### ON APPEAL

FROM THE APPELLATE DIVISION OF THE SUPREME COURT OF ONTARIO.

#### Between

TORONTO ELECTRIC COMMISSIONERS

(Plaintiffs) Appellants

AND

COLIN G. SNIDER, J. G. O'DONOGHUE AND F. H. McGUIGAN - - - (Defendan

(Defendants) Respondents

AND

THE ATTORNEY-GENERAL OF CANADA AND
THE ATTORNEY-GENERAL OF ONTARIO - Intervenants.

# Unse of the Respondents.

1. This is an Appeal from the Judgment of the Appellate Division of the Supreme Court of Ontario dated the 22nd of April 1924 (Sir William p. 170. Mulock, C.J.O., Magee, Ferguson, and Smith, JJ.A.; Hodgins, J.A. dissenting), which dismissed the action, in which the Appellants were the Plaintiffs, and also allowed an appeal by the Respondents, the Defendants in the action, from an interlocutory order of Mr. Justice Orde, granting p. 12a. an interim injunction, dated the 29th of August 1923. The Appeal is brought pursuant to Special leave granted on the 25th of July 1924.

2. The question in the case is whether a Statute of the Parliament of Canada, 6 & 7 Edward VII. c. 20, passed on the 22nd of March 1907 and cited as "The Industrial Disputes Investigation Act, 1907" (which has ever since been in operation throughout Canada and constantly acted on, and was subject to certain amendments in 1910 (9 and 10 Ed. VII. c. 29), 1918 (8 & 9 Geo. V. c. 27) and 1920 (10 & 11 Geo. V. c. 29)) is or is not valid and within the jurisdiction of the Candian Parliament under section 91 of the British North America Act, 1867, the said statute being one providing for the setting up of Boards of Conciliation and Investigation in cases of disputes between employers and employees in certain

p. 191.

industries, namely, mines and agencies of transportation or communication or public utilities including (with certain exceptions not material to this case) railways, steamships, telegraphs, telephones, gas, electric light, water and power works; with certain ancillary provisions.

(1907) 6 & 7 Èdw. VII. c. 20. Ss. 5, 6, 8, 15, 21.

3. The Statute provides for the establishment of Boards of Conciliation and Investigation on the application of either employer or employees. The application may be made when there is a "dispute" as therein defined "between an employer of ten or more persons" and his employees.

S. 15. by s. 2 of 9 & 10 Ed. VII. c. 29.

Application for a Board in the defined industries is to be made to the As amended Minister of Labour accompanied by a statement of certain facts and a 10 statutory declaration "That failing an adjustment of the dispute or a " reference thereof by the Minister to a Board, to the best of the "knowledge and belief of the declarant a lockout or strike will be " declared, and . . . that the necessary authority to declare such lockout " or strike has been obtained."

S. 6 as sec. 2 of 8 & 9 Geo.V. c. 27,

The Minister, whose decision is final, shall within fifteen days after amended by receipt of the application establish a Board if satisfied that the Act applies. The Board is to consist of three members appointed by the Minister, two of whom may be recommended by the parties to the dispute.

ss. 7, 8. S. 23.

The duty of the Board is "to endeavour to bring about a settlement 20 " of the dispute," and to this end to "expeditiously and carefully inquire " into the dispute, and all matters affecting the merits thereof," and to " make all suggestions and do all such things as it deems right and proper "for inducing the parties to come to a fair and amicable settlement of " the dispute."

S. 25. S. 28.

If a settlement is not arrived at, the Board is to make a full report to the Minister, with its recommendation for settlement, "according to "the merits and substantial justice of the case." After the report has been made, provision is made for its free distribution, together with any minority report, to the parties and to newspapers, and otherwise 30 in such manner as seems to the Minister most desirable as a means of securing compliance with the Board's recommendation. For the information of Parliament and the public the Report and any minority report is to be published without delay in the monthly Gazette.

S. 29 as enacted by 8 & 9 Geo. V. c. 27, s. 5.

S. 62.

S. 64.

The Report of the Board has no binding effect unless the parties have expressly so agreed, and no Court has power to recognize or enforce it, or to receive in evidence any report of, or or any testimony or proceedings before, a Board.

Ss. 30-38.

