

EXECUTIVE COUNCIL

PUBLIC

Title: Coins (Circulation) Order 2019

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Responsible Director: Financial Secretary

Report Author: Financial Secretary

Portfolio Holder: MLA Roger Spink

Reason for paper: This paper is submitted to Executive Council:
To meet a statutory requirement

Publication: Yes with redactions highlighted in grey

Not Recommended:

Under Executive Council Standing Order 23(2), Executive Council must have regard to the categories of exempt information in Schedule 3 to the Committees (Public Access) Ordinance when determining if information should be withheld

The categories which are potentially relevant to this paper are:

Paragraph 9: Information about others' financial and business affairs
Paragraph 10: Information about relevant contracts and negotiations

Previous papers: N/A

List of Documents: Appendix 1 – Currency (Coin) Regulations 2019 – 5p Albatross

1. Recommendations

Honourable Members are recommended to:

- (a) APPROVE, subject to the approval of Her Majesty the Queen of the relevant design¹, the attached Currency (Coin) Regulations 2019 is made to prescribe the minting of a 5p circulation coin.

¹ The agent designing the coins must first obtain the approval of the Governor (in effect ExCo as the Governor in Council) for any proposed coin design, before seeking approval from Buckingham Palace.

- (b) authorise the Attorney General to correct typographical errors and non-substantive drafting errors found in the attached subsidiary legislation prior to signature;
- (c) NOTE the intention for a community engagement and consultation as described in paragraph 4.11 to identify potential new circulation coin designs.
- (d) APPROVE the making of a legislative change to provide for payments of nickel-plated steel metal composition coins being legal tender and the drafting of a proposed Currency (Amendment) Bill to amend Section 9 of the Currency Ordinance 1987 to do so, as described in paragraph 4.14.

2. Additional Budgetary Implications

- 2.1 There are no budgetary implications for the Consolidated Fund.
- 2.2 The costs of issuing currency coins will be a charge to the Currency Fund, and accounted for in accordance with the Currency Ordinance 1987.

3. Executive Summary

- 3.1 The Commissioners of Currency (“the Commissioners”), on behalf of the Falkland Islands Government are responsible for the issue of currency under s6 of the Currency Ordinance 1987.
- 3.2 The Commissioners propose the issue of a new 5p circulation coin.
- 3.3 The the issue of currency requires approval by Executive Council.

4. Background

- 4.1 Stocks of 5p circulation coins and 50p circulation coins are becoming low. New circulation coins need to be produced.
- 4.2 Three UK based mints have provided costings for certain denominations of circulation coins.

REDACTED TABLE

- 4.3 **REDACTED**
- 4.4 **REDACTED**
- 4.5 **REDACTED**
- 4.6 **REDACTED**
- 4.7 **REDACTED**
- 4.8 **REDACTED**

4.9 **REDACTED**

- 4.10 The coins will be circulation coins of unlimited quantity. It is the Commissioners of Currency that decide to have additional coins minted, based upon need.
- 4.11 The Commissioners plan to undertake a community consultation exercise during 2019 with a view to establishing the potential for a revised set of Falkland Islands currency, for which the designs have stayed the same since 1974, but with the subsequent size changes to 5p, 10p and 50p, the addition of the £1 coin in 1987, and also a 20p coin and a £2 coin.
- 4.12 The UK Treasury has recently made an announcement about the new 12 sided one pound coin being available to Crown Dependencies and British Overseas Territories if they choose. The Commissioners of Currency will evaluate the potential costs and also other matters associated with a new coin type (for example, recovery, demonetisation and destruction of existing one pound coins, and evaluating any impacts on businesses).
- 4.13 There will be a separate Executive Council paper following the consultation process. A tender will also take place to identify a suitable mint to produce future circulation currency and also any potential commemorative coins (which could be on a non-exclusive basis²).
- 4.14 Since 2012 UK size 5p and 10p pieces originating from The Royal Mint blanks have been produced in nickel-plated steel³. Any future Falkland Islands 5p and 10p coins will be produced in nickel-plated steel rather cupro-nickel. There will be a legislative change required to s9 of the Currency Ordinance 1987 that reflects the metal composition.

5. Options and Reasons for Recommending Relevant Option

- 5.1 One option would be not to produce Falkland Islands currency, and instead use UK Sterling. This is not recommended because the Currency Ordinance 1987 requires that the unit of currency of the Falkland Islands shall be the Falkland Islands Pound. Also, the existence of a circulating currency for a country is an indication of sovereignty, identity and economic activity.
- 5.2 It is recommended that approval is given to mint and issue a new 5p circulatory coin on the basis of price as described at paragraph 4.5 above.

6. Resource Implications

6.1 Financial Implications

REDACTED

6.2 Human Resource Implications

² Non-exclusive means that different mints could be suitable for particular coins at different times.

³ <https://www.royalmint.com/corporate/circulating-coin/nickel-plated-steel/>

6.2.1 None

6.3 Other Resource Implications

6.3.1 None

7. Legal Implications

7.1 After Royal approval of the designs has been received, the attached order should be made under the Currency Ordinance, to prescribe the denomination, weight, form and metallic composition of the coins to be minted (sections 6(5) and 22 of the Currency Ordinance).

7.2 As described in paragraph 4.14,

8. Environmental & Sustainability Implications

8.1 Nil

9. Significant Risks

9.1 Nil

10. Consultation

10.1 Nil

11. Communication

11.1 Nil



Additional Comments

The Year of Issue has been included on the obverse side of the coin.

EXPLANATORY NOTE

(not forming part of the regulations)

Section 6(1) of the Currency Ordinance 1987 gives the Commissioners of Currency (appointed under section 5(1) of the Ordinance) the sole right to issue currency notes and coins, which under section 6(3) of the Ordinance have legal tender. Under section 6(5)(a) of the Ordinance the Commissioners must arrange for the minting of coins in the denominations, weight, form, design and made of the metal or metals as are prescribed. Section 9(1)(d) and (e) also specify requirements relating to coins that have legal tender.

Section 22(a) of the Ordinance gives the Governor in Council the power to make regulations by order to prescribe anything that is required to be prescribed by the Ordinance. Section 6(5) requires the prescription of the denomination, weight, form, design and metal composition of coins that the Commissioners arrange to be minted.

This Order makes regulations prescribing the denomination, weight, form, design and metal composition of the 5 pence coin for the purposes of section 6(5)(a) of the Ordinance.