

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

might probably advise you as to the best mode of carrying out the undertaking; and he might also instruct His Excellency the Governor as to giving assent to any Bill, with that object, which might be passed by the Colonial Legislature.

3. Information as to the alloys to be used, and the denomination of coins that might be produced. My own impression is, that it would be desirable the Colony should be empowered to issue coins of the existing denominations, from one penny to five shillings inclusive.

I have to request that you will send to me a reply to this letter with the least delay possible, in order that the information you furnish may be laid before Parliament.

I have, &c.,

The Agent-General for New Zealand, London.

No. 2.

Dr. FEATHERSTON to the Hon. the COLONIAL TREASURER.

(No. 304.)

SIR,—

London, 16th May, 1873.

I have the honor to acknowledge receipt of a letter, dated 19th March, which I presume, though not signed, is addressed to me by the Hon. Mr. Vogel, relative to silver and copper coinage.

As the San Francisco Mail, which brought me this letter, only arrived on Tuesday, the 13th instant, and the mail by Brindisi goes out to-day, it will be evident that there has been no time to take any action in the matter. But I so fully recognize the importance of the subject, that I shall immediately after the despatch of the present mail take steps to obtain the required information.

I believe that from nobody will I be able to obtain so readily and such complete information on the subject as from many of the gentlemen who hold seats on the Board of the National Bank of New Zealand.

I have, &c.,

The Hon. the Colonial Treasurer, New Zealand.

I. E. FEATHERSTON.

No. 3.

Dr. FEATHERSTON to the Hon. the COLONIAL TREASURER.

7, Westminster Chambers, Victoria Street, London,

12th June, 1873.

SIR,—

Referring to my letter of the 16th May, 1873 (No. 304), I have the honor to furnish herewith, for the information of the Government, copy of the correspondence between myself and the Secretary of State for the Colonies, on the question of the Colony being permitted to undertake the coinage of silver and copper money.

From this correspondence it will be seen that the question is one, not for the Colonial Office, but for the Lords of the Treasury, to whom Lord Kimberley has submitted my application. It will be observed that the Colony of Victoria is making a similar application, and therefore I am not without hopes that the concession demanded by the two Colonies will be granted.

Immediately on the receipt of the decision of the Lords of the Treasury, I shall, in case it is adverse, explain to Lord Kimberley at length the views of the New Zealand Government, and request him to state fully the nature of the objections.

Since the question has been raised, you will have received Lord Kimberley's Despatch to the Governor on the subject of the establishment of a Mint in New Zealand.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 3.

Dr. FEATHERSTON to the UNDER SECRETARY of STATE for the COLONIES.

SIR,—

4th June, 1873.

I have the honor to inform you that by the last mail I received a letter from the Government of New Zealand relative to copper and silver coinage, and requesting me to bring the following facts under Lord Kimberley's notice:—

1. 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 amounts 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.

2. 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.

3. A small sum was voted by the Legislature during its last Session for the purpose of introducing new coin, but I am given to understand that it is not likely the Government will use that sum, because they are under the impression 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.

4. As a large amount of silver is extracted in the Colony from the gold (in some cases as much silver as 30 per cent), there would, in all probability, be no necessity to import silver for the purpose of coinage.

Having, then, regard to these facts, the Government, without having as yet come to any conclusion as to the expediency of the Colony undertaking to establish the proposed currency, are desirous of ascertaining whether any objections would be entertained by the Imperial Government against New Zealand coining and issuing silver and copper money.

As the Government are anxious to bring this question before the Legislature at its approaching Session, I should feel obliged if Lord Kimberley, after having considered it, would be pleased to grant me an interview in time to enable me to communicate with the Government on the subject by the mail which will leave on the 13th instant.

In the meantime, perhaps Lord Kimberley will not object to place me in communication with some officer of the Mint, from whom I may obtain information respecting the nature of the necessary apparatus or machinery, its cost and annual expense of working and maintaining it, and also respecting the alloys to be used in it.

The Under Secretary of State for the Colonies.

I have, &c.,
I. E. FEATHERSTON.

Enclosure 2 in No. 3.

Mr. HOLLAND to Dr. FEATHERSTON.

SIR,—

Downing Street, 10th June, 1873.

I have laid before the Earl of Kimberley your letter of the 4th instant, inquiring if any objections would be entertained by Her Majesty's Government against the coining and issuing of silver and copper money by the Government of New Zealand.

You will have learned from the Despatch to Sir George Bowen, of which a copy was sent to you in the letter from this office of the 27th March, that the Lords of the Treasury are not at present prepared to entertain the proposal that a Mint should be established in New Zealand. Lord Kimberley cannot therefore place you in communication with the officers of the Mint, but he will send a copy of your letter to their Lordships for their consideration, together with an application which is already before them from the Government of Victoria, that silver may be coined at the Mint already established in Melbourne, and will ask them if they think it advisable to place you in communication with the Mint.

If, in these circumstances, you still think there would be advantage in explaining your views to Lord Kimberley, his Lordship will be happy to appoint a time to see you.

Dr. Featherston, Agent-General for New Zealand.

I am, &c.,
N. T. HOLLAND.

Enclosure 3 in No. 3.

Mr. HERBERT to Dr. FEATHERSTON.

SIR,—

Downing Street, 27th March, 1873.

I am directed by the Earl of Kimberley to transmit to you, for your information, a copy of a Despatch which he has addressed to the Officer Administering the Government of New Zealand, in answer to a Despatch from Sir George Bowen conveying an inquiry from his Ministers as to the terms on which the establishment of a branch of the Royal Mint in the Colony would be sanctioned.

Dr. Featherston, Agent-General for New Zealand.

I am, &c.,
ROBERT G. W. HERBERT.

No. 4.

The Right Hon. the Earl of KIMBERLEY to the OFFICER ADMINISTERING the GOVERNMENT of NEW ZEALAND.

(New Zealand, No. 20.)

SIR,—

Downing Street, 27th March, 1873.

I have the honor to acknowledge Sir George Bowen's Despatch No. 109, of the 10th of March, conveying the request of his Ministers to be informed on what terms the establishment of a branch of the Royal Mint in New Zealand would be sanctioned.

The Lords Commissioners of the Treasury, to whom the Despatch was referred, have stated their opinion, that without further experience of the effects of two branches of the Royal Mint being in

operation at the same time in such close proximity to each other as those at Sydney and Melbourne, it would be inexpedient to sanction the establishment of a third; and they think that further time should be allowed to elapse before the question is re-opened.

The Officer Administering the Government of New Zealand.

I have, &c.,
KIMBERLEY.

No. 5.

The Hon. J. VOGEL to Dr. FEATHERSTON.

SIR,—

Treasury, Wellington, 30th August, 1873.

I have the honor to acknowledge the receipt of your letter of June 12th (No. 412), in which was enclosed copy of correspondence between yourself and the Secretary of State for the Colonies "on the question of the Colony being permitted to undertake the coinage of silver and copper money."

The Government will not be able to take any action in the matter during the present Session of Parliament, in the absence of further information from you.

I have to point out that, as yet, you have been pursuing only one branch of the inquiry you were asked by me to make; and that it is necessary you should furnish the further information which is requisite before the Government can decide what should be done.

The Agent-General for New Zealand, London.

I have, &c.,
JULIUS VOGEL.

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