For the purpose of the inquiry the Board is given the same powers of summoning and enforcing the attendance of witnesses and obtaining their evidence on oath and the production of books and documents as is vested 40 in a Court of record for civil cases; and is authorised to enter and inspect the buildings where the industry is carried on, and interrogate persons therein. These powers are sanctioned by the imposition of a penalty not exceeding \$100.

Ss. 36, 38, 61.

The Act further provides that in the event of a "dispute" as therein defined it shall be unlawful for the employer to declare or cause "a lockout" S. 56. or for any employee "to go on strike" on account of such dispute prior to or during a reference thereof to a Board of Conciliation and Investigation under the Act."

It is further provided that employers and employees shall give at S. 57—as least thirty days' notice of an intended change affecting conditions of amended by employment with respect to wages or hours; and in the event of such s. 5 of intended change resulting in a "dispute," the conditions of employment Geo. V. c. 29 10 with respect to wages or hours and the relationship between the parties (1920). is to remain unchanged until the dispute has been dealt with by a Board, but the Act is not to be used by either party "for the purpose of unjustly " maintaining a given condition of affairs through delay."

Penalties enforceable under Part XV of the Criminal Code are imposed Ss. 58-61.

c. 27; 10-11

Geo. V. c. 29.

for causing a lockout or creating a strike contrary to the Act.

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All expenses of or connected with the Board are paid by the Government S. 54. of Canada.

By the amending Acts of 1918 and 1920 the following sections were 8-9 Geo. V. added:---

"63A. Where in any industry a strike or lockout has occurred or " seems to the Minister to be imminent and in the public interest enacted by or for any other reason it seems to the Minister expedient, the s. 6 of 8-9 "Minister, on the application of any municipality interested, or Geo. V. c. 27 of the Mayor, reeve, or other head officer, or acting head officer and "thereof, or of his own motion, may without application of either amended by of the parties to the dispute, strike, or lockout, whether it involves Geo. V. c. 29. one or more employers or employees in the employ of one or more employers, constitute a Board of Conciliation and Investigation under this Act in respect of any dispute or strike or lockout, or may in any such case, if it seems to him expedient, either with or without an application from any interested party, recommend to the Governor in Council the appointment of some person or persons as commissioner or commissioners under the provisions of the Inquiries Act to inquire into the dispute, strike or lockout,

"63B. The Minister when he deems it expedient, may either upon S. 63B. as " or without any application in that behalf, make or cause to be enacted by "made any inquiries he thinks fit regarding industrial matters and s. 6 of 8-9 may cause such steps to be taken by his department and the Geo. V. c. 27. officers thereof as seem calculated to secure industrial peace and

or into any matters or circumstances connected therewith."

" to promote conditions favourable to settlement of disputes."

4. The Appellants are a Board of Commissioners appointed and acting under an Act of the legislature of the Province of Ontario (1 Geo. V. c. 119) entitled An Act respecting the City of Toronto and passed in the year 1911 and as such they manage the Municipal Electric Light Heat and Power Works of the City of Toronto and employ a large number of men.

RECORD. p. 207, l. 15.

5. On the 22nd of June 1923 an application was made in pursuance of the said Statute of 1907 to the Department of Labour at Ottawa on behalf of certain employees of the Appellants for the appointment of a Board of Conciliation and Investigation in respect of a dispute between the said employees and the Appellants. It was stated in the Application that the employees affected were of various grades, being members of the Toronto branch of the Canadian Electrical Trades Union; that the approximate number of employees affected or likely to be affected directly and indirectly was 737; and that the authority for the application was a unanimous vote of a majority of members of the Trades Union affected taken by ballot at a meeting specially 10 called for the purpose, and also a written authorisation of 70 per cent. of the p. 209, 1. 25. members affected. It was also stated by the representatives of the employees in a statutory declaration that to the best of their knowledge and belief a strike would be declared failing an adjustment of the dispute or a reference thereof by the Minister of Labour to a Board of Conciliation and Investigation under the Statute of 1907 and that the necessary authority to declare such a strike had been obtained.

pp. 210 to

p. 79, ll. 18-30. p. 83, l. 28 et seq.

p. 215 l. 35. p. 216 l. 1.

p. 225, l. 15. p. 226, l. 1.

