

JUSTICE IN TRANSITION



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**Who Governs the Transition? Federal Dynamics in
Canada's Just Transition Pathways**

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Executive Summary

Canada's federal system shapes how just transition policies are designed, structured, financed, and implemented across all sectors. While Ottawa holds responsibility for climate targets, labour market programmes, and pan-Canadian standards, provinces and territories regulate energy, natural resources, and key aspects of employment. This fragmented governance has produced uneven progress: coal phase-outs have advanced with federal-provincial agreements, while oil and gas, mining, and transport transitions remain contested. Stakeholders, including workers, Indigenous nations, industry, municipalities, and civil society are demanding co-governance mechanisms that move beyond symbolic consultation.

Quantitative evidence shows progress yet persistent gaps. Coal jobs have halved since 2011; over 10,000 abandoned mines carry liabilities in the tens of billions, while ZEVs reached 19% of new sales in 2024 against a 100% by 2035 mandate. Without binding worker placement targets, Indigenous equity stakes and transparent monitoring, climate policy risks deepening inequality. Effective implementation requires precision, which involves binding targets for worker transitions, clear accountability between levels of government, Indigenous equity participation, and transparent monitoring. Without these, Canada risks social dislocation, regional inequities, and missed climate commitments. New frontiers such as digital infrastructure, data centres, and e-waste signal that transitions must extend beyond fossil industries. With co-governance, labour-centred pathways, and place-based investments, Canada can transform disruption into durable prosperity and equitable climate leadership.

Introduction and Background

Canada stands at a critical juncture in its economic and environmental trajectory. For over a century, its prosperity has been closely tied to resource extraction, such as oil, gas, coal, mining, and forestry sectors that have provided jobs, provincial revenues, and national growth. Canada's federal structure decentralises authority. Provinces control natural resources, electricity generation, and much of transport, while the federal government sets national climate targets, funds infrastructure, and regulates interprovincial trade. This division complicates transitions, as Alberta and Saskatchewan resist rapid oil, gas, and coal phase-downs, whereas British Columbia and Quebec push aggressive electrification.

Historically, federal intervention in transition policy has been limited to funding envelopes and task forces. The Task Force on Just Transition for Canadian Coal Power Workers and Communities (2018) recommended income support and retraining, but implementation has been slow and uneven. In 2024, the Sustainable Jobs Act institutionalised transition planning federally, mandating advisory councils and reporting. Yet without provincial buy-in, enforcement is weak. Municipalities, especially urban transit agencies, play critical roles in electrification, while Indigenous nations assert constitutional rights and demand equity participation in resource projects. This multilevel complexity is the defining feature of Canada's just transition governance.

A “Just Transition” offers a framework for managing this shift fairly. Originating in labour movements of the 1980s and later adopted into international climate agreements, the concept recognises that climate action cannot succeed if workers and communities are left behind. It prioritises income supports, retraining programmes, community investment, and social dialogue to ensure that historically marginalised groups participate and benefit from the low-carbon economy. In other words, it is not just about how fast Canada decarbonises, but how fairly it does so.

This framework is urgent in Canada's context. Over 140,000 people still work in oil and gas alone, and entire provinces, such as Alberta and Saskatchewan, are heavily dependent on fossil fuel revenues. The federal government has taken initial steps, including the 2018 Task Force on Just Transition for Canadian Coal Power Workers and the proposed 2023 Sustainable Jobs Act. Yet, there is a lack of implementation, and no comprehensive national strategy exists to guide workers and communities through the transition. Without such a plan, Canada is at risk of deepening regional inequalities and undermining public support for climate action.

Policy Overview

The Canadian government, from the 2010s to the present year, has implemented several policies and initiatives in alignment with the just transition principles and the 2030 target to reduce the consumption of fossil fuels and promote technology. Based on our observations, we have analysed the following policies to understand how these policies are implemented and what governance challenges are recurring in this transition period.

