

# De Nummis



JOURNAL OF THE

## The National Numismatic Society of South Africa

Formerly the Transvaal Numismatic Society

JOURNAL NUMBER 6

May 2016

# Table of contents

Message from the editor and call for papers.....iii  
The Society's Crest.....v  
Submission of papers.....vi

## Numismatic Publications

A review of the 20c steel patterns of 1988.....1  
The 1960 Chamber of Mines One Ounce Gold Medallion.....12  
Additional information on the Second Decimal Coin Series.....21  
The rights of the South African Reserve Bank with respect to historic coinage.....44  
Proof Krugerrands and Capital Gains Tax.....84  
Trends in South African coin prices and the role of catalogues.....90



## Message from the editor and call for papers

The Transvaal Numismatic Society was established on 27 July 1950 at an inaugural meeting at the Johannesburg Public Library. Four editions of its Journal, *De Nummis*, were published from 1955 to 1971. A fifth edition was published many years later in 2002 after the Society changed its name to the National Numismatic Society of South Africa.

All these journals contain valuable articles on South African numismatic topics. Unfortunately these journals are published infrequently. The collecting and coin investment fraternity is nevertheless still very active in the country and it survived surprisingly well in light of modern digital payments and the changing interest of younger generations. Growing internet coin sales and interest in third party grading and encapsulation of coins illustrate the latest trends. The South African Mint produces an extensive range of modern coins to satisfy the needs of these collectors. In contrast, it appears that “academic numismatics” is undergoing a decline when comparing the large number of articles written the 1960’s and 1970’s to the publications produced today. The editors of the 5<sup>th</sup> edition of *The Nummis* in 2002 wrote that these publications cost a large and rapidly increasing sum of money to produce and “*that is why De Nummis only appears on average once in ten years*”.

The need for a dedicated journal to publish original research is currently great as a number of controversial topics were recently discussed on a South African internet forum-based forum for coins. A method to overcome the publication costs of these journals therefore needs to be found. The editor, which is a member of the National Numismatic Society of South Africa, compiled this 6<sup>th</sup> edition of *De Nummis* with the intention to distribute it as an electronic document. Readers keen on a paper copy can produce and bind their own printed copies. This will share the printing and distributions costs across the entire numismatic community.

The editor compiled his own numismatic publications since 2008 into this document. Although it may be frowned upon that the entire journal consists of the work of a single author and self-appointed editor, this edition must be considered as an investigation of the concept of an electronic journal. If it proves to be successful, future editions will hopefully contain papers from many authors on a large variety of topics. The simple fact that the author could not find a South African numismatic journal to publish this research over the last few years is evidence of the great need to resuscitate *De Nummis* in a different format.

The intention of the revitalized journal is to provide a mechanism to publish original research in numismatics. To keep the standard of research as high as possible, it is the intention that papers submitted will be subjected to a review process similar to any other academic journal. Typically the referees may suggest to the author ways to improve the research (if required) and indicate if additional information needs to be added. The review process also acts as a buffer to ensure that work that is clearly incorrect is not published. Personal attacks on individuals and poor research studies conducted purely for financial gain will also be filtered. The intention is to use knowledgeable numismatists throughout South Africa as referees based on the particular topic submitted. As at least two referees will review each paper, the effect of personal bias in the review process will be minimised. Once a paper is accepted and published, other numismatists can submit replies to this paper for publication in future editions if their own research possibly led to different conclusions. These replies will, however, also be submitted to the same review process.

The greatest hurdle will be to mobilise collectors to submit papers and historically, this was a big problem for the editors of the various numismatic journals. Mitchell wrote as early as April 1950 in the newsletter of the South African Numismatic Society:

*“Here in South Africa we have a large number of coin collectors (particularly the Kruger series), but there seems to be only a handful of students of Numismatics.”*

This sentiment was echoed in the July 1966 Bickels’ Coin and Medal News:

*“Far too little has been accomplished in the field of ‘depth’ numismatics. For instance, our splendid series of crowns from 1947 to 1964 is ended, but is there a professional, learned article describing them? And what about the striking of the nickel coins? The SA Mint faced immense problems with our new coinage. Surely here is ample room for an instructive article. And what about the designers of our coinage, particularly the new series. Will they be allowed to disappear without anything being written about them for our children?”*

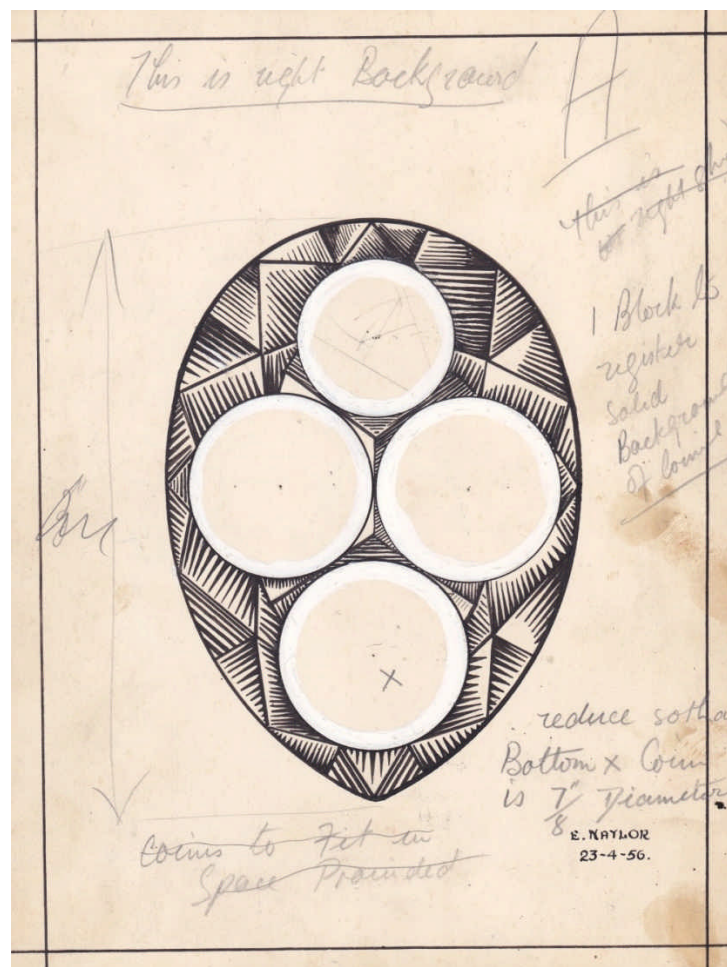
The same can be said today regarding some of our modern coins and particular the third decimal coin series. The editor will therefore welcome any paper submissions from the many coin collectors in South Africa for future editions of De Nummis.

Prof Francois Malan



## The Society's Crest

As described in De Nummis No. 2 (1955-1957), the committee members felt the Society was firmly established at that time and a suitable Crest had to be adopted. Dr. Felix Machanik suggested a three or four gold coin model on a suitable background. J.P. Roux felt the great natural resources of the country was gold and diamonds and the background should therefore be a diamond. The shape of the cut Cullinan diamond mined at the Premier Mine in 1905 was adopted. The coins selected were the gold ducat with the effigy of Louis Napoleon, the Burgers pond, the Kruger pond and the Veld Pond. Below is a copy of the design drawing of the diamond by the Chief Die-Sinker at the Mint, Erenst Naylor, dated 23 April 1956. This design has since been used on many medals like the one depicted on the front cover of this document. This is a remarkable historic design all members of the National Numismatic Society can be proud off.



**Figure 1.** Design of the diamond background for the Crest of the Society by Ernest Naylor.

## Submission of papers

Readers are encouraged to submit original articles on numismatic research. Papers should be submitted as Word documents. A template is available from the editor to simplify the formatting of the document. The following parameters should be used:

- Paper size: A4
- Margins: Left 3 cm, Top 2 cm, Bottom 2 cm, Right 2 cm
- Body text: 12 point, Times New Roman, Justify, line spacing 1.5
- Paper title: 18 point, Times New Roman, Bold
- Heading 1: 12 point, Times New Roman, Bold, Uppercase, Center
- Heading 2: 12 point, Times New Roman, Bold, Uppercase, Align Text Left
- Figure caption: Center text, 12 point, Times New Roman, “Figure” in bold
- Table caption: Center text, 12 point, Times New Roman, “Table” in bold
- Abstract text: 12 point, Times New Roman, Justify, line spacing 1.5, Italics
- Author name(s): 14 point, Times New Roman, Bold, Center
- Author(s) affiliation: 9 point, Times New Roman, Italics, Center

A copy of the Word template can be obtained by emailing a request to the editor at [francois.malan@up.ac.za](mailto:francois.malan@up.ac.za).

A good research paper will typically contain an abstract, introduction, data, analysis, conclusions and references. References need to be formatted according to the examples in this document. Figures, tables and photographs need to be clear and appropriately referenced in the text.

Submitted papers will be reviewed by at least two members from the editorial committee. This process is followed to ensure that the papers conform to the standard of the journal and achieve the objective of a numismatic journal containing outstanding research papers. Corrections and/or additions may be recommended to the submitting author(s).

Papers should be submitted by emailing it to the editor at [francois.malan@up.ac.za](mailto:francois.malan@up.ac.za). The resolution of the photographs for the initial submission should be reduced to ensure that the file size is manageable. Authors should aim for file sizes less than 10 MB. Acknowledgement of receipt will be emailed to candidates. Please contact the editor if this acknowledgement of receipt is not received.

## A review of the 20c steel patterns of 1988

**D.F. Malan<sup>#</sup>**

*<sup>#</sup>Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria*

*and*

*Member, National Numismatic Society of South Africa*

### ABSTRACT

*A number of 20c steel patterns were struck in the late 1980's to assist with the selection of suitable steel for manufacturing of the third decimal series. The patterns seems to be rare as very few have been offered for sale after a TA20 variety was auctioned in 1998. A research paper published in 1993 in the Journal of the South African Institute of Mining and Metallurgy (SAIMM) describes the reason for minting these patterns. The key objective was the development of soft ferritic stainless steels for coining. The 20c patterns were mostly struck using 17% Cr (chromium) steel alloys and for certain steel compositions, a good striking was obtained in the coining trials. The old 20c coin with the protea design was selected for the coining trails owing to its intricate motif and size. The author recently examined a hoard of 246B patterns and it is concluded that the number of patterns struck of each type was probably 30. The dimensions and mass of the patterns in this hoard is given in the paper.*



### INTRODUCTION

Hern's coin catalogue (page 426 in the 2014/2015 edition) describes a number of 20c patterns (TA1 – TA20) of a type similar to the 20c nickel coin of the second decimal series. The author was fortunate to have examined a hoard of these TA14 (246B) patterns recently. These patterns are almost never offered for sale and their mass and dimensions are not known. Owing to a lack of information at the time, these patterns were also not described in the 2013 book "*History of the Nickel Coins of South Africa*". As far is known, these 20c patterns is the only design of the second decimal series that was used in experiments to determine suitable materials and processes for the third decimal series. This is in sharp contrast to the period when the authorities investigated the introduction of the nickel coins series (the second decimal series) in the 1960's. A large number of different pattern types were struck using the designs of the older first decimal coin series during this period. These patterns were described by Mitchel (1971). Owing to the lack of information regarding the more recent patterns, a review of these interesting 20c patterns is overdue and it is described in this paper.

According to Hern, the 20c patterns were struck with 1988 type dies, but have a code number in place of the date. These were part of the experiments conducted for the present method of coinage and metals. The metal composition is not known and the numbering system is intriguing as there are duplicate numbers with the lettering “A” or “B” added (e.g. 246A and 246B). There are two numbers (282 and 344) without the “A” or the “B”. The code RNI apparently refers to a pattern struck in nickel. The Hern numbers are given in Figure 1.

Hern’s catalogue includes a photograph of the TA20 pattern with the code number 282. This coin was apparently auctioned in 1998 and sold for R2,500. The author interviewed the person who bought the coin in 1998 and the price paid was apparently R2,750 and not R2,500. This coin was slabbed in 2015 and sold to a new owner for R8,000. A recent photograph of the coin is shown in Figure 2. Some of the other varieties are shown in Figure 3.

No	Denom	Code	Edge	Axis	Language	Dia	Mass
TA1	20c	250B	smooth	medal	bilingual	?	?
TA2	20c	250A	smooth	medal	bilingual	?	?
TA3	20c	251B	smooth	medal	bilingual	?	?
TA4	20c	251A	smooth	medal	bilingual	?	?
TA5	20c	252B	smooth	medal	bilingual	?	?
TA6	20c	252A	smooth	medal	bilingual	?	?
TA7	20c	253B	smooth	medal	bilingual	?	?
TA8	20c	253A	smooth	medal	bilingual	?	?
TA9	20c	254B	smooth	medal	bilingual	?	?
TA10	20c	254A	smooth	medal	bilingual	?	?
TA11	20c	RNI	smooth	medal	bilingual (nickel)	?	?
TA12	20c	344	smooth	medal	bilingual	?	?
TA13	20c	250B	smooth	medal	bilingual	?	?
TA14	20c	246B	smooth	medal	bilingual	?	?
TA15	20c	246A	smooth	medal	bilingual	?	?
TA16	20c	247B	smooth	medal	bilingual	?	?
TA17	20c	247A	smooth	medal	bilingual	?	?
TA18	20c	248B	smooth	medal	bilingual	?	?
TA19	20c	248A	smooth	medal	bilingual	?	?
No Denom		<b>TA1 to TA19</b>					
Date		<b>SPECIAL</b>					
Mintage		<b>Unknown</b>					
P/ mintge		<b>NIL</b>					
Prf		<b>NONE</b>					
Unc		<b>R7,500 ea</b>					

TA20. A similar piece to TA1 (to TA19) but with the figure 282 in place of the date, was auctioned in 1998 and sold for R2,500. Obviously there are many more than the 20 pieces mentioned here!!

**Figure 1.** Description of the 20c steel patterns in Hern’s catalogue (reproduced with permission from Brian Hern).



**Figure 2.** A recent photograph of the same TA20 pattern coin illustrated in Hern's catalogue on page 426 (see Figure 1).



**Figure 3.** Examples of the 20c steel patterns. These coins are currently housed in an overseas collection.

## INFORMATION RELATED TO THE DEVELOPMENT OF THE THIRD DECIMAL SERIES

An internal report was produced by the Mint in 1988 (Van Tonder, 1988) on the proposed new coin series. It states in the report that the Mint will make a potential loss of R28 million in 1989 if the current coin series was left unchanged. The report contained proposals on a new coin series with the focus on the choice of metals, coin weights and colour of the coins. The preference was to manufacture coins consisting of a core such as soft steel and then using plating technology to produce coins of the correct colour and aesthetic appeal. The report specifies that the core of the 1c – 50c should be made from “soft steel”, but no further specification for the type of steel is given.

### MINTEK RESEARCH STUDY

Significant information on the composition of the patterns can be found in a research paper published in the Journal of the South African Institute of Mining and Metallurgy (SAIMM). A team of researchers (Wolff et al., 1993) conducted a study on the development of soft ferritic stainless steels for coin manufacture. The Chromium Centre commissioned part of the study and the South African Mint assisted with the minting of the patterns. A number of tests were conducted on 17% Cr (chromium) steel alloys. As they state in the paper: “*The design of the old South African 20-cent coin with the protea pattern was selected for the coining trials owing to its intricate motif and size.*” A series of 17% Cr alloys with varying carbon contents were manufactured. Two standard commercial grades of AISI 430 steel (provided by Columbus Stainless) were included for comparison. The composition of the batches of steel is given in Table 1. Note that the numbers of these batches correspond to the numbers on the patterns. For the commercial grades of steel (1237**344** and 795**282**), only the last 3 numbers were used on the patterns (indicated in bold). Note that there is a Melt no. 249 in the list that does not appear in the Hern catalogue as a pattern. These coins nevertheless exist and the quality of the striking of the 249 patterns was considered amongst the best by the researchers.

**Table 1.** Composition of the experimental and commercial 17%Cr steel alloys (in percentage by weight) (after Wolff et al., 1993)

<b>Melt no.</b>	<b>C</b>	<b>S</b>	<b>P</b>	<b>N</b>	<b>Si</b>	<b>Mn</b>	<b>Cr</b>
<b>246</b>	0.005	0.013	0.002	0.002	0.26	0.19	17.0
<b>247</b>	0.002	0.011	0.002	0.002	0.20	0.21	17.1
<b>248</b>	0.002	0.010	0.002	0.001	0.27	0.24	17.1
<b>249</b>	0.002	0.011	0.001	0.002	0.26	0.20	17.0
<b>250</b>	0.012	0.010	0.002	n/a	0.17	0.29	16.7
<b>251</b>	0.018	0.009	0.002	n/a	0.28	0.24	17.1
<b>252</b>	0.019	0.013	0.001	0.002	0.21	0.23	18.4
<b>253</b>	0.027	0.011	0.001	0.002	0.30	0.32	17.5
<b>254</b>	0.046	0.011	0.001	0.002	0.27	0.26	17.5
<b>1237344</b>	0.060	0.003	0.027	0.037	0.68	0.57	16.5
<b>795282</b>	0.064	0.005	0.024	0.040	0.71	0.61	16.6

Regarding the “A” and “B” designation, the manufactured ingots were hot-rolled to a thickness of 5 mm (designated A). A final reduction in thickness required for the blanks preceded the blanking process. Alternatively, the ingots were cold-rolled to 2 mm thickness (designated B). The commercial grades of steel did not undergo this process and therefore the patterns 344 and 282 are found without the A and B designation.

Coinage was carried out at a striking load of 70 t for comparative purposes. A sample of 5 coins from each batch were evaluated and graded on a scale of 0-9 according to the quality of the striking. Of interest is that 282 received the worst rating of the various types. Figure 4 compares the obverse of the 282 pattern in Figure 1 with one of the 246B patterns from the hoard described below. Note that the fine detail of the proteas is much better on the 246B pattern.



**Table 2.** Results of the coining trails (after Wolff et al., 1993).

Melt no.	Hardness (HV20) before striking		Grain size $\mu\text{m}$		Grading (0 = good, 9 = poor)	
	A	B	A	B	A	B
246	116	119	32	27	2	4
247	118	115	38	27	3	1
248	118	117	38	27	3	4
249	121	118	45	32	1	0
250	117	119	75	32	2	6
251	121	122	75	27	6	6
252	124	129	55	38	7	7
253	121	129	27	32	4	8
254	138	131	32	32	8	5
1237344	150	150	27	27	5	5
795282	150	150	27	27	9	9



**Figure 4.** Comparison of the reverse of a TA20 (282) pattern (left) and a TA14 (246B) pattern (right). Note the difference in quality of striking (e.g. the protea above the “20” is much better defined for the coin on the right). This agrees with the rating in Table 2 where 246B (right) is considered a better striking than 282 (left).



**Figure 5.** Comparison of the obverse of a TA20 pattern (left) and a TA14 pattern (right). The difference in quality of striking is less obvious on the obverse compared to the reverse (see Figure 4).

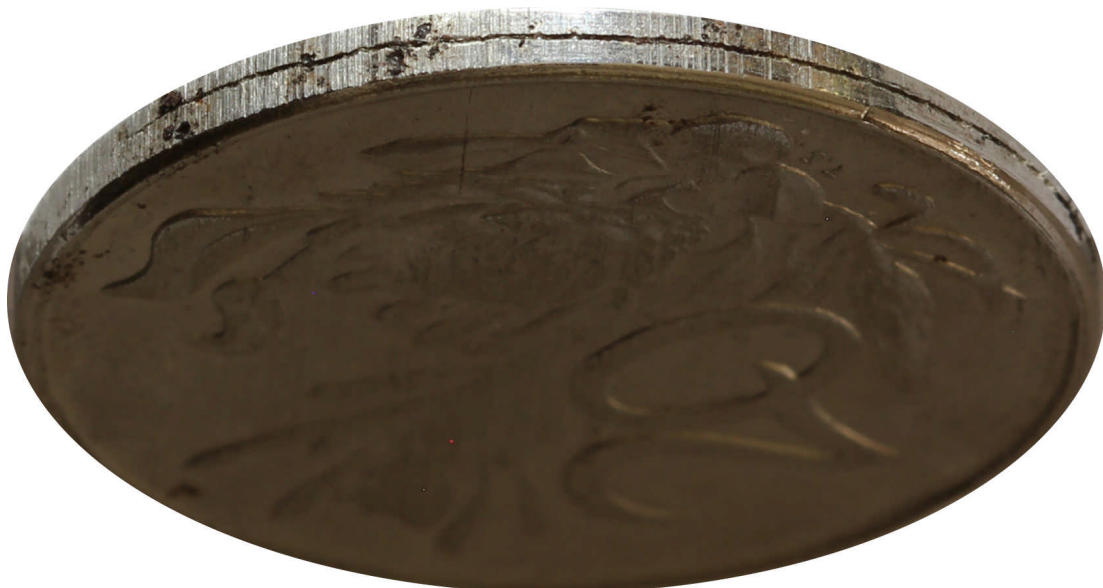
### **THE 246B HOARD**

In 2015, the author was fortunate to examine a bag containing a number of patterns of the 246B variety. The coins were stored in a thick transparent plastic bag with “246B” written with a permanent marker on the bag. There were 29 minted patterns as well as a number of planchets in this hoard. The patterns and planchets are shown in Figure 6. The collection shown in Figure 3 also contains a 246B coin, so it is estimated that 30 patterns of this variety exists. It is considered reasonable to conclude that at least 30 of each of the other varieties of patterns were also struck.

Of interest was that many of the patterns had spots of corrosion visible (Figures 6 and 7). A number of the patterns also had an almost “perfect” fracture on the edge around the periphery (Figure 7). The fracture on the periphery seemed to be splitting the pattern into two halves. This may possibly be the result of the 246B alloy being cold rolled which resulted in stress in the steel. The corrosion and fracture visible on some coins greatly diminished the number of patterns in a good condition. Probably less than 5 coins could be classified as “as struck” with no damage (e.g. the example in Figure 9). If this is also the case with the other melt numbers, the number of collectible patterns in good condition from this series will be very small.



**Figure 6.** Planchets and 246B 20c patterns from the hoard examined by the author. The minted patterns are on the yellow cloth and the rest are planchets. Four of the patterns from this hoard are not shown in this photograph.



**Figure 7.** Damage was visible on some of the patterns in the hoard. The “edge” fracture seen on a number of coins is shown in this figure. Also note the spots of corrosion.





**Figure 8.** Typical condition of the steel planchets in the 246B hoard.



**Figure 9.** Obverse of one of the better 246B 20c patterns from the hoard.

### **DIMENSIONS AND MASS OF THE PATTERNS**

The patterns in Figure 3 are housed in a collection overseas and their mass and dimensions could not be determined. The 282 pattern in Figure 2 is encapsulated and it could therefore also not be weighed and measured (a drawback of slabbing). The weights of all the 246B coins and planchets in the hoard varied between 5.0 and 5.1 grams. This is in contrast with the weight of the circulation 20c nickel coins weighing 6 grams. A summary of all available data is given in Table 3.

**Table 3.** Known dimensions and mass of some of 246B pattern compared to a circulation 20c nickel coin.

<b>Coin</b>	<b>Diameter (mm)</b>	<b>Thickness (mm)</b>	<b>Mass (g)</b>
246B Planchet	23.97	1.81	5.1
246B (1)	24.14	1.82	5.1
246B (2)	24.13	1.71	5.1
246B (3)	24.11	1.70	5.0
20c Nickel	24.21	1.84	6.0

### **YEAR OF STRIKING**

The exact year of the striking of the patterns could not be determined from information supplied in the SAIMM research paper. The paper was published in 1993, although it was first received by the SAIMM in June 1992. The first coin of the third decimal series with a steel centre was the 5c released in February 1990 (the R2 released in 1989 had a copper centre). The coining experiments were therefore definitely conducted before 1990. Nickel 20c coins were still struck in 1989, so it is not clear why Hern suggested that 1988 dies were used and not possibly the 1989 dies. An internal report from the South African Mint (Van Tonder, 1988), however, refers to the proposed new coin series (with the 1c – 50c consisting of a soft steel core) and it recommends that the proposals be accepted before 1 September 1988. It is therefore likely that the TA1-TA20 20c steel patterns were indeed struck during 1988 with dies from that year.

### **SUMMARY**

A number of 20c steel patterns were struck in the late 1980's to assist with the selection of suitable steel for manufacturing of the third decimal series. The patterns seems to be rare as

very few have been offered for sale after a TA20 variety was auctioned in 1998. Based on this rarity, catalogues possibly recommends too low a price for these patterns.

A research paper published in 1993 in the Journal of the South African Institute of Mining and Metallurgy (SAIMM) describes the reason for minting these patterns. The key objective was the development of soft ferritic stainless steels for coining. The 20c patterns were mostly struck using 17% Cr (chromium) steel alloys and for certain steel compositions, a good striking was obtained in the coining trials. The old 20c coin with the protea design was selected for the coining trails owing to its intricate motif and size.

The author recently examined a hoard of 246B patterns and it is concluded that the number of patterns struck of each type was probably 30. Some of the patterns and planchets in the hoard were affected by corrosion. If this is also the case for the other pattern types, the number of good collectible specimens will be greatly diminished.

The weight of the 246B pattern is 5.0 - 5.1 grams, the thickness is 1.7 – 1.8 mm and the diameter is 24.1 mm. It therefore has approximately similar dimensions to the 20c nickel circulation coins, but its mass is 1 gram less. This is caused by the density of nickel being 8.9 g/cm<sup>3</sup> while it is only 7.8 g/cm<sup>3</sup> for 17% Cr stainless steel.

## **REFERENCES**

- Hern, B., *Hern's Handbook on South African Coins & Patterns 2014/2015*, Published by the author.
- Malan, D.F., *History of the Nickel Coins of South Africa*, Published by Randburg Coin, 2013.
- Mitchell, F.K., *A further report on South African transitional patterns, 1962-1965*, *De Nummis*, No. 4, pp 176-185, 1971
- Van Tonder, J., *Die voorgestelde profiel van die nuwe Suid-Afrikaanse Muntreeks*, Internal report, South African Mint, circa 1988.
- Wolff, I.M., Matthews, L., Usmar, S.A. and Cornish, L.A., *The development of soft ferritic stainless steels for coining*, *J.S.Afr.Inst.Min.Metall.*, vol. 93, no. 7, pp. 153-163, 1993.

# **The 1960 Chamber of Mines One Ounce Gold Medallion**

**D.F. Malan<sup>#</sup>**

*<sup>#</sup>Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria*

*and*

*Member, National Numismatic Society of South Africa*

## **ABSTRACT**

*This paper describes historic information recently obtained from the Mint regarding the 1960 Chamber of Mines 1 oz gold medallion. As this medal is considered the forerunner of the Krugerrand, the additional information is a valuable addition to numismatic knowledge. The medal was designed by the Chief Die Sinker of the Mint, Ernest Naylor and the dies were cut by Willem Myburgh. The correct mintage figures were also obtained. Between March 1960 and August 1960 the Mint struck 7509 medallions of which 3919 were in English and 3590 in Afrikaans. The medallions were first offered for sale at the Chamber of Mines' Pavillion at the Rand Easter Show (Union Exposition) on 4 April 1960. Of interest is that this was the day of the failed assassination attempt on Dr H.F. Verwoerd at the same venue when he attended the Rand Easter Show.*

## **INTRODUCTION**

Hern's Catalogue gives a description of a 1 oz Chamber of Mines medallion struck in 24 carat gold (Figure 1). The legends are either in English or Afrikaans. The mintage is given as 4000 for the English version and 2000 for the Afrikaans version. It was struck to celebrate the gold jubilee of the Union of South Africa. This is considered an important medallion as many recognise this as the forerunner of the Krugerrand and this is the only medallion included by Hern amongst the patterns in his coin catalogue. Surprisingly little information is known about this medallion in current numismatic circles considering that it is perceived to be a "pattern" for the Krugerrand. Recently the author obtained copies of letters exchanged between the South African Mint and the Chamber of Mines describing this medallion in detail (Figure 2). The new information obtained is presented in the paper below.





Figure 1. The 1960 Chamber of Mines 1oz medallion with the English inscriptions.

