Date Introduced: 20 March 1980
House: House of Representatives

Purpose

To amend the Currency Act 1965 to empower the Treasurer to issue gold coins of four denominations.

Background

In line with a revival of interest in gold in recent years there has been a surge of interest in gold coins minted by an increasing number of overseas countries. Apart from catering to the revived interests of coin collectors and investors in bullion, the issue of gold coins can be a significant revenue raising measure for the governments concerned. The success of the South African Krugerrand since its introduction in 1970 is probably the most spectacular example.

The Treasurer first announced the Australian Government's intention to issue a "collector" type gold coin of face value $100 and possibly also a "bullion" type gold coin, on 10 July 1979. The subsequent increase in, and continuing volatility of, the price of gold has caused practical problems for finalising details of the issue and minting of the coins. (The price of gold at the beginning of July last year was about $A250 per ounce, rising to about $A750 at the end of January and is currently $A500 per ounce. It is still fluctuating daily). However it has now been decided that a "collector" coin of face value $200 will be issued and possibly also three bullion "investor" type coins of face values $100, $50 and $25 respectively.

The main difference between the "collector" type coin and the proposed "investor" type coin is that the former, being intended for numismatic (coin collecting) purposes only, will be issued in batches at given times at prices well above the actual worth of the gold content at the time of issue, so that the Government earns a seignorage (i.e. a profit on the difference between the cost of production and sale price). The proposed "investor" type coin, on the other hand, is a means by which the Government can sell gold as such; the coins would be on sale
continuously at prices marginally above the actual worth of their specified gold content at the time of sale.

As announced in the Treasurer's Second Reading Speech, the collector coin is expected to be released about September this year and the first bullion coins may be released later in the year. (Some outstanding matters have still to be settled regarding the bullion coins).

Main Provisions

Clause 7 inserts a new section 14A into the Principal Act to provide for coins of denominations of $200, $100, $50 and $25 to be issued at the respective prices determined from time to time by the Treasurer, or a delegate of the Treasurer.

The amendment proposed in Clause 6 provides that the denomination of the proposed $200 collector coin may be varied from time to time by regulation.

Clause 8 amends the legal tenders provisions to provide that the gold coins will be legal tender for the payment of a debt of any amount (on the basis of the face value of the coin rather than its actual value).

Further explanation of these and other provisions in the Bill is contained in the Treasurer's Second Reading Speech.

Finance, Industries, Trade & Development Group

27 March 1980