

Olympics 1976

The Prime Minister reported that in accordance with the Cabinet decision, he had written to Mayor Drapeau of Montreal, with copies to Premier Bourassa and Mr. Rousseau of the Olympic Organizing Committee, drawing attention to the sizeable deficit which the federal government believed would result from the Olympics budget as proposed and asking how the City of Montreal intended to obtain a guarantee to meet this deficit. Mr. Drapeau had at first replied that the Province of Quebec would cover it; he had now expressed some doubts about Quebec's willingness to do so, if the deficit were to be as great as estimated by the federal government. Plans for the Olympic games would probably in that event have to be cancelled. Mayor Drapeau however questioned the reliability of the federal figures. Since then, the Prime Minister reported, discussions between officials had been held and there was reason to believe that the federal view of the financial situation was gaining some acceptance. Regarding the question of gold coinage, it had been ascertained that there were no legal impediments to the special issue mentioned by the Olympic Committee, but that various circumstances, including the U.S. law forbidding the holding of gold coins, made it most unlikely that this would be a paying proposition in anything like the amount which the Olympic Committee needed to meet expenditures.

The Prime Minister pointed out that Montreal would have to turn to the Government of Quebec as the source of a guarantee for the anticipated deficit. He would be speaking to Mr. Bourassa and both he and Mr. Drapeau would be told that the federal government's position (as contained in the recent correspondence) would have to be made public in the near future. In this connection the Prime Minister wondered how soon the letter should be made public.

During the discussion the following points emerged:

(1) In the light of the Olympic Committee meeting in Lausanne on February 3, there were strong reasons to make public the letter within the next three or four days so that all those concerned in the meeting would have had some advance warning. There was also a notice of motion for the production of documents relating to the Olympics to which the government would have to respond.

(2) Some Ministers considered it important to make clear that the government was prepared, given all party agreement in the House, to proceed with the legislation necessary to authorize special coin and stamp issues and a lottery. If the federal government willingness were not made clear, there was a risk that eventual cancellation of the Olympics could be blamed on the federal government's failure to be forthcoming in these areas.

(3) Other Ministers warned against the precedent which would be established by agreeing to giving up the federal government's seignorage rights. It was noted that legislation may not be required for the coinage. Despite these concerns, however, it seemed to be necessary to indicate the government's willingness to consider the Committee's requests sympathetically and, indeed, should the deficit guarantee be forthcoming from the Quebec government, to take specific legislative action if the Opposition parties agreed.

(4) If the Olympics organizers are convinced that the games are not financially feasible, it would be appropriate for the federal government to be co-operative if approached by those organizers to help in the tactics of making a withdrawal decision public.

(5) Arrangements should be made to brief the Montreal Caucus and press on the facts of the matter and the federal position.

The Cabinet noted:

(1) the Prime Minister's report on his correspondence and discussion with Mayor Drapeau and the subsequent meeting of officials regarding the financing of the 1976 Olympics in Montreal; and

(2) the fact that these discussions revealed the continuing likelihood of a sizeable deficit in operating expenses even if all revenue-producing proposals put forward by the Canadian Olympic Organizing Committee were to be implemented.

The Cabinet agreed that:

(1) the Prime Minister should speak to Mr. Bourassa about the position of the federal government on the Olympic Games and make clear that there would be a need to make public not later than the beginning of next week his letter to Mayor Drapeau unless a guarantee to cover any deficit which might arise was forthcoming in the meantime from the Province of Quebec or the City of Montreal;

(2) if the guarantee were not forthcoming and the letter was published, and if questioned about its attitude towards the Organizing Committee's request with respect to coinage, stamps and lotteries, the government should indicate that its position was not negative and it would give sympathetic consideration to them if the necessary guarantees were forthcoming or had been forthcoming; and

(3) the Minister responsible for the Olympics should make the necessary preparations to have full publicity given to the facts of the question, should the letter be published, including details about finances and anticipated deficits, and to have the Montreal caucus, the press and the mayors of the municipalities of the Island of Montreal briefed on all the facts and on the federal government's position.