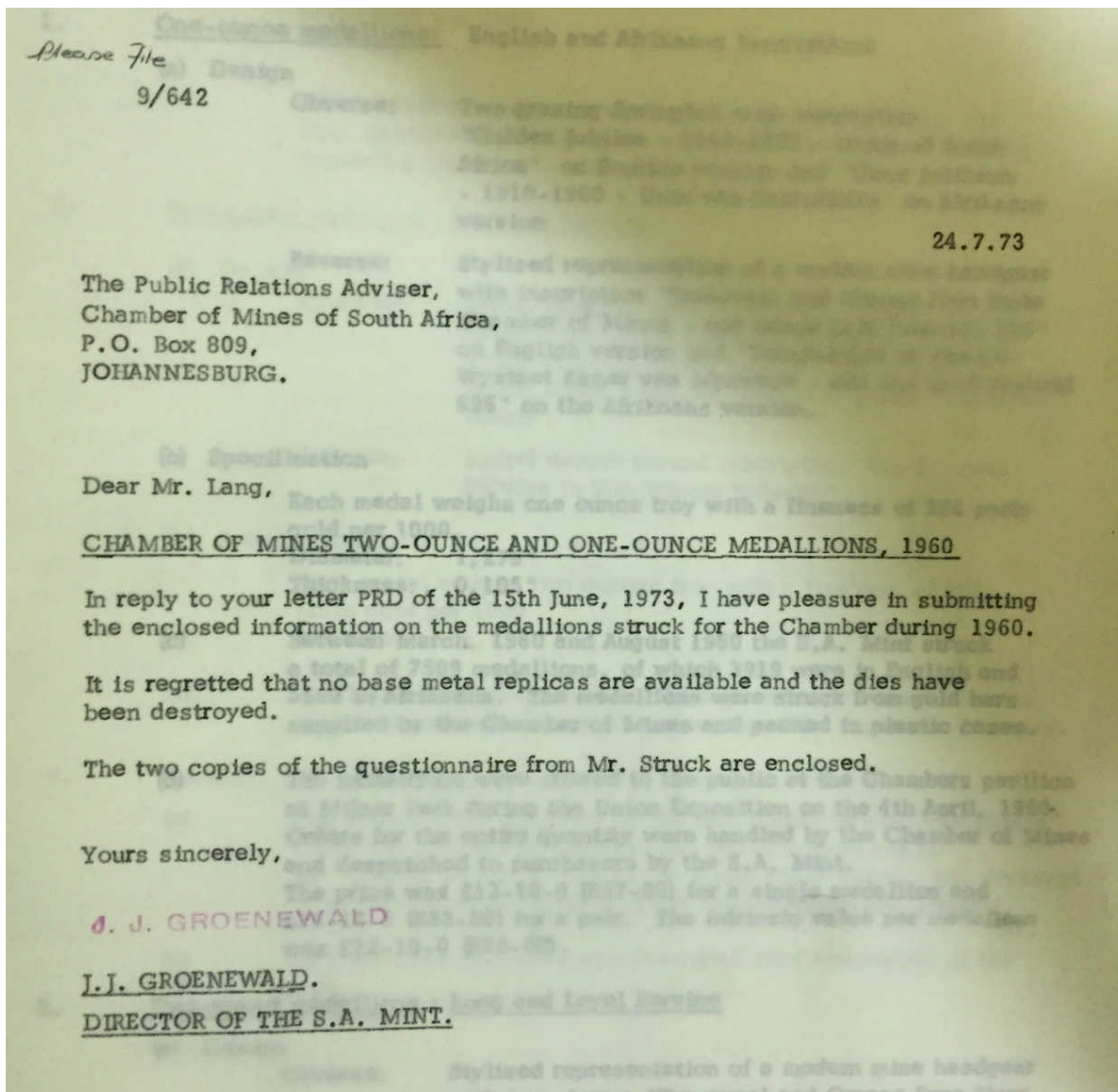


Figure 2. Communication between the Mint and Chamber of Mines regarding the 1960 1 oz medallion.

## HISTORY OF THE CHAMBER OF MINES

The legend on the medal states “*Transvaal & Orange Free State Chamber of Mines*”. A short history of the Chamber of Mines is included in this section to shed some light on this particular inscription.

After the discovery of the Witwatersrand gold reefs, the first Chamber of Mines was established on 7 December 1887 at a meeting in the Central Hotel, Johannesburg. A Council of 25 members was elected. An important objective for its creation was the need for authoritative data on the gold production of this new field for the financial institutions in the world. This “old Chamber” only survived for 18 months, however. It was not perceived as an effective institution as it did not confine its membership only to those directly involved in mining and it did not have the full support of the mining houses. This led to its demise and negotiations led to the establishment of a powerful new “Witwatersrand Chamber of Mines” on 5 October 1889. This Chamber was controlled by the member mines and provided a mechanism whereby these companies could act in concert. Some of the key objectives of the reconstituted Chamber were to contain the costs of mining, to facilitate the exchange of technical information, to review mining laws and the scrutiny of patents that may affect the mining industry.



**Figure 3.** The first Chamber of Mines building in Market Street (the building on the left next to the bar). This photograph was taken in 1894.

For the first few years the Chamber was without permanent accommodation until it bought a site on Market Square and erected the first Chamber of Mines building at the cost of £18 500.

An interesting part of the Chamber's history occurred prior to the outbreak of the Boer War. A delegation from the Chamber met with Kruger and his Executive Council on 23 September 1899 and sought an agreement that would allow the mines to continue mining and to export the gold during hostilities. The Government refused, however. They were interested in the continued mining of gold, but not its export for the profit of the mining companies.

After the Boer War, the name of the Chamber was changed to the Transvaal Chamber of Mines during May 1902. By 1920, the original building which housed the Chamber became too small and a new site was bought at the corners of Hollard and Main Streets (Figure 4). The building was completed in 1922 and interestingly the big miners' strike of 1922 coincided with the Chamber occupying this new building.

At the end of 1953, the Chamber recognised the expansion of the gold industry into the Orange Free State and adopted the clumsy title "Transvaal and Orange Free State Chamber of Mines". This is the title that therefore appeared on the 1960 1 oz gold medallion. In the 1960's, South Africa's role in mining other minerals became more prominent and to account for this changing scope of the Chamber, the name was changed again on 23 January 1968 to the "Chamber of Mines of South Africa".



**Figure 4.** The current Chamber of Mines building on the corner of Hollard and Marshall Streets. This building was completed in 1922.

## DESIGN OF THE MEDALLION

On 17 February 1960, the Chamber of Mines formally approached the Mint with a formal request to mint medallions containing one troy ounce gold. The medallions had to be milled and beaded and the size should be that of a two shilling piece. On 1 March 1960, the Mint suggested that the size of the medallion should rather be the size of a 2/6 piece. The gold was supplied by Rand Refinery in bars 3/8" x 1 1/4" x 22" to eliminate recasting.

According to Groenewald (1973), the medal was designed by the Chief Die Sinker of the Mint, Ernest Naylor. The dies were cut by Willem Myburgh, one of the die-sinkers at the Mint. Apparently all the dies were cancelled and destroyed after completion of the order. A German numismatist, Günter Struck wrote to the Chamber requesting information about the medals as he was writing a book on the medals produced by the global mining industry and he wanted to source base metal replicas of the medallion (Lang, 1973). Groenewald (1973) confirmed that unfortunately no base metal replicas were available.

The reverse design is a "stylised representation of a modern mine headgear" with the English inscription "*Transvaal and Orange Free State Chamber of Mines – one ounce gold fineness 996*" or alternatively, the Afrikaans inscription "*Transvaalse en Oranje-Vrystaat Kamer van Mynwese – een ons goud fynheid 996*". Although it is not mentioned in the letter which particular mine shaft is represented, it appears to be West-Driefontein No 5 Shaft (Figure 5). This particular shaft headgear design is unique in the mining industry. It was also a shaft known for its high grade of ore and the large amount of gold produced.

The obverse of the medallion represents two grazing springbok with the English inscription "*Golden Jubilee – 1910-1960 – Union of South Africa*" or alternatively the Afrikaans inscription "*Goue Jubileum – 1910-1960 – Unie van Suid-Afrika*".





**Figure 5.** West Driefontein No 5 Shaft photographed in the 1950's. The mine shaft on the Chamber of Mines medallion appears to be a reproduction of this particular shaft.

### **SPECIFICATIONS AND NUMBER MINTED**

According to Groenewald (1973), between March 1960 and August 1960 the Mint struck 7509 medallions of which 3919 were in English and 3590 in Afrikaans. These mintage figures differ from that given by Hern in his catalogues and indicates that the Afrikaans version is probably not the scarce variety. There are nevertheless reports of a number of these medals that have been smelted, so it is not clear if more of the Afrikaans version was possibly smelted. The original request on 17 February 1960 was for 5000 medallions of which 2500 was with the English inscription and 2500 with the Afrikaans inscription. These numbers were slightly increased and on 9 June 1960, the Chamber accepted the figure of 5415 medallions (2719 in English and 2694 Afrikaans) struck by the Mint and confirmed that these have been sold. It also requested the Mint to increase the order to 7500. On 8 August 1960, the total medals struck were 7509 (3919 English and 3590 Afrikaans).

Each medallion weighs 1 troy ounce with gold fineness of 996 parts per 1000. The dimensions as given by Groenewald (1973) are a diameter of 1.270" (inch) and a thickness of 0.105". The original request was that plastic cases were to be ordered from Progressive Inventions Ltd. in

England, but it was confirmed on 19 February 1960 that 5000 cases were ordered from Industrial Appliances (Pty) Ltd.

## SALES

According to Groenewald (1973), the medallions were first offered for sale at the Chamber of Mines' Pavillion (Milner Park) at the Rand Easter Show (Union Exposition) on 4 April 1960 (Figure 6). Of interest is that this was the day of the failed assassination attempt on Dr H.F. Verwoerd when he attended this particular Rand Easter Show (Figure 8).

Orders for the entire quantity of medallions were accepted by the Chamber of Mines, but the dispatching of the items was done by the Mint. The selling price was £13-10-0 (R27-00) for a single medallion and £26-15-0 (R53-00) for a pair. The intrinsic gold value per medallion was £12-10-0 (R25-00).



**Figure 6.** The second Chamber of Mines' Pavillion at the Rand Easter Show grounds (after Gutsche, 1970). The 1 oz medallions were first sold at this venue on 4 April 1960.





**Figure 7.** Crowds at the Rand Easter Show (circa 1960). The total attendance in 1960 was 755 821 people (Gutsche, 1970).



**Figure 8.** The failed assassination attempt on Dr H.F. Verwoerd at the Rand Easter Show on 4 April 1960. Coincidentally, the Chamber of Mines' 1 oz medallion was first sold to the public on the same day in close proximity to where this assassination attempt occurred.



## **REFERENCES**

- Hern, B., *Hern's Handbook on South African Coins & Patterns 2014/2015*, Published by the author.
- Groenewald, J.J., *Chamber of Mines Two-Ounce and One-Ounce Medallions, 1960*, Letter from the South African Mint to the Public Relations Officer of the Chamber of Mines of South Africa, 24 July 1973.
- Gutsche, T., *A very smart medal. Howard Timmins, 1970.*
- Lang, J., *Chamber of Mines Two-Ounce and One-Ounce Medallions, 1960*, Letter from the Chamber of Mines to the Director of the South African Mint, 15 June 1973.
- Lang, J., *Bullion Johannesburg*, Jonathan Ball Publishers, 1986.

# Additional information on the Second Decimal Coin Series

**D.F. Malan<sup>#</sup>**

*<sup>#</sup>Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria  
and  
Member, National Numismatic Society of South Africa*

## ABSTRACT

*This paper describes additional information collected by the author on the Second Decimal Coin Series following the publication of a book on this topic in 2013. Some of the original Cythna Letty sketches of the 20c and 50c coins were recently discovered and these are illustrated in the paper. Photographs of a cracked-die 50c Select Committee pattern and the Select Committee pattern set in the Mint Museum punched with the letters “PATT” are further important finds. A good quality photograph of the Pregnant Springbok R1 is presented in the paper and this will prevent other normal R1 coins being fraudulently sold as this variety.*

## INTRODUCTION

An extensive review of the Second Decimal coin series was compiled by Malan (2012). A second edition of this work containing additional material was published in 2013 (Malan, 2013). For this second edition, the title of the book was changed from “*Coins for a Hundred Years*” to “*History of the Nickel Coins of South Africa*”. The author expected a large volume of new material to surface after these publications. As Frank Mitchell wrote in his 1970 paper for the 4<sup>th</sup> South African Numismatic Convention (Mitchell, 1971):

*“Tis a brave man who goes to print on any subject believing that his is the last word! On the other hand, when one’s search for knowledge comes to a dead end, when all known sources of information have been exhausted, there is nothing like an expedition into print to bring new facts to light!”*

Surprisingly, little additional information surfaced after publication of the books on the Second Decimal series. Three years later, the author has nevertheless collected some additional information and it is worthwhile to compile this into a paper to ensure it is not lost to future generations. This additional information is presented below. A separate publication

on the 1988 20c steel patterns was compiled (Malan, 2016) and this work is not included in this current document.

## DESIGNS

Sketches of the flower designs for the coins by Cythna Letty are shown in Figures 1 to 3. The design for the 20c coin is given in Figure 1 and this is remarkably similar to that eventually used on the coins. An earlier version of this design with additional small proteas is given on page 74 of the book *“History of the Nickel Coins of South Africa”* (Malan, 2013). Cythna wrote (undated draft paper in possession of the author – probably published in Bothalia, No VIII, May 1966, pp 35-38, also see Stead, 1968):

*“I found that there was more to putting plant-life on a coin than I ever imagined. Plants, unless highly stylised, tend to be unmanageable; they seem to have no shape and, when reduced from life-size to about three-quarters of an inch or less, are inclined to ‘clot’.”*

and

*“A Protea was a must, but which one: the handsome Giant (*P. cynaroides*) or the homely, beloved Suikerbossie (*P. repens*). At the risk of ‘clotting’, they were both used; a large 20 completed the design.”*

Regarding the 50c coin, Cythna wrote that:

*“Strelitzia reginae (the Crane Flower) with its orange, blue and white colours corresponding to those of the South African flag, seemed an obvious choice for the 50 cent piece which was to be about 27 mm (a little over an inch) across. The idea was dropped after several attempts; the results were always too spikey and too full of points.”*

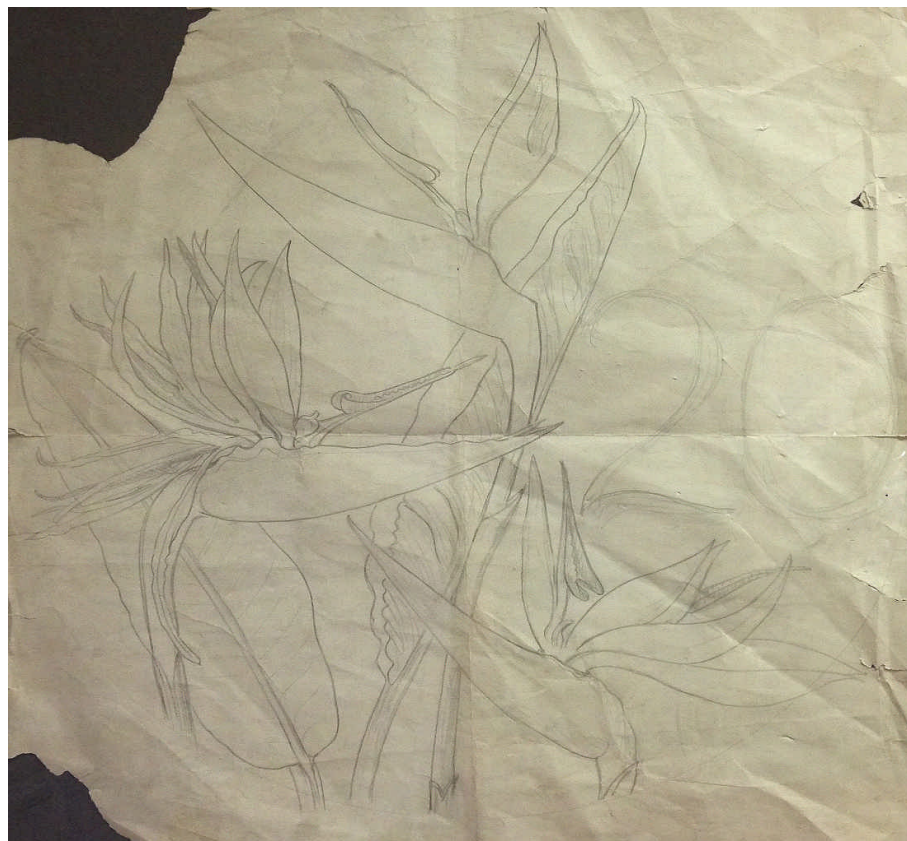
One of these attempts is shown in Figure 2 and the “spikey” nature of the design is obvious. As an alternative, three different flowers were proposed by Cythna. She wrote:

*“After submitting two or three unsatisfactory arrangements, I made tracings of the flowers and leaves and pinned them on to a 15 inch circle until all the requirements for a coin (including a large clear 50) were met.”*

Figure 3 must be one of these unsatisfactory designs, although the Arum Lilies are essentially identical to that which appeared on the coins.



**Figure 1.** Sketch of the proposed 20c by Cythna Letty.



**Figure 2.** An attempt at the flower design using Strelitzias.



**Figure 3.** Sketch of the proposed 50c by Cythna Letty.

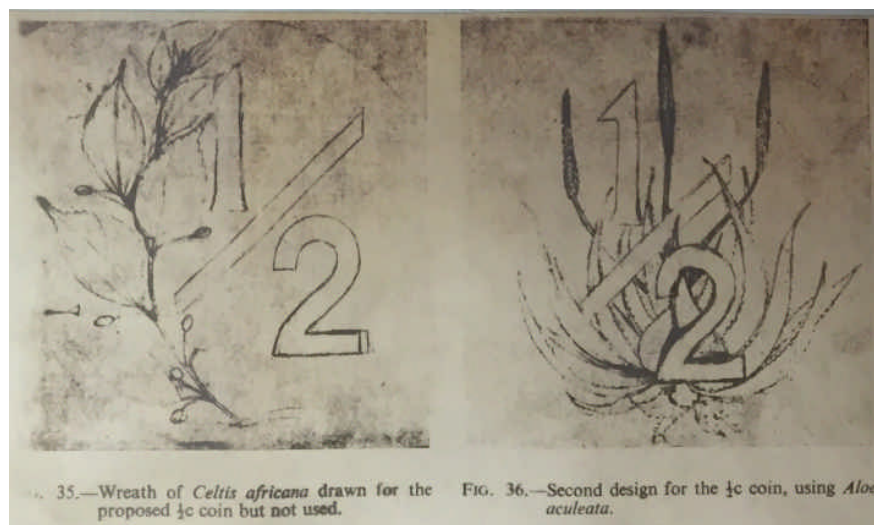
Figure 4 illustrates the evolution of the 50c designs as described in *Bothalia*, No VIII, May 1966. The first attempt was similar to Figure 2 above. The second design combined the three different flowers and the third design is a re-arrangement of the flowers. Although labelled as the “final” design in the figure, a further change was implemented and Tommy Sasseen recalled that he cut the design into pieces and rearranged the flowers for the final design.

Regarding the design for the 1/2c coin, the book *“History of the Nickel Coins of South Africa”* (Malan, 2013) illustrates the first design using the White-stinkwood. A second design using the aloe was also submitted and this is shown in Figure 5. The ½ superimposed on the aloe resulted in a messy design and it was not accepted. This aloe was subsequently used for the 10c coin after the Springbok was earmarked for the silver R1 coin.





**Figure 4.** Although of very poor quality, this interesting diagram illustrates the evolution of the 50c design (after Bothalia, No VIII, May 1966).



**Figure 5.** The first two designs for the 1/2c coin. These were not accepted and eventually the sparrow design of the 1c coin was also used for this coin in 1970 (after Bothalia, No VIII, May 1966).

## PATTERNS

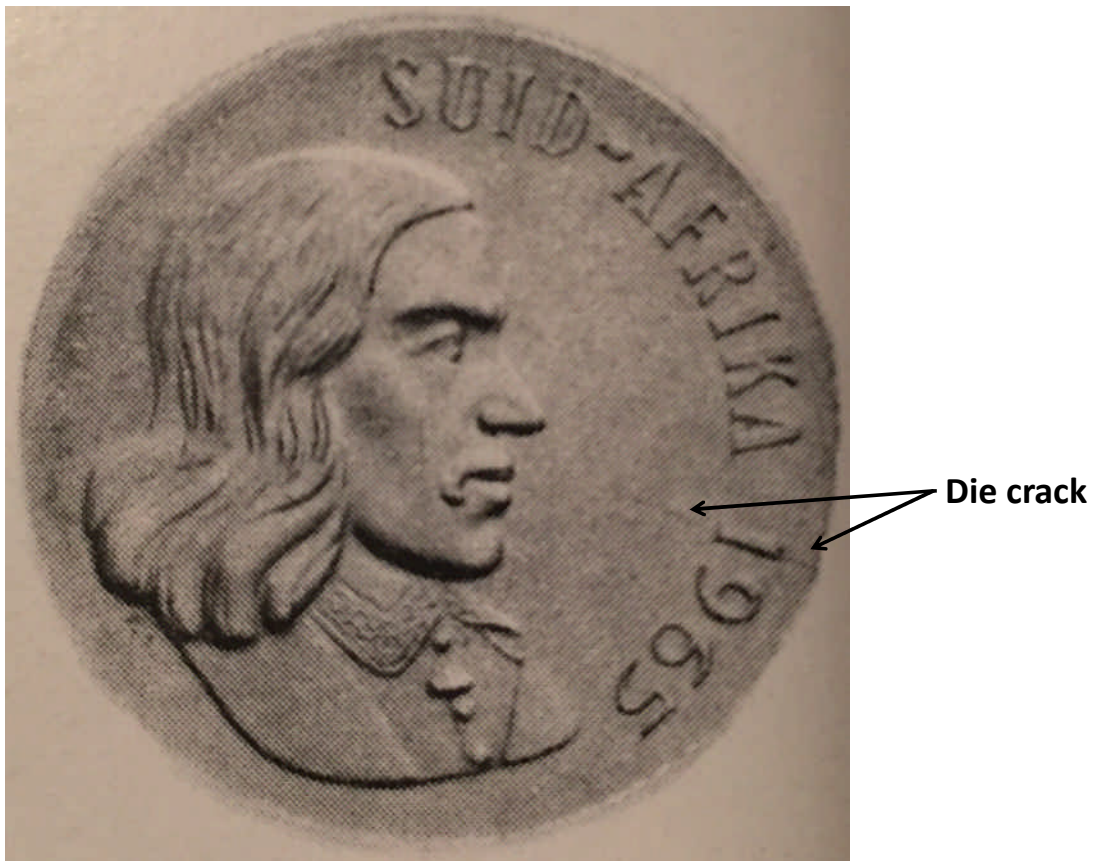
### **The die-crack 50c Select Committee pattern**

In the New Netherlands/Seaby Auction catalogue of November 1973 (Figure 6), a rare 50c pattern was offered for sale. Lot 807 was a Select Committee 50c pattern on a thick flan of 2.5 mm. The pattern had a die crack on the obverse running through the number 1. This is shown in Figure 7. It was considered of “extreme rarity” because of this flaw. This pattern is of interest as none of the South African catalogues printed after this date refers to the existence of such a die-crack 50c pattern coin.



**Figure 6.** The New Netherlands/Seaby Auction catalogue of November 1973. A number of rare patterns of the second decimal series were sold during this auction.





**Figure 7.** Die crack on the obverse of the Select Committee 50c pattern.

### **The bilingual 5c Select Committee Pattern**

The bilingual 5c Select Committee Pattern is rare and an article from the newspaper “Hoofstad” from 1968 (Figure 8) is therefore an interesting find. According to this article, a collector, Mr G.J. van Niekerk, found one of these bilingual coins. At that stage the coin was considered unique and a value of R2000 was attached to it. This is an exorbitant valuation considering that a Krugerrand was approximately R30 in those years. Also interesting is that the collector is probably the same Mr Gerhard van Niekerk that was later put on trial because of his claimed discovery of the so-called Kruger millions and the selling of magnificent 1900 Kruger ponde which later proved to be forgeries (Levine, The inside story of the perfect forgery, The Association of Numismatic Societies, No. 4). He also discovered some other very rare patterns according to the article. It is an interesting question where he was able to source these coins from?



**Figure 8.** The so-called discovery of the 5c bilingual Select Committee 5c pattern in 1968. This coin was, however, already known to authorities in 1964 when it was submitted with a full set of the Select Committee patterns to the Treasury in early 1964 (Malan, 2013).

### Select Committee Patterns in the South African Mint collection

The Select Committee pattern set in the collection of the South African Mint can be view in the Mint Shop. This set is unique as the letters “PATT” is punched onto the obverse of the patterns. This appears behind Van Riebeeck’s head, but the positions vary slightly on the different coins (Figure 9). This set is currently not described in Hern’s catalogue. The author handled these patterns and all are coin struck.



**Figure 9.** The Select Committee pattern set in the collection of the South African Mint. Note the letters “PATT” punched onto these patterns.

#### **Rarity of the Preliminary Trial Pieces**

Regarding the rarity of the pattern coins of the series, it can be emphasised that the “Preliminary Trial Pieces (Hern A1 – A18b) are exceedingly rare. They are almost never offered for sale. A noteworthy exception was the DNW auction of the Robert Bakewell Collection held in London on 22 September 2014. On auction were the patterns A1, A2, A3, A13, A18a and A18b. All six these patterns remained unsold, however, and the market was not prepared to pay the asking price in spite of the rarity of these coins.

The author is also aware of a recent sale of an A7 and A8 pattern. These are shown in Figures 10 and 11. The selling price for each was R5000 higher than the 2014/2015 Hern catalogue price. A topic that needs to be investigated in future is the close similarity between patterns A7 and A23 and A8 and A25. The dates are similar and the key difference is that A23 and A25 are “weakly” struck or the details of the lettering were removed from the dies. The question can be posed whether A7 and A8 are therefore not really part of the Trial Pattern Series? A23 and A25 are the more common varieties and are usually found when Trial Pattern sets are sold. When Frank Mitchell listed his set of patterns in 1971, there was no bronze coins listed under the Preliminary Trial Pieces and only one of each of the 1962 2c and 1c bronze plain edge patterns were listed under the “Trial Pattern Series”. He also stated in his paper that for the Trial Pattern Set (Mitchell, 1971):



*“Some of these sets – or individual pieces derived from them – were only lightly struck up, so that in certain cases the obverse or reverse inscription – or both – does not show up at all, although they were in fact struck from the same set of dies. All the pieces in this set were smooth edged, but I have had the opportunity to handle a perfectly genuine 2c piece which has a milled edge.”*

This last 2c he is referring to is the Hern A24 pattern.



**Figure 10.** Pattern A7. The current NGC sensus states that only 1 of these patterns are graded.



**Figure 11.** Pattern A8. The current NGC sensus states that only 1 of these patterns are graded.

Regarding the Trial Pattern sets, a letter from the Advisory Board on Coinage dated 1966 surfaced which indicated that about 50 of these sets were struck. The letter is shown in Figure 12.

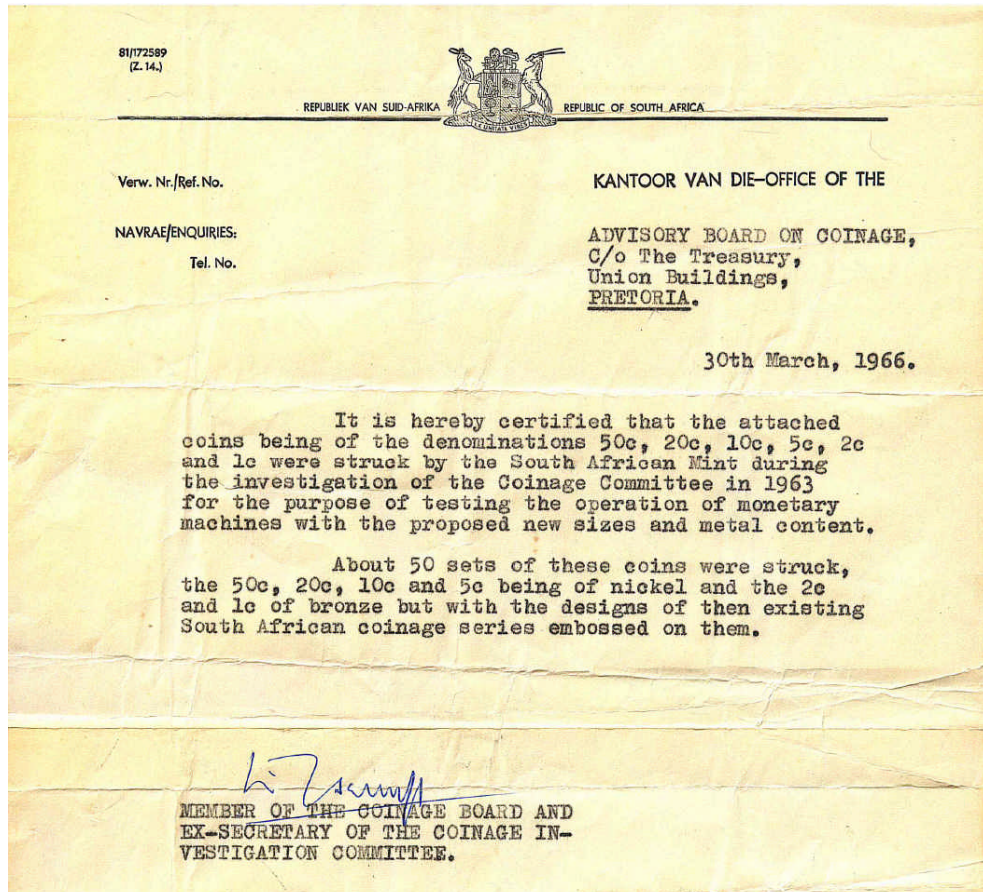
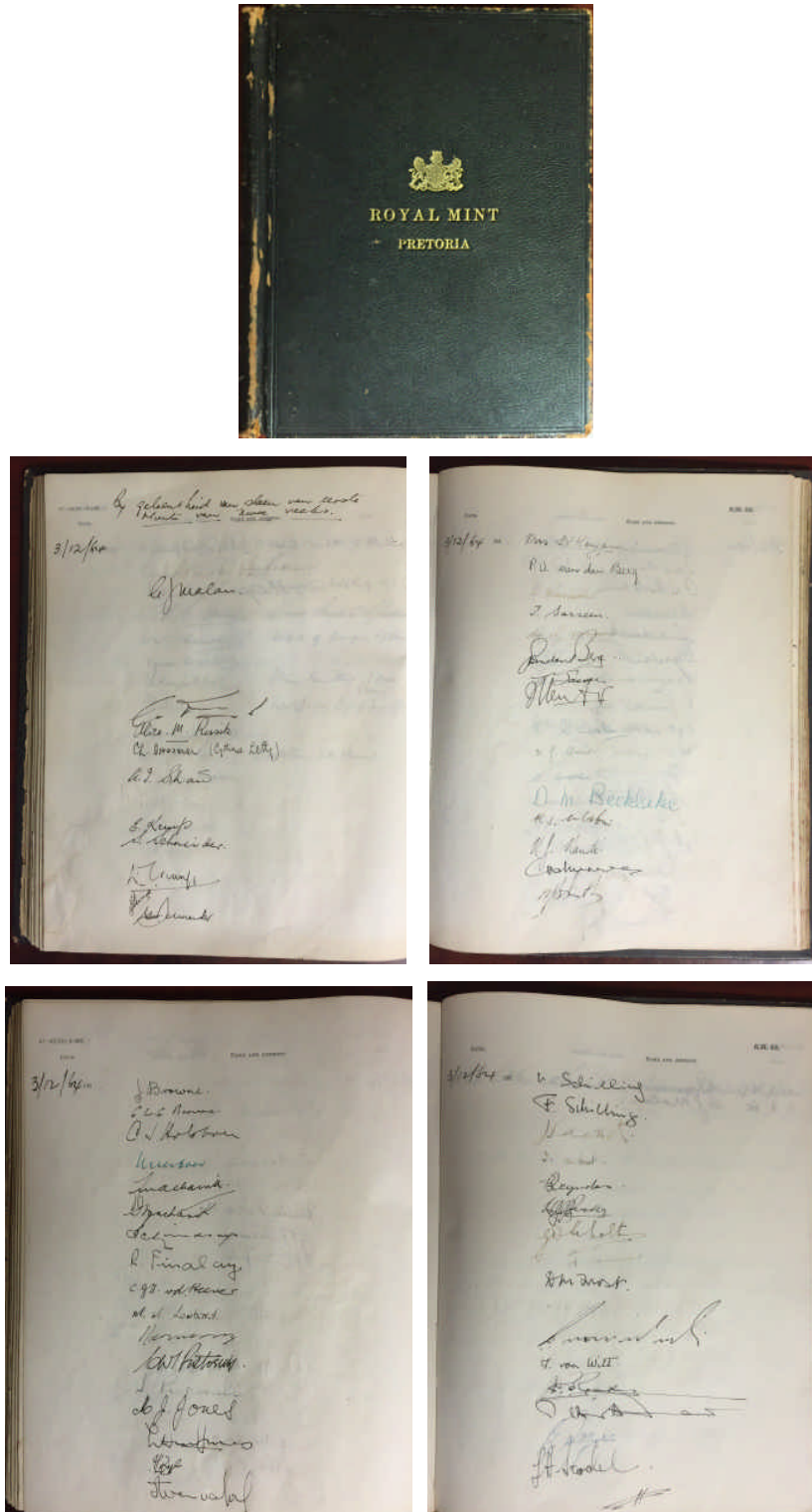


Figure 12. A letter from the Advisory Board on Coinage which indicated that about 50 of the Trial Pattern sets were struck.



