



**Third Session - Thirty-Sixth Legislature**

**of the**

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Public Utilities**

**and**

**Natural Resources**

*Chairperson*

*Mr. Gerry McAlpine*

*Constituency of Sturgeon Creek*



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**Thirty-Sixth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA**

**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**

**Tuesday, June 10, 1997**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Gerry McAlpine (Sturgeon Creek)**

**VICE-CHAIRPERSON – Mr. Denis Rocan (Gladstone)**

**ATTENDANCE - 9 – QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Downey, Gilleshammer, Pitura

Messrs. Dewar, McAlpine, Penner, Reid, Rocan, Sale

**MATTERS UNDER DISCUSSION:**

Bill 3–The North American Environmental and Labour Cooperation Agreements Implementation Act

Bill 4–The Steam and Pressure Plants Amendment Act

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**Mr. Chairperson:** Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order. This morning, the committee will be considering two bills, Bill 3, The North American Environmental and Labour Cooperation Agreements Implementation Act; and Bill 4, The Steam and Pressure Plants Amendment Act.

To date, we have had no persons registered to speak to the bills this morning. If there are any persons in attendance today who would like to speak to the bills referred for this morning, please register with the Chamber Branch personnel at the table at the rear of the room. I will now canvass the room to see if there are

any persons wishing to speak to the bills that are referred to the committee this morning. Seeing none, is it the wish of the committee to proceed with clause-by-clause consideration of the bills? Agreed? [agreed]

In which order does the committee wish to consider the bills?

**Mr. Daryl Reid (Transcona):** Mr. Chairperson, for the sake of time, I believe Bill 4 is relatively straightforward, and if it would be the will of the committee, I would be prepared to consider Bill 4 ahead of Bill 3.

**Mr. Chairperson:** Is it agreed with the committee to proceed with Bill 4? [agreed]

**Bill 4–The Steam and Pressure Plants  
Amendment Act**

**Mr. Chairperson:** Does the minister responsible for Bill 4 have an opening statement?

**Hon. Harold Gilleshammer (Minister of Labour):** The comments I made in the House would be sufficient.

**Mr. Chairperson:** We thank the minister. Does the critic for the official opposition have an opening statement?

**Mr. Daryl Reid (Transcona):** Mr. Chairperson, just a few brief comments. The minister has, in addition to his staff, provided a briefing on this piece of legislation. We understand the intent of it. The only concern that we might have to register at this time is that should the governments decide to change in any way their responsibilities towards the inspection of pressure vessels that the other government would have to step in and make sure that those inspections are continued. That is the only concern that I would have.

I have registered that with the minister during the briefing, and as long as there is one level of government

that would continue with the inspections, I do not see that there is a problem because it is my understanding that there is duplication of services with respect to the inspection. So that is my only comments to this bill.

**Mr. Chairperson:** I thank the honourable member for those comments.

During the consideration of the bill, the preamble and title are postponed until all other clauses have been considered in their proper order.

Clause 1—pass; Clause 2—pass; Clause 3—pass; preamble—pass; title—pass. Bill be reported.

### **Bill 3—The North American Environmental and Labour Cooperation Agreements Implementation Act**

**Mr. Chairperson:** We will now proceed with Bill 3, The North American Environmental and Labour Cooperation Agreements Implementation Act. Does the minister responsible for Bill 3 have an opening statement?

**Hon. James Downey (Minister of Industry, Trade and Tourism):** The comments I made in the introduction, Mr. Chairman, I think should satisfy to explain the purpose and intent of this bill and would request a speedy passage of it in this committee. Thank you.

**Mr. Chairperson:** We thank the minister for those comments. Does the critic for the official opposition have an opening statement?

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, we are opposed to this legislation, and I do have some comments, some of which the minister may find repetitive, but I think they are important to put on the record.

\* (1010)

I would like to start with just the overview of what has happened in the period of time since the two free trade agreements have been signed. This one is specifically on NAFTA, but the FTA preceded

NAFTA, and it is essentially the same kind of legislation.

Mr. Chairperson, we only have to look at the structure of Canada's labour force to understand that the outcome, or at least one of the outcomes, of the accession to the free trade agreements, and the accession to these agreements will simply be an expansion of the Free Trade Agreement with the NAFTA side agreements on environmental co-operation and labour.

If we look at structure of the labour market, we can see that we have had an overall substantial loss of high-quality jobs. We documented the loss of manufacturing jobs in this province from in the area of 72,000 in the mid-1980s to the area of 58,000 to 60,000 today. That is a loss of 12,000 high-paying jobs. In Ontario alone, the loss of high-paying, stable, secure jobs has been in excess of 300,000; some estimates as high as 400,000, Mr. Chairperson.

What we are weaving ourselves into in the web of international agreements on trade is essentially a declaration of rights for capital and a declaration of war against labour. The overall impact has been to yield an economy in which service sector jobs have grown sharply. The government likes to take credit for the growth particularly, for example, of the telemarketing jobs, but the protections and quality of benefits, quality of working conditions, security of job, adequacy of benefits in the service sectors are notoriously markedly poorer than in other sectors, public sector and private sector jobs.

The service sector is not, generally speaking, protected by unions, so having a North American Agreement on Labor Cooperation—interesting, Mr. Chairperson, spelled in the American spelling, not in the British spelling, although the act itself, our act, uses the Canadian spelling, which is kind of interesting—the protection offered out of this act is for a decreasing sector of the labour force. We know the hostility of Mexico, for example, to unionization of its labour force. We know the trade unionists in the auto industry who have attempted to organize in Mexico have been murdered. They have not just been harassed—they do not stop at harassment—they have been murdered.

We know that environmentalists who have protested the appalling environmental conditions in the maquiladora corridor just inside the Mexican-American border have been harassed. We know that workers who have complained have simply been fired. Some have been beaten. These are well documented in video research films. They are well documented in the annals of the labour movement in the United States, Canada and Mexico, that the overall hostility of the new mobile capital to labour is very, very well documented. It runs deep and it runs violently against the rights of workers.

So when we have a North American Agreement on Labour Cooperation, it rings really hollow for the labour movement because the labour movement knows the hostility of the current governments to its purposes and goals in terms of the dignity of workers, the rights of workers, the protection of workplace safety and health, the environmental protections that make for safe working conditions and long-term jobs that will benefit families.

In entering into discussion of this bill, I think it is very important to understand that the forces of capital, which are the forces that gave rise to the Free Trade Agreement in the first place, and we need to be reminded of that, that it was the Business Council on National Issues that in concert with its very eloquent chairperson, Thomas d'Aquino, who brought to the Mulroney government, the political cousins of this government, the notion not of sectoral trade or managed trade in various sectors such as the Autopac which has yielded good jobs, stable jobs, high productivity and high profits for the auto industry. We have to remember that it was this same group that brought the Free Trade Agreement, meaning to be a broad omnibus agreement under which all tariffs would be addressed and not simply a managed trade within sectors, which was actually the preference of the Mulroney advisers when the first considerations of expanding trade agreements took place during the latter stages of the first Mulroney mandate.

