

Employment & Labor: North America

State snapshot

Key considerations

Which issues would you most highlight to someone new to your state?

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Provincial or federal legislation

Canada has a unique constitutional division of powers between the federal and provincial governments. As such, most employers in Alberta are covered by provincial legislation, but some are covered by federal legislation. The nature of an employer's business is critical in determining whether federal or provincial legislation applies. For most employers engaged in manufacturing, construction, retail, or the service sector, provincial law applies. For those employers engaged in certain activities of an inter-provincial nature (e.g., shipping, railways, airlines, radio and television broadcasting, banking, and inter-provincial transport (including oil and gas pipelines)), federal law generally applies. Accordingly, where material differences between Alberta law and federal law exist, Alberta law is addressed first, followed by federal law.

No employment at will

There is no at-will employment in Canada. Rather, the employment relationship is contractual. Unless there is a written contract dealing with termination, Canadian common law requires employers to provide employees with "reasonable" notice of termination or pay in lieu of notice if employment is terminated without cause. The courts are generous when prescribing the length of notice an employer must give managerial, professional, or long-term employees where no contract provision exists on the point. Although the courts approach each case on an individual basis, case law suggests that a starting point for reasonable notice is one month, or pay in lieu of notice for each year of service with a minimum of three months and a maximum of 24 months.

Limitations on ability to terminate employment

The general approach is that non-unionized employees may be terminated at any time without cause, as long as the required notice is provided and the terms of any written employment contract are followed. All jurisdictions in Canada have some important qualifiers to this general rule. For example, anti-discrimination or human rights legislation restricts the ability to terminate an employee if the reason for termination is directly or indirectly connected to a protected ground or characteristic. There are also anti-reprisal or whistleblower protection rules under employment standards and occupational health and safety legislation.

Federally regulated employers are subject to special scrutiny when terminating employment. Non-managerial employees with at least one year of service may take their dismissal to adjudication under the Canada Labor Code and seek reinstatement. However, important exceptions preclude reinstatement, such as genuine layoffs.

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What do you consider unique to those doing business in your state?

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Termination issues

The major difference between Canada (including Alberta) and the United States is that Canada has no at-will employment. Hence, severance packages in Alberta are often much higher than in the United States.

An executive's right to receive and exercise stock options on termination of employment is subject to the relevant provisions of the employer's stock option plan. These plans typically provide that an executive's options cease to exist on termination of employment. However, the Canadian courts have interpreted the words "termination of employment" in stock option plans to mean lawful termination. Accordingly, to be lawful, termination occurs at the end of the reasonable notice period, thus entitling the employee to claim damages for any lost opportunity to exercise options that were vested during the notice period. In many cases, the courts have found that where a stock option plan does not contain a clear triggering event, the effective date of termination is the date on which the executive would have ceased to be an executive had he or she been given reasonable notice. Accordingly, to ensure that stock option plans are correctly interpreted, employers must carefully

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draft their plans and grants.

Privacy legislation

Alberta is one of the few provinces in Canada that has privacy legislation which imposes rules on the protection of employee information in relation to the collection, retention, use, and disclosure of information.

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Is there any general advice you would give in the labor/employment area?

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New businesses should hire all employees under written employment contracts that contain provisions dealing with entitlements and obligations when employment is terminated.

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Emerging issues

What are the emerging trends in employment law in your state, including the interplay with other areas of law, such as firearms legislation, legalization of marijuana and privacy?

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Privacy

Alberta has a robust complaints and investigations process and the province's privacy commissioner has consistently ruled in favor of employees and individuals regarding hiring, background checks, and surveillance issues.

Constitutional protection of union activities

The Supreme Court of Canada has reversed its earlier jurisprudence and found that many traditional union activities (e.g., collective bargaining and legal strikes) have constitutional protection.

Workplace investigations

The effectiveness of internal investigations by employers is being increasingly scrutinized in the courts. For example, due to an improper investigation, Wal-Mart was recently ordered to pay punitive and aggravated damages in the amount of C\$1.2 million; this was later reduced to C\$300,000 on appeal. A proper investigation may substantially reduce or eliminate liability in any case related to an alleged violation of human rights (anti-discrimination) legislation.

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Proposals for reform

Are there any noteworthy proposals for reform in your state?

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Alberta has amended its human rights legislation to include gender identity and gender expression as prohibited grounds of discrimination.