### CEREMONIAL STRIKING OF THE FIRST COINS

As described in the “*History of the Nickel Coins of South Africa*” (Malan, 2013), a banquet was held on 3 December 1964 for the ceremonial striking of the first coins of the new series. Additional photographs of the visitor’s book in which the guests’ signatures appear was recently obtained. This is shown in Figure 13.



**Figure 13.** Signatures of the guests who attended the ceremonial striking of the first coins of the second decimal series in the historic visitors book from the Royal Mint.

From Figure 13, some of the signatures recognised are those of Gert Malan (Director of the Mint), Dr and Mrs G Rissik (Governor of the Reserve Bank), Cythna Letty (designer of the flowers on the coins), Mr E. Kemp (Treasury), Tommy Sasseen (Die sinker), D.M. Becklake (the wife or daughter of J.T. Becklake), Dr. Felix Machanik (Numismatist), Dick Findlay (designer of the birds on the coins) and Prof and Mrs H.J.J. Reynders (Professor of Business Economics and member of various coinage committees).

## RARE COINS

### 1965 50c English

As described in Malan (2013), one of the most difficult to find and expensive coins of the Second Decimal coin series is the 1965 50c English language coin. A puzzling aspect of this coin is the presence of “circular abrasion” marks close to the edges of many of these coins. The following is a list of coin photographs of this particular 50c where these marks can be seen:

- The coin offered for sale in the auction of the Bakewell Collection (Figure 14 below). Interestingly it is described as “*Brilliant, extremely rare [PF 67 Cameo]*”. The question can be posed if this is perhaps an optimistic grading considering the conditions of the fields of the coin?
- The coin on page 157 in the book “*History of the Nickel Coins of South Africa*” (Malan, 2013). The marks on this coin are in the same position (for the reverse and obverse) as for the Bakewell coin.
- The coin in Engelbrecht’s book “*Money in South Africa*” on page 120 (top left corner) shows a similar mark below the bust and next to the date.
- NGC slabbed coins (3620924-015 and 4153457-172), both graded as PF64, has marks on the obverse similar to the Bakewell coin (Figure 15).
- Interestingly, these marks are not visible on the coin in the late Ken Jacobs’ collection, although there are some blemishes on the obverse field of the coin (KJ153 on page 120,121 of his book “*Coins of South Africa*”).



**Figure 14.** Circular abrasion marks visible on the rare 1965 50c English coin offered for sale during the auction of the Bakewell collection. This coin sold for £4000.



**Figure 15.** Circular abrasion marks visible on graded 1965 50c English coins.

As the abrasion marks on the rare 50c appear in the same positions on different coins, it may indicate that there was a possible problem with the dies. No further information on this could be found, however.

### **Pregnant Springbok R1**

A coin that proves to be very elusive is the so-called Pregnant Springbok R1 silver variety. No good photographs of this coin are available in literature and this resulted in various silver R1

coins being incorrectly labelled as this variety on a well-known internet auction site. The author was fortunate to acquire a genuine example and a photograph of this coin is shown in Figure 16. Note that the variety can be very clearly identified by the large extra “flap” below the abdomen of the springbok. This variety seems to be extremely rare. In comparison, a large number of the “tagged-ear” variety Springbok coins surfaced recently and their prices have correspondingly declined substantially.

Regarding the Pregnant Springbok R1 silver variety, the way the metal “flowed” in this part of the coin creates some problem when photographing the coin. If the angle of lighting is not correct, the “flap” may not be as clear in the photograph as that shown in Figure 16. The same coin is shown in Figure 17 with the lighting from a different angle. The obverse is also shown and it is important to note that it is a 1966 coin.



**Figure 16.** “Pregnant” Springbok variety. Note the prominent belly “flap”.

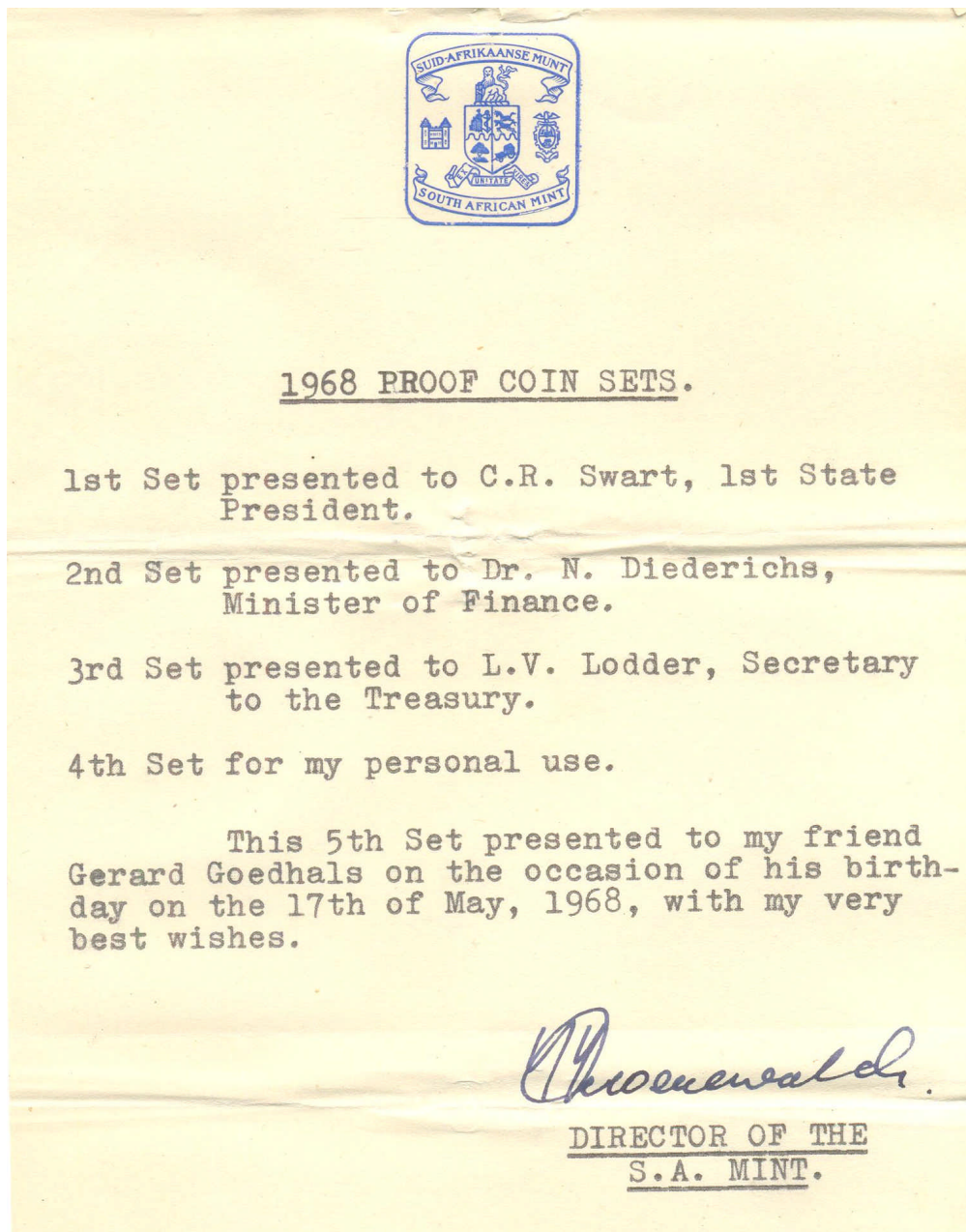




**Figure 17.** The same coin as shown in Figure 16 but with a different direction of lighting. The obverse is shown below.

### **SPECIAL PROOF SETS**

As described in Malan (2013), a special proof set was presented to President Marais Viljoen when his effigy appeared on the coins. It is hypothesised that similar “special” proof sets were presented to the other Presidents as well. An indication of this was when the author was recently able to acquire a 1968 proof set which was apparently the 5<sup>th</sup> set to be issued (see Figure 18).



**Figure 18.** A letter from Mr Groenewald which accompanied a 1968 proof set (apparently the 5<sup>th</sup> set produced) which the author recently acquired. It states that the 1<sup>st</sup> set was presented to President CR Swart.

This 1<sup>st</sup> set presented to President Swart recently surfaced and was offered for sale on an internet auction site. Photographs of this set are shown in Figure 19. It is housed in a white box and the normal Van Riebeeck R1 was replaced with a medal stating it was the first 1968 proof coins presented to President Swart. Evidence is now available that special sets were presented to President Swart and Viljoen and it is therefore reasonable to conclude that special sets were also presented to the other presidents.





**Figure 19.** Photographs of the first 1968 proof set presented to President CR Swart (courtesy George Mostert).

## **CORRECTIONS RELATED TO THE 2013 EDITION**

The photograph in Figure 20 was published in the History of the Nickel Coins of South Africa. It was stated that these were members of the Advisory Board on Coinage established in 1964. This is incorrect as this was the Fact-Finding Commission appointed by the Minister of Finance in 1963. This photograph was published in the Pretoria News of 6 June 1963. The names of the members are given in the caption of Figure 20.



**Figure 20.** Members of the Fact-Finding Commission appointed by the Minister of Finance in 1963. These were from left to right E.G. Kemp (secretary), I.J. Greef, G.J. Malan (Director of the South African Mint) and H.J.J. Reynders (Professor of Business Economics at the University of Pretoria).

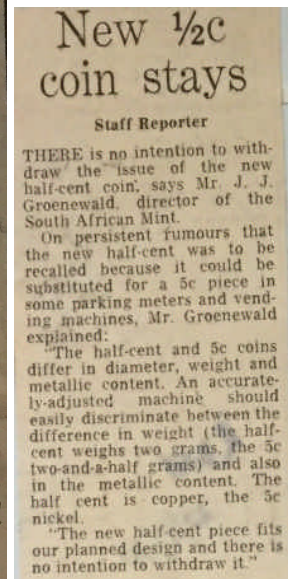
### **THE ½ CENT COIN**

The problems related to the shortage of ½ c coins are described in Malan (2013). Some additional information was obtained from historic newspaper articles and these are given in Figure 21. The coins were issued to the public in February 1970 and apparently these coins were misused in parking meters and public telephone as they were almost similar in size to the 5c coin. Some people expected that these coins will be withdrawn by the Mint and coin dealers were exploiting this by selling the new ½ c coins for 5c each.





Rand Daily Mail, 8/11/1969



Rand Daily Mail, May 1970



Dagbreek en Landstem 3/5/1970

Figure 21. Newspaper articles related to the problems with the new 1/2c coin.

### INTRODUCTION OF THE NICKEL R1

From old newspaper articles recently obtained, the date of release of the nickel R1 coin to the public was 1 July 1977. These articles are shown in Figures 22 and 23 below.



**Figure 22.** Newspaper articles describing the introduction of the nickel R1 coin..



**Figure 23.** A photograph of the new R1 coin that appeared in the Rand Daily Mail of 30 April 1977. The Mint was surprised to see this coin being in private hands as Mr Groenewald stated that the banks agreed to only release the coins to the public on 1 July 1977.



## COIN SETS SOLD BY THE MINT

As described in Malan (2013), the Mint installed a plastic envelope sealing machine in 1968. The 1968 date of this installation is referred to in an article by the Rand Daily Mail (Figure 24). The reason given for the installation was “to satisfy the demand for complete sets”. Of interest was that the selling price of the sets was R3! Of further interest is a newspaper article from 1977 (Figure 24) stating that proof sets for 1968 as well as uncirculated sets for 1967, 1968, 1971, 1972, 1973, 1975 and 1976 were still offered for sale by the Mint as late as 1977. The 1976 long proof sets including the two gold coins could be acquired for R80!



Figure 24. Newspaper articles offering proof sets and uncirculated coin sets for sale from the Mint.

## **SUMMARY**

It is surprising that little additional information on the Second Decimal Series surfaced after the book “History of the Nickel Coins of South Africa” was published in 2013. This paper describes the additional information collected by the author after this publication date. Of particular value to the numismatic community are the original Cythna Letty sketches of the 20c and 50c coins that were recently discovered. Photographs of a cracked-die 50c Select Committee pattern and the Select Committee pattern set in the Mint Museum punched with the letters “PATT” are further important finds. A good quality photograph of the Pregnant Springbok R1 is given in the paper will prevent other normal R1 coins being fraudulently sold as this variety.

## **REFERENCES**

- Engelbrecht, C.L., Money in South Africa, Tafelberg Publishers Ltd, Cape town, 1987.
- Jacobs, K. and Levine, E., Ken Jacobs’ Coins of South Africa, Distributed by The South African Gold Coin Exchange (Pty)Ltd, 1983.
- Malan, D.F., Coins for a Hundred Years, Published by the author, 2012.
- Malan, D.F., History of the Nickel Coins of South Africa, Published by Randburg Coin, 2013.
- Malan, D.F., A review of the 20c steel patterns of 1988, 2016.
- Mitchell, F.K., A further report on South African transitional patterns, 1962-1965, De Nummis, No. 4, pp 176-185, 1971
- Stead, R., Die kuns van Cythna Letty, Lantern, Vol XVIII, No. 1, September 1968.



# The rights of the South African Reserve Bank with respect to historic coinage

**D.F. Malan<sup>#</sup>**

<sup>#</sup>*Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria*

*and*

*Member, National Numismatic Society of South Africa*

**Disclaimer:** This research was conducted at no charge to assist with the preservation of South Africa's coinage heritage. Readers must verify the accuracy of the information and conclusions in this report. The author cannot be held liable for any incorrect interpretation of the acts, opinions expressed or any claims or litigation that might arise as a result of this work.

## ABSTRACT

*South Africa's historic coinage is considered an important part of the country's national heritage and it should be given the necessary recognition and protection. The South African Reserve Bank has the sole right to issue coins in the country and it is therefore empowered to provide the necessary protection to legal tender coins. The current rights of the South African Reserve Bank with regards to historic coins are not well understood, however. Of particular interest is which of the historic coins are still considered legal tender and a study was conducted by the author. The legal tender status of most of the historic coins seems to be clear, but it is recommended that a further review of the material be conducted by legal experts. The legal tender status of particularly the Burgersponde and the Veldponde requires further study.*

*The South African Reserve Bank Act (No 90 of 1989) gave the South African Reserve Bank the sole right to issue coins in the country. The Minister of Finance nevertheless retains the right to prescribe the design, type, denominations and mass of coins. Based on Act No. 90 of 1989, as well as historic coinage acts where the Minister or State President had these rights, it is argued that the rights to all historic and current coins **still considered legal tender** belong to the South African Government. It is expected that the South African Reserve Bank will exercise these rights on behalf of the Government and these rights can therefore be considered to indirectly belong to the Reserve Bank. This is a similar principle to the United Kingdom where the copyright for designs and images of decimal coins subsists in the Crown. Authority has been delegated by the Crown to the Royal Mint. Although an explicit statement of this delegation of authority regarding the rights of historic legal tender coins from the*

*South African Government to the Reserve Bank cannot be found, Section 14(1) of Act 90, 1989 is assumed to be an implicit delegation of this authority.*

*The historic “Transvaal coins” are still legal tender. Proclamation No. 135 of 1911, Act 31 of 1922 and Act 78 of 1964, defined legal tender “Transvaal coins” as those coins specifically minted in the Pretoria Mint of the late Transvaal Republic. If these definitions are strictly applied, it excludes the Burgersponde minted in England and the Veldponde minted at Pilgrim’s Rest as legal tender coins. The rights of the Reserve Bank with respect to these coins are therefore in doubt and a further review is required. It is the opinion of the author that the Burgersponde **are legal tender** and the rights belong to the Reserve Bank as ZAR Government Notice No. 1644 of 4 November 1874, which declared them legal tender, was never revoked. Article 15 of Act 14 of 1891 furthermore allowed the ZAR Government to approve coins minted at other mints as legal tender. The Veldponde was minted from almost pure gold during the Boer War and as they do not meet the fineness as stipulated in Act 14 of 1891, it is the opinion of the author that they **are not legal tender**. There is nevertheless a historic precedent in 1903 where the police investigated a person involved in the forgery of Veldponde after the Boer War, implying it was considered of significant value and perhaps even legal tender.*

*The Kruger coins minted in Berlin in 1892 before the Pretoria Mint became operational are also problematic based on the definition of Transvaal coins given above. All the 1892 Double Shaft Kruger coins, most of the 1892 silver coins and all the 1892 Pennies were minted in Berlin. The only 1892 coins minted in Pretoria were 2/- pieces (3483 in Pretoria and 2037 in Berlin) and 1/- pieces (4452 in Pretoria and 2030 in Berlin). As it would be difficult to distinguish between the 1892 2/- and 1/- coins minted in Pretoria and Berlin, it is the opinion of the author that that all the 1892 2/- and 1/- coins can be considered current legal tender. To support this argument, all these coins were considered legal tender in the ZAR irrespective of where they were minted and Article 15 of Act 14 of 1892 allowed the ZAR Government to approve coins minted at other mints as legal tender. If it is assumed that some of the Berlin coins are legal tender, the other 1892 coins minted in Berlin cannot be rightfully excluded. The rights of all Kruger coins minted from 1892 to 1900 therefore belong to the Reserve Bank.*

All coins minted in South Africa after the formation of the Union of South Africa are legal tender and the South African Reserve Bank owns the rights to these coins. The only exceptions are the British Sovereign and Half-sovereign coins minted at the Pretoria Branch of the Royal Mint from 1923 to 1932. The coins were identical to the sovereigns minted at other mints in the British Commonwealth (except for a small “SA” mint mark). The Royal Mint supplied the dies and the United Kingdom therefore owns the rights to these coins. These sovereigns are protected coins in terms of the Forgery and Counterfeiting Act 1981 of the UK.

The rights of the South African Reserve Bank with regards to historic coins are summarised in the table below.

<b>Summary of the rights of the South African Reserve Bank with regards to historic coins</b>		
<b>Period</b>	<b>SARB# rights</b>	<b>Institution owning the rights</b>
<b>1. The Dutch and Batavian period from 1652 to 1805</b>		
A large variety of coins used in the Cape Colony from 1652 to 1805	No	Unknown - Every coin type will have to be researched
<b>2. The pre-Reserve Bank era from 1806 to 1922</b>		
Griqua coins	No	Unknown - Organisations (e.g. The Griqua National Conference) may claim ownership
British gold, silver and bronze coins from 1806 to 1922	No	<b>Royal Mint and UK Treasury</b>
Tokens issued by private institutions and municipalities	No	Unknown - Some private institutions/individuals may claim the rights
Burgersponde	?	To be reviewed - Probably <u>owned</u> by the <b>South African Reserve Bank</b> as ZAR Government Notice No. 1644 of 4 November 1874 was never revoked.
ZAR* 1892 coins minted in Berlin	Yes	<b>South African Reserve Bank</b>
ZAR* gold, silver and bronze coins minted in Pretoria from 1892 to 1900	Yes	<b>South African Reserve Bank</b>
Veldponde minted in 1902 at Pilgrim's Rest	?	To be reviewed - Possibly <u>not owned</u> by the South African Reserve Bank as the fineness was not according to Act 14 of 1891.
Blank ponde issued during the Boer War	No	Unknown - Should be protected by an amended <b>National Heritage Resources Act</b>
Sammy Marks 1898 gold tickey	No	Unknown - Should be protected by an amended <b>National Heritage Resources Act</b>
<b>3. The Union era from 1923 to 1960</b>		
Union of South African silver and bronze coins minted at Pretoria from 1923 to 1960	Yes	<b>South African Reserve Bank</b>
British gold sovereigns minted at Pretoria Branch of Royal Mint from 1923 to 1932	No	<b>Royal Mint and UK Treasury</b>
South African gold sovereigns minted from 1952 to 1960 for collector sets	Yes	<b>South African Reserve Bank</b>
<b>4. The Republic coins from 1961 to present</b>		
Republic gold, silver and brass coins from 1961 to 1964	Yes	<b>South African Reserve Bank</b>
Republic silver, nickel and bronze coins from 1965 to 1990	Yes	<b>South African Reserve Bank</b>
Current coin series	Yes	<b>South African Reserve Bank</b>
*Zuid-Afrikaansche Republiek (ZAR). Also referred to as the Transvaal Republic		
# South African Reserve Bank		

Two South African acts currently make provision for the protection of historic coins. The *National Heritage Resources Act (Act No. 25 of 1999)* regulates the export of numismatic items if it is declared a heritage object by the South African Heritage Resources Agency. Numismatic items currently requiring an export permit are South African items of numismatic interest that have been in South Africa for more than 100 years. An amendment of this Act in relation to numismatic items is proposed in the report. The *Prevention of Counterfeiting of Currency Act (Act No. 16 of 1965)* is the only act that regulates the counterfeiting of historic

*coins. The historic coins still considered as legal tender is considered as “current coin” based on the definition in this act. It is therefore an offence to make counterfeits of these coins.*

*The Heraldry Act, 1962 was scrutinised to investigate if this can provide protection to the Coat of Arms of the Zuid-Afrikaansche Republiek as used on some of the coins. This coat of arms is still registered in the database of the Bureau of Heraldry, but in the name of the old Transvaal Provincial Administration. It may therefore be difficult to enforce the protection provided by the Heraldry Act.*

*The historic coins minted in, or specifically for, South Africa which are considered as heritage items and currently not protected by legislation are the Griqua coins, the blank ponde issued during the Boer War and the Sammy Marks tickkeys. There is also some uncertainty regarding the status of the Burgersponde and Veldponde. It is recommended that legislation be introduced to provide the necessary protection against counterfeiting or the making of unauthorised copies of these historic coins. Consideration should be given to amend the National Heritage Resources Act in relation to numismatic items. Some of the pertinent points are:*

- In its present form the act does not prevent persons from making unauthorised copies of historic coins not protected by Act No. 16 of 1965.*
- In its present form the act is impossible to administer.*
- South Africa’s historic coins have become part of the global numismatic market and only the great rarities should be protected from unauthorised exports. The ZAR coins are plentiful enough to be traded overseas.*
- Section 32 (24) needs very clear definition and cannot be left to personal opinion.*
- If incorrectly applied, this act could kill the market for ZAR coins and seriously affect numismatics in South Africa.*

*To encourage interest in numismatics, it is recommended that the manufacturing or the import of imitation historic coins should not be entirely banned in South Africa. To regulate this industry, the country can adopt legislation (by possibly amending Act No. 25 of 1999) similar to the U.S. Hobby Protection Act of 1973. According to this act the manufacture or the importation or the sale of any imitation numismatic item, which is not plainly and permanently marked “copy”, is unlawful. In the U.K. the Forgery and Counterfeiting Act*



*1981 specifies that it is an offence for a person to make or sell an imitation British coin unless the Treasury has consented in writing to the sale or distribution of such imitation British coins.*

## INTRODUCTION

The importance of numismatics (definition below) to historians and archaeologists is well documented. Coins are historical records and coins are sometimes the only means to provide absolute dates at archaeological excavation sites. As described as early as 1836 by Thomsen: *“What especially distinguishes coins is that, generally speaking, they admit of being fixed and referred to a precise time with much greater accuracy and certainty than any other antiquarian objects”*. Kemmers and Myerberg (2011) describe the debate among European historians in the 1930s regarding trade and cultural contacts between Arabian nations and Europeans during the Carolingian period. This was eventually settled through the use of coin finds and not by written sources alone.

Coins are a reflection of society and the rulers of these societies. As argued by Kemmers and Myerberg (2011): *“The production of coins is in most cases linked to some kind of central authority, while the use of coins involves all levels of society. They are thus an excellent source not only for events and personas of the ‘big history’ preferred within the history discipline, but also for the ‘small histories’ increasingly studied within archaeology – which often give a different picture.”* This statement was made in the context of ancient history and archaeology, but it is argued that this is equally true in modern times. An excellent example in South Africa is the Griqua coinage of the early 1800s when the British Empire dominated the Cape Colony. These coins are recognised as the first coins specifically minted for and used (albeit briefly) by indigenous people in this country. A further interesting case study is the change in South African coinage after the transition to democracy in 1994. Nelson Mandela became a global celebrity and South African coins of this period reflect the shift in political power from an Apartheid government to a democratic dispensation. Similar to Roman coins, it is argued that modern coins are still used as a form of communication reflecting society and their rulers.

In summary, South African historic coinage is considered an important part of the country’s national heritage and should be given the necessary recognition and protection. The South African Reserve Bank and its wholly owned subsidiary, The South African Mint, are best

positioned to provide this protection in conjunction with the South African Heritage Resources Agency. The current rights of the South African Reserve Bank with regards to historic coins are not well understood, however, and a study was conducted by the author. It is argued in the report that modified legislation will be required to provide enhanced protection to historic South African coins.

### **Definition of the term numismatics**

The National Heritage Resources Act of 1999 refers to “*numismatic objects*” in Section 32, but no definition of numismatics is given in the act. The online Oxford dictionary defines numismatics as “*the study or collection of coins, banknotes, and medals*”. This makes no distinction between collecting and study and it appears that people who study coins as well as collectors, who may not conduct any research, are defined as numismatists. The online encyclopaedia, Wikipedia, describes numismatics as: “*Numismatics is the study or collection of currency, including coins, tokens, paper money, and related objects. While numismatists are often characterized as students or collectors of coins, the discipline also includes the broader study of money and other payment media used to resolve debts and the exchange of goods.*” This definition also includes the option of both “study and collection”. Under the heading of “coin collecting”, Wikipedia nevertheless makes the following differentiation: “*Coin collecting can be differentiated from numismatics in that the latter is the systematic study of currency.*” Headley (2015) defines it as: “*A numismatist is a scholar who studies the science of Numismatics. Among coin collectors, the term numismatist is used to mean anybody who is really serious about their coin collecting, or who grades, catalogues, or sells coins for a living.*”

For the purposes of this study, the definition as described in the Encyclopaedic Dictionary of Numismatics (Doty, 1982) is found appropriate and is adopted. This defines numismatics as: “*The study, science, and collecting of coins, medals, paper money, tokens, and related objects, all of which are linked to one another by economic function or physical appearance.*”

### **Scope of the study**

This particular study only investigated the rights of the Reserve Bank with regards to historic South African coins and tokens none of the other items as listed in the definition of

numismatics given above. The large number of banknotes issued by various banks in the pre-Reserve Bank era is therefore not considered in this study.

The forms of payment used by indigenous people in the country prior to the arrival of European settlers in 1652 (see e.g. The South African Mint, 2011) is an interesting numismatic study in its own right, but is considered beyond the scope of the current study.