The proposals from their staff were that further agreements be modelled on the Autopac and not on broad-based free trade. It was the business council on the national interest, and Thomas d'Aquino and his multinational CEO friends who persuaded the Mulroney government that they should go for a much

bigger catch in terms of making the world, making Canada safe for international capital. We need to remember that history that there never was any intent of protecting either labour or the environment. These weak agreements will do little or nothing to forward any intent.

The minister and the committee may be interested that there are no groups here in opposition today. The reason for that, of course, is that they made their opposition known in January when the government signed on to this agreement along with Quebec and Alberta, the only other two provinces, to my knowledge, that have indicated that they are going to ratify this agreement at this point, although others may have done so in the last few weeks. I am not aware of any that have.

The labour and environmental movements in Manitoba essentially treat these agreements as cosmetic. They treat them with contempt because they are very well aware of the appalling record, particularly of the southern United States and Mexico, in terms of protecting either labour or the environment. So when emperors come forward with proposals to provide long-term secure protection, and yet their record is that no such protection is available to either workers or the environment, then it is clear that while the emperors may think they are clothed in finery, the movements that actually know the issues know that the emperors are embarrassingly naked.

With those comments, Mr. Chairperson, I think we might proceed to clause by clause. I have some questions for the minister, so we can move ahead.

**Mr. Jack Penner (Emerson):** Mr. Chairman, I listened with great interest to the comments that the honourable member opposite made, and I think it behooves us all to take a real look at this bill and indicate or assess what this bill truly does when one has travelled significantly throughout the world. When one has travelled specifically in many of the Third World countries, and when one recognizes the tremendous and huge changes that have come about in many of these Third World countries, especially on the environmental side, one must recognize the co-operation that has gone on internationally on environmental issues. I refer to a trip that we made to South America, specifically Rio de

Janeiro and Curitiba and a number of cities in Brazil, including Sao Paulo, and when one looked at what those cities looked like from an environmental standpoint 20 years ago, and you compare them today, there is a recognition of the responsibility of the political system to clean up its act in a co-operative manner with other countries, abiding by some of the standards that have been developed, I think, in large part in Canada.

\* (1020)

I think Canadians, from the ambassador on down, have done an absolute fabulous job in convincing other nations that the environment, through networking and conferencing, is one of the key issues that we must address. Therefore, international agreements become absolutely important in the whole area. When one travels in Mexico today and compares the cities' air environment, the air pollution, compared to what it was 20 years ago, one can only be amazed at the dramatic changes that have come about in Mexico. When one travels across the countryside in Mexico and looks at the dramatic differences that are occurring today in operations compared to what they were 20 years ago, one must recognize the impact, I think, in large part—and it crosses all political bounds that the impact Canada has had in convincing others that the environment is important. Therefore, I think this agreement is a very consistent with that effort that has been made by Canadians in general and the environmental movement in Canada. I think of the profound effect that it has had in convincing others.

It is one step forward, but we cannot constantly sit on our laurels and allow the discussion and debate not to take place. It has to take place. These kinds of pieces of legislation that will bring together the players in a major manner, I think, are absolutely essential. I think it behooves us all in Manitoba specifically to be leaders. I think that is what this piece of legislation truly does. It demonstrates a leadership ability and a willingness to improve our environmental position from an economic base.

The honourable member mentioned before some of the things that have happened in Ontario. I am not going to recite chapter and verse on some of the things, but I think it is somewhat ironic that the member from

the NDP party sits here and wants to protect the high-level end of jobs in the country and talk about the people that have moved, the number of people that have moved, out of high-level paying jobs in Ontario. I would suspect that probably the political decisions of a previous government had much more to do with that than anything else that I see. I would suspect that you are going to see a re-entry of that labour force come back into Ontario, and the improvement of the economy will drive that. But simply to not allow the economic activities to kick in when they should be by virtue of government policies is unfortunate. I think that is what has driven out the investment community out of Ontario. Hopefully, this new government, by its actions, and by its debt reduction policies and new taxation policies, will encourage investment again in Ontario and will build our country.

Only through the development and creation of wealth will we truly be able to afford an environmental process that will improve all our lives. I think the honourable member needs to very carefully consider this kind of legislation. I think we all need to, because if we do not create economic climates that make it affordable to be environmentally sound, we will not have an environment. I think Third World countries have continually demonstrated that. It behooves all of us, I think, to encourage this kind of legislation that will drive economic forces jointly to encourage a much more stable economic situation in these Third World countries, such as Mexico, and thereby improve their environment. Thank you, Mr. Chairman.

**Mr. Chairperson:** Shall Clause 1 pass?

**Mr. Sale:** Is the preamble delayed to the end, the WHEREASes?

**Mr. Chairperson:** Sorry about that. We thank the honourable member. During the consideration of the bill, the preamble and the title are postponed until all other clauses have been considered in their proper order.

Shall Clause 1 pass?

**Mr. Sale:** The definition of "panel" on page 3, I wonder if the minister or his staff could tell the committee how a panel is going to be chosen and

convened? Who might chair such a panel, and where might the members be drawn from?

**Mr. Downey:** Mr. Chairman, it is spelled out on page 21 of the labour agreement as it relates to the selection of the panel and on page 22 of the environmental agreement. I could read it for the member if he so desires, or he can proceed to find it on his own. I will leave it to his choice. If he wants me to read it, I will. If not, he can comment on it after he has read it.

**Mr. Sale:** Mr. Chairperson, is it correct that the panel hearing any given issue will not be comprised of people from the countries of the parties to the dispute?

**Mr. Downey:** Mr. Chairman, the chair can be chosen from any jurisdiction as long as it is in agreement with the parties, the chair is in agreement with the parties, and each disputing party shall select two panelists who are citizens of the other disputing party.

**Mr. Sale:** Could the minister just point out the actual clause where that is covered.

**Mr. Downey:** On the labour, it is on page 20, Article 32, Clauses (b) and (c).

**Mr. Sale:** Mr. Chairperson, does the minister consider that this has any implications for the sovereignty of any of the nations who are party to this agreement? In other words, the appointment of a panel that involves each other's citizens appointed by the other and the chair coming from neither of the parties or none of the parties to the dispute, does he view this as having any implications for national sovereignty?

**Mr. Downey:** No, Mr. Chairman, because I do not believe it is a matter of giving up sovereignty. It is a matter where three jurisdictions have agreed to make sure there is an enforcement of laws within their jurisdictions and a panel set up for the purposes of carrying out the agreement.

But as it relates to any endangering or any direct imposition on the removal of any sovereign rights of any jurisdiction, no. I mean, an agreement per se is saying that they are agreeing to have certain things happen, but it is on a neutral basis, so I do not see it as challenging or removing anybody's sovereignty.