Serial Number	Policy Name	Year of Implementation	Objectives	Stakeholders of the Policy	Governance challenges and limitations
1.	Canadian Sustainable Jobs Act (formerly known as the Just Transition Act)	Passed as Bill C-50 and received royal assent in June 2024	a. To advance a net-zero economy. b. To establish decision-making advisory bodies	Direct collaboration with workers, indigenous people, and affected communities,	a. No economic security due to uncertainty in political actions and inadequate funding. b. Only effective at the regional level. c. Focus more on “sustainable development” and “economic growth” rather than policy risk assessment conducted by the Canadian government.
2.	Task Force on Just Transition for Canadian Coal Power Workers and Communities	2018	a. To phase out coal-fired electricity by 2030 b. To follow the Canadian Just Transition Principles	Coal Workers, Indigenous Communities, the Private Sector, Local Businesses, Labour Unions, and Regional Governments: Alberta, Saskatchewan, New Brunswick, and Nova Scotia	a. Not supported by all coal regions b. Limitations on long-term research due to inadequate funding c. Only focus on local issues, leading to conflict between regional demands and national interests d. Neglect of other social and environmental impacts on

					marginalised communities by federal agencies.
3.	National Just Transition Engagement Process	July 2020	a. To ensure an inclusive and equitable shift into a low-carbon economy b. To operate as a regional and sectoral planning mechanism	Challenges in coordinating federal, provincial, and community-level actions due to variation in regional leadership	Challenges in coordinating federal, provincial, and community-level actions due to variation in regional leadership
4.	National Strategy respecting the Environmental Racism and Environmental Justice Act	2024	a. To develop a national strategy to promote efforts across Canada b. To address the harm caused by environmental racism	Blacks, Indigenous people, Racialised Communities	a. No statutory definitions of “environmental racism” or “environmental justice”, leaving important terms to policy discretion (risk of uneven implementation). b. Many siting/enforcement levers sit with territories c. Unspecified funding to promote environmental justice.
5.	National Strategy respecting the Environmental Racism and Environmental Justice Act	2018	a. To provide funding for renewable energy and capacity-building projects.	Indigenous people, Rural and remote communities	a. Lack of technical expertise and administrative resources delays project implementation.

			b. To reduce the reliance on fossil fuels for heating and electricity in Indigenous, rural, and remote communities across Canada.		b. Programme funding does not cover the needs of all eligible communities.
6.	Zero Emissions Vehicles (ZEVs)	2023	To reach 100% zero-emission light-duty vehicle (ZELDVs) sales by 2035.	Federal and provincial governments, automakers, charging infrastructure providers, fleet operators, and consumers	Variation of the provincial ZEV policies complicates compliance for automakers

Observations

From the above policy analysis, several governance-related challenges have been identified, including the lack of a proper definition of transition and a non-inclusive approach towards stakeholders, which focuses solely on coal-working communities. However, the central issues observed regarding all the transition policies are the **uncertain nature of the Canadian government** and the **extreme dependency on the bureaucratic system**. Though the policies and action plans were structured with an ‘inclusive spirit’, the changing nature of the Canadian federal agencies and their political dynamics led to an uneven implementation. The extreme bureaucratic intervention also reduced the space for workers and labour unions to be the decision-makers in this process.

Canada’s **federal model and division of jurisdictional power between governments** was named as a significant obstacle, as it enables provinces to oppose progressive federal initiatives. Whereas the Canadian constitution divides up power in such a way that it is difficult to have nationwide approval and coordination. Corporate interests were mostly referenced, but vested government interests that act as perverse incentives against a just transition were also noted. For example, Corporate Knights recently revealed that Suncor has paid barely 16% of the carbon tax it should have paid, due to a series of provincial and federal breaks.

A lack of coordination (between different levels of government, different government departments, and the public and private actors) indicates that the Canadian government is missing out on climate policies and their alignment with national interests. One of the reasons behind such a condition is the narrow focus of policymakers on the regional interests and the objective of achieving sustainability. Due to these, a conflict between the local administration and the national agencies is being observed, along with other challenges such as negligence in policy risk assessments and delays in the reduction of fossil fuels. This conflict also led to inadequate funding and investment, disrupting the long-term research and policy implementations.