## **CURRENT LEGISLATION AND THE SOUTH AFRICAN RESERVE BANK**

The South African Reserve Bank has been a private institution since its inception. It is nevertheless accountable to Parliament as Section 32 of Act 90 of 1989 requires it to furnish information on a regular basis to the Department of Finance and Parliament. The *South African Reserve Bank Act (No 90 of 1989)* gave the South African Reserve Bank the sole right to issue coins in the country. As stated in the act:

*“14 (1) The Bank shall have the sole right to issue or cause to be issued banknotes and coins in the Republic: Provided that all coins which at the commencement of the South African Reserve Bank Amendment Act, 1989, were lawfully in circulation and legal tender in the Republic, shall as such remain in circulation until they are withdrawn from circulation in accordance with the provisions of section 19, or are no longer of the current mass prescribed in Schedule 2 in respect of the denomination in question.”*

The Minister of Finance clearly retains the right to prescribe the design, type, denominations and mass of coins as prescribed in Schedule 2 of the act. This right is described in Section 16 (2) and Section 19:

*“16 (2) The Minister may from time to time amend Schedule 2 by notice in the Gazette.”*

*“19 (1) The Minister may from time to time by notice in the Gazette –*

*(a) determine the dimensions of and design for any coin as well as the compilation of any series of coins; and*

*(b) authorises the withdrawal from circulation of-*

*(ii) coins of a specified date or of specified dates of a specified denomination or of specified denominations.”*

Reference is made in the Act with regards to coins issued under other designations that are still in circulation (Section 15 (2)) namely pounds, shillings and pennies. Reference is also made to the Coinage Act (Act 31 of 1922) in Section 18. The South African Reserve Bank Act (No 90 of 1989) was assented to on 1 June 1989. It is concluded from the information above that:

- The South African Reserve Bank obtained the sole right to issue coins after 1 June 1989.
- The historic coins which were deemed legal tender before commencement of Act 90 of 1989, is still deemed to be legal tender.
- The Minister of Finance, and not the South African Reserve Bank, has the right to authorise withdrawal of coins of a specified date or denomination.
- The Minister of Finance, and not the South African Reserve Bank, needs to give final approval for the design, type and mass of the coins.

With regards to the rights to historic coins, the last two bullet points are of significance. In every act prior to 1989 which authorised the minting of coins, the Minister of Finance or the Government retained the right to decide on the type and design of the coins. The examples that can be listed are:

**Muntwet voor de Zuid-Afrikaansche Republiek (No. 14, 1891)**

*“(13) De vorm, de teekening en het opschrift der munten zullen door de Regeering worden bepaald.”*

*“(13) The shape, design and inscription of the coins shall be determined by the Government”*

**Coinage Act (No. 31 of 1922)**

*“2 (1) The Minister of Finance may cause to be made and issued silver and bronze coins of the denominations specified in the Schedule to this Act.”*

*“6 (1) The Governor- General may, by proclamation in the Gazette do all or any of the following things:-*

- (a) Determine the dimensions of and design for any Union coin;”*

**Decimal Coinage Act (No. 61 of 1959)**



*“2 (a) The Minister of Finance may cause to be made and issued gold, silver and bronze coins of the denominations set out in the first column of the table below and the respective values in comparison with the coins issuable in terms of the Coinage Act, 1922 (Act No. 31 of 1922),...”*

#### **South African Mint and Coinage Act (No. 78 of 1964)**

*“11 (1) The Minister may cause to be made and issued gold, silver, nickel and bronze coins of the denominations set out in the First Schedule to this Act.”*

*“20 (1) The State President may, by proclamation in the Gazette, do all or any of the following things:*

*(a) Determine the dimensions of and design for any Republican coin;”*

Based on the historic coinage acts referred to above and Act No. 90 of 1989, it is argued that the rights to all historic and current coins still considered legal tender belong to the South African Government. This is reinforced by the fact that the South African Mint was a public institution until 1989 and the coins were designed by Government employees or contractors paid by Government. It is nevertheless expected that the South African Reserve Bank, who currently has the sole right to issue coins, will exercise the rights of historic coins on behalf of Government. The remainder of the document will simply refer to *“the rights of the South African Reserve Bank”*. This is a similar principle to the United Kingdom where the copyright for designs and images of decimal coins subsists in the Crown. Authority has been delegated by the Crown to the Royal Mint (The Royal Mint website). Although an explicit statement of this delegation of authority regarding the rights of historic legal tender coins from the South African Government to the Reserve Bank and Mint cannot be found, Section 14(1) of Act 90, 1989 is assumed to be an implicit delegation of this authority. This is an important conclusion affecting the rest of the conclusions in this document and should be reviewed by legal experts. If assumed correct, a key question to answer, especially in the case of coins of the old Transvaal Republic, is which coins are still considered legal tender. This is explored in the sections below.

### **MAJOR NUMISMATIC PERIODS IN SOUTH AFRICAN HISTORY**

Four major numismatic periods can be identified in South African history after 1652. It is useful to introduce this classification as the Reserve Bank’s rights for some of these periods

are non-existent while they own the rights to most or all coins in other periods. This classification therefore greatly simplifies the presentation of the information from this study.

The major periods are:

1. The Dutch and Batavian period from 1652 to 1805
2. The pre-Reserve Bank era from 1806 to 1922
3. The Union era from 1923 to 1960
4. The Republic coins from 1961 to present

The second era from 1806 to 1922 is the most complex to investigate with regards to the rights of the Reserve Bank. This period is characterised by the dominance of British coins in South Africa, the Griqua coins, the coins of the old Transvaal Republic (Zuid-Afrikaansche Republiek) and a large variety of tokens issued by private institutions and municipalities. A brief description of each period and the Reserve Bank's right to the various coins is given below.

### **THE DUTCH AND BATAVIAN PERIOD FROM 1652 TO 1805**

A large number of different coins were used at the Cape in the period from 1652 to 1805 (e.g. see Engelbrecht, 1987). These included Spanish pillar dollars, Dutch coins, coins minted for the Dutch East India Company, British coins and coins from India (see Figure 6 for a small sample of these coins). The Reserve Bank has no right with regards to any of these coins and it is not discussed further.

### **THE PRE-RESERVE BANK ERA FROM 1806 TO 1922**

#### **The ZAR coins**

The coins of the Zuid-Afrikaansche Republiek (ZAR) is referred to by different terminology in numismatic literature. The coinage acts of the Union and Republic of South Africa only used the term "*Transvaal coins*" although "*ZAR coins*" and "*Kruger coins*" are commonly used by collectors. These coins are the most popular South African numismatic collectibles and the series generating the strongest demand from overseas collectors. They are therefore the series for which the most forgeries and replicas can be found (except probably for the Krugerrand). As these coins are the only pre-Union coins that are still legal tender in the

country, the rights of the Reserve Bank with respect to these coins need to be carefully examined. A short description of the various coins is included below. As many texts were written regarding these coins (e.g. Engelbrecht, 1987; Esterhuysen, 1976; Levine, 1974), only information relevant to the legal tender status of these coins and the rights of the South African Reserve Bank are given below.

The first coins minted for the ZAR were the Burgersponde in 1874 carrying the effigy of President T.F. Burgers. President Burgers visited Pilgrim's Rest in 1874 and bought gold with the intention to provide the Transvaal Republic with its own coins. The gold was forwarded to Mr J.J. Pratt, the Consul-General for the Transvaal in London. Mr L.C. Wyon, engraver at the Royal Mint, produced the dies as a private commission and was paid £42 for the work. The coins were struck by Messrs Heaton & Sons of the Birmingham Mint (Esterhuysen, 1976). This is important for future reference as **these coins were not struck in Pretoria**. In September 1874, President Burgers presented these coins to the "Volksraad", but they were poorly received. Only after a long debate was it accepted as legal tender. In the laws of the Zuid-Afrikaansche Republic, the resolution of the House of Assembly 22 and 23 September 1874 stated that:

*"Art. 2 De Raad besluit, om de goudstukken voor den Raad gelegd door ZHed. Den Staatspresident en door ZHed. Verklaard voor de nette en zelfde waarde van een Engelsch pond Sterling.*

*2) aan te neem als een wettige tender in deze Republic.*

*Zie Gouvernements Kennisgeving, No. 1644, Staatscourant 4 November 1874, No. 550, blz 599."*

Further minting of ZAR coins only commenced in the early 1890s with Paul Kruger as the new President. Act 14 of 1891 allowed for the minting of the Transvaal coins. The coins were based on the British system and the mass of the coins were similar to the corresponding British coins. Kruger was anxious to bring the new coins into circulation because of an election in the offing. The Pretoria Mint was still under construction and he therefore arranged for the first coins to be struck at the Berlin Mint. According to Becklake (1965), all the 1892 coins were minted in Berlin except for 3483 2/- and 4452 1/- silver coins minted in Pretoria. After these coins were released to the public, errors in the designs were discovered on the gold pond, half-pond and silver crown. The wagon on the shield was a continental wagon with two

shafts and the die-sinker's initials "O.S." appeared on Kruger's bust on the gold coins. This was the Dutch word for "ox" and gave Kruger's opponents in the election a reason to ridicule him. All efforts were made to withdraw these error coins. It is important to note for the discussion below that some of the 1892 coins were minted in Berlin and some in Pretoria. In 1893 minting continued in Pretoria until June 1900 when British forces entered Pretoria (although no minting occurred from 1 January 1900 to 30 September 1899).



**Figure 1.** The double shaft wagon on the left and the corrected single shaft on the right. The coin on the left was struck in Berlin and not Pretoria.

Article 15 of Act 14 of 1891 allowed for the minting of the 1892 coins in Berlin. This states:

*“15. De Regeering mag onderhandelen en onder nadere goedkeuring van den Eersten Volksraad overeenkomsten sluiten met het Gouvernement van een Vreemden Staat of Kolonie over het in zulken Staat of zulke Kolonie als wettig betaalmiddel aannemen van de munten in overeenstemming met deze Wet geslagen en over het in deze Republiek als wettig betaalmiddel aannemen van de munte in zulken Staat of zulke Kolonie geslagen, en mag met het oog daarop, overeenkomen toe te staan, dat gemachtigden van zoodanigen Staat of Kolonie worden aangesteld om tezamen met de beambten in Artikel 14 genoemd, toezicht te houden over de verrichtingen van gezegde Muntinrichting.”*

*“15. The Government may enter into negotiations and conclude, subject to the approval of the First Volksraad, agreements with the Government of any Foreign State or Colony for securing the acceptance as legal tender within such Foreign State or Colony of the coins minted in accordance with this Law, and may declare that coins made in such Foreign State or Colony shall be legal tender within this Republic, and with a view thereto may allow*



*Commissioners of such State or Colony to be appointed to supervise the operations of the said Mint jointly with the officials mentioned in Article 14.”*

The final coin of the ZAR was the crude gold Veldpond “siege pieces” minted at Pilgrim’s Rest in 1902 by the ZAR Government in the field. These coins were therefore also not struck in Pretoria. They were minted from almost pure gold and did not conform to the fineness as specified in Act 14 of 1891. Other interesting coins belonging to this period are the blank pounds which formed part of the gold evacuated from Pretoria before the British forces entered the capital in June 1900. These are blank gold discs of the correct weight and fineness which already went through part of the coining process. They were issued as coins when the Government in the field exhausted their supplies of properly minted coins.

A popular and rare ZAR gold coin is the so-called Sammy Marks tickey (3 pence). Sammy Marks was an advisor of Kruger and for his assistance was granted free use of the Mint for a day. He requested that the lowest denomination silver coin (3d) be struck in gold. These coins are therefore not legal tender, but probably requires protection (e.g. by an amended National Heritage Resources Act) as they are important artefacts from that era and is a popular coin with counterfeiters.

### **Legal tender status of the ZAR coins**

At first glance, it appears that the rights of the South African Reserve Bank are clear with respect to the ZAR coins. These coins were included as legal tender in Proclamation No. 135, 1911 as well as the Coinage Act No 31 of 1922 and were never demonetised. It is therefore considered as “current coin” with respect to the Prevention of Counterfeiting of Currency Act 16 of 1965 and is therefore afforded the appropriate protection. Close scrutiny reveals a more complex issue, however, and an investigation regarding the status of especially the Burgersponde, the Kruger coins minted in Berlin and the Veldponde is required.

The Kruger coins of the ZAR was authorised by the **Muntwet voor de Zuid-Afrikaansche Republiek (No. 14, 1891)** which stated that:

*“7. De munten door gezegde Muntinrichting geslagen en uitgegeven, zullen gangbaar zijn in de Z.A. Republiek en zullen voor alle doeleindes een wettig betaalmiddel zijn, naamlik:”*

*“11. Geen stuk goud, zilver, koper of brons, of ander metaal zal gemaakt of in omloop gebracht worden als munt, of ruilmiddel tenzij door de Muntinrichting. Het is verder verboden eenige munt, medaille of sieraad in goud, zilver, koper, brons of ander metaal te vervaardigen of in omloop te brengen, dat het aanzien heft van een munt door de Muntinrichting vervaardigd.”*

*“7. The coins manufactured and issued by the said Mint shall be current in the South African Republic and shall be legal tender for all purposes, as follows, viz.:”*

*“11. No piece of gold, silver, copper, or bronze, or other metal shall be made or issued as a coin or taken for money except by the Mint. It is further prohibited to make or issue any coin, medal, or ornament in gold, silver, copper, bronze or other metal, which looks similar to a coin manufactured by the Mint.”*

Arndt (1939) gives a comprehensive description of the unsuccessful attempts to demonetise Kruger coins after the Boer War. Shortly after Pretoria was occupied by British troops in 1900, a Proclamation in the Transvaal Government Gazette of 7/11/1900 stated that undefaced Transvaal gold and silver coins would be redeemed at face value from a date to be subsequently announced. Ironically, this assurance helped to spread the coins throughout the Transvaal and Orange River Colony (Free State Province). Act 14 of 1891 was not repealed yet and therefore the Kruger coins were in reality the only legal tender in the Transvaal. A Proclamation of the Orange River Colony (No. 3 of 1901) provided some protection for the Kruger coinage. The proclamation stated that any person defacing these coins will be guilty of an offence and furthermore stated:

*“2. Whosoever shall coin or make any coin or token resembling any of the gold and silver coin issued by the Mint of the late South African Republic, or any of the King’s current coin, in such a way that the coin or token might pass for coins issued by the said Mint of the late South African Republic, or for the King’s current coins, or whosoever shall utter, put off, tender or circulate any such counterfeit coins or such tokens, shall be liable at the discretion of the Court to be imprisoned for a term not exceeding two years with or without hard labour, and all such counterfeit coins or tokens wheresoever found shall be forfeited to the Crown.”*

The Kruger coins nevertheless became a nuisance in the Cape and Natal as it was not legal tender in these colonies. Lord Milner was keen to demonetise the coins and suggested to the Colonial Office on 15 June 1903 that the coins be withdrawn and shipped to England. He suggested the British Government should bear the cost in view of the profit they will make from the British coin minted to replace the Kruger coins. The British Treasury did not want to incur the expense, but supported the demonetisation provided the Transvaal carries some of the cost.

**Transvaal Ordinance No. 33 of 1903** modified the concession of the National Bank of South Africa. As a result, the bank was not allowed to manufacture coins anymore. The ordinance stated:

*“(4) All clauses of the said Concession as also the provisions of the said Volksraad resolution of the 15<sup>th</sup> June 1899 shall subject to the provisions of paragraphs 1 2 and 3 of these presents remain of full force and effect provided however that the Bank shall not have the right to coin or issue British Sterling from the Mint referred to in said Concession.”*

To resolve the problem of Transvaal coin being the only legal tender in the Transvaal, a Royal Proclamation on 16 February 1906 declared that the British Coinage Act of 1870, with some modification, were to come in force upon publication by the Governor of the Transvaal. As a result, from 1 May 1906, Transvaal coins continued to be current and British coins also became legal tender (Arndt, 1928). The Transvaal coins were, however, still not legal tender in the Cape and Natal and practical problems persisted as a result. The cost of withdrawing the coins became an unsurmountable hurdle for the next 7 years in spite of several proposals to share this cost between the British Government, The Royal Mint and the Transvaal. In the end, events overtook the drive for demonetisation after the colonies were united as the Union of South Africa in 1910.

The South Africa Act of 1909, which led to the formation of the Union of South Africa, made no mention of currency or banking matters. The issue of the Transvaal coins was finally resolved by a Royal Proclamation on 23 January 1911 by King George V. This was published in the Union Gazette on 9 May 1911 by the Governor-General Gladstone and signed by the Minister of Justice, J.B.M. Hertzog. As stated in this **Proclamation No. 135, 1911**:

*“Section four. – A tender of payment of money, if made in coins which are British or Transvaal coins, and have not been called in by any proclamation made in pursuance of this Act, and have not become diminished in weight by wear or otherwise, so as to be of less weight than the current weight, that is to say, in the case of British coins, than the weight (if any) specified as the least current weight in the First Schedule of this Act, and in the case of the Transvaal gold coins than the weight prescribed under article eight of a law of the late South African Republic known as Law No. 14 of 1891, or less than such weight as may be declared by any proclamation made in pursuance of this Act, shall be a legal tender –“*

This proclamation ensured that the Transvaal coins became legal tender throughout South Africa and as Arndt (1939) wrote: *“...and to this day they have not been demonetised.”* In the aftermath of the financial turmoil of the First World War, the South African Reserve Bank, The Pretoria Branch of the Royal Mint and the Rand Refinery was established. With regards to legal tender, the **Coinage Act (No. 31 of 1922)** specified that:

*“3 (1) A tender of payment of money, if made in coins which are Union coins, British coins, or Transvaal coins of current weight, shall be legal tender –“*

The **South African Mint and Coinage Act (No. 78 of 1964)** defined legal tender as:

*“12 (1) A tender of payment of money, if made in coins which are Republican coins or Transvaal coins of current weight, shall be legal tender-“*

The **South African Reserve Bank Act (No 90 of 1989)** makes no mention of Transvaal coins, but it is clear from the following sections that Transvaal coins are retained as legal tender:

*“14 (1) ...Provided that all coins which at the commencement of the South African Reserve Bank Amendment Act, 1989, were lawfully in circulation and legal tender in the Republic, shall as such remain in circulation until they are withdrawn from circulation in accordance with the provisions of section 19, or are no longer of the current mass prescribed in Schedule 2 in respect of the denomination in question.”*



*“17 (2) A tender, including a tender by the Bank itself, of an undefaced and unmutilated coin which is lawfully in circulation in the Republic and of current mass, shall be legal tender of payment of money – “*

In summary, there is no doubt that “Transvaal coins” are still considered legal tender in South Africa. A more difficult question to answer is which types of coins are considered as “Transvaal coins” and this is explored in the next section.

### **Legal definition of “Transvaal coins”**

As prescribed by the **Muntwet voor de Zuid-Afrikaansche Republiek (No. 14, 1891)**, coins struck by the Mint in Pretoria will be considered as legal tender in the Zuid-Afrikaansche Republiek. The act was very specific that the Mint will be based in Pretoria as stated below:

*“1. Er zal eene Muntinrichting opgericht worden te Pretoria”*

*“1. A Mint shall be established at Pretoria”*

Section 15 of the Act nevertheless made provision for the Government to conclude agreements with a Foreign State regarding the acceptance of coins struck in such a State as legal tender in the ZAR.

Regarding the definition of Transvaal coins, **Proclamation No. 135, 1911** stated:

*“For the purpose of this Act the expression “British coins” means any coins which have been issued by the Mint in accordance with the provisions of this Act, and the expression “Transvaal coins” means any coins which were coined in the Mint established at Pretoria by the Government of the late South African Republic in accordance with provisions of the said law of the said Republic.”*

The **Coinage Act (No. 31 of 1922)** defined “Transvaal coins” as:

*“9. In this Act –*

*“Transvaal coins” mean any coins which were coined in the Mint established at Pretoria by the Government of the late South African Republic in accordance with the provisions of Law*

*No. 14 of 1891 of that Republic, and which have not been called in, in pursuance of that law or this Act;”*

The **South African Mint and Coinage Act (No. 78 of 1964)** included a definition of Transvaal coins:

*1. (vii) “Transvaal coins” means any coins which were coined in the mint established at Pretoria by the Government of the late South African Republic in accordance with the provisions of Law No. 14 of 1891 of that Republic, and which has not been called in in pursuance of that law or of the Coinage Act, 1922 (Act No. 31 of 1922) or of this Act;*

The ZAR coins that require special consideration are the **Burgersponde**, the **Veldponde**, the **blank ponde**, the 1898 **Sammy Marks gold tickeys** and the **1892 Kruger coins minted in Berlin**. All serious numismatists will immediately recognise these coins as part of the ZAR series and they are collected as such. According to the definitions in the acts given above, some of these coins may nevertheless be excluded from the definition of “Transvaal coins” as they were not struck in Pretoria.

If the definitions are strictly applied, it excludes the Burgersponde minted in England as legal tender coins. The rights of the Reserve Bank with respect to these coins are therefore in doubt and a legal review is required. It is the opinion of the author that the Burgersponde **are legal tender** and the rights belong to the Reserve Bank because ZAR Government Notice No. 1644 of 4 November 1874, which declared them legal tender, was never revoked. Section 15, Act 14 of 1891 furthermore allowed the ZAR Government to approve coins minted at other mints as legal tender.

Regarding the Veldponde, it was not minted in Pretoria and a further factor causing it to be disqualified is that they were minted from almost pure gold and therefore not according to the fineness specified in Act No. 14 of 1891. It is therefore the opinion of the author that they **are not legal tender**. There is nevertheless a historic precedent where the police investigated a person involved in the forgery of Veldponde after the Boer War. As described by Wilson (2002), one of the best known Veldpond forgeries is the “High A” counterfeit. This was produced in a shop in Rissik Street, Johannesburg, during 1903 by an immigrant, Mr Meister. The police raided his shop and although they could not find the dies, he was apparently deported by Lord Kitchener for his illegal activities. Some value was clearly attached to the

Veldponde by the authorities, but it is not clear if this was because they fetched high prices as war souvenirs or were considered legal tender.

The Sammy Marks tickkeys were never legal tender and are therefore disqualified by Act No. 90 of 1989. The South African Reserve Bank has no rights with regards to these coins.

The coinage process of the blank ponde was never completed and they are disqualified on the basis that they were never properly “coined”. The South African Reserve Bank has no rights with regards to these coins.

The Kruger coins minted in Berlin in 1892 before the Pretoria Mint became operational are also problematic. All the 1892 Double Shaft Kruger coins, most of the 1892 silver coins and all the 1892 Pennies were minted in Berlin. The only 1892 coins minted in Pretoria were 2/- pieces (3483 in Pretoria and 2037 in Berlin) and 1/- pieces (4452 in Pretoria and 2030 in Berlin). As it would be difficult to identify where the 1892 2/- and 1/- coins were minted, it is the opinion of the author that that all these coins can be considered current legal tender. To support this argument, all these coins were considered legal tender in the ZAR irrespective of where they were minted. If it is assumed that some of the Berlin coins are legal tender, the other 1892 coins cannot rightfully be excluded. The rights of all Kruger coins minted from 1892 to 1900 therefore belong to the Reserve Bank.

In summary, it is concluded that the Reserve Bank cannot claim rights to the **blank ponde** and the 1898 **Sammy Marks gold tickkeys** and the Prevention of Counterfeiting of Currency Act (No. 16 of 1965) may not provide protection to these coins. The **Burgersponde** and **Veldponde** are problematic and a review by legal experts are required to confirm whether the Reserve Bank has any rights with regards to these coins.

### **The British Coins**

The **Coinage Act (No. 31 of 1922)** specified that:

*“3 (1) A tender of payment of money, if made in coins which are Union coins, British coins, or Transvaal coins of current weight, shall be legal tender –“*

The British coins minted in London therefore remained legal tender in South Africa after 1922. An abnormal currency situation arose when Britain abandoned the gold standard in September 1931 and South Africa only followed suit on 28 December 1932. To counter the dumping of British silver in South Africa, an Exchange Dumping Duty of 20% on all British silver in excess of 40s per person imported into South Africa was imposed (Arndt, 1939). The smuggling of British silver into South Africa nevertheless continued and this led the Government to demonetise British silver. A Royal Proclamation, the Union of South Africa (Coinage) Proclamation dated 10 November 1932, was issued followed by a South African Proclamation on 18 November 1932. Thereby British silver coin ceased to be legal tender in South Africa after 14 January 1933. Although South Africa was already off the gold standard by then, the Government persisted and the bulk of British coins were withdrawn by the end of 1933.

The South African Reserve Bank therefore has no rights with respect to British silver coins from 1806 to 1932 as they were demonetised in 1932. These coins are disqualified by Section 14(1) in Act 90 of 1989: *“Provided that all coins which at the commencement of the South African Reserve Bank Amendment Act, 1989, were lawfully in circulation and legal tender in the Republic, shall as such remain in circulation until they are withdrawn from circulation...”*

Copyright for designs and images of United Kingdom decimal coins subsists in the Crown. Authority has been delegated by the Crown to the Royal Mint. The Royal Mint is responsible for authorising the use of coinage design and the reproduction of images of UK coins.

The gold sovereigns and half-sovereign minted at the Pretoria Branch of the Royal Mint from 1923 to 1932 requires further investigation and is described later in the report.

### **The Griqua coins**

These coins are of numismatic significance to South Africa as it is the first coins specifically minted for South Africa and used by indigenous people. It is also the first, and probably the only, Christian missionary coinage in history.

The Griqua people originated from a mixture of European, slave and Khoikhoi people. They left the Cape and began to lead a nomadic existence south of the Orange River. Eventually



they settled at Klaarwater, close to the present Kimberley. The Reverend John Campbell of the London Missionary Society visited the Griquas in 1813. The cultural heritage they brought with them from the Cape impressed Campbell and he attempted to elevate their standard of living. He convened a meeting and it was agreed that they should be called Griquas and the place be called Griqua-town instead of Klaarwater. As they had no circulating medium amongst them to use for purchases, they requested that the Missionary Society should mint silver pieces for them in England.

Back in England, Campbell made arrangements for the manufacture of the requested coinage. It appears he acted on his own initiative as no correspondence regarding this could be found in the archives of the London Missionary Society (Mitchell, 1978). Thomas Halliday was the die-sinker and four denominations were struck. It was a 10 and 5 pence in silver and a half-penny and farthing in bronze. The obverse consisted of the emblem of the London Missionary Society, which was a dove with an olive twig in its beak. The first batch of coinage was sent to Griqua-town in 1815 and a second consignment in 1816.

There is uncertainty regarding the period of circulation amongst the Griquas in numismatic circles. Mitchell (1978) wrote: *“They had no real use for money and it seems doubtful if the coins ever circulated.”* In contrast, Engelbrecht (1987) stated that the coins were in circulation for about two years. According to Halliday, most of the coins were later returned to England and melted down. Wilson (2005) produced an excellent article on these coins and indicated that these coins must have circulated as coins in uncirculated condition are almost impossible to find.

The Griqua coins were never declared legal tender by the Cape or Union Governments and may possibly even be considered as token coins (which were deemed illegal after Act 31 of 1922 was assented to – see the section on token coins below). As the Griqua coins were not legal tender when Act 90 of 1989 was introduced, the South African Reserve Bank has no rights with regards to these coins.

## **Tokens**

By the late 1860s there was a serious shortage of change in South Africa. A number of private institutions, and even some municipalities, resorted to issuing their own token coin to give as

change during transactions. It was to the benefit of these issuing firms as the tokens were intended to be used only at the particular firm. In many cases, the shortage of change, however, resulted in the tokens being accepted by the community and a wider circulation resulted. A well-known example in South Africa was the tokens of Strachan & Co which were accepted as payment in southern Natal and Griqualand East from 1874 until 1932 (Engelbrecht, 1987).

The Coinage Act, No. 31 of 1922 explicitly stated that no token shall be issued as coin and made the use of tokens as money illegal. As stated in Section 4 of the Act:

*“4. No piece of gold, silver, copper or of any metal or mixed metal, of any value whatever shall be made or issued as a coin or as a token for money, except by the Pretoria Mint or to the order of the Government of the Union.”*

None of the tokens were ever declared as legal tender by Government, they were issued by private institutions and Act 31 of 1922 clearly stated that they may not be issued as money. The South African Reserve Bank therefore has no rights with regards to these tokens.

### **THE UNION ERA FROM 1921 TO 1960**

The silver and bronze coins issued by the Mint in Pretoria from 1923 are still legal tender and the South African Reserve Bank therefore owns the right to these coins. Furthermore, although the Pretoria Mint was a Branch of the Royal Mint until April 1941, the silver and bronze coins were not deemed to be issued by the Mint in London. This is stated in section 7 of the Royal Proclamation of 14 December 1922:

*“7. Nothing in this Proclamation shall be taken to prevent the coining at the Pretoria Branch Mint of any coins of whatever metal which the Minister of Finance of the Union has power under or by virtue of any Act of the Union for the time being in force to be caused to be made and issued for circulation in the Union, or of any other coins of whatever metal which the Governor-General in Council may from time to time authorise to be coined at the Pretoria Branch Mint:*

*Provided that –*

*(a) Coins, other than sterling gold coins, coined at the Pretoria Branch Mint shall **not**, for the purposes of the Coinage Act, 1870, or for the purposes of any Order in Council or Proclamation relating to the coinage of any part of Our Dominions, be deemed to be coins made at, or issued from, the Mint, or to be coins coined under the direction of the Master of the Mint;*

Furthermore, Act 31 of 1922 Section 6(1) stated that the Governor-General may by proclamation determine the dimensions and design for any Union coin. The rights of the early Union silver and bronze coins clearly belong to the South African Government and therefore to the Reserve Bank as described above. For completeness, it must nevertheless be added that the Royal Mint retained some oversight with regards to these silver and bronze coins as stated in Section 7 (b) of the 1922 Royal Proclamation:

*“The coining of such other coins shall be carried out subject to and in accordance with such regulations and conditions as may be made and imposed by the Master of the Mint.”*

The gold sovereigns and half-sovereigns minted at the Pretoria Branch of the Royal Mint require further investigation, however. These coins were minted from 1923 to 1932 and were identical (except for a small “SA” mint mark) to the sovereigns minted at the London Mint or other mints in the British Commonwealth. The Royal Mint supplied the dies and the United Kingdom owns the rights to these coins. It is also a protected coin for the purposes of the Forgery and Counterfeiting Act 1981 of the UK. The Pretoria Mint Proclamation of 14 December 1922 authorised the Pretoria Branch Mint in terms of the British Coinage Act 1870 (Arndt, 1939). According to this, “sterling gold coins” identical to the gold coins minted at the London Mint could also be minted in Pretoria and would be deemed to have been issued by the London Mint. Nothing was to prevent the Minister of Finance of South Africa from having coins of any metal struck at the Pretoria Mint, but only sterling gold coins would have been deemed to be issued by the London Mint. The wording of the relevant sections in the Royal Proclamation of 14 December 1922 is:

*“2. Gold coins of the same denominations, designs, weights and fineness as gold coins coined at the Mint may be coined at the Pretoria Branch Mint, and any coins so coined (in this Proclamation referred to as “sterling gold coins”) shall be subject to the allowance of the same remedy as gold coins coined at the Mint*

3. *The Master of the Mint shall prepare and transmit such dies as may be required for the sterling gold coins to be coined at the Pretoria Branch Mint.*
4. *The sterling gold coins coined in pursuance of this Proclamation at the Pretoria Branch Mint shall be deemed to have been issued from the Mint, and shall be current and legal tender in like manner and to like extent as if they had been coined and issued in England.”*

## **THE REPUBLIC COINS FROM 1961 TO PRESENT**

All coins issued by the Mint in Pretoria after 1961 are still legal tender and the South African Reserve Bank owns the right to these coins.

