



Pathfinder Honour: Trainer's Notes

Currency 1 - Australia



Instructions to Trainers / Instructors of this Honour

Thankyou for being involved with this Honour. These notes have been developed to assist in teaching / instructing this honour. We recognise that there is much more information available and we are grateful that you should share your expertise.

Please remember that Honours are designed to develop our Pathfinders in many ways; their interests, their knowledge and their relationship with their Saviour and Creator. Your enthusiasm and creativity will have a huge impact on those doing the honour.

To complete an Honour, the following (where applicable) must be completed satisfactorily:

- Physical and Practical Requirements.
- Honour Workbook.
- Honour Assessment Sheet. *(On SPD Honour Website but Leader's level access is required)*

Additional Reference Material

See Royal Australian Mint at: <http://www.ramint.gov.au/designs/>

Acknowledgements

Please see following text and ACKNOWLEDGEMENTS Section on final page of these Trainer's Notes

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INTRODUCTION

This honour aims to develop a sense of cultural heritage on the importance of Australian currency and coins.

The South Pacific Division has developed the Currency Honour, taking into account the number of countries in the Division. The first five Requirements are what we call generic. This means they apply to any country in the Division and, to that matter, the world. These generic Trainer's Notes are called 'Currency Honour Trainer's Notes, Generic.doc.

The remaining Requirements (6 to 9) are country specific. In these notes, they apply to Australian currency.

For your information, Requirements 1 to 5 are displayed below.

REQUIREMENT 1: Describe the system of barter, including historical and current applications.

REQUIREMENT 2: Describe the evolution of money as a form of currency, including a minimum of ten unusual forms of money.

REQUIREMENT 3: Define the following terms as they may apply to a country's monetary system:

REQUIREMENT 4: Know how coins are graded in quality by collectors.

REQUIREMENT 5: Have a coin or notes from ten different countries. Describe what is on each, give the names of any people or objects portrayed on them, and give the dates for them whenever possible.

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REQUIREMENT 6: Relate briefly the history of coinage and/or paper currency in your country, making sure to mention the dates of the establishment of any mints or engraving plants. Also discover some changes made in metals or designs giving any interesting highlights concerning such changes.

Australia's Currency Heritage

Many forms of currency were used in the Australian colonies after the arrival of the first European settlers in 1788. In the rough early conditions barter was necessary, and payment in commodities like rum sometimes became commodity money in transactions.

Early settlers had little coin. Most of the coin used was gold and silver brought in by visiting traders from the likes of Spain. Because Spanish currency was universally accepted, (Somewhat like American Dollars today), by international traders, these coins were being taken out of early Australian circulation faster than they could be put in. This created a chronic coin shortage. In 1800 to overcome this problem, the Governor declared that certain foreign coinage had "legal tender" status in Australia. The Proclamation had two aims. The first was to give official value to the various coins in circulation. The second was to give them an inflated value so as they would remain in Australia.

The first legal tender coins produced in Australia were the "holy dollar" and "dump" dated 1813. These were produced from Spanish currency that were imported to the new colony of New South Wales. The right to call this legal tender in Australia can be attributed to Governor Lachlan Macquarie who allowed the mintage of the coins to stop the coin shortage of the time. Macquarie valued the holy dollar at 5 shillings. The dump was valued at 15 pence. Governor Brisbane later devalued this coinage to 4 shillings and 1 shilling respectively in 1823.



Holey Dollar and Dump from Coinworks:

http://www.coinworks.com.au/index.php?option=com_content&task=view&id=27&Itemid=35

By virtue of the British Parliament passing the Silver Sterling Money Act in 1829, the holy dollar and dump was dropped from the fledgling colony of New South Wales circulating coinage and was replaced by British coinage. The holy dollar and dump remained legal tender in Tasmania until 1849.

In 1825 the British Government imposed the sterling standard throughout its Empire and subsequently, English coins were minted in Australia.

A branch of the Royal Mint was located in the grounds of the General Hospital in Sydney in 1852 immediately after the New South Wales gold rush, making it the first British currency mint established outside Britain. After 1927, the Mint moved to Canberra for a short time.

