

ORDERED TO LIE ON THE TABLE
C. G. ...
CLERK OF THE HOUSE OF REPRESENTATIVES

RECORDS REG.
No. *D4*

1901-2.

THE PARLIAMENT OF THE COMMONWEALTH.

HOUSE OF REPRESENTATIVES.

REPORT

FROM THE

SELECT COMMITTEE

ON

COINAGE;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE, MINUTES OF EVIDENCE,
AND APPENDICES.

Ordered by the House of Representatives to be printed,

[Cost of Paper.—Preparation not given; approximate cost of printing and publishing 1,150 copies, £]

CONTENTS.

	PAGE
Extracts from the Votes and Proceedings
Report
Proceedings of the Committee
List of Witnesses and Appendices
Index to Evidence and Appendices
Syllabus of Questions
Minutes of Evidence
Appendices

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE HOUSE OF
REPRESENTATIVES.

THURSDAY, 6TH JUNE, 1901.

12. COINAGE.—Mr. G. B. Edwards moved, pursuant to notice, That a Select Committee be appointed to inquire into and report upon the desirableness and expediency of the Commonwealth coining silver and copper coins, and adopting a decimal system of coinage; such Committee to consist of Mr. P. M. Glynn, Mr. W. H. Groom, Mr. S. Mauger, Mr. F. W. Piesse, Sir John Quick, Mr. D. Thomson, and the Mover, with power to send for persons, papers, and records, and to sit on days on which the House does not meet; five to be the quorum.
- Debate ensued.
- Mr. V. L. Solomon moved, That the question be amended by inserting after the word "coining," in the second line, the word "gold."
- Question—That the word proposed to be inserted be so inserted—put and resolved in the affirmative.
- Question—That a Select Committee be appointed to inquire into and report upon the desirableness and expediency of the Commonwealth coining gold, silver, and copper coins, and adopting a decimal system of coinage; such Committee to consist of Mr. P. M. Glynn, Mr. W. H. Groom, Mr. S. Mauger, Mr. F. W. Piesse, Sir John Quick, Mr. D. Thomson, and the Mover, with power to send for persons, papers, and records, and to sit on days on which the House does not meet; five to be the quorum—put and resolved in the affirmative.

FRIDAY, 19TH JULY, 1901.

3. COINAGE COMMITTEE.—Mr. G. B. Edwards moved, pursuant to notice, That the number of Members appointed to serve on the Select Committee on Coinage be increased to nine, and that Mr. Hume Cook and Mr. Fowler be additional Members of such Committee, and that the Committee have leave to report the minutes of evidence from time to time.
- Question—put and resolved in the affirmative.

FRIDAY, 26TH JULY, 1901.

6. COINAGE COMMITTEE.—ATTENDANCE OF SENATOR AS WITNESS.—Mr. G. B. Edwards moved, pursuant to notice, That a Message be sent to the Senate requesting that leave be given to Senator J. T. Walker to attend and be examined by the Select Committee on Coinage appointed by this House.
- Question—put and resolved in the affirmative.

WEDNESDAY, 31ST JULY, 1901.

4. MESSAGE FROM THE SENATE—COINAGE COMMITTEE.—Mr. Speaker announced the receipt of the following Message from the Senate :—

Message No. 12.

MR. SPEAKER,

The Senate acquaints the House of Representatives that leave has been granted to Senator J. T. Walker to give evidence before the Select Committee of the House of Representatives on Coinage, if he think fit.

R. C. BAKER,
President.

The Senate,
Melbourne, 26th July, 1901.

FRIDAY, 6TH SEPTEMBER, 1901.

3. COINAGE COMMITTEE.—Mr. G. B. Edwards moved, pursuant to *amended* notice, That Mr. Paterson be a Member of the Select Committee on Coinage in place of Mr. W. H. Groom, deceased.
- Question—put and resolved in the affirmative.

COMMONWEALTH COINAGE.

REPORT.