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Employment relationship

State-specific laws

What state-specific laws govern the employment relationship?

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The major Alberta employment-related statute is the Employment Standards Code. Other important statutes for private employers include:

- the Apprenticeship and Industry Training Act;

- the Employment Pension Plans Act;
- the Human Rights Act;
- the Labor Relations Code;
- the Occupational Health and Safety Act;
- the Workers Compensation Act; and
- the Personal Information Protection Act.

A number of other laws affect public sector and broader public sector employers in Alberta.

For federally regulated employers, the main statute is the Canada Labor Code, although other federal legislation also governs the workplace (e.g., the Canadian Human Rights Act and the Personal Information and Protection of Electronic Documents Act).

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Who do these cover, including categories of workers?

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Generally, the laws cover “employees”; however, because the laws governing the employment relationship are public welfare laws, the courts have held that the term “employee” must be broadly and liberally interpreted. Therefore, depending on the circumstances, the definition of “employee” may include persons whom the employer has treated as independent contractors, consultants, interns, employees of affiliated employers, or employees of temporary help agencies. Health and safety law has been interpreted to include self-employed individuals and independent contractors as workers.

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Misclassification

Are there state-specific rules regarding employee/contractor misclassification?

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Yes—the rules or approaches may differ between a variety of agencies (e.g., tax, health, and safety), depending on the purpose of the specific legislation. A recognized category of “dependent” contractors are also owed reasonable notice of contract termination.

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Contracts

Must an employment contract be in writing?

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Contracts need not be in writing, but all employees have a contract by operation of law; in many cases contracts are part oral, part written (e.g., offer letters or vacation policies), and part implied by the common law (e.g., the employee’s duty of loyalty and the employer’s duty to provide reasonable notice of termination, except for just cause). Nevertheless, ensuring that employees have a comprehensive written employment agreement is the most prudent course of action.

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Are any terms implied into employment contracts?

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Yes—the major implied terms are the employee’s duty of loyalty and the employer’s obligation to provide reasonable notice of termination, except for just cause.

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Are mandatory arbitration agreements enforceable?

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Yes—although arbitration clauses should be drafted carefully and in accordance with the Alberta Arbitration Act to ensure that the objectives behind agreements are achieved.

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How can employers make changes to existing employment agreements?

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If a material change to an employment agreement is made without the employee's consent, he or she may be able to quit and sue for constructive dismissal or claim damages for breach of contract. Any agreed changes should be supported by an exchange of consideration. Changes can be made unilaterally as long as notice under the contract or reasonable notice is provided. Written agreements may also contain provisions which specifically address amendments.

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Hiring

Advertising

What are the requirements relating to advertising open positions?

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Job advertisements should comply with human rights legislation and generally should not contain statements, qualifications, or references that directly or indirectly relate to protected grounds.

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Background checks

What can employers do with regard to background checks and inquiries?

(a) Criminal records and arrests

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With consent, employers can perform background checks on employees' criminal records. However, employers may be vulnerable to challenges if a candidate is denied a job because of a criminal record which is unrelated to the position for which he or she applied.

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(b) Medical history

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Generally, medical history should not be considered in the hiring process, except where there is a *bona fide* occupational requirement. Pre-employment medical testing or medical history can be requested after a conditional offer of employment has been extended, if it can be shown that this information is directly relevant to the position.

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(c) Drug screening

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Drug and alcohol testing is a contentious issue in Canada because addiction is seen as a disability under human rights law,

and because it has been held that drug testing does not actually determine whether an employee is impaired while at work. This has led to seemingly conflicting lines of case law, one from Ontario and the other from Alberta. The federal and Ontario approach is that, in general terms, testing is inherently discriminatory under human rights law.

In Alberta, pre-employment drug testing can be done for safety-sensitive positions if the candidate is made aware of the testing and subject to a strict testing regime. This is because the Alberta courts have found that health and safety is more critical than human rights issues, although if a candidate who tests positive proves a dependency, the employer may have a duty to accommodate him or her.

Further, when employees must work part of the time in the United States (e.g., inter-provincial truckers) and drug screening is a requirement under US state law, that requirement may be found to support an employer's position that drug testing is a *bona fide* occupational requirement that should be permitted notwithstanding general human rights and privacy concerns.

