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BRITISH COINAGE IN AUSTRALIA 1860–1910

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This text gives an account based on contemporary documents of the various factors behind the inception of Australian silver and copper coinage in 1910–1911. The prime motivation was to obtain coins at a lower cost. However there are several interesting minor aspects, such as why the Australian half-crown did not eventuate, why the Australian farthing did not eventuate either, and why the opportunity to introduce decimal coinage was not taken. The roles of the Sydney and Melbourne mints in distributing British silver and bronze coins is also examined. No analysis is made of the use of private banknotes before Federation.

After extensive use of paper money during the Napoleonic wars the British Parliament in 1816 authorised a new coinage with a gold sovereign containing 7.3224 grams⁽¹⁾ of gold and a silver coinage with value proportionate to weight with the shilling containing 5.2311 grams of silver. These shillings were rather lighter than the shillings of 1787 and earlier. These shillings were token in the sense that 20 shillings would have the same bullion value as a sovereign only if 14.288 grams of silver had the same value as 1 gram of gold. In fact this silver ratio was slightly over 15 at the time and did not vary very much until 1870. The point is that the value of the pound was defined to be 7.3224 grams of gold and the value of the shilling was defined to be one twentieth of a pound. Fluctuations in the silver price did not affect the value of the silver shilling. However the silver coinage was legal tender only up to a maximum of 40 shillings.

S. Butlin finishes his book *Foundations*

of the Australian Monetary System with the remark that the applicability of this system in Australia was put beyond doubt by an Order in Council of 16 October 1852.

The Royal Mint Report for the year 1870 states that anyone could take 22 carat gold to the Bank of England and receive cash for it at the above rate less a fee of only .15%. Thus in effect gold was money and money was gold with the silver and copper coins just representing the appropriate proportions of 7.3224 grams of gold. The series of Royal Mint reports gives various pieces of information about the distribution of coinage within the British Empire. Thus the 1871 report states that commercial supplies of bronze coins were obtained ‘by arrangements made with firms of London brewers in whose hands large quantities of pence and half-pence are constantly accumulating.’

Gold sovereigns of British type⁽²⁾ were produced in the Sydney, Melbourne and (later) Perth branch mints as a convenient way of exporting gold. For reasons explained later, we know that the gold half-sovereigns were produced mainly for local commercial use. However the branch mints were also used to facilitate the distribution of the silver and bronze coinage. Thus the 1872 Royal Mint report includes, as became usual, the report of the Sydney Mint which states ‘Repayment was made in January 1871 of the last instalment of £1,000 on account of £10,000 in bronze coin remitted by the Master of the Royal Mint to this branch for the renovation of the copper circulation, which was in a very depleted state. The issue of that coin, and the withdrawal

at the expense of the Imperial Government of the old copper coins and tokens have restored the circulation to a healthy condition. A regular demand for bronze coin still continues: to meet that demand and also to maintain the beneficent action of the Imperial Government for the maintenance of the integrity of the circulation the necessary steps have been taken to obtain a further supply of bronze coin.' The system is further clarified by the following extract from the 1873 report of the Sydney Mint. 'The sum of £14,254 in worn British silver coin was received, at its full nominal value, from colonies which had complied with the conditions prescribed by the Treasury Regulations of 14 June 1871. The amount realised by the sale of the silver bullion produced by melting was £10,717 leaving a loss of £3,537 which was replaced by drafts on the Master of the [Royal] Mint. Bronze coin to the amount of £1,180 was issued during the year; there is a constant and an increasing demand for bronze coin.'

The Mint reports show that the Melbourne Mint ran several years behind in providing an adequate supply of coinage in good condition.

The *Commonwealth Yearbook* of 1913 gives figures for the total quantities of British coins of various types officially imported up to 1910. The figures for the ten denominations are of some interest.

