES HAVE HEAVILY DAMAGED IT, AND IT NEEDS TO BE RESTORED AND IMPROVED.

IT IS IMPORTANT TO BEAR IN MIND THAT THERE WILL BE FAR MORE WORKERS LAID OFF IN THE FUTURE DUE TO TECHNOLOGICAL CHANGE THAN TO THE COAL PHASE OUT (SEE FACT SHEET ON COAL AND OTHER TRANSITIONS). IN A FUTURE OF ACCELERATING TECHNOLOGICAL CHANGE AND JOB CHURN, WORKERS MAY HAVE SEVERAL JOB AND CAREER CHANGES OVER THEIR WORKING LIVES, AND IT IS IMPORTANT THAT THE SOCIAL SAFETY NET PROTECT WORKERS ADEQUATELY.

EMPLOYMENT INSURANCE

The provincial government can work with the federal government to restore and improve the EI system.

Examples of potential EI changes:

- Extend eligibility periods
- Amend the formulas and amounts for EI premiums and support such that the system will provide an adequate level of support to workers in transition
- Ensure the program is adequately funded to deal with the number of applications it will receive, and to process those applications promptly
- EI support should not be conditional on individuals being willing to accept a job at dramatically lower pay, or in an inappropriate occupation or location.

WAGE AND BENEFIT REPLACEMENT: EI TOP UPS AND EXTENSIONS

If the EI improvements that the province is able to secure from the federal government are not adequate, then the province can work with employers to provide wage and benefits replacements for a set period of time while workers are training for and landing a new job.

If that is not successful, then the province could step up to the plate itself to provide wage and benefit replacements, and extend them beyond the federal eligibility period to ensure that affected workers do not fall through the cracks. This could be funded by carbon pricing revenues.

INDIVIDUAL WORKER TRANSITION SUPPORT

Each worker is unique, and will face unique challenges. The government could establish a service to assist workers with their individual transitions, to help them find their next job or land at retirement, and access programs and have financial security in the interim. For some workers, the transition will be fairly easy and quick, while for others the transition would be more complex and time-consuming.

CAREER AND SOCIAL COUNSELLING

In addition to the real risk of poverty, there can be significant psychological and social consequences of layoffs. North American culture places a high priority on paid work, and losing a job can have affect a person's future employability and thus financial security.

The government could invest in social workers and counsellors to assist workers and their families with accepting layoffs without stigma, and with accessing public services and programs that can help keep them employable.

GOOD PUBLIC SENIORS SUPPORTS

Canada is facing a wave of widespread seniors poverty, due to falling employer pension coverage, inadequate savings, and inadequate public pensions and income supplements.¹ The Alberta government could press the Federal government to improve the Canada Pension Plan, Old Age Security, and Guaranteed Income Supplement, helping to prevent workers and their families from falling through the cracks.

PENSION BRIDGING AND COMPLIANCE

The government can work with employers to ensure that affected workers who are close to retirement are given income support to carry them until they receive their pensions. The government can fund this with a pension bridging trust fund, with contributions from carbon pricing revenues.

The government can work to obtain binding, public commitments from the generation companies involved to ensure that workers pension benefits are protected.² The government could enforce these commitments, while also backstopping them with funds from carbon pricing revenues.

GUARANTEED ANNUAL INCOME PILOT AND PROGRAM

Other jurisdictions are experimenting with guaranteed annual income programs as a way to prevent people from falling through the cracks. These programs will provide their governments with useful data on a policy option that many feel will be necessary to deal with the coming wave of automation. A guaranteed annual income is not a cure-all, and is not a replacement for work, nor a replacement for public programs and services. However, it can be a useful initiative to help

prevent poverty. It could be particularly useful for workers who lose their jobs indirectly due to the coal phase out.

The provincial government could conduct a guaranteed annual income pilot program, targeting the affected communities for a period of a few years - gathering valuable real-world data that is specific to Alberta, while providing needed support.

THE COSTS OF SUPPORTING WORKERS

Providing support to affected workers is likely neither to be extremely cheap, nor extremely expensive. Based on some reasonable assumptions, it could be on the order of magnitude of \$100 million - less than one tenth of the amount that the government agreed to pay coal plant owners.

Sample Alberta Coal Just Transition Worker Cost Range Estimate			Unlikely	Very Unlikely			
		Mean average cost per affected worker (costs will vary significantly between workers)					
		Low end	Reasonable low	Reasonable	Reasonable high	High end	
	# affected workers	\$10,000	\$25,000	\$50,000	\$100,000	\$250,000	
Low end	500	\$5,000,000	\$12,500,000	\$25,000,000	\$50,000,000	\$125,000,000	
Low end	1,000	\$10,000,000	\$25,000,000	\$50,000,000	\$100,000,000	\$250,000,000	
Low end	2,000	\$20,000,000	\$50,000,000	\$100,000,000	\$200,000,000	\$500,000,000	
Low end	3,000	\$30,000,000	\$75,000,000	\$150,000,000	\$300,000,000	\$750,000,000	

Estimate based on the following assumptions

- Some affected workers, but not all, will require various supports. The costs *per worker requiring them* could be on the order of:
 - training programs (\$5K - \$10K per worker requiring it)
 - relocation assistance (\$10K-\$20K)
 - post-secondary education (\$20K-\$40K)
 - income supports during transitions (\$50K-\$100K).
- The number of workers requiring significant levels of income support will be reduced by retirements, transition to gas plant employment, and transition to mining, renewable energy and other employment.
- Income support would be provided for one or two years between jobs, for those workers who need it

Further costs are likely to be small relative to income supports.

1 R. Schillington, "We're facing a wave of seniors living in poverty — and we're not ready" iPolitics Insights, February 17th, 2016 www.ipolitics.ca/2016/02/17/were-facing-a-wave-of-seniors-living-in-poverty-and-were-not-ready/.

2 To date, any commitments the government might have received as a part of its compensation agreements with the companies have been kept confidential, and therefore it is impossible to assess their adequacy.