## **LEGISLATION PROTECTING HISTORIC AND CURRENT COINAGE**

### **South African legislation**

Two South African Acts are considered of relevance to protect South African historic coinage.

The *National Heritage Resources Act (No. 25 of 1999)* refers to numismatic objects in Section 32 (1) (d). It regulates the export of these items if it is declared a heritage object by SAHRA (South African Heritage Resources Agency). Regarding this Act, a declaration of types of heritage objects appeared in the Government Gazette (No. 1512, 6 December 1999). A permit is required in terms of the said Act for export from the country. In terms of numismatic items requiring this permit it was defined in the declaration as:

*“South African items of numismatic (medals and coins) and philatelic (stamps and cancellations) interest that have been in South Africa for more than 100 years.”*

With the last coin of the ZAR minted in 1902 and therefore more than 100 years ago, it clearly implies that no coins from the ZAR may be exported from the country without a permit from SAHRA. Section 32 (24) nevertheless make it clear that:



*“In considering an application to export any object of a type listed in Part (1) of the register of heritage objects permanently, an expert examiner and SAHRA must consider whether the object –*

- a) is of an outstanding significance by reason of its close association with South African history or culture, its aesthetic qualities, or its value in the study of the arts or sciences; and*
- b) is of such a degree of national importance that its loss to South Africa would significantly diminish the national heritage,*

*and if satisfied that the object fulfils both these criteria, may not recommend the issue of a permit, or issue a permit, as the case may be, to export the object permanently.”*

Based on these criteria, very few ZAR coins will meet both criteria, however, and an export permit will probably be readily issued for most coins. In contrast, an example of a ZAR coin that should have never been exported is the “Single 9” overstamped 1898/99 coin. This coin is unique and an important numismatic heritage item for South Africa as it symbolises the reopening of the first Pretoria Mint during the Boer war. It was presented to the American Consulate with supporting documentation as proof of this war-time opening of the Mint. This coin was reportedly sold to an overseas collector and its current whereabouts is unknown.

Although the National Heritage Resources Act protects historic coins from export, it does not make any statements regarding the making of any replicas or forgeries. Consideration should also be given to amend the act in relation to numismatic items. Some of the pertinent points are:

- In its present form the act does not prevent persons from making unauthorised copies of historic coins not protected by Act No. 16 of 1965.
- In its present form the act is impossible to administer.
- South Africa’s historic coins have become part of the global numismatic market and only the great rarities should be protected from unauthorised exports. The ZAR coins are plentiful enough to be traded overseas.
- Section 32 (24) needs very clear definition and cannot be left to personal opinion.
- If incorrectly applied, this act could kill the market for ZAR coins and seriously affect numismatics in South Africa.



**Figure 2.** The rare “single 9” over stamped 1998 ZAR coin. This coin was apparently sold to an overseas collector and its current whereabouts is not known (photograph NGC website)

The *Prevention of Counterfeiting of Currency Act (No. 16 of 1965)* is important in relation to this study as it is the only act that may provide for the prevention of the counterfeiting of historic coins. In the definitions of the Act, the following are included:

*“1 (ii) “counterfeit coin” means any coin, other than current coin, resembling or apparently intended to resemble or pass for current coin, and includes current coin prepared or altered so as to resemble or pass for coin of a higher denomination;*

*(iii) “current coin” means any coin the issue and circulation of which, in any State or territory, as money have been authorised by law;”*

Based on these definitions, most of the coins ZAR, which have been authorised by law, are considered current coin. According to the Act, any person who counterfeits these coins or imports it into South Africa shall be guilty of an offence. Examples of counterfeit ZAR coins, and especially Krugerrands (see Figure 3), are occasionally offered for sale on local and international auction and internet sites.



**Figure 3.** High quality forgeries of Krugerrands. The encription below the Springbok (top photographs) is different compared to a genuine coin, but the quality is still good enough to deceive the average person. The coins at the bottom are made from gold plated tungsten and may even deceive experts as the weight and dimensions are similar to an actual Krugerrand.

### **Protection in terms of the Heraldry Act, 1962**

The Heraldry Act (Act No. 18 of 1962) was scrutinised to investigate if this act may provide protection to the Coat of Arms used on some of the historic Transvaal coins. A resolution of the ZAR Volksraad of 18 February 1858 approved a coat of arms with a simple description (Bot, 1965):

*“Op een zilveren veld zal een Wagen en een Gouden Anker staan, en op dat Wapen een Arend rusten. Op de regterzijde van dat Wapen een Man in ‘s lands kleederdragt, gewapend met een Geweer en toebehoorden. Aan de linkerzijde een Leeuw.”*

This description was incomplete and variations of the coat of arms was therefore inevitable during the course of years as can be seen on earlier and later Government Gazettes. Anton van Wouw produced a sketch of the coat of arms for submission to the Volksraad in the mid-

1890s. This was never approved, however, and this painting of Van Wouw was lost. After the Union of South Africa was constituted, a Royal Proclamation in 1911 granted a British coat of arms to the respective Provinces. In 1951, the Transvaal Provincial Council passed a motion to request the British King to reinstate the coat of arms of the late Transvaal Republic as the coat of arms of the Transvaal Province. The Queen eventually recalled the Royal Proclamation of 1911 in 1954. The Transvaal Province subsequently approached the College of Arms in London to have the coat of arms of 1899 registered as their official coat of arms. This registration finally occurred in 1957.

The database of the Bureau of Heraldry was searched and the Arms of the Transvaal Provincial Administration is still registered (Reference 3 in the database). The remarks under this entry states:

*“(1) Based on the arms adopted by the South African Republic (Transvaal) by Volksraad Resolution on 1858-02-18.*

*(2) Arms as they existed in 1899 recorded in July by the College of Arms.*

*(3) Registered in terms of Section 5(a) of the Heraldry Act, 1962. Certificate issued: 1966-03-01 (Afrikaans).”*

Section 5(a) of the act is mentioned above and is given below for information:

*“5. Register of heraldic representations, names, special names and uniforms.-A register shall be kept in the bureau in which the bureau shall on application and in the manner determined by the state herald after consultation with the council enter the particulars which he determines in respect of-*

*(a) the coat of arms of the Republic, the national flag of the Republic, the coats of arms of the provinces and any other heraldic representation instituted, constituted or created by any law, and any amendment thereof effected by any law;”*

The Transvaal Province ceased to exist after the establishment of a democratic South Africa in 1994 and it is interesting that this registration was maintained. The Heraldry Act (Act No. 18 of 1962) makes provision for deletions as stated below:

*“7 (4) The state herald may, subject to the provisions of section 19 and with the consent of the committee, delete any heraldic representation, name, special name or uniform if he is satisfied that the official or municipal authority, association or institution in whose name it has been registered no longer exists.”*

For the purposes of this study, the registration is still intact and the protection provided by the Heraldry Act is still in force. The Act specially states:

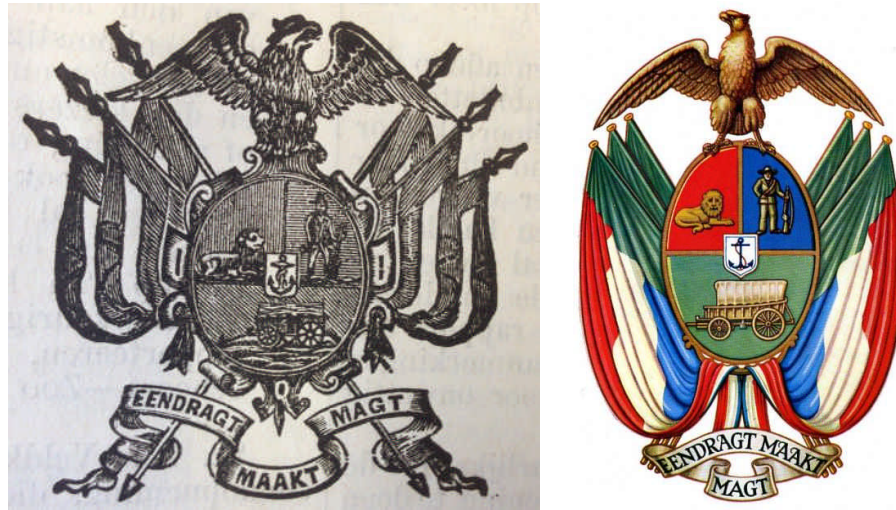
*“Any person who-*

*(a) without the written permission of the official or municipal authority in whose name any official or municipal heraldic representation has been registered, or without any other lawful reason, sells, barter or uses for gain or trades in such heraldic representation or any material part thereof or any replica or reproduction thereof or any imitation thereof which might reasonably be confused therewith; or*

*(b) uses a registered name, special name or an abbreviation thereof or a uniform in such a manner that it could reasonably be inferred that he is the owner or lawful user thereof or that he is a member of an association or institution, while in fact he is not such owner, user or member, shall be guilty of an offence and liable on conviction to a fine not exceeding one thousand rand.”*

This can be made applicable to replica coins as *“trades in such heraldic representation or any material part thereof or any replica or reproduction thereof”* will include replica coins. It might not be easy to enforce this, however, as the registration was awarded to the Transvaal Provincial Administration which does not exist anymore. It will have to be proved that these rights were transferred to current Government institutions.





**Figure 4.** The coat of arms of the ZAR on the left as it appeared on the Government Gazettes of 1891. The rendition on the right was the coat of arms of the later Transvaal Province after 1957. Note that the head of the eagle was turned to the left to make it heraldically correct.

### **Examples of legislation from other countries**

Compared to South Africa, current legislation in the U.S. provides better protection to historic coins. Two areas of U.S. law deal with counterfeit coins. Title 18, Part I, Chapter 25 (Counterfeiting and Forgery) of the U.S. Code, Sections 485, 489, and 492 deal with counterfeits of U.S. and world coins. The Hobby Protection Act of 1973 (Title 15, Chapter 48, Sections 2101 through 2106 of the U.S. Code, plus 1988 amendments) deals with counterfeits of historic and ancient coins.

Regarding Title 18, U.S. Code § 489:

*“Whoever, within the United States, makes or brings therein from any foreign country, or possesses with intent to sell, give away, or in any other manner uses the same, except under authority of the Secretary of the Treasury or other proper officer of the United States, any token, disk, or device in the likeness or similitude as to design, color, or the inscription thereon of any of the coins of the United States or of any foreign country issued as money, either under the authority of the United States or under the authority of any foreign government shall be fined under this title.”*

On 19 December 2014, the United States of America introduced new legislation to fight counterfeit coins. It is entitled the Collectible Coin Protection Act (H.R.2754). As the biggest

collectible coin market in the world, the US collectors are exposed to a large number of counterfeit coins manufactured in the East and appropriate legislation was required to counter this problem. The new law enhances the provisions of the Hobby Protection Act of 1973 which made it illegal to manufacture or import into the United States any imitation numismatic item that was not plainly and permanently marked "copy." The exact wording in The Hobby Protection Act (Title 15, Chapter 48, Section 2101) is:

*“(b) Coins and other numismatic items*

*The manufacture in the United States, or the importation into the United States, for introduction into or distribution in commerce, or the sale in commerce of any imitation numismatic item which is not plainly and permanently marked “copy”, is unlawful and is an unfair or deceptive act or practice in commerce under the Federal Trade Commission Act.”*

The new legislation adds a provision to the Hobby Protection Act by allowing prosecution of any person who provides substantial assistance or support to any manufacturer, importer, or seller knowingly engaging in any act or practice that violates the Act. Further stipulations outline that all steps in the counterfeiting process can be prosecuted — from manufacturing to shipping and sales. All parties may be held accountable no matter their location of business.

In the UK, the Forgery and Counterfeiting Act 1981, provides some protection to selected historic coins. Some of the sections of interest are:

*“14 Offences of counterfeiting notes and coins.*

*(1) It is an offence for a person to make a counterfeit of a currency note or of a protected coin, intending that he or another shall pass or tender it as genuine.*

*(2) It is an offence for a person to make a counterfeit of a currency note or of a protected coin without lawful authority or excuse.”*

*“19 Offences of making etc. imitation British coins.*

*(1) It is an offence for a person—*

*(a) to make an imitation British coin in connection with a scheme intended to promote the sale of any product or the making of contracts for the supply of any service; or*

*(b) to sell or distribute imitation British coins in connection with any such scheme, or to have imitation British coins in his custody or under his control with a view to such sale or distribution,*

*unless the Treasury have previously consented in writing to the sale or distribution of such imitation British coins in connection with that scheme.*

*(2) In this section—*

*“British coin” means any coin which is legal tender in any part of the United Kingdom; and “imitation British coin” means anything which resembles a British coin in shape, size and the substance of which it is made.”*

*“20 Prohibition of importation of counterfeit notes and coins.*

*The importation, landing or unloading of a counterfeit of a currency note or of a protected coin without the consent of the Treasury is hereby prohibited.”*

*“27 Meaning of “currency note” and “protected coin”.*

*“protected coin” means any coin which—*

- (a) is customarily used as money in any country; or*
- (b) is specified in an order made by the Treasury for the purposes of this Part of this Act.”*

The Forgery and Counterfeiting (Protected Coins) Order 1981 listed some protected coins based on the powers conferred on the Treasury by Section 27. The coins listed were:

- Sovereign
- Half-sovereign
- Krugerrand
- Any coin denominated as a fraction of a Krugerrand
- Maria-Theresia thaler bearing the date of 1780

Furthermore, the British Treasury published guidelines intended to assist the public who are considering making coins or tokens for money (HM Treasury, 2004). Any person intending to make imitation British coins in connection with a scheme falling within Section 19 must first obtain the written consent from the Treasury. An application to the Treasury should include, at least, the following information:

- details of the imitation British coin that the person intends to make. This includes which coin the person intends to imitate and what the imitation coins will be made from.
- details of the scheme in connection with which the person propose to sell or distribute those imitation coins. For example, is it for a commercial, promotional, charitable or any other purpose.
- how many imitation coins the person envisage making;
- name and address of the person who will be making the imitation coins and where;
- name and address of the person / persons who will be selling, distributing or having custody of the imitation coins; and
- if relevant, whether Lord Chamberlain's Office and the Royal Mint have granted the person approval to the use of the Royal effigy and copyright of the coin design, respectively.

#### **FINDING A BALANCE BETWEEN REGULATIONS AND STIMULATING NUMISMATIC INTEREST**

Numismatic counterfeits are obviously a problem as they are manufactured to defraud collectors and investors. The manufacturing of counterfeits and import of these coins into South Africa should be curbed as far as possible. It will nevertheless be difficult to eradicate as a large number of these coins are currently being manufactured in the East.

In comparison, coin reproductions, clearly marked as a copy, can serve a useful purpose and it may be used to stimulate interest in numismatics. Numismatic collectors occasionally use coin reproductions as substitutes for missing pieces in their collections as the originals may be expensive or difficult to find. Museums, historians, and teachers can also use legal coin reproductions to assist with history lessons. Replicas of historical coins offer excellent connections to historical periods and specific subjects. Legal coin reproductions have commercial uses for businesses and these can be used as customer gifts, direct marketing and fund raising. Coin replicas can be used as advertising pieces where one side shows a replica of a historic coin or token and the other side presents an advertising message.



**Figure 5.** Example of a replica of the rare single ‘9’ ZAR pond that is clearly marked as a replica (photograph – APMEX website).



**Figure 6.** Examples of the Van Riebeeck historic coins sold some years ago in the Van Riebeeck coffee tins. These copies are clearly marked on one side as a replica. These replicas motivated the author to assemble a collection of the genuine coins illustrating their value to stimulate interest in numismatics.

In summary, coin reproductions which are clearly identifiable as copies can be used to stimulate interest in numismatics and it is also a useful aid to teach history. To regulate these copies, it is recommended that South Africa adopts legislation similar to the U.S. Hobby Protection Act of 1973. According to this act, the manufacture or the importation or the sale of any imitation numismatic item, which is not plainly and permanently marked “copy”, is unlawful. In the U.K. the Forgery and Counterfeiting Act 1981 specifies that it is an offence for a person to make or sell an imitation British coin unless the Treasury has consented in writing to the sale or distribution of such imitation British coins. A similar approach can also be adopted in South Africa.



## CONCLUSIONS

South Africa's historic coinage is considered an important part of the country's national heritage and it should be given the necessary recognition and protection. The South African Reserve Bank has the sole right to issue coins in the country and it is therefore empowered to provide the necessary protection to legal tender coins. The current rights of the South African Reserve Bank with regards to historic coins are not well understood, however. Of particular interest is which of the historic coins are still considered legal tender and a study was conducted by the author. The legal tender status of most of the historic coins seems to be clear, but it is recommended that a further review of the material be conducted by legal experts. The legal tender status of particularly the Burgersponde and the Veldponde requires further study.

The South African Reserve Bank Act (No 90 of 1989) gave the South African Reserve Bank the sole right to issue coins in the country. The Minister of Finance nevertheless retains the right to prescribe the design, type, denominations and mass of coins. Based on Act No. 90 of 1989, as well as historic coinage acts where the Minister or State President had these rights, it is argued that the rights to all historic and current coins **still considered legal tender** belong to the South African Government. It is expected that the South African Reserve Bank will exercise these rights on behalf of the Government and these rights can therefore be considered to indirectly belong to the Reserve Bank. This is a similar principle to the United Kingdom where the copyright for designs and images of decimal coins subsists in the Crown. Authority has been delegated by the Crown to the Royal Mint. Although an explicit statement of this delegation of authority regarding the rights of historic legal tender coins from the South African Government to the Reserve Bank cannot be found, Section 14(1) of Act 90, 1989 is assumed to be an implicit delegation of this authority.

The historic "Transvaal coins" are still legal tender. Proclamation No. 135 of 1911, Act 31 of 1922 and Act 78 of 1964, defined legal tender "Transvaal coins" as those coins specifically minted in the Pretoria Mint of the late Transvaal Republic. If these definitions are strictly applied, it excludes the Burgersponde minted in England and the Veldponde minted at Pilgrim's Rest as legal tender coins. The rights of the Reserve Bank with respect to these coins are therefore in doubt and a further review is required. It is the opinion of the author that

the Burgersponde **are legal tender** and the rights belong to the Reserve Bank as ZAR Government Notice No. 1644 of 4 November 1874, which declared them legal tender, was never revoked. Article 15 of Act 14 of 1891 furthermore allowed the ZAR Government to approve coins minted at other mints as legal tender. The Veldponde was minted from almost pure gold during the Boer War and as they do not meet the fineness as stipulated in Act 14 of 1891, it is the opinion of the author that they **are not legal tender**. There is nevertheless a historic precedent in 1903 where the police investigated a person involved in the forgery of Veldponde after the Boer War, implying it was considered of significant value and perhaps even legal tender.

The Kruger coins minted in Berlin in 1892 before the Pretoria Mint became operational are also problematic based on the definition of Transvaal coins given above. All the 1892 Double Shaft Kruger coins, most of the 1892 silver coins and all the 1892 Pennies were minted in Berlin. The only 1892 coins minted in Pretoria were 2/- pieces (3483 in Pretoria and 2037 in Berlin) and 1/- pieces (4452 in Pretoria and 2030 in Berlin). As it would be difficult to distinguish between the 1892 2/- and 1/- coins minted in Pretoria and Berlin, it is the opinion of the author that that all the 1892 2/- and 1/- coins can be considered current legal tender. To support this argument, all these coins were considered legal tender in the ZAR irrespective of where they were minted and Article 15 of Act 14 of 1892 allowed the ZAR Government to approve coins minted at other mints as legal tender. If it is assumed that some of the Berlin coins are legal tender, the other 1892 coins minted in Berlin cannot be rightfully excluded. The rights of all Kruger coins minted from 1892 to 1900 therefore belong to the Reserve Bank.

All coins minted in South Africa after the formation of the Union of South Africa are legal tender and the South African Reserve Bank owns the rights to these coins. The only exceptions are the British Sovereign and Half-sovereign coins minted at the Pretoria Branch of the Royal Mint from 1923 to 1932. The coins were identical to the sovereigns minted at other mints in the British Commonwealth (except for a small “SA” mint mark). The Royal Mint supplied the dies and the United Kingdom therefore owns the rights to these coins. These sovereigns are protected coins in terms of the Forgery and Counterfeiting Act 1981 of the UK.

The rights of the South African Reserve Bank with regards to the various coins are summarised in the table below.

<b>Summary of the rights of the South African Reserve Bank with regards to historic coins</b>		
<b>Period</b>	<b>SARB# rights</b>	<b>Institution owning the rights</b>
<b><i>1. The Dutch and Batavian period from 1652 to 1805</i></b>		
A large variety of coins used in the Cape Colony from 1652 to 1805	No	Unknown - Every coin type will have to be researched
<b><i>2. The pre-Reserve Bank era from 1806 to 1922</i></b>		
Griqua coins	No	Unknown - Organisations (e.g. The Griqua National Conference) may claim ownership
British gold, silver and bronze coins from 1806 to 1922	No	<b>Royal Mint and UK Treasury</b>
Tokens issued by private institutions and municipalities	No	Unknown - Some private institutions/individuals may claim the rights
Burgersponde	?	To be reviewed - Probably <u>owned</u> by the <b>South African Reserve Bank</b> as ZAR Government Notice No. 1644 of 4 November 1874 was never revoked.
ZAR* 1892 coins minted in Berlin	Yes	<b>South African Reserve Bank</b>
ZAR* gold, silver and bronze coins minted in Pretoria from 1892 to 1900	Yes	<b>South African Reserve Bank</b>
Veldponde minted in 1902 at Pilgrim's Rest	?	To be reviewed - Possibly <u>not owned</u> by the South African Reserve Bank as the fineness was not according to Act 14 of 1891.
Blank ponde issued during the Boer War	No	Unknown - Should be protected by an amended National Heritage Resources Act
Sammy Marks 1898 gold tickey	No	Unknown - Should be protected by an amended National Heritage Resources Act
<b><i>3. The Union era from 1923 to 1960</i></b>		
Union of South African silver and bronze coins minted at Pretoria from 1923 to 1960	Yes	<b>South African Reserve Bank</b>
British gold sovereigns minted at Pretoria Branch of Royal Mint from 1923 to 1932	No	<b>Royal Mint and UK Treasury</b>
South African gold sovereigns minted from 1952 to 1960 for collector sets	Yes	<b>South African Reserve Bank</b>
<b><i>4. The Republic coins from 1961 to present</i></b>		
Republic gold, silver and brass coins from 1961 to 1964	Yes	<b>South African Reserve Bank</b>
Republic silver, nickel and bronze coins from 1965 to 1990	Yes	<b>South African Reserve Bank</b>
Current coin series	Yes	<b>South African Reserve Bank</b>
*Zuid-Afrikaansche Republiek (ZAR). Also referred to as the Transvaal Republic		
# South African Reserve Bank		

Two South African acts currently make provision for the protection of historic coins. The National Heritage Resources Act (Act No. 25 of 1999) regulates the export of numismatic items if it is declared a heritage object by the South African Heritage Resources Agency. Numismatic items currently requiring an export permit are South African items of numismatic interest that have been in South Africa for more than 100 years. An amendment of this Act in relation to numismatic items is proposed in the report. The Prevention of Counterfeiting of Currency Act (Act No. 16 of 1965) is the only act that regulates the counterfeiting of historic coins. The historic coins still considered as legal tender is considered as “current coin” based on the definition in this act. It is therefore an offence to make counterfeits of these coins.

The Heraldry Act, 1962 was scrutinised to investigate if this can provide protection to the Coat of Arms of the Zuid-Afrikaansche Republiek as used on some of the coins. This coat of arms is still registered in the database of the Bureau of Heraldry, but in the name of the old

Transvaal Provincial Administration. It may therefore be difficult to enforce the protection provided by the Heraldry Act.

The historic coins minted in, or specifically for, South Africa which are considered as heritage items and currently not protected by legislation are the Griqua coins, the blank ponde issued during the Boer War and the Sammy Marks tickeys. There is also some uncertainty regarding the status of the Burgersponde and Veldponde. It is recommended that legislation be introduced to provide the necessary protection against counterfeiting or the making of unauthorised copies of these historic coins. Consideration should be given to amend the National Heritage Resources Act in relation to numismatic items. Some of the pertinent points are:

- In its present form the act does not prevent persons from making unauthorised copies of historic coins not protected by Act No. 16 of 1965.
- In its present form the act is impossible to administer.
- South Africa's historic coins have become part of the global numismatic market and only the great rarities should be protected from unauthorised exports. The ZAR coins are plentiful enough to be traded overseas.
- Section 32 (24) needs very clear definition and cannot be left to personal opinion.
- If incorrectly applied, this act could kill the market for ZAR coins and seriously affect numismatics in South Africa.

To encourage interest in numismatics, it is recommended that the manufacturing or the import of imitation historic coins should not be entirely banned in South Africa. To regulate this industry, the country can adopt legislation (by possibly amending Act No. 25 of 1999) similar to the U.S. Hobby Protection Act of 1973. According to this act the manufacture or the importation or the sale of any imitation numismatic item, which is not plainly and permanently marked "copy", is unlawful. In the U.K. the Forgery and Counterfeiting Act 1981 specifies that it is an offence for a person to make or sell an imitation British coin unless the Treasury has consented in writing to the sale or distribution of such imitation British coins.

## **ACKNOWLEDGEMENTS**

The author wish to acknowledge the assistance given by Mr Peter Wilson of the National Numismatic Society who kindly agreed to review the document. He added significant value and provided an improved understanding of the legal tender status of the Burgersponde, Veldponde and 1892 Kruger coins.

## **REFERENCES**

### **ACTS AND PROCLAMATIONS**

The Coinage Act, 1870 (United Kingdom)  
Wet No. 14, 1891, Muntwet voor de Zuid-Afrikaansche Republiek  
Proclamation No. 3 of 1901, Orange River Colony.  
Transvaal Ordinance No. 33 of 1903  
South Africa Act, 1909.  
Proclamation No. 135, 1911  
Act No. 45 of 1919, Pretoria Mint Act  
Act No. 31 of 1920, Currency and Banking Act, 1920  
Act No. 31 of 1922, Coinage Act, 1922  
Royal Proclamation, 14 December 1922  
Royal Proclamation, 10 November 1932  
Act No. 16 of 1941, South African Mint Act, 1941  
Act No. 29 of 1944, South African Reserve Bank Act, 1944  
Act No. 61 of 1959, Decimal Coinage Act, 1959  
Act No. 18 of 1962. The Heraldry Act  
Act No. 16 of 1965. Prevention of Counterfeiting of Currency Act  
Act No. 78 of 1965, South African Mint and Coinage Act  
South African Mint and Coinage Further Amendment Act, 1966  
Act No. 90 of 1989, South African Reserve Bank Act, 1989  
Act No. 25 of 1999. National Heritage Resources Act

### **OTHER REFERENCES**

Becklake, J.T., From Real to Rand, Central News Agency, LTD, 1965.  
Bot, A.K., Transvaal Historical Reviews – Government (1836-1910) and Coat of Arms, Transvaal Provincial Administration, 1965.  
Doty, R.G., Encyclopaedic Dictionary of Numismatics, Robert Hale Limited, London, 1982.



- Engelbrecht, C.L., Money in South Africa, Tafelberg Publishers Ltd, Cape Town, 1987.
- Esterhuysen, M., South Africa's First Gold Coin, Research on the Burgers Dies and Burgerspond 1874, National Cultural History and Open-Air Museum, Pretoria, 1976.
- Headley, S., Numismatist, [http://coins.about.com/od/coinsglossary/g/numismatist\\_def.htm](http://coins.about.com/od/coinsglossary/g/numismatist_def.htm), 2015.
- HM Treasury, Guidelines on coinage and banknotes issues, <http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/media/B/6/502D9B6F-BCDC-D4B3-1ACA50E01A806B7E.pdf>
- Kemmers, F. and Myrberg, N., Rethinking numismatics. The archaeology of coins, Archaeological Dialogues, 18 (1) 87-108, Cambridge University Press, 2011.
- Levine, E., The Coinage and Counterfeits of the Zuid-Afrikaansche Republic, Purnell, 1974.
- Mitchell, F.K., The Coinage of Griqua Town – Missionary Coinage of South Africa, Antiques in South Africa, No. 3, pp. 103-105, 1978.
- Oxford dictionary, Definition of numismatics in English, <http://www.oxforddictionaries.com/definition/english/numismatics>.
- The South African Mint, Timeless value, 2011.
- Thomsen, C.J., Ledetraad til Nordisk Oldkyndighet, Copenhagen, 1836.
- Wikipedia, Coin collecting, [http://en.wikipedia.org/wiki/Coin\\_collecting](http://en.wikipedia.org/wiki/Coin_collecting)
- Wikipedia, Numismatics, <http://en.wikipedia.org/wiki/Numismatics>
- Wilson, P., The Veldpond and its notorious “High A” forgery, De Nummis – Journal of the National Numismatic Society of South Africa, Journal Number 5, 2002
- Wilson, P., The Currency and People of Griqua Town, The South African Bank Note Society Review, Vol 2, Issue 4, August 2005.