The third column, headed by 'RM x .058349', gives the total Royal Mint production of the denomination from 1871 to 1910 multiplied by .058349; this factor is chosen so that columns 2 and 3 have the same total (£2,594,130) It will be observed that the double-florin, the crown and the farthing were quite unusual in Australia. Likewise the half-crown was appreciably more common in Australia than in Britain and the

Denomination	Imports	RM x .058349
Crown	£3,500	£97,070
Double-florin	£4,585	£31,390
Halfcrown	£722,600	£504,265
Florin	£528,215	£609,011
Shilling	£606,200	£728,370
Sixpence	£253,200	£315,818
Threepence	£296,880	£117,663
Penny	£126,040	£143,642
Halfpenny	£52,710	£37,926
Farthing	£200	£8,975

Total quantities of British coins of various types officially imported up to 1910.

threepence was much more common in Australia. This last observation is confirmed in the Royal Mint report for 1886: 'The colonies again were large applicants for threepences.'

The figures on silver coins melted in Sydney in the 1890's include a break-down into the various denominations. A sprinkling of the groats of 1836–1855 was among the coins so destroyed. These groats may have been imported by other means or before the taking of official statistics started.

Thus the reason why no Australian farthings were made in 1910–1911 is simply that the farthing had never circulated to any great extent. As was stated in the Federal Parliament on 12 June 1903 'we do not use farthings very much.' There had never been farthing tokens. Apparently the most common date⁽³⁾ of farthing found in Australia is 1893. These may be the remnants of £50 worth officially imported in 1894. Another £10 worth arrived in 1897, followed by £40 worth in 1905 and £100 worth in 1908. In fact the quoted remark from 1903 suggests that there were rather more farthings around than the then official import figure of £60

British Coins Used in Australia



1873	.90	1875	.86	1877	.83	1879	.78	1881	.78	1883	.77
1885	.74	1887	.68	1889	.65	1891	.68	1893	.44	1895	.45
1897	.42	1899	.42	1901	.41	1903	.38	1905	.42	1907	.46

*Mean prices for these years for the bullion content of a shilling.
These prices are expressed in decimalised shillings.*

would suggest. It is quite likely that other farthings were taken on the long sea voyage from Britain to be used as poker chips and later spent. Presumably migrants from Britain or Ireland brought in small change including on average one farthing each. It is also possible that some retailers and some private banks occasionally imported quantities of farthings without having these entered in the statistics. Regardless of such possibilities it is clear that the farthing was not a significant element in the everyday currency. It will be shown later that the half-crown was discontinued in 1910 as a sop to the decimalisation lobby. The limited number of crowns and double-florins officially imported would have been reduced by some of them being melted in the early 1890's, only a few years after their minting.

The above paragraph does not explain why there were so few farthings in circulation in 1860 or earlier. Perhaps the reason is that the issuers of tokens did not find farthing tokens economic. Australia was using token coinage for small values much later than Britain. Curiously, in modern Britain surviving Victorian bronze farthings in grades VF upwards are now more common than corresponding halfpennies.

To return briefly to the half-sovereign, it may be checked that the total Australian production was something like 5.1% of the total (London + Australian). It thus follows that the numbers were essentially what was

needed for local demand. Perhaps the half-sovereign was somewhat scarcer in circulation in Australia.

The Royal Mint reports do give some evidence of what happened to some of the British coins that have since become scarce. For example, most of the florins of 1891 may well have been exported to the empire, as many of the shillings of 1905 were. This is apparently well known to have happened to the British pennies of 1950 and 1951.

To return to gold and silver, after 1816 the British government scarcely cared how many sovereigns or half-sovereigns of proper weight and composition were minted. As we shall see, it should have cared. However from 1871 onwards the price of silver became a real problem. Indeed the early *Commonwealth Yearbooks* (1908 onwards) tabulate silver prices going back to 1873. The fall in price was so great as to render a silver coinage that was only slightly token into being a coinage that was very token indeed. The figures above give the mean prices for these years for the bullion content of a shilling. These prices are expressed in decimalised shilling.

