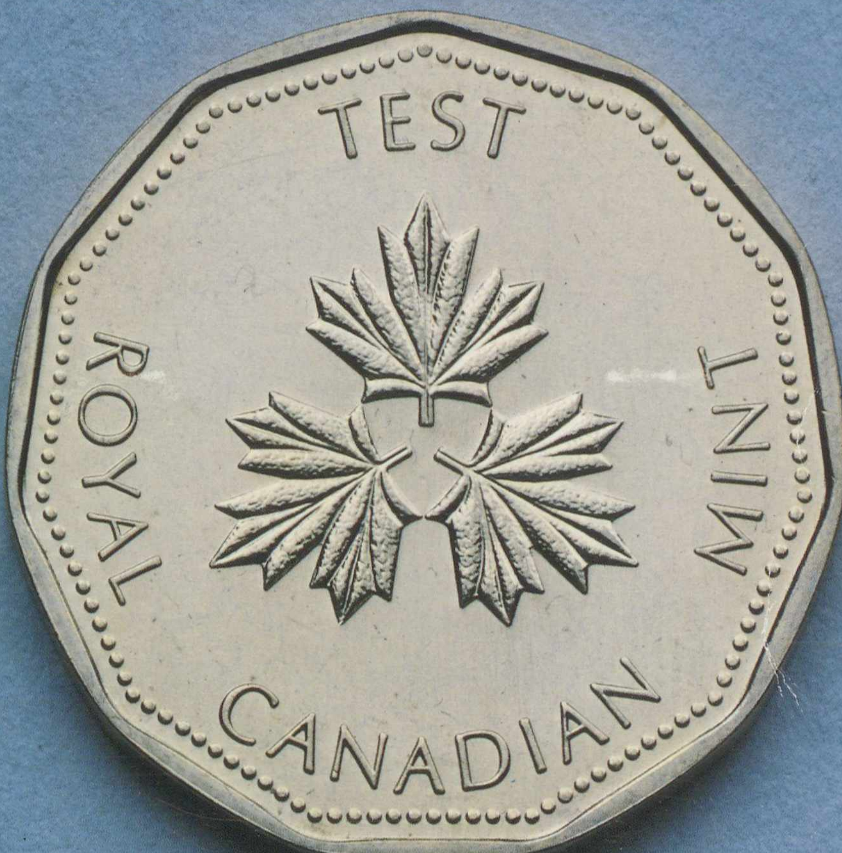
HOUSE OF COMMONS

A NEW DOLLAR COIN



A REPORT
OF THE STANDING COMMITTEE
ON MISCELLANEOUS ESTIMATES

JUNE 1985

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Chairman: Bill Kempling

CHAMBRE DES COMMUNES

Fascicule nº 22

Le jeudi 30 mai 1985
Le mardi 4 juin 1985
Le mercredi 5 juin 1985

Président: Bill Kempling

Minutes of Proceedings and Evidence of the Standing Committee on

Miscellaneous Estimates

Procès-verbaux et témoignages du Comité permanent des

Prévisions budgétaires en général

RESPECTING:

The Order of Reference relating to the issue of a circulating dollar coin.

CONCERNANT:

L'ordre de renvoi concernant la frappe et la mise en circulation d'une pièce d'un dollar.

INCLUDING:

The FIRST REPORT to the House

Y COMPRIS:

Le PREMIER RAPPORT à la Chambre

First Session of the
Thirty-third Parliament, 1984-85

Première session de la
trente-troisième législature, 1984-1985

STANDING COMMITTEE ON MISCELLANEOUS ESTIMATES

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Vice-Chairman: Mary Collins

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Pursuant to Standing Order 69(4)(*b*):

On Friday, May 31, 1985:

Stan Hovdebo replaced Howard McCurdy.

Conformément à l'article 69(4)*b*) du Règlement:

Le vendredi 31 mai 1985:

Stan Hovdebo remplace Howard McCurdy.

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The Standing Committee on Miscellaneous Estimates has the honour to present its

FIRST REPORT

TABLE OF CONTENTS

INTRODUCTION

In accordance with its Order of Reference dated February 14, 1985, the Standing Committee on Miscellaneous Estimates examined the advisability of Canada issuing a circulating dollar coin; the raising of funds for the 1988 Calgary Olympics through assigning the seignorage from the first issue of such coins to the Calgary Olympics; and the size, shape, and composition of any such dollar coin if it were to be issued. These questions being of general public interest, the Committee notified the Canadian population of the holding of public hearings on the matter. Despite a short notice, more than 20 organizations and numerous individuals submitted a brief or a letter to the Committee and 12 of them appeared before the Committee. In addition, the Committee gathered useful information from evidence given by officials of the Royal Canadian Mint, the Bank of Canada, the Department of Finance and by the Minister of State (Fitness and Amateur Sport). The Committee wishes to thank all these organizations and individuals for their valuable contribution to the work of the Committee. This report is the result of this consultative process and of deliberations of members of the Committee.

INTRODUCTION

In accordance with its Order of Reference dated February 14, 1985, the Standing Committee on Miscellaneous Estimates examined the advisability of Canada issuing a circulating dollar coin; the raising of funds for the 1988 Calgary Olympics through assigning the seigniorage from the first issue of such coins to the Calgary Olympics; and the size, shape, and composition of any such dollar coin if it were to be issued. These questions being of general public interest, the Committee notified the Canadian populatiòn of the holding of public hearings on the matter. Despite a short notice, more than 20 organizations and numerous individuals submitted a brief or a letter to the Committee and 12 of them appeared before the Committee. In addition, the Committee gathered useful information from evidence given by officials of the Royal Canadian Mint, the Bank of Canada, the Department of Finance and by the Minister of State (Fitness and Amateur Sport). The Committee wishes to thank all those organizations and individuals for their valuable contribution to the work of the Committee. This report is the result of this consultative process and of deliberations of members of the Committee.

THE CASE FOR A DOLLAR COIN

A. The Need for a Dollar Coin

The primary objective of a nation's coinage system is to provide a commodity to meet the requirements of its trade and commerce. To do so in an effective manner, the coinage system must truly reflect public needs and preferences. The Committee has therefore devoted a large part of its public hearings and deliberations to assessing the need for a dollar coin. Not only has this been the Committee's most important task but also its most difficult. Canadians in general have great regard for their currency. In history, changes in the Canadian coinage system have been rare so as not to impose unnecessary modifications likely to disrupt daily life. Changes have been guided by prudence. The Committee intends to respect that tradition of prudence; its recommendations are the result of a careful analysis of the evidence presented to the Committee.

The idea of a new circulating dollar coin is not new. Discussions with interested parties started in 1978 at meetings of the Currency Advisory Committee, a committee composed of organizations directly involved in the coinage business with the Royal Canadian Mint. Recently, there have been more such discussions and meetings with Ministers and federal officials. The Government believes that the time has come for a public forum on the issue of a new circulating dollar coin, and this Committee of the House of Commons provides the first public opportunity to examine the question.