**Mr. Sale:** Mr. Chairperson, I find that puzzling, because it seems to me that the way the agreement works—and I have read both the labour and the environment side agreements I think reasonably carefully. It appears to me that when an issue is in dispute, the issue goes to a panel; the panel has the right to find in a binding fashion in favour of one or other of the parties.

\* (1030)

The panel process is not unlike any arbitration process with which we are familiar except that a final and binding and unappealable decision is being reached by an unelected panel drawn from members appointed by governments to a roster, that the government of Manitoba, for example, were it to be the subject of a suit by, let us say, a company like Louisiana-Pacific, could find itself before an arbitral panel. The panel would consider L-P's position and the province's position and would find in favour of one or other of the parties or might find in favour of both in some fashion.

But the fact is the decision is unappealable. It is binding. It can be enforced by virtue of trade sanctions via offsetting tariffs that approximate the damages that the panel finds have been incurred, and nothing this government does can change that. If that is not a diminution of sovereignty, I do not know what is.

**Mr. Downey:** Mr. Chairman, first of all, Canada is not able to use trade sanctions, and, secondly, the member for the longest time and in his opening comments has said that this is a toothless agreement. He has indicated that it does not have any power or any authority, that it is taken, as far as the organizations, lightly; it does not seem to mean a lot. Now he is trying to make the case that it is a matter of sovereignty.

I would also like to point out to the member that there is an ability, if a person feels that their sovereignty is threatened, to withdraw from the agreement if it does not fit within the overall terms which the jurisdictions and which we have entered into, does not satisfy what we have intended it to do.

So I do not see this as a major threat to our sovereignty. I see it as a matter of doing precisely what

it said it would do, and that is the enforcing of the environmental and labour laws within the different jurisdictions to further enhance the trade agreement which, by the way, I think is tremendously important and helpful to the economy of Manitoba, to Canada, and enhancing the trade relationships with United States and Mexico.

The numbers are proving it, Mr. Chairman. I could get into a long debate as to his comments about the lowering or the less-value jobs that we have. We have seen a major shifting of jobs from manufacturing to some more high-tech jobs. It is not a matter of people going into totally service industries. In fact, today we have some of the major computer companies in our province in that service industry that are looking for computer-capable people, not at what would be considered manufacturing kinds of wages, but would be substantially higher than that. There is a shortage of people.

So what we have seen having to take place are retraining activities, the encouragement of people to be retrained to get into what are higher-paying jobs. Our aerospace industry is one clear example of very high-paying jobs. We are seeing Boeing, quite frankly, adding to their workforce on a steady basis, all in the high-paying category.

So I do not accept, Mr. Chairman, that we are in any way in a worse position today. I think the jobs that we have out there are clearly good jobs and are on the road to improvement.

I do not accept his argument. I do not accept his debate as being one which will cause a major lot of problems for our province as it relates to this legislation that we are proposing to pass. Again, he cannot have it both ways. On one hand, he says it is toothless and not meaningful, and now he is trying to make the case that it is in some way endangering the sovereignty of our nation. So I do not quite know where he is coming from. Mind you, Mr. Chairman, I am not pressing him to explain.

**Mr. Sale:** Nevertheless, not being pressed, I will explain anyway, Mr. Chairman. I think the minister was not listening carefully to my opening remarks.

**An Honourable Member:** That could have been the problem.

**Mr. Sale:** That could have been the problem. The labour and environmental groups see this as a toothless agreement from the perspective of protecting the interests of the environment or the interests of labour. They see it as a pernicious agreement in terms of forwarding the interests of capital and particularly the interests of multinational corporations. So it is not toothless from the point of view of forwarding some of the things we have found not to be very helpful to ordinary Manitobans. Just so I clarify for the minister, that is the distinction here.

The difficulty with the panels, Mr. Chairperson, is that the interpretation of Canadian law will be in the hands of American appointees to an arbitral panel and Canadian appointees on the American side, and a chairperson from a neutral country. And the minister has not responded to the issue that I raise, that these are unappealable, binding orders. The minister indicated that we do not have access to tariffs. My understanding and reading of the agreement is that in fact the way in which the orders of an arbitral panel are to be enforced ultimately is by offsetting sanctions on tariffs, sanctions in the form of offsetting tariffs, so that the aggrieved parties can recover the award in the amount that the award was provided for. I think that is a fair summary of the implementation measures in the last sections of both of the agreements in terms of how the sanctions are to be enforced.

In terms of the panel presentation, the panel issue, and we may cover this later in the act, but my understanding is the private rights section in part 6 on page 27 of the labour agreement, and there is a similar agreement on the environment, no party may provide for a right of action under its domestic law against any other party on the ground that another party has acted in a manner inconsistent with this agreement.

Now, Mr. Chairperson, this is the negative statement. It is put in the negative in terms of sovereignty. Sovereign nations, generally, can pass laws that deal with infringements to its codes, whether they are labour codes, environmental codes, safety codes, public health codes. Generally speaking, sovereign states can pass

laws about any issue that they think is within their interest and can then enforce those laws on all parties.

Generally speaking, courts do not like it if you try to enforce a law only on one sector of an industry. For example, you cannot go after one, you cannot pass a law designed to get at one company, and that is important to understand that. But in broad terms, there is a prohibition here that says you cannot take action under your own law against somebody else that is a party to this agreement.

Now, if that is not a diminution of sovereignty, I do not know what is. Again, Mr. Chairperson, I would be interested in the minister's response that panels are going to hear, panels as defined, are going to hear appeals. They are ultimately going to issue orders. The orders are not appealable when they are in their final form, and the country involved cannot take any action under its own law against another party. So the notion of being able to continue under your own law to deal with your perception of the breaking of your own law against another party goes out the window with this agreement. You can only go through the arbitral panels, and they are beyond the reach of provincial legislatures, beyond the reach of this Legislature. How does the minister respond to that?

\* (1040)

**Mr. Downey:** My first response, Mr. Chairman, is that is the purpose of the agreement so that we do not get into the situation of having to try to put extraterritorial legislation in place that cannot be enforced in another jurisdiction.

I want to also indicate to the member, Mr. Chairman, that we have already had experience under the NAFTA agreement where we have gone before a panel, for example, with the exportation of pork out of the country of Canada where, in fact, the panel system is virtually the same as what we are putting in place. It has worked. It has worked very successfully for the benefits of our country. That is what this is all about where you get into dispute where trade is involved, and now with labour and environment issues involved, there is a process and a mechanism through a panel to go before where all jurisdictions have agreed to do so.

Without that, what system is there in place to resolve the issues that are developed as it relates to environment, labour and trade? That is what the agreement is all about. It speaks to the difficulties that would be there, Mr. Chairman, but that is why we are entering these agreements. It allows us the ability to resolve issues that arise without having to try to pass legislation that is outside the jurisdiction of the partnership agreement.

