

Sub-Enclosure 4 to Enclosure No. 1.

REGULATIONS for the Receipt of Gold for Coinage at the Sydney Branch of the Royal Mint.

HIS Excellency the Governor, with the advice of the Executive Council, has been pleased to frame the following Regulations for the receipt and coinage of gold at the Sydney Branch of the Royal Mint, —such Regulations to take effect from 1st September next.

1. Importations of gold dust or gold bullion for coinage, from 10 oz. upwards, will be receivable at the Mint daily (Saturdays and holidays excepted), between the hours of 11 a.m. and 3 p.m.

2. In addition to the charge of threepence per ounce, imposed by Her Majesty's Proclamation of the 3rd February, 1866, on the coinage of gold, there shall be paid, for melting, assaying, and refining, the following charges, viz. :—

(1.) On undivided parcels, containing not less than 1,000 oz. standard (to be melted and assayed in one lot), at the rate of 3d. per ounce (standard).

(2.) On parcels containing less than 1,000 oz. standard, at the rate of 5d. per ounce (standard).

3. A reduction of the above Mint charges, to the amount of 3d. per ounce standard, will be made in respect to gold, the produce of any other country, imported to the Mint, under the conditions prescribed in the second clause of the Act 26 Viet., No. 5, granting a duty on gold.

4. All silver over and above 2 per cent., contained in refinable gold, will be paid for at 5s. per ounce (fine).

5. The gold will be melted, if preferred, in the presence of the importer. The importer will also be furnished, on demand, with a clip for assay, from his own ingot, as a check on the Mint report.

6. Gold received up to Wednesday evening in each week will be payable on the following Tuesday. Gold received after Wednesday will be payable on the following Tuesday week.

7. The Mint will issue, if required, gold bullion in bars or ingots, at £3 17s. 10½d. per ounce standard. When the bars or ingots are required to be alloyed with silver, the silver will be charged for at 5s. per ounce.

SAUL SAMUEL.

The Treasury, New South Wales, 23rd August, 1870.

No. 2.

Colonel E. W. WARD, R.E., to C. O'NEILL, Esq., M.H.R.

SIR,—

Melbourne, 12th August, 1872.

Your telegram, dated 31st July, from Nelson to Greymouth, has just reached me here. I will endeavour to answer it in this letter.

The cost of the Melbourne Mint, including that of machinery and buildings, payment of staff and every item up to the day of opening, cannot have been less than £75,000. Some of this expenditure is due to the handsome design and the elaborate arrangements of the Mint buildings, and some to the time which has been taken to complete them. A Mint in New Zealand, sufficient to answer every purpose, ought not to cost more than £40,000. The cost of Mint buildings and machinery is not in proportion to the amount of gold to be coined. The machinery necessary to coin £3,000,000 a year would be required to coin £1,000,000, and almost the same buildings and offices.

The Melbourne Mint, if utilized without regard to political considerations, and with the main object of yielding a revenue, would be more than self-supporting. It would be unsafe at present to venture an assertion that it will be so, as the result depends on the regulations for the receipt of gold which the Government may adopt. My opinion is that ultimately it will yield a revenue in excess of the annual cost of maintaining it.

Your question as to how much gold should be produced to make a Mint self-supporting is not one that I, who am unacquainted with the circumstances attending the production, purchase, and export of gold at the port of the proposed Mint can satisfactorily answer. The Sydney Mint has required a coinage of about £1,250,000 per annum to make it self-supporting. The Melbourne Mint will probably require to coin at least double that value of gold to achieve the same result. The reason is that the market price of gold at the port of Melbourne is higher than it is at the port of Sydney.

Perhaps I can suggest a method of calculation by which you may arrive at a tolerably accurate conclusion.

I must first premise that a Mint, if it is to receive gold for coinage in any quantity, must purchase it at the highest price prevailing in the market at the time, and that the tendency of a Mint in successful operation is to maintain the market price of gold at one unvarying high level. Ascertain then the price given for gold per standard ounce at the port at which the Mint is proposed to be established, and at the time of the year when the price is at its highest. Assume that this price will rise say 1s. an ounce when the Mint enters into competition with the market for the purchase of gold, and take the latter as the price which the Mint will have to give for gold at all times of the year. The difference between the latter price and £3 17s. 10½d. is the profit which the Mint will make on every ounce of gold purchased. If you assume the annual cost of maintaining the establishment at £10,000 as a minimum, you will be able to see how many ounces of gold must be purchased each year to make the Mint self-supporting.

For example, I will assume that you propose to have a Mint at Wellington. If the price given for gold at Wellington at the time of year when the price is at its highest is £3 16s. per standard ounce. Assume that the Mint when in competition will raise this to 77s. per ounce. The difference