

Compliance Alert: Bill C-39 Proposes Sweeping Changes to Federal Labour Relations Laws



Parliament is fast-tracking a piece of regulatory reform legislation called the *Building Canada Strong Act* ([Bill C-39](#)) that contains sweeping and controversial amendments to *Canada Labour Code* (CLC) labour relations laws. If, as seems likely, the Bill is enacted, HR directors of federally regulated companies will have to adjust the way they deal with labour unions. Here's a briefing on seven of the key changes.

What Bill C-39 Is All About

For years, the federal government has come under fire for its handling of labour disputes in railways, ports, grain handling, airlines, and other economically critical sectors. Historically, when these disputes reached a standstill, the government intervened in an ad-hoc and controversial way, such as by passing emergency back-to-work legislation or issuing executive directives to force binding arbitration. Recent high-profile disputes, such as the 2024 dual-rail lockout and rolling port shutdowns, have exposed and intensified the pressure to address the weaknesses in the system.

Bill C-39 is the government's attempt to codify its intervention powers into a permanent, structured framework so that it doesn't have to react to each crisis on the fly. It also imposes new rules and processes for heading off labour disruptions. The Bill passed Second Reading on October 8, 2026. Despite intense union opposition, it's expected to pass before the end of the year.

1. Collective Bargaining Must Begin Earlier

Bill 39 would add a new provision to the CLC (Section 50.1) requiring parties to begin bargaining between 200 and 180 days before the expiry of a collective agreement where the agreement:

- Was imposed through interest arbitration or other binding dispute resolution process.
- Followed a strike or lockout.
- Has a term of five or more years.

2. More Structured Bargaining Process

In addition to starting earlier, collective bargaining would have to follow a more structured process. The Bill mandates a 200-day wage freeze for long-term or arbitrated agreements while requiring notice to the Minister of Labour (Minister) and the Canada Industrial Relations Board (CIRB). The Federal Mediation and Conciliation Service (FMCS) would also have to participate in the process.

3. New Special Mediation Process

Once FMCS conciliation begins, the Minister could appoint a special mediator to help the parties resolve disputes on their own without the need for government intervention. The mediator would prepare a report summarizing the issues, the parties' positions, the likelihood of settlement, and any recommendations for resolution.

4. New Limits on Government's Right to Intervene

In intervening in labour disputes, the federal government has historically relied on Section 107 of the CLC which authorizes the Minister to refer disputes to the CIRB to take measures it deems necessary to ensure industrial peace. Under Bill C-39, the Minister would first have to consider the special mediator's report and assess whether a strike or lockout is adversely affecting the "national interest" before directing the CIRB to act. The legislation also lists the factors that the Minister would consider in making that decision, including:

- The dispute's impact on the Canadian economy.
- The risk of serious social disruption.
- Any potential impact on freedom of association.

Upon determining that the criteria are met, the Minister could direct the CIRB to order the continuation of operations, extend a collective agreement, or impose a binding method of dispute resolution.

5. New Rules for First Collective Agreements

Bill C-39 proposes new rules to facilitate negotiation of first collective agreements, including a requirement that newly certified unions provide their certification orders to the Minister. The FMCS would then have to help the parties reach a first collective agreement. If no agreement is reached within nine months, either party could ask the CIRB to order that remaining issues be settled outside of direct negotiations via binding interest arbitration, during which time strike and lockout rights would be suspended.

6. Expansion of Successor Rights

Bill C-39 includes new "successor rights" provisions designed to prevent labour disputes after companies merge, are acquired, or come under new ownership. Under the legislation, when a "new contractor" replaces a "previous contractor" providing services at an airport or other prescribed industry or location, it would automatically inherit the previous contractor's bargaining agent, collective agreement rights and duties, and any pending proceedings before the CIRB. Historically, so-called successor rights under the CLC have been limited to situations involving the sale of a business. **Result:** Businesses seeking to acquire

federally regulated unionized companies will have to carefully scrutinize the target firm's collective agreements, bargaining unit structures, and pending CIRB cases before going through with the transaction.

7. Multi-Employer (Sector-Wide) Union Certification

Bill C-39 authorizes the CIRB to certify a trade union as bargaining agent across two or more bargaining units of employees employed by different employers in the same industry (including longshoring) and geographic area. Multiple certification would be available via the application of two or more employers, referral by the Minister, or on the CIRB's own initiative.

Bill C-39 Labour Relations Key Changes At a Glance

Current Canada Labour Code Rules Bill C-39 Proposed Changes

Post-Dispute Remediation

After work stoppages or imposed resolutions occur, parties may but aren't required to seek post-dispute remediation services from the FMCS to minimize the fallout.

Parties who experience a work stoppage and/or had a binding method of resolution imposed must engage in relationship-building work with the FMCS within six months of reaching a collective agreement to repair damaged labour relations before the next round of bargaining.

When Collective Agreement Negotiations Must Begin

Parties may but aren't required to begin direct bargaining as early as four months before the expiry of their current collective agreement.

Direct bargaining must begin six months before collective agreement expiry, supported by federal mediators, in situations where:

- * The last bargaining cycle ended in a work stoppage or imposed arbitration, or
- * More than five years have passed since the last collective agreement was reached.

Conciliation Settlements

An FMCS conciliator may be appointed to work with the parties over a 60-day period when negotiations to renew the collective agreement reach an impasse.

An FMCS conciliator may be appointed to work with the parties over a 90-day period when negotiations to renew the collective agreement reach an impasse.

Parties may gain the right to strike or lockout before the 60-day conciliation period expires.

Parties may not engage in a strike or lockout until after the 90-day conciliation period expires.

Multi-Employer Union Certification

The trade union of employees of two or more employers engaged in the longshoring industry in a geographic area may apply to the CIRB to determine whether to certify a single trade union as the bargaining agent.

In addition to the trade union, two or more employers in the same industry and geographic area, the Minister, or the CIRB, may initiate a geographic certification process.