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In 1872 the Melbourne Mint (a branch of the British Royal Mint) opened to meet the problems created by the large discoveries of gold in Australia and to reduce its export as much as possible. When the Sydney Mint closed in 1926, the Royal Melbourne Mint became the mint of the Commonwealth and the sole contractor for the production of Commonwealth coinage. The Melbourne Mint closed in 1970.

The Perth Mint opened in 1899 in response to the discovery of rich gold deposits in Coolgardie and Kalgoorlie. It was Australia's third branch of Britain's Royal Mint. The Perth Mint remained under Britain's jurisdiction until 1 July 1970, when ownership transferred to the State Government of Western Australia.

In 1901, following Federation, the British silver and bronze coins continued in use until 1910 when Australian Commonwealth silver coins were introduced. In 1911 bronze pennies and halfpennies were introduced. In 1913 the first series of Australian notes was issued, based on the British sterling system of 12 pence to a shilling, 20 shillings to a pound.

In 1936 the 1909 Currency, Coinage and Legal Tender Act was amended to change the silver content of Australia's coinage. This was because the price of silver was increasing making the coins more expensive to produce.

The next change to Australian legal tender occurred in 1965 with the introduction of the Currency Act. This Act allowed for the introduction of decimal currency in 1966. Amendments to the Currency Act also allow for the privately owned Perth Mint to produce legal tender in Australia. Although the Perth mint can produce legal tender they are prevented from producing circulating coinage. This is the exclusive domain of the Royal Australian Mint. Special release coins may also be issued by the Royal Australian Mint by treasury approval through regulations allowed by the Act. This gives our non standard collector coins legal tender status.

The Royal Australian Mint was officially opened in February 1965 to produce Australia's decimal coinage. The Mint is the first mint in Australia not to be a branch of the Royal Mint of London.

Transition to the Decimal System

In 1963, Australia initiated the change to decimal currency. More than 1000 submissions were made about the name of the new currency unit. The Prime Minister of the day, Sir Robert Menzies, proposed the 'royal'. The 'dollar' was eventually chosen as the name, and decimal currency was introduced on 14 February 1966.

Shortly after the changeover, substantial counterfeiting of \$10 notes was detected. This provided an impetus for the Reserve Bank of Australia to develop new note technologies jointly with the Commonwealth Scientific and Industrial Research Organization (CSIRO).

The revolutionary polymer notes were first introduced in 1988 with the issue of a commemorative \$10 note, marking Australia's bicentenary by featuring the theme of settlement. The note depicted on one side a young Aborigine in body paint, with other elements of Aboriginal culture. On the reverse side was the ship Supply from the First Fleet, with a background of Sydney Cove, as well as a group of people to illustrate the diverse backgrounds from which Australia has evolved over 200 years.

Australia's Notes

Some of the first official notes used in Australia were Police Fund Notes, issued by the Bank of New South Wales in 1816.

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Currently (ie 2009) Australia's bank notes come in denominations of 5, 10, 20, 50 and 100 dollars.

The \$100 note features world-renowned soprano Dame Nellie Melba (1861–1931), and the distinguished soldier, engineer and administrator General Sir John Monash (1865–1931).

The \$50 note features Aboriginal writer and inventor David Unaipon (1872–1967), and Australia's first female parliamentarian, Edith Cowan (1861–1932).

The \$20 note features the founder of the world's first aerial medical service (the Royal Flying Doctor Service), the Reverend John Flynn (1880–1951), and Mary Reibey (1777–1855), who arrived in Australia as a convict in 1792 and went on to become a successful shipping magnate and philanthropist.

The \$10 note features the poets AB 'Banjo' Paterson (1864–1941) and Dame Mary Gilmore (1865–1962). This note incorporates micro-printed excerpts of Paterson's and Gilmore's work.

The \$5 note features Her Majesty Queen Elizabeth II and Parliament House in Canberra, the national capital.

Australia was the first country in the world to have a complete system of bank notes made from plastic (polymer). These notes provide much greater security against counterfeiting. They also last four times as long as conventional paper (fibrous) notes.

