

Effective March 13, 1980 the rate at which the Bank of Canada has entered into these agreements has been the Bank Rate.

During 1985, a variant on these arrangements was introduced whereby the Bank may occasionally, at its initiative, offer to engage in so-called "special" Purchase and Resale Agreements, at rates determined in the light of circumstances. The purpose of this additional facility, which may be offered to dealers or banks, is to provide the Bank with more flexibility in its operations designed to influence the overnight market for money. Less common have been Special Sale and Repurchase Agreements; these are transactions to counter downward pressure on overnight financing rates and were first used by the Bank in 1986.

Assets and liabilities of the Bank of Canada at December 31, 1983-87 are shown in Table 18.2. The Bank is not required to maintain gold or foreign exchange reserves against its liabilities.

Although the Bank of Canada operates with a large measure of independence, this does not mean that the government has been relieved of the ultimate responsibility for the general thrust of monetary policy. The Bank of Canada Act provides for regular consultation between the governor of the Bank of Canada and the Minister of Finance as well as for a formal procedure whereby, in the event of a disagreement between the government and the central bank, which cannot be resolved, the government may, after consultation, issue a directive to the Bank of Canada on the monetary policy to follow. Any such directive must be in writing, in specific terms, and applicable for a specified period. It must be tabled in Parliament and published immediately in the *Canada Gazette*. 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 Act provides that the Bank shall be under the management of a board of directors composed of a governor, a deputy governor and 12 directors. The governor of the Bank is its chief executive officer and is authorized to act in connection with the conduct of the Bank's business in all matters not specifically reserved to the board or to its executive committee. The directors are appointed for three-year terms by the Minister of Finance, with the approval of the Governor-in-Council. The directors, in turn, appoint the governor and deputy governor for seven-year terms, also with approval of the Governor-in-Council. The deputy minister of

finance sits on the board but does not have a vote. An executive committee composed of the governor, deputy governor, two to four directors and the deputy minister of finance (without a vote) acts for the board; it meets each week in which there is not a full board 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 and Vancouver.

18.1.2 Currency

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 re-issue 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 1983-87 are given in Table 18.3. Note circulation in public hands as at December 31, 1987 amounted to \$15.4 billion, compared to \$12.2 billion in 1984 and \$11.6 billion in 1983. Bank of Canada statistics concerning currency and chartered bank deposits are given in Table 18.4.

18.1.3 Coinage

Under the Royal Canadian Mint Act (RSC 1970, c.R-8), precious metal coins may be issued in the denominations of \$5, \$10, \$20, \$50 and \$100; and base metal coins in denominations of \$0.01, \$0.05, \$0.10, \$0.25, \$0.50 and \$1.00.

Table 18.5 gives figures for the production of Canadian circulating coins. Receipts of gold bullion at the Royal Canadian Mint, gold refined and investment coins produced are given in Table 18.6.

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