

Federal

LAWS & ANNOUNCEMENTS

New Laws

Oct 9: A new “game-changing” Productivity Mega Deduction will lower the marginal effective income tax rate on new business investments from roughly 13% to 6.4% – the lowest of any major economy in the world. Businesses will be able to immediately deduct the full costs of a broader range of investments, including fibre-optic cable, greenhouses, mining property, oil and gas pipelines, software, research and development, computer equipment, aircraft and vehicles, patents, rail track, bridges, and roads. The legislation also makes immediate expensing permanent.

Leaves of Absence

Oct 8: The new [Bill C-39](#) legislation working its way through Parliament clarifies that *Canada Labour Code* paid medical leave requirements don't apply to a collective agreement that provides employees paid medical leave at least as generous as the Code and also provides for the settlement of disagreements by a third party. In such situations, the settlement of disputes over those rights and benefits is governed solely by the collective agreement.

Action Point: Find out about the [current medical leave rules across Canada](#).

New Laws

Oct 6: [Bill C-38](#) extending temporary suspension of the federal fuel excise tax until January 31, 2027, is in Committee. On February 1, the regular rates will be reduced by 50% until March 31, 2027. First introduced in April 2026, the tax relief measure covers gasoline, aviation gasoline (leaded and unleaded), diesel fuel, and aviation fuel.

Payroll

Oct 8: [Bill C-39](#), the *Building Canada Strong Act*, authorizes the federal government to hire 100 new enforcement officers to track down worker misclassification and wage theft, particularly in high-risk contractor sectors like trucking. It also provides for new “settlement enforcement orders” and recovery of unpaid wages or liabilities directly from employers or corporate directors.

Action Point: Find out [how to prepare for and manage employment standards, tax, OHS, and other government inspections](#) at your workplace.

Labour Relations

Oct 8: [Bill C-39](#), which is through Second Reading, proposes major changes to *Canada Labour Code* (Code) labour relations laws, including a new rule requiring parties to begin bargaining between 200 and 180 days before the expiry of a collective agreement if: i. the agreement lasted 5+ years; ii. followed a strike/lockout; or iii. resulted from interest arbitration. The Bill also 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).

Action Point: Find out about the [basic laws of labour relations and collective](#)

[bargaining](#) with unions.

Labour Relations

Oct 8: To minimize labour disruption during business transitions, [Bill C-39](#) allows for existing bargaining rights, obligations, and proceedings to continue despite a change in the contracting parties. Historically, so-called successor rights under the Code have been limited to situations involving the sale of a business. The Bill extends successor rights to a wider range of transition situations.

Action Point: Union activity is on the rise. [Is your business prepared?](#)

Labour Relations

Oct 8: [Bill C-39](#) establishes new rules for negotiating first collective agreements, including a requirement that newly certified bargaining agents provide their certification orders to the Minister. The Federal Mediation and Conciliation Service (FMCS) would then have to help the parties achieve a first collective agreement. If no agreement is reached within nine months, either party could ask the CIRB to order that the contract be settled outside of direct negotiations. The CIRB would then be required to order a binding method of resolving any remaining issues, during which time strike and lockout rights would be suspended.

Labour Relations

Oct 8: [Bill C-39](#) would authorize the CIRB to certify a trade union as bargaining agent for existing bargaining units across multiple employers in specified geographic areas and industries, including longshoring. Multiple certification would be available via the application of two or more employers, referral by the Minister, or on the CIRB's own initiative.

Labour Relations

Oct 8: Second Reading for [Bill C-39](#) which would, among other labour relations changes, establish a new special mediation process to be used after conciliation begins. The way it works: The Minister would appoint a special mediator to help the parties resolve the dispute. The mediator would also prepare a report summarizing the issues, the parties' positions, the likelihood of settlement, and any recommendations for resolution.

Labour Relations

Oct 8: [Bill C-39](#) imposes new limits on the government's powers to intervene in contentious work stoppages affecting the national interest. Under the Bill, the Minister would be able to exercise this authority only in specific circumstances spelled out in the regulations and only where there's an ongoing strike or lockout, not prior. The Minister would also have to consider the report of the special mediator before stepping in.

New Laws

Oct 8: Employment and Social Development Canada (ESDC) published a [What We Heard Report](#) summarizing the feedback from recent consultations on how the government should prevent Canadian companies from relying on forced labour. Last spring, the government tabled legislation (Bill C-35) banning import of goods

produced by forced labour and requiring companies to take active measures to ensure that there are no such goods in their supply chains.

Action Point: Find out about [the new Bill C-35 forced labour import ban and how it will directly affect HR operations](#).

New Laws

Oct 8: Debate continues on [Bill C-39](#) which will make it easier for companies to launch projects affecting the environment by establishing a one-year timeline for federal environmental approval decisions, implementing a “one window” single project assessor system, and coordinating the permitting and assessment processes to reduce duplication and delay.

Employment Benefits

Oct 11: New Employment Insurance (EI) [regulations](#) extend temporary EI relief measures to support workers and companies affected by the new U.S. tariffs for one more year to October 9, 2027, including: i. waiver of the one-week waiting period for EI employment benefits; ii. not counting earnings paid or payable by reason of lay-off or separation from employment as earnings for EI benefit purposes; iii. simplified review of reasons for separation during claims review; and iv. providing 20 extra weeks of benefit entitlement, up to a maximum of 65 weeks, to EI regular benefit claimants who meet the definition of a long-tenured worker (through June 2027).