So this is a mechanism. It is a process in place that will resolve, we believe, to the best interests of the people of Manitoba and Canada and the other jurisdictions, issues that to date there has not been a mechanism to do so. That is why we are entering into this, Mr. Chairman. It is not a matter of giving up sovereignty. It is a matter of entering into an agreement in which we all believe in the panel process, as has been demonstrated under the trade agreement or the resolving of issues that have developed on the trade agreement.

For example, the imposition of tariffs or penalties on Canadian pork going into the United States, quite frankly, Mr. Chairman, were imposed unlawfully and unacceptably under the agreement. There was a panel that adjudicated and said that the U.S., in their imposition of those penalties, were inappropriately done. It goes to the panel which is being set up basically the same as these are set, and the monies that were collected at the border are now being returned to the producers of that product in our country.

So I am satisfied. There has already been a demonstration of the panel process under the NAFTA agreement that has worked that can equally work as well under the labour and the environmental agreements. It is not a matter of giving up sovereignty. It is a matter of having a process in place so that three nations can in fact do business and do business which they, being represented by their appropriate leaders, have been given the mandate to do so. There has just been a re-election in at least two of those jurisdictions of which they are continuing with the support of the public of both countries—the election of the President of the United States, and the election of the Liberal government in Canada, which by the way had a different position at different times as it relates to free trade.

**Mr. Sale:** Mr. Chairperson, I think this is a very important debate because it goes right to the heart of public policy and the role of government in making public policy. I ask the minister to consider the fact that under the Free Trade Agreement, what is generally being regulated is the economic trade activities into another jurisdiction. He uses the example of pork, and I think that is a perfectly good example; softwood lumber is another one. There are a number of various examples we might use.

In these cases, Mr. Chairperson, what we are talking about is the fair trade of goods and services from Canada into another situation. We are appealing then, in that case, the case of pork, we are appealing an unfair trade practice which was resulting in losses to our pork producers. So we are, in effect, appealing for fairness in another jurisdiction's trade policies.

Now, what we are implementing here by these two side agreements is something in which we are looking at the rights and needs of parties that are not generally put forward as grounds for any kind of trade sanctions or trade hearings. In general, I have not heard of the United States of America, which is the biggest party here, going into any of the parties' countries and appealing the unfair labour practices of Mexico or Chile, in the mines of Chile, for example, where workers have been exposed to horrendous risks. It has been the work of the steelworkers and the auto workers going into those mines and raising questions about environmental safety and workplace safety which has raised some concerns on behalf of companies like Inco and Falconbridge and Cominco who are big operators in Third World countries.

Essentially, Mr. Chairperson, what we are saying here is put those groups which have generally been foxes in charge of areas that have generally been chicken coops. I have yet to hear of any North American jurisdiction—and perhaps the minister can give me some examples—appealing an unfair labour practice in another jurisdiction. Did Canada go to bat for Cesar Chavez and the farm workers? Did the Canadian government go to bat? I do not think so. Has any Canadian government intervened in the appalling mining situation in Chile? Not that I know of. Has any Canadian government taken Mexico to court or attempted to raise issues of the incredible use of the Rio

Grande as a sewer on behalf of the maquiladora corridor?

This is the precise opposite of what the Free Trade Agreement provides for. The Free Trade Agreement provides for a country to demand more economic returns from its trade, as in the case of pork, for example. These agreements essentially imply that governments and companies will willingly go into other countries and appeal against those other countries' labour practices and environmental practices that unfairly subsidize or unfairly make those countries able to compete in a way that is not a level playing field.

In fact, all of the evidence, it seems to me, is the opposite. The Americans pressed for the maquiladora corridor, the zone on the northern Mexican border precisely to escape American labour and environmental regulations. That was the precise reason for it, get cheap wages, get lousy regulation, get poor environmental practices because you can make a lot of money in that situation. So that is why those things were done.

I see no evidence in history that suggests that this government of Manitoba or the Canadian government or the American government is very interested in going into Third World or other countries, or North American countries who have joined the NAFTA regime, to investigate their labour practices and their environmental practices and hold them up for scrutiny. In fact, they have done the opposite. They have sought the opportunities because those environments were cheaper to do business in.

So I see this as a very different kind of agreement and not at all likely to attract the same kind of concern or interest as the Free Trade Agreement because when the pork producers had a concern about their income, they certainly were hard at work to try and protect that, but I have yet to see a Canadian government go to bat for workers in another country or for the environment of another country.

I would be interested in the minister's comments.

**Mr. Downey:** Well, Mr. Chairman, this gives the member an opportunity to reconsider his position in

opposing this bill. That is exactly what we are doing, is we are changing history. We are allowing the opportunity for other jurisdictions to go in and challenge the labour practices, to challenge the environmental practices. In fact, the environmental agreement, as it is being presented, allows nongovernment environmental people to go in and challenge the environmental practices in those other jurisdictions, to appeal to the panel.

I would hope that he would reconsider his position, because the argument that he is making about the history of what has happened in labour practices, what has happened in environmental practice, is because there has not been a mechanism to do that. We are now giving him the opportunity to fulfill his wishes. This gives the opportunity to do exactly what he is saying has not been able to be done.

He is out of order, Mr. Chairman, by bringing Chile into this. This does not allow us to deal with Chile. This allows us to deal with the NAFTA agreement. I would, though, however, seeing he has opened the opportunity, believe that within Chile we are seeing a tremendous opportunity for Canadian companies, Canadian labour and the improvements in standards because of the capital that has invested in Chile, not only because of the Chilean-Canadian agreement that has been signed, but previous to that, Canadian capital going in, and I have to say to some degree some of the mining companies were driven out of B.C. because of some of the philosophical—

**Mr. Sale:** Labour and environmental standards.

**Mr. Downey:** No, it was not. Because of some of the philosophical differences in taxation policies in B.C.

But, Mr. Chairman, what has happened is the capital has gone in. They have found once they get into Chile—and this is from first-hand experience—that they are not able to disregard the environment, that they are not able to disregard the workforce, that they are, in fact, taking in Canadian engineering, Canadian practices, codes of practice, and, in fact, they are being good citizens of those countries.

\* (1050)

That is how you do it, is by strengthening your economic ties, your business ties and taking the practices that have taken place in our country, and they have had to live within improved situations, and thank goodness they have, because I can make some references, having experience in the past with some of the oil activities in southwestern Manitoba where, quite frankly, practices were carried out in the beginning stages of oil development in southwestern Manitoba that were totally unacceptable—totally unacceptable. I would not endorse them; I would not support them in the way in which, for example, salt water was handled in certain situations, and improvements have now taken place, the handling, the lining of pits for oil wells.

That kind of technology through trade agreements and through business agreements will improve situations where there has been a disregard in the past for practices of industry or practices of people who are involved in development.

