

1891.
—
VICTORIA.

THE PROPOSED COINING OF SILVER

AT THE

MELBOURNE MINT.

FURTHER CORRESPONDENCE

(IN CONTINUATION OF PARLIAMENTARY PAPER No. 208 OF 1890).

PRESENTED TO BOTH HOUSES OF PARLIAMENT BY HIS EXCELLENCY'S COMMAND.

By Authority:

ROBT. S. BRAIN, GOVERNMENT PRINTER, MELBOURNE.

No. 81.—[6d.]—5936.

	APPROXIMATE COST OF PAPER.						£ s. d.
Preparation—Not given.							
Printing (330 copies)	-	..	-	<u>5 5 0</u>

A B S T R A C T .

Date.	From whom.	To whom.	Subject.	No.	Page.
3 June, 1891	Mr. Munro	... The Earl of Hopetoun, Governor	Submits for the consideration of the Imperial Government the desirability of coining Silver at the Melbourne Branch of the Royal Mint	1	5
4 June, 1891	Mr. Munro	... Sir Henry Parkes, Colonial Secretary, Sydney	Brings the Intercolonial aspect of the matter under notice of the Government of New South Wales	2	8

CORRESPONDENCE.

(I.)

No. 1962/91.

PREMIER'S OFFICE,
MELBOURNE, 3RD JUNE, 1891.

MEMORANDUM FOR HIS EXCELLENCY THE GOVERNOR.

The Premier presents his duty to Your Excellency, and desires to draw Your Excellency's attention to the question of the Coining of Silver at the Melbourne Branch of the Royal Mint, respecting which a preliminary inquiry was made by Mr. Gillies on the 14th July last.

2. Mr. Munro has given careful consideration to the subject, and has perused the correspondence connected with it which passed between the Lords Commissioners of Her Majesty's Treasury, the Secretary of State for the Colonies, and this Government, in 1873-4.

3. In the lucid and courteous letter of Mr. Lingen, dated 8th December, 1873 (which appears in the printed papers placed herewith), it appears that there was then a willingness to concede the privilege of coining Silver in the colonies, subject to the meeting of some practical difficulties which Mr. Lingen's letter explained. But the then Deputy-Master of the Mint pointed out that the local produce of Silver was not at that time sufficient for the purpose; and that, as Silver would have to be imported, it would, for reasons fully stated, be more economical to import the coin necessary for colonial circulation than to import Silver bullion and then coin it here.

Vide Parl. Paper No. 208 of 1890.

4. The very large production of Silver in these colonies altogether changes this aspect of the matter, and renders it desirable now to reconsider the whole question and the particular difficulties before pointed out by the Lords of the Treasury.

5. A primary motive for re-opening this question is the fact that the present coinage of Gold at the Melbourne Mint—the produce of which goes into the general circulation of the Empire—is carried on at a loss, while the coinage of Silver supplied for circulation here, yields a profit to the Imperial authorities. A table is enclosed herewith, showing, as regards the last six years, the amount of the respective profit and loss referred to. It will be seen from this that :—

Vide page 8.

The *net profit* to the Imperial Government during that period
on the Silver coin supplied for circulation here was ... £66,258

While the *loss to the colony* on the coinage of Gold for the
same period was £29,994

The annual average of which respectively is—

Profit to the Imperial Government per annum, about ... £11,000

Loss to this colony per annum, about £5,000

The financial bearings of the question appear, therefore, to furnish ample ground for again approaching the Imperial authorities on the subject.

6. The principal difficulties in the matter which require to be met appear, from the Treasury letter before referred to, to be :—

(1) That means should be devised for providing that the Imperial Government, while conceding to the colonies the profit of coining Silver, should be secured against the loss arising from the withdrawal of the worn coin.

(2) The provision of an adequate safeguard against over-issue.

