

SOME NOTES ABOUT NOTES

At first consideration, the task assigned to the writer by a persuasive Editor of producing, a gripping article of about 5,000 words on the absorbing subject of the history of the Note Issue and the Bank's role therein, appeared a little daunting — especially the 'gripping' bit. After all, who cares? The principal concern of all of us, even those who customarily study the sometimes tinder-dry material appearing in the Bulletin, must surely be simply how to get our hands on as much of the commodity as possible without stepping outside the law.

Fortunately, the problem of how to construct a readable article rather than an assemblage of statistics was largely removed when initial research led to the Report of Proceedings at the First Ordinary General Meeting of Shareholders of the Reserve Bank of New Zealand held in Wellington on 7 June 1935.

In case such a meeting seems a strange arrangement, it needs to be clarified that, at that stage, the share capital of the bank was divided between some 6,359 public subscribers with an average holding of approximately 16 shares. In the event, this particular situation did not continue for long because on 1 April 1936, the Government, obviously looking to the future, cancelled the share capital (£500,000 nominal value), paid out the shareholders and effectively assumed the Bank's liabilities.

Every subsequent report has been addressed to the Minister of Finance in terms of a requirement written into the Reserve Bank of New Zealand Act in 1936 but, for the reason indicated, the 1935 report was submitted to the shareholders.

It was presented by Mr Leslie Lefeaux who held appointment as Governor from 1 January 1934 to 31 December 1940. In it he went into some detail about the first issue of Reserve Bank notes and his relevant remarks are reproduced hereunder in full because they indicate very clearly the problems encountered and the way the Bank handled them.

After making some conciliatory remarks about the 'atmosphere of controversy' which apparently surrounded the Bank's establishment he went on to say:

"It was, of course, essential that someone should be responsible for making all the requisite preliminary arrangements, and a Governor was accordingly appointed as on the 1 January 1934. In the next place it was necessary to fix the date as from which the sole right to issue Bank Notes in New Zealand should take effect, as the Bank was not entitled to commence business until such date. Having regard to various considerations, the 1 August 1934, was fixed for that purpose. I mention these facts merely to indicate how short a time was allowed for the provision of the Reserve Bank Notes which by now are familiar to all of you and which, I hope, you do not regard as entirely without merit. In addition to agreeing upon the design at a distance of 12,000 miles, it was necessary to obtain competitive tenders, to arrange for the satisfactory engraving of certain special features — that alone being a lengthy process — and then to secure the printing, shipment, examination and, finally, the distribution throughout New Zealand of about 11 million notes in time to enable the Bank to commence to function on the appointed day. Fortunately, the printers rose to the occasion and performed the very difficult task of delivering the whole

of the Notes within the scheduled time. Had time permitted, a variety of designs incorporating a greater number of symbolic features would probably have been selected for the various denominations of Notes. But I think you will agree with me that it would have been unwise in the circumstances to risk a breakdown in the programme outlined for the Bank by attempting what was well-nigh, if not entirely, impracticable.

I have ventured to trouble you with these further details as I understand some criticism has been levelled against the Notes in certain quarters, both as regards the texture of the paper and also in some other respects. Although I am assured by experts that the paper used for the original Notes compares very favourably in point of strength with that used for Bank Notes in most other countries, it has been found possible still further to strengthen the paper for subsequent supplies without affecting the general appearance of the Notes; and I am informed that the paper now used is of a very exceptional strength for any except paper of a hand-made quality. It was decided not to use hand-made paper for our Notes, as mould-made paper is regarded as providing distinct advantages from the point of view of security and printing properties, as well as of economy.

Then there is the alleged risk of confusion owing to the colours used for our 10/- and £50 notes respectively. We have carefully considered this question and we are satisfied that the supposed risk is being greatly exaggerated in certain quarters. £50 Notes do not circulate in the ordinary course; and those who handle them on the comparatively infrequent occasions on which they are used may surely be expected to take reasonable precautions to ensure the safety of documents of that value. Moreover, the amount appears twelve times on each Note and is indicated in a variety of ways on the different denominations. We do not propose, therefore, to take any further steps in this matter until such time as a completely new series of Notes is put into circulation. We hope, when that action is taken, to have the higher denomination Notes larger in size than those which are used for ordinary everyday purposes, and thus to make a further distinction between them.

There are two matters in connection with the Notes which I should like to mention in passing; the first relates to the condition of Notes in circulation, and the other to the number of denominations provided. It is the wish and intention of the Reserve Bank that our notes should be maintained in a satisfactory condition; but as we have not at present any office outside Wellington, we are unable to make first-hand provision for the withdrawal of soiled or mutilated Notes circulating in other districts. We have, however, invited the co-operation of the trading banks in this matter, and they have kindly consented to assist by not re-issuing any of our Notes which are regarded as unfit for circulation. Thus, within reasonable limits, the condition of the Notes in circulation can be regulated by the general public, as any which have become unfit for further use can be paid in by banking customers to their accounts at any branch of any of the banks.