Analysis

a) Strengths & Achievements

Canada's federal system of government offers a robust framework for Just Transition through the union of national climate ambitions and provincial autonomy. Federal initiatives like the Net-Zero Accelerator, Sustainable Jobs Act, SCAP/OFCFAF, and ZEV regulations establish transparent technical pathways through energy, transport, industry, mining, and agriculture. Multi-level coordination hubs, such as the Pan-Canadian Framework on Clean Growth and Climate Change and bilateral transition pacts facilitate coordination between federal priorities and regional circumstances.

Decarbonization across sectors is driven by intervention-focused efforts: methane sensing and CCUS for oil & gas, transport ZEV uptake, hydrogen and electrification in heavy industry, and regenerative agriculture approaches. Indigenous-renowned renewable initiatives and regional clusters demonstrate advancement in local leadership being integrated. Labour unions, industry groups, and civil society are more involved in planning, contributing some procedural inclusivity.

b) Gaps & Weaknesses

Apart from strong frameworks, significant gaps persist in equity and effectiveness. Conditionality in federal programs is weak, rendering job quality, Indigenous benefits, and local economic regeneration uninsured. Uneven provincial adoption plagues Alberta and Saskatchewan, with fiscal reliance on fossil fuels, is restraining aggressive diversification. Agriculture's temporary foreign workers (~80k) and gig/platform workers are precarious, with weak protections, housing, and mobility assistance.

Finance and incentives continue to be weighted towards technology and infrastructure, with too little going towards social safeguards, reskilling, or community adjustment. Social outcome monitoring, together with emissions reductions, is low, undermining accountability and potentially leading to unequal regional impacts.

c) Institutional Dynamics

Canada's federal system allocates power across several tiers, empowering and constraining transitions both. Federal departments (NRCan, ECCC, ESDC, and Finance Canada) shape policy and disperse funding, but there are limited social equity enforcement mechanisms. Policies are implemented in context-specific manners by provinces, introducing variability in impacts. Indigenous governments bring valued local knowledge, but formal participation and benefit-sharing frameworks are unevenly applied.

Intergovernmental forums are in place but are consultative and not binding, and there may be overlap in mandates among ministries with the potential to duplicate efforts or create gaps. Civil

society, the unions, and the academies contribute analysis and advocacy, but must rely on voluntary membership over statutory requirements.

d) Equity & Justice Dimensions

Justice in Canada's transition is inequitably embedded

Procedural justice is limited: processes of engagement tend to favor federal and provincial authorities and business actors over gig workers, farm workers, and disadvantaged communities.

Distributive justice is selective: advantages in terms of green jobs, renewable projects, and industrial investment falls in formal economies and urban areas, but the transition costs—industrial displacement, employment loss, and regional economic dislocation—are disproportionately borne by disadvantaged communities and single-industry towns.

Recognition justice has limitations: Indigenous peoples and precarious workers are vulnerable to being left behind unless policies require participation, sharing in gains, and retraining assistance.

Unless these aspects are addressed, Canada risks a transition of growth at the expense of regional inequality and labour precarity.

e) Who wins, who loses?

The federal framework of Canada's Just Transition seeks to balance national climate goals with regional economic needs. However, the complex governance structure and uneven policy implementation have led to clear winners and losers in the transition process.

Who Wins:

Federal authorities and provinces with established clean-energy resources, like Quebec and British Columbia will benefit from aligned policies, infrastructure support, and investment in technology. The federal government also strengthens its international climate reputation and domestic leadership through funding and new laws. Additionally, companies and workers in renewable or low-carbon industries enjoy advantages through access to retraining funds and innovation incentives.