The need for a circulating one dollar coin has been strongly argued by the Canadian Urban Transit Association. The Association believes that a widely used dollar coin would allow significant operating cost savings for transit authorities by alleviating most of their current fare collection difficulties. As of February 1985, transit authorities collect annually 203 million one dollar bills at the fare boxes on the buses, street cars or at rail stations. This amount is growing rapidly with most adult cash fare across the country ranging now between 80 cents and $1.15. Based on a survey in February 1985 of 10 major transit systems, a total of 80 people are employed to process manually the dollar bills representing an annual payroll cost of $1.8 million. The Association pointed out that this cost is a net loss for the users since that money could be better spent for improving a service used by more than 1.5 billion passengers annually. It is also a net loss for all Canadian taxpayers who directly assume part of the transit system financing through public subsidies. Despite significant advances in fare collection methods and procedures, no viable alternative to a dollar coin seems to exist. In Calgary, for example, it would cost $250,000 to install bill exchangers in key transit locations with no foreseen benefit both in terms of convenience for the users (among whom 50% pay cash) and operating cost savings for the transit authority.

The vending industry is also a very strong advocate of a circulating dollar coin. During its testimony, representatives of the Canadian Automatic Merchandising Association tried to illustrate how a circulating dollar coin would help the vending industry in providing an important, and sometimes essential, service to many Canadians. There are in Canada 122,000 vending machines in operation recording more than 16 million automatic coin-operated transactions every day for total annual sales amounting to $341 million in 1984. A wide range of products is offered to customers in industrial plants, hospitals, universities, schools, hotels and recreational centres. The introduction of a dollar coin would permit the expansion of the product line which in turn would improve the user's convenience, particularly those who work night shifts or far from a store or restaurant. It would also speed up transactions, eliminate the burden of carrying large quantities of coins and improve the industry's overall productivity, an essential condition for its price competitiveness.

The Canadian Council of the Blind and the Canadian National Institute for the Blind have both favored the introduction of a dollar coin. As one of their representatives eloquently pointed out the use of a dollar coin easily distinguishable from other coins would allow a blind person certainty as to the change received for all transactions under $5. A dollar coin would thus be a great advantage for the visually handicapped.

Canada Post Corporation and Bell Canada are two other organizations that have expressed an interest in a new circulating dollar coin, although neither one appeared before the Committee. Canada Post operates more than 5,000 automatic stamp distributors across the country generating approximately $5 million in total sales. Although this represents a small amount compared to the total volume of business, most of these distributors are in strategic locations (airports, railway stations, senior citizens' homes) where they provide convenient and useful service.

Bell Canada's interest in the dollar coin derives from the fact that the company owns 85,000 of the 100,000 pay phones in Canada. A circulating one dollar coin would certainly facilitate cash payments of long distance calls, thus serving clients mainly unable to use an alternative method of payment.

The Retail Council of Canada and the Canadian Bankers' Association have essentially adopted a neutral position on the issue. Both organizations said that their aim is to serve the public adequately, and if the public is prepared to use a dollar coin instead of a dollar bill, they find no difficulty in providing what the public wants.

In reviewing the evidence presented by witnesses, members of the Committee focused their analysis on two specific but related aspects. First, the Committee looked at the relative importance of the activities that would be facilitated or enhanced by the introduction of a new circulating dollar coin in order to determine if the need for a dollar coin is sufficiently widespread among the Canadian population. Secondly, the Committee reviewed the arguments presented by groups in favor of the dollar coin to determine whether or not the introduction of such a coin is a clearly demonstrated necessity.

Specialists of the coinage business have estimated that approximately 75% of all commercial transactions involve coins, but only a fraction of these transactions are concluded only with coins and, more specifically, an even smaller fraction of transactions requires the exclusive use of coins. In most large transit systems, cash fares represent less than 50% of total riders (two exceptions being Vancouver 60%, and Halifax-Dartmouth 75%); in the two largest Canadian cities, Toronto and Montreal, this proportion is only 15% and 16% respectively. Total sales of the vending industry is very small compared to the sales volume of the retail industry; the same quantitative comparison holds for the business volume processed in Canada Post vending machines and for revenues generated by pay phones. As such, the importance of operations by those favoring the dollar coin in the Canadian economy appears relatively small. In the short term, only a limited number of Canadians would then directly benefit from the introduction of a new circulating dollar coin.

Over a longer-term perspective, the number of Canadians directly advantaged by a new dollar coin will most likely increase. The inflation process of recent decades has significantly reduced the purchasing power or trading value of smaller denomination coins. The usefulness of the present coinage system has therefore declined having failed to adapt to new circumstances. Now, it can be increasingly argued that for low-value transactions, coins are more convenient and more practical than paper currency; they are a much faster means of payment and can easily be mechanically handled.

A second set of considerations in the assessment of the need for a new circulating dollar coin derives from the characteristics of potential users. As groups in favor of the introduction of a new dollar coin argued, problems caused by the absence of such a coin cannot be solved otherwise. The Toronto Transit Commission, as an example, still spends several hundred thousand dollars annually to process the 60,000 dollar bills received daily even if strong efforts are made to discourage use of a dollar bill. In addition, problems of fraud (through the use of mutilated bills) are now emerging at an alarming rate in most major transit systems. So far, the users of vending machines have coped with the absence of a circulating dollar coin by installing bill exchangers. Such a solution however is not satisfactory for many reasons: only clean bills can be processed, machines quickly run out of supplies, capacity problems of machine slots are not easily resolved. As for visually handicapped people, alternatives to the dollar coin - electronic devices or printing dots on bills - are still in the research stage. Thus the dollar coin is the only readily available solution to their monetary identification problems. The lack of any viable alternative to a circulating dollar coin has created a captive clientele, that is a group of persons for whom the need for a dollar coin is imperative. For them, not only is the dollar coin advantageous but not having a new circulating dollar coin is a notable disadvantage.

The Committee also considered the fact that a new circulating dollar coin by helping transit authorities to serve their users better in effect benefits the financial situation of municipal governments across the country. Several municipalities have already adopted a resolution in favor of the introduction of a dollar coin, and the Canadian Federation of Municipalities has publicly endorsed the position defended by the Canadian Urban Transit Association. Assistance to another level of government represents a solid argument in favor of the introduction of a new dollar coin.

B. Cost Considerations

As a method of payment, the currency system meets its objective when it adequately answers public needs. This is the well-known effectiveness criterion. The currency system must also be efficient in providing an acceptable method of payment. In the present case, the evaluation of the introduction of a new dollar coin in terms of efficiency requires a comparative analysis of the costs involved in issuing either form of currency, coins or notes, for a given volume of circulation. Maximum efficiency is obtained when the least costly method of payment is selected. Since there are approximately 300 million one dollar bills currently in circulation, that volume of circulation should be used in those cost comparisons.

The cost of producing one dollar bills amounts to $55.38 per 1,000 pieces. This cost includes printing, transportation, processing, insurance, taxes, premises and other overheads. For 300 million notes, total production costs amount to $16.6 million. Given that one dollar notes have a life expectancy of about one year, this cost has to be borne annually by the Bank of Canada to ensure an ongoing circulation of one dollar denominations.

