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DATED FROM
À COMPTER DU

22-01-75 TO 31-12-76
JUSQU'AU

AFFIX TO TOP OF FILE - À METTRE SUR LE DOSSIER

DO NOT ADD ANY MORE PAPERS - NE PAS AJOUTER DE DOCUMENTS

FOR SUBSEQUENT CORRESPONDENCE SEE - POUR CORRESPONDANCE ULTÉRIEURE VOIR

FILE NO. - DOSSIER N°

3800-30

VOLUME

3

DEPUTY MINISTER OF TRANSPORT

SOUS-MINISTRE DES TRANSPORTS

ACTION REQUEST

FICHE DE SERVICE

TO - À	ASTA	DATE	14/12/76
FROM - DE	DM's Office	FILE NO. - N° DE DOSSIER	

*DGSW
for action*

- REPLY DIRECT RÉPONDRE DIRECTEMENT
- REQUIRED ACTION DONNER SUITE
- NOTE & RETURN NOTER ET RETOURNER
- INFORMATION INFORMATION
- COMMENTS COMMENTAIRES

PREPARE MEMO TO - PRÉPARER UNE NOTE DE SERVICE À

REPLY FOR SIGNATURE OF - RÉPONSE POUR LA SIGNATURE DE

REMARKS - REMARQUES

*Sulo
we spoke*

AKC

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SURFACE ADMINISTRATION

[Signature]

DEC 14 1976

DIRECTOR GENERAL
WATER TRANSPORTATION





Transport
Canada

Transports
Canada

Office of the Minister
Cabinet du Ministre

Date Dec 14/76

TO: DEPUTY MINISTER
AU: SOUS MINISTRE

TO: DEPUTY MINISTER'S OFFICE *R. Marsham*
AU: CABINET DU SOUS MINISTRE

PLEASE - S'IL VOUS PLAÎT

PREPARE REPLY FOR SIGNATURE OF:
PRÉPARER RÉPONSE POUR LA SIGNATURE DE:

PREPARE DRAFT REPLY
PROJET DE RÉPONSE

SEND COMMENTS TO:
FAIRE PARVENIR VOS COMMENTAIRES AU:

MINISTER
MINISTRE

EXECUTIVE ASSISTANT
CHEF DE CABINET

UNDERSIGNED
SOUSSIGNÉ

FOR DIRECT REPLY
POUR RÉPONSE DIRECTE

FOR PERUSAL AND APPROPRIATE ACTION
POUR LECTURE ET SUITE NÉCESSAIRE

FOR INFORMATION
POUR INFORMATION

REMARKS - OBSERVATION

THIS LETTER HAS NOT BEEN ACKNOWLEDGED.
NOUS N'AVONS PAS ACCUSÉ RÉCEPTION DE CETTE LETTRE.

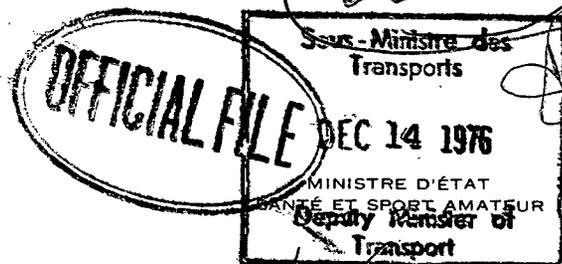
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Dec 13 9 38 AM

CANADA

MINISTER OF STATE
FITNESS AND AMATEUR SPORT



RECEIVED
MINISTER OF TRANSPORT

December 9, 1976.

DAC

Rush. to D. O.
Att: Mr. R. Marsham
Copy to the Minister
RTZ

Honourable Otto Lang, P.C., M.P.
Minister of Transport
House of Commons
Ottawa, Ontario

My dear Colleague:

May I thank you most sincerely for visiting Prince Rupert last Saturday to respond to representations by area representatives on the matter of marine access and the rationalization of coastal transportation services in British Columbia.

Before commencing a summary of points made during your meetings with Labour Council and Union members; the Regional District of Skeena-Queen Charlotte; Ocean Falls Transportation Committee; City Council of Prince Rupert; Mayors of Stewart, Masset, and a civic delegate from Port Clements; Prince Rupert Liberal Association; and North Coast District Council; may I request you refer to my letters of August 27th, September 3rd, and 23rd to which I have never received substantive replies.

The following six points raised in Prince Rupert are those which I consider absolutely essential and on which I understand you have undertaken to act as quickly as possible, with a self-imposed deadline of six weeks having been publicly set.

1. Upgrading of passenger service to and from Ocean Falls and eventual replacement of the motor launch Lumba Lumba.
2. Replacement of the Malibu Princess, not with another launch but with a deep-water vessel.
3. Special arrangements for delivery, at Christmas, of students in safety from Prince Rupert to their home villages of Kincolith and Port Simpson and such other ports as were formerly served by Northland.
4. Provision of freight service to Sewell Inlet and other remote ports previously served by Northland and not now served by Riv Tow or any other carrier.

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- 2 -

5. Provision of a commitment that there will be improved Barge Loading facilities in larger and permanent communities (your statements on navigational aids and community airports have been previously noted).
6. That there will be greater involvement of the affected public in deliberations between B.C. and our government on the evolution of a rational transportation system.

I have expressed my concern in this matter through every avenue open to me - the depth of that concern remains undiminished. I must reiterate to you that, at the very least, these six points be dealt with forthwith. If this is not undertaken, I feel I must then review my remaining options, for I can no longer accept the apparent cavalier disregard of your Department for the welfare of the residents of my constituency, as well as the other coastal areas affected.

In addition, I have the support of every member of the B.C. federal Liberal caucus in requesting that the following actions also be undertaken:

1. That Coast Ferries be subsidized to maintain central coastal passenger service for a period of at least six months; while alternate service is studied.
2. That a self-propelled sea-going vessel (of the type of the Island Prince or Northland Prince) be either chartered or purchased to regularly serve both freight and passenger needs of those ports which are uneconomic or inaccessible by barge, in addition to the Queen Charlotte Islands (due to the exceptional character of the waters of Hecate Straits. In this regard, the presently contemplated vessel will be no more acceptable than the Malibu Princess.) The vessel retained could be operated by the B.C. Steamship Company on an interim basis. This is absolutely essential to resolve the current crisis.
3. That a public inquiry into long term future coastal marine freight and passenger service be held commencing in early January and completed early enough to implement recommendations at the termination of interim arrangements proposed above.

In my opinion point 3 is the only means available to us to resolve the emotional and political problem caused by the lack of prior consultation and our obvious lack of expertise in providing an alternate and better service than previously offered at lower cost to consumers and taxpayers alike.

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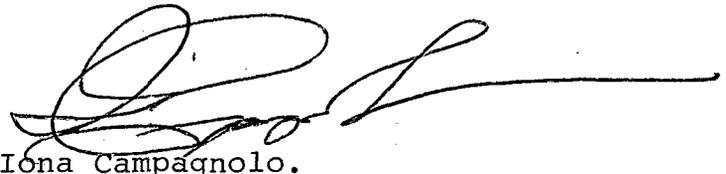
- 3 -

The North Coast Action Alliance (a group formed to deal with this crisis) has suggested that the costs of such an inquiry be borne 45% by each the Federal and Provincial governments and 10% by the local residents to ensure their in-put. Further, I feel it is essential that a system of either public tendering or licensing be evolved so that any carrier must compete for Federal subsidies and be duly regulated in the process. If no acceptable marine service is evolved, then B.C.'s proposal for air subsidy should be considered but not to the exclusion of marine access. Covered freight service must be retained.

I have touched in some depth on many of the areas which require your active involvement and support. I can neither condone nor understand why, with the undoubted expertise within your Department, it has devolved upon the affected people to seek a humane resolution to what I consider the social policy of Transportation. I enclose a copy of my remarks at the public meeting in Prince Rupert for your records and I appeal to you to aid the people of B.C. in their need for proper transportation access.

I still retain my fullest confidence in your own personal sympathy for the people affected by this problem, and your ability to resolve it in an equitable manner. I look forward to continuing to work closely with you in the days ahead towards this end.

Sincerely,



Iona Campagnolo.

Encls.

—Ralph Bower Photo

ED McVICKERS, SR. AND JR. . . . autographed cast

Evel (Jr.) hurts leg leaping four cars

By DOUGLAS SAGI

He calls himself "Evel" Ed McVicker and is 15 years old. He weighs 130 pounds and stands a notch above five feet tall.

His dad is also named Ed McVicker and is about the same size, not counting the extra girth that 40 years can give a man.

His dad was watching in Norquay Park on Saturday when young Ed smashed up his knee trying to ride a bicycle up a ramp that was higher than he was to jump across four brand new Honda Civics.

The size of the boy may have something to do with it all, the dad said.

"That's always been said, hasn't it? That we're trying to prove something."

Young Ed was back in school today, his

left knee in a cast autographed by his dad and some friends.

At Kingsway-Honda, sales manager Bob Watson was having second thoughts about lending him the cars for the stunt. One of the cars received \$200 damage.

And the stunt took place in the park in front of 100 people standing in the cold. Not the thousands or so that Watson

See how he jumps, page 21

thought might see it as first planned — in the Agrodome at the weekend motorcycle show.

Also with second thoughts was Terry Clark, public information officer with the Vancouver park board. The board had given young Ed permission for the stunt.

Ed had obtained permission from the board by promising to put down plywood so the park grounds would be protected.

He promised Watson to put padding on the Hondas so they would be protected.