As regards denominations, we commenced by putting into circulation Notes of 10/-, £1 and £5 only, and

subsequently added Notes of £50 for the purposes of larger cash transactions. The reason for not providing Notes of more denominations was twofold. In the first place, it was practically impossible to arrange for more than the three small denominations in the limited time at our disposal before the date fixed for the commencement of business. On the other hand, it is relatively expensive to provide numerous denominations of Notes in small quantities.

The Reserve Bank, however, does not wish to adopt a dictatorial attitude in this matter, but simply to ascertain from actual experience what is the best course to adopt in the general interests. I think mere habit often tends to make us regard as necessary certain things to which we have become used; and I think it may be so in the case of Bank Notes, despite the fact that the exact purposes they serve have undergone considerable alteration of recent years.

A generation or so ago coin was used by the British people for all small payments, whilst Bank Notes were used principally for larger transactions and for travelling purposes. Now, however, notes have supplanted gold coin for ordinary everyday use; but on the other hand, Notes have largely been replaced by various forms of cheques — including 'marked' cheques, travellers' cheques, etc., — where larger sums are involved. Nevertheless, if there is clear evidence of a widespread need on the part of the public for other denominations of Notes, steps will be taken to provide these in due course. We were further influenced in this matter by the fact that the original issue of Notes was primarily intended to bridge the gap until the question of a more permanent issue could receive mature consideration; but as the existing Notes have, I think, proved reasonably satisfactory, it is not proposed to confuse the public by making too rapid a change. I hope that our action in this matter meets with your approval."

Designs for the first issue were selected by the Government Bank Note Designs Committee set up in 1933. Features of a national character were sought, and some of the details of the Bank of New Zealand notes then current were adopted. These included the portrait of the Maori King Tawhiao, under whose direction the Bank of Aotearoa (the history of which is shrouded in mystery) issued a bank note printed in Maori.

The colours of orange, mauve, blue-green and red respectively were similar to those for the 'uniform' notes of the trading banks issued from 1924 onwards. All denominations (10s., £1, £5 and £50) were the same design and size (7" × 3½") and were signed by Mr Lefeaux. On the face of the notes a Kiwi (flightless bird) appeared on the left, on the right an engraving of King Tawhiao and in the centre the Arms of New Zealand and the signature. On the back of the notes was a vignette of Mitre Peak, a scenic feature of Milford Sound. The watermark of these notes was simply 'Reserve Bank of New Zealand'.

In his second, i.e. 1936, report Mr Lefeaux opted for the status quo and said that there was no apparent need for further denominations of notes as "the needs of the public are adequately met by the existing notes".

The report for the year to 31 March 1937 did not have a lot to say about bank notes as such except to point out that an increase of £2,934,506 in notes in circulation during the year was partly accounted for by the assumption by the Reserve Bank on 1 August 1936 of the liability of £549,395 in respect of the old trading bank notes then still outstanding.

The volume of notes in circulation was increasing rapidly in those days and the Bank made reference in both 1938 and 1939 to the significant cost of purchasing further supplies of bank notes.

The same factor appeared again in 1940 but in that instance the position was compounded by the facts that:

1. War had been declared in September 1939, thus prompting the laying in of larger supplies, and
2. The decision to introduce a second issue of bank notes.

This issue was released on 6 February 1940.

The following description of the new notes, which appeared in a much later issue of the *Bulletin*, makes interesting reading.

10s.	
Colour	Brown
Face	On the left an elliptical space containing the window watermark, on the right an engraved portrait of Captain Cook, in the centre the Arms of New Zealand and the 'Promise to Pay'.
Back	On the left a Kiwi, on the right the watermark panel, in the centre an engraving of the 'Treaty of Waitangi' sculptured group.
£1	
Colour	Mauve
Face	As for 10s
Back	An engraving of Captain Cook's ship 'Endeavour' off the East Coast of New Zealand. Watermark panel on the right.
£5	
Colour	Blue
Face	As for 10s
Back	On the left a fantail (native bird), on the right a watermark panel, in the centre an engraving of Lake Pukaki and Mount Cook.
£10	
Colour	Green
Face	On the left the forepart of a ship in full sail, the watermark appearing in the foresail, on the right an engraved portrait of Captain Cook, in the centre the 'Promise to Pay'.
Back	An engraving of a New Zealand sheep farming scene, watermark panel on the right.
£50	
Colour	Red
Face	As for £10
Back	An engraving of a New Zealand dairy farming scene with Mount Egmont in the background, on the right a tui (native bird) and watermark panel.