The cost of producing one dollar coin varies depending upon the product selected and the minting costs incurred by the Royal Canadian Mint (see page 16). Sherritt Gordon's aureate nickel coin is estimated to cost $101.00 per 1,000 pieces, while the cost for Inco's Nigold coin is $282.00 per 1,000 pieces. A provision of $5.00 per 1,000 pieces must be added for transportation and storage costs. The total cost of issuing 300 million coins would therefore amount to $31.8 million with Sherritt Gordon's product, and $86.1 million with Inco's product. This is the initial cost of putting into circulation 300 million coins which are expected to last about 20 years.

In order to make a proper cost comparison between coins and notes, some adjustment has to be made for the relative life expectancy of both forms of currency. This can be done by calculating the present value of issuing 300 million one dollar bills during the 20-year period coins are expected to last. Assuming a 5% real discount rate, total cost incurred by the annual production of 300 million dollar bills over a 20-year period amounts to $206.8 million.

Over 20 years the potential cost savings to the government through the introduction of a dollar coin are as follows: in the case of Sherritt Gordon's aureate nickel coin, government savings would be $175 million; in the case of Inco's Nigold coin, government savings would amount to $120.7 million.[1] All these figures should be considered as rough estimates. They take into account only direct costs and as such neglect the potential impact on the entire set of coin and note denominations. The bank note industry may be adversely affected inducing higher costs for other denominations (see section The Impact on the Bank Note Industry), while there might be some realignment in the volume of production of low denomination coins. Overhead cost may also vary depending on the volume of production, so as the distribution and storage costs.

The Committee appreciates the fact that the introduction of a new dollar coin will generate important cost savings for the Government. However, it must be pointed out that the

[1] It may be appropriate to mention here that in addition to these savings, the government would also benefit from net revenues coming from the seignorage earned on any amount of coins issued over and above the 300 million level during any of these 20 years (see section Seignorage, pp. 21-22).

initial cost of putting the dollar coin into circulation is relatively high. To be successful, the new coin will have to be accepted; a public backlash against the new coin could be very costly. In short, although cost comparisons seem to favor the coin introduction, such a decision cannot be solely based on costs, a much more important factor being the public acceptability of the new dollar coin.

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PUBLIC ACCEPTABILITY

Arguments concerning a new dollar coin have to be weighted against what the general public desires in terms of a currency system. As the previous chapter has shown, an effective and efficient coinage system depends on the full public acceptability of the various denominations. Not surprisingly then, all testimonies received by the Committee have emphasized the critical importance of public acceptability for a successful introduction of a new dollar coin. In the last instance the public decides whether or not a given denomination is accepted and circulates properly. Unfortunately, public preference for a trading currency is an intangible notion blending psychological factors such as traditions and familiarity with more palpable considerations such as physical design and counterfeiting protection; it is therefore difficult to predict.

A good example of these mixed feelings was demonstrated to the Committee by the results of a Gallup Poll conducted in September 1984 for some members of the Currency Advisory Committee.(1) When asked if they would favor introduction of a new dollar coin, 60% of the Canadians surveyed said yes because such a coin would be convenient and useful. On the other hand, when asked what they would prefer to receive as change in a transaction, 61% said a dollar bill mainly because they do not like carrying coins. The ambivalence shown by Canadians vis-à-vis the introduction of a new circulating dollar coin can however be tempered if its physical design is appropriate and if there is a firm and well publicized commitment from the Government. On those two points, recent experiences of foreign countries offer good lines of direction for Canada.

A. Physical Characteristics of the New Dollar Coin

Coin design features must take into account the requirements of two groups of coin discriminators, people and machines. Size, weight, color and mechanical and chemical

(1) Sponsors of the Gallup Poll were: Canadian Urban Transit Association, Canadian Automatic Merchandising Association, Canadian Soft Drink Association, Canada Post Corporation, Royal Canadian Mint, Coin Acceptors of Canada, Inco Ltd., Sherritt Gordon Mines.

properties are very important. The Committee is well aware of the expertise of the Royal Canadian Mint in these matters given its achievements over the entire range of Canadian circulating coins. Canada has a long tradition of excellence in the coinage business. As the world's largest nickel producer, Canada is one of the rare countries to use this metal for most of its durable, non-tarnishing circulating coins. It is the wish of the Committee that the new dollar coin follow this tradition of excellence.

The new dollar coin should be slightly bigger and heavier than the 25 cent piece. The propositon submitted by the Royal Canadian Mint is a 7 gram coin with a 26.5 mm diameter and a 2.0 mm maximum thickness on the struck edge. By comparison, the 25 cent piece weighs 5 grams and is 23.88 mm in diameter. All witnesses appearing before the Committee commented favorably on these proposed characteristics. The new dollar coin fulfills the requirements of the vending industry by being compatible with all existing equipment. Associations for the blind have also expressed their satisfaction for a sided coin which greatly facilitates distinctiveness. Finally, members of the Committee generally believe that the lightness and small size of the proposed dollar coin should be well accepted by the Canadian public, for whom the major fear about a new dollar coin is the inconvenience of carrying a heavy bulk of coins in their pockets.

The color proposed is yellow gold. There is widespread opinion that a gold color portrays a sense of high value. Its appearance distinguishes it from other coins and at the same time it prevents confusion, particularly for people with poor vision or for transactions occurring in poor light. Foreign experience is instructive here. Countries such as France, Great Britain and Australia, that have successfully introduced a high value circulating coin, chose a color distinct from that of their other coins. On the other hand, the failure of the Susan B. Anthony coin in the United States is partially attributed to its similarity with the 25 cent coin. A yellow gold coin however costs more than a white nickel coin. The Committee holds the opinion that this higher cost is offset by the advantage of distinctiveness, which in turn becomes a useful tool to promote its public acceptability.

Mechanical and chemical properties are important in order to have a coin that lasts many years and to reduce possibilities of counterfeiting. There is ample evidence that a pure nickel coin fully satisfies these requirements. Nickel has proven to be the best coinage metal, combining almost perfectly low cost with durability. Counterfeiting of pure nickel coins is relatively difficult since its magnetic characteristic enables easy electronic discrimination.

Nickel is a white metal. In order to satisfy the demand for a yellow coin, two Canadian companies have developed new technologies for producing a yellow coin on a pure nickel base. Advantages and disadvantages of the two processes are discussed later but as far as their nickel component is concerned both products are entirely satisfactory. The Canadian Automatic Merchandising Association has testified before the Committee that both products meet very high standard against counterfeiting.

B. The Circulation of a New Dollar Coin

Canada is one of the few countries that does not have a high value circulating coin. The actual 50 cent and one dollar pieces do not circulate well partly because they are felt to be inconvenient and partly because most Canadians are accustomed to the existing dollar bill. Recent foreign experience shows that successful introduction of a high value coin has to overcome two set of difficulties: it must be widely used and readily available in stores and banks. Coins used only for few specific transactions or not available upon demand do not circulate adequately.