Who Loses:

Provinces dependent on fossil fuels, such as Alberta and Saskatchewan, face major challenges, made worse by unclear lines between federal authority and provincial control. Workers in high-emission sectors experience job insecurity, as programs for job diversity and social safety nets are not consistently applied. Indigenous and rural communities, while acknowledged in policies, are still underrepresented in decision-making and distribution of resources, showing the limits of consultation-based inclusion.

In the end, the governance system reveals a federal imbalance: national policy goals exceed the local capacity for implementation. Unless there is better coordination between different levels of government and fairer distribution of resources, the transition may deepen existing structural inequalities, resulting in a “just transition” that is only just in name.

f) Challenges for Implementation

- Implementation is still the biggest barrier. The major challenges are:
- Funding deficits: Social protection, reskilling, and adjustment in communities are underfunded compared to infrastructure and technology initiatives.
- Provincial capacity and incentives: Diversification-reliant provinces can be resistant to quick changes, constraining policy adoption.
- Weak conditionality and monitoring: Application of job quality, Indigenous benefit, and local economic renewal is weak.
- Stakeholder inclusion: Gig, migrant, and informal workers are poorly represented in the governance process.

Without improved federal-provincial cooperation, standards with teeth, and firm monitoring, the Just Transition can provide technical decarbonisation without promoting fair social outcomes.

Policy Recommendations

As the governance and implementation of the policies remain one of the biggest barriers, it becomes necessary for the Canadian government to execute certain policy changes to make the transition process less difficult for the stakeholders. The following are some policy recommendations that can help implement transition policies more evenly and structured. These are as follows:

- **Adequate Funding and Investment:** The inadequate funding and lack of investment in research and infrastructure became one of the reasons for the uneven implementation of policies. The government should financially invest in capacity-building programmes and economic diversification while supporting the labour class to adapt to the just transition principles and promote effective environmental justice ([Duennenberger 2025](#)). For a more operational funding process, public funds should be redirected towards sustainable job creation, clean energy, and community-led transition initiatives ([Beedall 2021](#)).
- **Equitable Research:** A huge research gap might lead to the non-inclusion of other stakeholders, such as workers and labour unions of the energy sector. Therefore, the gaps in the labour market should be identified and addressed in the policies of the Canadian government through long-term research with equity and inclusiveness, based on ground realities ([Duennenberger 2025](#)).
- **Empowering Indigenous communities as decision-makers:** The exclusion of worker stakeholders, such as the gig workers, migrants, and informal workers, remains one of the biggest drawbacks for the Canadian just transition process. Initiatives, such as pension-bridging programmes, should be implemented at the regional level to address community impacts ([Duennenberger 2025](#)) and ensure direct engagement of federal agencies with affected communities ([Canada 2018](#)). Multiple engagement tools, such as surveys and interviews, can include local communities associated with energy and reflect them in action plans ([Submissions](#)). Along with these, the federal system should also incorporate feedback mechanisms and evidence of outcomes to ensure transparency ([Report 2022](#)).
- **Governance and Implementation:** The uncertain governance system leads to uneven policy implementations. Therefore, a robust and permanent governance structure should be established along with a just transition advisory body. The body should include regional, municipal, indigenous, labour, business, and civil society representation to ensure cross-sectoral input and accountability ([Report 2022](#)). A well-cooperative federal system can strategise its action plans to connect stakeholders and the implementation process, respectively.

Conclusion

Canada's federal structure creates both opportunity and fragmentation. When aligned, as with the coal phase-out, Ottawa and provinces can deliver measurable transition outcomes. When divided, as in oil and gas policy, governance stalls, leaving workers and communities exposed. To make transitions real, Canada must institutionalise federal-provincial transition compacts, mandate Indigenous equity stakes, and establish an independent transition monitor reporting annually on jobs, skills, and investments. Coherence across jurisdictions is not optional; it is the condition for achieving both climate goals and social justice. Only through coordinated governance will Canada transform its structural economic shifts into a durable pathway of equitable prosperity. Continued integration of equity-based approaches, Indigenous leadership, workforce planning, and environmental stewardship will be critical in making Canada's energy transition both fair and effective.

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