So, Mr. Chairman, I would hope the member would see the errors of his ways in opposing this bill to this point, and, now, through his own raising of these issues in this committee, make a turn, make a turn to become supportive of this bill. Again, it is the opportunity for him to see an opportunity to improve the situation under these agreements. It gives the opportunity for other parties to bring to the attention of the panel discrepancies within the laws of the other jurisdictions and to the enforcement of those laws and to what is happening.

So I think he has made a pretty good case for moving aggressively to support this bill before he changes his mind again and goes back so he is in opposition to it. I think he has come a long way.

**Mr. Sale:** Mr. Chairperson, I guess I would really welcome the government to show me that it is serious, because, obviously, it is going to pass this bill. So I will be very interested to hear the news of the first appeal taken under this act by the government of Manitoba.

But I wonder if the minister could confirm that in fact the government of Manitoba will not be able, under these two agreements, to in fact take any action, because the right to take action to sue in Mexico or the

United States—and I am assuming Chile will access NAFTA within the next little while, so I was using Chile perhaps in a future sense, but I am assuming that we will have another agreement next year to talk about the Chilean-Canada agreements that are underway at this point—I wonder if the minister could confirm whether the government of Manitoba, under this agreement, could reach into, let us say, Franco-Nevada Mining company and its practices in Colorado and sue that company for breach of American environmental laws on the basis that somehow one of our mining companies in Bisset is being harmed by the unfair environmental practices of the Franco-Nevada company. I am using that only as an example, Mr. Chairperson.

**Mr. Downey:** Mr. Chairman, first of all, we have to be clear that this is a sidebar agreement with the federal government, and it would have to be the example he lays out, it would have to be in concert with the federal government. We could not strike out on our own and do it without having the federal government as part of it, because this agreement falls under the federal government's authority. We do not have that ability to do so unless the federal government is part of it.

So that would be one of the first gatekeepers of whether or not we would be able to advance it, but again, if there were activities being carried out under the environment or labour regulations within a jurisdiction, were not proceeding to carry them out to satisfaction and were affecting us in a way in which they were using labour or environmental practices that were not to the advantage of what we see, in fact hurting the companies that were operating out of our jurisdiction, the federal government would have to be in concert with it, why would we not proceed? But he has to be aware of that. We cannot unilaterally as a province move out from under the agreement and say now that we have an agreement with the federal government, it is our sole authority to do so. It still has to be under the overall agreement with the federal government.

**Mr. Sale:** Mr. Chairperson, could the minister point out where, under the environmental side agreement, there is the right of any government, Canada or Manitoba or both, to sue for damages another party, specifically another company?

**Mr. Downey:** Mr. Chairman, you cannot sue for damages, but you can in fact raise under the agreement where practices are being carried out and the local legislation is not being enforced. That is the process that would have to be carried out, but not the ability to sue for damages.

**Mr. Sale:** Mr. Chairperson, I wanted to confirm that that was my understanding of the agreement as well, that there is no ability of governments to sue for damages. There is, however, if the minister could confirm this, the ability of companies such as the Euro-Nevada company, again, the Franco-Nevada company to use the same example, to sue the government of Manitoba for nonenforcement or too severe enforcement or unfair enforcement of Manitoba's laws and to extract damages from the government of Manitoba. There is a right of parties to sue us but not of us to sue individual parties.

**Mr. Downey:** Mr. Chairman, I am told, and I understand, that there is not an ability for them to sue us for damages, that the agreement states that they can do the same thing as what we are able to do in that jurisdiction, that they could come after us for not enforcing the laws of our land as it relates to the environment and/or labour, but they cannot sue us for damages, and there would be penalties if we did not enforce the laws of our land. There could well be penalties imposed upon us which could be used to put in enforcement mechanisms for the purposes of enforcing the legislation.

\* (1100)

**Mr. Sale:** Mr. Chairperson, I wonder if the minister could clarify page 5 of the Environmental Cooperation side agreement: "Private Access to Remedies shall include rights, in accordance with the Party's law, such as: (a) to sue another person under that Party's jurisdiction for damages; (b) to seek sanctions or remedies such as monetary penalties, emergency closures or orders to mitigate the consequences of violation of its environmental laws." Perhaps I am reading this incorrectly, but it seems to me that (a), (b), (c) and (d) give private parties certain substantial guarantees which are not afforded to governments under this agreement.

**Mr. Downey:** There is nothing changed, Mr. Chairman. We already have the ability to do so under environmental and labour laws currently. This does not add any additional ability for anyone to come and sue the province or to do anything that is not already there under our current environmental legislation.

**Mr. Sale:** So to clarify then, the minister is saying that this is simply restating existing protections and there is no diminution of existing rights because of this side agreement?

**Mr. Downey:** That is correct, plus our parties have the same kind of protection in the other jurisdictions that we have signed the agreements with.

**Mr. Sale:** Could the minister indicate what the role of panels or of these side agreements through the convening of panels would be on the many existing bodies? I think of the commission, for example, that oversees the Great Lakes watershed and the environmental quality of the Great Lakes. I have forgotten the exact name of it, but it is International Joint Commission on the Great Lakes or something to that effect. We also have a similar body here I think that deals with watersheds that cross international boundaries and the rivers that flow through the Prairies.

How does this agreement impact on the ability of those panels or the rights of those existing commissions?

**Mr. Downey:** There are two agreements that I am aware of; one is the International Joint Commission that is the body that governs the waters or looks after the concerns of water movement between the international boundary and the 49th Parallel. There is also the interprovincial agreement between the provinces of Saskatchewan and Alberta that determines, for example, the amount of waters that we get from Saskatchewan and when the flows come. Sometimes it is a little bit of a disagreement because I happen to have communities that are along the boundary.

We are entitled to 50 percent of the water that would come out of that watershed. Unfortunately, a lot of times we get it in the spring of the year. We would like some to come in the fall of the year as well. But I am

told by staff and I would agree that this agreement would be complementary to the work of those bodies not in any way taking away any authority that they have.

**Mr. Sale:** One of the concerns that many groups have with these agreements is that I guess the phrase that is often used is the lowest common denominator. When you have multiple jurisdictions involved in environmental law or labour law, in particular, it seems reasonable to assume that there would be pressure from companies, from perhaps even jurisdictions, to compete on the basis of standards as opposed to competing on the basis of quality. I think that one of the key economic concepts is that price competition has its limits because ultimately you can only drive prices down so far before—you cannot drive them any farther. But quality competition has essentially no limits.

Conceptually, we can always improve the quality of a product or the productivity of a product, so economists generally favour competition on the grounds of quality and productivity in the long run because that sustains an economy rather than competition on the basis of price which tends to drive down prices, wages, inputs, et cetera, just purely to gain a price advantage rather than a true competitive advantage.

How do these side agreements deal with the question of the pressure which is certainly well understood in southern American states, such as Florida, Texas, Louisiana, to have little or no protection for labour? There are many right-to-work states, I think some 23 or so of them in which there is no protection for unions at all in their function. There are many states in which environmental regulations are seriously at odds with stronger regulations in, for example, the northwest area of the United States which has some very strong environmental regulations.