225.

6. After receipt of the said application correspondence passed between the Ministry of Labour and the parties concerned with a view to bringing the parties together without recourse to the Statute of 1907, the Minister 20 being reluctant to appoint a Board where the employer was a body closely As, however, there was associated (as in this case) with a municipality. apprehension with respect to a serious labour situation existing in other parts of Canada and the Appellants would not agree to the appointment of a Board, the Minister in pursuance of the statute established a Board by Order dated the 24th of July 1923. The Respondent J. G. O'Donoghue, K.C., was appointed on the nomination of the employees; in the absence of any nomination by the Appellants, the Respondent F. H. McGuigan was appointed for them; and on the recommendation of the above two Respondents the Respondent His Honour Judge Colin G. Snider was on 30 the 1st of August 1923 appointed the third member, and was the Chairman, of the Board.

p. 227, 1. 35. p. 228, 1. 15. p. 229, l. 1.

> 7. On the 20th of August 1923 the Board by its Chairman gave notice of a meeting to hear the parties on the 24th of August 1923, with a request that all persons desiring to be heard should attend.

p. 231, l. 25.

p. 77, ll. 24

8. The Appellants did not dispute that the proceedings were regular, and that if the Statute was valid the order appointing the Board was good.

p. 1.

and 28.

9. The action out of which this Appeal arises was thereupon commenced by the Appellants by a Writ dated the 21st of August 1923 claiming (1) a declaration that the Respondents were without lawful authority acting as a Board of Conciliation and Investigation under the Industrial Disputes Investigation Act, 1907, and amendments thereto, in respect of an alleged dispute between the Appellants and certain of their employees, and (2) an injunction. On the same date the Appellants gave notice of motion for an injunction, and on the 23rd of August 1923 they gave notice

p. 3.

p. 5.

to the Attorney-General of Canada that the action had been brought and the notice of Motion had been given on the ground that the said Statute was not applicable to a dispute between a Municipal Public Utility Commission and its employees, and also on the ground that the said Statute was ultra vires the Parliament of Canada, the subject matter thereof being within the exclusive jurisdiction of the Provinces under the British North America Act.

10. The Motion was heard on the 23rd and 27th of August 1923 before p. 6, l. 15. Mr. Justice Orde, who on the 29th of August 1923 granted an interim 10 injunction restraining the Respondents from interfering with the Appellants' business or entering upon their premises or examining their works or employees on their premises, and from exercising any of the powers contained in Sections 30 to 38 of the said Statute, or any of the compulsory powers conferred by it, and from interfering with the property and civil rights or the municipal rights of the Appellants.

11. In his judgment Mr. Justice Orde referred to the powers given by p. 9, l. 1 the Statute to the Board to summon witnesses, including the parties to the et seq. dispute, to compel the production of books, papers and other documents, and to enter buildings and other premises for purposes of inspection, and to interrogate persons therein, which powers were sanctioned by penalties, and to the provisions of Sections 56 to 59 of the Statute designed to preserve the status quo until the Board had made its report and expressed the view p. 10, 1, 18. that the Statute purported "to interfere in the most direct and positive " manner with the civil rights of employers and employees and also with "the municipal institutions of this province, both subject matters of " legslation exclusively assigned to the provinces by numbers 8 and 13 " of the subjects enumerated in Section 92" (of the British North America Act). He stated that "assuming that the main purpose or object of the p. 9, 1. 44. Act falls within the residuary powers of Parliament under section 91, "the judgment of the Judicial Committee in City of Montreal v. Montreal " Street Railway Co. (1912) A.C. 333 has made it clear that the provision " at the end of Section 91, which limits the provincial powers even in " matters exclusively assigned to the provinces, applies only to the 29 enumerated classes of subjects assigned by Section 91 to the Parliament " of Canada" and "that to those matters which are not specified amongst

"the enumerated subjects of legislation in Section 91 the exception at " its end has no application and that in legislating with respect to matters " not so enumerated the Dominion Parliament has no authority to encroach "upon any class of subjects which is exclusively assigned to the Provincial "legislatures by Section 92." He then cited the words of Duff, J., in 40 the Board of Commerce Case (1920) 60 S.C.R., 456 at p. 508, in which this proposition is made to depend upon whether the Dominion Statute is "of such a character that from a provincial point of view it should be con-" sidered legislation dealing with property and civil rights" (in the Provinces), but he did not decide whether the Statute of 1907 is legislation "in relation to" such property and civil rights. He rejected any suggestion

that the provisions imposing penalties might be justified under the Dominion power to pass Criminal Laws, relying for this conclusion upon the decision in "In re the Board of Commerce Act, 1919" (1922) 1 A.C. 191.

p. 13.

