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Amendments to the Olympic Games (1976) Act

Modification de la Loi sur les jeux olympiques de 1976

The Cabinet had for consideration a document submitted jointly by the Postmaster General and the President of

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the Treasury Board (Cab. Doc. 308-75, May 16, 1975) and a report from the Cabinet Committee on Priorities and Planning (308-75CR, May 20, 1975) concerning a proposal to extend the Olympic coin program; and a document from the President of the Treasury Board (Cab. Doc. 312-75, May 6, 1975) and a report from the Cabinet Committee on Science, Culture and Information (312-75CR, May 28, 1975) concerning statutory protection for the Olympic trademarks and copyrights.

In introducing the discussion, the Postmaster General briefly reviewed the Olympic financing measures with which the federal government had been involved. The lottery had performed better than had been expected and the results of the metallic stamp program had not been disappointing; however, the silver coin program was developing much less revenue than had been forecast. It was evident that the original target of \$250 million would not be met, and current estimates of the total revenue which was likely to be realized lay between \$100 and \$175 million. In response to requests from the Olympic organizers for further assistance, two further programs were now being proposed: an Olympic gold coin issue with a face value of \$100, and the use of an Olympic motif on circulating coinage produced during 1976. The gold coin program would be aimed at both numismatic collectors and at gold speculators and the total profit realized from the production and sale of the coins would be assigned to the Olympic Committee. With regard to the circulating coins, Mr. Mackasey predicted that the addition of Olympic motif would result in a substantial increase in the number of coins withdrawn from circulation both by collectors and by tourists, and it was proposed that the seignorage attributable to this excess withdrawal be assigned to the Olympic Organizing Committee (COJO). Assuming the Mint could maintain sufficient production to meet the normal requirements for circulating coinage as well as the additional demands for collectors, an intensive program to promote the collecting of these coins would be mounted. Mr. Mackasey added that, in his view, it would be desirable to make provision for a similar program to support the Commonwealth Games at Edmonton in 1977, with the government's intention in this regard announced at the same time as an announcement was made concerning the new Olympic programs.

The President of the Treasury Board pointed out that the deficit for the Olympics was expected to be very substantial, likely in excess of \$300 million. If the federal government did not respond in a positive way to the request for assistance in self-financing, an attempt could be made later to shift much of the blame for the deficit to the "un-cooperativeness" of the federal government. In Mr. Chrétien's view, the government should accommodate the request unless it had very good reasons not to proceed.

With regard to the deficit in Olympic financing, the Minister of Public Works drew a distinction between operating costs and capital investments. In calculating the expected deficit, the Olympic Committee was not taking sufficient account of the value of the permanent institutions which would be left in Montreal after the Olympics were over. Mr. Drury reminded ministers that at the outset the federal government had attempted to make its contribution clear and definite and in his view the gold coin program fitted into that concept. The circulating coin program, however, because of the judgement which would be required concerning how much of the seignorage was attributable to the Olympics, could be a dangerous precedent leading to further discretionary participation in this and subsequent events.

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Several Ministers supported the view that the government should at least appear to be making a positive response to the Olympic Committee's request.

The Minister of Finance, while expressing concern about the precedent which might be established and indicating doubts about the magnitude of the revenue which would accrue, considered that he could support the proposals provided that the Mint was able to meet the production requirements. Mr. Turner also drew Ministers' attention to the difficulties which could arise if the world price of gold dropped substantially between the time that the gold coins were minted and the time that they were sold. He emphasized that this was a speculative venture with a profit potential for COJO of less than \$5 million.

In response to the concerns expressed by a number of Ministers about the precedent that would be established by the proposed circulating coin program, the Postmaster General indicated that a similar problem with respect to commemorative stamps had been satisfactorily dealt with by establishing clear policy guidelines in advance. Mr. Mackasey suggested that similar policy guidelines could be laid down governing the use of special coinage to support financing of special events.

The Minister of Finance pointed out that if a circulating coin program were to be adopted, it would be important to establish well in advance a formula to define the basis on which a portion of the seignorage would be allocated to the Olympic Committee. His Department estimated that there was a potential revenue here of the order of \$10-20 million. If this were left until after the fact, the pressures to be generous would be difficult to resist. Mr. Turner added that, in his view, the present initiative should be confined to the Olympics, and that application to other situations should be decided in the light of the general policy proposed by the Postmaster General.

The Minister of Supply and Services was not certain whether the Mint in the time available could solve the production and technical problems associated with the proposed circulating coin issue. With regard to the protection of trademarks and copyrights, the Minister of Communications pointed out that these are protected at the present time but since claims could take up to two years to settle the protection was ineffective. Several Ministers supported the requirement for further statutory protection of trademarks and copyrights.

The Acting Prime Minister suggested that drafting of legislation to accommodate the proposals put forward should proceed on an urgent basis and that these should all be included in a single Bill amending the Olympics (1976) Act. He proposed that questions still outstanding concerning the circulating coin issue could be considered by Cabinet at the time that the draft legislation was reviewed.