Ministerial Directorships In Corporations

The Prime Minister drew attention to a question on the Order Paper, to which he was replying, which asked whether any Cabinet Ministers were directors of corporations and whether any Ministers had resigned as directors of corporations on being sworn in as Cabinet Ministers.

Olympics '76'

The Prime Minister said that he had asked the President of the Treasury Board to take on responsibility, for internal purposes, for co-ordinating federal inputs into the 1976 Summer Olympics. The Prime Minister pointed out that it might be desirable, at a later stage, to appoint another Minister in Mr. Drury's place.

Mr. Trudeau indicated that he did not intend to make an announcement of the fact that the President of the Treasury Board was assuming federal responsibility for the time being. In answer to any questions, he could simply indicate that the Treasury Board was co-ordinating the various federal measures.

The Cabinet noted that the President of the Treasury Board was to take on responsibility for internal purposes, for co-ordinating federal inputs into the 1976 Olympic Games.

Elevator Strike

The Minister of Labour raised the question whether the federal government should take any further action with a view to ending the Quebec strike, which had so far lasted about five months. The Quebec government had passed legislation ending the strike, and the British Columbia government had sought an injunction to the same effect. The problem then remained only in Ontario, and public pressure was developing for an end to the strike in that province. While this was a matter which fell within provincial rather than federal jurisdiction, there was increasing pressure on the federal government to take some action. Mr. Munro pointed out that he could, if the Cabinet wished, write to the Ontario government offering the conciliation services of his department in assisting the provincial government to settle the strike. While the province would likely refuse the offer, the federal government would at least be seen to have made a constructive effort.

It was pointed out that, if a letter were sent, it would be desirable not to emphasize the fact of provincial jurisdiction, as the federal government might have constitutional grounds for intervening, should the strike become sufficiently serious. It was also pointed out that there was a very real danger that the provincial government might accept the federal offer and put the responsibility for any settlement on the federal government. An alternative course would be to encourage the Opposition parties in Ontario to press the provincial government for a settlement of the strike.

The Cabinet agreed that the Minister of Labour should not offer the conciliation services of his department in settling the current strike.

that the budget as presented would not be balanced. Some Ministers felt that, while the letter from Premier Bourassa did protect the federal government's position for the time being, considerable pressures would arise after the Olympics for the federal government to pay any deficit which might have arisen. The Prime Minister made it clear that as far as he was concerned the federal position was firm and would not change.

The Cabinet agreed that, on the basis of the letter received from Premier Bourassa and subject to the receipt of similar letters from the City of Montreal and COJO, the Prime Minister would make a statement in the House of Commons on February 2nd covering the following points:

(a) the federal government, as previously stated, was not prepared to provide special assistance in financing the Olympic Games to be held in Montreal in 1976;

(b) the letter from the Premier gave clear assurances that, if a deficit occurred in the budget as presented by the Mayor of Montreal and COJO, his government would not seek federal financial assistance to meet it;

(c) the letters from the City of Montreal and COJO gave the same assurances;

(d) the federal government, on the basis of these assurances, was prepared to place before Parliament legislation authorizing, as requested by COJO, the issue and sale of special Olympic stamps and coins with the net proceeds of the sale accruing to the Organizing Committee for the purpose of financing the games;

(e) the federal government was also prepared in principle and subject to discussions with the Province of Quebec and the City of Montreal,

(i) to allocate federal funds which would in any case be spent in Quebec under existing programs such as the ones administered by CMHC, to finance reasonable and proper costs incurred in the construction of such Olympic facilities as the Olympic Village; and

(ii) to meet reasonable and proper incremental costs arising from services such as those associated with the maintenance of order and security which it would normally be expected to provide for events such as the Olympics;

(f) the question of financing the incremental costs, which would be incurred by the CBC should it act as host broadcasting agency, remained open and subject to further consideration.

The Cabinet also agreed that:

(a) the letter from the Province of Quebec, the City of Montreal and COJO could be tabled now;

(b) other correspondence together with related documents could be tabled when legislation on the issue of coins and stamps was presented to Parliament; and

(c) before this legislation was presented, the government should review in detail COJO's plans with respect to the issue and sale of coins and stamps to ensure that they are reasonable and acceptable.