7. As regards the first of these points, the means suggested by Her Majesty's Treasury is that the colonial coinage should be distinct in character, so that there might be no confusion as to which Government was chargeable with the expense of withdrawal. This, however, would involve the necessity of travellers from and to the old country having to exchange their pocket money on arrival and departure, which,

though not a large grievance, would probably be felt to be a galling one; and perhaps, indeed, on the ground of patriotic sentiment, it may be doubted whether it would be desirable to establish a distinctive currency between the colonies and the mother country.

8. In preference, therefore, to the proposal of a distinctive coinage, it is suggested that an arrangement to the effect that all worn coin found in the colony should be redeemed by the colony, and that all found at home be redeemed by the Imperial Government, would not be inequitable, *provided that sufficient restrictions could be established to the satisfaction of the Imperial Government* against any issue of coin in excess of the requirements of the local currency.

9. If this be so, the whole question would then turn upon the adequacy of the provision against over-issue, the second of the two points mentioned in paragraph 6.

10. To meet this, three measures may be suggested:—

- (1) The passing of an Act by the colony fixing the limit of legal tender for Silver at 40s., and for Bronze at 1s., as in England.
- (2) That no Token Coinage be issued to any one except upon payment of its full nominal amount.
- (3) That none be issued except on the requisition of the Associated Banks; as they best know the real needs of the colony.

Or, alternatively to 3,

- (3) That the quantity issued in any one year should never exceed the average amount of the five or six previous years.

These restrictions would seem sufficient to prevent any trade in Token Coinage. They are, indeed, practically the same as those which the Imperial Government itself relies upon for the same purpose. The small quantities of coin taken each way by travellers would probably fairly balance each other.

11. At the beginning of such an arrangement, and for some years afterwards, the colony would no doubt be redeeming coin on which it had not had the issue-profit; and therefore the commencement of the term of redemption might be a point for consideration.

12. In addition to the two points mentioned in paragraph 6 (*ante*) the Lords of the Treasury draw special attention to another difficulty which their Lordships anticipate would arise in adjusting the incidence of the cost of withdrawal; namely, that when a coin has been a long time in circulation, the distinctive mint-mark stamped upon it becomes obliterated, and no means would exist of identifying the issues of the several Mints excepting a distinctive coinage.

13. This difficulty is however, disposed of, if the proposal in paragraph 8 (*ante*) be accepted; but should that not be the case, it is suggested that the difficulty may be obviated by the mint-mark being sunk instead of embossed. As it is at present, the small letter "M," though embossed, is placed underneath the bust of the Queen, which thus acts as a guard to it, and must necessarily be almost worn away before the "M" can commence to be defaced. If, however, it were countersunk, instead of raised, it would probably be quite safe from erasure.

14. There remains but one point in Mr. Lingen's letter to refer to, viz. :—"The principle upon which silver coin, the produce of other branch mints, is to circulate and be withdrawn (say coin of the Sydney Mint current in Victoria)." This is perhaps covered by paragraph 8 of the present Memorandum; but whether so or not, Mr. Munro purposes transmitting a copy of this Memorandum to the Prime Minister of New South Wales, between whom and this Government the matter can be considered. If, however, the proposal for Federation, now before the people of Australia, be carried, the entire subject of "Currency Coinage and Legal Tender" will be removed from the control of the individual colonies to that of the Federal Government, and questions as between Colony and Colony cannot then arise.

15. Sufficient has probably been said to show that the matter now calls for the renewed consideration of Her Majesty's Government, and Mr. Munro will be glad if Your Excellency will be good enough to communicate accordingly with the Right Honorable the Secretary of State for the Colonies.

JAMES MUNRO,
PREMIER.

(II.)

No. 1976.

SIR,

PREMIER'S OFFICE,
MELBOURNE, 4TH JUNE, 1891.