12. The Respondents on the 13th September 1923 gave notice of Appeal to a Divisional Court from this interlocutory Order of the learned Judge, but before the Appeal was heard, pleadings in the action were delivered.

p. 15, l. 4.

p. 15, l. 12.

13. The Appellants by their Statement of Claim alleged that the said Statute of 1907 was not within the powers conferred upon the Parment of Canada by Section 91 of the British North America Act, and "dealt with" property and civil rights, one of the classes of subjects 10 exclusively assigned to Provincial Legislatures by Section 92 of the said Act; that the Appellants were carrying on the work of a Public Utility for the Municipality of Toronto and that in so far as it was sought to apply the Statute of 1907 to a municipality and its employees it was "an interference with "Municipal Institutions, also one of the Classes of subjects exclusively assigned to Provincial Legislatures by the said Section 92. and that the Dominion Parliament had no jurisdiction to "interfere" by legislation or otherwise with a local undertaking, its management or administration whether carried on by the Province or by a Municipal

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- Corporation by virtue of powers delegated to it by the Province.
- p. 15, l. 40 p. 17, l. 32 to p. 165, l. 4.

p. 165, l. 12.

p. 170.

14. The Respondents delivered their Defence on the 1st of October to p.17,1.24. 1923 and the case was tried on documentary and oral evidence before the Honourable Mr. Justice Mowat on the 19th, 20th, 21st, 29th and 30th of November 1923. On the 15th of December 1923 the learned Judge gave judgment (see para. 16 below), expressing a view opposed to Mr. Justice Orde, and on the ground that on the application for an interim injunction a Judge had decided that the Industrial Disputes Investigation Act was ultra vires the Dominion Parliament and that the said decision was deemed to be wrong and was of sufficient importance to be considered in a higher court, ordering that the action be referred to a Divisional Court, under 30 Section 32 of the Ontario Judicature Act; and the action accordingly came for hearing before the Appellate division of the Supreme Court of Ontario and was heard by five judges, viz., Sir Wm. Mulock, C.J.O., Magee, Hodgins, Ferguson, and Smith, JJ.A., on the 29th, 30th and 31st of January and the 1st of February 1924, and at the same time there was heard the Appeal of the Respondents from the interlocutory order of the Honourable Mr. Justice Orde, and by an order of the 22nd of April 1924, whereon Judgment was signed on the 21st of May 1924 it was ordered that the action be dismissed and that the Respondents appeal be allowed.

15. At the trial evidence was given establishing:

p. 121, l. 32 to p. 122, 1. 19.

(a) That in 1867, when the British North America Act was passed, industrial disputes in the sense in which they are known to-day did not arise in Canada, that Canada was then mainly an agricultural community consisting of scattered provinces more or less frozen up in winter and in some cases without railway connection on Canadian soil, that trade in Canada was small and that in 1871 there were only some 180,000 employees in 40,000 industrial establishments or an average of  $4\frac{1}{2}$  employees in each establishment.

RECORD.

(b) That since 1867 Canada has become a highly industrialised community with an annual manufactured output of many millions p. 232, 1. 13. of dollars, that about one-seventh in value of this output is manu- p. 124.1.1 factured in Toronto, that by reason of the specialisation of industry, et seq. the goods produced in Montreal and Toronto are linked up with goods produced elsewhere in Canda, the finished product of one industry becoming the raw material of another, and that when the process of production is stopped at any point, the results are widespread upon other industries.

(c) That local associations of employees have been replaced by p. 66, 11. 14 to 30. national and in some cases international unions comprising in many p. 67, 11. 6-43. cases many thousands of persons, that manufacturers are organised p. 114, l. 22. on a national basis, and that class feeling among the employees p. 115, ll. 9 to 48. is a fact of serious importance making possible sympathetic 37, p. 88, l. 31 to strikes, as was shown by the case of the great Winnipeg general p. 112, ll. 218-36. strike of 1919 which extended to other cities and provinces and 38. assumed the form of a political as well as an economic threat to the State.