Confirmation Of The Decisions Of Cabinet Committees

The Cabinet confirmed the decisions of Cabinet Committees as contained in the following committee reports:

1. Prices of Wheat Sold For Domestic Human Consumption  
(Cabinet Document 89-73)

The Cabinet Committee on Government Operations at a meeting on Monday, January 29, 1973, considered a memorandum of the Minister Responsible for the Canadian Wheat Board, Mr. Lang, (Cab. Doc. 1106-72, December 5 and an Addendum dated January 18, 1973), concerning the allocation of two-price wheat funds and the arrangements for distribution in 1973.

The Committee agreed that:

(1) no change should be made in the present regulations under the Canadian Wheat Board Act, and that wheat for domestic human consumption should therefore continue to be sold at \$1.95½ per bushel, basis No. 1 Canada Western Red Spring;

(2) the Minister Responsible for the Canadian Wheat Board should discuss with the President of the Treasury Board the appropriate vote wording relating to the distribution of two-price wheat payments to producers and whether this item should appear in the Main Estimates for 1973-74 or in the Final Supplementary Estimates;

(3) subsequent to the discussions mentioned in (2) above the Minister Responsible for the Canadian Wheat Board should bring back for Cabinet discussion his proposal on the method to be used for the distribution of two-price wheat funds.

2. Revised Capital Budget 1971-72  
Northern Canada Power Commission  
(Cabinet Document 91-73)

The Cabinet Committee on Government Operations at a meeting on Monday, January 29, 1973, had for consideration a joint memorandum of the Minister of Indian Affairs and Northern Development, the President of the Treasury Board, and the Minister of Finance (Cab. Doc. 1219-72, November 14) concerning the Revised Capital Budget of the Northern Canada Power Commission for the fiscal year ending March 31, 1972.

The President of the Privy Council and Leader of the Government in the House noted that the Cabinet Committee on Legislation and House Planning had approved a draft Bill entitled, "Statute Law (Superannuation) Amendment Act", date stamped June 1, 1973, but had agreed that further work should be done with a view to correcting certain inconsistencies, and that the Bill would be reviewed at a later date, before introduction, in the light of this work. The Minister of Finance suggested that the Staff Association be consulted before the Bill was introduced.

The Cabinet agreed to approve the Bill as drafted subject to the following:

(a) that Treasury Board officials, in consultation with Departments concerned, would proceed with a review of the inconsistencies between various pension schemes; and

(b) upon approval by Treasury Board of the corrective action recommended following that review, further amendments would be submitted to the Committee for incorporation in the Bill.

An Act Respecting the 1976 Summer Olympic Games  
Loi concernant les Jeux olympiques d'été de 1976

The Cabinet had for consideration a draft Bill entitled, "An Act respecting the 1976 Summer Olympic Games" (Bill date stamped June 6, 1973), together with a report from the Cabinet Committee on Legislation and House Planning (Cab. Doc. 571-73, June 6) on the same subject.

The Prime Minister said that he had signed the Bill and that it had been placed on the Order Paper, with a view to having first reading on Friday, June 8. The Prime Minister noted that he had approved a change which would result in the operations of the lottery being subject to regulations approved by the Governor-in-Council.

The Cabinet approved the Bill as drafted to be put on the Order Paper the same day.