He checked with the police and they said it would be okay and an officer in a patrol car drove along beside him for a block or so Saturday morning to make sure he could pedal fast enough to get up the ramp.

"He clocked me at 22 to 25 miles an hour and we thought that would be enough. But it wasn't. I forgot about the grass at the edge of the park. It slowed me as I got to the ramp," said Ed.

Ed had borrowed a special Moto-Cross "Bicycle" page 2

Vancouver Sun Monday December 6/76

Lang promises ferry rethink

By PETE McMARTIN
Sun Staff Reporter

PRINCE RUPERT—Transport Minister Otto Lang, attacked by coastal residents and members of his own Liberal party over makeshift coastal shipping arrangements, promised Saturday to improve service.

And residents gave notice they would be watching closely for improvements in ferry links they say are disastrous.

Lang, prodded by Skeena MP and Fitness Minister Iona Campagnolo, had come to the West Coast to hear complaints about the service set up by RivTow Straits Ltd. with federal and provincial aid after Lang cancelled a \$4.5 million-a-year subsidy to Northland Navigation.

Campagnolo hinted she has threatened

to quit her cabinet post unless better service is provided, and local Liberals said Lang's callous decision to cut the subsidy threatens the loss of her seat and those of MPs Jack Pearsall in Coast-Chilcotin and Hugh Anderson in Comox-Alberni.

After hearing protests from labor groups, the Prince Rupert city council, delegations from Ocean Falls, Masset and Stewart, district Indian leaders and local Liberals, Lang indicated he would try to improve service.

He promised:

- New negotiations with the provincial government to share the cost of shipping operations on the West Coast;
- A second, intensive study of passenger and freight requirements;

• Special consideration for Ocean Falls;

• Another passenger vessel to replace the Malibu Princess, a vessel that many have criticized as unsuitable or unseaworthy for the trip across stormy Hecate Strait to the Queen Charlotte Islands;

• Another vessel to replace the Lumba Lumba, the launch that was being renamed the Bella Bella for its run from Stewart north of here to the central coast community;

• Improved barge loading facilities. He said most of the problems could be taken care of in the next six weeks, although it would take about a year to replace the Lumba Lumba.

Lang said another B.C. vessel is being "Shipping" page 2

chemical from seeping further into the ground.

"The question everybody's asking now is, 'How do we know this is it?'" Gerhard Kehl, Cariboo area production supervisor for B.C. Hydro, said Sunday as he supervised clean-up at the site. "We don't."

There was no record found of the number and location of damaged PCB contain-

"Hydro" page 2

Illion in B.C.

Gajerski watched the draw on television with his wife Betty and his daughters, Deborah, 23, and Melanie, 19, and saw his ticket. B 2208675, listed as a top winner.

Winning numbers, page 26

He confirmed his good luck by telephone today.

"But we are still just sort of waiting to believe it," his wife said today.

"They're kidding me about being a millionaire?"
"Laid-off" page 2

SOMETHING SPECIAL Men kept busy

vacation Army senior citizen home for women.

Well, women for the time being but a few gents are expected to take up resi-

Picture, page 25

dence there shortly. There are 10 spots open in the 45-bed residence and administrator Gladys Dods hopes to fill vacancies with men or couples.

"We might as well include the men," she says. "It's a shame to leave beds empty when so many people need a place to live."

Brigadier Dods has been at Sunset for "Lodge" page 2

Ed wasn't trying to prove anything just wants to be like his hero, the U.S. stuntman Evel Knievel.

He's been crazy about Knievel for years ever since he saw him on television and Knievel was jumping the fountains at Caesar's Palace in Las Vegas.

Ed started jumping soon afterward. First there were paint cans — five gallon size obtained from his dad who is a paint-

He's a talker — car sales manager Watson knows, the kid talked him into the loan of four new Hondas — and he talked his way in to see Knievel.

Ed says he talked to Knievel for three hours, which may be an exaggeration.

"He gave me a big lecture. He told me to go home and get my head screwed on," and Ed laughs.

"He told me I was as crazy as he was."

Shipping storm buffets Lang

Continued from page 1

considered to replace the Malibu Princess, but he would not identify it.

He also said the boat that replaces the Lumba Lumba will be built in a B.C. shipyard.

Campagnolo herself said it would be "a stupid political disaster to lose three ridings for something that would be so easy to reconcile."

Asked if she might resign from the cabinet in the row over replacing a relatively efficient coastal freighter service with a makeshift tug and barge operation, Campagnolo nodded.

"If something's not done right away, then I have other means at my disposal to get action," she said.

Not one of those who hearded Lang had anything good to say about the new freight and passenger service run by RivTow Straits Ltd., a service that replaced Northland Navigation Co. Ltd. Nov. 1 when the federal government withdrew Northland's \$4.5 million shipping subsidy.

They all had tales to tell about damaged cargo, increased freight rates and a passenger service that nobody had seen or wanted to use.

Al Demers, chairman of the Ocean Falls Coastal Transport Action Committee — a group formed to protest the new shipping operations said the fabric of life in Ocean Falls was falling apart since RivTow had taken over.

Demers called the passenger service by the RivTow launch Lumba Lumba "abysmal." It has become so slow and costly, Demers said, that it has already begun to affect Ocean Fall's economic well-being.

Representatives from Kincolith told about the wharf that was knocked down by a barge trying to dock, and how local

boatmen refused to use the damaged wharf.

The Port Simpson Indian band complained of inefficient unloading methods and cargo spoilage.

Queen Charlotte Island representatives related for the minister the tale of two logging camps which, before RivTow took over, had regular visits from Northland ships every two weeks. Now, they have no freight or passenger service.

All wanted one thing from Lang — an immediate upgrading of West Coast shipping, whether by nationalization or returning to a freighter system and doing away with the tugs and barges.

Lang couldn't even find cover from this barrage in a local Liberal party luncheon he attended. Members made it clear they thought the minister had bungled the affair and had unwittingly jeopardized Campagnolo's political future.

One Liberal party member called his performance in Prince Rupert Saturday "the best instance of waffling I've seen in a long time."

The transport minister admitted mistakes were made and that the government did not consult directly with the communities that were to be affected by the move.

At a press conference, Lang claimed he had names of people who were pleased with the tug and barge service.

"Some people," he said, "are extremely satisfied with the barge-tug operations."

"Where?" he was asked. "Which people were satisfied?"

"Well I don't have . . . I don't have the lists here with me, but people were contacted . . ."

"They were very hard people to find today, sir."

"Well, uh . . . look, that's a different issue, really."

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Photo N. Maxwell

000394

NOTES FOR STATEMENT BY

THE HONOURABLE IONA CAMPAGNOLO, M.P. SKEENA
MINISTER OF STATE (FITNESS AND AMATEUR SPORT)

TO A PUBLIC MEETING OF THE

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

PRINCE RUPERT, B.C.

SATURDAY, DECEMBER 4th, 1976

C-203

Today we have a very clear challenge, with two distinct routes open to us, naturally the first and probably the most soul-satisfying in this difficult circumstance would be to allow full vent to the frustration and anxiety we all feel as a result of the diminished service in both Freight and Passenger access which we now have as a result of the withdrawal of subsidy to Northland Navigation. This would be a short lived satisfaction, however, if nothing positive were to be achieved by through it.

In his November 3rd news release, my colleague, the Minister of Transport indicated that the new system of tug-barge and passenger ferry access would be constantly monitored by both his officials and M.P.s involved. This has been done. The reports I have brought to Mr. Lang have fully indicated the breadth and depth of problem areas, which I am confident you will graphically reinforce for the Minister today.

I must say to my colleague, that in my opinion the so called "user-pay" policy has been perverted in its application to this mid and north coast area, for while there are few if any who would quarrel with the principal that subsidies should only be paid where demonstrably necessary, the other side of the policy on which I spoke in the House of Commons was that developmental, or immature transportation areas, SUCH AS OURS, HERE ON THE NORTH COAST clearly require subsidy and enhancement support. Northland did represent an artificial environment, free competition was impossible, however in removing that band-aide of support the

-2-

result has been real hurt to the people I represent. I know, Otto, it was not your wish that the result would be a complicated, more expensive, less efficient system, but that is what we now have. I recognize you have come here in a genuine desire to gain the knowledge required to upgrade the system, we want a complete serviceable, comfortable, and fairly priced rational transportation system. We require some interim measures to be taken immediately in areas that will be outlined to you by the representatives here today -- In my opinion no company should have a stranglehold on government subsidy assistance, I have asked your consideration of a strict public tendering or licensing provision for coastal carriers -- to encourage competition we require barge loading facilities to be constructed in key areas such as Fairview Terminal, Prince Rupert, Masset and other larger centres almost immediately -- these facilities must be open to all companies and not privately controlled so that competition can flourish.

And as it is not your intention I know to penalize the people of the smaller and less populated areas but if there is no more accessible and efficient system we earnestly require a self-propelled vessel, designed specifically to serve the needs of camps and villages.

Today I trust we will join together as a Construction Crew rather than a Wrecking Crew, there's been enough of that already -- Mr. Lang is here by his own concern and volition in direct response to my request on your behalf, I have called this

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-3-

meeting, to build a special system of transport for our specialized needs.

Lets get the Minister to hear your feelings and see what we can do to achieve those needs. (Now what do we do?)

