

SECRET

to inform them that the government's support of their application should not be considered a guarantee that the government would provide financial support if their bids were successful. This position did not appear very realistic as it seemed inconsistent to support their applications and not be prepared to contribute to the costs. Besides, there were many precedents of federal contributions for similar projects. He had received a reply from Mayor Drapeau confirming that the City of Montreal was not requesting any special federal grant but would expect federal funds based on on-going programs. Vancouver, on the other hand, had requested that the federal government contribute on an equal one-third cost-sharing basis with the Province of British Columbia and the City of Vancouver to assist in the advance promotional activities, in the surveys and the studies necessary to prepare the city's application and to finance a cost benefit analysis. In the absence of a federal contribution, Vancouver would not proceed with its application. The Cabinet Committee on Social Policy and Cultural Affairs had agreed to recommend that Cabinet approve the requested contribution. Money for this had already been allocated in the estimates.

The following points arose in discussion:

(a) Nearly \$1/2 million had already been spent by Vancouver with as yet no assurance of success in its application. Had Banff been successful in its bid, about \$20 million would have been necessary to stage the Games. Expenditures of a similar magnitude could well be expected for Vancouver and the federal government would be forced to make large contributions. This level of costs appeared inordinately high when account was taken of the fact that the Games would last less than two weeks.

(b) Vancouver would have no chance in its bid unless it received national endorsement from the federal government. It was very difficult at this stage for the federal government not to make a contribution. Even if the government made a token contribution at this stage, it would still retain room to manoeuvre with regard to future contributions.

(c) It was pointed out that no basic decision had yet been taken by the Cabinet in favour of making contributions to these Olympic Games. Before committing itself, the government should be presented with cost benefit analyses. Any contribution made now should be on the clear understanding that additional federal contributions would be dependent upon the government's assessment of the proposals as viewed in the light of cost benefit analyses.

The Cabinet, on the understanding that there would be no federal contribution to the 1976 Summer and Winter Olympic Games other than the amount stated in paragraph (c) below, unless a contrary decision was taken later on the basis of cost benefit analyses, agreed that:

(a) the federal government support the applications of Montreal and Vancouver for the Summer and Winter Olympic Games of 1976, subject to suitable arrangements being made for their staging and their costs, if the bids are successful, and more specifically;