- ii) such amount as may be prescribed by order of the Governor-in-Council on the recommendation of the Minister of Transport;
- (c) the amount of the tax in respect of travel between Canada and countries outside the taxation area to be the lesser of
  - i) ten dollars, and
  - ii) such amount as may be prescribed by order of the Governor-in-Council on the recommendation of the Minister of Transport;
- (d) the amount of tax under b(ii) and c(ii) above be established at eight dollars; and
- (e) the tax extension be announced by the Minister of Finance as he sees fit and implemented on a date to be recommended by the Minister of Transport in consultation with the Minister of Finance.
- ii) le montant que peut prescrire par décret le gouverneur en conseil sur recommandation du ministre des Transports;
- c) la taxe payable pour le transport d'une personne entre le Canada et un pays se trouvant en dehors de la zone de taxation soit égale au moins élevé des montants suivants:
  - i) dix dollars, ou
  - ii) le montant que peut prescrire par décret le gouverneur en conseil sur recommandation du ministre des Transports;
- d) la taxe payable en vertu des alinéas b(ii) et c(ii) ci-dessus soit fixée à huit dollars; et que
- e) le ministre des Finances annonce ces nouvelles dispositions lorsqu'il le jugera à propos, et que celles-ci entrent en vigueur le jour que recommandera le ministre des Transports de concert avec le ministre des Finances.

2. Request for Exemption from Duties and Taxes for the 1976 Olympic Games  
(Committee Report 153/76CR)

Demande d'exemption de droits et d'impôts - Jeux Olympiques 1976  
(Rapport du comité 153/76CR)

The Cabinet Committee on Science, Culture and Information had for consideration at its meeting on Tuesday, April 13, 1976, a memorandum signed by the Minister of Finance (Cab. Doc. 153/76, March 19, 1976) concerning a request for exemption from duties and taxes with regard to the 1976 Olympic Games.

1976 Olympics

The Prime Minister brought to the attention of his colleagues a letter from the Premier of Quebec on the 1976 Olympics. In the letter, the Premier gave assurances that if the deficit occurred in the budget for the Olympic Games as prepared and presented by COJO, the Government of the Province of Quebec would not turn to the federal government to meet any part of the deficit. The Prime Minister suggested that, if Cabinet agreed that the letter represented sufficient assurances that the federal government would not become involved in any special financing for the Olympic Games, he would propose to make a statement in the House of Commons the following day. In the statement, the Prime Minister would repeat that the federal government would not make any special contribution, and state that the letter from the Premier of Quebec gave assurances that the Province of Quebec would not be asking it do so. On this basis, the federal government would be prepared to submit to Parliament legislation authorizing the issue of special coins and stamps for sale to the public with the proceeds from the sale accruing to COJO. Other costs would have to be met. Among the most important of these were such facilities as the Olympic Village. The federal government would be prepared to allocate funds which would be spent in any case in the Province of Quebec for the financing of such facilities. The federal government would also agree to finance some of the incremental costs resulting from services which it would be expected to provide should the Olympics or a similar event be held in Canada. Examples of such costs were RCMP and military personnel costs and customs and immigration services. The federal government would be prepared to enter into discussions with respect to financing these costs. It would want to make sure that these and all other costs were carefully controlled and reasonable. The CBC might incur incremental costs also amounting to some \$25 million if it were to act as the host broadcasting agency. However, there was no need to settle this particular question immediately.

A number of Ministers noted that the letter from Premier Bourassa did not state that the Province of Quebec would finance any deficit which did arise; it simply stated that it would not look to the federal government to meet the deficit. While Quebec would be prevented from appealing to the federal government, the City of Montreal and COJO would be free to do so. Ministers feared, in particular, that the Organizing Committee, which was a national committee, would incur debts which it could not meet and would be used as a vehicle for appealing to the federal government for funds. It was agreed, therefore, that letters similar to the one from Premier Bourassa should be obtained from the City of Montreal and COJO.

Some Ministers felt that the assurances of the Province of Quebec did not go far enough and urged that the position of the Province of Quebec be further articulated so as to make it clear that the Province of Quebec would meet any deficit which did arise. The Prime Minister said that the letter resulted from extensive negotiations with the Province of Quebec and that it would not be possible to obtain this additional guarantee. If Cabinet did not consider the letter to offer sufficient assurances, he would accept this decision and inform Premier Bourassa. The result would in all probability be the cancellation of the Games. It was suggested that in any statement the Prime Minister should make it clear that on the basis of the analysis it carried out, the federal government expected



the principles embodied in the resolution were embodied in an Act of Parliament. The Minister of Communications noted that the Leader of the Official Opposition had said that he recognized that the possibility existed that the guidelines might have to be changed and that although he was putting forward the amendment, he would support the resolution as tabled by the government.