175-1350-11-8

PRIVY COUNCIL OFFICE



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CANADA

Serial 5090-76RD
Série N° (NSD)

SECRET

SECRET

REVISED

REVISE

RECORD OF CABINET DECISION

RAPPORT DE DECISION DU CABINET

Meeting of December 9, 1976

Réunion du 9 décembre 1976

B.C. Coast Ferry Service

Le service de traversier de la côte de la Colombie-Britannique

The Cabinet agreed that:

Le Cabinet convient que:

1. the Department of Transport be authorized to acquire, at an approximate cost of \$500,000, a self-propelled vessel to replace the vessel presently in use on the Queen Charlotte Islands - Prince Rupert route;
2. the Minister of Transport be authorized to arrange an interim subsidy of up to \$300,000 for the fiscal year ending March 31, 1977 to Coast Ferries Ltd., in order to permit continuation of adequate coastal freight service to the southern coastal communities of British Columbia;

1. le ministère des Transports soit autorisé à acquérir, au coût approximatif de \$500 000, un navire auto-propulseur pour remplacer celui qui fait actuellement la navette entre les Iles Reine-Charlotte et Prince-Rupert;
2. le ministre des Transports soit autorisé à verser une subvention provisoire d'au plus \$300 000 à la Coast Ferries Ltd pour l'année financière se terminant le 31 mars 1977, afin d'assurer le maintien d'un service satisfaisant de traversiers pour les collectivités de la côte méridionale de la Colombie-Britannique;

PRESIDENT'S OFFICE

JAN 24 1977

C.T.C. RECEIVED

SECRET

3. the Minister of Transport issue a strong and deliberate statement affirming the federal government's commitment to the establishment of improved passenger and freight services on the West Coast.

SECRET

3. le ministre des Transports fasse une déclaration qui soit à la fois ferme et bien pesée pour faire connaître l'engagement pris par le gouvernement fédéral à l'égard de l'amélioration des services voyageurs et marchandises sur la côte ouest.

Hilda Fenby (Mrs.)
Le dépositaire des documents du Cabinet
R.F. Charron
Supervisor of Cabinet Documents

January 18, 1977

Le 18 janvier 1977

* No supporting document

* Aucun document de base



CANADIAN TRANSPORT
COMMISSION
COMMISSION CANADIENNE
DES TRANSPORTS

Date: 12 January 1977

To: Mr. P. Buxette
A:

From: M. Raymond
De:

MESSAGE:

Attached correspondence for
filing on classified file
as per our conversation
of this morning. The Cabinet
Decision explains areas. Should
you require any further infor-
mation, you might phone Capt.
McLeod, 6-0466.

000401

SECRETRECORD OF CABINET DECISION

Meeting of December 9, 1976

B.C. Coast Ferry Service

The Cabinet agreed that:

1. the Department of Transport be authorized to:
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 - (b) provide an interim subsidy of up to \$300,000 for the fiscal year ending March 31, 1977 to Coast Ferries Ltd., in order to permit continuation of adequate coastal freight service to the southern coastal communities of British Columbia;
2. the Minister of Transport issue a strong and deliberate statement affirming the federal government's commitment to the establishment of

SECRETRAPPORT DE DECISION DU CABINET

Réunion du 9 décembre 1976

Le service de traversier de la côte de la Colombie-Britannique

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 - (b) verser une subvention provisoire d'au plus \$300 000 à la Coastal Ferries Ltd pour l'année financière se terminant le 31 mars 1977, afin d'assurer le maintien d'un service satisfaisant de traversiers pour les collectivités de la côte méridionale de la Colombie-Britannique;
2. le ministre des Transports fasse une déclaration qui soit à la fois ferme et bien pesée pour faire connaître l'engagement pris par le gouvernement fédéral à l'égard de

- 2 -

ET

SECRET

improved passenger and
freight services on the
West Coast.

l'amélioration des services
voyageurs et marchandises
sur la côte ouest.



Le dépositaire des documents du Cabinet
R.F. Charron
Supervisor of Cabinet Documents

December 13, 1976

Le 13 décembre 1976

*No supporting document

*Aucun document de base

Government of Canada

Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO
À DCP

FROM
DE CPS

SECURITY - CLASSIFICATION - DE SÉCURITÉ
CONFIDENTIAL
OUR FILE - N/ RÉFÉRENCE 6604-18 (CPS) 550-11-8
YOUR FILE - V/ RÉFÉRENCE
DATE September 8th, 1975

P.A. →

SUBJECT
OBJET MEETING WITH B. C. GOVERNMENT & MOT ON B.C. FERRY SUBSIDIES -
STOL AND HYDROFOIL PROPOSALS.

Purpose of Meeting. Was to discuss progress to date and future plans associated with the proposed start-up of commercial STOL services, a Demonstration hydro-foil service and to determine activities and studies to be completed as well as areas of responsibility for the two levels of government.

The B.C. group was headed by Charles Dalfen, Deputy Minister of Transport and included representatives from both Air and Marine. On the Federal side, the team was headed by A. Conboy, Director, Policy Advice (XPPP) and included representatives from XPPP, CATA, TDA, CTC and Pacific Region Marine and Air.

B.C. Position. Stated by C. Dalfen was that they looked forward to close cooperation with the federal government. They consider that both systems have great potential. STOL is already in their view proven technology. Many of their centres cannot presently be reached by scheduled air service and they see STOL as offering a breakthrough in this regard. Emphasis is placed on a hub-spoke operation to include as well as Victoria; Nanaimo, Port Alberni and Powell River. If an acceptable site for a STOLport cannot be found in downtown Vancouver then alternate sites further south must be considered even Vancouver International. They consider that STOLport financing is a normal Federal Airport Development responsibility and accept the principle that STOL should be viable or self-supporting relatively soon after implementation.

He stressed that Vancouver should not be allowed to veto proposed Vancouver sites at the expense of other communities and when asked by CATA if the B.C. Government would spearhead the community acceptance tasks, he replied in the affirmative but acknowledged a need for federal technical support. He also stressed that in their view any community acceptance program should be carried out quickly and not allowed to drag on as in the Vancouver International case.

He indicated that a number of sites should be examined to either prove or disprove their merit and that the two levels of government should be in a position to present to the City Council alternatives on sites within a month. With regard to dates he requested a commitment from CATA and was told that we would examine the workload implied and advise him accordingly.

Federal Position. (A. Conboy) STOL Policy should be completed by the end of the year. In this regard the views of the B.C. Government would be considered. STOL should have as a primary goal cost recovery. If subsidies are granted it will be on the basis of special or unique purpose. Close cooperation with the B.C. Government was an essential requirement in STOLport Planning. Carrier policy with respect to STOL has not been resolved. To this the B. C. Government replied that they wanted input to ensure that the third levels are protected and that they have already sent a brief to CTC and the Minister. We requested and should receive a copy of the brief shortly.

Status of Federal Feasibility Studies. (F. Black) A brief background was given on site proposals done by DHC, D. L. Button and the work now underway in DGK to determine costs on the Work Point site (Victoria) and the False Creek site (Vancouver). It was stated that preliminary findings were that costs would be high, perhaps excessive. Constraints with respect to the DHC-6 application on the False Creek site were identified. Costs should become available on these two sites in the latter part of September. It was also stated that some of the proposed sites such as the Store Street site could be disposed of quickly for technical reasons, others would require reassessment which we would consider either on paper or if necessary, on site with an appropriate technical team.

Future Activities. The attached Outline of STOL Development Tasks was discussed. Items 1 through 4 were considered to be the first stage of activities. Target times were requested by C. Dalfen but not committed. Items 5 through 14 were considered to be largely a Federal responsibility with support as required from the B. C. Government. Item 15 was considered by B. C. to be solely a Federal responsibility with the exception of STOLport access.

C. Dalfen indicated that he would come to Ottawa at the end of the month to review the progress that had been made and to ensure that targets had not slipped. A helicopter tour of the sites in Vancouver and Victoria was completed as a general interest activity but served little purpose in determining technical feasibility.

Overall Views. The meeting was conducted in a relatively positive atmosphere, but with adequate caution provided to ensure that future results on feasibility will not come as a total surprise. The one surprise was the ready acceptance by the B. C. Government of an other than downtown site for Vancouver. More emphasis seemed to be placed on the Port Alberni, Powell River, Nanaimo routes than perhaps even Victoria.

The Harbour Street site is supposedly out of the question because of an MOT marine terminal and a grain elevator. If these could be overcome the site would appear to have the greatest potential. It is recommended that it be re-examined.

The B. C. Government took the view that the Deadman's Island site in Vancouver should be included and used as a bargaining tool that they could concede to City Council for another site.

The work proposed implies a workload and resource requirement that was not budgeted for in CPS or DGK. It would require the full-time assignment of at least two people from CPS initially, at a time when resources may not be available for existing programs. Yet it appears to be a priority item in Federal-Provincial relations. The Liberal caucus in B. C. requested a briefing on the meeting in Vancouver, to take place that same evening. I have recommended that A. Conboy identify the resource problem in his briefing on the trip to the Deputy Minister. He indicated that he would do so and cover it in the trip report as well.

To satisfy the requirement for prompt and positive action I would suggest that we complete the feasibility studies now underway, look for alternative sites to include the International Airport and lower mainland in Vancouver and re-examine the Harbour Street site in Victoria. If the constraints posed by the grain elevator and the marine terminal are to be overcome, it would be only as a result of high level agreements. One other site has been proposed in Victoria, a heliport on a high piece of land immediately west of the Oak Street lift bridge. It would appear to require an extensive elevated structure and would likely be rejected on an initial assessment. It too should be assessed.

Our primary contact with the B. C. Department of Transport is Mr. John Olmstead a Transport Planner. His address is 2631 Douglas Street, Victoria. Phone (604) 387-5996.