1. *Promoting the use of the dollar coin*

To ensure wide use of the new dollar coin, the Committee has considered with witnesses and otherwise the pros and cons of two options. The first option is issuing the new dollar coin and simultaneously withdrawing one dollar bills. The second option is issuing the new dollar coin and continuing the circulation of one dollar notes.

The most noticeable advantage of introducing a dollar coin as a replacement for dollar notes is that it favors a quick and extensive circulation of the new coin. There are no doubts whatsoever that a one dollar denomination is essential for our currency system. If notes are withdrawn at the same pace as coins are introduced, one dollar coins could replace the existing volume of notes within approximately one year. Such a short transitional period minimizes confusion and facilitates the adjustment process of the retail and banking industries. Both the Retail Council of Canada and the Canadian Bankers' Association told the Committee that only one form of currency for each denomination is highly desirable. Though their position vis-à-vis the new dollar coin is fundamentally neutral, they strongly recommend that if the Government goes ahead with the proposed dollar coin, notes should be withdrawn. Similar comments were heard from the Canadian Urban Transit Association and the Canadian Automatic Merchandising Association. Finally, the Royal Canadian Mint presented evidence that in every foreign country where a new high value coin was introduced, the success of such an operation has immediately followed the withdrawal of the corresponding note.

The difficulty with withdrawing bills quickly is that it imposes a very rigid framework for adaptation. Canadians are asked to change their dependence on the dollar bill so abruptly that some may be inclined to voice their dissatisfaction loudly. Such a reaction would certainly be detrimental to the broad acceptability of the new dollar coin. Representatives, employers and suppliers of the bank notes industry also expressed their concerns about the adverse effect that the withdrawal of the dollar bill would have on their industry. This matter is dealt with more fully later. It is worth mentioning here that the future of the bank notes industry could be seriously jeopardized by an immediate end of production of one dollar bills.

The second option is to let the public decide whether it prefers the bill or the coin by issuing both. Overall, what was considered advantageous in the previous option becomes disadvantageous for this one and vice versa. In addition, this option implies higher financial risks for the Government. As it was mentioned, the initial cost of producing coins is relatively high. This cost could mean a net loss for the Government if all the coins produced end up in vaults instead of being circulated in the market place.

The Committee discussed at length the pros and cons of these two options. In searching for an effective compromise, the Committee gave special attention to the potential impact of the introduction of a new dollar coin on other denominations of our currency system. There is some evidence that it would lead to better circulation of smaller denomination coins. The latter having lost some purchasing power, a tendency has been developing to trade with paper currency and to withdraw from circulation for indefinite periods coins received in change. This is creating artificially a need to produce more and more coins every year with no apparent benefit for the general public. As an example, more than one hundred million 25 cent pieces have been issued in each of the last four years. It is believed that the introduction of a dollar coin would rearrange the volume of production of various coin denominations in a more efficient way, simply because the coinage system would better reflect its purchasing power.

Most likely, the issue of a dollar coin would increase the demand for two dollar bills. The behavior of Canadians would probably be to optimize the quantity of coins they like to carry in their pockets. Instead of getting a handful of one dollar bills in change as they often do now, Canadians could systematically develop the habit of getting back as change only one dollar coin (and if necessary other bills) for each transaction paid with bills. There are currently almost three times as many one dollar bills as two dollar bills (308 million versus 122 million) in circulation even though the life spans (and thus the annual turnover rate) of both denominations are the same. A larger volume of two dollar notes could adequately fill the gap opened up by the withdrawal of one dollar bills and thus satisfactorily link the coinage system to the paper money system.

2. *The two dollar bills syndrome in Western Canada*

The lack of circulation of two dollar bills in Western Canada, particularly in the Prairie Provinces, received particular consideration by the Committee. Statistics on the volume of the two dollar bills in circulation show that every year almost 5 million of these notes are withdrawn from circulation in the three Prairie Provinces while ll million are added to the amount outstanding elsewhere in the country. Clearly then, the unpopularity of two dollar bills is such that no early reverse trend can be foreseen. The Committee's concern was to know whether or not the absence of a circulating two dollar bill is a serious impediment to the acceptability of a new dollar coin.

Conflicting evidence on this matter led the Committee to conclude that no definitive answer can be given. Foreign experiences are contradictory: the United States experience suggests that the lack of a circulating two dollar bill might have contributed to the failure of the Susan B. Anthony dollar coin; on the contrary, the introduction of a dollar coin in Australia has not changed at all the use of the two dollar notes, implying that no substitution between denominations occurred. The same ambivalence in the results of the Gallup Poll holds for the Prairie Provinces: the majority say they approve the introduction of a new dollar coin, but a majority prefers to receive bills as change. Even the current circulation of various denominations offers some unpredictable situations. For example, the Prairie Provinces have the highest circulation of the current 50 cent piece, while that coin is poorly accepted in Central Canada being considered too large and heavy.

3. *Distribution and availability of the new coin*

The extent to which a new coin circulates properly depends very much on the degree of cooperation of both the retail and banking industries. Representatives of each of these industries have told the Committee that as long as the introduction of the new coin reflects the public's desire for innovation in our currency system, they will fully cooperate to make this coin a viable medium of exchange in the market place. They pointed out however that the issue of an additional coin is not without consequences in the actual conduct of their affairs. Cash drawer accounting procedures in most retail stores will have to be modified in order to select the appropriate content of the opening till. Banks will have to determine their need for dollar coins more frequently than they are doing now for other coins so as to take into account the fact that a large demand exists for the circulation of a one dollar denomination.

Availability of coins has rarely been a problem in Canada. The Canadian Bankers' Association has however expressed some fears about potential shortcomings in the current distribution network of coins. Coins being more costly to handle and to store than notes, commercial and financial institutions will likely have a tendency to keep their requirements to a minimum level. To accommodate any rapid and significant change in their needs, easy access to coin distribution centers becomes then imperative to ensure the constant availability of the dollar coin.

At present, the banks provide about 12 centres of coinage distribution across the country. Following an order from the banks, the Royal Canadian Mint delivers the coin but the Department of Finance assumes the transportation costs. From these centres to the more than 13,000 financial institutions, and from these institutions to retailers, the cost of shipment is usually borne by the receiver. The Canadian Bankers' Association has argued that such a distribution system may not be adequate for the introduction of a new dollar coin. In essence, they suggest that the initial cost of distributing the coin to various bank branches be borne by the Government, and that new distribution centers be established by the Royal Canadian Mint to permit a better control and coordination of the supply and demand of the coin. Royal Canadian Mint officials told the Committee that they are prepared to investigate such a possibility with the various interested parties.