The innovative technology with which Australian bank notes are produced—developed entirely in Australia—offers artists brilliant scope for the creation of images that reflect the history and natural environment of Australia. At the same time, the polymer notes are cleaner than paper notes and easily recyclable. Australia's currency comprises coins of 5, 10, 20 and 50 cent and one and two dollar denominations; and notes of 5, 10, 20, 50 and 100 dollar denominations.

Australia's notes are printed by Note Printing Australia, a division of the Reserve Bank of Australia, based in Melbourne. Note Printing Australia prints polymer notes for a growing number of other countries including Bangladesh, Brunei, Chile, Indonesia, Kuwait, Malaysia, Mexico, Nepal, New Zealand, Papua New Guinea, Romania, Western Samoa, Singapore, Solomon Islands, Sri Lanka and Thailand. Many other countries are showing a strong interest in the new technology.

Note Printing Australia also conducts an innovative numismatic business for collectors, based on new note issues, commemorative notes and the issue of annual uncirculated notes.

Australia's Coins See Royal Australian Mint at: <http://www.ramint.gov.au/designs/>

The \$2 coin, which replaced the two dollar note in 1988, depicts an Aboriginal tribal elder set against a background of the Southern Cross and native grass trees.

The \$1 coin, which replaced the \$1 note in 1984, depicts five kangaroos. The standard \$1 design, along with the 50, 20, 10 and 5 cent designs, was created by the Queen's official jeweller, Stuart Devlin.

The 50 cent coin carries Australia's coat of arms: the six state badges on a central shield supported by a kangaroo and an emu, with a background of Mitchell grass.

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The 20 cent coin carries a platypus, one of only two egg-laying mammals in the world. It has webbed feet and a duck-like bill that it uses to hunt for food along the bottom of streams and rivers.

The 10 cent coin features a male lyrebird dancing. A clever mimic, the lyrebird inhabits the dense, damp forests of Australia's eastern coast.

The 5 cent coin depicts an echidna, or spiny anteater, the world's only other egg-laying mammal.

The 5, 10, 20 and 50 cent coins are made of cupro-nickel (75 per cent copper and 25 per cent nickel). The one and two dollar coins are made of aluminium bronze (92 per cent copper, 6 per cent aluminium and 2 per cent nickel). The one dollar, 50 and 20 cent circulating coins occasionally feature commemorative designs.

The 1966 circular, (80% fine silver / 20% copper) Australian 50 cent coin is a one year type. Rising silver prices halted production with the Mint announcing in late 1967 that they were no longer releasing them into circulation. A gradual recall and melting down of all pieces which make their way back to the mint has since occurred. It was replaced with a copper-nickel dodecagonal (12 sided) issue in 1969, no fifty cent coins having been minted for 1967 or 1968, although the 1966 dated 50c were still being made in 1967. A number of 1966 and 1967 dated patterns exist in both the round and dodecagonal format.

Australia's coins are produced by the Royal Australian Mint, which is located in the nation's capital, Canberra. Since opening in 1965, the Mint has produced more than 14 billion circulating coins, and has the capacity to produce more than two million coins per day, or more than 600 million coins per year.

The Royal Australian Mint has an international reputation for producing quality numismatic coins, and won an international award for 'Best Silver Coin 2006' for its Silver Kangaroo coin design.

Key Facts on Australia's Currency

- \$ The Australian dollar, which divides into 100 cents, is the national currency.
- \$ Decimal currency was introduced on 14 February 1966.
- \$ In 1988, Australia introduced its first polymer bank note and in 1996, Australia became the first country in the world to have a complete series of polymer notes.
- \$ Polymer note technology was developed by Australia, and Australia prints polymer notes for a number of other countries.
- \$ Australia's colourful bank notes come in denominations of 5, 10, 20, 50 and 100 dollars.

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REQUIREMENT 7: Explain how money is distributed by the government in your country.

The Reserve Bank of Australia is responsible for the design, manufacture, distribution, processing and destruction of Australian currency notes (herein referred to as 'notes'). It assists with the distribution of coin.

In June 1998 the Reserve Bank withdrew from the 'retail' note service it had provided to commercial banks since the mid-1960s. From that time, the armoured car companies provided a 'retail' service to the commercial banks.