The B. C. Deputy Minister applied strong pressure in an attempt to gain a commitment on target dates when studies on these additional sites could be completed for his proposed briefings for the City Councils next month. I feel the time is inadequate unless the Ministry attaches priority and resources to the task. In any event, Dalfen expects a reply to provide them with dates next week or the week after. If it is not forthcoming he will be in Ottawa looking for it the last week in September. Under the circumstances, which dictated a need for a positive Federal attitude, the least I could do was acknowledge his request and say that we would get back to him.

For your information.



F. C. Black
Manager
CATA STOL Project

Attachment: An Evaluation of the Hydrofoil Proposal for your general interest. Capacity 820,000 passengers/year. Break even load factor 40%, Fare \$11.00 one way, Vessel unit cost \$7,000,000.

550-11-8

September 2, 1975

Mrs. L.D. Robinson,
Federal Provincial Relations,
Privy Council Office,
48 Sparks Street,
Ottawa, Ontario K1A 0A3

Dear Mrs. Robinson:

This is to advise you that the Deputy Minister of Transport has given his approval to the sending of the proposed wire (attached) from the Prime Minister to Premier Barrett on the subject of federal assistance to B.C. FERRIES.

Yours truly,

K.G. Wilson,
Senior Policy Advisor (Domestic),
Policy, Planning & Major Projects.

Attachment

Mr. Ross Tweedale,
Executive Assistant to the
Honourable Raymond Perrault,
Leader of the Government,
The Senate,
Ottawa, Ontario.



Dear Mr. Tweedale:

Further to Senator Perrault's letter of July 15, 1975 on the subject of possible federal assistance to the British Columbia Ferry System, I am advised that the Privy Council Office has suggested to the Prime Minister's office that the subject of a response to Premier Barrett's request for assistance be discussed in Cabinet. This discussion has apparently not yet taken place.

Pending this discussion, however, officials of the Ministry of Transport are undertaking preliminary talks with officials in British Columbia's Department of Transport and Communication with a view to examining plans associated with the start-up of commercial STOL services and a proposed Demonstration Hydrofoil Project between Vancouver Island and the mainland, if these are feasible.

As you may also be aware, an interdepartmental review of the federal government's overall water transport assistance policy is nearing completion and will be the subject of Cabinet discussion in the fall. However, I suspect that a specific response to Premier Barrett's claims will be required before that time.

Yours sincerely

Lucie Dion
Executive Assistant



Gouvernement
of Canada

Gouvernement
du Canada

MEMORANDUM

NOTE DE SERVICE

TO
À

EAMIN
Miss L. Dion

FROM
DE

XPPP

SECURITY - CLASSIFICATION - DE SÉCURITÉ
OUR FILE - N/RÉFÉRENCE
550-11-8
YOUR FILE - V/RÉFÉRENCE
2-8-4-27
DATE
AUG 28 1975

SUBJECT
OBJET

Response to Senator Perrault Re: B.C. Ferries

After discussion with Diane Waller, we thought it would be worthwhile to follow up our memo to you of August 1, 1975 with a letter to Mr. Tweedale outlining the present status of a response to Mr. Barrett's demands on this subject.

A proposed letter for your signature is attached.

M.E. Butler
for
M.E. Butler

PA 15/8/75

TO
A

FROM
DE

SUBJECT
OBJET

Government of Canada
Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

EAMIN
Miss L. Dion

XPPP

Handwritten notes:
ASAP Aug 11/75
SME Aug 14/75
SME 15/8/75

SECURITY - CLASSIFICATION - DE SÉCURITÉ
OUR FILE - N/RÉFÉRENCE 550-11-8
YOUR FILE - V/RÉFÉRENCE 2-8-4-27
DATE August 1, 1975.

Regarding Senator Perrault's letter to the Minister of July 10, on the subject of the B.C. FERRIES system, as you are aware, we had been assisting PCO in the preparation of a telegram from the Prime Minister to Premier Barrett stating, essentially, that we did not consider that the federal government has any constitutional obligations to assist the provincially-operated B.C. FERRIES system. This was based on a formal opinion received from the Department of Justice.

At the request of Senator Perrault as well as the Honourable Mr. Basford, who sent the Prime Minister a similar note, the proposed reply was not sent.

PCO forwarded the entire package to Mr. Austin in PMO and they expected that the Prime Minister would raise the subject in Cabinet this week. PCO have not heard anything further but will advise as soon as they do.

Handwritten signature: ADC

M.E. Butler
c.c.: KSTU, LETH, BATA, G. Chyto, DCI

RECEIVED
TRANSPORT
MARINE & FERRY
AUG 8 1975

RECEIVED
TRANSPORT
MARINE & FERRY
AUG 14 1975

RECEIVED
TRANSPORT
MARINE & FERRY
AUG 6 1975
ADMIN.

MINISTRY OF TRANSPORT - MINISTÈRE DES TRANSPORTS

Office of the Minister
Cabinet du Ministre
Ottawa, K1A 0N6

Date: 15-7-78

- TO: DEPUTY MINISTER
AU: SOUS MINISTRE
- TO: DEPUTY MINISTER'S OFFICE
AU: CABINET DU SOUS MINISTRE

ALSO REFERRED TO:
AUSSI TRANSMIS AU:

- SPECIAL ADVISOR
CONSEILLER SPÉCIAL

PLEASE - S'IL VOUS PLAÎT

- PREPARE REPLY FOR SIGNATURE OF:
PRÉPARER RÉPONSE POUR LA SIGNATURE DE:

- SEND COMMENTS TO:
FAIRE PARVENIR VOS COMMENTAIRES AU:

- MINISTER
MINISTRE
- SPECIAL ADVISOR
CONSEILLER SPÉCIAL
- EXECUTIVE ASSISTANT
ADJOINT SPÉCIAL
- ASSISTANT - SPECIAL PROJECTS
ADJOINT - PROJETS SPÉCIAUX
- SENIOR ADMINISTRATIVE OFFICER
ADMINISTRATEUR PRINCIPAL
- PARLIAMENTARY ASSISTANT
SECRETARE PARLEMENTAIRE
- UNDERSIGNED
SOUSSIGNÉ

- FOR DIRECT REPLY
POUR RÉPONSE DIRECTE

- FOR PERUSAL AND APPROPRIATE ACTION
POUR LECTURE ET SUITE NÉCESSAIRE

- FOR INFORMATION
POUR INFORMATION

REMARKS - OBSERVATION

- THIS LETTER HAS NOT BEEN ACKNOWLEDGED.
NOUS N'AVONS PAS ACCUSÉ RÉCEPTION DE CETTE LETTRE.

L. Dion

SIGNATURE 000411



Cabinet du Ministre
Transports Canada

Office of the Minister
Transport Canada

350-11-8

Sous-Ministre des
Transports
JUL 16 1975
Deputy Minister of
Transport

July 15, 1975.

MINISTERS OFFICE
JUL 16 1975
DESPATCHED

Mr. Ross Tweedale,
Executive Assistant to the
Honourable Raymond Perrault,
Leader of the Government,
The Senate,
Ottawa, Ontario.

Dear Mr. Tweedale:

On behalf of the Honourable Jean Marchand,
I acknowledge receipt of Mr. Perrault's letter of
July 10, 1975 with enclosed copy of a letter to the
Prime Minister concerning the British Columbia Ferry
System.

I will look into this matter and will be back
in touch with you as soon as possible.

Yours sincerely,

Lucie Dion
Executive Assistant

RECEIVED
Senators
JUL 24 1975
XEPPI... T

DEPUTY MINISTER OF TRANSPORT

SOUS-MINISTRE DES TRANSPORTS

ACTION REQUEST

FICHE DE SERVICE

TO - A

DSM
ASIA

DATE

16.7.75

FROM - DE

DM's Office

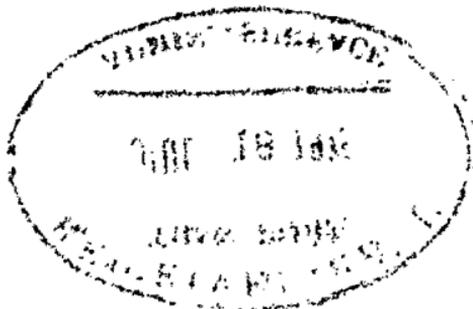
FILE NO. - N° DE DOSSIER

- REPLY DIRECT RÉPONDRE DIRECTEMENT
REQUIRED ACTION DONNER SUITE
NOTE & RETURN NOTER ET RETOURNER
INFORMATION INFORMATION
COMMENTS COMMENTAIRES

PREPARE MEMO TO - PRÉPARER UNE NOTE DE SERVICE À

REPLY FOR SIGNATURE OF - RÉPONSE POUR LA SIGNATURE DE

REMARKS - REMARQUES



000413





Transport
Canada

Transports
Canada

Office of the Minister
Cabinet du M e
Ottawa, K1A

Date July 15

- TO: DEPUTY MINISTER
AU: SOUS MINISTRE
- TO: DEPUTY MINISTER'S OFFICE
AU: CABINET DU SOUS MINISTRE

PLEASE - S'IL VOUS PLAÎT

PREPARE REPLY FOR SIGNATURE OF:
PRÉPARER RÉPONSE POUR LA SIGNATURE DE:

SEND COMMENTS TO:
FAIRE PARVENIR VOS COMMENTAIRES AU:

MINISTER
MINISTRE

EXECUTIVE ASSISTANT
CHEF DE CABINET

SPECIAL ASSISTANT
ADJOINT SPÉCIAL

PARLIAMENTARY SECRETARY
SECRÉTAIRE PARLEMENTAIRE

UNDERSIGNED
SOUSSIGNÉ

FOR DIRECT REPLY
POUR RÉPONSE DIRECTE

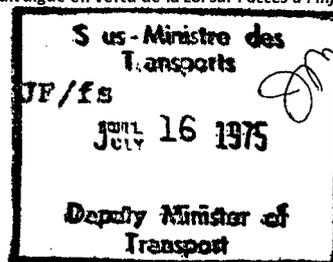
FOR PERUSAL AND APPROPRIATE ACTION
POUR LECTURE ET SUITE NÉCESSAIRE

FOR INFORMATION
POUR INFORMATION

REMARKS - OBSERVATION

THIS LETTER HAS NOT BEEN ACKNOWLEDGED.
NOUS N'AVONS PAS ACCUSÉ RÉCEPTION DE CETTE LETTRE.

