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WITHOUT CAUSE TERMINATIONS IN FEDERALLY REGULATED WORKPLACES

On July 14, 2016, the Supreme Court of Canada issued a pivotal decision in the case of *Wilson v. Atomic Energy of Canada Limited*, with a 6-3 majority ruling that employers subject to the Canada Labour Code (this includes all trucking companies) cannot terminate non-unionized employees without just cause.

Case Background

Joseph Wilson had worked for Atomic Energy of Canada Ltd. (AECL) for four and a half years when he was terminated without cause. Despite receiving a severance package of six months' salary, Wilson filed an unjust dismissal complaint under the Code. His complaint centered on the argument that no severance payment could justify his dismissal, as it lacked just cause, which the Code demands for federally regulated employers.

The decision was appealed several times, and finally ended up at the Supreme Court of Canada who sided with Wilson.

Justice Rosalie Abella, writing for the majority, noted that the text of the Code, the legislative context, and statements by the Minister when the law was introduced all supported the idea that federally regulated employees are entitled to protection from arbitrary dismissal. She emphasized that severance payments cannot be used to circumvent the need for just cause in terminating employees.

Justice Abella cited data indicating that, out of over 1,740 adjudications under the Code's unjust dismissal provisions, only 28 had ever permitted dismissals without cause. This showed that the supreme court's decision essentially reinstated the established interpretation of the law, rather than introducing a new standard.

Implications for Employers

This ruling has significant implications for federally regulated employers, as they must ensure they have just cause before terminating employees who have completed at least 12 consecutive months of employment. The Canada Labour Code offers comprehensive remedies for unjust dismissal, which can include reinstatement of the

employee and compensation for lost wages, making it critical for employers to adhere to the legal framework.

To comply with the Supreme Court's ruling, employers should enhance their performance management processes. This means documenting instances of employee misconduct or poor performance thoroughly to build a clear case for just cause if termination becomes necessary. Properly following progressive discipline steps will help employers meet the Code's requirements and avoid the risk of unjust dismissal claims.

Additionally, employers should carefully assess new employees during their first year of employment. The unjust dismissal protections under the Code only apply after 12 months of continuous service, so employers have a limited window to determine whether an employee is a good fit for the organization. Early intervention and documentation during this period are essential to protect the company from future legal challenges.

Conclusion

The Supreme Court's decision reinforces job security for federally regulated employees, reaffirming that severance payments cannot replace the need for just cause in terminations. This ruling places greater responsibility on employers to justify dismissals while ensuring that employees' rights against arbitrary dismissal are protected.

Useful Links

- [Trucking HR Fact Sheet](#)
- Details on the Judicial Decision: 2016 SCC 29 (CanLII) | *Wilson v. Atomic Energy of Canada Ltd.* | CanLII
- [Canada Labour Code Unjust Dismissal](#)

If you have any questions about terminating employees with dignity and compliance or developing a robust system for documenting employee performance, please contact the Legacy Bowes HR Consultants at tory@legacybowes.com.

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