ISSUE IN FOCUS

Labour Considerations in Bill C-39
The *Building Canada Strong Act*

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The federal government introduced Bill C-39 on September 21, 2026 as part of its broader effort to strengthen economic growth, attract investment, improve supply chains, and accelerate major project development. The legislation builds on earlier reforms, including the *Building Canada Act* and the creation of the Major Projects Office, and it has implications for collective bargaining in federally regulated industries. The Saskatchewan Chamber is encouraged to see the federal government acknowledge that labour disputes can have consequences that extend far beyond the parties directly involved, disrupting supply chains and undermining Canada's reputation as a reliable trading partner. The Chamber has consistently advocated for policies that protect both collective bargaining and the broader public interest, particularly where disruptions threaten Canada's economic competitiveness and long-term growth.

Key Features of the Bill

Special Mediator and Section 107 Application
The Bill's proposed national interest framework explicitly permits federal intervention where a dispute creates significant economic or social disruption. Further, the Bill clarifies the application of Section 107, a provision of the Canada Labour Code that gives the federal labour minister powers to intervene in a labour dispute.

The Collective Bargaining Process
Step 1: Collective bargaining proceeds normally. If negotiations stall, the dispute enters conciliation. The conciliation period has been extended from 60 days to 90 days.

Step 2: The Minister may appoint a Special Mediator during the extended 90-day conciliation period, with the appointment occurring no later than day 75. The Special Mediator's mandate is 21 days to identify areas of agreement, narrow differences, and keep negotiations moving.

Step 3a: If the parties still cannot reach an agreement, the Special Mediator prepares a report for the Minister, identifying key issues in dispute, the extent of participation in the process by both parties, potential paths toward settlement, and the Special Mediator's recommendations.

Step 3b: Employment and Social Development Canada completes a National Impact Assessment concurrently with the Special Mediator's report, examining whether a potential work stoppage would have consequences for trade corridors, critical infrastructure, and the Canadian economy, or impacts on collective bargaining rights. It outlines available alternatives and mitigation measures.

The Special Mediator's report is provided to the Minister and the bargaining parties and, if no collective or tentative agreement is reached, it becomes public following a five-day period. The national impact assessment will also be publicly available.

Step 4: If national-interest threshold is NOT met, the parties continue under the normal collective bargaining process and a strike or lockout may proceed. If national-interest threshold IS met, after a strike or lockout is underway, under the new Section 107 framework, the government may: order the resumption or continuation of operations; extend the existing collective agreement temporarily; or impose a binding dispute-resolution mechanism such as arbitration.

Additional Changes

- The Bill designates certain bargaining relationships as high-risk where there is evidence of recurring labour instability. In such cases, it would require the employer and union to begin bargaining much earlier than usual and the process would involve early participation by the Federal Mediation and Conciliation Service (FMCS), providing additional support and dispute-resolution resources before negotiations become deadlocked.
- Bill C-39 expands geographic certification for cases where a geographic bargaining model is better aligned with how work is organized in practice rather than the traditional employer-by-employer collective bargaining model. The Bill allows a trade union, two or more federally regulated employers operating in the same industry and geographic area, the Minister, or the Canada Industrial Relations Board (CIRB) to initiate an application for geographic certification.
- Bill C-39 would introduce a more structured approach to negotiating first collective agreements, with FMCS mediation support provided to employers and unions from the outset of negotiations. If the parties are unable to reach a first collective agreement after nine months of bargaining, either party could apply to the CIRB for a binding method of dispute resolution.
- Bill C-39 would create regulatory authority for an administrative monetary penalty regime addressing bad-faith bargaining.
- The Bill would enable future regulations establishing expedited grievance arbitration processes to deal with systemic backlogs.
- Bill C-39 would expand successor rights in contract retendering at airports and in the air transportation industry.

The Impact of the Bill on Labour Relations

- Bill C-39 increases transparency and accountability in the bargaining process. Both unions and employers will know that a Special Mediator may closely examine their conduct at the bargaining table and publicly report on the issues in dispute. As a result, the framework is expected to encourage more constructive bargaining, discourage strategic delays, and create stronger incentives for the parties to reach a negotiated settlement.
- Bill C-39 continues to limit federal intervention until after a strike or lockout has commenced. In critical sectors, even a short work stoppage can require extensive wind-down measures, disrupt time-sensitive supply chains, and result in prolonged recovery periods. Where there is compelling evidence that a pending labour disruption would cause significant damage to Canada's economy or critical trade networks, the Saskatchewan Chamber of Commerce believes the federal government should have the ability to act proactively to prevent harm rather than respond after it has already occurred.
- The Bill leaves the replacement worker ban introduced through Bill C-58 unchanged leaving Canada vulnerable to supply chain disruptions.
- The Bill fails to establish essential service protections for key export commodities like potash.