THE SELECT COMMITTEE appointed to inquire into the desirableness and expediency of the Commonwealth coining gold, silver, and copper coins, and adopting a decimal system of coinage (appointed 6th June, 1901); report as follows:—

1. The Committee held 23 meetings, and procured sufficient evidence to assist the inquiry, subsequently giving it full and careful consideration. Nineteen witnesses were examined, and opinions in writing were obtained from a greater number, who, owing to distance or other causes, found it inconvenient to attend.

2. In order that the inquiry might be systematized as far as possible, and kept within the limits of the reference, a syllabus of questions was drawn up as a guide to those invited to assist the Committee by giving evidence under examination, or by submitting their opinions in documentary form. Copies of this syllabus, under cover of a circular inviting an expression of views, were sent to the principal Chambers of Commerce and Manufactures; Banking, Accounting and Insurance Institutions and Journals; Trades and Labour Organizations; Financial Editors of the daily press; Audit, Treasury, Education, and Statistic Departments of the States; Teachers' Associations and Unions; Foreign Consuls and Merchants.

3. It is matter for regret that the commercial associations and institutions did not more generally respond to this invitation; but the Committee were apprised of the difficulties of such bodies expressing decided opinions in the absence of a definite proposal, or of appointing representative witnesses who could reflect generally the views held by their associations on a subject which had not engaged their corporate attention. No representations were made by these bodies against the coinage of token currency by the Commonwealth, or against the adoption of a decimal system, which retains the British sovereign; but a recommendation was made that the Commonwealth await action by Great Britain in the matter of decimal coinage. (Appendix, p. ~~97~~ ⁹⁷)

4. The evidence of foreign consuls and other gentlemen who have had an intimate practical acquaintance with a decimal currency in other lands where it has been established is, without exception, in favour of the Commonwealth adopting a decimal system. (Evidence of J. P. Bray, T. J. McBride, C. E. Glass, Wm. Bateman, C. L. Pinschof, and Appendix, pp. ~~97~~ ⁹⁷ and ~~98~~ ⁹⁸.)

5. The decimal notation of money has been adopted by almost every civilized country except Great Britain, and the evidence reveals no indication in any case of a movement to abandon the system once it has been introduced. There is strong and definite evidence of the saving of labour in calculations and account-keeping, which saving would be considerable in the various Departments of the Commonwealth and State Governments, and that the simplicity of a natural system would facilitate the operations of the shop and the market, and reduce the chances of error in the simplest as well as the most complex calculations (Ques. 268, 273, 285, 500, 563, 663, 1228, 1282, 1332, 1336).

6. Several witnesses expressed the conviction that there would be a large saving of expenditure, or, what is perhaps more important, a better result for the same expenditure in our State and private educational systems if decimal money were adopted (Ques. 662, 976, 1061). In the United States and in Canada, there being no compound rules for money problems, children pass at once from simple

enumeration of figures to calculations of money, and the reduction from one denomination of money to another is performed at sight. This must set free a portion of the school career for instruction in abstract mathematics or some other mental training of more value than the most perfect acquaintance with a system of money tables differing from the ordinary notation of figures.

7. This educational saving, so strongly insisted upon, will not be complete till our weights and measures are also reformed, and the two reforms are so associated that the Committee have found it extremely difficult to keep the inquiry within the strict terms of the reference. Doubt was expressed by some witnesses as to whether the adoption of the metric system, or some reform of our weights and measures, should not precede, or at least accompany, any scheme for the decimalization of the coinage; and those who have evidently given the subject the most and the deepest consideration look upon the former as of greater importance and effect than the reform of the money system. Our coinage, it is contended, though irregular and manifestly inferior to a decimal system, is less irregular than our weights and measures, which are likely to become an increasing disadvantage in our competition with the countries having the metric system. There is, however, a preponderance of evidence in favour of adopting, as the least disturbing, a change in the system of coinage first (Questions 979, 1313, and evidence of the Consul-General for France, Appendix, p. 1), and also a general belief that such a reform will assist the greater one, which, being pressed on for consideration in Great Britain, in the United States, and in Canada, may possibly, in the near future, be the subject of a World's Convention. 97 /