How does this agreement—and again we are talking about panels, Mr. Chairperson. I know we are stretching the panel issue here, but all of these things ultimately have to come before panels so that is the tie into this question—how do these agreements deal with that pressure to dumb down our regulatory environment for competitive reasons?

**Mr. Downey:** Both agreements, Mr. Chairman, explicitly speak to that and I can read for the member for his benefit. Each party—and this is in the environment agreement, and I am just taking the—

**An Honourable Member:** Could he take to reference the pages.

**Mr. Downey:** Yes, page 3, Article 3, Levels of Protection. I will just take the pertinent part out. “Each Party shall ensure that its laws and regulations provide for high levels of environmental protection and shall strive to continue to improve those laws and regulations,” specifically stated.

In the labour one that is on page 3 under Article 2, Levels of Protection, again: “Affirming full respect for each Party's constitution, and recognizing the right of each Party to establish its own domestic labor standards, and to adopt or modify accordingly its labor laws and regulations, each Party shall ensure that its labor laws and regulations provide for high labor standards, consistent with the high quality and productivity workplaces, and shall continue to strive to improve those standards in that light.”

\* (1110)

Both of them, Mr. Chairman, speak very directly not only to the maintenance of high standards but to improve those standards.

**Mr. Sale:** Mr. Chairperson, is the government then going to repeal or amend substantial parts of the labour legislation package that it passed last year because, presumably, certainly the united view of labour and many of the groups in the community that are concerned about this would indicate that from their perspective these are substantially unfriendly to the very issues that are raised here. The minister certainly pointed out the correct place of obligations, but this simply underlines the concern that I raised earlier.

This government, of which this minister is a senior member, has a lousy record, frankly, when it comes to protecting the rights of labour. He laughs, and I am sorry he laughs. We have had deaths reported that were totally unnecessary because this government would not enforce its workplace safety health regulations. Stop-

work orders are ignored. Mine safety has only improved because there are fewer miners working in the mines. It is improved because we have invested in technology, not because the actual number of deaths per hour worked has substantially changed. We still have far too many people who are killed or maimed in industrial accidents because this government's record on workplace safety and health is, frankly, terrible.

This government has taken great pride and pleasure in announcing the more than 5,000 telemarketing jobs, not one job of which is protected by Workers Compensation. They are not covered by Workers Compensation, because they are exempted. When appeals have been made in the case of some of those companies to have workplace safety and health inspections of the worksite, if those inspections are done, they are done with the utmost leisure. So I have a great deal of concern about the dumbing down of the regulatory environment both for environmental purposes and for labour purposes.

This government took a direct run at teachers last year in terms of teachers' ability to access fair arbitration, a process that has gone on for decades in this province and which has yielded wages which are exactly in line with all the other wage structures including that of the public and private sectors. It took specific aim at the ability of unions to forward its interests. I did not see any legislation that said every shareholder of ENSIS or any other publicly traded corporation has to approve any political activity on the part of the corporation before the shareholder's money in the form of profits can be used for that purpose, but we have legislation that says that unions cannot undertake political activity unless they have the approval in advance of their members. I did not see anything about Inco or the various mining corporations having to have the approval of their shareholders specifically in advance before they undertook to lobby this government or any other government for their own particular purposes.

So, Mr. Chairperson, the minister wants to hold up this agreement as a lever to improve the standards of labour and environmental protection, but this government's actions are not consistent with that. This government was prepared to amend parks legislation and to allow uses of land within parks for whatever

purposes. It seems that a park in Manitoba is only a park as long as it does not have minerals under it or forest in it that needs to be logged. So L-P gets the rights to log right into all sorts of areas which are provincial forests—oh, yes, provincial forests, not provincial parks, Mr. Minister, provincial forests.

We have big discussions about the Lowland Park and who is getting to decide what areas will be exempted. Well, Inco is, because there are mineral deposits potentially in parts that were going to be set aside as the Lowland Park. So a park, apparently, is any place that does not have something of economic value to be mined or stripped out of it in Manitoba.

So, Mr. Chairperson, I understand that the theory here is wonderful. But I also understand that if you want to look at the record on labour, I have not heard this government come forward voluntarily with a resolution that says that we will not do business, we will not support doing business with countries that exploit child labour. In fact, one of their own members said yesterday on the media that the only way that a family can survive in Pakistan is if they have lots of kids out at work. Well, I think it might have been better to say that it is unacceptable that children be exploited in the way that they are exploited in Third World countries. I think it ought to be unacceptable that children do field labour in this province in the summer. These are children in the ages of 12 and 13 that I am talking about who are doing field labour, harvesting vegetables.

I do not see any commitment on the part of this government to increasing or enhancing labour standards. All I see is actions over the last couple of years to take away the rights of labour, to diminish the ability of labour to forward its interest, to collectively bargain. There is no interest on the part of this government to be particularly proactive from an environmental health and safety perspective or from any other or many other of the co-operative activities. Article 11, which puts forward quite a good-sounding list of things that ought to happen, and certainly I agree they ought to happen, but this government has not shown itself to be a friend of these particular activities.

**Mr. Downey:** I am trying to be brief, Mr. Chairman. Number one is that my laugh was coming when he

referred to me—I thought he was referring to me as an old member. I guess it was a senior member and not as being old. I guess I have to agree that I am older than he is, maybe—[interjection] Not much. No. But anyway that is not the issue that is before us.

I want to make the point that we, in the province of Manitoba, have labour standards that are internationally accepted. Number two, we have a mandate from the people of Manitoba to carry out the legislative packages that we have passed in the last few years. We have in fact improved the economy and the job opportunities by doing so. So we have three mandates supported by the people of Manitoba. We are entering into an agreement that is no way going to lessen the labour standards of the province of Manitoba but will in fact help the people of our province grow and expand as it relates to international marketing and gives us the opportunity to make sure that the labour and environmental laws are enhanced in those jurisdictions that were doing business.

**Mr. Sale:** Mr. Chairperson, I would conclude discussion of this particular area just by reinforcing for the minister the facts on what is improved. What is improved, in terms of the economy, is the total gross domestic product of Manitoba. It certainly has gone up. What is improved is the employment levels in the service sector in Manitoba. Those have gone up. Employment in all other sectors is either flat or down, but what any fair reading of the statistics would suggest is that what is improved is the protection of capital and their return to capital in this province. So in that sense the minister is right. From the perspective of his party, this is a very welcome improvement. From the perspective of the workers of Manitoban, including the high-wage and low-wage workers, the total workers of this province have seen a loss of 8.6 percent of the purchasing power of their dollars since this government has been in office.