At the same time, the Reserve Bank agreed to the establishment of Bank Note Pools – holdings of Reserve Bank owned notes by armoured car companies at some 80 sites Australia-wide. The purpose of these holdings was to enable armoured car companies to service the needs of commercial banks without notes having to be transported to/from the Reserve Bank.

By the middle of 1999, the Reserve Bank had decided to include the 'wholesale' distribution arrangements for armoured car companies in the Note Pool arrangements.

Around the middle of 2001, a new National Note Processing and Distribution Centre operated by Note Printing Australia (a wholly owned subsidiary of the Reserve Bank responsible for printing Australia's notes) took over the processing and distribution role for the Reserve Bank.

The National Note Processing and Distribution Centre accepts and distributes notes on a wholesale basis. Its primary functions is the dispatch of new/reissue notes, the receipt and processing of unfit notes, the receipt and storage of surplus fit notes post peak periods and the receipt and processing of notes returned from circulation at the Reserve Bank's request for quality/authenticity control purposes.

In the second half of 2001, the Reserve Bank introduced new currency distribution arrangements following lengthy discussion and negotiation involving the Reserve Bank, the commercial banks and the armoured car companies.

Accordingly, new currency distribution arrangements were introduced as part of a five year agreement between the Reserve Bank and the commercial banks whereby:

- \$ The commercial banks purchased and continue to own the working stocks of currency previously held in Reserve Bank owned Note and Coin Pools;
- \$ The Reserve Bank compensates the commercial banks for interest forgone on these stocks up to defined limits;
- \$ The payment of interest forgone is dependant on the commercial banks observing the requirements of a Deed executed by each bank with the Reserve Bank. There are too many requirements to list them here but generally they cover such matters as accountability, reporting, fitness sorting to Reserve Bank standards, exchange of currency between the various participants and the like;
- \$ Working stocks are held in Approved Cash Centres operated by the armoured car companies for the commercial banks. These are similar to the previous Note and Coin Pools. The cost of operating these centres is the responsibility of the Commercial banks;

REQUIREMENT 8: Describe the obverse and reverse for paper money of the five lowest denominations currently in use in your country.

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	<u>Obverse</u>	<u>Reverse</u>
\$5	Her Majesty, Queen Elizabeth II	Parliament House in Canberra, the national capital.
\$10	Poet, AB ‘Banjo’ Paterson (1864–1941)	Poet, Dame Mary Gilmore (1865–1962).
\$20	Founder of the world’s first aerial medical service (the Royal Flying Doctor Service), the Reverend John Flynn (1880–1951),	Mary Reibey (1777–1855), who arrived in Australia as a convict in 1792 and went on to become a successful shipping magnate and philanthropist.
\$50	Aboriginal writer and inventor David Unaipon (1872–1967),	Australia’s first female parliamentarian, Edith Cowan (1861–1932).
\$100	World-renowned soprano Dame Nellie Melba (1861–1931),	Distinguished soldier, engineer and administrator General Sir John Monash (1865–1931).

REQUIREMENT 9: Do one of the following:

- a. Collect at least five coins or notes from your country, which are no longer in circulation.
- b. Collect a date series for ten years of coins from your country beginning with your birth year (expensive and rare coins need not be included)

ACKNOWLEDGEMENTS:

- \$ www.cruzis-coins.com/50c/1966.html
- \$ www.dfat.gov.au/facts/currency.html
- \$ www.library.thinkquest.org/28718/history.html
- \$ www.inventors.about.com/od/msartinvestitions/a/money.html
- \$ www.aussie-info.com/tourist/monthly2.php
- \$ www.rba.gov.au/currencynotes/conferencepapers/cu_carrin_0504.pdf
- \$ www.wikipedia.org/wiki/Polymer_banknotes#Security_features

Note: “The above are useful sites, but be aware that material on any these websites is beyond the control of the SPD”.

- \$ Coin Grading Guide – Walter Eigner (Numerous articles on the net)
- \$ McDonald G, *Collecting and Investing in Australian Coins and Banknotes*, 2nd Ed. (Sydney: 1991).