

THE BANK AT A GLANCE





What the Bank Does

The Bank of Canada's primary responsibilities, as set out in the Bank of Canada Act, can be grouped into four broad areas.

Monetary policy

The Bank's most important responsibility is monetary policy. The goal of monetary policy is to preserve the value of money. In doing so, monetary policy contributes to rising living standards for Canadians through low and stable inflation.

Currency

The Bank is responsible for issuing Canada's bank notes—perhaps its best-known product. This involves designing (with particular emphasis on anti-counterfeiting features) as well as printing and distributing bank notes and replacing worn notes.

Central banking services

The Bank provides services to financial institutions, to the federal government, and to the public. To promote a safe, sound financial system, the Bank regulates and supports the major clearing and settlement systems through which financial institutions execute securities transactions and transfer funds. As the federal government's banker, the Bank provides advice on debt management, handles new borrowings, maintains bondholder records, and makes payments for interest and debt redemption. It also manages Canada's foreign exchange reserves. As a service to the public,

International Activities

Bank staff

- work with government departments on international economic and financial issues
- participate in meetings of major international organizations
- take part in technical assistance programs to developing countries

the Bank holds unclaimed bank balances and helps people reclaim money left in unused accounts.

Retail debt services

Millions of Canadians hold Canada Savings Bonds and other debt instruments issued by the federal government. While management of this debt is now under the direction of Canada Investment and Savings, the Bank is responsible for maintaining debt registers and for servicing the accounts of debtholders through extensive computer systems and call centres.



PHOTO: JAMES ZAGON

Professor David Laidler, visiting Special Adviser, in a presentation to Bank employees. The position of Special Adviser was created in 1998 to widen the range of views on monetary policy within the Bank.



How the Bank Works

The Bank's responsibilities are carried out by a highly professional staff of 1,300 regular employees and close to 400 temporary and contract personnel, working in 11 departments.

The Governing Council

Made up of the Governor, the Senior Deputy Governor, and four Deputy Governors, the Governing Council takes collective responsibility for the Bank's affairs. This includes dealing with broad organizational and strategic issues as well as formulating and implementing monetary policy.

The Management Forum

This forum consists of the Governing Council, advisers, and department chiefs. It meets regularly to exchange information on management issues, to review

policy proposals, and to plan for the medium term by setting Bank priorities.

Delegation and accountability

The working environment at the Bank has become increasingly decentralized through more delegation of responsibility—following a review of operations that clarified the Bank's core functions and objectives. Department chiefs are responsible for operations and services in their own areas and are accountable to one of the Bank's four Deputy Governors or to the Senior Deputy Governor. Agreements established each year between department chiefs and Deputy Governors define the results that are expected and the resources that are needed to achieve them.



*The Governing Council:
L-R, seated: Tim Noël, Sheryl
Kennedy, Charles Freedman;
standing: Bernard Bonin,
Paul Jenkins, Gordon Thiessen*



Corporate Governance

Under the Bank of Canada Act, the Governor is responsible for monetary policy and for directing other Bank business. The Board of Directors is responsible for general oversight of the Bank. It also has duties related to financial and human resources management and general administration. For example, the Board participates in the strategic planning process, reviews major administrative policies, and approves the Bank's budget and accounting practices.

The Board's most important contribution to the operation of the Bank is its selection of the Bank's management team. The Board appoints the Governor and Senior Deputy Governor, subject to approval by the government. It also appoints the Deputy Governors and, through the Executive Committee, the advisers and department chiefs. During 1998, the Board began the process of selecting a Senior Deputy Governor to replace Bernard Bonin, who will retire in 1999.

In 1998, the Board focused on succession planning at the Bank. Board members helped shape plans for future management with special attention to employment equity, bilingualism, and skills in key areas such as communications. The Board also approved the creation of a rotating one-year post of visiting Special Adviser to increase the range of views available to management and to the Board, and to provide first-hand knowledge of the Bank to outside experts. The year-2000 challenge is a priority, and during the year the Board appointed a group of directors to

review the Bank's preparations. The Board helped establish the Bank's medium-term objectives and reviewed how well past objectives were achieved. Although not directly responsible for monetary policy, the Board reviewed the standards of information, research, and analysis that go into monetary policy decisions and met with representatives of the International Monetary Fund to obtain an international comparison.

Always concerned with good corporate governance, the Board has incorporated at the Bank the best practices and principles from the public and private sectors. At the heart of the process is the Corporate Governance Committee created in 1996. The committee is composed of the four external directors who sit on the Executive Committee and is chaired by the lead director. The committee meets several times a year to review practices such as the frequency and timing of Board meetings, the annual cycle of agenda items, and the type and quality of information presented to the Board. In addition, at each Board meeting, the lead director chairs sessions in which only external directors participate. Through this process, the Board works independently to fulfill its oversight responsibility.

To ensure that its practices are effective, the Board reviews its work each year. In the 1998 review, the Board concluded that the right structures are in place and that it is receiving the information it needs to exercise its stewardship of the Bank's affairs.



The Board of Directors

The Board of Directors is composed of 12 directors from outside the Bank plus the Governor and the Senior Deputy Governor. The Deputy Minister of Finance sits on the Board as a non-voting member. Directors are appointed for three-year terms by the Minister of Finance (subject to approval by Governor-in-Council) and may be reappointed at the end of their terms. The directors come from across Canada, thereby providing an important link between the Bank and all regions of the country.

The Board meets at least seven times a year and also works through a series of standing committees. The Executive Committee, which is composed of four external directors, the Governor, the Senior Deputy Governor, and the Deputy Minister of Finance, may deal with any matter within the mandate of the Board and meets when it is impractical to assemble the full Board. The Planning and Budget Committee and the Human Resources and Compensation Committee play important roles in approving key financial and staffing plans. The Human Resources Committee also assesses the performance of the Governor and Senior Deputy Governor. The other committees are the Premises Committee, the Audit Committee, and the Corporate Governance Committee.

Judith Maxwell,
CM * Ottawa,
Ontario
Lead Director



Chairperson
of the
Corporate
Governance
Committee

Winston Baker
St. John's,
Newfoundland



Chairperson
of the
Planning and
Budget
Committee

J. Bernard
Boudreau
Halifax,
Nova Scotia



Walter Dubowec,
FCA *
Winnipeg,
Manitoba



Chairperson
of the
Audit

Raymond Garneau,
OC *
Westmount,
Quebec



Chairperson
of the
Human Resources
and Compensation

James S. Hinds, QC
Sudbury,
Ontario



Chairperson
of the
Premises
Committee



Barbara Hislop
Vancouver,
British Columbia



Aldéa Landry, QC
Moncton,
New Brunswick



Paul Massicotte
St-Laurent,
Quebec



James S. Palmer, QC†
Calgary,
Alberta



Barbara Stevenson,
QC *
Charlottetown,
Prince Edward Island



C. Scott Clark **
Deputy Minister
of Finance
(Ex officio)

* Member of the Executive and Corporate Governance Committees
** Member of the Executive Committee
† Mr. Palmer resigned in September 1998.

Note:
Mr. Harold MacKay, QC, Regina, Saskatchewan, was appointed to the Board in January 1999.

