

# DECIMAL CURRENCY

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## I. Introduction

ON APRIL 7, 1963 the Federal Treasurer, Mr. Harold Holt, announced that a decimal currency would be introduced into Australia at the earliest practicable date. The decision to introduce decimal currency was in accordance with the recommendations of the Decimal Currency Committee which was appointed in 1959, under the chairmanship of Mr. Walter Scott, and which submitted its report to the Government in August, 1960.

A series of further announcements by Mr. Holt gave additional information and, summarising these, the facts at present are as follow :

1. The new system will be based on a ten shillings unit with a "cent" worth 1.2 pence. No fractional unit will be provided.
2. The tentative changeover date is February, 1966, approximately two years from now.
3. The Government has stated that it will pay reasonable compensation to owners of a large proportion of those monetary machines which will require conversion in order to be used under the new decimal system.
4. A Decimal Currency Board has been established to investigate machine conversion procedures, to make recommendations to the Government on compensation to be paid, and generally to supervise and co-ordinate arrangements for the changeover. At the time of writing the Board is on the point of making its first recommendations on compensation to the Treasurer.
5. The name and symbol of the new major unit has been announced. It will be the dollar and the symbol will be the dollar sign as used in the United States and Canada. New decimal coins of one, two, five, 10, 20 and 50 cent denominations will be used. A statement by the Treasurer last December gave precise weights and sizes of the new coins. The one and two cent coins will be bronze, but will be much smaller than the existing bronze coins, while the five, 10 and 20 cent coins will be the same size as their equivalent coins, the sixpence, shilling and two-shillings but cupro-nickel will replace

the present 50 per cent silver alloy. The 50 cent coin will have a high silver content, but will be only slightly bigger than the penny and will be less than half the weight of the old Crown piece. The denominations of the new notes have not, as yet, been decided upon. The Treasurer has said, however, that there will be at least one dollar, 10 dollar and 20 dollar notes equivalent to the present ten shilling, five pound and ten pound notes.

6. A Bill providing for the introduction of the new currency system and formally establishing the Decimal Currency Board was brought down in Parliament late last year, and became law on October 30, 1963. Further legislation will be introduced to govern arrangements during and in the period following the changeover date.

## II. Planning the Changeover

### 1. *The Preparatory Period*

It is obvious that a preparatory period, before the changeover, is needed by both Government and industry. A multitude of plans has to be made and, as mentioned, for the purpose of generally co-ordinating and administering these plans the Government appointed the Decimal Currency Board.

For most businesses a two to two-and-a-half year preparatory period is more than sufficient to plan the changeover arrangements. The major part of the work associated with the conversion of monetary machines—the crux of decimal currency reform in any highly mechanised country—will, however, fall on the machine companies carrying out the conversion work. The number of machines to be converted has first to be ascertained, and for this purpose a registration programme, covering the main types of machine in use, will be instituted. The necessary conversion parts must be ordered from overseas factories, staff has to be recruited and trained and premises for conversion work have to be acquired where necessary.

The other major aspect of planning is the production in sufficient quantities of decimal coins and notes. A sufficiency of coin and notes is needed not only to enable decimal transactions to be carried out but

to allow the public to see that the decimal system is operating—an important psychological factor. Production of decimal coin will be carried out mainly at the new National Mint at Canberra which should, on present indications, be completed by the end of 1964.

Some months before the actual changeover takes place the Board will mount an intensive publicity campaign to inform the community what will happen and what is required of members of the public.

## 2. *The Changeover Date and the Transition Period.*

As mentioned, the nub of the matter of decimalisation in any highly mechanised country is the problem of converting monetary machines to decimal operation. While there are undoubtedly many instances where firms and organisations could, without undue difficulty, do without their machines, at least for a period, most concerns have their accounting and other systems closely geared to the machines they employ. Consequently they cannot convert to decimal operation until their machines are operating decimally. It is thought that the machine conversion operation could take a period of 18 months to two years to complete.

The changeover date has been tentatively set for February, 1966. The crucial factors here are the completion of plans for machine conversion and the production of sufficient decimal notes and coins. On present indications, however, there is no reason to believe that this date will not be achieved. It is hoped that it will be confirmed and a definite date in the month nominated, before long.

The timing of the changeover is particularly advantageous to banks, retail stores and schools—three sections of the community which are intimately involved in the change to decimal currency. It is a slack period for banks and retailers, and it is near the commencement of the school year.

As from the changeover date the only institutions which will be required to operate in decimal currency will be the banks. The banking system, since it deals in money alone, would find the task of employing two currency systems an almost insuperable one. Banks are also perhaps the most highly

mechanised businesses in the community, and could not operate without their machine systems.

It is probable that enough of the banks' machines will be converted over a long weekend preceding the changeover date to enable them to open business on that day operating in decimal currency. There will be no necessity for other businesses to operate in the new currency at that time. Whether they do so or not will depend mainly on whether their machines permit them to operate in decimal.

From the changeover date the machine companies will move progressively through the community converting machines. This will not be left to chance, and a programme will be worked out to ensure that the machine companies work together, so that the firms with different makes of machine, or different types of machine, will have these converted, as far as possible, at roughly the same time.

In most cases businesses will find it convenient to continue to operate in £.s.d. until their machines have been converted. For this reason both old and new currencies will continue to circulate until the machine conversion programme has been completed. Banks, although keeping their accounts and other records in decimal currency, will provide £.s.d. coin and notes to anyone who requires them. In practice the need for £.s.d. coin will be restricted to the present bronze coins, since all other denominations (except the threepence) have exact decimal equivalents and will be interchangeable with them.

In order to assist the public, retailers will no doubt show prices in both currencies for a period before and after the changeover date, and will make suitable arrangements where customers do not have the appropriate currency.

As has been said, it is thought that the machine conversion operation might take some 18 months to two years to be complete. At the end of that time the community will be operating entirely in decimal currency. If the experience of South Africa, where the change was made in February, 1961, is any guide the benefits of the new system will have begun to emerge long before that time has been reached.

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## HOW LONG IS A METRE ?

Under a decree from the Ministry of Industry, the metre in France will now be legally defined in wavelengths. Previously the standard metre was a bar of platino-iridium kept in the standards laboratory at Sèvres, and which, it was believed, was equal in length to one ten-millionth of a meridional quadrant of the earth. But no metal is entirely stable, and scientific progress has enabled the length to be defined with greater accuracy.

The decree says that one metre is henceforth "equal to 1,656,763.83 wavelengths, in vacuo, of the radiation corresponding to the transition between the levels 2P<sub>10</sub> and 5D<sub>5</sub> of an atom of Krypton 86". Use of the new definition is compulsory in the scientific, commercial, and industrial fields. The decree adds that the new definition will also be taught in schools.

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