Canada's AI Workforce Transition Framework (AWTF)

Executive summary · v21 · November 2026 · ESGAI Initiative · A policy proposal to the Government of Canada

> **Working figures.** All financing figures are ESGAI working figures. They are illustrative and have not been costed by the Parliamentary Budget Officer (PBO).

The case in brief

AI is moving into Canadian workplaces faster than the safety net can adapt. About **13.1 million jobs, roughly two in three**, are in occupations with significant AI exposure. Canada's labour data shows strain in hiring, participation and youth unemployment, **but it cannot yet show whether AI is the cause.** The framework's working hypothesis is that displacement starts silently, as roles that are never filled, and that layoffs follow. The AWTF would raise roughly **$250 to $330 billion over ten years** (Base case) from four corporate levies, and give each verified displaced worker income support, retraining, health support and start-up help over about five years, with a permanent floor for those who cannot return to work. An independent AI Impact Assessment Panel verifies who qualifies.

1. Why: what the data shows, and what it does not

13.1M
jobs (~64% of workers) in significantly exposed occupations. Statistics Canada's separate estimate is about 60%.

−68k
Canadian jobs in September 2026, the second monthly fall in a row; youth took 48k (Statistics Canada).

30.6%
of unemployed Canadians found work within a month in September, against 36.5% before the pandemic.

Youth unemployment is 13.0%. The evidence is **mixed**: Statistics Canada's October 28, 2026 study finds hiring fell across all occupation groups, fastest in the least exposed, and "no broad evidence that the rise of AI has led to substantial decreases in hiring"; the Bank of Canada (August 2026) finds the unemployment-risk gap between exposed and unexposed workers widening from 1.9 to 2.8 points, driven by weaker job-finding, and calls this an early signal. TD Economics (January 2026) wrote that "the U.S. offers a glimpse of the future as the rate of adoption expands in Canada"; the 12 to 18 month lag the framework uses is its own assumption. **What would count against the hypothesis:** if, over six monthly updates, hiring in exposed occupations holds up as well as in low-exposure ones and the gap stops widening, the framework treats it as unsupported and revisits the design.

2. How many: the planning range

Dial setting	Base	Elevated	Stress
Dials (velocity · friction · physical overlap · policy lag · floor share)	1.0× · 6 mo · none · 0 yr · 5%	1.25× · 9 mo · +100K/yr · 1 yr · 8%	1.6× · 14 mo · +250K/yr · 2 yr · 12%
Displaced workers, Year 5 / Year 10	1.24M / 3.74M	1.80M / 5.43M	2.61M / 7.86M
Programme requirement, ten years	$189B	$341B	$660B
Levy income, ten years	$304B	$402B	$572B
Peak shortfall · $65B bridge	$0 · not needed	$7B · yes	$110B · falls short

Illustrative; scenarios are not probabilities. Calculated with the cohort Pillar 1 method, Pillar 3 on the prior year's gain, the levy starting in Year 1, and a placeholder assumption that 35% of Pillar 1 payers also owe Pillar 2. Policy lag is the one dial government fully controls.

3. How to fund: four levies

Pillar	Ten-year total (working)	How it is built
1. Displacement Levy	~$159B	Each displaced cohort pays a fraction of salary (40% / 30% / 20% of base salary) for three years, then stops
2. Productivity Dividend	~$128B, less credit	60% / 45% / 35% of verified AI-attributable gains. Half of a firm's Pillar 1 payment is deducted from its own Pillar 2 bill, capped at that bill
3. Profitability Proxy	~$23B	Over ten years, 18% charged on the prior year's gain where the Panel cannot establish attribution

4. Vendor Access Levy	~$22B	Over seven years, 15% of Canadian AI vendor revenue, on a $12B Year-1 base (base under review)
Levy base	**$253B to $332B**	Lower figure if every Pillar 1 payer also owes Pillar 2

Resilience. Pillars 1, 3 and 4 alone give about **$204B**, which still covers the $189B Base requirement before the revenue threshold and credits. **Pillar 2 is the least certain pillar:** recent studies show small productivity gains not yet visible in aggregate data, so its $128B illustrates what verified gains would yield, not a forecast. Pillar 4 is the most exposed to trade retaliation and needs trade-law advice before tabling. The levies apply to firms with over $500M in Canadian revenue; early retraining earns voucher credits (not yet modelled). A ring-fenced, separate statutory fund with an independent board; levy rates reviewed against actual displacement from Year 5. The **$65B federal bridge** is a contingency outside the headline, not drawn in the Base case, and repaid from levy surpluses.