This Government has recently had under consideration the question of the desirability of coining Silver in addition to Gold at the Melbourne Branch of the Royal Mint, and I have much pleasure in transmitting herewith for your information a copy of a Memorandum which I have addressed to His Excellency the Governor, as also some copies of a previous Printed Correspondence bearing on the subject.

No. 1962,
dated
3 June, 1891.

2. The Intercolonial aspect of the matter, is referred to in paragraph 14 of my Memorandum, and I would further point out that at present the Mint profit on Silver coin circulating in New South Wales goes to the Imperial Government. If the privilege be granted to Victoria as applied for, that profit, together with the expense of withdrawal of worn coin, would be diverted from the Imperial Government to Victoria.

3. Under the Federal Constitution however, if adopted, this profit and expense will pertain to Australia generally, and not to any particular Colony. (*Vide* Chapter I., Part V., Section 52.)

I have the honour to be, Sir,

Your most obedient servant,

JAMES MUNRO,

PREMIER.

THE HONORABLE SIR HENRY PARKES, G.C.M.G.,
COLONIAL SECRETARY,
SYDNEY.

RETURN SHOWING THE PROFIT MADE BY THE LONDON MINT DURING THE LAST SIX YEARS ON THE SILVER AND BRONZE COIN ISSUED THROUGH THE MELBOURNE MINT, AND THE LOSS TO THE COLONY FROM THE OPERATIONS OF COINING GOLD AT THE MELBOURNE MINT DURING THE SAME PERIOD.

Year.	Silver Coin.										Bronze Coin.			Total Profit to London Mint on Silver and Bronze Coin issued through Melbourne Mint.	Cost to the Colony of Melbourne Mint.
	Profit.					Loss.					Profit.				
	Seigniorage.		Silver Coin sent out.	Amount of Profit.	Silver Coin withdrawn.	Loss per cent.	Amount of Loss.	Balance of Profit.	Bronze Coin sent out.	Profit per cent.	Amount of Profit.				
	On silver bought.	Being per cent. on Coin issued.										£	s.		
1885	36	26½ (26.47)	40,000 0 0	10,600 0 0	9,406 14 0	13.22	1,243 6 6	9,356 13 6	2,500 0 0	80	2,000 0 0	11,356 13 6	6,542 8 7		
1886	41½	29½ (29.48)	21,600 0 0	6,372 0 0	7,633 5 1	12.19	930 13 7	5,441 6 5	2,500 0 0	80	2,000 0 0	7,441 6 5	4,785 15 7		
1887	48	32½ (32.43)	28,800 0 0	9,360 0 0	2,980 2 0	13.14	391 10 6	8,968 9 6	1,000 0 0	80	800 0 0	9,768 9 6	5,599 9 8		
1888	53¼	35 (34.96)	63,200 0 0	22,120 0 0	6,171 18 8	13.13	810 5 2	21,309 14 10	2,000 0 0	80	1,600 0 0	22,909 14 10	5,555 0 11		
1889	54	35 (35.06)	16,000 0 0	5,600 0 0	3,805 12 8	12.53	477 0 8	5,122 19 4	3,500 0 0	80	2,800 0 0	7,922 19 4	4,227 15 4		
1890	*37½	27¼ (27.27)	60,000 0 0	16,350 0 0	2,590 13 3	11.22	290 11 6	16,059 8 6	...	...	...	16,059 8 6	3,284 4 4
Average ...	...	...	229,600 0 0	70,402 0 0	32,588 5 8	...	4,143 7 11	66,258 12 1	11,500 0 0	...	9,200 0 0	75,458 12 1	29,994 14 5
			38,266 13 4	11,733 13 4	5,431 7 7	12.71	690 11 4	11,043 2 0†	1,916 13 4	...	1,533 6 8†	12,576 8 8†	4,999 2 5		

* This seigniorage and any calculations based upon it are only approximate, the Report of the Master of the Mint for 1890 being not yet published.

† From the profit shown above must be deducted cost of coinage and re-coinage, freight, and insurance.