



# Reserve Bank Museum and Education Centre

## Fact Sheet

### The 1967 two cent 'mule'

**Kiwis eager to check out New Zealand's decimal coins got a rude shock when the first two cent pieces spilled into their hands on 10 July 1967.**

A fair number of these coins – worth 34 cents in 2014 money – were mis-stamped with the New Zealand reverse ('tail'), and the Bahama Islands five cent obverse ('head'). Such mis-stamped coins are known to collectors as 'mules' because of the way they mix different currencies.

In this case, James Berry's New Zealand design had been backed with the work of Arnold Machin, who designed the Bahama Islands coins for their conversion to decimal currency in 1966. With a diameter of 21.0058 mm the Bahamas five cent was a close match for the 21.082 mm of the New Zealand two cent.

Both coins were made by a single manufacturer, the Royal Mint.

Four faulty coins were reported on the first day of decimal release in New Zealand, but that was just the tip of the iceberg. Officials in the Royal Mint thought up to 100,000 might have been struck and agreed to replace them at zero cost to New Zealand. Meanwhile the Minister of Finance of the day, Robert Muldoon, assured the public that any faulty coins – which were not legal tender – would be replaced with real ones.

That was easier said than done. Rumour that the 'mules' had a potential collectors' value of up to \$200 – about \$3,400 in 2014 money – prompted some members of the public to hold on to the mis-stamped coins. Hopes were dashed, however, when the first was auctioned in early August 1967 and fielded just \$32 – a disappointing sum, albeit still equal to around \$550 in 2014 money.



*Two sides of the wrong coin. The 1967 'Bahama Mule' two-cent piece from the Reserve Bank numismatic collection.*

Finding the errant coins, in the end, came down to manual sifting, a huge task that was done at Royal Mint expense. Around 600,000 two cent pieces were individually inspected, of which some 60,000 were 'mules', mostly in the Wellington region. These were melted down in Auckland.

The problem was that these were not the only difficulties with the decimal currency coinage. Coins were also found with their edges clipped, or which had been stamped off-centre, or with only one side stamped, or which had been stamped in the wrong metal. There were media reports of coins too thick for slots in pay-phones, and of a twenty-cent piece that broke in half when dropped.

Concerns flared in Britain as the scale of the 'mule' fiasco emerged. The Chancellor of the Exchequer feared the Royal Mint might even lose New Zealand as a customer. A six-month investigation suggested that supervision processes were sub-standard. Security was also apparently minimal. However, the error should still have been found before the coins were shipped. Standard process involved 19 separate checks to ensure the correct dies were used and that any faulty coins were caught.

One explanation, Mint officials proposed, was sabotage. The 'mules' were restricted to a production

batch of 100,000 New Zealand two cent coins that had been made on 18 and 19 January 1967, soon after a strike at the Mint, called over staff grading and plans to move it from London to Cardiff. Tempers were still running high and there was some evidence that documents had been tampered with to hide possible die substitution. No other 'mules' had been found from any other production batch, despite the fact that both New Zealand and Bahama Islands coins were being minted at the same time on different presses.

The counter-argument was that staff wanting to sabotage the Mint would be more likely to simply break the equipment than go through the rather complex process of arranging a deliberately defective coin.

In all likelihood the cause was a combination of human error and faulty checking processes. However, because of the time-lag between the minting date and the discovery of the problem in New Zealand, it was not possible to identify the culprit. In the end, nobody could be held responsible, and no disciplinary action was taken.

## Source

Paul Lawrence Bicknell, 'Bahamas Mule Coin', Powerpoint presentation, July 2014.



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