AN ASSESSMENT OF THE TWO PROPOSALS FOR THE NEW DOLLAR COIN

The coinage system of a nation reflects the country's industrial, technological and artistic sophistication. Canadian coins enjoy an excellent reputation around the world. Not only are they praised for their high quality and long durability, but being entirely of Canadian materials reflect our vast and diversified natural endowments. The Royal Canadian Mint and its two main suppliers of coinage materials, Inco and Sherritt Gordon Mines, deserve recognition for such a commendable accomplishment. The Committee hopes that the issue of a new dollar coin will continue that tradition of excellence. The new dollar coin should thus be compatible with the availability of native material and with existing minting equipment. It must combine cost effectiveness with appearance and durability.

A. The Characteristics of the Two Proposed Products

The two current suppliers of the Royal Canadian Mint, Inco and Sherritt Gordon Mines, have been discussing the possibility of a dollar coin with the Mint for quite some time. They both made submissions to the Committee to present what they feel would be the best product for the new Canadian dollar coin. Their proposals respect the specifications outlined by the Royal Canadian Mint concerning the coin weight, size, thickness and color. The Sherritt Gordon Mines proposal (the aureate nickel coin) consists of a bronze-plated nickel coin, whereas Inco proposes a gold-plated nickel coin (the Nigold coin). The metal composition of these two products is described in the following table.

	Aureate nickel coin	*Nigold*
	(metal composition in percentage)	
Nickel	91.5	99.9
Copper	7.5	—
Tin	1.0	—
Gold	—	00.1*

* Equivalent to 8.0 milligrams per coin.

Based on technical assessment only, both coins satisfy the requirements set by the Royal Canadian Mint even though some of their performance characteristics differ marginally. The color of the aureate nickel coin will change slightly to a yellow mat in time while the gold-plated nickel coin retains its luster. On the other hand, intensive wear-testing has demonstrated that the Nigold product is less resistant than the aureate product mainly because the coating thickness of the former is measured at 0.3 micrometers while it reaches 50.0 micrometers for the latter. In terms of their magnetic characteristic, of great importance for counterfeiting protection in vending machines, both coins perform adequately. Both products derive from intensive research and development efforts to devise new production technology. Inco has just received its letter of patent for its Nigold product and Sherritt Gordon's product is an extension of their nickel-bonded steel technology elaborated in recent years. The Committee wishes to acknowledge the tremendous efforts both companies have put into developing these two quality products.

In addition to meeting high quality standards, the new dollar coin must be economical to produce. Its metal costs must be significantly lower than the coin's face value in order to provide a precaution against possible future increases in the price of the metal. Moreover, as will be discussed later, the lower the production costs, the greater the seignorage earned by the Government in issuing the coin.

Both companies tabled with the Committee an estimate of the production costs of their proposed coins as follows:

	Sherritt Gordon Mines (aureate nickel coin)	*Inco* (Nigold coin)
Cost of the metal	$0,047	$0,054 for nickel $0,115 for gold*
Cost of processing	$0,039	$0,098
Royal Canadian Mint**	$0,015	$0,015
Total	$0,101	$0,282

* Given a price of gold of $448 troy ounce.

** The cost for the Royal Canadian Mint is subject to some variations depending on the impact on related costs such as the impact on the production of other coins, overhead, etc.

Sharp differences occur between the two products. Inco's Nigold coin would cost more than twice as much as the Sherritt Gordon Mines' coin. A good part of this price differential is due to the inclusion of gold in the Inco product and to a higher processing cost. For the Royal Canadian Mint, the cost of minting either product is basically the same even with the annealing process included for the Nigold coin.

Both companies are currently operating coinage facilities: Sherritt Gordon Mines in Fort Saskatchewan, Alberta; Inco in Walden near Sudbury, Ontario. The existing capacity of production for nickel coin blanks is sufficient to meet an order for the new dollar coin. However, the coating process would require an investment of one to three million dollars for each firm depending upon the size of the order and the production deadline. For both companies, a lead time of approximately 12 months would be necessary for starting the coating process.

The size of the order and its timing will probably affect cost estimates of the two companies. However, economies of scale in the coinage and minting industry are limited by the fact that the biggest expenditure is for purchase of metal. The time framework may be more important since it directly influences investment planning. Overall, there is no evidence that these considerations will significantly alter the gap between production costs of the Nigold coin and the aureate nickel coin.

B. Economic Impact

The introduction of a new dollar coin will certainly have some positive impact on the mining industry and municipalities where the coin is manufactured. Coinage is considered very important for the nickel industry since coins have the highest metal content percentage. Given the proposed specifications of the dollar coin, an order of 300 million pieces represents approximately 5 million pounds of nickel blanks. Currently, the annual requirements of the Royal Canadian Mint averages 3 million pounds. Of course in subsequent years, the amount of one dollar coin issued will be much lower (according to the Mint, it could be in the order of 50 million coins or 850,000 pounds). Taking into account the likely reduction in the volume of lower coin denominations needed, the Royal Canadian Mint estimates at roughly 500,000 pounds the total increase in the volume of nickel blanks required annually.

Coinage production is not a labor-intensive activity. The direct creation of jobs resulting from the introduction of a dollar coin is therefore not a decisive factor. Nevertheless, the issue of a new circulating dollar coin may induce important side effects. Both companies believe that their respective product and technology possess a promising future and a good export potential. Inco emphasized during its testimony the high quality of the Nigold product to illustrate its good market opportunities. Not only is the Nigold product an innovative material in the coinage business, but also Inco sees great potential for the use of the Nigold technology in developing other markets, e.g. in jewelry and house decorating materials.

The Sherritt Gordon Mines product has good export market potential mainly because of the price competitiveness of the aureate nickel process in the world coinage market. The international coinage business is very competitive; in fact actual bidding results in foreign countries are decided on a fraction of a cent per coin. If Canada wants to get a larger share of the world coinage market, better price competitiveness appears to be a fundamental criterion. It should be noted that no countries, least of all in the Third World where market opportunities appear most promising, use circulating coins containing gold. Hence Sherritt Gordon's aureate nickel process would probably have better export potential than Inco's Nigold.

C. The Case Made by the Regional Municipality of Sudbury

The Committee appreciated the time and effort put by representatives of the Regional Municipality of Sudbury and other important regional organizations to present a very well documented brief and to eloquently deliver a sensitive testimony before the Committee. The region of Sudbury has been facing severe economic difficulties over the last decade and strong efforts are being made by all segments of the community to diversify and revitalize the region's economic condition. Even if the direct impact of the production of a new circulating dollar coin appears relatively limited, Sudbury's regional spokesmen have pleaded that it is the type of project that opens up new opportunities for the future.

The Committee gave very serious consideration to the point of view expressed by representatives of the Regional Municipality of Sudbury. Both the Committee's recommendations and the proposed strategy of implementation offer a fair chance to the Sudbury region of actively participating in the expansion of the coinage business resulting from the issue of a new circulating one dollar coin.

THE IMPACT ON THE BANK NOTE INDUSTRY

The Bank of Canada is responsible for the issue of paper currency. Its Department of Banking Operations manages the distribution of notes through its nine agencies across the country; it regulates the level of inventories; and it negotiates arrangements for the production of notes. Two companies in the Ottawa region, the British American Bank Note Inc. and the Canadian Bank Note Company Limited, share equally the annual volume of notes ordered by the Bank of Canada. This system serves all interested parties well.