8. After mature consideration the Committee think there are sufficient grounds for a recommendation in favour of the adoption of a decimal system of coinage by the Commonwealth, and believe that the evidence obtained, the experience of the United States and Canada, and the decision in the majority of the inquiries instituted by the British Parliament, justify that recommendation. The people of the United States decimalized their money in 1786, prior to the great reform consummated under the first French Republic. Great Britain declined an invitation to be represented at the Paris Convention which effected this change, but in 1824 Sir J. Wrottesley moved for an inquiry into the possibility of subdividing the pound sterling decimally. While the advantages of the proposal were generally admitted, the motion was then rejected. A Commission appointed to restore the standards in 1841 reported incidentally in favour of decimalizing the pound and of coining the florin, and this report was indorsed by a subsequent Commission which sat in 1843. Sir John Bowring, in 1847, carried a motion for coining the florin, which was afterwards given effect to, and was generally considered the first step towards a decimal system. The subject was referred to a Select Committee of the House of Commons in 1853, and this Committee reported—"In conclusion, your Committee, having well weighed the comparative merits of the existing system of coinage and the decimal system, and the obstacles which must necessarily be met with in passing from one system to the other, desire to repeat their decided opinion of the superior advantages of the decimal system, and to record their conviction that the obstacles referred to are not of such a nature as to create any doubt of the expediency of introducing that system, so soon as the requisite preparation shall have been made for the purpose by means of cautious, but decisive action on the part of the Government." The Commissioners who sat in 1843 addressed Mr. Gladstone ten years subsequently, strongly urging the millesimal division of the pound—known as the pound and mil system—but Mr. Gladstone (as also Lord Palmerston, and subsequently Mr. Goschen), was either unconvinced of the advantages, or unwilling to face the difficulties of the change. Meanwhile the advocates of the reform had organized the Decimal Association, and, in 1854, Sir William Brown, of Liverpool, a prominent member of the association, brought forward in the House of Commons a motion affirming that the issue of two-shilling pieces had proved eminently successful and satisfactory. This was carried by 135 votes to 36; and another motion—"That a further extension of the system will be of public advantage"—was carried without opposition. Sir William Brown then moved—"That a humble address be presented to Her Majesty to complete the decimal scale with the pound and florin, as suggested by two Commissions and a Select Committee of

the House of Commons, by authorizing the issue of silver coins to represent the one-hundredth part of a pound, and copper coins to represent the one-thousandth part of a pound, to be called cents and mills respectively, or to bear such other names as to Her Majesty may seem advisable." This motion was withdrawn, the Government offering to appoint another Royal Commission, which Commission reported adversely.

9. In Australia the subject has never received definite legislative consideration, although advocates of a decimal system of money for the Empire have been numerous in each of the colonies. Prior to federation it was impossible to secure united action, but the inauguration of the Commonwealth, the opening of a new century, and the commencement of a new reign, may be considered an opportune time to undertake the reform. The difficulties are admitted, but the advantages appear so strongly demonstrated as to outweigh the temporary friction and derangement which may be anticipated from any change in the coinage. These difficulties will not diminish by any delay of the reform beyond that necessary for due public intimation and instruction regarding the nature of the change proposed, while they will certainly increase with the growth of population. Such changes have been made in older countries during the experience of some of the witnesses without any appreciable difficulty, and the adaptability to new conditions generally displayed in young communities would seem to indicate that the change can be effected in the Commonwealth with even less disturbance than was experienced in countries such as Austria and Italy (Ques. 444, 1065).