SIGNATURE



July 15, 1975

Mr. Roy Derrick
Executive Assistant to the
Minister of National Revenue
House of Commons
Ottawa, Ontario



Dear Mr. Derrick:

On behalf of the Minister I wish to thank you for the copy of your Minister's letter of July 9, 1975 to the Prime Minister concerning the British Columbia Ferry System.

Your letter has been noted and will be passed on to the appropriate officials for consideration.

Yours sincerely,

John Fairchild
Special Assistant

Document disclosed under the *Access to Information Act* -
Document divulgué en vertu de la *Loi sur l'accès à l'information*



CANADA

With the Compliments

of

Ron Basford

Minister of National Revenue

000417



CANADA

Avec les hommages

de

Ron Basford

Ministre du Revenu national

000418



Minister
Revenue Canada

Ministre
Revenu Canada

J-F
2-8-4-27

July 9/11 1975 3 04 PM '75

PERSONAL AND CONFIDENTIAL

RECEIVED
MINISTER OF TRANSPORT

13022

The Right Honourable Pierre E. Trudeau, P.C., M.P.,
The Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.
K1A OA6



My dear Prime Minister:

I am writing in regard to the
May 28, 1975, telegram sent to you by Premier Barrett
concerning the British Columbia Ferry System.

I have seen the text of the reply
proposed for your approval and I must advise you that
I believe that it would be inappropriate to send any
substantive response before Cabinet has considered the
whole question of subsidies and other matters relevant
to ferry systems in Canada. A document concerning
these matters has been promised to Treasury Board
Ministers and, as well, you will recall that in your
letter to me of December 17, 1974 you spoke of a
"...Memorandum to Cabinet which will be coming forward
from the Ministry of Transport in the very near future."
I believe it to be of very great importance for Ministers
to consider this question before we give a definitive
answer to the Government of British Columbia.

Yours sincerely,

Ron Basford

c.c.: Hon. Jean Marchand



532-118



Office of The Prime Minister Cabinet du Premier Ministre

Sous-Ministre des Transports
JUL 11 1975
Deputy Minister of Transport

July 11, 1975.

CONFIDENTIAL

Mr. Sylvain Cloutier,
Deputy Minister,
Department of Transport,
Place De Ville,
Tower "C",
Ottawa, Ontario.

Dear Mr. Cloutier:

Attached are copies of letters to the Prime Minister from Senator Perrault and the Honourable Ron Basford, the two Ministers from British Columbia, who object to a substantive reply being telegraphed to Premier Barrett on the question of federal financial assistance for the British Columbia ferry system until such time as Cabinet has considered the question as promised by the Prime Minister to Mr. Basford in a letter of December 17, 1974.

The telegram, a draft of which is attached, is being withheld for the time being. Jack Austin has asked that I forward these letters to you and suggested that you raise this matter with your Minister so that Mr. Marchand will be prepared to discuss this with the Prime Minister prior to any possible discussion in Cabinet next week.

Yours sincerely,

Paul Manning,
Special Assistant.

ENTERED
ON CARDS



Minister
Revenue Canada

Ministre
Revenu Canada

July 9, 1975.

PERSONAL AND CONFIDENTIAL

The Right Honourable Pierre E. Trudeau, P.C., M.P.,
The Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.
K1A OA6

My dear Prime Minister:

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these matters has been promised to Treasury Board
Ministers and, as well, you will recall that in your
letter to me of December 17, 1974 you spoke of a
"...Memorandum to Cabinet which will be coming forward
from the Ministry of Transport in the very near future."
I believe it to be of very great importance for Ministers
to consider this question before we give a definitive
answer to the Government of British Columbia.

Yours sincerely,

Ron Basford

c.c.: Hon. Jean Marchand

LEADER OF THE GOVERNMENT



LE LEADER DU GOUVERNEMENT

THE SENATE - LE SÉNAT
CANADA

July 10, 1975.

Dear Prime Minister:

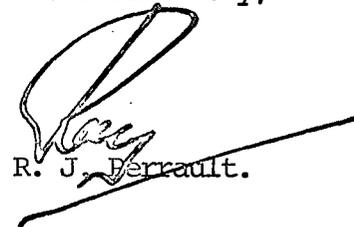
I am writing to you with regard to a telegram dated May 28, 1975 from Premier Barrett to yourself concerning the British Columbia Government's request for a financial contribution from the Federal Government to the British Columbia Ferry Authority.

I have been provided with a copy of the suggested reply and upon perusal of it, I feel that any negative response to the Premier's request should await full discussion and determination by Cabinet on this matter as it affects British Columbia and the rest of Canada.

Might I also say that when I was Leader of the Liberal Party in B.C., Party policy supported the current position being taken by Mr. Barrett and I believe it is still B.C. Liberal Party policy.

I would hope that an early opportunity could be found for Cabinet consideration of a Cabinet document which explores the many facets of this issue.

Yours sincerely,



R. J. Ferrault.

The Rt. Hon. P.E. Trudeau, P.C., M.P.,
Prime Minister of Canada,
O t t a w a.

MESSAGE

PLACE	DEPARTMENT	ORIG. NO.	DATE	FILE/DOSSIER	SECURITY SÉCURITÉ
LIEU	MINISTÈRE	N ^o D'ORIG.	July 7, 1975		
Ottawa	FPRO				
The Prime Minister of Canada					

The Honourable David Barrett
 Premier of British Columbia
 Parliament Buildings
 Victoria, British Columbia

PRECEDENCE

REF

SUB/SUJ

MY DEAR PREMIER:

THANK YOU FOR YOUR TELEGRAM OF MAY 28 CONCERNING
 MATTERS RELATED TO THE BRITISH COLUMBIA FERRY SYSTEM.

THE FEDERAL DEPARTMENT OF JUSTICE HAS NOW COMPLETED
 ITS REVIEW OF THE CONSTITUTIONAL AND OTHER CLAIMS MADE BY THE
 GOVERNMENT OF BRITISH COLUMBIA IN ITS SUBMISSION OF OCTOBER
 1974 REGARDING FEDERAL RESPONSIBILITY FOR FERRY SERVICES IN
 THE PROVINCE. IN THE OPINION OF OUR LEGAL ADVISERS, THE
 FEDERAL GOVERNMENT DOES NOT HAVE A LEGAL OBLIGATION TO
 PROVIDE FINANCIAL ASSISTANCE TO THE BRITISH COLUMBIA FERRY
 SYSTEM AS WAS SUGGESTED IN THE OCTOBER SUBMISSION.

ONE IS NEVER CERTAIN, OF COURSE, WHAT THE COURTS
 COULD DECIDE IF THEY WERE ASKED TO CONSIDER CASES SUCH AS
 THIS. I FELT I SHOULD, HOWEVER, LET YOU KNOW AS SOON AS
 POSSIBLE OF THE ADVICE WE HAVE NOW RECEIVED.

... 2

DRAYER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
W.C. O'Brien	Federal-Provincial Relations Office	2-8677	sg.....

- 2 -

WHILE I AM SURE THAT THIS NEWS WILL BE DISAPPOINTING, I UNDERSTAND THAT THERE ARE, NEVERTHELESS, A NUMBER OF OTHER TRANSPORTATION PROJECTS SUCH AS THOSE RELATED TO PACIFIC RIM ACCESS WHICH ARE OF SPECIAL CONCERN TO THE BRITISH COLUMBIA GOVERNMENT AND WHICH WILL INVOLVE FEDERAL FINANCIAL ASSISTANCE. WORK ON THESE PROJECTS IS BEING ACCELERATED.

I AM FURTHER INFORMED THAT, AS A FOLLOW-UP TO THE JUNE 20, 1975 MEETING HELD BETWEEN THE DEPUTY MINISTER OF TRANSPORT, MR. SYLVAIN CLOUTIER, AND HIS COUNTERPART IN BRITISH COLUMBIA, MR. CHARLES DALFEN, FEDERAL AND PROVINCIAL TRANSPORT OFFICIALS ARE MEETING TO DISCUSS THESE TRANSPORTATION PROJECTS. I AM HOPEFUL THAT PROGRESS IN THESE AREAS WILL BE POSITIVE AND RAPID.

