

Canada Labour Code Reforms: Building Canada Strong for All - Powered by Canada's Workers

Dear Labour Program officials,

The Canadian Federation of Independent Business (CFIB) is a non-profit, non-partisan organization representing over 103,000 small and medium-sized businesses owners across all sectors and regions of Canada. About 1,600 are federally regulated. We appreciate the opportunity to provide input on the potential reforms to the *Canada Labour Code*, and to participate in the virtual round tables held on May 20 and 21, 2026.

Changes to federal labour standards have a direct impact on thousands of SMEs in sectors like aviation, transportation, and telecommunications and can affect thousands more when followed by other Canadian jurisdictions. Based on Employment and Social Development Canada (ESDC) own data, about 97.5% of federally regulated employers are SMEs.¹

However, SMEs face unique constraints when adapting to new regulations including limited physical, human and financial resources. In many cases a small business owner wears many hats, being at once the compliance officer, HR department, salesperson and marketer of their business, as well as often acting as service deliverer. They have on average a 54-hour workweek.² They are also very sensitive to cost increases with less ability to absorb new compliance costs or seek out operational savings and efficiencies elsewhere. Policy changes should reflect these realities and avoid fitting a one size fits all approach designed for big business and unions.

Stability in the Supply Chain: s.107, Maintenance of Activities and Avoiding Work Stoppages

In early 2025, CFIB surveyed members on the total financial impacts of recent major work stoppages, including disruptions at CN and CPKC Railways, strikes at the BC and Montreal ports, and the Canada Post strike; the median amount of financial impact reported was \$10,000.³ While service-based businesses were less affected, manufacturers, producers, and wholesalers reported significantly greater impacts.

¹ ESDC stats from: <https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/labour-standards/reports/what-we-heard-modernizing-federal.html> and <https://canadagazette.gc.ca/rp-pr/p1/2021/2021-06-26/html/reg1-eng.html>

² CFIB, 8-hour work Week release . April 2023, online at <https://www.cfib-fcei.ca/en/media/the-8-day-workweek-small-business-owners-clock-in-59-hours-a-week-to-make-up-for-labour-shortages>

³ CFIB, January 2025 Your Voice Survey, Q.9, n = 2,345.

While this may not sound like very much from a large business perspective, for a small business, it can be a significant hit to their bottom line.

These financial impacts are due to the fact that federally regulated transportation services (e.g., rail, ports, etc.) are critical to Canada's economy and supply chains. For many small businesses, alternatives are either unavailable or unaffordable when a work stoppage happens. Even a short strike or lockout can have severe consequences, on small businesses. With a just-in-time supply chain, if the work stoppages last too long, and the backlogs get too big, what did not seem all that concerning, can quickly become serious. That is why **CFIB believes the government must have a full range of tools to prevent and/or intervene when there are disruptions along Canada's supply chain.**

The government's authorities under s.107 must be preserved. The government needs to be able to intervene to represent the broader national interest when unions and large employers are unable to resolve their differences and it leads to major service disruptions.

The economic harm caused by a work stoppage at a federally regulated infrastructure is disproportionate to any economic benefit an employer or labour group could ever hope to achieve. Canada's economy, Canada's small businesses, and those they employ shouldn't be held hostage by work stoppages. **Provisions are needed to protect Canada's broader economic interest before a work stoppage occurs.**

As per our remarks before a Senate Committee on November 5th, 2025, "Recent work stoppages at Canada's ports and railways have had real and immediate consequences on businesses, but "economic harm" isn't a consideration when it comes to maintenance of activities in the scope of the *Canada Labour Code* as it is written today. It should be. For example, the 2022 West Coast port work stoppage severely disrupted operations for a livestock feed manufacturer and distributor in British Columbia supplying over 141 farms and four retail stores on Vancouver Island. The company had to pay carriers to bring in just 1/8th of their regular shipments from suppliers in Alberta and the United States via ferry"⁴ resulting in significant financial loss.

The maintenance of activities provision (s.87.4) should also be strengthened to ensure that economic harm is taken into consideration. Indeed - "92% of SMEs with a view - support having federally regulated workplaces that are instrumental to the supply chain be defined as essential service providers."⁵ **Further, a detailed cost analysis study should be required to determine the impacts of a work stoppage on the economy, SMEs and Canadians before any work stoppage is even allowed to happen.** If the projected harm is very severe, a general strike should not be allowed.

⁴ TRCM, CFIB Appearance, November 5, 2025, online: <https://sencanada.ca/en/committees/TRCM/noticeofmeeting/675333/45-1>

⁵ *Ibid*, 92% from CFIB, *Your Voice Survey*, November 10-28, 2022, n= 2,045 final statistics

Collective Bargaining and Labour Relations Measures

The consultation paper seeks out stakeholders' views on geographical and sectoral collective bargaining. We do have some concerns around sectoral bargaining potentially being leveraged by the large unions to push a policy agenda that creates barriers to entry for small business and reduces competition thereby reducing consumer choice and driving up prices. Sectoral bargaining's one-size-fits-all approach could also disrupt the collaborative relationships between small business owners and their employees, while limiting their ability to respond to changing market conditions. By establishing sector-wide standards for wages and working conditions, it could reduce businesses' ability to adjust its hours of work and compensation arrangements based on their business needs. In the end, it is unclear whether the issues and interests of small business owners will be adequately reflected in the sectoral bargaining process, particularly if larger players exert greater influence.