The Prime Minister agreed with the President of the Treasury Board. The government should speak against the amendments and also vote against them. The Minister of Finance indicated that he would be prepared to lead the debate on this point during the course of his intended speech on the Resolution to be given Monday, June 4th.

Mr. Drury then raised the question of the motion proposed by the Social Credit Party which technically was not before the House because the Conservative amendment had already been put. Ministers agreed that there was considerable benefit to be gained in arranging for all the votes on the Resolution to take place at the same time. With this in mind, Ministers agreed that some effort should be made to secure an order of the House during the course of Friday afternoon's sitting whereby it would be agreed that both the two motions would be considered to be before the House and that all of the votes could take place at the same time.

The President of the Treasury Board requested that each Minister should write a letter on the resolution to all of his employees, including a copy of the Resolution as passed by the House. The Prime Minister suggested and the Cabinet agreed that this latter suggestion should be deferred until the next meeting of the Cabinet when a draft form letter might be presented to Ministers for their consideration.

#### An Act Respecting The 1976 Summer Olympic Games

The Cabinet had for consideration a draft Bill entitled "An Act respecting the 1976 Olympic Games" (Bill date-stamped May '8, 1973) together with reports from the Cabinet Committee on Government Operations (Cab. Doc. 484-73, 527-73, and 544-73).

A draft Bill respecting the 1976 Summer Olympic Games had been considered at two meetings of the Cabinet Committee on Government Operations held on May '8 and May 28, 1973. The draft Bill, date-stamped May '8, 1973, had been approved by the Committee subject to having certain questions referred to Cabinet. At a meeting on Monday, May 28, 1973, the addition of a preamble to the Bill had been considered by the Committee.

The Prime Minister dealt initially with the preamble to the Olympic Bill. It was approved without substantive discussion.

The Prime Minister then dealt with the recommendation to delete clause 5(2) from the draft Bill. The President of the Treasury Board said that the section should be deleted. It set a limit to the number of designs that could be produced.

(d) the Minister responsible for the Olympics should be directed to report to the Cabinet Committee on Government Operations on the status of federal involvement in support of the Olympics on a quarterly basis commencing September 30, 1973.

Proposed Rail Freight Rates Increases

Projet de majoration des tarifs de transport de marchandises par chemin de fer

The Cabinet had for consideration a memorandum to the Cabinet from the Minister of Transport (Cab. Doc. 490-73) and a report from the Cabinet Committee on Priorities and Planning (Cab. Doc. 542-73) concerning the proposed rail freight rates increases.

The Minister of Finance suggested that as an additional bargaining point the Minister of Transport should be authorized to indicate that in return for a railway commitment to a general rail rate freeze for a period to be negotiated, the government should agree to protecting additional lines provided there was a uniform expiry date for all protected lines, the expiry date being January 1, 1975.

The Cabinet agreed that:

(a) the Minister of Transport be authorized to negotiate with the railways with a view to obtaining a commitment on:

(i) a voluntary freight rate freeze for as long a period as can be achieved;

(ii) changes in specific rail rates to be announced at the Western Economic Opportunities Conference; and

(iii) participation in any ongoing consultative programs on freight rates and industrial development arising from the Conference;

(b) the Minister of Transport be authorized to use as bargaining points that:

(i) the government would be prepared to recommend to the Governor in Council that the remaining unprotected branch lines be frozen, which would enable \$11 million in outstanding claims to be paid to the railways; and

(ii) the government would proposed legislation to amend the Railway Act to make available on a current basis payments for losses on branch lines and uneconomic passenger services;

SECRET

1972 Olympic Games

The Minister of National Health and Welfare said that it would be important for the government to issue an early statement with respect to its support for the application of Banff for the 1972 Olympic Games.