(d) That industrial disputes, at least in certain cases and in p. 105, 1. 32, certain industries are matters of national and not merely provincial to p. 106, concern, as was shown by the situation shortly before the passing 1.35. of the Statute of 1907.

(e) That at the time when the Board was appointed the labour p. 83, l. 36 situation in other parts of Canada was tense, and had become so et seq., pp. serious that all the available permanent militia from as far west p. 91, 1. 34, as Winnipeg were moved to Nova Scotia, a movement which was p. 102, 1. 1 tollowed by protests from other parts of Canada and a strike of et seq. coal miners in Alberta, three thousand miles from Nova Scotia, the scene of the original trouble.

(f) That at the time of the passing of the British North America p. 122, ll. 7-Act strikes were illegal in Canada as being conspiracies in restraint 17. of trade.

(g) That the probable result of a strike in a key industry such pp. 127, 128, as the monopoly distribution of electricity in Toronto would be to  $\frac{129}{121}$ ,  $\frac{130}{122}$ deprive all manufacturing establishments in the district of electric 131, 132. power, with serious results upon the home and foreign trade of the

whole of Canada. 16. In his judgment Mowat, J., pointed out that "the question of p. 166, 1. 45. industrial strife, together with its ramifications and the growth of labour

unions, is vastly different from the condition existing at the time of the

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passing of the British North America Act in 1867 and the silence of the Act regarding 'labour' and the absence of the specific allocation of that " subject to the Dominions or the Provinces is thus accounted for." further referred to the fact that "the question of labour had for more than "twenty years been appropriated by the Dominion Parliament and "Government. There is a Department of Labour with a Minister of Labour in charge, periodical publications dealing with labour questions, the labour market, the current cost of living, and the employment of the military forces of Canada in the protection of property and the public safety where violent eruptions have occurred or may. This 10 Department has, by common consent of the Provinces during this long period, been the principal administrative means of dealing with the "question of eruptive industrial strife." While recognizing that this does not settle the constitutional point of law, he expressed the view that a declaration of the Court that all such administrative actions are to cease and inferentially that all the Governments and their law officers have erred or slept, should not be arrived at unless the law is clear."

p. 168, l. 38.

17. The situation in Canada the learned Judge found to be as follows:—

"It is important that a close touch should be kept of the " movements and variations of industrial strife and that this 20 " can best be done, as such strife existed in 1907, and until the

present time, by Federal Government.

"A general strike in Winnipeg in 1919 was only brought to an " end through the voluntary efforts of the non-industrial citizens " to break it, and to prevent the misery and under-feeding of "children which seemed likely to ensue. All important labour " unions in Canada were sympathetically affected by it from ocean " to ocean, and if it had spread, as at one time feared, ruinous " conditions would have ensued to trade and stable industry. " In such a case, provincial lines are obliterated and the Provinces, " not having the means of free and instant communication with

" each other or for concert, could ill avert Dominion-wide trouble. "The simple local strikes which alone could have been in " contemplation of the Fathers in 1864 and 1867 have given place " to those of Brotherhoods, composed in some instances of hundreds " of thousands and Dominion-wide in their operations and probably

" beyond the resources of each Province to deal with."

He came, therefore to the conclusion that labour legislation such as the Statute of 1907 was of national concern, and accordingly within 40 the jurisdiction of the Dominion, even though such legislation may "invade the field of" property and civil rights in the Provinces.

p. 171, et seq.