PIERRE-ELLIOTT TRUDEAU
PRIME MINISTER OF CANADA

DEPUTY MINISTER OF TRANSPORT

SOUS-MINISTRE DES TRANSPORTS

ACTION REQUEST

FICHE DE SERVICE

XPPP
DATA
DM's Office

TO - A

DATE

FROM - DE

16.7.75
FILE NO. - N^o DE DOSSIER

DM's Office

ENT'D
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- REPLY DIRECT RÉPONDRE DIRECTEMENT
- REQUIRED ACTION DONNER SUITE
- NOTE & RETURN NOTER ET RETOURNER
- INFORMATION INFORMATION
- COMMENTS COMMENTAIRES

PREPARE MEMO TO - PRÉPARER UNE NOTE DE SERVICE À

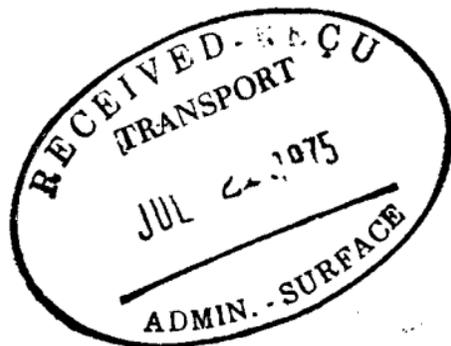
Lucie Dion

REPLY FOR SIGNATURE OF - RÉPONSE POUR LA SIGNATURE DE

REMARKS - REMARQUES

RECEIVED
Senators
ENT'D JUL 24 1975
XPPP / MOT

000425



*Lucid
cabinet J.F.*

LE LEADER OF THE GOVERNMENT



LE LEADER DU GOUVERNEMENT

JUL 11 9 51 AM '75
THE SENATE - LE SÉNAT
CANADA

28427
13053

RECEIVED
MINISTER OF TRANSPORT

July 10, 1975.

OFFICIAL FILE

My dear Colleague:

I am attaching for your information copy of a letter which has been sent by hand to the Prime Minister today concerning the British Columbia Ferry System.

I would hope that this matter can be brought to the Cabinet's attention at an early date.

Yours sincerely,

R. J. Perrault

R. J. Perrault.

The Hon. Jean Marchand, P.C., M.P.,
Minister of Transport,
House of Commons,
Room 209-S,
O t t a w a.

RECEIVED
Senators
JUL 24 1975
XPPP/MOT

ENTERED
ON CARDS

LEADER OF THE GOVERNMENT



LE LEADER DU GOUVERNEMENT

THE SENATE - LE SÉNAT
CANADA

July 10, 1975.

Dear Prime Minister:

I am writing to you with regard to a telegram dated May 28, 1975 from Premier Barrett to yourself concerning the British Columbia Government's request for a financial contribution from the Federal Government to the British Columbia Ferry Authority.

I have been provided with a copy of the suggested reply and upon perusal of it, I feel that any negative response to the Premier's request should await full discussion and determination by Cabinet on this matter as it affects British Columbia and the rest of Canada.

Might I also say that when I was Leader of the Liberal Party in B.C., Party policy supported the current position being taken by Mr. Barrett and I believe it is still B.C. Liberal Party policy.

I would hope that an early opportunity could be found for Cabinet consideration of a Cabinet document which explores the many facets of this issue.

Yours sincerely,

R. J. Ferrault.

The Rt. Hon. P.E. Trudeau, P.C., M.P.,
Prime Minister of Canada,
O t t a w a.

350 11-8



Government of Canada / Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO / À XPPP (K.G. Wilson)

FROM / DE MSA

SUBJECT / OBJET B.C. Ferries
Tax Remission: Stena Danica

SECURITY - CLASSIFICATION - DE SÉCURITÉ
CONFIDENTIAL
OUR FILE - N/RÉFÉRENCE
YOUR FILE - V/RÉFÉRENCE
DATE May 29, 1975

Attached is a copy of a letter dated May 15 from Mr. Chrétien to Mr. Turner, a copy of which was referred to Mr. Marchand, concerning opposition to the granting of a remission of duty paid by the B.C. government on the ferry vessel "Stena Danica". (Appendix A)

To review the background of this case I am attaching an extract from the minutes of the Interdepartmental Remission Committee's meeting of November 5, 1974. (Appendix B) Because of the various transport interest involved we did not oppose the consensus recommendation against remission of duty. However this recommendation was subject to review by the Minister of National Revenue, Mr. Basford and in the light of that review his department proposed that the remission be granted. (Appendix C)

In view of your involvement with other transport interests affecting the B.C. ferry service and in particular a proposal that Transport assist the B.C. government in some way other than a subsidy or a remission of duty, I should appreciate any comment you may wish to make in the event that the Minister requires a briefing on this before the question is placed on Treasury Board's agenda.

R.W. Murray
 R.W. Murray

Att.

APPENDIX B

EXCERPT FROM MINUTES OF THE MEETING OF THE INTERDEPARTMENTAL
REMISSION COMMITTEE HELD ON NOVEMBER 5, 1975

"Mr. O'Connell summed up the discussion as follows:

1. Stena Danica was purchased by the Government of British Columbia.
2. Provincial officials had not consulted the Department of Industry, Trade and Commerce before proceeding in this manner.
3. A firm of naval architects in the United States was engaged to produce plans for additional ferries to the British Columbia Ferry System.
4. No real attempt was made by British Columbia officials to canvass shipyards, other than yards in B.C. to ascertain whether new ferries could be built in Canada.
5. Remission in this case would set another dangerous precedent.
6. Remission on a temporary basis is in order when a chartered vessel is employed provided no suitable craft are available in Canada.

The decision of the sub-committee was to deny the request of the British Columbia Government to remit \$3,468,750.00 representing the customs duty paid on the vessel Stena Danica. It was decided to temporarily withhold notification of this decision until Messrs. Darroch and O'Connell were able to advise senior officials in their respective departments accordingly."

D R A F T

File: 8445/

SUBJECT: REMISSION OF CUSTOMS DUTY

PROPOSAL: To recommend approval by the Governor in Council of the attached draft Order in Council authorizing the remission to the Province of British Columbia of the sum of \$3,468,750 representing the customs duty paid on the vessel Stena Danica.

REMARKS: Representations have been received from the Government of the Province of British Columbia requesting the remission of the customs duty paid on the vessel Stena Danica. They state that the Province of British Columbia owns and operates a fleet of passenger and vehicle ferries which provides a service from the Mainland of the Province to Vancouver Island. The cost burden of this service falls directly on the taxpayers of the province because the fleet was built without benefit of any financial assistance from the Federal Government. The demand for this service has been increasing at an annual rate of 8.9 per cent with the main thrust coming during the six months between May and October. They claim that the British Columbia Ferry System is not only the largest but also the least expensive ferry system in the world and is an important adjunct to the tourist trade which is a major part of the province's economy. Because the fares are low, an

annual deficit is being incurred which is currently running at the rate of \$20 million. They began a program in 1967 to modify existing vessels in the fleet to increase the carrying capacity and this work, which was done in Canadian shipyards, was completed in the Spring of 1974. This was not sufficient to cope with the increased demands for service however and it was decided to build three more vessels to be delivered by 1975. They state that construction was also to be done in Canadian shipyards. By the Fall of 1973 it was apparent to them that the vessels could not be delivered before February 1976, due, according to the shipbuilders, to the shortages of critical material, particularly steel. Since gasoline was in very short supply in the United States late in 1973, they expected that the vacation plans of many residents of that country would be drastically changed or cancelled altogether. Since this gasoline shortage did not extend to British Columbia they expected that unprecedented numbers of tourists would flock into the province in the Summer of 1974, thereby placing additional strain on the ferry system. Officials of the Provincial Government concluded that it would be necessary to purchase a car-passenger ferry immediately in order to be

... /3

in a position to cope with the anticipated requirements in 1974. They state that there were no suitable vessels available in Canada or other Commonwealth Countries but they determined that two vessels that would meet the specifications were available in Scandinavia. An agreement was reached with the owners and the vessel Stena Danica was purchased for \$13,875,000 on condition that the ship would be delivered in Vancouver in June 1974. Certain modifications were needed to allow the craft to be used in the roll-on roll-off method of loading employed by the British Columbia ferry system. This work was carried out at a shipyard in North Vancouver. As soon as this was completed the vessel was to be placed in operational service on August 1, 1974. Customs duty in the amount of \$3,468,750 was paid on July 25, 1974. The Province of British Columbia has requested that Council's authority be solicited to remit to the Province of British Columbia the sum of \$3,468,750 representing the customs duty paid on the vessel Stena Danica on Vancouver, British Columbia, entry no. A062646 dated July 25, 1974.

HIS EXCELLENCY THE ADMINISTRATOR IN
COUNCIL on the recommendation of the Minister of
National Revenue and the Treasury Board, pursuant
to section 17 of the Financial Administration Act,
is pleased hereby to remit to the Province of
British Columbia the sum of \$3,468,750 representing
the customs duty paid on the vessel Stena Danica
on Vancouver, British Columbia, entry no A062646
dated July 25, 1974.