The average wages of all Manitobans taken together has declined by 8.6 percent in real terms in the period of time from 1988 to 1996, approximately seven years. The environment in which this agreement is being put forward, these agreements are being put forward, the free trade environment, the monetarist environment, the freedom-for-capital environment has produced benefits

for capital, and it has produced a growth in the economy. But I think this is a really important qualification for the government to understand, virtually all of the benefits that had been obtained, and they are real benefits, have flowed to capital and flowed to the interests of capital. They have not flowed to the interests of ordinary people.

They have seen their wages, their take-home pay, diminish in real terms. They have seen the quality of their work life diminish. They have seen their insecurity in their communities increase. They have seen the opportunities for their children weakened. You do not have to go to very many surveys to get that reinforced. You do not have to go to very many doors, as I am sure the minister may have done in southwestern Manitoba, although in that area he will get a very different reading than one gets when one does the same thing in the city or in the North or in the Parklands Region, because there is no question that the economy of southern Manitoba is more buoyant than the economy of urban Manitoba, central Manitoba and northern Manitoba.

I think it needs to be said that the environment in which we are considering this bill is one in which there has been an increasing division between the haves and the have-nots, an increasing sense of dis-ease on the part of most families, a loss of purchasing power, of take home pay and correspondingly an increase in profits and an increase in the value to capital of their investments, primarily through investments in manufacturing capital and in what might be called portfolio capital, that is, investment capital.

That has seen a very good rate of return, if that is your business, but for ordinary families this has not been a wonderful period of time. It has been a wrenching, insecure, quite frightening period of time. When you couple that with the fact that ordinary families for their children are paying more and more to have their children in public schools, they are paying more and more of the burden of their health care, they are less and less able to claim employment insurance because of federal changes to the Employment Insurance Act, one can see that this entire environment is one that, as I said at the outset, is very friendly to capital and very unfriendly to labour.

The final comment that I would make is to ask the minister to go and look at the distribution of incomes and he will find that in the last decade the wage income of the lowest quintile, that is dividing the economy into five groups of equal size and then looking at the incomes of those five groups, he will see that the wage income of the lowest quintile has fallen by 50 percent, not five percent but 50 percent.

\* (1120)

Their overall incomes have actually slightly increased because of the effect of the social security net. Now, we will see that that will get worse as the years roll forward because that net has gotten progressively more full of holes in the last few years.

But no country can prosper over the long haul if the wage incomes of its lower 20 percent fall by that much in a decade. If the minister would look at the wage incomes of the next groups, he will find that it is a progressive pattern in which the wage income of the next group up falls by a smaller but still startlingly high percentage and so on until you get to the wage incomes of the upper quintile which have grown. So the disparity has moved from 10 to 1 to over 25 to 1 between the highest and lowest wage incomes of the quintiles. That is the environment we are producing with this free trade regime to which these two agreements are sidebars.

So the minister can boast about the provincial economy, and I quite readily acknowledge that there have been benefits gained over the last eight or 10 years, but they have been very unevenly gained. They flowed disproportionately to capital and disproportionately to higher income groups. The real wages of real Manitobans have fallen on average, and the real wages of lower-income Manitobans have fallen in a way that can only produce social unrest and social disease over the medium term if we do not change the way we do business. We are headed for the same kind of environment that we see, unfortunately, in American cities in which the suburbs and the outside areas are wealthy, the older cities are declining and the rate of social unrest and social breakdown is frightening.

I urge the minister, who I think knows his own constituency very well, to perhaps take the opportunity

to walk around some of the urban constituencies and see the alienation, anger, the disenchantment with the democratic process itself that leads to terribly low voter turnout and leads to people saying I am not voting for any of you guys; you are all a pack of thieves. I find that hard to accept at the door because I know that honourable members are not, but, certainly, the public perception is that government offers less and less to ordinary and to poorer citizens in the way of protection, and these two agreements do nothing to change that.

**Mr. Downey:** Mr. Chairman, the only part of the comments I will agree with is when he agrees that the economy is doing very well in Manitoba. I will not get into any further debate. He has his positions and his feelings, and it is time to pass the legislation.

**Mr. Chairperson:** Clause 1—pass; Clause 2—pass. Clause 3(1).

**Mr. Sale:** Mr. Chairperson, could the minister clarify the effect of Clause 3(2)?

**Mr. Chairperson:** I just remind the honourable member for Crescentwood, we are on Clause 3(1).

**Mr. Sale:** Oh, I am sorry. I thought you were doing the clauses as a group. [interjection] Okay, pass.

**Mr. Chairperson:** Clause 3(1)—pass. Clause 3(2).

**Mr. Sale:** The same question to the minister, what is the effect of Clause 3(2)?

**Mr. Downey:** The actions can only be carried out in the Court of Queen's Bench.

**Mr. Sale:** Mr. Chairperson, I am not clear on the meaning of the minister's answer. Perhaps he could just expand a bit?

**Mr. Downey:** Only the commission can bring it before the Queen's Bench from another jurisdiction. The commission that is in place that has a difficulty is the only body that can bring it forward to the Court of Queen's Bench.

**Mr. Sale:** So just to clarify, Mr. Chairperson, in the case of the Ethyl Corporation versus the Government of

Canada, which is an action under the NAFTA agreement—it is not under these side agreements yet, I guess. If this were under one of these agreements, is the minister saying that Ethyl would go to a panel, the panel would hear the appeal and would make a finding, and if the finding were in Ethyl's favour, the commission panel would go to the Court of Queen's Bench?

That is the issue I am trying to understand and be clear on, Mr. Chairperson.

**Mr. Downey:** Mr. Chairman, the Ethyl case he refers to is a bad example, but the way this would work is that an individual or a company that would be troubled or have a complaint would have to encourage the government jurisdiction to bring it forward to a panel. Then the panel would take it to the commission, and the commission would have to determine as to whether or not it had merit and after a series of reviews and investigations could then decide to proceed to the Court of Queen's Bench.

So it is not an individual. The governments would have to cause the actions that would follow through to the commission taking it to the Court of Queen's Bench.

**Mr. Sale:** Could the minister explain why the Ethyl example is a bad example?

**Mr. Downey:** The Ethyl example has nothing to do with the enforcement of legislation. It is the legislation itself, and these panels, this sidebar agreement is the enforcement of laws in other jurisdictions, not the actual laws itself.

**Mr. Sale:** Mr. Chairperson, that is an important issue, and I am not sure that I understand clearly the distinction here. The Ethyl appeal is against a piece of environmental regulation that outlawed the use of a particular gasoline additive, and so the minister is saying the Ethyl case is against the appropriateness or the legality of that act under the NAFTA agreement, whereas these sidebar agreements would not deal with the legality of an act passed by a domestic party to the agreement but only with the enforcement of existing legislation.

**Mr. Downey:** That, I am told, is correct.

**Mr. Sale:** Mr. Chairperson, then could the minister then clarify, if Manitoba decided that it needed to change its, let us say, forestry practices in regard to how logging might take place and might, for example, decide there could be no clear-cutting, that it would have to be the Swedish approach of selective harvesting as opposed to clear-cutting, that would then become a law of Manitoba, a regulation. If a company like Louisiana or Repap or Pine Falls wished to appeal that, they would not appeal under these provisions, they would appeal under the NAFTA agreement itself? Is that what the minister is saying?