18. In the Appellate Division Sir William Mulock, C.J.O., Smith, J.A., and Magee, J.A., concurred in the reasons given by Ferguson, J.A. The learned Judge, after stating that it was not necessary to consider the constitutional validity of the sections of the Statute of 1907 which do not deal

with the powers of the Board (i.e., Sections 56 to 61), expressed the opinion that the Statute was not a law "in relation to 'municipal institutions' (8), "'local works' (10), 'property and civil rights' (13), 'or matters purely local' p. 172, 1. 34 " (16), as these words are used in sub-sections (8), (10), (13), and (16) of et seq. " Section 92 of the British North America Act, but is legislation to authorise " and provide machinery for conducting an inquiry and investigation into " industrial disputes between certain classes of employers and their employees, which disputes in some cases may, and in other cases will, develop " into disputes affecting not merely the immediate parties thereto, but the " national welfare, peace, order and safety, and the national trade and " business. The purpose of the inquiry authorised by the Act is, I think, "threefold: (1) the regulation of trade and business by preventing the "interruption of trade and commerce necessarily incident to delaying, "hindering, interrupting, or stopping the operation of mines or public " utilities; (2) the promotion and protection of national public peace, " order and safety by (a) confining the dispute to a limited district or bringing about a settlement; (b) by informing the public in reference "to the cause and nature of the dispute; (3) by bringing to bear upon "the parties intelligent public opinion, and through that agency prevent-"ing the breaking out and spreading of strikes or lockouts, and the "disturbances, rioting and breaches of the peace and criminal law which "it is common knowledge frequently follow the stopping, by strike or "lockout, of the operation of mines, agencies of transportation or " communication and public service utilities."

19. The learned Judge, while not definitely deciding the point, expressed p. 175, l. 30. the view that the weight of authority was in favour of the proposition that "except in conditions involving the very safety of the Dominion " as a political entity, the Parliament of Canada may not in its legislation "trench upon any of the subjects enumerated in Section 92 unless such " legislation according to its pith and substance is legislation in relation " to a class of legislation enumerated in Section 91 of the British North " America Act," and to that extent he declined to accede to the contention which the Respondents made, and will make, that the matters enumerated in Sections 91 and 92 do not cover the whole legislative field, but that there is a residuum (not limited to conditions involving the safety of the Dominion) of power in the hands of the Dominion to legislate upon matters of national importance even though such legislation may affect or incidentally deal with matters enumerated in Section 92. He held, however, that the legislation now in question fell within certain of the classes enumerated 40 in Section 91, namely, (2) "the Regulation of Trade and Commerce" and (27) "The Criminal Law," and on that ground held that it was within the jurisdiction of the Dominion.

by authority, that the Statute could not be supported either on the ground that it was an emergency measure necessary in the interest of the peace order and good government of the Dominion, or on the ground that it dealt with a matter of general Canadian interest and importance, or on the ground that it dealt with any of the classes enumerated in Section 91.

The Respondents humbly submit that this Appeal should be dismissed and that the Judgment of the Appellate Division should be affirmed for the following among other—

#### REASONS:

- (1) Because the Statute of 1907 in its proper aspect is not a law 10 in relation to any matter coming within any of the Classes of Subjects enumerated in Section 92 of the British North America Act;
- (2) Because the said Statute is a law for the Peace, Order and Good Government of Canada in relation to a matter not coming within any of the Classes of Subjects assigned exclusively to the Legislatures of the Provinces;
- (3) Because the main provisions of the said Statute are not in relation to any matter coming within any of the Classes of Subjects enumerated in the said Section 92 and the ancillary 20 provisions are reasonably necessary for the attainment of the object aimed at in the main provisions;
- (4) Because the said Statute is a law in relation to a matter of national importance.
- (5) Because the said Statute and its various provisions are legislation in relation to matters coming within the following classes of subjects enumerated in Section 91 of the British North America Act, namely, (2) The Regulation of Trade and Commerce and/or (7) Militia Military and Naval Service and Defence and/or (27) the Criminal Law;
- (6) Because the said Statute was within the jurisdiction of the Parliament of Canada;
- (7) BECAUSE the said judgment was right.

JOHN SIMON.
LEWIS DUNCAN.

## An the Privy Council.

No. 99 of 1924.

ON APPEAL FROM THE APPELLATE DIVISION OF THE SUPREME COURT OF ONTARIO.

#### BETWEEN

TORONTO ELECTRIC COMMISSIONERS
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AND

COLIN G. SNIDER, J. G. O'DONOGHUE AND F. H. McGUIGAN

(Defendants) Respondents

AND

THE ATTORNEY-GENERAL OF CANADA AND THE ATTORNEY-GENERAL OF ONTARIO - - - Intervenants.

Case of the Respondents.

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