The Cabinet agreed that:

- (a) an Olympic gold coin program be undertaken, the minimum sales objective to be 500,000 coins with provision for that objective to be increased in early 1976 to a maximum of one million coins should market conditions and market response then indicate that this is feasible, the total face value of the issue not to exceed \$100 million;

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(b) approval in principle be given for a circulating coin issue with an Olympic motif to be minted and distributed within normal channels during calendar 1976, provided production and technical problems can be solved, with the seignorage from the extra mintage attributable to Olympic promotion to be assigned to the Olympic Account in accordance with a formula to be developed by the Minister of Finance and approved by Cabinet;

(c) subject to the concurrence of the Minister of Justice, statutory protection, incorporating the key elements set out in Annex "A" attached to Record of Cabinet Decision 308-75/312-75 RD, be provided for the trademarks and copyrights of the Organizing Committee for the 1976 Olympic Games;

(d) subject to the reservation of the Minister of Justice noted in (c) above, the Legislation Section of the Department of Justice be authorized to draft, on a priority basis and in consultation with the Treasury Board Secretariat, the necessary amendments to the Olympic (1976) Act to give effect to (a) to (c) above for introduction in Parliament before the summer recess;

(e) the Minister of Finance, the Minister of Supply and Services and the Postmaster General consult concerning the production and technical problems referred to in (b) above;

(f) a final decision with respect to the circulating coin issue be taken by the Cabinet when the draft legislation is considered, taking into account the formula to be developed by the Minister of Finance for assignment of seignorage to the Olympic Account and production and technical feasibility;

(g) no announcement of either the gold or circulating coin programs be made until the proposed legislation is approved by the Cabinet;

(h) the Minister of Finance, the Minister of Supply and Services and the Postmaster General, in consultation with other interested Ministers, prepare for Cabinet consideration by September, 1975 proposals for a general policy on the use of seignorage from commemorative coins to support funding for national events - for example, the 1978 Commonwealth Games in Edmonton;

(i) the question of a continuing national lottery be considered by the Cabinet before the Olympic lottery marketing organization is disbanded.

Ministerial Travel

Déplacements des ministres

The Acting Prime Minister informed Ministers that the Prime Minister had sent a message from Europe emphasizing that Ministers should be available in Ottawa during the period leading up to the Budget and during the subsequent debate in the House. He had asked that travel plans be reviewed by Ministers on the understanding that approval might not be forthcoming. Mr. Sharp noted that it was particularly important that Ministers be able to attend the regular Cabinet meetings on June 5 and June 19.

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The Cabinet had for consideration a memorandum from the Minister of Energy, Mines and Resources (Cab. Doc. 368-75, June 5, 1975) and a report from the Cabinet Committee on Economic Policy (368-75CR, June 10, 1975) concerning proposed changes to the oil import compensation program.

The Minister of Regional Economic Expansion noted that the proposal would have an impact on the future of East Coast refineries and that it was the smaller installations which would be the most severely hit.

Ministers agreed, because of the absence of the Secretary of State for External Affairs, that further consideration of the memorandum be postponed to a later meeting.

An Act to Amend the Olympic (1976) Act

Loi modifiant la loi sur les Jeux
Olympiques de 1976

The Cabinet had for consideration a report from the Cabinet Committee on Legislation and House Planning (364-75CR, June 11, 1975) and a draft bill entitled: "An Act to Amend the Olympic (1976) Act";

The President of the Treasury Board noted that it was not possible to estimate at this time whether the gold coin program proposed in the draft bill would be a success. On the other hand, the Government would be subject to considerable criticism if a positive response was not given to the request made by the Comité organisateur des Jeux Olympiques (COJO) for such a program.

The Minister of Supply and Services confirmed his report that the circulating coin issue with an Olympic motif for 1976 was not technically feasible before September 1976. With regard to the gold coins, he announced that his intention was to match production with actual market demand so that no inventory would be built up. Due to slower than anticipated sales in the current Olympic Silver Coin Program, 40% of the production remained on the shelves. Mr. Goyer emphasized that if the Canadian Mint were to commence production of the gold coin in March 1976 and thus be in a position to produce up to one million coins by the end of October 1976, it was imperative that the design of the coins be approved and in the hands of the Canadian Mint by September 1, 1975. Any delay in providing the Mint with the design would result in a delay in production. Finally, Mr. Goyer, recalling that only 100,000 \$20 gold coins had been sold in the 1967 issue, cautioned against creating excessive expectations when the proposed Olympic gold coin program was undertaken.

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The Prime Minister underlined the importance of apprising Mayor Drapeau of the reservations of the government with regard to the amount of revenue which the proposed new program could be expected to generate.

The Cabinet, noting the report of the Minister of Supply and Services that the issue of a circulating coin issue with an Olympic motif was not practicable, agreed that:

- a) clauses 3 and 6 of the draft bill be deleted;
- b) editorial changes be made to Section 14(1) in clause 5 and that Section 15 in Clause 5 be replaced by the text in Annex "A", attached to Record of Cabinet decision 364-75RD(Bill);
- c) subject to the amendments referred to in (a) and (b) above, the bill be approved as drafted;
- d) notice of the bill be given on Friday, June 13, 1975, this being the date provided in the bill for the beginning of the statutory protection of the trademarks and copyrights of the Olympic Organizing Committee (COJO);
- e) the design of the proposed gold coins be finalized by the Olympic Design Committee for approval by Cabinet and delivery to the Mint by September 1, 1975, noting the advice of the Minister of Supply and Services that this timing was necessary to permit production of the coins to be commenced in March 1976 and the authorized run of one million coins (if this number is minted) to be completed as scheduled by the end of October, 1976; and
- f) in advising the Mayor of Montreal and COJO of the government's approval of the gold coin program, it be made clear that there are reservations about the revenue this program will produce.

Cyprus - Canadian Participation in the
United Nations Force in Cyprus

Chypre - Participation canadienne à la
Force des Nations-Unies à Chypre

The Cabinet had for consideration a memorandum from the Secretary of State for External Affairs (Cab. Doc. 355-75, May 12, 1975) concerning the continued participation of Canadian Armed Forces in the United Nations Force in Cyprus.

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