**Mr. Downey:** Under the environmental agreement, the environmental law means that any statute or regulation of a party or provision thereof the primary purpose of which is the protection of the environment or the prevention of a danger to human life or health and as it relates to the for the greater certainty, the term "environmental law" does not include any statute or regulation or provision the primary purpose of which is managing the commercial harvest or exploitation or subsistence or aboriginal harvesting of natural resources.

**Mr. Sale:** Pass.

**Mr. Chairperson:** Clause 3(2)—pass; Clause 3(3)—pass; Clause 3(4)—pass; Clause 3(5)—pass. Clause 3(6).

**Mr. Sale:** Mr. Chairperson, is this simply saying that at the point at which it goes to Queen's Bench no one else can get in, that it is all over at this point from the point of view of appeals?

**Mr. Downey:** That is affirmative.

**Mr. Sale:** So, Mr. Chairperson, essentially this underlines the fact that findings of panels are final and they are simply being entered at Court of Queen's Bench. They cannot be appealed. There cannot be any further process.

**Mr. Downey:** That is affirmative.

\* (1130)

**Mr. Sale:** Mr. Chairperson, just for the record, I would just say that that, again, to me at least, is an example of

a sovereignty diminution on the part of countries and citizens and companies and organizations. I just note as well that it is interesting that in the environmental side agreement, there is a right of parties to sue, et cetera, but the same right does not seem to appear in the labour agreement, which I found puzzling in terms of, I thought the two agreements would be completely parallel, but they do not seem to be parallel in that regard.

**Mr. Downey:** The observation of the member is accurate. Under the environment one there is the ability to sue, but not under the—no, just a minute, correction. Mr. Chairman, the discrepancy which should be pointed out is that individuals or organizations under The Environment Act can call for investigations, not under the labour agreement.

**Mr. Sale:** Mr. Chairperson, can the minister illuminate why that might happen. Environmental groups are powerful and certainly have clout and have exercised it but so does labour. Why is organized labour or other organizations not free to do the same thing as organized environment groups?

**Mr. Downey:** I guess, Mr. Chairman, my explanation for it would be that there appears to be I think a probably more organized ability under the systems that are available within governments for the labour movements. The environmental ones are probably less directly organized and, again, this was part of the overall federal agreement. That is the best explanation I can give, and I would not—put it this way, that it might be possible to make a presentation to the federal government to see if there would not be a reconsideration of that, because I would not be absolutely opposed to it as it relates to identifying or looking at a particular problem with labour, as it is with environment.

**Mr. Sale:** Mr. Chairperson, would the minister be prepared to undertake to raise that question in the appropriate councils, because it seems to me that this is precisely the argument that he was making earlier, that this gives, expands, the whole area of the ability of interested parties to try and raise the standards.

No body that I know of has been more committed to trying to raise the standards of labour and protection for

labour than the labour movement. That, obviously, is its history, and yet under this agreement it does not have the right to go to the government of Mexico and say you are not even enforcing your own lousy labour laws in regard to the rights of labour, let alone raising them close to the standards of the other parties to this agreement.

So if the minister would give that undertaking, I would be very happy.

**Mr. Downey:** I will proceed to do what I can, Mr. Chairman, to raise that issue and to see if there is an ability to improve on it.

**Mr. Chairperson:** Clause 3(6)–pass; Clause 4(1)–pass; Clause 4(2)–pass; Clause 5(1)–pass; Clause 5(2)–pass; Clause 6–pass; Clause 7–pass. Shall the preamble pass?

**Mr. Sale:** Mr. Chairperson, I am wondering if the minister could tell me whether the province, in acceding to this bill—it also presumably has an interest in the issue that the Ethyl Corporation has raised. The Ethyl lawsuit is \$251 million to cover losses resulting from essentially future earnings which is being, in their lawsuit, considered to be expropriation, presumably a rather expanded notion of expropriation, but, nevertheless, it is seeking very, very large losses.

Is the government of Manitoba taking any kind of position on the appropriateness of MMT being used in our gasoline in Manitoba? Is this an area in which the province has any concern?

Obviously, if the Ethyl Corporation is successful in this suit, it substantially broadens the whole area of the rights of capital to force sovereign states to use whatever capital wishes to have used in its products. I would reference the latest WTO ruling on hormone-induced-growth beef in Europe, which ruled that Europe could no longer exclude American hormone-induced-growth beef from its market on the basis that no scientific evidence existed showing that this beef was harmful to consumers.

It seems to me that this is just another very clear example of how sovereignty goes down the tubes when

the only issue is the ability of large corporations to profit from the production of goods and services, even if the peoples of the nation involved, by their own democratic will, do not want that product. The company still has the right to force it in, and by virtue of price competition can essentially establish a beachhead for that product, and the Ethyl Corporation and the beef producers of the United States essentially are all arguing the same thing, that nations do not have the right to regulate their trade on the basis of the preference of their citizens or a perceived problem. They have to show beyond any reasonable doubt that there is a problem, and that is the only basis on which trade can be restricted.

I would suggest, for example, the importation of fissionable products into Canada to be reprocessed into enriched uranium at the Douglas Point reactor in Ontario is another similar example. The environmental movement cannot show and nobody could show that there will be damage. All they can raise is the question of risk, and under the apparent jurisdictional authority of the WTO, or NAFTA in this case, risk does not matter. Risk is not an issue.

The only thing that can be dealt with is the actual perceived scientifically demonstrated risk that has to be quantifiable, and I would suggest that if there is no concern on the part of government, then they really have ceded a great deal of sovereignty in their vision of how trade ought to take place through these and other agreements.

**Mr. Downey:** Dealing with the specific question, we are in the process of fully monitoring the actions that are taking place, and it is in full discussion within the departments, and—

**Mr. Sale:** The Ethyl?

\* (1140)

**Mr. Downey:** The Ethyl. That is why I am dealing with the specific question, and I can tell him that we will continue to govern in the interests of the people of Manitoba as it relates to the laws and the policies that we have put forward, Mr. Chairman, and I acknowledge the comments the member has brought to the table.

**Mr. Chairperson:** Preamble—pass; title—pass; Bill be reported.

**Voice Vote**

**Mr. Chairperson:** Agreed? All those in favour of the bill being reported, please say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, please say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** In my opinion, the Yeas have it.

**Formal Vote**

**An Honourable Member:** Recorded vote.

**Mr. Chairperson:** Recorded vote has been requested.

*A COUNT-OUT VOTE was taken, the result being as follows: Yeas 4, Nays 3.*

**Mr. Chairperson:** The motion has been carried. The bill will be reported. The time being 11:40 a.m., committee rise.

**COMMITTEE ROSE AT:** 11:40 a.m.