10. In the selection of a system of decimal coinage many considerations arise, the first of which is that the adoption of a coinage entirely dissociated from any existing currency is to be avoided. The Commonwealth does not start with a blank page upon which to write its circumstances and relationships, otherwise an ideal coinage might be designed to serve a variety of useful purposes in its relations to weights, measures, &c. Neither can we so "forecast the years" as to anticipate the common unit of a possible International system. The probability that the dollar of the United States will ultimately pass current throughout the Western World, and constitute the monetary unit of a moiety of the English-speaking race, with whom we will be engaged in very large trading operations, demands consideration. Attention must also be paid to the prospects of currency reform in Great Britain, to the probable direction of that reform as indicated by the adoption of the florin, to the national faith in and the world-wide recognition of the British sovereign, and to our trade with and relationship to the Mother Country. Several witnesses temper their advocacy of the decimal system by a recommendation to await the action of Great Britain. The Committee, however, ascertained, through His Excellency the Governor-General, from the Right Honorable the Secretary of State for the Colonies, that the Lords Commissioners of the Treasury are of opinion that "the difficulties connected with any change of our coinage system are so great that there is no likelihood that the question will engage the attention of His Majesty's Government in a practical way"—(Appendix, p. ~~8~~). While recognising the far greater difficulties of effecting a change such as that proposed in the United Kingdom than in Australia, the Committee are of opinion that the adoption of a decimal coinage in this portion of the Empire will have the sympathetic approval of a great many fellow-subjects in the Motherland, and probably hasten the progress of a similar reform throughout the Empire.

11. From the reports of similar inquiries in Great Britain, as well as from the evidence of competent witnesses, it would seem that the retention of the sovereign as the standard of value is the only basis upon which a decimal coinage proposal would find favour in that country. The adoption of that basis in the Commonwealth would, therefore, be a movement on the lines likely to be followed by Great Britain in the event of a future decimalization of her coinage. It would also have the advantage of not creating any disturbance in the value or the relationship of any existing British coins down to the sixpence. The suggestion to bring the proposed coinage into unison with that of the United States, and thus associate with one of the great decimal systems already in existence, deserved and received attention. It was decided, however, that the objections outweighed the advantages. If carried into effect it would necessitate the abandonment of the sovereign, and of all the

present coins except the 1d. and $\frac{1}{2}$ d., and would thus make the transition unnecessarily disturbing, while unduly and permanently dislocating that relationship to the British coinage which it is thought desirable, for reasons of trade and nationality, to preserve. The counter benefit of being brought into accord with Canada, which country, under the compulsion of proximity and intercourse, has accepted the system of her great neighbour, was not deemed compensation for the disadvantages.

12. There is good reason why the largest silver coin of a decimal gradation should be convenient in size and weight. The silver dollar is so heavy that in the United States it is seldom carried, and in Canada, as stated in evidence (Ques. 312-14), is not issued, the largest silver coin in circulation being the half-dollar. We have in the florin, minted to prepare the way for decimalization, a coin which fulfils the conditions of size and weight, and is a convenient medium between the franc of the Latin Union and the dollar of the United States. It is also proposed to retain, as 50 cents (half-florin), and 25 cents (quarter-florin) respectively, the shilling and the sixpence so intimately woven into our daily life. It is only below the sixpence that the new coins cease to be exact representatives of the present ones. The new 10-cent piece ($2\frac{3}{4}$ d.) would be the nearest coin to the existing three-penny bit, but the value of the latter could be expressed within 4 per cent. by two coins—the 10 and 2 cent pieces. In the bronze coins the 4, 2, and 1 cent pieces, being the

250th, 500th, and 1,000th of the sovereign,

25th, 50th, and 100th of the florin,

would be but 4 per cent. less than the value of the 1d., $\frac{1}{2}$ d., and $\frac{1}{4}$ d. This subdivision provides a substitute for the lowest coin in Great Britain—the farthing. If in Australia it is not at present thought necessary to go below the substitute for the half-penny, the one-cent piece need not be coined.