The two issues (1934 and 1940) continued side by side in circulation for 27 years, albeit that the volume of 1940 (No. 2 issue) notes of course increased enormously. They might have still been with us today had it not been for a decision taken by the Government in August 1963, to change to a system of decimal currency, effective from July 1967.

Because the Reserve Bank has the sole right to issue banknotes in New Zealand it was incumbent on it to arrange production of the new notes having first determined the denominations, form, design, content and material. The range of denominations put into circulation on Decimal Currency Day, 10 July 1967, was \$1, \$2, \$5, \$10, \$20, \$100, this being considered a suitable translation of the range of £.s.d. notes which it replaced.

We can be grateful to an anonymous contributor to a contemporary issue of the *Bulletin*, who recorded an adequate description of the new (decimal) notes and some general information about them. All these comments relate to notes currently in use and they are thus reproduced in full because of their interest.

Sizes And Description Of Notes

The lettering on both the fronts and backs of the notes is hand-drawn classical Roman.

Details of the notes are as follows:

\$1

Size 140 × 70 mm

Colour Brown

Design Face — A large free-standing portrait of H.M. The Queen, based on a photograph by Anthony Buckley constitutes the dominant design feature. Various geometric patterns have been used to enhance the design and supply the necessary security.

Maori motifs have been incorporated into the background to form an attractive and important feature of the design.

The other significant feature is the window watermark panel containing a portrait of Captain Cook.

The value of the note is shown in the top left and bottom right corners with the serial number opposite. The central portion carries the words "This note is legal tender for" and a facsimile of the Chief Cashier's signature.

Back — Depicts the New Zealand fantail and the New Zealand clematis. The fantail is well known to New Zealand. It is usually pied black and white in colour and is characterised by its fan-shaped tail. The clematis is a climbing plant. Its starry white petals are often seen in New Zealand bush and forest, showing at the tops of trees.

\$2

Size 145 × 72.5 mm

Colour Mauve

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the rifleman (bird) and mistletoe. The rifleman is the smallest of the New Zealand native birds and is most frequently seen in the South Island forests, but also inhabits other forest areas. Its common name stems from a fancied resemblance of its plumage to the uniform of an early colonial regiment. The mistletoe is a parasitic shrub growing mostly on native beech trees. It is found in forest and bush throughout New Zealand. It can be readily

seen during flowering in January and February.

\$5

Size 150 × 75 mm

Colour Orange

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the tui and kowhai. The tui is a honey-eating bird. It has a characteristic white plumage at the throat. It has a beautiful bell-like song and is quite common in places where kowhai trees grow in profusion. The kowhai trees with their large golden nectar-secreting blossoms are among the earliest of spring flowering plants and are much admired for their beauty.

\$10

Size 155 × 77.5 mm

Colour Blue

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the kea and mountain lily. The kea is a native parrot, with beautiful plumage of olive green, the undersides of the wings being bright vermillion in colour. The mountain lily, as it is familiarly known, is in fact a member of the buttercup family. With its large waxy white flowers it grows in alpine areas.

\$20

Size 160 × 80 mm

Colour Green

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the wood pigeon and miro berry. The bird for its size and brilliance of plumage is one of the most magnificent of all pigeons and is the most familiar of all inland forest birds. The miro is a large tree with yellow berries turning to bright red the size of a small plum. These berries are a favourite food of the pigeon which becomes fat and lazy when feeding on them.

\$100

Size 160 × 80 mm

Colour Crimson

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the takahe and mountain daisy. The takahe is a very rare flightless bird found in the southwest of the South Island. Until 1948 when a small colony was discovered it was thought to have been extinct for 50 years. Its rediscovery excited ornithologists and captured the public imagination. The mountain daisy is found in

sub-alpine areas. It has a white flower and is a popular subject for outdoor sketches.

There have been two major developments since the decimal notes were issued:

1. The printer was changed, and
2. A new denomination was introduced.

The printer of Reserve Bank of New Zealand notes had always hitherto been Thomas De La Rue and Company of London but when in 1979 the Reserve Bank put the ensuing year's order out to international tender the contract was won by Bradbury Wilkinson and Company (N.Z.) Limited, a kind of grandson of the American Banknote Company, through United Kingdom parents. Bradbury had then recently built a fortress-like security printing works at Whangarei, a medium sized provincial city 100 miles or so north of Auckland.

The change of printer presented the opportunity for a re-design of the notes because of the necessity for new plates to be engraved. Bradbury notes were introduced into circulation progressively and without fanfare from 1981 onwards. They are generally similar to the De La Rue examples, the bird and flower motifs being retained but they feature a more recent representation of the Queen's head than the (naturally) considerably more youthful one used when the decimal currency design was introduced in 1967.