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(d) Credit checks

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The Alberta privacy commissioner has ruled that employers are permitted to collect only personal information that is specific to the requirements of the position to be filled from prospective employees. Credit checks for employees as part of a routine background check process are not recommended in Alberta.

Federally regulated employers are governed by the Personal Information Protection and Electronic Documents Act and are permitted to request credit checks only where it is reasonable to do so.

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(e) Immigration status

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Employers may require proof of legal ability to work in Canada as a condition of employment, but are prohibited under human rights legislation from inquiring into a prospective employee's ancestry, citizenship, or national or ethnic origin.

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(f) Social media

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Social media checks during the pre-hiring stage increase the risk of a discrimination complaint, as a candidate's social media profile may disclose information concerning a protected ground under human rights legislation.

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(g) Other

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N/A.

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Wage and hour

Pay

What are the main sources of wage and hour laws in your state?

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The Alberta Employment Standards Code is the main source of wage and hour law.

For federally regulated businesses, Part III of the Canada Labor Code applies.

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What is the minimum hourly wage?

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The minimum hourly wage in Alberta is C\$11.20 for all employees.

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What are the rules applicable to final pay and deductions from wages?

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Provincial rules

Deductions from wages can be made where the law authorizes them or where an employee has provided written authorization. The amount to be deducted must be set out in the authorization or readily determinable by way of a formula. No amounts may be deducted in respect of employer losses due to faulty work, missing cash, or property losses if other persons had access to the lost cash or property.

Federal rules

Employers cannot make deductions from wages or other amounts due to an employee except under certain permitted instances, including:

- payments authorized by a federal or provincial act or regulation;
- deductions authorized by a court order or a collective agreement or other document signed by a trade union on behalf of an employee;
- deductions authorized by the employee in writing; and
- overpayments of wages by the employer.

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Hours and overtime

What are the requirements for meal and rest breaks?

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Provincial rules

A 30-minute unpaid rest period must be provided after five hours of work.

Federal rules

There are no prescribed rest periods for federally regulated employees. However, most employers follow provincial guidelines for safety and employee relations purposes.

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What are the maximum hour rules?

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Provincial rules

Employees cannot work more than 12 hours per day; special rules exist for certain industries (e.g., certain oil and gas businesses).

Federal rules

Employees cannot work more than 48 hours per week; special rules exist for certain industries (e.g., trucking, shipping, and railways)

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How should overtime be calculated?

Osler Hoskin & Harcourt LLP**Provincial rules**

Overtime is calculated as one and a half times the employee's regular rate for all hours worked in excess of eight hours per day and 44 hours per week—whichever is greater; special rules exist for certain industries.

Federal rules

Overtime is calculated as one and a half times the employee's regular rate for all hours worked in excess of eight hours per day or 40 hours per week—whichever is greater; special rules exist for certain industries.

[Back to top](#)**What exemptions are there from overtime?****Osler Hoskin & Harcourt LLP****Provincial rules**

The terms "exempt" and "non-exempt" are not used in Canada to differentiate between employees. In Alberta, employee entitlements to certain provisions under the Employment Standards Code (including hours of work and overtime) are generally determined based on whether the employee is considered to be in a managerial or supervisory role. However, special exemptions exist for some commissioned salespersons, professionals (e.g., lawyers, engineers, dentists, and architects), and information systems professionals.

The main managerial and supervisory exemption applies only if the employee performs non-managerial work incidentally. Below are some general factors that are considered in Alberta when assessing whether an employee's work is managerial or supervisory in character (using a retail store environment as an example):

- What percentage of time do managers perform the same work as sales associates?
- How frequently do managers perform non-managerial work (e.g., do they perform the work of a sales associate every day or once a week)?
- Do managers perform non-managerial work on a scheduled basis (e.g., during lunch)?
- Do managers have no alternative but to perform non-managerial work?
- Do managers perform non-managerial work only for unforeseen reasons (e.g., if sales associate calls in sick or there is an unexpected rush of customers)?
- Do managers' performance appraisals include an evaluation of non-managerial work?
- Are managers performing their managerial role at the same time that they perform non-managerial work (e.g., the store manager may be on the floor for supervisory purposes, but will also assist customers if necessary)?

Federal rules

The Canada Labor Code states that the standard hours of work and overtime do not apply to employees who are managers or superintendents, exercise management functions, or are members of the architectural, dental, engineering, legal, or medical professions. The test for the managerial exemption is similar under federal law.