The impact on the bank note industry of issuing a circulating dollar coin depends very much on the implementation framework recommended. In any event, the Committee recognizes that some adjustments within the industry will be necessary to accommodate changes caused by the introduction of the new dollar.

The one dollar bill has currently the highest volume of circulation. Since this denomination has also the shortest life span, the annual requirement for one dollar notes is by far the largest in volume. According to representatives of the bank note industry the one dollar bill represents approximately 30% of the volume of bank note business. The loss of that particular business will not only be costly for both companies and their employees, but, it has been argued, may well be a costly decision for the Government.

First, productivity improvements may be slowed down. The present series of bank notes are of excellent quality. New production devices and technology have permitted a 20% cost reduction in the past few years. Other initiatives are underway to expand the life expectancy of notes so as to achieve a better quality product. Abandoning one dollar note production will likely delay these improvements.

Secondly, if the volume of notes printed annually is significantly reduced, as it would be in the event that one dollar bills are withdrawn, the unit costs of the remaining denominations will certainly increase. At present there is a price premium for the printing of small quantities in order to reflect the fixed costs involved. Such a premium price could become the new price basis after loss of the one dollar note business volume.

Thirdly, the bank note and the security printing industry require very high skills. A long period of apprenticeship (up to 12 years in some cases) is necessary to train printers and engravers to a level sufficient to provide the high quality Canadians expect in their paper currency. Furthermore, union representatives expressed their concerns about the current lack of apprentices. They warned the Committee that such problems will be accelerated by the loss of the one dollar bill business and later the entire security printing industry may be in jeopardy because of a lack of highly skilled employees. No "so-called advanced" country would want to be put in a situation where it cannot produce its own currency because of the absence of qualified workers, union representatives told the Committee.

Fourthly, activities related to the bank note industry will also be adversely affected if one dollar bills are no longer produced. Domtar Fine Papers, the sole supplier of the fine paper on which Canadian one dollar notes are printed, confirms in a brief submitted to the Committee that reduced sales volume would inevitably lead to an increase in their selling price of bank note paper used in other denominations.

The Committee has been very sensitive to the views expressed by these various groups involved in the security printing business. It is certainly not the intent of the Committee to make any recommendations that would unduly damage an industry so vital to our country's sovereignty, and that would impose inequitable burden on its high skill labor force. New technologies, new needs, and new opportunities always call for adjustment in any productive sector of the economy. The security printing business does not evolve differently in that respect.

The introduction of a new circulating one dollar coin is likely to lead to a higher demand for two dollar bills. An increase of up to 50% can be expected according to the Bank of Canada. Since approximately 100 million two dollar bills are produced every year, a 50% increase would offset by one-fifth the loss in the volume of production caused by withdrawing the one dollar denomination. Other higher denominations are also expected to increase volume in the near future, partly as a result of inflation but more importantly because of greater use of automated teller machines. Related security printing business, such as stamps, bonds, travellers cheques, credit cards, and lottery tickets, also offer some potential for growth. These developments could then compensate much of the negative impact generated by the introduction of a dollar coin and the corresponding withdrawal of the one dollar bill.

SEIGNORAGE

Seignorage is defined as the difference between the face value of coins and their manufacturing cost. Seignorage therefore accrues to the government each time it issues a coin for which its face value exceeds its cost of production. For example, the production cost of a 25 cent piece amounts to approximately 5 cents, leaving the Government with a 20 cent profit (or seignorage) each time a new quarter is put into circulation.

Strictly speaking, seignorage is earned each time the money supply increases whether it is through the issue of coins or notes. In the case of notes, however, calculating profit earned by their issue is more complicated than for coins because it must take account of replacement costs of existing bills and transaction costs incurred by the Bank of Canada. Essentially seignorage in the case of notes is lumped with the remitted profit the Bank of Canada pays annually to the Receiver General of Canada. Without neglecting all these complex accounting considerations, it is safe to assume that there would be no seignorage if the proposed dollar coin replaces the same amount of one dollar notes (except to the extent that long-run production costs for coins differ from costs associated with production of notes, see pp. 6 and 7 above). Seignorage will start to accrue only on the amount of coins issued over and above the existing stock of one dollar notes, that is, over the 300 million level.

The volume of one dollar coins put in circulation will ultimately depend on public demand. The faster the new coin is accepted and widely circulated by the general public, the greater the probability that more than 300 million coins will have to be issued to replace the one dollar bills. The velocity of circulation of coins has a tendency to rise more slowly than for notes as their growth in volume indicates (between 1977 and 1984, the volume of notes has grown annually by an average of 4.8%, while coins (excluding pennies) has grown by an average of 10.4%). Moreover, some one dollar bills may never be returned to the Bank of Canada and kept out of circulation for souvenir purposes. Hence, a larger volume of coins may be necessary to fulfill the needs of commercial transactions currently satisfied with 300 million one dollar bills. In this respect, the Australian experience suggests that as much as 50% more coins is required to adequately replace bills of the same value. If that situation would occur in Canada, the Government could expect from the first issue of coins to earn a seignorage on 150 million coins. However, officials from the Department of Finance and the Bank of Canada emphasized that any estimate in the volume of coins needed is subject to great uncertainty. The amount earned in seignorage in any single period is never known with accuracy before the end of that period.

A. Assigning Seignorage of the First Issue to the Calgary Olympics

The Committee's Terms of Reference instruct it to investigate the merits of assigning the seignorage arising from the first issue of the new dollar coin to the Calgary Olympics. On this matter, the Committee sought advice from officials of the Department of Finance, the Bank of Canada and the Minister of State (Fitness and Amateur Sport). Other witnesses have also commented on this question.

The Minister of State (Fitness and Amateur Sport) has argued that the assignment of seignorage resulting from the first issue of the new dollar coin would help the Government meet the objective of financing the Calgary Olympics from non-tax revenues. An amount of $60 million in seignorage would enable Ottawa to substantially contribute to the financing.

Officials from the Department of Finance have told the Committee that such an assignment would be a departure from normal Government financial practice in that it would segregate a particular revenue source (seignorage) for the sole purpose of financing particular expenditures. Although the Minister of Finance and the President of Treasury Board have the authority under the *Financial Administration Act* to establish a specified purpose account to finance specific disbursements, such a decision would not be in line with the Government's intention to review what the Auditor General of Canada has called "fragmented reporting", caused by the use of special purpose accounts. In addition, assignment of seignorage arising from the new dollar coin would be subject to great uncertainty since it would depend entirely on public demand for and acceptance of the new coin.

B. The Ongoing Seignorage

After the replacement of one dollar bills is completed, seignorage will accrue for any additional issue of dollar coins. In recent years, the annual growth in the volume of one dollar bills has averaged 3.5%. Since coins have a tendency to be hoarded, it seems reasonable to believe that a higher annual growth in the volume of dollar coins will be recorded. Assuming an annual demand for 50 million new dollar coins, the Government will receive annually a seignorage of between $35.6 million and $44.9 million depending upon the final cost of production of the coin selected. Over 20 years, this would represent an annual growth of about 5% in the volume of dollar coins in circulation. Based on these assumptions, the present value of the seignorage earned during the next 20 years could amount to $539.9 million for the aureate nickel product and $430 million for the Nigold product. This additional revenue for Government constitutes another argument in favor of the issue of a new dollar coin.