As we moved into the 1980's it became increasingly apparent, particularly as a result of inflationary influences, that there was a need for a note between the \$20 and the \$100 denominations. Thus the concept of a \$50 addition to the series was born. A note of this value was accordingly designed and printed and was quietly introduced at the end of 1983.

An addendum, for the \$50 note, to the descriptive comments for the other denominations might read something like:

\$50

Size 160 × 80 mm

Colour Orange

Design Face — The significant features of this note are identical with those of the \$1 note. There are variations in the geometrical designs and Maori motifs.

Back — Depicts the Morepork and Pohutukawa. The Morepork (Ninox) — Maori name Ruru — is a common owl-like nocturnal predator of small birds, insects, lizards, etc. Its usual cry is a distinct rendition of the word Morepork, hence the name.

The Pohutukawa (*Metrosideros excelsa*) is a hardy native tree usually found near the coast. It is known for its masses of brilliant (usually crimson) flowers which appear in December leading to its often being referred to as 'the New Zealand Christmas tree'.

The colour of this note, although an orange, is not the same as the orange of the \$5 note, being a considerably paler tint. It has not met with universal favour but it was largely dictated by the limited range of additional colours considered suitable after the other denominations were taken into account. There seems, however, to have been no reluctance to accept the notes as instruments of value.

As mentioned earlier in this article, the first issue of notes was signed by the first Governor, Mr Lefeaux.

When the second issue was introduced in 1940 this procedure was changed and all subsequent printings, both £.s.d. and decimal notes, have borne the facsimile signature of successive Chief Cashiers of the Bank.

With a major re-structuring of the Bank's management organisation earlier this year and the consequent abolition of the designation of Chief Cashier, it has been decided that future printings will bear the Governor's signature. This is in line with general practice in overseas central banks. It is expected that the first notes conforming with this formula will be put into circulation in 1986.

In common with the issuers of notes elsewhere, the Reserve Bank of New Zealand faces a considerable task in ensuring that adequate supplies of notes are always on hand to meet public demand.

The facts that the notes are printed in a secondary commercial area remote from the principal population centres and that, of course, their distribution requires special security precautions, pose unique logistical problems in stocking the depots which the Bank maintains in a small number of locations throughout the country.

In the good old days when the Bank had only one office (in Wellington) and the notes were 'imported', it seemed sufficient to distribute them by, for instance, loading a few boxes into a guards' van hooked on to the back of the overnight Wellington Auckland train. This was staffed by a couple of young male bank officers, who welcomed the break from office routine despite the rigours of the trip, and a similar number of policemen. The idea was that this team would guard the consignment against all contingencies and would never let the boxes out of its sight. It is now probably safe to reveal that the prospect of Railways pies at refreshment stops and sometimes the lure of adjacent hostels occasionally led to this rule being honoured in the breach.

This distribution method continued for a long time, until the occasion when a train departed leaving an embarrassed group in a money wagon which someone had failed to connect. The procedure was promptly changed by repositioning the wagon so as to ensure that if anyone was left behind, it was the guard (of the train) and not our boys.

There have been some harrowing tales, too, about experiences on the inter-island ferry in connection with consignments headed south.

Enough of such nostalgia! Readers may be assured that present day operations are planned and carried out with immense attention to detail and military-like precision.

The Bank has always tried to maintain the standard of a 'clean' note issue first set by Mr Lefeaux 50 years ago by ensuring that notes which are damaged or badly soiled are quickly withdrawn and destroyed.

With currently some 70,000,000 forms on issue (total value about \$600M) this objective keeps a lot of Reserve Bank employees busy — so busy, in fact, that sometimes the flood tide becomes a little too much. Thus the Bank has, in recent times, embarked on a programme of installing sophisticated machinery to

help with the sorting and counting of notes returned to it and the destruction of notes which are unfit to be issued again. Previously this exercise was done largely by manual means but the new equipment is already showing its value.

It has an ancillary benefit, too, in that because of its advanced technology it provides the Bank with much improved facilities for detecting forgeries. Fortunately, the incidence of this type of crime in New Zealand is very low — which is more than can be said for some countries. One reason may be that, while there are doubtless aspirants enough, the would-be counterfeiter is at an immediate, and very significant, disadvantage by the unavailability of the special security banknote

paper used.

RBNZ notes are (as they always have been) printed on paper made by Portals Limited of England. Its particular constituents provide a useful life in circulation together with a distinctive appearance and feel.

Banknotes generally are fine examples of the combined arts of the engraver and the printer and New Zealand's are probably among the best.

To round off this article, we are able to include full colour photographs (carefully reduced in size and overprinted 'specimen' you will note) of the back of each denomination from the current issue.