Appointments: Canadian Pension Commission

The Cabinet approved the recommendations of the Minister of Veterans Affairs:

(a) that Dr. Ulric Blier be appointed a Commissioner of the Canadian Pension Commission for the period November 15, 1965 to December 28, 1971, inclusive, at a salary of \$16,000 per annum; and

(b) that Mr. Stephen G. Mooney be appointed a Commissioner of the Canadian Pension Commission for the period October 1, 1965 to April 18, 1968, inclusive, at a salary of \$16,000 per annum.

Orders in Council were passed accordingly: (P.C. 1965-183 and P.C. 1965-184, February 4).

R.G. Robertson,  
Secretary to the Cabinet.

SECRET

(i) to amend Section 5 of the Bretton Woods Agreements Act to give effect to the above increases in subscriptions to the IMF and IBRD; and

(ii) to amend Section 7 of the Bretton Woods Agreements Act to provide that annual reports be submitted by the Minister of Finance on operations of particular interest to Canada under the Act during the previous calendar year not later than March 31 each year.

Winter Olympic Games, 1972  
(Previous reference February 4)

The Minister of National Health and Welfare raised the matter of federal government support for the Winter Olympic Games which were being sought for Calgary-Banff in 1972. Those interested in promoting the holding of the Games in Canada in 1972 wished to know if the government was prepared to give support.

The Prime Minister stated that the federal government had to support the efforts being made to bring the 1972 Winter Olympic Games to Calgary-Banff, but that such support had to be subject to the achievement of satisfactory arrangements with the provincial and city governments and with the association pressing for the selection of Banff.

The Cabinet agreed in principle, and subject to the working out of satisfactory arrangements with regard to costs and other matters, that the federal government should indicate its willingness to support the program to secure the Winter Olympic Games for Banff in 1972.

Canadian Winter Games, Quebec, 1967

The Minister of National Health and Welfare introduced a memorandum recommending that the government approve financial support for Canadian Winter Games, 1967, by means of federal grants to La Corporation des Premiers Jeux d'Hiver Canadiens and enter into an agreement in this connection with the Corporation and the Province of Quebec (Cab. Doc. 82/65).

There were a number of international games tournaments, such as the Olympics, and Commonwealth Games but there were no Canadian Games on a cyclical basis. It was now proposed to introduce such a program.

Confirmation of the Decisions of Cabinet Committees  
Confirmation des décisions des comités du Cabinet

The Cabinet confirmed the Decisions of the Cabinet Committees as contained in the following Committee Reports:

Le Cabinet confirma les décisions des comités du Cabinet telles qu'elles apparaissent dans les rapports suivants des comités:

1. Federal Involvement in the 1976 Summer Olympic Games  
(Cab. Doc. 526-73)  
Participation du Fédéral dans les Jeux Olympiques d'Eté de 1976  
(Doc. du Cab. 526-73)

The Cabinet Committee on Government Operations, at its meeting on Monday, May 28, 1973, considered a memorandum from the President of the Treasury Board (Cab. Doc. 510-73, May 23, 1973) concerning overall federal involvement in the 1976 Summer Olympic Games.

The Committee agreed that:

- (a) the introductory statement to the Olympics Bill should identify the level of anticipated federal financial involvement, and should inform the House of the government's decision to treat proposed expenditures as an integral part of the normal estimates review and debate procedures;
- (b) federal involvement in those activities listed in Appendix I, attached to Cab. Doc. 526-73, should be approved in principle, subject to the approval of necessary funds by Treasury Board;
- (c) the provision of specialist personnel to COJO should be approved on the following basis:
  - (i) specialist personnel of approximately 25 man-years may be seconded for the period 1973 to 1976,
  - (ii) seconded personnel will be provided under normal program funding,
  - (iii) departments and agencies to be provided with a list of specialist man-years required by COJO and to be asked to nominate available and suitable candidates, and
  - (iv) terms and conditions of secondment of personnel to COJO will be developed between the Treasury Board Secretariat, the sponsoring departments and COJO; and
- (d) the Minister responsible for the Olympics should be directed to report to the Cabinet Committee on Government Operations on the status of federal involvement in support of the Olympics on a quarterly basis commencing September 30, 1973.