Cassels

Preparing for Bill C-39: Upcoming Changes to the Canada Labour Code and What Federally Regulated Employers Need to Know

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On September 21, 2026, the federal government introduced Bill C-39, the *Building Canada Strong Act*, proposing significant amendments to the *Canada Labour Code* (CLC). If enacted, the proposed amendments would have important implications for federally regulated employers across a range of industries.

This article provides an overview of the key proposed changes and practical considerations for federally regulated employers.

New Framework for Government Intervention in Labour Disputes

One of the most notable aspects of Bill C-39 is the restructuring of section 107 of the CLC, which currently provides the Minister with broad authority to intervene in labour disputes. The proposed amendments seek to establish clearer criteria governing when and how such intervention may occur.

Under the proposed framework, the Minister may direct the Canada Industrial Relations Board to order a return to work, extend a collective agreement, or impose a binding dispute resolution process only where:

- a lawful strike or lockout is underway;
- the Minister has considered a report prepared by a special mediator (discussed below); and
- the Minister is of the opinion that the labour dispute adversely affects, or may adversely affect, the national interest.

In determining whether the national interest threshold has been met, the Minister may consider factors such as the potential impact on the Canadian economy, the risk of serious social disruption, and the effect of any intervention on freedom of association.

Conciliation Periods and the Introduction of Special Mediators

Bill C-39 would also extend the statutory conciliation period from 60 to 90 days. The existing 21-day cooling-off period would remain unchanged.

In addition, the amendments would establish a new special mediator process. During conciliation, the Minister would have the ability to appoint a special mediator, who would be tasked with assisting the parties in reaching a settlement. If no agreement is reached, the mediator must prepare a report for the Minister containing observations and recommendations concerning the dispute.

Importantly, mediator reports would generally be provided to the parties and made available publicly. Any government intervention under the revised section 107 framework would require consideration of that report first.

For employers, the introduction of special mediation may increase public scrutiny of bargaining disputes and potentially influence bargaining strategies and communications throughout the negotiation process.

Mandatory Early Bargaining Requirements

Bill C-39 introduces section 50.1, a new requirement for certain bargaining relationships to begin the collective bargaining process significantly earlier than under the current regime. Early bargaining obligations would apply where the existing collective agreement:

- has a term of five years or more;
- was reached following a strike or lockout; or
- resulted from a binding dispute resolution process.

In these circumstances, bargaining would be required to commence between 180 and 200 days prior to the expiry of the current collective agreement. Employers and unions would also be required to notify the Minister and the Canada Industrial Relations Board, and engage with the Federal Mediation and Conciliation Service.

The proposed amendments would trigger several other statutory obligations earlier in the bargaining cycle, including restrictions on changing terms and conditions of employment and requirements relating to maintenance of activities agreements.

Employers should review the duration and bargaining history of their collective agreements to determine whether these enhanced obligations may apply in future rounds of bargaining.

Expanded Successor Rights for Contracted Services

Bill C-39 proposes significant changes to successor rights in contracted service arrangements. Initially, the new framework would apply to services performed at airports in the air transportation industry. Where a new contractor assumes responsibility for substantially the same services:

- bargaining rights may transfer to the new contractor;
- collective agreements would continue to apply;
- certification applications could continue against the new contractor; and
- pending Board proceedings would carry forward.

The legislation would also permit the federal government to expand the application of these provisions to additional industries and locations by regulation in the future.

Employers involved in procurement, outsourcing, and service contract tendering processes should carefully assess the potential implications of these changes when evaluating future contracting arrangements.

Changes to First Collective Agreement Arbitration

Bill C-39 would also strengthen the first collective agreement arbitration process. Under the proposed amendments, either party could apply to the Canada Industrial Relations Board for a binding dispute resolution mechanism after nine months of bargaining for a first collective agreement.

This represents a more structured and accessible approach than the current framework and may increase the likelihood that newly certified bargaining units obtain a first collective agreement through arbitration where negotiations become protracted.

Paid Medical Leave Clarification for Unionized Workplaces

The proposed legislation would also address an issue that has generated uncertainty since the introduction of federally mandated paid medical leave in 2022.

Under Bill C-39, the statutory paid medical leave provisions would not apply where a collective agreement provides rights and benefits that serve the same purpose, are at least as favourable as those available under the CLC and include a third-party dispute resolution process. In those circumstances, the collective agreement provisions would apply exclusively.

Enhanced Wage Recovery Enforcement

Bill C-39 would also strengthen wage recovery mechanisms under Part III of the CLC. The proposed amendments would permit the issuance of settlement enforcement orders requiring employers, and in certain circumstances corporate directors, to satisfy outstanding amounts owing under wage settlements.

The amendments would also expand the circumstances in which enforcement authorities may issue orders directed to third parties that owe money to an employer.

What Should Employers Do Now?

Although Bill C-39 remains at the legislative proposal stage, federally regulated employers should begin assessing how the proposed changes may affect their operations.

We recommend that employers:

- Review collective bargaining timelines and identify agreements that may be subject to mandatory early bargaining requirements.
- Evaluate labour relations strategies in light of the proposed special mediator process and revised section 107 intervention framework.
- Assess existing contracting and procurement arrangements, particularly in sectors that may be subject to expanded successor rights.
- Review collective agreement provisions addressing paid medical leave and sick leave entitlements.
- Ensure wage payment, settlement, and recordkeeping practices are compliant and capable of meeting enhanced enforcement requirements.
- Monitor the progress of Bill C-39 and any amendments introduced during the legislative process.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.