

The *Reserve Bank Act* 1965 authorised the Bank to issue Australian notes in denominations of \$1, \$2, \$5, \$10, \$20, or \$50, or in any other denomination that the Treasurer, by instrument of writing published in the Gazette, determines. The Act provided that each note of the previous currency should have the value in dollar currency set out in the following table:

10s.	.	.	.	.	\$1
£1	.	.	.	.	\$2
£5	.	.	.	.	\$10
£10	.	.	.	.	\$20
£20	.	.	.	.	\$40
£50	.	.	.	.	\$100
£100	.	.	.	.	\$200
£1,000	.	.	.	.	\$2,000

The Act came into force on 14 February 1966, and notes of \$1, \$2, \$10, and \$20 denominations were issued forthwith as legal tender to any amount throughout Australia. A description of these notes is published in Year Book No. 52, page 678. On 29 May 1967 \$5 notes were issued throughout Australia and the Territory of Papua and New Guinea. A description of the \$5 note is published in Year Book No. 53, page 678.

Gold reserves against the note issue

The *Australian Notes Act* 1910 provided that the Treasurer should hold, in gold coin, a reserve of an amount not less than one-fourth of the notes issued up to \$14,000,000 and an amount equal to the excess over \$14,000,000. In 1911 this provision was amended and the Treasurer was required only to hold, in gold coin, an amount not less than one-fourth of the total amount of Australian notes issued. In June 1931, to permit further shipments of gold to meet short-term obligations in London, an amendment to the Commonwealth Bank Act provided for the reduction of the gold reserve for the two years ended 30 June 1933 to not less than 15 per cent. The reserve was to be increased, by graduated steps, to 25 per cent by 30 June 1935. In May 1932 a further amendment to the Commonwealth Bank Act provided that the reserve might be held 'in gold or in English sterling or partly in gold and partly in English sterling'. English sterling was defined as 'currency which is legal tender in the United Kingdom, and included (a) balances standing to the credit of the Bank at the Bank of England or at any other of its bankers in London; (b) Bills of Exchange or advances secured by Bills of Exchange which (i) are payable in the United Kingdom in currency which is legal tender in the United Kingdom; (ii) will mature in not more than three months, and the security for the payment of which bills is, in the opinion of the Bank, satisfactory; and (c) Treasury Bills or other securities of the United Kingdom which will mature in not more than three months'.

The statutory reserve against the note issue was abolished by the *Commonwealth Bank Act* 1945 which provided that the assets of the Note Issue Department should be held in gold, on deposit with any bank, or in securities of the Government of the United Kingdom or of the Commonwealth or a State. This provision was continued in the *Reserve Bank Act* 1959.

Australian notes in circulation

AUSTRALIAN NOTES IN CIRCULATION, JUNE 1964 TO 1968 (\$'000)

Denomination	Last Wednesday in June—				
	1964	1965	1966	1967	1968
\$1 and 10s	27,550	28,396	32,204	33,214	34,881
\$2 and £1	141,290	143,308	138,164	127,997	117,929
\$5 . . . . .	..	..	..	42,829	57,444
\$10 and £5	390,728	392,980	369,247	389,201	401,079
\$20 and £10	304,964	297,479	309,713	344,943	394,667
£20	4	2	2	1	1
£50	56	45	43	43	42
£100	62	41	41	40	40
£1,000	5,656	164	..	..	..
<i>Held by banks</i>	133,710	138,783	154,117	162,006	159,726
<i>Held by public</i>	736,600	723,631	695,298	776,263	846,357
Total	870,310	862,414	849,414	938,269	1,006,083