# Proof Krugerrands and Capital Gains Tax

**D.F. Malan<sup>#</sup>**

*<sup>#</sup>Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria*

*and*

*Member, National Numismatic Society of South Africa*

## **Disclaimer**

This document was compiled for discussion and guidance in the numismatic community only. It is the work of a single author and has not been subjected to a rigorous review process by a tax expert or SARS. The views expressed in the guide may therefore not necessarily coincide with SARS's official position on Krugerrands and collectible coins. In cases of doubt, readers should obtain advice from tax experts or an advance tax ruling from SARS. The author will not be liable to any person for inaccurate information, omissions or opinions contained in this document.

## **INTRODUCTION**

A recent question posed to the author was whether **proof** Krugerrands will attract Capital Gains Tax (CGT) when sold at a profit. The question originates from the perception that collectors' coins seem to be exempt from CGT, whereas this is not the case for bullion Krugerrands. Proof Krugerrands are deemed as "collector coins" and the argument is therefore raised that they should also be exempt from CGT. Proof Krugerrands coins are minted with mirror-like finishes, frosted designs and in limited numbers only to cater for the collectors market. Scrutiny of the CGT law revealed that this is a complex matter, however, and Krugerrand owners and collectors of rare coins should be aware of the possible tax implications. The key reference used in this document is the *SARS Comprehensive Guide to Capital Gains Tax (Issue 5)* compiled by the CGT research team under the guidance of Duncan McAllister of the SARS Legal and Policy Division (McAllister, 2015). This reference is an 861 page document, which already gives an indication of the complexities involved with CGT.

## **CAPITAL VERSUS REVENUE**

The first hurdle with Krugerrand sales is that the proceeds will not necessarily be deemed as capital gains by SARS, but may also be classified as "income". This distinction between income and capital is important because a lower rate of tax will apply in the case of capital gains. Section 2.4.3.2 of McAllister (2015) deals specifically with Krugerrands. This section is quoted directly below:

*“Since Krugerrands by their nature do not provide their holder with an income return, there is an inference in the absence of evidence to the contrary that they have been purchased for resale at a revenue profit. In some cases taxpayers have been able to prove that the proceeds realised on disposal of Krugerrands are of a capital nature. Typically this occurs when the coins are held as part of a collection, or when the taxpayer intends to bequeath them on death (that is, there is no intention to dispose of them at a profit).”*

McAllister (2015) gives the cases that have to date been heard by the courts in South Africa and these are given in Table 1 below:

**Table 1.** Court cases related to the disposal of Krugerrands (after McAllister, 2015).

Case	Court's finding – capital or revenue	Period held	Intention in acquiring	Reason for selling
ITC 1355 <sup>106</sup>	Capital	4 to 5 years	Bought as an investment to assist during bad times.	To assist family members (ill father, bedridden sister and provide dowry for sister).
ITC 1379 <sup>107</sup>	Capital	1 to 13 years	Bought as an easily transportable investment that retained its value.	Sold all after repeated warnings that gold price was too high and would fall.
ITC 1525 <sup>108</sup>	Revenue	12 years	To provide funds for a rainy day. Tendency to spend surplus cash on liquor.	Sold to inject capital into new business.
ITC 1526 <sup>109</sup>	Revenue	8 months to 9 years	To provide a store of wealth for his children and protection from inflation.	Improvements to home and garden, buying two holiday apartments, a home for each of his daughters, repaying loan account, buying a car for his daughter, paying university fees and buying shares.
ITC 1543 <sup>110</sup>	Capital	12 years	Bought by family company as hedge against inflation for benefit of children.	To finance reroofing of house, and to switch into shares because of a declining gold price.
<i>CIR v Nel</i> <sup>111</sup>	Capital	13 years	Long-term investment. Hedge against inflation. No intention to sell but rather to bequeath to children.	Urgent need by taxpayer to purchase a car for his wife.

From Table 1, in two of the cases heard in court, the sale of Krugerrands was considered as revenue and not capital gains. The onus of proving that an amount is of a capital or income nature rests on the taxpayer under section 102 of the Tax Administration Act. This distinction between income and capital is not clear and much litigation between SARS and taxpayers occurred over many decades. As a result, the courts have developed a number of tests to distinguish between the two. McAllister (2015) nevertheless includes the quote that there is:

*“no single infallible test of invariable application”*

Some of these rules applied by the courts which may be of interest to Krugerrand owners or rare coin collectors are (see McAllister, 2015, for the others):

1. The key test for determining the capital or revenue nature of a particular accrual is the taxpayer’s intention when acquiring the asset.
2. An asset yielding a meagre return may be indicative of an intention to resell at a profit, in which case the profit will be classified as income. This also applies to assets that do not produce an income such as Krugerrands and diamonds. The taxpayer’s intention and the surrounding circumstances must nevertheless be taken into account.
3. The length of time that an asset is held is an unreliable indicator of whether the proceeds from its disposal will be of a capital or revenue nature. While a lengthy holding period may be indicative of capital intent, the period of holding is far less important than other factors such as the taxpayer’s intention in buying and selling the asset, and the manner in which the asset is dealt with.

In summary, regarding the first tax hurdle, it is clear that there is no distinction between proof and bullion Krugerrands. Even for proof Krugerrands where personal-use cannot be proved (section below), the onus will be on the owner of proving that the profit made from a sale is of a capital and not an income nature. **Persons buying proof Krugerrands purely for future profit and who cannot prove it was acquired for personal-use (section below) should be made aware of the risk that profit from future sales may in fact be classified as “income” and taxed at a higher rate than CGT.**

#### **DEFINITIONS AND EXCLUSION OF CURRENCY**

According to McAllister (2015) an asset includes *“property of whatever nature, whether movable or immovable, corporeal or incorporeal, excluding any currency, but including any coin made mainly from gold or platinum;”*

The definition of ‘asset’ excludes ‘currency’ but includes gold and platinum coins. The word ‘currency’ is not defined in the Act, but McAllister (2015) refers to the Shorter Oxford English Dictionary on Historical Principles and uses the definition:

*“The fact or quality of being in circulation as a medium of exchange.”*

The interpretation by McAllister is:

*“According to this meaning, currency would not include*

- an old coin or note no longer in circulation, or*
- a new coin or note not intended for circulation such as mint collectors’ issues of new coins or notes.*

*It follows that notes or coins held as collectors’ items are assets for CGT purposes. However, such collectors’ items may constitute personal-use assets, and if so, any gain or loss on their disposal must be disregarded.”*

This definition and interpretation of McAllister may in fact be wrong. All legal tender, which includes historic ZAR and Union coins and notes, can probably still be considered as “currency”.

Regarding **proof** Krugerrands, McAllister (2015) refers directly to them in Section 4.1.2.6

*“While all gold or platinum coins constitute assets, capital gains and losses arising on the disposal of coins that constitute personal-use assets must be disregarded. Personal-use assets refer to assets that are not used mainly for the purpose of carrying on a trade. Whether the value of a gold or platinum coin is mainly (> 50%) attributable to its metal price rather than its scarcity value will be a question of fact. For example, if 40% of a proof Krugerrand’s value were attributable to the gold price with the other 60% being attributable to its Numismatic value, it would comprise a personal use asset provided it was acquired for purposes other than trade.”*

The arbitrary percentage of 50% given above for proof Krugerrands may be problematic regarding the current selling prices of these proof coins. This implies a proof Krugerrand must be traded for more than double the gold price otherwise it would not be considered a personal use asset.

## **EXCLUSION OF PERSONAL-USE ASSETS**

According to McAllister (2015), a capital gain when disposing of a personal-use asset will not attract CGT. A personal-use asset is defined as:



*“an asset of a natural person or a special trust that is used mainly for purposes other than the carrying on of a trade”.*

*“Examples of personal-use assets include artwork, jewellery, household furniture and effects, a microlight aircraft or hang glider with a mass of 450kg or less, a boat that is 10 metres or less in length, veteran cars, private motor vehicles (including a vehicle used mainly for business purposes in respect of which a travel allowance is received), stamp or coin collections (but excluding gold or platinum coins whose value is mainly derived from the metal content). In order to qualify as a personal-use asset the asset must be used ‘mainly’ for non-trade purposes. The word ‘mainly’ has been held to mean more than 50%.”*

He also mentions that personal-use assets do not include the following:

*“A coin made mainly from gold or platinum of which the market value is mainly attributable to the material from which it is minted or cast.”*

No mention is made of proof Krugerrands in this particular section of the SARS document. The previous section highlights, however, that these proof Krugerrands may indeed be considered a personal use asset if their collector’s value exceed the value of the precious metal content. It is the perception of the author that the onus of proof of “personal-use” will nevertheless be very high on persons selling proof Krugerrands.

## **SUMMARY**

From the information collected, the following conclusions are made:

- Coin collections (excluding gold or platinum coins whose value is mainly derived from the metal content) is considered as personal-use assets if it is used ‘mainly’ for non-trade purposes and will not be subject to CGT.
- Coins made mainly from gold or platinum of which the market value is mainly attributable to the material from which it is minted or cast will be subject to CGT.
- It appears from the one statement made by McAllister (2015) that for a proof Krugerrand, where part of the value is attributable to the gold price (<50%) and the other being attributable to its Numismatic value (>50%), it would comprise a personal

use asset, provided it was acquired for purposes other than trade. It will therefore probably not attract CGT provided the selling price is more than double the gold price. This may be unrealistic considering the current selling prices of these coins. Collectors will also have to supply proof that it was indeed acquired for “personal-use”. This will probably be very difficult in a court of law for persons who are not coin collectors. The particular statement in McAllister’s document and percentages also needs to be verified.

- Regarding the sale of bullion Krugerrands, care should also be exercised as it is not certain if SARS will regard the proceeds as “income” or “capital”. Income will be taxed at a higher rate than CGT. Persons buying proof Krugerrands purely for future profit and who cannot prove it was acquired for personal-use should be made aware of the risk that profit from future sales may even be classified as “income” and taxed at a higher rate than CGT.

## **REFERENCES**

McAllister, D.S. SARS Comprehensive Guide to Capital Gains Tax (Issue 5), 2015.

# Trends in South African coin prices and the role of catalogues

**D.F. Malan<sup>#</sup>**

*<sup>#</sup>Extraordinary Professor, Department of Mining Engineering, Faculty of Engineering, Built Environment & IT, University of Pretoria*

*and*

*Member, National Numismatic Society of South Africa*

**Information:** This paper was presented at the August 2008 meeting of The National Numismatic Society of South Africa. The coin prices presented in this paper are therefore out of date. The information on catalogues remained relevant, however, and this paper was therefore included in this compilation of papers.

## ABSTRACT

*This paper describes the important role of coin catalogues as an indispensable component of the hobby and as a valuable guide to investors. An overview of the large number of factors affecting coin prices illustrates that human behaviour and perceptions play a strong role in determining coin prices. A brief review of different scientific areas illustrated that no theories are readily available to assist with the process of estimating coin prices. Historic trends of South African coin prices are examined. To account for the effect of inflation on the historic increase of coin prices, the gold price is used as a normalising factor. A small sample of different coin types were analysed using this method and it showed that the ZAR series performed very well during the last 27 years. In comparison, some of the rare proof sets performed poorly and the current prices appears to be low in terms of historic prices. The paper is concluded by discussing the important role of catalogues.*

## INTRODUCTION

*“The intrinsic value of a thing,  
.. is just as much as it will bring”*

*- Hudibras*

This quote was used by Dr Felix Machanik in the 1956 (2<sup>nd</sup>) edition of De Nummis as an introduction to his paper on the iron currency of Africa. More than 50 years later, this statement also serves as a good introduction when discussing the current and future prices of numismatic items. As the South African coin market is currently in a strong growth phase, realistic pricing of coins has become a very topical issue, often leading to heated debates. Eli Levine identified a large number of factors that influences coin prices in his book The Golden

Key (Levine, 1980) and these parameters are frequently quoted in numismatic literature.

Examples of these are:

Age	Forgeries	Dealer Mark-ups
Rarity	Rumours	The Economy
Scarcity	Mintage	Provenance
Popularity	Coin condition	Catalogues
Supply and Demand	Who the buyers are	Books and journals
State of preservation	Beauty	Inflation
Availability	Design	Devaluations
Authenticity	Fashion	Deflation
Intrinsic Value	Marketability	Collectors and Investors
Theme collecting	One-upmanship	Profit
Investment potential	Snob Appeal	Unit prices
Hobby appeal	Publicity	Speculators
Status of issuing government	Adverse publicity	Currency stability
Status of the coin itself	Economic and Political conditions	Investment advisors
Metal	Coin conventions and coin clubs	Tax evasion
Size of the coin	Legislation	Tax avoidance
Patriotism	The Gold Price	Portability
Advertising	Silver Price	Fascination

Rarity is one of the most important factors and the topical issue of independent grading and encapsulation added a new dimension to this parameter in recent years. An interesting article (Headley, 2008) describes the difference between a grade rarity and a mintage rarity as:

- *Mintage Rarity* – A coin which is rare because it has a low mintage relative to market demand for the type.
- *Grade Rarity* – An otherwise common coin that is only rare in certain grades, such as current date U.S. Cents graded MS-70.

Grade rarities of recent South African coins currently appears to be very popular amongst local collectors as these coins command high prices on internet auction sites. It would be interesting to examine future developments in this market segment. Headley expressed some concern regarding the sustainability of the “grade rarity” market in the USA after a 2003 Lincoln Cent with a mintage figure of 3.3 billion was graded as MS-70 and sold for \$15120 in 2006.

It should be emphasised that perceptions play a very important role when determining coin prices and this was beautifully illustrated by an article in the Bickels Coin & Medal News in 1969 (also quoted in the 1996/1997 edition of The South African Coin and Banknote Catalogue). The article quotes advertisements of that era which appeared in the S. A. Magazine. Some of these examples are:

- 49 pennies from 1862 to 1960 to swap for 500 morgen, of which approximately 100 morgen to be workable. 6 farthings for 6 cows. 4 half pennies for good tractor. 2 sixpences for additional implements. 6 tickeys for R600
- 1926 sixpence (Zuid Africa) for light, small second hand truck
- 1938 ½ penny for 5 young calves
- 1942 ¼ penny and 1930 penny for good riding horse or highest cash offer.

Furthermore, controversy regarding coin prices has been around for a long time. The person who wrote the preface to the third edition of Kaplan’s catalogue in 1964 mentioned:

*“... when the first edition came out, all the wise-heads pointed the finger of scorn at the estimates of value given, but Dr. Kaplan was entirely right and time has proven him to be so.”*

In the February 1972 issue of the “Coins” magazine, Patrick Finn wrote an excellent article titled “Is there an accurate priced catalogue?” (Figure 1). Finn argues that all catalogues are criticized on occasions from both dealers and collectors and in a sense there is no such a thing as an accurate price guide. A key problem is that some rarities are not necessarily popular and do not command high prices. The catalogue prices might therefore not always reflect rarity, but focus more on supply and demand. This might dictate a price different to that expected by specialists of particular rarities. The essence of the article is summarised by the following quote from Finn:

*“How does one put a price on a coin? In the end the estimate must be personal, subjective, and partly instinctive, and one must expect some people to disagree with one’s final decision.”*



**Figure 1.** Article on the accuracy of coin catalogues (Coins, 1972).

Although auction results are very valuable to catalogue compilers, even these prices can be questioned as an accurate reflection of market conditions (as argued by Dowle, 1970). An interesting example used by Dowle is the sale of the Checkley collection of milled silver which fetched high prices. Just a few months later, the Jackson Kent collection brought far

lower prices. He further argues that auction results are perhaps most useful in the case of items which regularly pass through salesrooms as it will more accurately reflect a consensus view of their value.

As human behaviour and perceptions play such a strong role in determining coin prices, estimating current and future coin prices is an extremely difficult task. The next section explores this further.

### COIN PRICES – ART OR SCIENCE?

Reflecting on the discussion above, collectors might pose the question whether there is a “scientific” method available that can be used to objectively determine coin prices. In general, *scientific method* refers to the techniques for investigating phenomena and acquiring new knowledge. A scientific method consists of the collection of data through observation and experimentation and the formulation and testing of hypotheses [Merriam-Webster Dictionary].

The field of mathematics is extremely rigorous in this regard as the mathematician will investigate an unproven proposition (a conjecture) and through logical argument derive a conclusion which is undoubtedly correct and remain unchallenged forever. A famous example is Fermat’s last theorem (Singh, 1997), stating that there appeared to be no whole number solutions to the general equation

$$x^n + y^n = z^n \quad \text{for } n > 2 \quad (1)$$

The world’s greatest mathematicians tried unsuccessfully to prove this conjecture for more than 300 years. Even though it was proven for special cases and progress was made, nobody could be sure that one day somebody would stumble upon a combination of numbers which satisfies the requirements of equation (1). The conjecture was finally proven in 1994 after 8 years of work by the Cambridge mathematician, Prof Andrew Wiles. As a result, nobody disputes this theorem anymore and it will remain unchallenged forever. Linking this example to coin prices and reviewing the list of variables affecting coin prices (see Section 1), it is clear that it would be impossible to develop, let alone prove, a mathematical conjecture that can be used to accurately determine current or future coin prices.

In comparison to mathematics, physicists try to solve a problem by experimenting. A theory in physics is assumed to be true if there is enough evidence to prove it beyond reasonable doubt. The physicist can, however, never be sure that the theory will not eventually be overturned by someone doing additional experimentation. A classic example is the laws of



Newtonian physics which works very well to describe phenomena such as planetary motion and it remained unchallenged for three centuries. Only later was it discovered that these laws cannot be used when extremely high velocities are encountered and the laws of relativity provided a better description in these cases (Sears et al, 1987). When trying to use this approach to understand movements in coin prices, the numismatist will be faced with an impossible task to “fix” some of the variables listed in Section 1 to develop a controlled experimental environment to investigate relationships between the remaining parameters.

As the classical areas of science seem to provide little hope to shed light on coin prices, will any of the new branches of science provide a better understanding? An interesting study area is chaos theory which had its origins in attempts by Edward Lorenz to improve weather prediction in the 1960's (Sardar and Abrams, 1999). It was found that the equations used to predict these patterns demonstrated the interesting attribute that vastly different weather patterns were predicted for minute differences in the values of input parameters. This is popularly known as “the Butterfly effect” after Lorenz presented a paper with the title “Does the flap of a butterfly's wings in Brazil set off a tornado in Texas”. Some researchers have tried to apply this theory to the financial markets, so it seems attractive as a tool to predict future coin price movements. Unfortunately successes using this theory in the financial markets are dubious and chaos notwithstanding, researchers continue to try to predict the future weather from observations of the initial conditions (as do many coin enthusiasts regarding coin prices!).

As an alternative, it is worthwhile to investigate the tools used in general by the investors in the financial markets. Two popular methods are technical analysis and fundamental analysis. Technical analysts seek to identify price patterns and trends in financial markets and attempt to exploit those patterns. The study of price charts is the primary tool of technical analysis. In comparison, fundamental analysts focus on actual economic data to predict future prices and to gauge whether markets are under or overvalued. Studies have shown that it is not clear which the better approach is and successful traders could be found using either or both techniques [Schwager, 1999]. In comparison, the random walk hypothesis is a financial theory adhered to by many economists stating that stock market prices evolve in a random fashion and thus the prices cannot be predicted [Malkiel, 1973]. It is clear that if no universally accepted theory to predict future stock market trends exists, estimation of coin prices will be equally difficult.

As a final word on estimating coin prices, statistical analysis needs to be mentioned. The term “statistics” is often abused in everyday life and also in relation to coins when simply referring

to a listing of items in tables with prices or price increases associated with these items. Purist statisticians identify two branches of statistics (Woodbury, 2005) namely:

1. *Descriptive statistics*: Methods to describe data collected and calculation of parameters such as the mean and standard deviation.
2. *Inferential statistics*: Methods used to make a generalisation about the population (a statistical term used to describe all items belonging to a particular group) based on sample data.

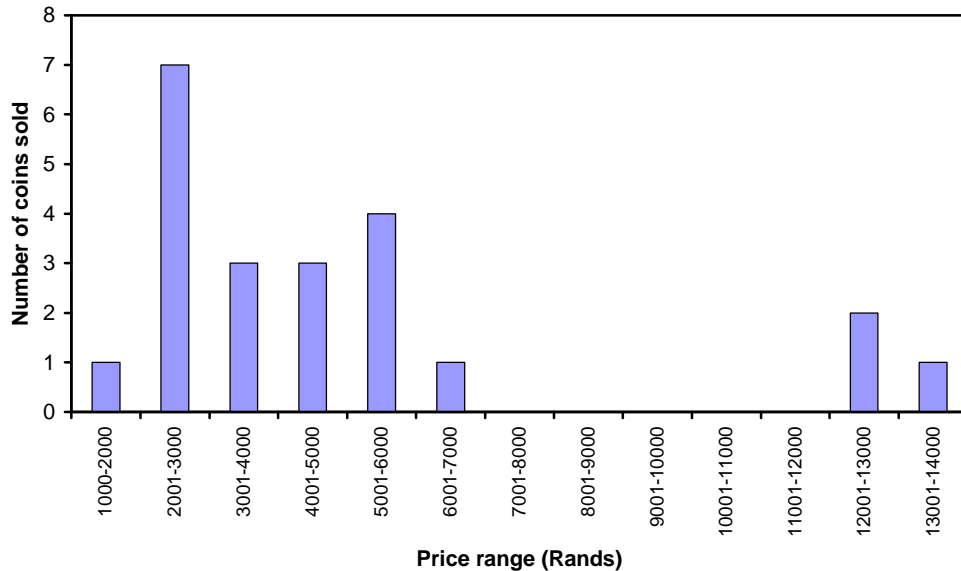
Inferential statistics might be useful when compiling coin catalogues as the sales of numismatic items in the period prior to the release of an updated catalogue serves as the “samples” from which the catalogue compiler needs to deduce mean prices for the entire “population” of items. To illustrate some of these statistical techniques, the author evaluated the sales of the encapsulated R5 Mandela coins (year 2000) on a local internet auction site. This coin was chosen as it was the only item of which such a large number was sold and the appropriate statistical techniques could therefore be used. Only the encapsulated coins graded as proof were selected as part of the sample and it included all auctions that closed in the period 29 July to 4 August and 10 August to 16 August. The total sample size was 23. The histogram in Figure 2 illustrates the distribution of coin prices for this sample. The mean of the sample is given by the equation

$$\bar{x} = \frac{1}{n} \sum_{i=1}^n x_i \quad (2)$$

where  $\bar{x}$  = the mean,  $x_i$  = the value of the  $i^{\text{th}}$  sample and  $n$  = the number of samples. The prices for the samples were R1850, R2100, R2600, R2700, R2700, R2750, R2750, R3000, R3051, R3250, R3450, R4000, R4100, R4199, R4250, R5100, R5400, R5800, R5850, R6600, R12500, R12850 and R13550. This gave a mean of  $\bar{x} = R4974$ . The catalogue compiler might be tempted to use R5000 then as the price for a coin in proof condition. The difficulty is that prices as low as R1850 and as high as R13550 was achieved (owing to the various grades assigned to these coins in proof condition). Another statistical measure frequently used is the standard deviation. It gives a measure of the spread of the data around the mean. The equation for the standard deviation is:

$$s = \sqrt{\frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})^2} \quad (3)$$

When calculation the standard deviation of the sample given above, a value of  $s = R3412$  is obtained. This illustrates that there is a large spread of the data and use of the mean value as a catalogue “price” can be questioned.



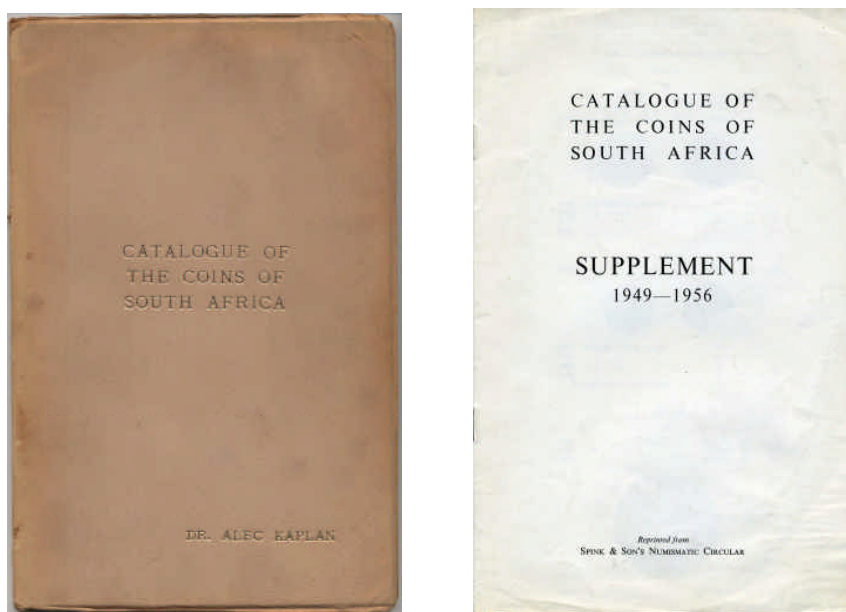
**Figure 2.** A histogram illustrating a sample of the selling price distribution of the year 2000 R5 coins on a local internet auction site.

Although these statistical methods appear to be useful, the problem especially for the very rare items is that the sample size may only consist of 1 or 2 or even no samples per annum. The mean price and the standard deviation around this mean price cannot be calculated for these small sample sizes.

Viewed from a “scientific perspective”, arguments regarding the accuracy of coin catalogues are therefore considered to be futile. The focus of the remainder of this paper will be on examining the fascinating historic trends in South African coin prices and the important role catalogues are playing.

### **HISTORIC SOUTH AFRICAN COIN CATALOGUES**

South African coin collectors have been fortunate that a large number of catalogues have been produced over the years. One of the earliest catalogues on South African coins was produced by Dr Alec Kaplan in 1950 (see Figure 3). The author also possesses a Supplement to the Catalogue of the Coins of South Africa produced by Spink & Son during the same period.



**Figure 3.** The catalogue produced by Dr Alec Kaplan on South African coins in 1950 (left) and the Supplement to the Catalogue of the Coins of South Africa reprinted from the Spink & Son's Numismatic Circular (right). These are probably some of the earliest price catalogues on South African coins.

In these early years, the relative values of the proof sets were considered to be different compared to today. Figure 4 illustrates sections from these catalogues. It is interesting to note that the 1923 long set was considered to be more valuable than the 1931 proof set. In the first list, the mintage figures are also different compared to the currently accepted numbers. This serves as a further example that the “perfect” catalogue does not exist and these guides evolve over time as additional information is obtained.

In 1972, Dr De Villiers wrote an article for the South African Numismatic Journal (Number 7) in which he described the coin price trends according to Kaplan's catalogues. He mentioned that that the second edition of Kaplan's catalogue was published under the name of Spink & Son of London and this explains the origin of the supplement shown on the right in Figure 3.

Dr De Villiers followed a similar approach to the author of this current paper as he chose 8 rare coins and produced graphs of their performance using the catalogue values. He noted excellent increases in prices for the rare ZAR coins, but complained that the value of the South African Crown showed little movement. There is no indication in the article whether he tried to take the effect on inflation into account. Some of his other conclusions were:

- At that stage, Kaplan's catalogue was still the standard catalogue on South African coins and was being used internationally.

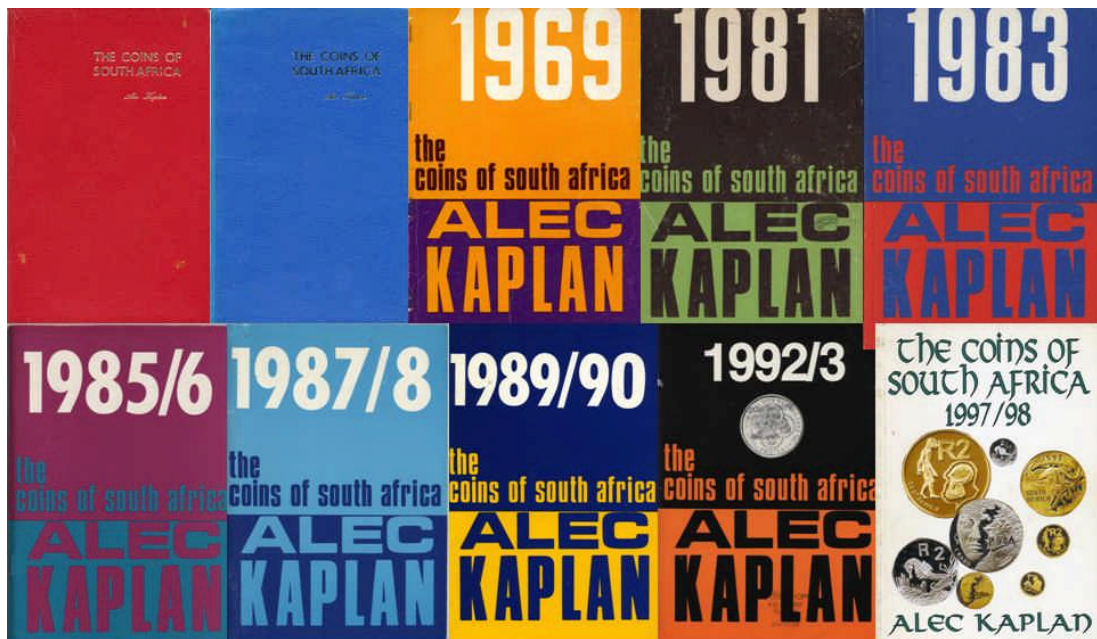
- The coins in EF condition or better showed better prices increases than the lower grades. He concluded that the South African collector started to focus more on quality than quantity.
- It is critical that a new edition of the catalogue gets published at least every two years.