The amount of seignorage earned by the Government is of course considered a non-tax revenue. It must be understood however that as long as these additional coins are held by Canadians, there is no gain for the economy, this additional amount being spent by the Government instead of the general public.

RECOMMENDATIONS

The evidence presented to the Committee and deliberations of members of the Committee give rise to the following recommendations.

With respect to the issue of a dollar coin, the Committee recommends that

1. **The Government of Canada issue a new circulating dollar coin and to that effect instruct the Royal Canadian Mint to immediately plan the introduction of such a coin in accordance with subsequent recommendations.**
2. **The issue of a new dollar coin be accompanied by the simultaneous withdrawal of one dollar notes and that this process be phased in over a three-year period starting on the date of the first issue of such a coin.**

With respect to assigning the seignorage from the first issue of the new dollar coin to the Calgary Olympics, the Committee recommends that:

3. **Seignorage of up to $60 million collected from the issue of the new circulating dollar coin during the first five years be assigned to the Calgary Olympics.**

With respect to the dimensions, design and composition of the new dollar coin, the Committee recommends that

4. **The new dollar coin be an eleven (ll)-sided coin, weighing 7 grams with a 26.5 mm diameter and a 2.0 mm maximum thickness on the struck edge.**
5. **The new dollar coin color be yellow gold.**
6. **The coin's nickel content be entirely minted and smelted in Canada.**

7. The composition of the new circulating dollar coin be aureate nickel, an alloy made of nickel, copper and tin.

As a related matter to our Order of Reference, the Committee recommends that

8. In addition to the new circulating dollar coin, the Royal Canadian Mint give serious consideration to striking a special coin in Nigold in commemoration of the Calgary Olympics.

APPENDIX I

LIST OF WITNESSES

Witnesses Who Appeared Before the Standing Committee on Miscellaneous Estimates

Monday, April 15, 1985:

From the Royal Canadian Mint:

Gérald Lahaie, Acting President and Vice-President, Administration and Finance;

Denis Cudahy, Vice-President, Manufacturing.

(*Issue No. 7*)

From the Bank of Canada:

John W. Crow, Senior Deputy Governor;

Donald G.M. Bennett, Chief, Department of Banking Operations.

(*Issue No. 7*)

Wednesday, April 17, 1985:

From the Canadian Urban Transit Association:

Jean Jacques Bouvrette, Executive Vice-President, CUTA, and General Manager of Operations, Montreal Urban Community Transit Commission;

Lloyd Berney, General Manager of Operations, Toronto Transit Commission;

Al Cormier, Executive Director, CUTA;

Herb Jobb, General Manager of Finance, Toronto Transit Commission.

(*Issue No. 8*)

Thursday, April 18, 1985:

From the Retail Council of Canada:

Alasdair J. McKichan, President;

Fernand Ayotte, Director of Operations, Steinberg Inc.;

Stephen Ashe, District Manager, Steinberg Inc.

(*Issue No. 9*)

From Sherritt Gordon Mines Limited:

Neil Colvin, Vice-President and General Manager, Alberta Operations;

Allan H. Lee, Manager, Fabricated Metal Products.

(*Issue No. 9*)

Tuesday, April 23, 1985:

From INCO Limited:

Walter Curlook, Executive Vice-President;
John Brema, Sales Manager (Canada);

Bruce Conard, Section Head, Electrochemisty, Inco's J. Roy Gordon Research Laboratory;

Dennis Nagata, Manager, Media Relations.

(*Issue No. 10*)

From the Regional Municipality of Sudbury:

Tom Davies, Chairman;

Ron MacDonald, President, United Steelworkers of America Local 6500;

Bill Goring, President, Sudbury District, Chamber of Commerce;

Thomas Hennessy, General Manager, Sudbury Regional Development Corporation.

(*Issue No. 10*)

From the Canadian Automatic Merchandising Association:

Don Blowe, Executive Director;

Ed Fraser, Co-Chairman, Coinage Committee;

Jean Boissé, National President.

(*Issue No. 10*)

Thursday, April 25, 1985:

From the British American Bank Note Inc.:

Kenneth S. Sargent,
Advisor to the President.

(*Issue No. 11*)

From the Canadian Bank Note Company Limited:

Robert Gordon Hutton, Senior Vice-President, Government;

Roy Arnold Huber, Special Advisor;

Douglas Arends, President.

(*Issue No. 11*)

From the Ottawa Plate Printers', Plate Finishers' & Engravers' Union Local 6:

John M. Kuiack, Member;

Ed Major, President.

(*Issue No. 12*)

Friday, April 26, 1985:

From the Department of Finance:

John Sargent, Assistant Deputy Minister, Financial Sector Policy Branch.

(*Issue No. 12*)

The Honourable Otto Jelinek, Minister of State (Fitness and Amateur Sport).

(*Issue No. 12*)

From the Royal Canadian Mint:

Jim C. Corkery, Master and President.

(*Issue No. 12*)

Monday, April 29, 1985:

From the Canadian Bankers' Association:

William Arnold Newman, Chairman, CBA Domestic Operations and Clearings Committee, Co-ordinator, Interbank Operations, The Royal Bank of Canada;

George Lucien Girouard, CBA Assistant Director, Operations;

Joseph Adrian Comeau, Member, CBA Domestic Operations and Clearings Committee, Systems Manager, The Canadian Imperial Bank of Commerce.

(*Issue No. 13*)

From the Royal Canadian Mint:

Jim C. Corkery, Master and President;

Denis Cudahy, Vice-President, Manufacturing.

(*Issue No. 13*)

Tuesday, April 30, 1985:

From the Canadian Council of the Blind:

Rudy Rempel, National President;

Bruce Clark, Executive Director.

(*Issue No. 13*)

From the Canadian National Institute for the Blind:

Robert Elton, Director of Rehabilitation, National Office.

(*Issue No. 13*)

From the Royal Canadian Mint:

Denis Cudahy, Vice-President, Manufacturing.

(*Issue No. 13*)

Tuesday, April 23, 1985:

From INCO Limited:

Walter Curlook, [illegible]

John Brema, Sales Manager (Canada);

Bruce Conard, Section Head, Electrochemistry, Inco's J. Roy Gordon Research Laboratory;

Dennis Nagom, Manager, Media Relations.

(*Issue No. 10*)

From the Regional Municipality of Sudbury:

Tom Davies, Chairman;

Ron MacDonald, President, United Steelworkers of America Local 6500;

Bill Chorley, President, Sudbury District, Chamber of Commerce;

Thomas Bonney, General Manager, Sudbury Regional Development Corporation.

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From the Canadian Automatic Merchandising Association:

Don Blowe, Executive Director;

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Jean Bossé, National President.

