

Mint and Currency

People may not think that Canadians would do much coinage business for Japan, but the Royal Canadian Mint does a lot of business making coins for Japan.

As well, it makes coins for Britain and several European countries where the technology is supposed to be so great that one would think they would do it for themselves.

Canada has increased its markets for coinage greatly throughout the Asian rim and Europe, which indeed has been very beneficial for gold production in Canada.

During my visit to the Mint the officials showed me the carts where the gold bars were kept. I was permitted to pick one of them up, but the officials smiled at me when I tried to do it with one hand. One requires two hands to pick up a gold bar which is valued at about \$250,000. It is a unique experience to hold \$250,000 in one's hand for the first and probably only time in one's life. I only hope that the Mint is not robbed because my fingerprints may still be on that gold bar.

I believe it is appropriate to provide the Royal Canadian Mint with added powers in order to be more flexible in its operations. The change in metal prices in the world is very important to the Mint because it must depend on the low cost of metals to keep its costs down. When the price of silver or gold increases greatly, the cost to the Mint rises dramatically.

It is interesting to note that outside factors over which the Mint has no control account for 94 per cent of its cost of producing coins. The Mint cannot control the price of gold or silver. It has its labour costs and assaying costs, as well as the wages for its professional engineers and tradesmen. Therefore, only 6 per cent of the costs are under the control of the Mint.

What is the difference between the Mint Act and the Currency Act? The Mint Act deals with the production and issuance of coins and gives the Mint the authority to make and sell coins.

The Currency Act deals with the use of coin and paper currency in the money system. Of course, the Currency Act is very much related to the Department of Finance. There are many other areas of government activity which either control or share a certain amount of power within its administration.

I want to refer to one part of the summary of the Royal Canadian Mint corporate plan of 1987, which deals with Canadian circulation coinage. I stated a moment ago that the production of coins makes much money for the Mint. However, the Mint does not make a big profit on the production of Canadian currency in order to keep costs down. Its profits are made on the foreign coinage that it is able to sell. It states under "Canadian Circulation Coinage":

This product line constitutes the basic "raison d'être" of the RCM. While all other activities of the Mint are profit-motivated, the overriding objectives with respect to this activity are to produce and supply coins of the currency of Canada, of the highest quality and at the lowest possible cost. Therefore this product is not a significant contributor to the profitability of the Corporation. The Mint must exercise discretion, and take the necessary initiative, to ensure that an adequate supply of coinage in all denominations is available to meet the demand.

With regard to bullion products, it is important to note that in 1979 the Royal Canadian Mint introduced the gold maple leaf bullion coins, as was mentioned by the Parliamentary Secretary. From 1979 to 1984, on average, one million ounces of gold coins were sold annually. In 1985, in an environment of reaction to South Africa, 1.8 million ounces of gold maple leaf coins were sold, making us the market leader. In 1986, 1.5 million ounces of gold coins were sold. A lot of the reason for our being a world leader is the expertise, of the Royal Canadian Mint, the ability to produce, and the ability to look after the markets. We owe it a mark of credit there.

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Other countries are going to enter into competition with us on the coin market, undoubtedly with many other coins such as Olympic coins, but with the expertise we have in this field and the experience the Mint people have here in Canada, I do not think we should be overly concerned about its ability to compete. As Britain, Australia and others come on stream, I think Canadians will be able to compete very well in the market-place as far as coins are concerned.

With regard to numismatic products, the report tells us that the major marketing thrust will be in the international collectors' market where the Royal Canadian Mint expects to increase significantly its number of collector customers. As you know, Mr. Speaker, we have great stamp collectors and coin collectors and so on and this market will undoubtedly grow.

The Bill at hand in its provisions withdraws the sunset clause mentioned by the Parliamentary Secretary which called for an end to the gold bullion maple leaf program in 1991 and provided for public accountability of sales. That will give the Mint a chance to go ahead and continue to sell that coin. The approximate total amount of business done by the Royal Canadian Mint up to now is \$990 million. I believe that some \$800 million of that is due to the sale of the gold maple leaf coin. So this is a very important amendment to this Bill. The elimination of this clause, of course, will enable the Mint to remain competitive internationally. The Mint still remains accountable to Parliament, as has been mentioned, not only through its five-year corporate plan, but it will continue to report annually to the Parliament of Canada.

I think it is important that the appropriate parliamentary committee take those reports and at least extend to the Mint the courtesy of having a couple of meetings or a hearing, if for no other reason than to educate ourselves as Members of Parliament as to what it is doing in the country and on the international scene, and also to give it a profile, telling Canadians what the Royal Canadian Mint is doing. We have a responsibility to get that information out there as well.

The Bill would allow the Canadian Mint to react more quickly to the imperatives to produce coins in certain metals and sizes, giving it more flexibility, and the amendments to the Act would allow changes to be made to the type of metal used