No.	Date		Number Issued	UNC. f	E.F. f
434	1923	Complete Set: ..... RRR	133	60	50
		£1, 10/-, 2/6, 2/-, 1/-, 6d., 3d., 1d., ½d., ¼d.			
434a	1923	Short Set: ..... 2/6, 2/-, 1/-, 6d., 3d., 1d., ½d., ¼d.	747	8½	5
435	1924	Pair: £1, 10/- ..... R	524	35	25
436	1926	¼d. .... RRRR	16	10	9
437	1930	2/6 (Only one copy known.)	—	÷ †	—
438	1931	Complete Set: ..... RRR	110	20	15
		2/6, 2/-, 1/-, 6d., 3d., 1d., ½d., ¼d.			

Date	Set	Number Issued	Proof £	Date	Set	Number Issued	Proof £	
1923	£1—¼d	655	50	1949	5/—¼d	800	4	
1923	2/6—¼d	747	10	1950	”	500	6	
1926	”	RRRR	16	60	1951	”	2,000	3
1930	”	RRRR	14	60	1952	£1—¼d	12,000	9
1931	”	RR	62	35	1952	5/—¼d	3,500	2
1932	”	RRRR	12	60	1953	£1—¼d	3,000	13½
1933	”	RRR	20	50	1953	£1 and 10/-	1,000	10
1934	”	RRR	24	50	1953	5/—¼d	2,000	3½
1935	”	RRR	20	50	1954	£1—¼d	875	13½
1936	”	RR	40	35	1954	£1 and 10/-	350	10
1937	”	R	116	25	1954	5/—¼d	2,275	3½
1938	”	RR	44	35	1955	£1—¼d	600	13½
1939	”	RRR	30	40	1955	£1 and 10/-	300	10
1943	”	R	104	15	1955	5/—¼d	2,250	3½
1944	”	R	150	12½	1956	£1—¼d	350	13½
1945	”	R	150	12½	1956	£1 and 10/-	158	11
1946	”	R	150	15	1956	5/—¼d	1,350	2½
1947	5/—¼d		2,600	5	1957	£1—¼d	380	12½
1947	5/- only		3,000	2	1957	£1 and 10/-	180	10
1948	5/—¼d		1,120	4	1957	5/—¼d	750	2½

Figure 4. Examples of proof set valuations in catalogues dating from the 1950’s.

Updated editions of Kaplan’s catalogue were produced over the years and some of these are shown in Figure 5.



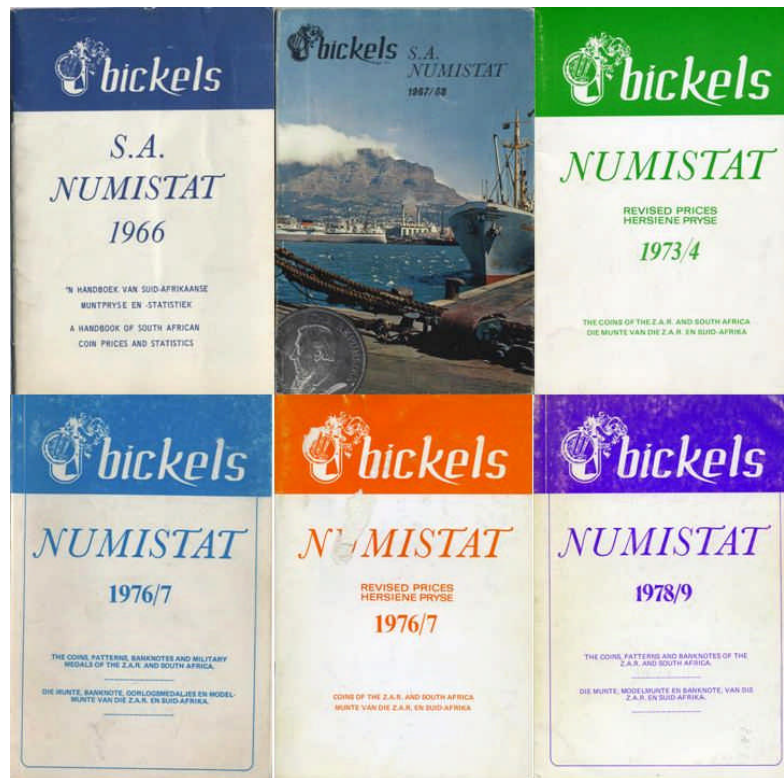
**Figure 5.** Some of the editions of Kaplan's catalogue.

In the early 1960's and the 1970's, a number of additional catalogues were produced. Alan Jaffe produced The South African Coin Collectors' Handbook (Figure 6) and the Bickels catalogues are shown in Figure 7.



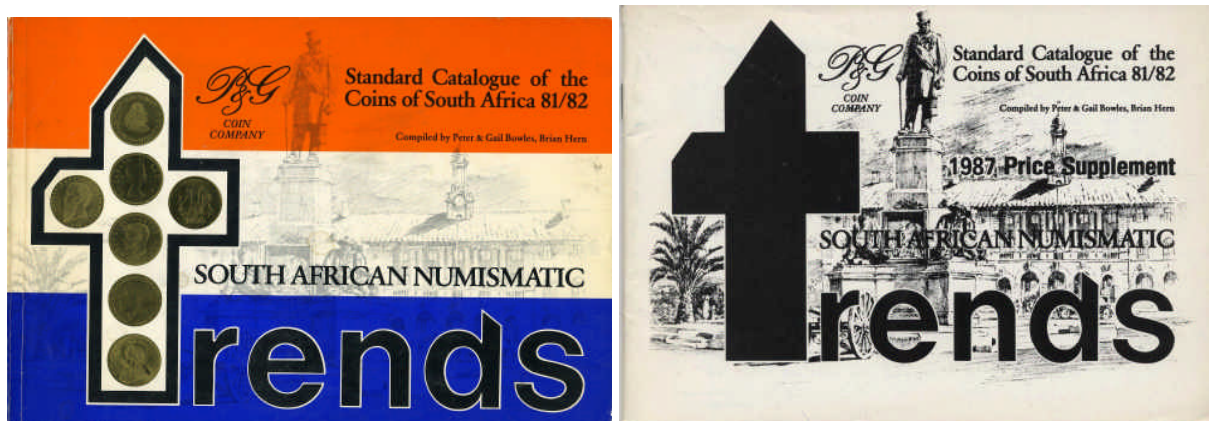
**Figure 6.** The South African Coin Collectors' Handbook compiled by Allen Jaffe.





**Figure 7.** Examples of the Bickels catalogues.

In 1981, Peter and Gail Bowles, together with Brian Hern, produced a very interesting catalogue in which comments regarding the rarity of every coin were given (Figure 8). Although the prices in this catalogue are now outdated, it is still a very valuable reference and collectors not in possession of this catalogue should try to obtain a copy. Additional price supplements were also produced for this catalogue (Figure 9).



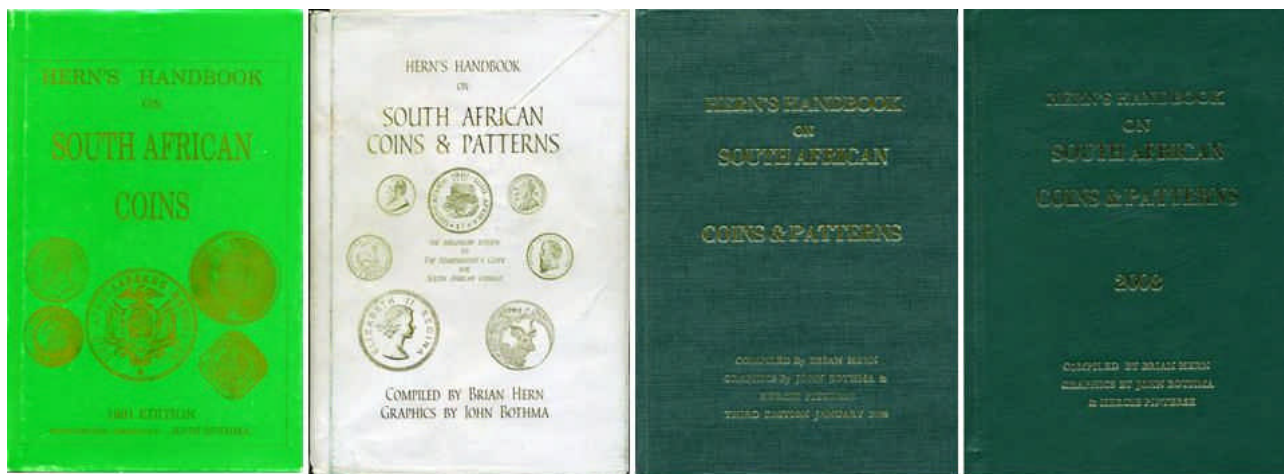
**Figure 8.** South African Numismatic Trends was compiled by P&G Coin Company (left). An example of an updated price supplement for 1987 is shown on the right.

In 1983, Cliff and Theo van Rensburg compiled the first edition of The South African Coin Catalogue. Thirteen editions in total were eventually published (Figure 9) and this became a widely used guideline to coin prices.



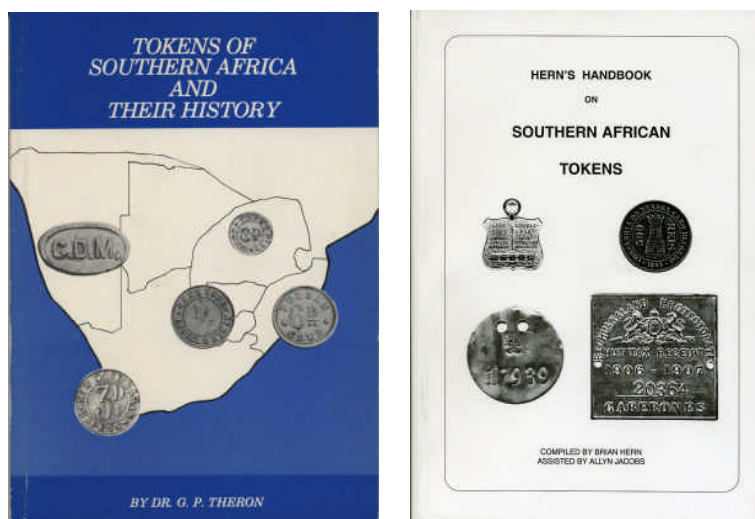
**Figure 9.** The South African Coin and Banknote Catalogue.

Currently, the most up to date catalogue was compiled by Brian Hern (Hern's Handbook on South African Coins & Patterns 2008). This is the fourth edition of a handbook that was first published in 1991 (Figure 10). This handbook is very valuable as it contains a large amount of information in addition to the coin prices. It also includes an extensive listing of all the patterns in the South African series.



**Figure 10.** Hern's Handbook on South African Coins & Patterns.

Regarding South African tokens, fewer price catalogues were produced and the two examples known to the author are Dr Theron's Tokens of South Africa (1978) and Hern's Handbook on South African Tokens (2006) (Figure 11).



**Figure 11.** Catalogues on South African tokens.

### **Methods used to compile prices in the catalogues**

The introductory sections of the catalogues listed above were scrutinised to compile a list of techniques used by the authors to estimate coin prices. These include:

- Careful study and research
- Assistance from fellow numismatists
- Sales records
- Studies of auctions and private sales

- Consideration of changes in gold and silver prices
- Fixed price lists of other dealers
- The knowledge of full-time coin dealers trading actively each day

The 1970/71 Bickels Numistat listed five factors which the compilers took into consideration when estimating prices: These were:

1. The actual market prices realised by dealers in their shops, on their lists and in the auction rooms
2. The actual market price at which coins change hands amongst private collectors, in mail bid auctions and on the overseas market
3. The relative scarcity of coins
4. Economic fluctuations such as recessions or boom periods
5. Overseas and internal political influences

They nevertheless admitted it is still impossible to exactly pinpoint accurate prices and quoted an example of two 1931 proof sets which sold in 1970 significantly below catalogue price (R 1600 versus R 2500). Apparently the sellers desperately needed the money owing to losses in the stock exchange crash during that time. The catalogue compilers preferred to ignore these low prices as they saw it as a symptom of a temporarily depressed market.

In the 1976/1977 Bickels Numistat, they followed a different approach and described two different methods to determine coin prices (as quoted below):

- “*The ‘what have’ approach*: Since catalogues, to a great extent, condition the buying patterns of collectors, the prices that coins have been fetching, is often (but not always) regulated by the catalogue prices.”
- “*The ‘what should’ approach*: It is the responsibility of a good catalogue to illustrate the true value of a coin. The thinking collector will then be in a better position to decide what to pay for an item.”

Apparently a combination of these two techniques was used for the 1976/1977 catalogue.

In summary, it appears that none of the historical catalogue compilers had a fixed recipe to determine coin prices and used the available information to make the best possible estimates. This is not unexpected and is simply a reflection of the many factors affecting coin prices.



## **TRENDS IN PRICES AS REFLECTED BY RECENT AUCTIONS AND COIN CATALOGUES**

### **Examples of recent prices realised at international auctions**

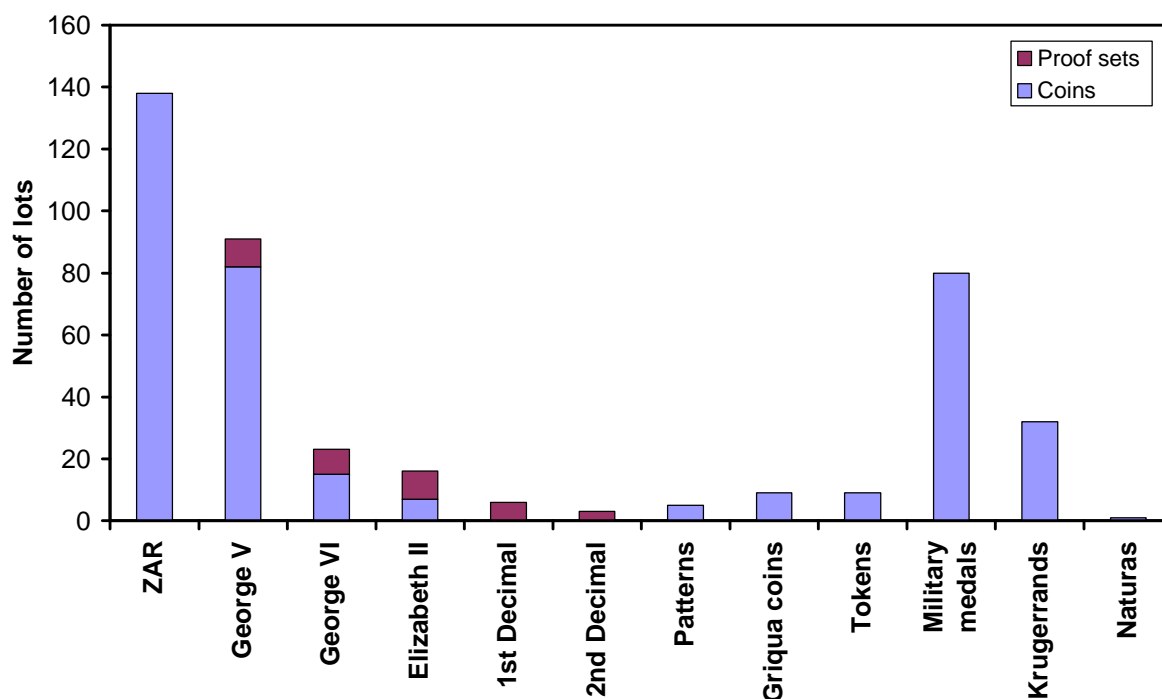
A valuable source of information on the internet regarding prices realised at prestigious international coin auctions can be found at the website [CoinArchives.com](http://CoinArchives.com). It features auctions from the firms listed in Table 1. This database was searched by the author for all South African items sold during the period January 2008 to June 2008. A total of 413 lots were found by the author (different search criteria might lead to slightly different numbers). It was sorted into the various major categories and the results are shown in Figure 12. The important conclusions for this period are:

1. It appears that the three most popular items are the ZAR coins, George V coins and military medals (in this order).
2. The proof sets of George V, George VI and Elizabeth II also appear to be popular.
3. The only items auctioned of the decimal series were proof sets.
4. There appears to be some interest in proof Krugerrands, but the prices do not command a significant premium above the gold price.
5. Some of the modern South African coins (e.g. the “grade rarities” as defined in Section 1 which recently became very popular in the country and command high prices), did not feature at the international auctions.

These conclusions are based on a limited database of the first six months in 2008 and some criticism can be raised that the years prior to this are excluded. Owing to the volume of work sorting through a larger database, it can only be conducted as part of a future study.

**Table 1.** Firms included in the database of CoinArchives.com.

A. Tkalec AG	Heritage World Coin Auctions
Argenor Numismatique S.A.	Hess-Divo AG
Astarte S.A.	Ira & Larry Goldberg Coins & Collectibles
Auctiones AG	Jean Elsen & ses Fils S.A.
Auktionshaus H.D. Rauch GmbH	Leipziger Münzhandlung und Auktion Heidrun
Auktionshaus Meister & Sonntag	Leu Numismatik AG
Baldwin's Auctions Ltd	LHS Numismatik AG
Bruun Rasmussen	M&M Numismatics Ltd
Classical Numismatic Group	Maison Palombo
Dix Noonan Webb Ltd	Münzen & Medaillen AG Basel
Dmitry Markov Coins & Medals	Münzen & Medaillen Deutschland GmbH
Dr. Busso Peus Nachfolger	Numismatica Ars Classica
Freeman & Sear	Numismatik Lanz München
Fritz Rudolf Künker Münzhandlung	Ponterio & Associates
Gemini, LLC	Spink
Gorny & Mosch Giessener Münzhandlung	St. James Auctions Ltd
Heidelberger Münzhandlung Herbert Grün e.K.	UBS Gold & Numismatics
Helios Numismatik	Westfälische Auktionsgesellschaft

**Figure 12.** Classification of South African numismatic items sold at the international auctions listed in Table 1 for the period from January 2008 to June 2008.

Some examples of the prices realised at these auctions are given in Table 2. Note that this list was arbitrarily chosen by the author (e.g coins in UNC condition and the proof sets were mostly selected). A larger sample should be selected for a more comprehensive study. The Rand/Dollar exchange rate used in Table 2 is 7.76 (the average rate for January to July 2008). Also note that the values used were obtained directly from the database on the website and it



probably excludes commissions. As the author has no knowledge regarding the buyer premiums.

**Table 2.** Examples of prices realised at recent international auctions as found in the archives of CoinArchives.com. The prices quoted probably exclude buyer premiums.

Date	Auction	Type	Price (\$)	Price (Rand)
07/05/2008	Baldwin's Auctions Ltd	Burgers pond FB (UNC)	42927	333114
18/06/2008	St. James Auctions Ltd	Burgers pond FB (ex mnt)	7834	60792
08/02/2008	St. James Auctions Ltd	1892 1/2 pond (MS65)	7201	55880
13/03/2008	Fritz Rudolf Künker Münzenhandlung	1892 1/2 Pond (Unc)	3896	30233
18/06/2008	St. James Auctions Ltd	1892 Pond SS (VF, rn)	2238	17367
08/02/2008	St. James Auctions Ltd	1892 Pond SS (VF-)	3309	25678
18/06/2008	St. James Auctions Ltd	1898 Pond (MS63)	1567	12160
18/06/2008	St. James Auctions Ltd	1898 Pond (MS63)	1654	12835
08/02/2008	St. James Auctions Ltd	Blank pond rimless	1265	9816
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	Veld Pond (AU55)	18000	139680
08/02/2008	St. James Auctions Ltd	1892 2/- (MS63)	2919	22651
08/02/2008	St. James Auctions Ltd	1892 1/- (MS64)	2443	18958
18/06/2008	St. James Auctions Ltd	1896 Sixpence (MS63)	548	4252
18/06/2008	St. James Auctions Ltd	1892 Threepence (MS61)	2546	19757
08/02/2008	St. James Auctions Ltd	1993 Threepence (MS65)	3309	25678
18/06/2008	St. James Auctions Ltd	1892 Penny (MS65RB)	1332	10336
18/06/2008	St. James Auctions Ltd	1892 Penny (Unc)	627	4866
18/06/2008	St. James Auctions Ltd	1894 Penny (MS62BN)	627	4866
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1923 1/2 Penny (MS65)	200	1552
08/02/2008	St. James Auctions Ltd	1923 short proof set	2530	19633
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1923 Sovereign (PR62)	2100	16296
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1924 Sovereign (MS62)	12000	93120
08/02/2008	St. James Auctions Ltd	1929 1/- (MS66)	1557	12082
29/05/2008	Heritage World Coin Auctions	1925 2/- (XF45)	1300	10088
08/02/2008	St. James Auctions Ltd	1925 2/6 (MS62)	2336	18127
07/05/2008	Baldwin's Auctions Ltd	1929 2/6 (UNC)	1327	10298
10/02/2008	Ira & Larry Goldberg Coins & Collectibles	1948 2/6 (MS64)	190	1474
07/05/2008	Baldwin's Auctions Ltd	1930 Proof set	39024	302826
18/06/2008	St. James Auctions Ltd	1931 Proof set	17626	136778
09/01/2008	Baldwin's Auctions Ltd	1934 proof set	8500	65960
08/02/2008	St. James Auctions Ltd	1936 proof set	6617	51348
09/01/2008	Baldwin's Auctions Ltd	1936 proof set	7250	56260
08/02/2008	St. James Auctions Ltd	1937 proof set	2336	18127
08/02/2008	St. James Auctions Ltd	1938 proof set	3893	30210
07/05/2008	Baldwin's Auctions Ltd	1943 Proof set	2244	17413
08/02/2008	St. James Auctions Ltd	1943 proof set	2336	18127
08/05/2008	Baldwin's Auctions Ltd	1944 Proof set	1854	14387
08/02/2008	St. James Auctions Ltd	1944 proof set	1557	12082
08/02/2008	St. James Auctions Ltd	1945 proof set	1946	15101
08/02/2008	St. James Auctions Ltd	1946 proof set	2141	16614
25/04/2008	Ponterio & Associates	1949 1/- (Prf)	225	1746
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1947 5/- (PR66)	200	1552
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1958 long proof set	420	3259
25/05/2008	Ira & Larry Goldberg Coins & Collectibles	1965 Pattern set	5250	40740
13/03/2008	Fritz Rudolf Künker Münzenhandlung	1980 long proof set	343	2662

## Trends in catalogue prices

To illustrate the historic trends in coin prices in graphical format, some of the items listed in Table 2 were selected for a historical analysis using the South African catalogues. The focus was only on items listed in this table to enable comparisons to the recent international auction prices. The items selected were:

1. 1898 Pond
2. 1892 1/2 Pond
3. 1892 2 Shilling
4. 1892 Penny
5. 1923 short proof set
6. 1931 proof set
7. 1936 proof set
8. 1946 proof set
9. 1958 long proof set
10. 1980 long proof set

The number of samples is small and was arbitrarily selected by the author. Additional work will be required to expand this study and verify the conclusions reached. The graphs below (Figures 13 to 23) illustrate the historic price trends for these 10 items from data obtained in the South Africa catalogues. Prices from Krause and Mischler's Standard Catalogue of World coins are also included.

The figures illustrate strong growth in coin prices during the last decade. Although some of the earlier data in the graphs is obscured by the scale used on the y-axis, the author preferred not to use a logarithmic scale as it makes it difficult to read the exact values in the last few years from the y-axis. An example of using a logarithmic scale for the y-axis is given in Figure 14. A timeline of the important political events and interest rate peaks are also shown in the graph. For the 1998 pond, there appears to be a period of poor growth from 1982 to 1994. This period was characterised by high interest rates and the political instability and isolation of the country probably played a role in depressing the coin market during this period. It would be interesting to investigate how the current slump in the economy, high interest rates and increasing political instability will affect the coin market in future.

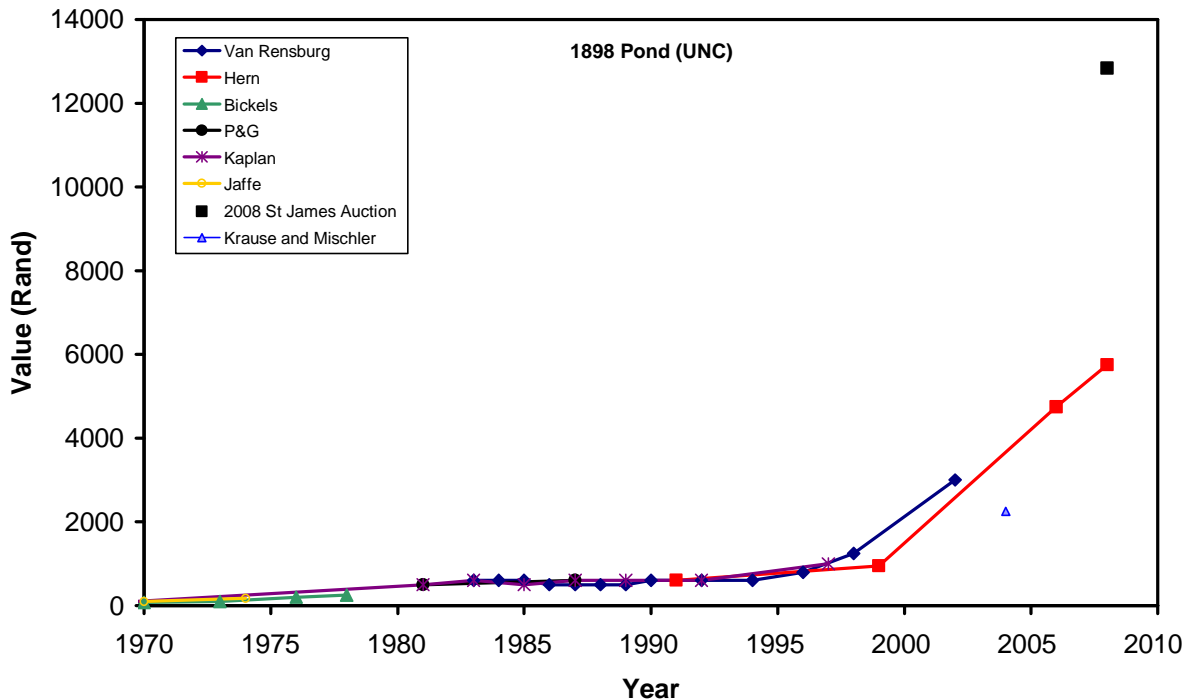


Figure 13. Price trends for the 1898 Pond (using a linear scale for the y-axis).

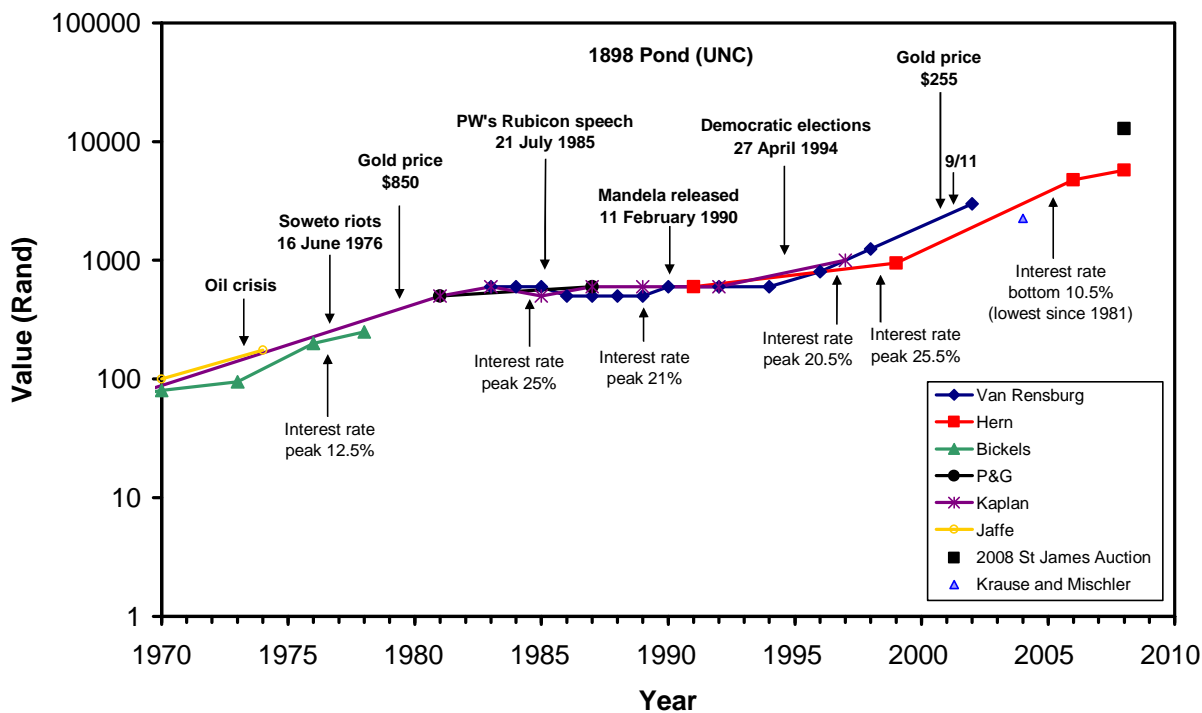


Figure 14. Price trends for the 1898 Pond. This is the same data as used in Figure 13, but a logarithmic scale is used for the y-axis.