We do not oppose proposals to revisit the timelines related to collective bargaining agreements, such as: requiring negotiations to begin before an agreement expires as is the case in Alberta, Quebec, Ontario and British Columbia; mediation and conciliation services playing a role in early bargaining; and longer conciliation and cooling off periods, **if it could truly bring more stability**. Further, as it does take time for small business owners to pivot and find alternative suppliers or alternative means of transporting their goods to market, we would support proposals to increase the required notice period before a strike or lockout could occur.

As per our April 2024 HUMA submission, **we would also invite the department to consider additional changes that could help increase union democracy and transparency**.⁶ This could include reducing the validity period of a strike vote and defining it in calendar days. CFIB and its members were surprised that the Canada Post unions did not have to go back to their members for a new mandate following the suspension of their 2024 work stoppage. This resulted in continued unpredictability for small business owners into 2025. It also raised questions around, whether the unions would still have had their members' support to call a strike in 2025 if they had lost out on a month's income in 2024.

Furthermore, it is important that the strike vote question be clear and not double barreled. We have heard reports that some strike vote questions have asked whether the union member was dissatisfied with the current employer offer and would accept that the union go on strike. It could be that some agree with the first part and not the latter. If this is happening, it should not be allowed. **A strike mandate should only come as a result of a clear majority on a clear question**. In addition, all offers and counteroffers should be made public once completed. This would allow employees and the public at large to make their own assessments of what is fair, rather than just hearing the high-level lines in media from employer and labour representatives with their interpretation of whether it is fair.

⁶ CFIB to HUMA, SMEs views around Bill C-58, April 2024, <https://www.ourcommons.ca/Content/Committee/441/HUMA/Brief/BR13020114/br-external/CanadianFederationOfIndependentBusiness-e.pdf>

Training and Productivity

Employers should be able to offer training that aligns with their operational needs and financial capacity, whether to support transitions or remain competitive, without legislation to this effect. Employees also share responsibility for keeping their skills current. Policy makers should exercise caution before introducing new requirements around training or the provision of training in federally regulated workplaces or prescribing how such issues are addressed as part of the collective bargaining process. Let these decisions rest with employers and employees.

Workplace health and safety

The objective of enhancing labour mobility, as well as harmonizing and streamlining workplace occupational health and safety (OHS) requirements, is welcomed. In pursuing harmonization, governments should focus on identifying which requirements are truly effective in reducing or mitigating the intended risks, and which are not. **Harmonization should also seek to eliminate unnecessary compliance burdens; not raise the bar.**

CFIB has some concerns around including elements, such as psychological safety, as part of the OHS framework where factors may fall outside an employer's sphere of control. While an employer can put up a sign that says that disrespecting their employees will not be tolerated, and promptly intervene if such an event occurs, they cannot control the client's behavior.

We also advise against introducing subjective requirements or language that prioritizes perceptions of clearly defined facts, policies, and practices. Subjectivity can lead to differing interpretations, and inconsistent administration and enforcement. Any new requirements should be practical, feasible, within the employer's control, rather than dependent or subject to perceptions.

Any potential changes to the OHS framework should be subject to thorough consultations, with SMEs engaged and represented throughout the process.

Other issues relating to the Canada Labour Code

We ask the federal government to revisit the amount of paid sick leave federally regulated small businesses must provide. The leave provisions under the Canada Labour Code are more generous than those in other Canadian jurisdictions and the United States. In addition to statutory holidays and vacation leave, employers must provide five personal leave days (three paid) and ten paid sick leave days. For small businesses (with 100 employees or fewer), consideration should be given to introducing an exemption from the mandatory paid sick-leave requirement and maybe limiting it to the provision of job protected leave instead.

Summary of recommendations:

- The government must have a full range of tools to prevent and/or intervene when there are disruptions along Canada's supply chain.
 - The government's authorities under s.107 must be preserved so that it can intervene as it has in the event of a work stoppage.

- Provisions that enable the government to protect Canada's broader economic interest before a work stoppage occurs are needed. This can include:
 - strengthening the maintenance of activities provision (s.87.4) to ensure that economic harm is taken into consideration, and
 - requiring a detailed cost analysis study to determine the impacts of a work stoppage on the economy, SMEs and Canadians before any work stoppage is even allowed to happen.
- The government should consider additional changes that could help increase union democracy and transparency, including:
 - Reducing the validity period of a strike vote and defining it in calendar days.
 - Ensuring a strike mandate should only come as a result of a clear majority on a clear question.
- Employers should be able to offer training that aligns with their operational needs and financial capacity, whether to support transitions or remain competitive, without legislation to this effect.
- Harmonization should eliminate unnecessary compliance burdens; not just raise the bar.
- The government should revisit the amount of paid sick leave federally regulated small businesses must provide.

In the conclusion, it would also be worth noting that current labour laws require recalibration. Recent policy choices, ranging from expanded sick leave provisions to anti-replacement worker legislation, have collectively contributed to a labour environment that is increasingly tilted in favour of large unions. A more measured approach is needed to restore equilibrium and ensure that labour policy supports both a fair workforce and a competitive economy.

We remain available in the event you have any questions.



Corinne Pohlmann
Executive Vice-President, Advocacy



Jasmin Guénette
Vice-President, National Affairs



Christina Santini,
Director, National Affairs