Blaney McMurtry LLP

PUBLICATION

Employment Update: Canada Labour Code - Key Changes to Prepare For in 2026

Date: March 31, 2026

Lawyers You Should Know: William Anderson, Sarah Mills , Constantine Kanargelidis

Federally regulated employers have a busy year ahead. Several amendments to the *Canada Labour Code* are expected in 2026, with compliance timelines that in some cases extend into 2027. Below is a practical overview of the key developments and what they mean for your organization.

Right to Disconnect Policies

The federal government plans to bring into force *Code* amendments requiring all federally regulated private-sector employers and federal Crown corporations to develop and implement a Right to Disconnect (RTD) policy. The policy must be developed in consultation with employees (or the union, where applicable), who must be given at least 90 days to provide their comments, and must include:

- A general rule about work-related communication outside of scheduled hours; and
- Any exceptions to that rule and the rationale behind them.

The legislation will prohibit employers from taking reprisals (including intimidation, dismissal, or discipline) against employees who ask the employer to comply with the policy, make inquiries about their rights, file a complaint under the policy, or exercise or attempt to exercise a right under the policy.

Notably, like Ontario's *Employment Standards Act, 2000*, the *Code* amendments do not appear to create a substantive right for employees to disconnect from work. Rather, the focus is on requiring employers to develop and maintain a policy addressing after-hours communication.

Targeted to come into force in 2026, and once in force, employers will have one year to develop and finalize their internal RTD policies. Supporting regulations are expected to be pre-published in *Canada Gazette*, Part I in winter 2026, with final regulations to follow later in 2026. At this time, only administrative amendments to record-keeping requirements and administrative monetary penalty schedules are planned.

What to do now: Begin mapping after-hours communications practices, identify legitimate exceptions, and prepare training and anti-reprisal messaging so you can move quickly once the one-year compliance clock starts.

New and Expanded Leaves of Absence

Amendments that took effect on December 12, 2025 introduced new leave entitlements for federally regulated employees, including a new pregnancy loss leave (up to eight weeks for a stillbirth, or up to three days for other pregnancy losses, with the first three days of the leave paid by the employer for employees who have completed at least three months of continuous employment) and enhanced bereavement leave of up to eight weeks following the loss of a child.

A new leave for the placement of a child through adoption or surrogacy is also on the way. This leave will provide up to 16 weeks of unpaid, job-protected leave and is intended to come into force at the same time as related Employment Insurance amendments, with the exact date to be set by Order in Council. Employers should watch for the coordinated in-force date and update leave policies and payroll processes accordingly.

Equal Treatment and Temporary Help Agency Protections

Long-pending Part III amendments aimed at ensuring equal treatment for employees performing the same work (regardless of employment status) are moving toward implementation alongside new protections for temporary help agency (THA) workers. Proposed regulations were pre-published in the *Canada Gazette*, Part I in February 2025, and final regulations are projected for publication later in 2026, with the legislative provisions anticipated to come into force on a date set by Order in Council.

When in force, these provisions are expected to:

- Prohibit employers from paying an employee a lower wage rate than another employee because of a difference in employment status (e.g., part-time and full-time, or temporary and permanent) where employees perform substantially the same kind of work under similar conditions. However, the *Code* will permit differences in wage rates where such differences are based on a system of seniority, merit, or the quantity or quality of each employee's production. The proposed regulations would add further exceptions mirroring the *Pay Equity Act*, including red-circling, labour shortage adjustments, geographic differentials, rates for employees on travel status, and rates for employees in development or training programs. Employers will not be permitted to reduce any employee's wage rate to achieve compliance.
- Entitle employees who believe their wages do not comply with the new rules to request a wage review. The employer must conduct the review and respond in writing within 90 days, providing either a statement that the employee's wage rate has been increased to comply with the *Code*, or a statement with reasons explaining that the employee's current wage rate already complies.
- Protect THA workers from unfair employment practices, including by prohibiting THAs from charging fees to employees or preventing them from establishing employment relationships with clients.
- Require employers that inform employees in writing of employment or promotion opportunities to inform all employees, regardless of status.
- Protect employees from reprisals for requesting a wage review.

What to do now: Review compensation practices for part-time, casual, seasonal, fixed-term, and THA-supplied workers to identify any status-based wage differences that will need to be justified or removed once the provisions take effect. When conducting this wage parity analysis, ensure that only the same types of compensation are compared (e.g., hourly wage to hourly wage, or commission rate to commission rate), and document any system relied upon to justify a difference in rates, such as seniority, merit, quantity or quality of production, red-circling, labour shortage adjustments, or geographic differentials. Begin developing internal processes for responding to employee wage review requests within the 90-day statutory window.

Administrative Monetary Penalties

The equal treatment and THA regulatory package will also designate and classify new administrative monetary penalties (AMPs) for non-compliance, which will take effect on the same date the equal treatment and THA provisions come into force by Order in Council.

Separately, following the *2024 Fall Economic Statement*, the Labour Program will consult stakeholders in 2026 on increasing AMPs imposed on federally regulated employers who commit wage theft. Wage theft broadly refers to employer practices that deprive employees of wages or other compensation to which they are legally entitled under the *Code*, such as failures to pay minimum wage, overtime, or vacation pay, unauthorized deductions from wages, or non-payment of wages owed. The Labour Program's plan to consult on increasing AMPs for wage theft signals that the federal government views current penalty levels as insufficient to deter these violations.

The Labour Program is also reviewing the AMP regulations more broadly to ensure penalty amounts are consistent and effectively deter labour standards and occupational health and safety violations. Pre-publication and finalization of the revised regulations are both targeted for 2026.

Employers should monitor for revised penalty schedules, as higher AMPs may significantly change the risk calculus around non-compliance.

Looking Ahead

2026 is shaping up to be a significant year for federally regulated workplaces. While some of these changes are still working through the regulatory process, the direction is clear: expanded employee protections, new policy obligations, and stronger enforcement. Early preparation is the best way to stay ahead.

For specifically tailored advice on compliance with federally regulated workplaces, please reach out to a member of the Blaney's Labour and Employment Group.