DEPUTY MINISTER OF TRANSPORT

SOUS-MINISTRE DES TRANSPORTS

ACTION REQUEST

FICHE DE SERVICE

TO - A

MSA
~~AMTA~~ *GA*

DATE

May 22/75

FROM - DE

DMO

FILE NO. - N° DE DOSSIER

- REPLY DIRECT RÉPONDRE DIRECTEMENT
- REQUIRED ACTION DONNER SUITE
- NOTE & RETURN NOTER ET RETOURNER
- INFORMATION INFORMATION
- COMMENTS COMMENTAIRES

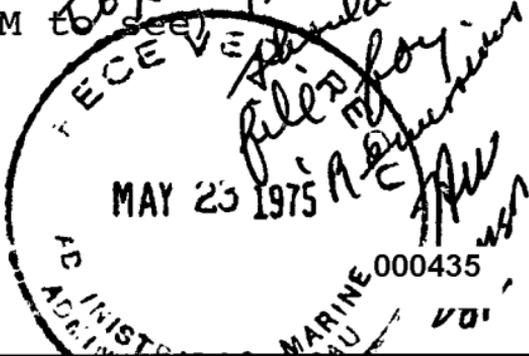
PREPARE MEMO TO - PRÉPARER UNE NOTE DE SERVICE À

REPLY FOR SIGNATURE OF - RÉPONSE POUR LA SIGNATURE DE

REMARKS - REMARQUES

(cc retained for DM to see)

BWM
should use also go
Box PPP & ASTA
perhaps total
should be a
file for
AC
APU
101



MINISTRY OF TRANSPORT - MINISTÈRE DES TRANSPORTS

Office of the Minister
Cabinet du ministre
Ottawa, K1A 0N5

Date... 30/5/75

- TO: DEPUTY MINISTER
AU: SOUS MINISTRE
- TO: DEPUTY MINISTER'S OFFICE
AU: CABINET DU SOUS MINISTRE

AMTAI

ALSO REFERRED TO:
AUSSI TRANSMIS AU:

- SPECIAL ADVISOR
CONSEILLER SPÉCIAL

PLEASE - S'IL VOUS PLAÎT

- PREPARE REPLY FOR SIGNATURE OF:
PRÉPARER RÉPONSE POUR LA SIGNATURE DE:

- SEND COMMENTS TO:
FAIRE PARVENIR VOS COMMENTAIRES AU:

- MINISTER
MINISTRE
- SPECIAL ADVISOR
CONSEILLER SPÉCIAL
- EXECUTIVE ASSISTANT
ADJOINT SPÉCIAL
- ASSISTANT - SPECIAL PROJECTS
ADJOINT - PROJETS SPÉCIAUX
- SENIOR ADMINISTRATIVE OFFICER
ADMINISTRATEUR PRINCIPAL
- PARLIAMENTARY ASSISTANT
SECRÉTAIRE PARLEMENTAIRE
- UNDERSIGNED
SOUSSIGNÉ

AT THE
INSTRUMENT

- FOR DIRECT REPLY
POUR RÉPONSE DIRECTE
- FOR PERUSAL AND APPROPRIATE ACTION
POUR LECTURE ET SUITE NÉCESSAIRE
- FOR INFORMATION
POUR INFORMATION

REMARKS - OBSERVATION

- THIS LETTER HAS NOT BEEN ACKNOWLEDGED.
NOUS N'AVONS PAS ACCUSÉ RÉCEPTION DE CETTE LETTRE.


SIGNATURE 000436

President of The Treasury Board Le Président du Conseil du Trésor

Sous-Ministre des Transports
MAY 22 1975
Deputy Minister of Transport

MAY 16 11 51 AM '75

CONFIDENTIAL

RECEIVED
MINISTER OF TRANSPORT

May 15, 1975

550-11-8
CONFIDENTIAL FILE

The Honourable John N. Turner, P.C., M.P.,
Minister of Finance,
Ottawa, Ontario.
K1A OG5

My dear Colleague:

10948

Thank you for your letter of April 15, 1975 regarding the remission of import duty on the vessel "Stena Danica".

I agree that granting a remission in this case could establish a precedent with adverse implications in the long term and might well work against government policy to continue development efforts in the shipbuilding industry through the revised Shipbuilding Assistance Program.

My officials have been working closely with your officers in examining this proposal and in formulating a recommendation for the Ministers of the Treasury Board. As is the procedure for remission cases, your officers will be making the formal presentation to the Ministers and I am informed that this item may be placed on the Treasury Board Agenda within the next week or so.

I have advised our colleague, the Honourable Alastair Gillespie, who wrote to me expressing concern similar to yours about this proposal. His office will be informed when the submission is put before the Board in order that he may have someone in attendance. By now, you may have received a copy of my reply to his letter.

Although I cannot prejudge the decision of the Ministers I am confident that the interests of all concerned will be carefully considered.

Yours sincerely,

Jean Chrétien
Jean Chrétien.

RECEIVED
RECU
MAY 26 1975
M.S.A.

c.c. The Honourable Alastair Gillespie, P.C., M.P.
The Honourable Jean Marchand, P.C., M.P.

ENTERED
ON CARD

April 22/75

① ~~SMC~~ ^{24/4} I'm not quite sure what
the DM's comment means. ~~SM~~

② ~~SMC~~ 25/75

③ ~~SMC~~ the day of 25/75

for info



ASTA

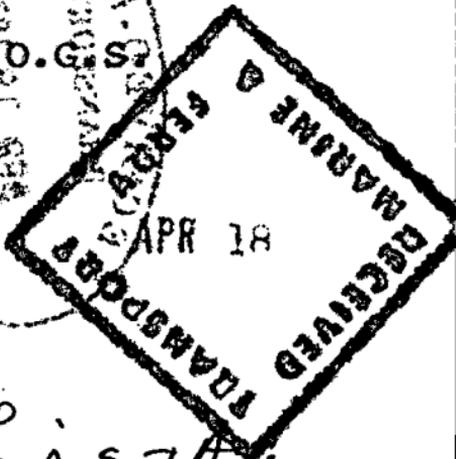
(2)

Mr. Butler -

I have some concerns on tabling B.C. submission which deals with Fed. Govt. activities in Ferries in East - unless someone goes over the submission very thoroughly - if there are inaccuracies we should correct.

17-4-75

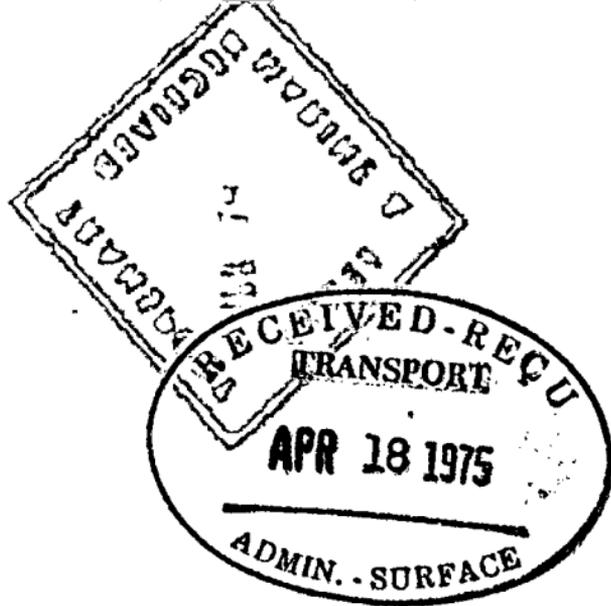
c.c. ASTA



(3) DSM

DS For info. DA 57A
18 Apr

000439



550-11-8 P9



Transport Canada

Transports Canada

PA

COM ASTA

Your file / Votre référence

Our File / Notre référence

April 15, 1975

MEMORANDUM FOR THE DEPUTY MINISTER

B.C. FERRIES

Mr. D.W. Munro, M.P. for Esquimalt-Saanich British Columbia has asked in the House (question 1557 attached) whether the federal government would be willing to table correspondence which has been exchanged with the province of B.C. regarding their request for financial support to the B.C. FERRIES system.

We have been unable to move too far with our Cabinet Memorandum on this subject pending completion later this month of the work of our Water Transport Subsidy Policy Task Force. Nevertheless, the matter of exactly what to release will only come up if Mr. Munro follows with another question, at which point we would take the matter of release up with the B.C. Government. Considering that Mr. Barrett has already aired his views on this subject, I judge, and the Privy Council Office agree, that no damage to the federal negotiating position would result from the release of some material.

Mr Butler
I have some concerns
in relation B.C. Submission
which deals w/ the
Fed. Govt
activities
in Ferris
in boat-units
Someone
goes over
the submission
very
roughly
- If there are
inaccuracies for
should correct

.../2

RECEIVED

APR 15 1975

OFFICE OF THE DEPUTY MINISTER TRANSPORT

- 2 -

From Transport's point-of-view and without going into the ancient exchanges on this subject, the material in question would simply consist of the B.C. government's position paper which was presented to the Minister last October (copy attached) as well as Mr. Strachan's letter to the Minister of January 27, 1975 (attached) and the Minister's reply of March 6 (attached). Would you see any problem with tabling these, subject, of course, to the province's concurrence?

The Privy Council Office is prepared to table correspondence which the Prime Minister has had with Premier Barrett (attached) and they have prepared a reply to Mr. Munro indicating that the federal government is prepared to table some correspondence, subject to provincial approval.



M.E. Butler

Attachments

6. What amount of money was added to these funds in any other way by the Canadian National Railways during the years ending (a) December 31, 1972 (b) December 31, 1973 (c) December 31, 1974?

6. Combien d'ar ces caisses par d terminant a) le 31 le 31 décembre 197

7. Is money owed to the above funds by the Canadian National Railways and, if so, how much and what arrangements are being made to meet such debt?

7. Les chemins de l'argent aux c tive, combien d'ar nent-ils pour paye

8. What was the total amount paid out of the above funds in pensions during the years ending (a) December 31, 1972 (b) December 31, 1973 (c) December 31, 1974?