The price then slumped even more, going down to .36 in 1909 and .38 in 1910. The situation was described in the 1912 *Commonwealth Yearbook* as follows: 'The gross profit [made on the coinage] is equivalent to over 62%, but from it the expenses of coining (including the interest on the cost

of machinery) and of withdrawals of worn coin must be deducted. Still, given a large annual demand for new silver coin, even the net profit amounts to a considerable sum. Negotiations, therefore, took place over a number of years between the Imperial authorities and the Governments of New South Wales and Victoria, which in 1898 resulted in permission being granted to the two Governments named to coin silver and bronze coin at the Sydney and Melbourne Mints for circulation in Australia. No steps were, however, taken in the matter.'

The potential profit was perceived as being much greater than just taking over the minting of new coins. Advocates of the exercise wanted to replace all the circulating silver currency with new Australian coins and then get the British Government to give gold at face value for the British silver. The British Government was not totally enthusiastic about this proposed transaction. Enough of the discussion may be traced in the Commonwealth Parliamentary Reports of 1901 to 1910. It is evident that by then numerous people were not using the phrase 'beneficent action' quoted earlier from the Mint Report of 1872 in describing the then role of the Royal Mint. It was pointed out more than once that Canada was able to keep the profit on making its own silver coins. As early as June 1901 Mr. G. Edwards, MHR for South Sydney, successfully moved that the House of Representatives set up a select committee to investigate the 'desirableness and expediency' of the Commonwealth making its own coins and adopting a decimal currency. This committee reported some months later but adoption of its report was deferred until 19 June 1903. Prime Minister Barton and Treasurer Turner⁽⁴⁾ opposed the adoption but were narrowly out-

voted. The form of decimalisation advocated was the partitioning of the existing pound into ten florins each of which would be partitioned into one hundred mils. Alternatives like setting up a new major unit worth 100 halfpence were rejected. However there was correspondence between the British and Australian Governments on the matter; this was discussed in the House in August and September 1905. The following statement was made by the then Treasurer, Sir John Forrest, in response to a question:

'The Imperial Government on 10th March last was asked to co-operate with the Commonwealth Government in regard to the withdrawal of the present silver coinage from circulation in Australia and it was urged upon it that £200,000 of the existing silver coinage should be withdrawn and placed in circulation elsewhere than in Australia, instead of £100,000 as previously stipulated by the Imperial Government. It was also asked to agree to cease the supply now forwarded from the Imperial Mint to other parts of the Empire so as to allow the silver withdrawn in Australia to be transferred there. The Imperial Government does make a considerable profit on the coinage of silver. For the Commonwealth to avail itself of such profit, the gradual withdrawal of present currency from circulation would be necessary. ... At present the Imperial Government replaces all worn gold and silver coin without charge in London.'

The Mint Report for 1910 describes the fate of some of the British coins withdrawn from use in Australia that year. For example, the shillings were sent to West Africa.

The reasons for not minting half-crowns appears in the Commonwealth Parliamentary Reports of 10 August 1909. In the de-

bate on the *Coinage Act*⁽⁵⁾ a member stated 'I should like the Treasurer to explain why it is not proposed to mint half-crowns under the new system. Two or three reasons have been suggested but the Treasurer himself has not given any.' Treasurer Forrest responded 'It does not conform to the decimal system', apparently referring to the proposed 1000 mil pound for which a 125 mil coin would be rather awkward. It was also explained in the debate that there would be no precipitate withdrawal of the British half-crown from circulation. The phrase 'half-a-crown' survived into the 1950's.

Full decimalisation and/or metrication was abandoned due to British disinterest⁽⁶⁾.

It is worthwhile calculating the cost of melting and replacing worn silver or gold coin as seen in Edwardian times. There had been minimal inflation for nearly a century and government bonds yielded 2.5%. Thus if 15% of the face value of a coin issue were invested in such bonds it would double in 28 years providing what should be enough to pay for the extra bullion and other expenses involved in recoinage in perpetuity. Although the figures given here are only indicative they confirm that the Imperial Government was being 'beneficent' in providing coinage in 1870, particularly as the seignorage on gold coin was almost zero. The simplest calculations along the above lines reveal that gold coinage was issued at a loss.

The sources already mentioned make minimal mention of the bronze coinage. Here the profit on minting would have been rather less. Anyway the Australian bronze coins were introduced a year later. The introduction of Australian postage stamps to replace the reprints of stamps issued by the former colonies must have been perceived

as less urgent. It had to wait until 1913.