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Record keeping

What payroll and payment records must be maintained?**Osler Hoskin & Harcourt LLP**

Type of Information	Alberta retention period
Employee's name, address, and the date on which he or she began employment	Three years following the date the record is made
Employee's date of birth, if the employee is a student under 18 years old	Three years following the date the record is made
Number of hours the employee worked each day and each week, unless the employee is paid a salary and overtime provisions do not apply or any excess hours are recorded	Three years following the date the record is made
Information contained in each written statement given to the employee in relation to wages, wages on termination, and vacation pay	Three years following the date the record is made

Notices, certificates, correspondence, and other documents relating to employee leave (e.g., pregnancy, parental, emergency, family medical, or reservist)	Three years following the date the record is made
Every agreement made permitting the employee to work excess hours	Three years after the last day on which work was performed under the agreement
Every overtime averaging agreement that the employer has made with the employee	Three years after the last day on which work was performed under the agreement
Vacation time and vacation pay records, including the amount of: <ul style="list-style-type: none"> • vacation time earned but not taken since the start of employment (if any); • vacation time earned in the year; • vacation time taken in the year; • vacation time earned but not taken at the end of the year; • vacation pay paid out during the year (subject to certain exceptions); and • wages on which vacation pay was calculated and the applicable time period (subject to certain exceptions). 	Three years following the date the record is made

There may be different record-keeping considerations for federally regulated businesses.

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Discrimination, harassment and family leave

What is the state law in relation to:

Protected categories

(a) Age?

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Provincial—the Alberta Human Rights Act prohibits discrimination based on age (18 years of age or older).

Federal—the Canadian Human Rights Act provides no restricted definition of age.

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(b) Race?

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Under both provincial and federal law, racial discrimination is prohibited.

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(c) Disability?

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Under both provincial and federal law, discrimination based on disability—which includes actual (or, in Alberta, perceived), physical, or mental disability and addiction—is prohibited.

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(d) Gender?

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Under both provincial and federal law, gender discrimination is prohibited.

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(e) Sexual orientation?

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Under both provincial and federal law, discrimination based on sexual orientation is prohibited.

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(f) Religion?

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Under both provincial and federal law, discrimination based on religion is prohibited.

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(g) Medical?

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Under both provincial and federal law, medical discrimination based on a disability is prohibited.

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(h) Other?

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Alberta legislation prohibits discrimination on the basis of:

- race;
- religious beliefs;
- color;
- gender;
- gender identity;
- gender expression;
- physical disability;
- mental disability;
- age;
- ancestry;
- place of origin;
- marital status;
- source of income;
- family status; and
- sexual orientation.

Federal legislation prohibits discrimination on the basis of:

- race;
- national or ethnic origin;
- color;
- religion;
- age;
- sex;
- sexual orientation;

- marital status;
- family status;
- disability; and
- convictions for which a pardon has been granted or a record suspended.

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Harassment

What is the state law in relation to harassment?

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Under both federal and provincial human rights laws, harassment is prohibited to the extent that it qualifies as discrimination based on a protected category; employers may be liable for any harassing conduct of their employees. Harassment is also prohibited under Alberta occupational health and safety legislation.

Under the Alberta law, employers are required to prepare workplace harassment and violence policies which must include complaint and investigation procedures. All employees must be trained with respect to workplace harassment and violence. Further, emergency procedures must be in place to deal with workplace violence.

The Canada Labor Code requires all federally regulated employers to prepare sexual harassment policies and bring these to the attention of their employees. However, it is best practice also to provide training and extend harassment policies to cover all types of harassment and workplace violence.

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Family and medical leave

What is the state law in relation to family and medical leave?

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The unpaid statutory leaves outlined below relate to provincially regulated businesses in Alberta. There are minimum service requirements for some categories of leave. If an employee takes one category of protected leave, that does not reduce his or her entitlements with respect to other categories of leave.

Different statutory leaves apply under federal law.

Maternity/parental leave

In Alberta, maternity leave is for a maximum of 15 weeks.

All employees (both male and female) who have become the parent of a child or who have a child come into their custody for the first time are entitled to parental leave. Parental leave for pregnant employees must begin immediately following pregnancy leave and can last for a total of 37 weeks.