4. For: three stages for every verified displaced worker

Stage	What the worker receives
1. Income (months 1 to 12, up to 18)	Unconditional income of ~$42,000 a year, 70% of median household income, for up to 12 months (18 with UBS enrolment). Average draw about 6 months in the Base case.
2. Services (months 6 to 30)	Free retraining, childcare and elder care, mental health support, tech grants, ~$500 monthly activity bonus.
3A. Re-entry (months 18 to 60+)	Wage subsidy to employers (40% for 12 months), start-up top-ups, $5,000 graduation payment.
3B. Floor (permanent)	$33,000 to $36,000 a year for workers whose occupation no longer exists; reviewed yearly, indexed to CPI. About $21.6B over ten years in the Base case, already inside the $189B.

Payment amounts and durations are design parameters, not sourced statistics. Retraining providers must place 70% of graduates within six months or lose accreditation. Supporting streams: National Retraining Program, Future Skills Lab (10 to 15 university centres, early-warning system), Mental Health and Purpose, Entrepreneur Acceleration, and an outline-stage Human Reserved Jobs stream.

5. Why not: the strongest objections, answered briefly

- **"AI job losses cannot be proven, so the largest levy cannot be enforced."** Verification is the hardest problem. The Panel verifies each case; request 1 below is for employer reporting; Pillar 3 covers cases where attribution cannot be established. Pillar 1 figures assume full reporting.
- **"Corporations will offshore."** The levy hits firms with over $500M in Canadian revenue whose profits depend on the Canadian market; only Pillar 4 is charged on revenue.
- **"A vendor levy will bring retaliation, as the Digital Services Tax did."** The biggest external risk, confined to one pillar. Pillars 1 to 3 supply about $231B to $310B (91% to 93% of the base), so the Base case works without Pillar 4.
- **"The levy base is overstated."** Agreed that $304B is gross: it does not yet reflect the threshold, credits, or workers in small firms or the public sector. PBO costing is the way to size it.
- **"Basic income reduces the incentive to work."** Support is a ladder: unconditional for 12 months at most, then tied to activity; re-entry pays more than staying on support. Canada's precedent is the Dauphin Mincome experiment, which did reduce work somewhat: in Winnipeg, hours fell about 1% for men, 3% for married women and 4% for unmarried women (Hum and Simpson), and in Dauphin labour market participation fell 11.3 percentage points relative to controls, concentrated among young and single-headed households, without a collapse of the formal labour market (Calnitsky and Latner). Mincome was an experiment, and our unconditional income is limited to 12 months. Figures to be confirmed against the full papers.
- **"The jobs report shows recovery."** June's 18,000 gain came entirely from accommodation and food services; September lost 68,000. Part of the education and public-sector losses is policy-driven.

6. Where leaders and evidence stand

Bill Gates (August 2026): "Even under the best circumstances, the transition to this new AI era will be one of the most turbulent times in human history" (checked against press reproductions of the essay; Gates Notes page not opened directly). Jamie Dimon (Davos, January 2026): "I have a plan to retrain people, relocate people, income-assist people" (Fortune). Anthropic's September 2026 scenarios have capital capturing 74% to nearly 100% of the GDP gain while labour income stays near $20T. Every entry on the full page is marked as a direct quote or a paraphrase; the verification record is available on request.

Our requests to government

1. **Require employers to report AI-attributed discharges.** Large employers would report when they discharge an employee, or retire a role, because AI absorbed the work, for example via a reason code on the Record of Employment, verified by the Panel. *Proposed, not yet discussed with ESDC.*

2. **Build a way to measure silent displacement.** Direct Statistics Canada and ESDC to report vacancies closed instead of filled, by occupation, and to make the October 28, 2026 hiring analysis a regular release by occupation and age. *Proposed, not yet discussed with Statistics Canada.*
3. **Publish clearer data on who holds exposed jobs.** Employment by detailed occupation, with AI exposure, by sex, immigrant status and Indigenous identity, on a regular schedule. *Proposed, not yet discussed with Statistics Canada.*

Next step we are asking for: PBO costing of the working figures, including the Stage 1 payment level, the treatment of the previous full year, the $500M threshold and credits, and the Pillar 4 base.

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Working draft, November 2026. Sources: Statistics Canada (LFS Sept 2026; Mehdi and Frenette, Jan and Oct 2026), Bank of Canada, TD Economics (Jan 14, 2026), US BLS, Anthropic Institute Working Paper 2026-02. Full page with sources and the verification status of each item: aitransitionworkforce.com. Figures are working estimates, not yet costed by the Parliamentary Budget Officer.