8. Quelle est la s à même les caisse terminant a) le 31 le 31 décembre 197

*No. 1,553—Mr. Knowles (Winnipeg North Centre)—February 7

*N° 1553—M. février

Has the Minister of Finance, or the Inspector-General of Banks acting for the Minister, since April 10, 1974, had any further discussions with the chartered banks concerning the need for the pensions paid to their retired employees to be escalated annually by an amount at least equal to the rise in the cost of living and, if so, can the Minister now say whether the chartered banks are implementing this practice with respect to their retired employees and, if not, whether they have made any improvement in this regard since they reported to the Minister as indicated in his statement recorded on page 1,323 of Hansard for April 10, 1974?

Le ministre des général des banqu de nouveau avec d'indexer annuell employés retraités du coût de la vie maintenant en m appliquent ce systè et, dans la négati modifications à ce au ministre, confo page 1323 des Déba

No. 1,556—Mr. Andre (Calgary Centre)—February 7

N° 1556—M. Andrie

During each year 1972, 1973 and 1974, how much money was paid to Alberta firms for the purchase of architectural and engineering services?

Au cours de cha bien a-t-on versé à des services d'archi

No. 1,557—Mr. Munro (Esquimalt-Saanich)—February 10

N° 1557—M. Munro

1. What was the subsidy paid to the operator of the ferry icebreaker *Camille Marcoux* for the construction of that vessel?

1. Quel montant c brise-glace traversi tion de ce bateau?

2. Who is the operator of the service to which the *Camille Marcoux* has been supplied?

2. A quel exploita

3. For what reason was no mention made of such subsidy in the answer to Question No. 1,128?

3. Pour quel moti des dans la réponse

4. Has the government had a request from the Government of British Columbia for financial subsidies in support of the ferry service forming part of the Trans Canada Highway, namely the Nanaimo-Horseshoe Bay service and, if so, will the government Table the exchange of correspondence?

4. Le gouverneme nement de la Colon pour le service de Bay, faisant partie et, dans l'affirmat copie de l'échange d

No. 1,558—Mr. Blackburn—February 10

N° 1558—M. Blackl

With reference to Air Canada Flight 616 from Ottawa to Halifax on Monday, February 3, 1975 (a) how many passengers were on the flight (b) how many were travelling (i) first-class (ii) economy class (c) how many were holders of Air Canada passes?

Au sujet du vol 6 lundi 3 février 1975 combien voyageaic touriste, c) combi Canada?

No. 1,559—Mr. Blackburn—February 10

N° 1559000443 -kb

1. What were the names and official positions of employees of department...

1. Quels sont le n

P.H. 11/2/75

Government of Canada / Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO / À ASTA

FROM / DE SMO

SECURITY - CLASSIFICATION - DE SÉCURITÉ
OUR FILE - N/RÉFÉRENCE
550-11-8.
YOUR FILE - V/RÉFÉRENCE
DATE
February 14, 1975.

SUBJECT / OBJET Federal/Provincial Activities - British Columbia

Your comments on the memorandum of February 6th, 1975, have been noted and are being drawn to the attention of Branch officers.

Although Mr. Knapp was describing the meeting with the Deputy Minister of Transportation and Communications of British Columbia, I believe that his second paragraph was intended to refer only to exchanges on purely operating matters and not to intergovernmental matters which should be handled at a higher level. In other words, our dealings would be with the management of B.C. Ferries and not with any government department.

② D/M
Feb 17/75
Thanks. OK.
ASTA
14 Feb 75

A. D. McKenzie.

RECEIVED - 1975
FEB 14 1975
ADMIN. - SURFACB



Government of Canada

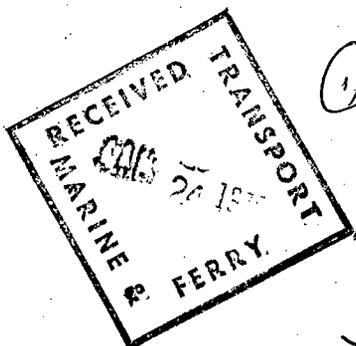
Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO: ASTA

FROM: DSP



Jan 27/75
SME
noted JS Jan 30/75
PA File

SECURITY - CLASSIFICATION - DE SÉCURITÉ
OUR FILE - N/RÉFÉRENCE 550-11-8
YOUR FILE - V/RÉFÉRENCE
DATE January 24, 1975

SUBJECT
OBJET

FEDERAL ASSISTANCE TO B.C. FERRIES

There seems to be some misunderstanding as to any instructions or advice I may have issued as to the handling of questions on federal assistance to B.C. ferries. Insofar as the Book of Major Decision Items prepared by XPPP, which you may recall there is a separate page or pages for each of the decision items, XPPP had responsibility for and did prepare item 36 entitled "Federal Assistance to British Columbia Ferries". This appears in the index as an XPPP responsibility with consultation with CSTA. I did suggest to XPPP that this particular item should be included in the section headed "Ferries" and furthermore that the ferries sub-section should be included under the general title of Surface Issues. It had previously been included under Marine Issues.

I have spoken to Lloyd Cope who tells me that for the DBC "Forecast of Major Decision Items" that I told him that B.C. ferries was an item for which CSTA was assuming responsibility. I do not really recall this but suspect that what I really did tell him was that the decision item B.C. Ferries should be one included under the general title in the book of "Ferry and Coastal Services". As there has never been any question in my mind that Ken Wilson in XPPP has been handling this, I am quite sure that I have not instructed anyone that this was an area that we were taking over and that it is purely a misunderstanding of my suggestions on how to get the topics logically organized within the two books concerned. I have also now told Lloyd Cope that there has been a misunderstanding and that he should continue to regard XPPP as responsible in this area.

D.H. Pratt

c.c.: DSM

~~CONFIDENTIAL~~ **SECRET**

MINISTRY OF TRANSPORT — MINISTÈRE DES TRANSPORTS

SEE INSTRUCTIONS —
INSIDE FRONT COVER.

VOIR AU VERSO POUR LES
INSTRUCTIONS.

SUBJECT — SUJET RAILWAYS

SUB-SUBJECT — SOUS-SUJET _____

FILE TITLE — TITRE DU DOSSIER CAR FERRIES

BRITISH COLUMBIA FERRIES

DATE ROUTED DATE DE SORTIE	PURPOSE FOR WHICH REFERRED RAISON DE L'ENVOI	REFERRED TO DESTINATAIRE	B.F. DATE DATE DE RENVOI	USER'S INITIALS INITIALES DE L'USAGER
	TRANSMIT & STORE IN ACCORDANCE WITH SECURITY REGULATIONS			
	TRANSMETTRE ET ENTREPOSER CONFORMÉMENT AUX RÈGLES DE SÉCURITÉ			
JUN 13 1975	10948	MSA		R
JUL 17 1975	13023	ASTA		JEN
JUL 27 1976		SME		G.L.
JAN 20 1977	005470	ASTA		JH
		DGSW		Kub.
DEC - 7 1977	4876	ASTA		JH
		WLLW		Kub

FROM — DE 22 Jan 75
 TO — À _____

VOL. 2
 550 - 11 - 8

IMPORTANT

INSTRUCTIONS FOR USE OF FILES

- A. NOTIFY RECORDS WHEN FILE PASSED TO ANOTHER SECTION — by completing File Pass Slip, Form No. 02-0012 or by other means
- B. THIS COVER MUST NOT BE FOLDED UNDER FILE
- C. Column 1. Enter date file routed or re-routed.
 - 2. Show reason for routing. I.E. — letter, memorandum, serial number of document requested, B.F., etc.
 - 3. Enter name or office designator of addressee.
 - 4. Enter date that file is to be "Brought Forward". (B.F.'d)
 - 5. Initial when action completed.
- D. Letters, memoranda, telegrams, charts, enclosures must not normally be removed from this file. If it is necessary to remove any document the user must:
 - 1. Annotate covering letter or memorandum with the reason for removal and its new location.
 - 2. If no covering letter or if the covering letter is also removed, a memorandum is to be placed on the file giving description of documents removed, reason for removal and new location.
 - 3. Route file to Records for notation of document removal.

IMPORTANT

DIRECTIVES POUR L'EMPLOI DES DOSSIERS

- A. *INFORMER LA GESTION DES DOCUMENTS LORSQUE LE DOSSIER EST TRANSMIS A UNE AUTRE SECTION en remplissant la formule n° 02-0012. Fiche de transmission de dossier ou d'une autre manière.*
- B. *NE PAS REPLIER SOUS LE DOSSIER*
- C. *Colonne 1. Inscrire la date de la sortie du dossier.*
 - 2. *Justifier la sortie du dossier. Par ex. lettre, mémorandum, numéro de série du document, à renvoyer etc.*
 - 3. *Inscrire le nom ou l'indicatif du bureau du destinataire.*
 - 4. *Indiquer la date à laquelle le dossier doit être renvoyé.*
 - 5. *Initialer avant de retourner.*
- D. *Habituellement les lettres, mémoranda, télégrammes, cartes et pièces jointes ne doivent pas être retirés du dossier. S'il est nécessaire de le faire, l'usager doit:*
 - 1. *indiquer sur une lettre d'accompagnement ou un mémorandum la raison de la sortie du document et ce qui en est advenu;*
 - 2. *s'il n'y a pas de lettre d'accompagnement ou si elle aussi a été retirée, joindre au dossier un mémorandum décrivant les documents retirés, justifiant la sortie et indiquant ce qui en est advenu;*
 - 3. *transmettre le dossier à la Gestion des documents pour en modifier les registres.*

CORRESPONDENCE TRANSFER AND CROSS-INDEX — MOUVEMENTS DE LA CORRESPONDANCE ET RÉFÉRENCES CROISÉES

SUBJECT — SUJET	FILE NO. — N° DU DOSSIER