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Robert Gordon Hutton, Senior Vice-President, Government;

Rev. Arnold Huber, Special Advisor;

Douglas Arends, President.

(*Issue No. 11*)

From the Ottawa Plate Printers', Plate Finishers' & Engravers' Union Local 6-L:

John M. Knapp, Member;

Ed Major, President.

(*Issue No. 11*)

APPENDIX II

INDIVIDUALS AND ORGANIZATIONS WHO SUBMITTED BRIEFS AND LETTERS TO THE COMMITTEE, BUT WHO DID NOT APPEAR AS WITNESSES

Leslie W.C.S. Barnes,
Ottawa, Ontario.

James H. Bilton,
Ottawa, Ontario.

Julie Buck,
Kinburo, Ontario.

Marie A. Buscomb,
Calabogie, Ontario.

The Canadian Chamber of Commerce,
Ottawa, Ontario.

City of Ottawa,
Department of Physical Environment,
Ottawa, Ontario.

City of Red Deer,
Transit Department,
Red Deer, Alberta.

The Corporation of the Town of Capreol,
Capreol, Ontario.

Domtar Fine Papers,
Montreal, Quebec.

Janet Dunkley,
Ottawa, Ontario.

Federation of Canadian Municipalities,
Ottawa, Ontario.

Graphic Communications International Union Local 588,
Ottawa, Ontario.

B. Griffin,
North Vancouver, British Columbia.

Halifax-Dartmouth Bridge Commission,
Dartmouth, Nova Scotia.

Jeff, Howard and Myrtle Lillie,
Woodlawn, Ontario.

Marsh Engineering Ltd.,
Port Colborne, Ontario.

David G.C. Menzel,
Toronto, Ontario.

Nicolas Pohanka,
Montreal, Quebec.

L.W. Preston,
Burlington, Ontario.

A.K. Ray,
Gloucester, Ontario.

Regional Municipality of Ottawa-Carleton,
Ottawa, Ontario.

L. Riley,
Woodlawn, Ontario.

Michael R. Ryan,
Toronto, Ontario.

Universal Skate Sharpeners Ltd.,
Calgary, Alberta.

APPENDIX III

ORDER OF REFERENCE AND MINUTES OF PROCEEDINGS

ORDER OF REFERENCE

Thursday, February 14, 1985

ORDERED,—

That the Standing Committee on Miscellaneous Estimates be empowered to examine and report on the advisability of

a) Canada issuing a circulating dollar coin;

b) the raising of funds for the 1988 Calgary Olympics through assigning the seignorage from the first issue of such coins to the Calgary Olympics; and

c) the size, shape, and composition of any such dollar coin if it were to be issued;

That the Committee have the power to retain the services of expert, professional, technical and clerical staff as may be deemed necessary;

That the Committee submit an estimate of expenses to be incurred in the exercise of its authority to hire to the House of Commons for concurrence prior to proceeding with its inquiry; and

That the Committee report back to the House not later than June 14, 1985.

ATTEST

MICHAEL B. KIRBY

for The Clerk of the House of Commons

MINUTES OF PROCEEDINGS

(*Text*) THURSDAY, MAY 30, 1985
(30)

The Standing Committee on Miscellaneous Estimates met, *in camera*, at 3:58 o'clock p.m., this day, the Chairman, Bill Kempling, presiding.

Members of the Committee present: David Daubney, Bill Kempling.

Alternates present: Murray Cardiff, Douglas Frith, John Rodriguez.

In attendance: *From the Research Branch, Library of Parliament*: Gilles Gauthier, Research Officer.

The Committee resumed consideration of its Order of Reference dated Thursday, February 14, 1985, relating to the issue of a circulating dollar coin. (*See Minutes of Proceedings and Evidence dated Monday, April 15, 1985, Issue No. 7*).

At 5:04 o'clock p.m., the Committee adjourned to the call of the Chair.

TUESDAY, JUNE 4, 1985
(31)

The Standing Committee on Miscellaneous Estimates met, *in camera*, at 3:48 o'clock p.m., this day, the Chairman, Bill Kempling, presiding.

Members of the Committee present: Pat Binns, Jean-Pierre Blackburn (*Jonquière*), Bud Bradley, Michael Cassidy, David Daubney, Bill Kempling, Peter Peterson, Anthony Roman.

Alternates present: Douglas Frith, John Rodriguez.

In attendance: *From the Research Branch, Library of Parliament*: Gilles Gauthier, Research Officer.

The Committee resumed consideration of its Order of Reference dated Thursday, February 14, 1985, relating to the issue of a circulating dollar coin. (*See Minutes of Proceedings and Evidence dated Monday, April 15, 1985, Issue No. 7*).

The Committee resumed consideration of a draft report.

At 4:54 o'clock p.m., the Committee adjourned to the call of the Chair.

WEDNESDAY, JUNE 5, 1985
(32)

The Standing Committee on Miscellaneous Estimates met, *in camera*, at 3:43 o'clock p.m., this day, the Chairman, Bill Kempling, presiding.

Members of the Committee present: Jean-Pierre Blackburn (*Jonquière*), Bud Bradley, Michael Cassidy, Bill Kempling, Bill Lesick, Peter Peterson, Anthony Roman, Bill Tupper.

Alternates present: Bob Brisco, John Rodriguez.

In attendance: *From the Research Branch, Library of Parliament*: Gilles Gauthier, Research Officer.

The Committee resumed consideration of its Order of Reference dated Thursday, February 14, 1985, relating to the issue of a circulating dollar coin. (*See Minutes of Proceedings and Evidence dated Monday, April 15, 1985, Issue No. 7*).

The Committee resumed consideration of a draft report.

Bob Brisco moved,—That the Committee recommend that the composition of the new circulating dollar coin be the aureate nickel, an alloy made of nickel, copper and tin.

After debate, the question being put on the motion, it was agreed to on the following division:

YEAS:

Jean-Pierre Blackburn (*Jonquière*)	Bill Lesick	Anthony Roman
Bud Bradley	Peter Peterson	Bill Tupper—(7);
Bob Brisco		

NAYS:

Michael Cassidy	John Rodriguez	—(2).

On motion of Bill Lesick, it was agreed,—That the draft report, as amended, be adopted as the Committee's First Report to the House and that the Chairman present it to the House.

On motion of Jean-Pierre Blackburn (*Jonquière*), it was agreed,—That the Committee print an additional 6,000 copies of Issue No. 22 of the Committee's Minutes of Proceedings and Evidence, which will contain the First Report to the House.

On motion of Michael Cassidy, it was agreed,—That the Report be printed in tumble format.

On motion of Anthony Roman, it was agreed,—That all copies of Issue No. 22 which will contain the First Report have a distinctive cover as approved by the Committee.

At 6:20 o'clock p.m., the Committee adjourned to the call of the Chair.

Jean Michel Roy,

Clerk of the Committee.

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 7 to 13, 21 and 22 which includes this Report*) is tabled.

Respectfully submitted

BILL KEMPLING

Chairman