A brief examination of the New Zealand Parliamentary Reports of 1907–1910 found no mention of possible decimalisation or adoption of a national coinage.

This story ends with the First World War⁽⁷⁾. The price of silver expressed in paper pounds soared from 1916 to 1920 and then fell quite rapidly to reach levels even lower than those tabulated above. The peak of 1.36 shillings for the bullion content of a shilling was reached on 11 February 1920. Analyses of these later developments may be found in the books by Chown (*A History of Money*, London, 1994) and Leavens (*Silver Money*, Colorado Springs, 1939).

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Frank Crowley, Tom Hanley, Jim Noble and Bob Roberts have provided various useful comments. My daughter Patricia Donovan has helped with some of the research. Jim Noble made available his set of Reports of the Royal Mint. [This series started in 1871 and incorporates reports from the branch mints in Australia.] The photographs used in this article are taken from various catalogues issued by Noble Numismatics Pty Ltd in 1998–2000 and are used with permission.

Notes

1. The Troy ounce (31.1035 grams) was divided into 480 grains. Confusingly gold was traded in the British Empire at the time in standard ounces of 440 grains. Thus an ounce of 22 carat gold contained a standard ounce of pure gold. [Reference: Chown, page 69.] Likewise silver was traded in standard ounces of 444 grains and so an

ounce of sterling silver contained a standard ounce of pure silver. [Reference: Leavens, page 13.] The American practice did not use standard ounces. The sovereign contained 123.27 grains of 11/12 (= 22 carat) gold alloy while the shilling contained 87.273 grains of 37/40 (= 'sterling') silver alloy. Thus the sovereign would have the same bullion value as 20 shillings if one gram of gold had the same value as 14.288 grams of silver. The reader may wish to check that Isaac Newton's 1717 exchange rate of £3-17-10 1/2 per standard ounce for gold is equivalent to the above gold content of a sovereign.

2. Michael Salzman in *Modern British Coins 1797—1970* draws attention to a Royal Proclamation (66/5024) of 1866 that made the 'Sydney Mint — Australia' gold coins legal tender in Great Britain.

3. Downies March 2000 Auction included a lot (260) consisting of 85 farthings mostly EF dated 1886 and a few others. This supports the theory that there was considerable small-scale private importing of farthings. They were imported as gimmicks on various occasions up to about 1960.

4. Treasurer Turner had moved that the motion to adopt the report be negated and replaced by: 'In the opinion of the House any change to decimal coinage by Australia should, in order to confer in any great measure the benefits expected from it, be preceded by its adoption in the United Kingdom and if possible be accompanied by the metric system of weights and measures. That in view of the fact that the time has not, in the opinion of the Government of the United Kingdom, arrived for the substitution of the decimal system for the existing coinage, it would not at present be advisable to initiate the system in the Common-

wealth.' As already noted, the House rejected Turner's text.

5. A few references may be found in the Parliamentary Reports of 1901 to 1910 of the desirability of making lighter pennies and half-pennies. The *Coinage Act* of 1909 made some reference to possible nickel coins. In fact some patterns of these were made around 1920. Mark Freehill has published an account of this matter.

6. Professor Frank Crowley, author of the biography of Sir John Forrest to be published by the University of Western Australia Press in 2000, has provided the following comment: 'My reading of Treasury files whilst Forrest was treasurer in 1905–1907, 1909–1910 suggested that officials of the Bank of England in London were strongly opposed to Australia, or Britain, introducing a decimal currency; and also opposed to Australia having its own paper currency, which Forrest was pushing, especially his proposal to have 10/- notes, which would deteriorate rapidly by becoming soiled by the indigent working classes. Later, they favoured having the Australian note issue controlled, as in England, by a government operated bank.' He is thanked for authorising its incorporation in this article.

7. A casual examination of the Krause-Mishler catalogue shows that despite the higher price of silver during 1914–1918 production of coinage went to unprecedented levels in many countries during the war. Thus the 1915 British half-crown is still quite common in top condition.