

1873.

NEW ZEALAND.

ESTABLISHMENT OF A MINT FOR SILVER AND COPPER COINAGE,

(CORRESPONDENCE RELATIVE TO).

Presented to both Houses of the General Assembly by command of His Excellency.

No. 1.

The Hon. J. VOGEL to DR. FEATHERSTON.

General Government Offices,

Auckland, 19th March, 1873.

SIR,—

I have the honor to bring under your notice the following facts, with a view to your obtaining the information which I require in connection with them.

As you are aware, no silver coinage is used in any of the Australasian Colonies except that of Great Britain; whilst, as regards copper coinage, a large proportion of that which is used in most of the Colonies is made up of "tokens," issued by various trading firms. It is doubtful whether, in any case, those "tokens" are worth nearly the amount which they are accepted as representing; and, though there is no power to secure that they shall be redeemed, yet, so urgent is the need of a copper coinage, they are more or less readily accepted as legal money.

The silver currency in New Zealand has become to a considerable extent defaced. On this fact being represented to the Lords of the Treasury, their Lordships proposed very liberal terms for the supply of new coinage, the defaced coin now in the Colony being accepted in exchange, but the Colony paying all expenses incident to the exchange. Those expenses would be considerable. Freight, insurance, &c., both ways, would amount to nearly 5 per cent. on the value exchanged. If only a small amount of coin were required, it might be desirable for the Colony to take advantage of the offer of the Lords of the Treasury. But there is a constantly increasing demand for silver coin, not alone for use in New Zealand, but for exportation to the islands of the Pacific. The Colonies are, indeed, exposed to the contingency of having to find silver coinage for all the South Pacific Islands, as in course of time they become settled; and such being the case, it seems to me that for the Government to procure new coin from Home would be merely to offer inducements to persons to hoard it, with the view of sending it out of the Colony.

A small sum was voted by the Legislature, during its last Session, for the purpose of introducing new coin; but I believe it is not likely the Government will use that sum, because they cannot fail to recognize that, supposing they brought out new silver, there would be great objection to the defaced coin being collected and sent home, in payment. In short, the present want is a larger supply of silver; and until that want has been adequately met, the disadvantage of keeping defaced coin in circulation will be looked upon as comparatively light.

Keeping in mind these facts, I have to request that you will obtain for me information bearing on the question, whether it is desirable the Colony should undertake to establish a silver currency. To cover the cost of so doing, and the certainty that the coin would be largely exported to different groups of islands in the Pacific, it would be necessary there should be a considerable margin allowed between the actual and the current values of such a coinage. I have not been able to investigate the question; but it appears to me that a margin of 50 per cent. would be hardly too large to cover the risk of ultimate loss, or, in other words, to make it worth the while of the Government to take the matter in hand. It is, in truth, difficult to decide whether or not the duty devolves upon the Colonial Government to provide a satisfactory and sufficient supply of silver and copper coinage, seeing that the supply has hitherto been more or less provided by the banks.

The object of the information which I have the honor to ask that you will endeavour to obtain, is, therefore, to enable the Government to decide whether it is desirable to propose to the Legislature that the Colony should undertake the issue of silver and copper coinage. The information should comprise—

1. The nature of the necessary apparatus or machinery, its cost in England, and what would be the cost of sending it to the Colony, of erecting it here, and the annual cost of working and maintenance.

2. Whether the Colonial Office would object to the Colony undertaking such a work; and, if so, what is the nature of the objections. You should, I think, at the outset, inform the Secretary of State for the Colonies that you propose to make inquiries for the purpose of ascertaining whether any, and what, objections are entertained by the Imperial Government against New Zealand coining and issuing silver and copper money. If the Secretary of State does not feel or anticipate objection, His Lordship