Compassionate care leave

An employee who has completed 52 consecutive weeks of employment with an employer is entitled to compassionate care leave of up to eight weeks in order to provide care or support to a seriously ill family member if the employee is the primary caregiver. "Primary caregiver" is defined as an individual who is primarily responsible for providing care or support to a seriously ill family member.

To be eligible, a physician's certificate is required stating that a family member has a serious medical condition with risk of death in 26 weeks and that the family member requires the care or support of one or more family members.

Reservist leave

An employee who has completed at least 26 consecutive weeks of employment with an employer and is a reservist is entitled to reservist leave without pay:

- to take part in deployment to a Canadian forces' operation outside Canada or inside Canada related to an emergency;
- to take part in annual training; or
- as the regulations additionally prescribe.

The length of the leave is prescribed by regulations. Where no period is prescribed, the length of leave will be for as long as the operation or training applies to the employee. However, entitlement to leave for annual training is limited to 20 calendar days.

Reinstatement after taking statutory leave

Employees returning from statutory leave in Alberta must be reinstated to the position that they most recently held before taking leave. Even if another person is doing the job, the returning employee is entitled to reinstatement as long as the work is still being done and the job still exists. If the position no longer exists, the returning employee must be reinstated to a comparable position at a wage rate that is equal either to what he or she most recently earned or to what he or she would have been earning had he or she not taken leave—whichever is greater. Whether a position is comparable will depend on various factors, including:

- the location of the job;
- hours of work;
- quality of the working environment;
- degree of responsibility;
- job security;
- possibility of advancement; and
- prestige and perquisites.

The importance and weight of each factor will vary from case to case.

No reinstatement obligation will apply where an employee's employment ended solely for reasons unrelated to leave. If a complaint is brought against an employer, the employer's conduct and rationale will be subject to careful scrutiny. Under the Employment Standards Code, employment standards adjudicators have the power to order reinstatement for breach of this obligation.

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Privacy in the workplace

Privacy and monitoring

What are employees' rights with regard to privacy and monitoring?

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Provincial rules

Alberta is one of a few provinces with privacy legislation—the Personal Information Protection Act. The act governs the processes to protect the collection, retention, use, and disclosure of personal employee information.

Federal rules

Federal privacy law and privacy commissioner decisions require monitoring to be reasonable. Typically, video monitoring is permitted for safety or security reasons in public cases. Video monitoring of work areas is much more controversial and must not be used for productivity or performance issues.

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Are there state rules protecting social media passwords in the employment context and/or on employer monitoring of employee social media accounts?

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Provincial rules

Any employer monitoring of employee social media accounts is subject to provincial privacy legislation and must be reasonable. At the very least, employers should develop a social media policy that notifies employees that monitoring is ongoing and explains how the personal information collected will be used (i.e., performance management or discipline). However, employers should balance the desire to monitor social media against the risk that they will inadvertently obtain information from social media accounts that discloses information concerning a protected ground under the Human Rights Act.

Federal rules

The same human rights considerations apply for federally regulated employers. However, the federal privacy commissioner has expressly stated that employers should have social media policies that advise employees as to whether social media will be monitored. Failure to warn employees that their personal information is being collected by way of social media monitoring could violate federal privacy legislation.

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Bring your own device

What is the latest position in relation to bring your own device?

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N/A.

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Off-duty

To what extent can employers regulate off-duty conduct?

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Off-duty conduct is generally not the employer's concern. Alberta courts recognize some relationship between certain kinds of misconduct and an employer's legitimate business interests—for example, criticism of the company or management on an employee's social media or improper conduct during employee-only drinks.

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Gun rights

Are there state rules protecting gun rights in the employment context?

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No.

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Trade secrets and restrictive covenants

Intellectual Property

Who owns IP rights created by employees during the course of their employment?

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Employers generally own IP rights, although there may be exceptions in common law based on the nature of the employee's job. In addition, any moral rights which employees have over their work products can be waived only in writing. As such, it is always best practice to have employees sign ownership of invention and IP agreements at the time of hire to avoid disputes.

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Restrictive covenants

What types of restrictive covenants are recognized and enforceable?

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Non-compete clauses

Canadian courts generally consider non-compete covenants to be a restraint of trade and therefore illegal and unenforceable, unless an employer can establish that the covenant:

- goes no further than is necessary to protect rights which the employer is entitled to protect;
- does not unduly restrain the employee from making use of his or her skills and talent; and
- is not contrary to public interest.