13. A most important consideration in any change of coinage is the ease of adjustment of the new to the old as between creditor and debtor, buyer and seller, employer and wage-earner. The retention of the sovereign and of subsidiary coins down to sixpence, furnishes a sufficiently exact equivalent in the new coinage of all but the smallest sums in the old. The translation would be less exact of sums representing single commodities or services costing less than sixpence, or in wages calculated by the hour. As regards such commodities or services the difference would be 4 per cent. only, and that difference, where the quantity of the commodity or the extent of the service is not adjustable to the lesser value, is in favour of the consumer or user. In respect of wages calculated by the hour, if the week's total, at so many cents per hour, would not give a sufficiently close equivalent of the week's wage in the present currency, the use in calculation of half and quarter cents per hour would bring the sums into practical accord.

14. Regarding the question first on the reference, that of coining gold, silver, and copper coins, the Committee are of opinion that it is inexpedient to disturb our existing monetary relation to Great Britain in regard to the standard of value as expressed in the British "sovereign," and that coin can only be produced by the Royal Mint, the branches of which institution now established in the Commonwealth meet the convenience of both our currency and our gold production. It will probably be necessary that the Commonwealth assume the present State relationships to these Mints, and it is matter for consideration whether the present waste in exporting minted gold to foreign countries could not be obviated (Ques. 645, 646, 715, 867, and 872). These States have been exporting nearly 5,000,000 sovereigns per annum to the United States, and the coins are, in most instances, melted down into bullion immediately upon their arrival in the United States. All the labour of rolling and drawing the bars; cutting, minting, milling, and testing the coin; and then melting the scrap resulting from these operations, could be avoided by the adoption of an international bar or ingot of a certain weight stamped by the Mint. It seems reasonable to suppose this would somewhat reduce the working expenses of the Mint, and so increase the return to the Australian Government which makes advances for these working expenses. Mr. R. A. Hill, of the Royal Mint, giving evidence before the Royal Commission on International Coinage in 1868, estimates the cost of coining a sovereign at 0.311 pence, as the result of a set trial of eleven weeks' duration, and admits that in ordinary working

at that time the cost was over one penny. Even if considerable allowance is made for improved mechanism, there is an inevitable waste in supplying coin for export if the importing nation intends treating it as bullion.

15. Nor can the Committee recommend taking any steps at present in the direction of establishing a Commonwealth Mint for the coinage of the necessary silver and bronze tokens required for the new system. The Dominion of Canada and several other British possessions are supplied by the Royal Mint with silver and copper coins of a special local currency at net cost, some being struck at Birmingham under the supervision of the Mint authorities (Ques. 564A, 914). In his report for 1900, the Deputy-Master of the Mint, on pages 15 and 16, gives particulars of these special coinages, and in particular refers to the case of Cyprus, where the sterling has been recently replaced by a local currency, by which operation the profit accruing to the Exchequer on the original coinage of the pieces circulating in the island is transferred to the Government of Cyprus, and the Home Government is relieved of any obligation to keep the currency in good condition. During the year 1900, under this system, there was coined for Canada in silver and bronze tokens a nominal value of £124,791; and for Hong Kong, £178,536.

110 - 113

16. In the Appendix (pp. ~~14-17~~) will be found copies of the more important correspondence between the Government of Great Britain and the Governments of several of the Australian colonies with reference to the coinage of silver. By this correspondence it will be seen that no objection was raised in the past to Australia coining its own token money, or obtaining the seigniorage or profit of such coinage supplied by the Royal Mint, provided arrangements were made for the rehabilitation of the coinage and for the division of the profits between the several colonies. The approaching consummation of the Federal Union terminated the correspondence, as the establishment of the Commonwealth, taking under its Constitution the control and regulation of coinage and currency, would solve several of the difficulties that had been pointed out by the Treasury authorities in Great Britain, and admitted by the Colonial Governments. Since this correspondence began, as far back as 1873, the seigniorage on the silver coinage has steadily increased till it now amounts to over 130 per cent. on the cost of the silver. Upon silver bullion costing £733,013 0s. 3d. purchased by the Royal Mint in 1900, the profit in coining was £974,519 2s., or 133 per cent. On the bronze coin operations for the same year a profit of £119,042 is shown. (See Appendix C.)