Action Point: If your company is feeling the effects of tariffs, you need to find out more about the [temporary EI Work Sharing program changes](#).

Hiring & Recruiting

Oct 7: The federal government announced that it's investing more than \$31 million in six projects making it faster and easier for internationally educated health professionals to join Canada's health workforce. The biggest outlay is the \$20 million going to the Ontario government over four years to expand its Practice Ready Ontario (PRO) 12-week program assessing the skills of internationally educated family physicians for readiness to practice independently in the province.

Hiring & Recruiting

Sep 23: [Private Member Bill C-266](#) mandating the development of a national framework for the recognition of skilled trades, harmonization of credential recognition, and mobility of skilled trades workers in Canada passed Second Reading and is now in Committee.

New Laws

Oct 13: The Canadian Government earmarked an additional \$500 million over five years to expand and enhance the Regional Artificial Intelligence Initiative over the next five years. is now available. The expanded initiative will help businesses and organizations responsibly adopt and integrate AI technologies to improve productivity, competitiveness, and resilience focusing primarily on the health and life sciences, energy and natural resources, transportation, agriculture, manufacturing, and robotics sectors.

Action Point: If you're using AI for HR operations, you need to implement a [Compliance Game Plan](#) to prevent potential AI privacy, discrimination, and other

liability risks.

Privacy

Sep 24: Debate continues on [Bill S-209](#), to restrict young persons' access to online porn. In addition to banning organizations from making pornographic material available to young persons on the Internet, the legislation authorizes designated enforcement agencies to take steps to prevent pornographic material from being made available to young persons on the Internet.

Health & Safety

Sep 9: ESDC posted a new [Hazard Alert](#) about grain dust, exposure to which may cause eye, skin, and upper respiratory tract irritation, bronchitis symptoms, and chronic decrements in pulmonary function. High concentrations of grain dusts in the air can also create an explosion hazard.

CASES

Discrimination: Banning Older Pilots from Flying International Routes Is Age Discrimination

The union accused WestJet of age discrimination after the airline imposed restrictions on international flights for pilots ages 65 and over. WestJet claimed the new policy was a justifiable bona fide occupational requirement (BFOR) and mandated by International Civil Aviation Organization (ICAO) rules. The federal arbitrator sided with the union. Even if the policy was a BFOR under human rights law, the airline would still have a duty to reasonably accommodate affected pilots to the point of undue hardship. There were reasonable and ICAO-compliant options WestJet could have used to meet this duty, such as allowing older pilots to continue flying natural domestic routes in pairs with younger pilots. So, the arbitrator upheld the grievance and ordered WestJet to establish a comprehensive Accommodation Plan within seven days [[Air Line Pilots Association, International v Westjet, an Alberta Partnership](#), 2026 CanLII 85990 (CA LA), August 21, 2026].

Action Point: The BFOR rule is a crucial legal defence that enables companies to justify otherwise discriminatory HR policies, including mandatory age-based retirement. Find out more about [mandatory retirement and age discrimination rules](#).

Workplace Harassment: Independent Harassment Investigator's Findings Not Subject to Court Review

As required by federal workplace violence and harassment regulations, Air Canada selected an independent investigator from the Canadian Centre for Occupational Health and Safety (CCOHS) rather than an airline employee to investigate a flight attendant's workplace harassment complaint. The investigator concluded that the harassment allegations were unfounded and that the airline acted reasonably in disciplining the attendant for reporting to her flight and not in full uniform. The attendant and union rejected the conclusion. Rather than file a labour grievance, they went to court to contest the investigator's findings. But the federal court

refused to take the case explaining that its jurisdiction to review disciplinary findings involving a union employee extends only to decisions of a “federal board, commission, or other tribunal.” An independent investigator appointed to investigate a harassment complaint under the regulations was none of these things [*Ferdoussi v. Air Canada*, 2026 FC 1227 (CanLII), October 5, 2026].

Action Point: The takeaway from *Ferdoussi* is that federal courts don’t have jurisdiction over independent workplace violence and harassment investigations undertaken in accordance with OHS regulations. Such disputes should be decided by a labour arbitrator or the CIRB. Find out how to implement a legally sound [workplace violence and harassment investigations policy](#) at your workplace.

Termination: Manager Laid Off While on Disability Leave Gets Chance to Prove Discrimination

As part of a larger corporate restructuring, Bell Canada eliminated a position while the manager occupying it was away on long-term disability leave. The manager, who was in the company’s long-term disability rehabilitation program and was planning to return to work, sued for disability discrimination. The Human Rights Tribunal dismissed the case after finding no evidence that the manager’s disability factored into the decision to eliminate her position. In reversing, the appeals court reasoned that the issue wasn’t simply the elimination of the manager’s position, but also the company’s decision to treat a disabled employee who remained within its rehab program “as though she were already an active and well employee.” Since the Tribunal didn’t address the question, the case had to go back down to determine “whether prematurely ending an employee’s disability coverage before they are fit to return to work. . . is discriminatory” [*O’Grady v. Bell Canada*, 2026 FCA 162 (CanLII), September 29, 2026].

Action Point: Return to Work is a major compliance challenge not simply because of workers’ compensation requirements but also the fact that worker injuries typically constitute “disabilities” for which employers must make reasonable accommodations under human rights laws. Find out how to implement a legally sound [return to work policy](#) for injured workers.