Non-compete clauses must also be reasonable in duration, geographic scope, and all other aspects (e.g., scope of activity covered) in light of the interest that the employer seeks to protect. However, the courts cannot "read down" a restrictive covenant in any material respect in order to make it enforceable.

The courts will not enforce non-compete clauses unless the employer can demonstrate that a non-solicitation clause is insufficient to protect the employer's proprietary interest. Non-compete clauses found in agreements for the purchase and sale of a business are more likely to be enforceable because the courts will usually consider that the two parties are more likely to enjoy relatively equal bargaining power, and because the clause may be necessary to ensure the buyer's newly acquired business is not subverted by the previous owners, some of whom may be managers and executives.

Non-solicitation clauses

Canadian case law suggests that while the courts are adverse to non-compete clauses, they are more sympathetic towards and more inclined to enforce non-solicitation clauses. However, before the courts enforce a non-solicitation covenant, the employer must show that it is necessary in the context of the nature of the business and the type of employment of the employee. The employee must be someone who not only has acquired knowledge of the employer's customers, but also has influence over them through his or her business dealings. However, the level of reliance on this provision may vary with the sophistication of the client. Non-solicitation clauses should be restricted only to customers with which the employee has dealt (e.g., clauses should not include customers with which the employee did not deal or of which the employee has no knowledge).

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Non-compete

Are there any special rules on non-competes for particular classes of employee?

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The less "important" an employee is to his or her employer, the more difficult it will be for the employer to enforce a non-compete agreement.

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Labor relations

Right to work

Is the state a "right to work" state?

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No; however, if a union collective agreement requires employees to be members of a union, the employer can employ only union members in the bargaining unit. The Alberta Labor Relations Code specifies that employers must agree to union demands requiring all employees in the unit to pay dues, but they are not required to agree that all employees must be union members. Employees who have a genuine religious objection to becoming a union member or paying union dues may be excused from this requirement by the Alberta Labor Relations Board.

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Unions and layoffs

Is the state (or a particular area) known to be heavily unionized?

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Overall, the unionization rate in Canada is 30%; the public sector influences this percentage.

In Alberta, approximately 11% of private sector workers are unionized. In the public sector, the percentage increases to 69%.

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What rules apply to layoffs? Are there particular rules for plant closures/mass layoffs?

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Provincial rules

Depending on the express or implied terms of a employment contract, temporary layoffs for non-unionized employees may be considered constructive dismissal in common law, particularly for white-collar workers. Under the Employment Standards Code, a temporary layoff is permitted subject to the rules set out in the Employment Standards Code and the regulations.

If 50 or more employees are indefinitely laid off in a four-week period, four weeks' notice or more is required and a filing must be submitted to the Ministry of Labor.

For unionized employees, layoffs are generally governed by a collective agreement.

Federal rules

If 50 or more employees are laid off or terminated in a four-week period, 16 weeks' notice or more must be provided to the federal Ministry of Labor. This notice period is separate from the individual notice and statutory severance pay to which employees may be entitled. Federally regulated employees with at least 12 months' service are entitled to statutory severance pay of either two days' pay for each completed year of service or five days' pay—whichever is greater.

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Discipline and termination

State procedures

Are there state-specific laws on the procedures employers must follow with regard to discipline and grievance procedures?

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No; however, the common law rule regarding "just cause" termination requires employers to undertake an investigation and present any allegations to the employee so that he or she can provide an explanation.

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At-will or notice

At-will status and/or notice period?

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Notice period. Canada is not an at-will jurisdiction. Therefore, on termination without cause, employees must be provided with notice of termination or pay in lieu. This entitlement may be included in a contract. If not, in Alberta, the Employment Standards Code sets a minimum notice entitlement ranging between one and eight weeks depending on length of service. The common law provides a greater right to notice as well.

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What restrictions apply to the above?

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In an employment contract, the employer and employee can agree to the employee's entitlements on termination, as long as those entitlements satisfy the minimum requirements under applicable employment standards legislation.

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Final paychecks

Are there state-specific rules on when final paychecks are due after termination?

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Under Alberta law, final pay must be provided within three days. Under federal law, final pay must be provided within 30 days.

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