17. In the opinion of the Committee no reason exists why the Commonwealth should not receive this seigniorage on the amount of the token coinage it requires, accepting the corresponding liability of restoring the worn coin of its currency from time to time. To secure this a special token coinage not current outside the limits of the Commonwealth is preferable, and the opportunity should be availed of to make that coinage a decimal one. Such a coinage would show a first profit of over a million sterling, and it is thought expedient that this difference between the cost and face value of the coins should be invested in Commonwealth Bonds, the interest of which, after providing such an amount as would, by accumulation, suffice for the restoration of the coinage when worn, might be paid into the Consolidated Revenue Fund of the Commonwealth as revenue for the year. A Commission should be appointed to carry out these provisions for the investment of the seigniorage, the retirement and recoinage of worn coin, and to decide periodically what increment of the token coinage is required for currency, and arrange for its issue.

18. The Committee summarize their recommendations as follow :—

i. That the Commonwealth adopt a decimal system of coinage and money of account.

ii. That the basis of the currency be gold, and expressed in the existing British sovereign.

iii. That the following coins of the existing system be adopted :—

The sovereign, half-sovereign, two-shilling piece, shilling, sixpence,

as :—	{ 10 florins,	5 florins,	1 florin,	$\frac{1}{2}$ florin,	$\frac{1}{4}$ florin.
	{ 1,000 cents,	500 cents,	100 cents,	50 cents,	25 cents.

iv. That a new coin, of the value of $2\frac{1}{2}$ pence of the existing currency, be coined in some mixed metal and made current as 10 cents (one-tenth florin).

v. That bronze coins of the value of—

1-1000th, 1-500th, 1-250th, of the sovereign,

1-100th, 1-50th, 1-25th, of the florin,

to be known as 1 cent, 2 cents, and 4 cents respectively, be coined to take the place of the existing bronze coinage.

vi. That the present arrangement with the Government of Great Britain for the coinage of gold by branches of the Royal Mint in the Commonwealth, with such modification as may be necessitated by the alteration of the token coinage system, be continued.

vii. That the silver and bronze or other coins (exclusive of gold) required for the initiation and continuance of the new system be obtained from the Royal Mint, under arrangement by which the seigniorage will be received by the Commonwealth, until such time as it may be considered desirable to alter the arrangement by the establishment of a Commonwealth Mint, or otherwise.

viii. That such coins bear the impress of our relation to the Empire with a distinctive reverse in the form of a Commonwealth shield or emblem, and that each coin be marked with its value in the system.

ix. That arrangements be made for the gradual calling in, by the Royal Mint, or Treasury authorities of Great Britain, of the existing silver and bronze coins as the issue of the new Commonwealth coinage proceeds.

x. That the difference between the actual cost and the currency value of the new coinage be placed in the trust of Commissioners, to be invested in Commonwealth Bonds, and out of the annual interest on such bonds the Commissioners pay the expenses of the Mint (if established), set apart and re-invest a sufficient sum to restore worn coinage, and pay the balance into the Commonwealth Treasury as revenue for the year.

xi. That if this Report be adopted, the State Governments be asked to co-operate by having the new system of money taught in their schools, and by issuing some uniform text-book of tables, sums, and simple problems.

xii. That at least two years prior to the change coming into effect legislation be introduced to make legal the payment of debts, Government dues and taxes, and the execution of contracts or engagements, after the change, in the new money at its nearest equivalent to the old, and to provide that all subsequent contracts, engagements, and sales shall be expressed or made in the new money.

xiii. That the co-operation of the Commonwealth in any movement for the decimalization of the weights and measures of the Empire is desirable, as the Committee are of opinion that, while the reform they are recommending will in itself be a distinct advantage, its full benefit will not be experienced till a similar reform of weights and measures is undertaken.

W. H. Broad
Chairman.

House of Representatives
Committee Room, 3rd April, 1902.