

applicable for a specified period. It must be published immediately in the *Canada Gazette* and tabled in Parliament. This provision of the act makes it clear that the government must take ultimate responsibility for monetary policy but that the central bank is in no way relieved of its responsibility so long as a directive is not in effect. Such a directive has never been issued.

The Bank of Canada is under the management of a board of directors composed of the governor, the deputy governor and 12 directors. The governor and deputy governor are appointed for terms of seven years by the directors, with the approval of the Governor-in-Council. In addition to the deputy governor who is a member of the board, there may be one or more deputy governors who, although not members of the board, are appointed by the board of directors to perform such duties as are assigned by the board. Directors are appointed by the finance minister, with the approval of the Governor-in-Council, for terms of three years each. The deputy minister of finance is a member of the board but does not have the right to vote. There is an executive committee of the board composed of the governor, the deputy governor, two directors and the deputy minister of finance, who is without a vote; this committee has the same powers as the board except that its decisions must be submitted to the board at its next meeting.

The head office of the Bank of Canada is in Ottawa. It has agencies in Halifax, Saint John, Montreal, Ottawa, Toronto, Winnipeg, Regina, Calgary and Vancouver and is represented by other institutions in St. John's and Charlottetown. In addition there are representatives of head office departments in Montreal, Toronto, Edmonton and Vancouver.

21.1.2 Currency

How bank notes became the chief circulating medium in Canada prior to 1935 is described in the *Canada Year Book 1938* pp 900-905. Features of the development which then became permanent are outlined in the *Canada Year Book 1941* pp 809-810.

When the Bank of Canada began operations in 1935 it assumed liability for Dominion notes outstanding. These were gradually replaced in public circulation and partly replaced in cash reserves by the central bank's legal tender notes. Bank of Canada notes thus replaced chartered bank notes as the issue of the latter was reduced. Further restrictions introduced by the 1944 revision of the Bank Act cancelled the right of chartered banks to issue or reissue notes after January 1, 1945, and in January 1950 the chartered banks' liability for such of their notes issued for circulation in Canada as then remained outstanding was transferred to the Bank of Canada with a concurrent adjustment to the banks' deposits at the Bank of Canada.

Bank of Canada note liabilities for the years 1976-78 are given in Table 21.4. Note circulation in public hands as at December 31, 1978 amounted to \$8,074.7 million, compared to \$7,267.6 million in 1977 and \$6,572.8 million in 1976. Bank of Canada statistics concerning currency and chartered bank deposits are given in Table 21.5.

21.1.3 Coinage

Under the Currency and Exchange Act (RSC 1970, c.C-39), gold coins may be issued in the denomination of \$20 (nine-tenths fine or millesimal fineness 900) and \$100 (millesimal fineness 916.6); and subsidiary coins in denominations of \$1, 50 cents, 25 cents, 10 cents (five-tenths fine or millesimal fineness 500, silver, or pure nickel), five cents (pure nickel), and one cent (bronze — copper, tin and zinc). Provision is made for the temporary alteration of composition in the event of a shortage of prescribed metals.

Table 21.6 gives figures for the value of Canadian coins in circulation. Receipts of gold bullion at the Royal Canadian Mint and bullion and coinage issued are given in Table 21.7.

The Ottawa Mint, established as a branch of the Royal Mint under the United Kingdom Coinage Act of 1870, was opened on January 2, 1908. On December 1, 1931, by an act of the Canadian Parliament it became the Royal Canadian Mint and operated as a branch of the finance department. The mint was established as a Crown corporation in 1969 by the Government Organization Act of 1969 to allow for a more industrial type of organization and for flexibility in producing coins of Canada and other countries; to