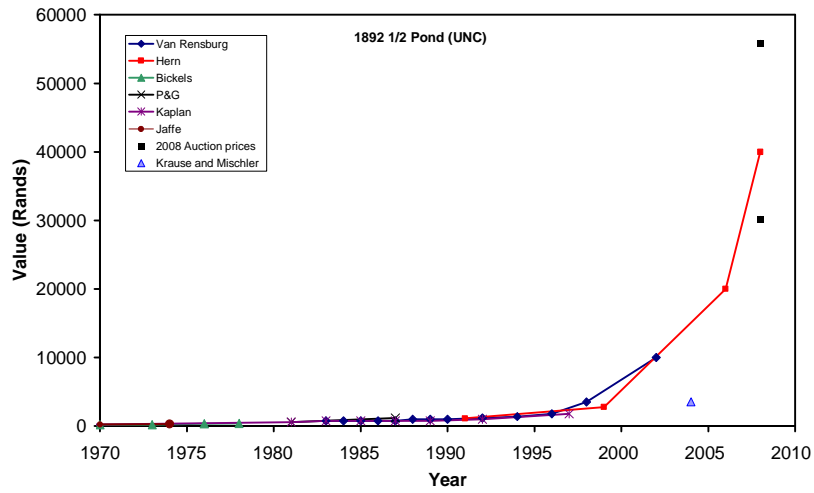


Figure 15. Price trends for the 1892 1/2 Pond.

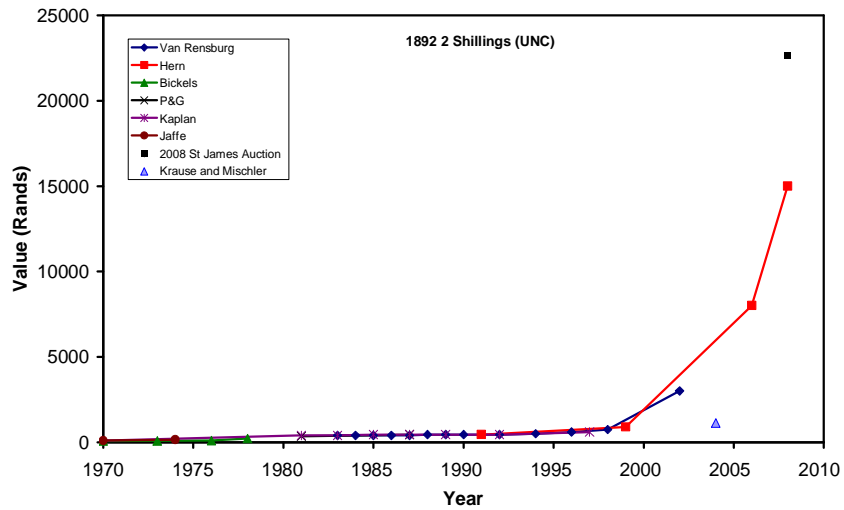


Figure 16. Price trends for the 1892 2 Shilling.

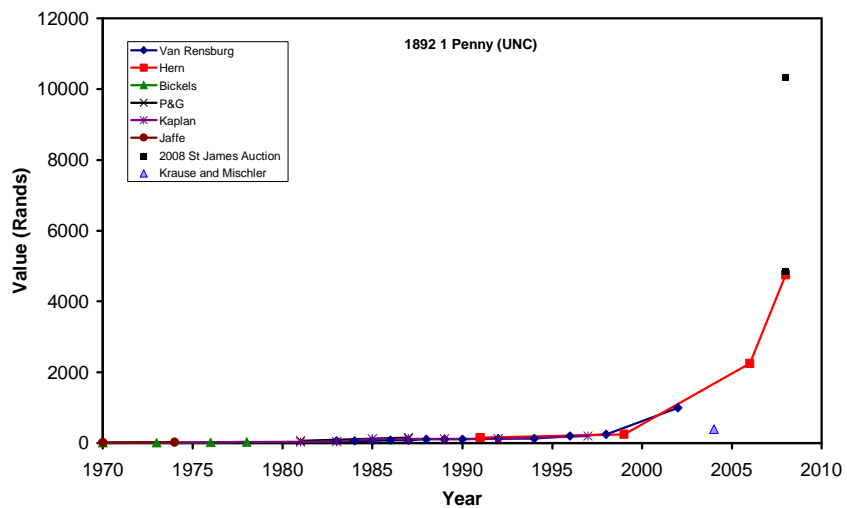


Figure 17. Price trends for the 1892 1 Penny.

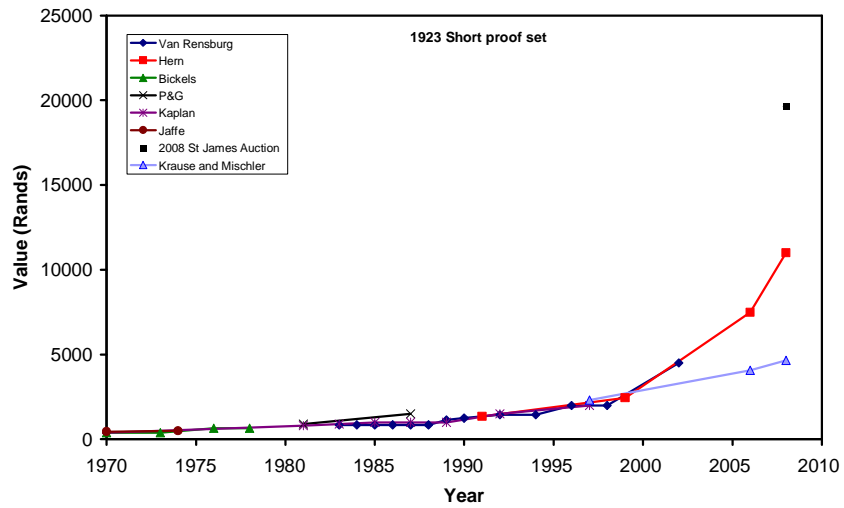


Figure 18. Price trends for the 1923 short proof set.

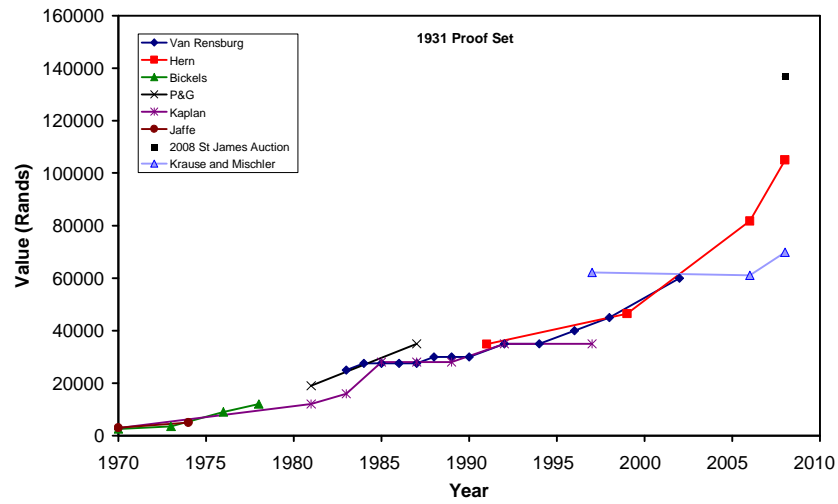


Figure 19. Price trends for the 1931 Proof Set.

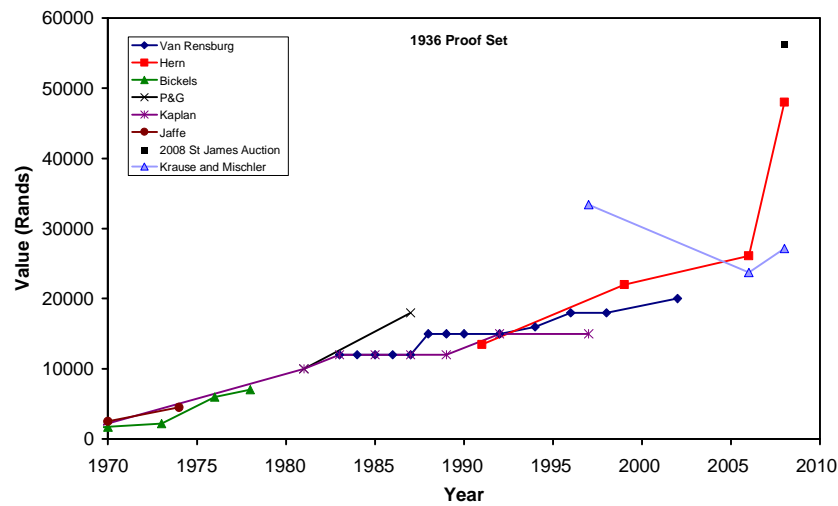


Figure 20. Price trends for the 1936 Proof Set.

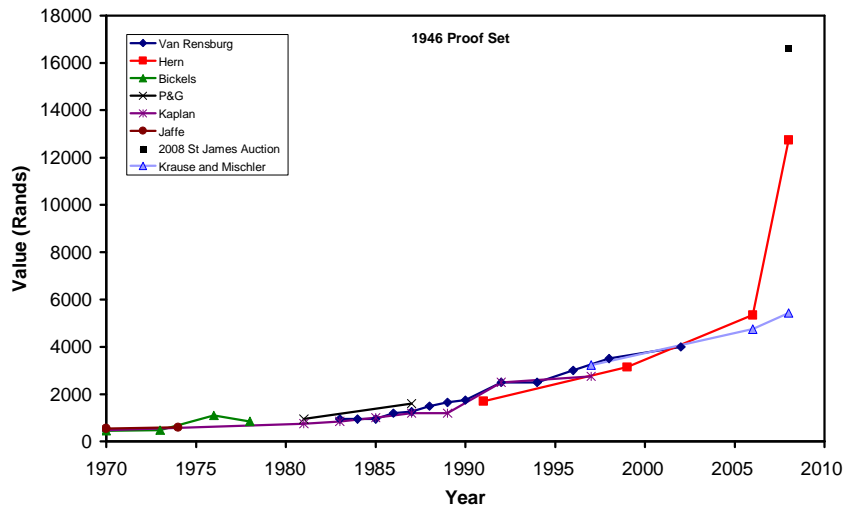


Figure 21. Price trends for the 1946 Proof Set.

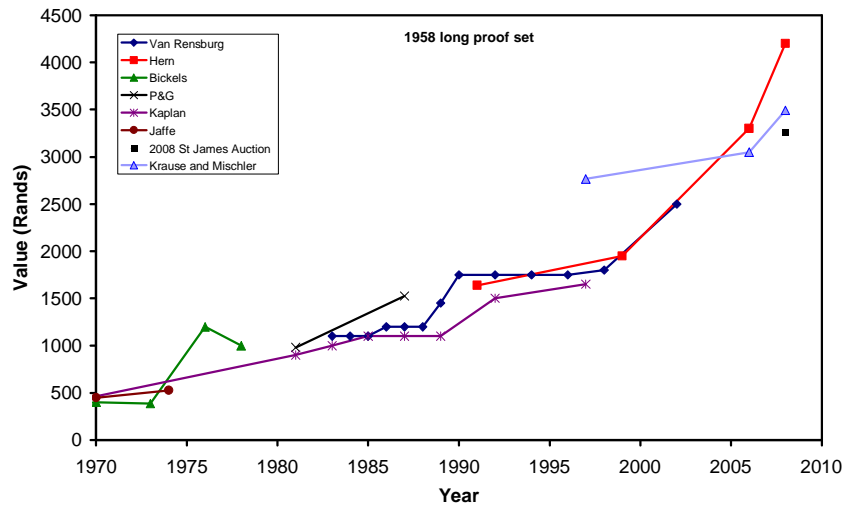


Figure 22. Price trends for the 1958 long proof set.

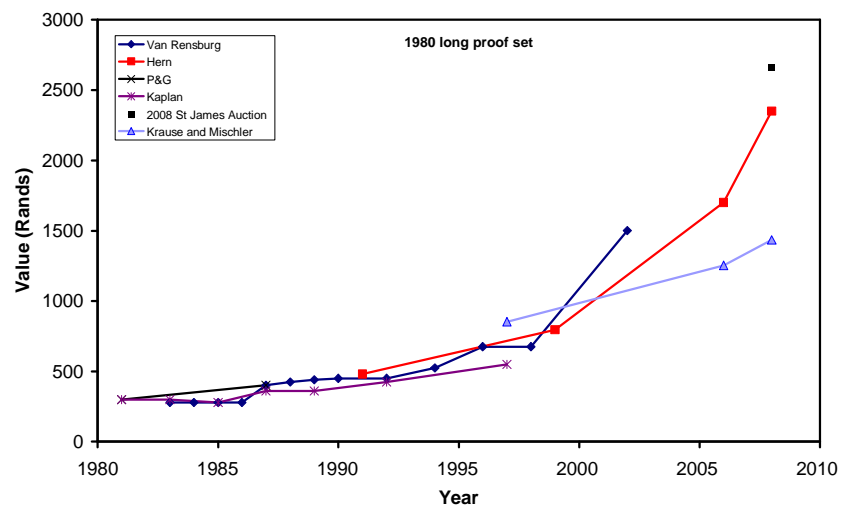


Figure 23. Price trends for the 1980 long proof set.



## **NORMALISING COIN PRICE TRENDS WITH REGARDS TO THE GOLD PRICE**

The significant increases in coin prices shown in Section 4 are misleading as it needs to be adjusted for inflation. This can be a difficult task as inflation measures are often modified over time. Statistics South Africa provides information regarding changes in the overall level of prices of all goods and services bought by the average household in the country. As a first step in this process, a survey of income and expenditure of households is conducted typically every five years. The results from this survey are used to identify the goods and services which should be included in the basket of goods and services used to monitor price changes. The results are also used to determine the weights of the products and services in the basket. It can be argued that comparing current inflation figures to those of 30 years ago is difficult as the basket of measures changes over time. To illustrate this, South Africa's basket currently contains approximately 1 100 items, but this will be reduced to 386 items by January 2009 (Berkowitz, 2008). Owing to the significant political changes in the country in the 1990's, it is also not clear if the early surveys of household income and expenditure were representative and inclusive of all households. In light of this complexity, the author explored an alternative (and simpler) method to account for inflation in the rise of coin prices over the last 30 years.

Research by Prof Roy Jastram at the University of California at Berkeley suggested that gold maintains its purchasing power over long periods of time, despite periods of major inflation and deflation (Jastram, 1977). When the USA went off the gold exchange standard in 1971, the price of gold rose sharply from \$35 an ounce to \$200 an ounce. This mirrored the sharp rise in commodity and consumer prices in 1973-74. An interim gold peak occurred in 1975, which coincided with a period when the inflation rate started dropping. When consumer price inflation started rising again, reaching 14% in 1979-80, gold also increased from \$100 an ounce in 1976 to \$850 an ounce in January 1980. The long disinflationary era of the 1980s and 1990s saw a declining trend in both global consumer price inflation and the gold price (Skousen, 1997). The recent increase in the gold price, which started in 2001, is now mirrored by mounting inflationary pressures. Of interest is that some economic researchers believe that gold's price movements might even contain useful information regarding future inflation. Tkacz (2007) reported that the gold prices lead inflation in many countries up to two years in advance. Cecchetti et al. (2000) is less optimistic about the use of single indicators, such as gold, for the forward prediction of inflation and showed with simple statistical tests that these indicators have very limited predictive power if used in isolation.

In spite of the uncertainty regarding the forward prediction of inflation, the author decided to use the gold price as a normalising factor of historic coin price trends as it is still widely accepted that it maintains its purchasing power over long periods of time. It is a simple method that does not require the use of complex financial techniques. Reliable data regarding historic gold prices is also easily accessible on the internet. It gives remarkable insight into historic coin price trends and will show for example how many Krugerrands were necessary to buy a particular numismatic item some decades ago and for how many Krugerrands the same item can be sold today. Obviously if more Krugerrands are received than was necessary to purchase the item, it was a sound financial investment and it probably outperformed “inflation” during this period.

Figure 24 illustrates the gold price trends over the last few decades. Average values for each year in Rand/Ounce were required and the following process was followed to plot the data in the graph:

1. The monthly averages (in dollar) of the London gold bullion market historical PM fix were used as the base data. These values are readily available on the internet. Note that the value for 2008 is the average of the first 5 months only.
2. The average annual prices were obtained by computing the average of the various months for a particular year.
3. The historic Rand/Dollar exchange rate was obtained from the website of the South African Reserve Bank. The daily values quoted were used to compute averages for a particular year.
4. The average exchange rate (for each year) was used to convert the average dollar price of gold for each year to prices in Rand.

Note that the averaging process will smooth the graph compared to line graphs where weekly or daily data points are used. For example, the famous peak gold price in January 1980 was \$850. The average price for this particular month was only \$675.3 (illustrating the extreme volatility in prices at the time). The remainder of the months in 1980 had averages of \$665.32, \$553.58, \$517.41, \$ 513.82, \$600.71, \$644.28, \$627.14, \$673.62, \$661.14, \$623.46 and \$594.92. This gave an average for the year of \$612.56 and for an exchange rate of 0.7789, an average rand price of R477 is obtained (see Figure 24).

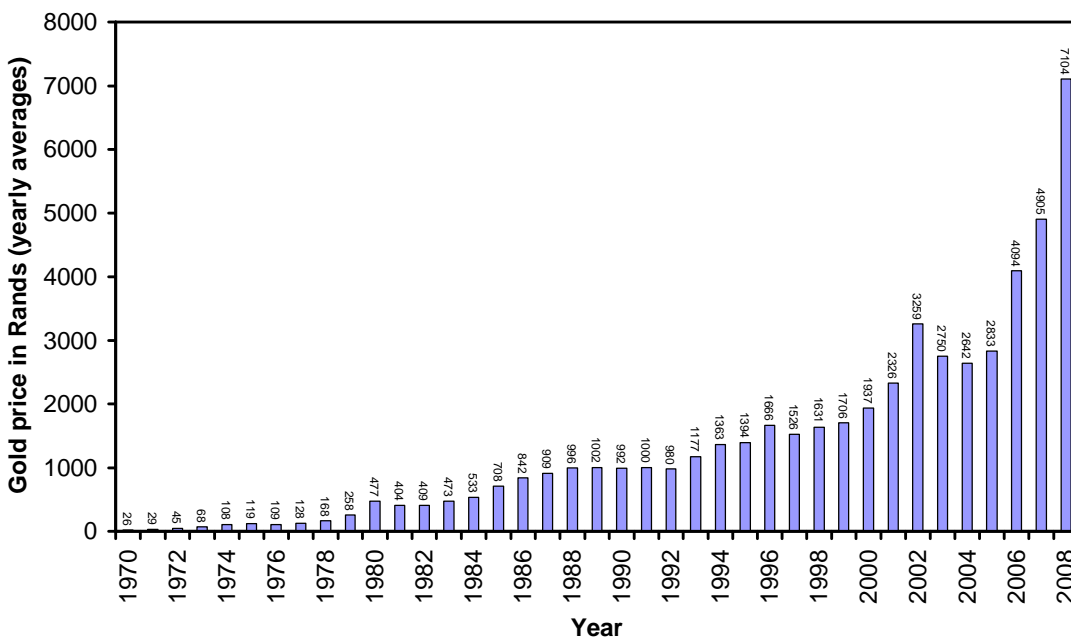


Figure 24. Average gold prices in Rand for the period 1970 to 2008.

Normalised coin price trends

Figures 25 to 34 illustrate the normalised price trends for the coins shown in Section 4.1 (the prices in Figures 13 to 23 were divided by the gold price and the result is termed the Krugerrand Index or KRI). Only values from 1981 onwards are shown.

Of interest is that the ZAR coins selected (Figures 25 to 28) performed very well during this period. In comparison, some of the rare proof sets (Figures 30 and 31) performed poorly and the 2008 valuations are probably cheap compared to historic prices.

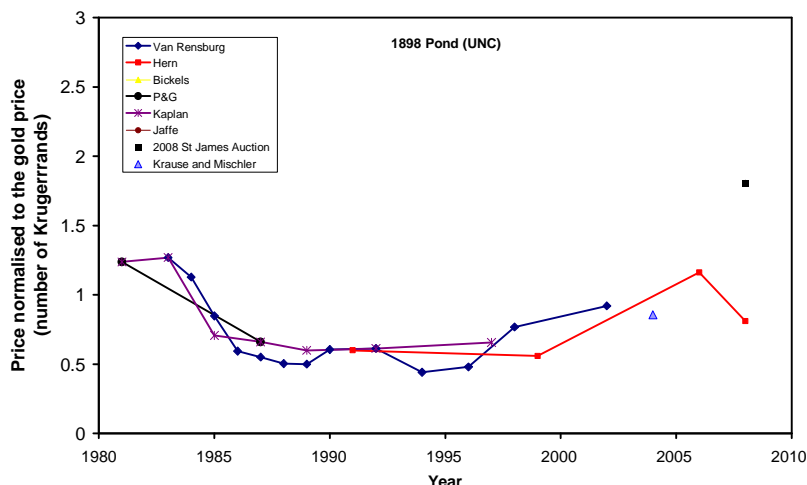


Figure 25. Normalised price trends for the 1898 Pond.

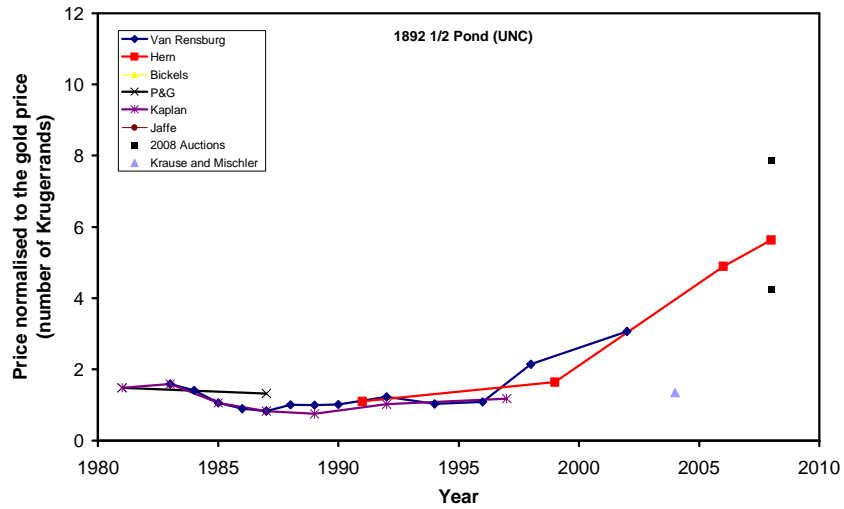


Figure 26. Normalised price trends for the 1892 1/2 Pond.

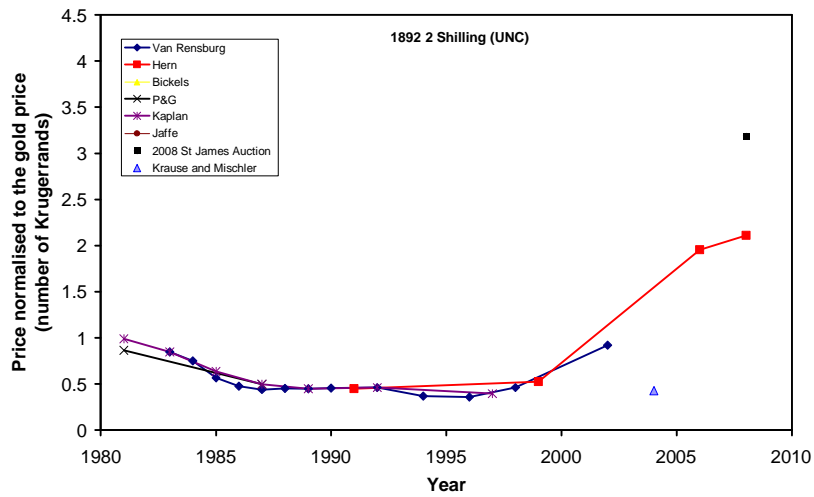


Figure 27. Normalised price trends for the 1892 2 Shilling.

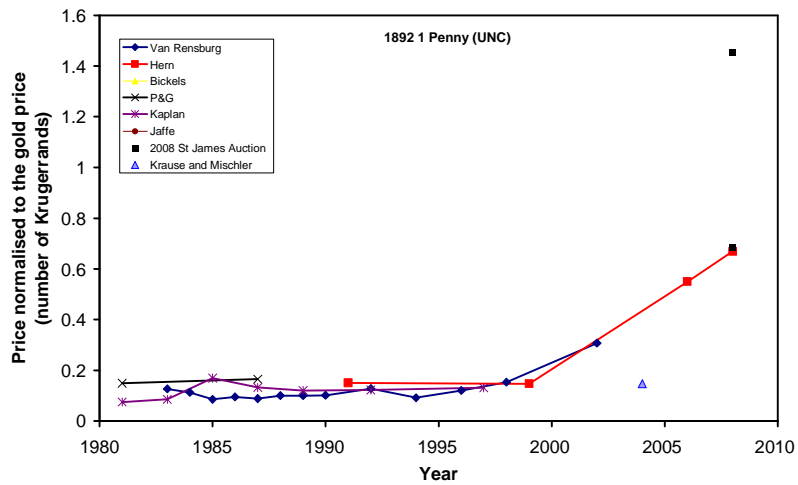


Figure 28. Normalised price trends for the 1892 1 Penny.

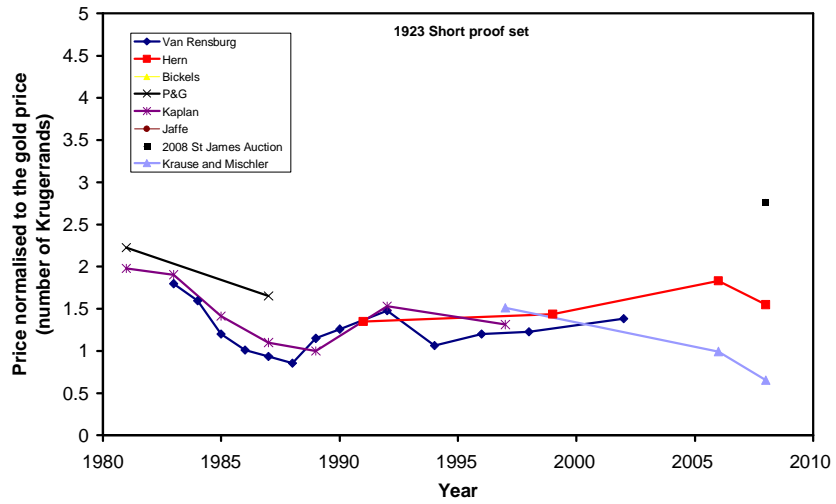


Figure 29. Normalised price trends for the 1923 short proof set.

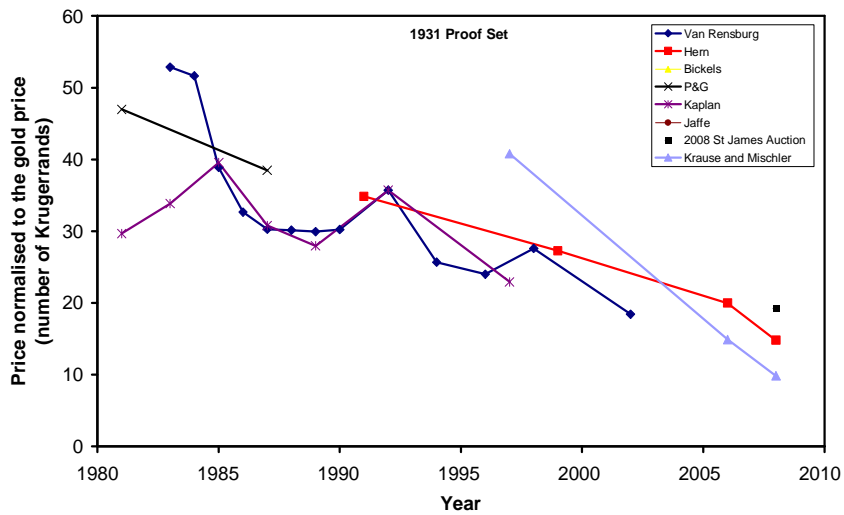


Figure 30. Normalised price trends for the 1931 Proof set.

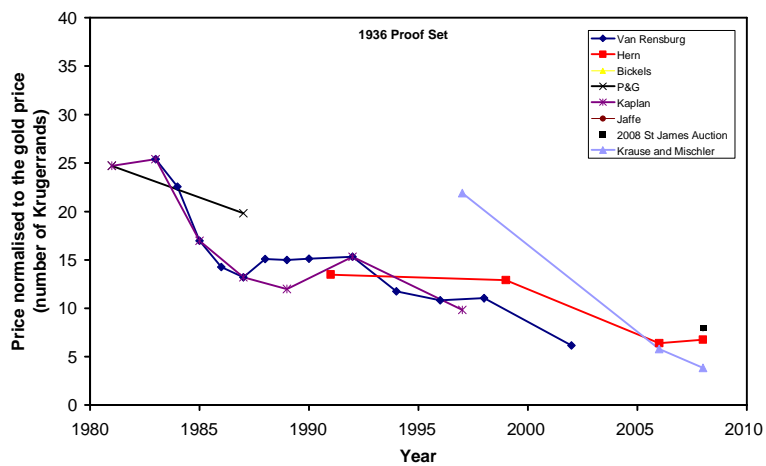


Figure 31. Normalised price trends for the 1936 proof set.

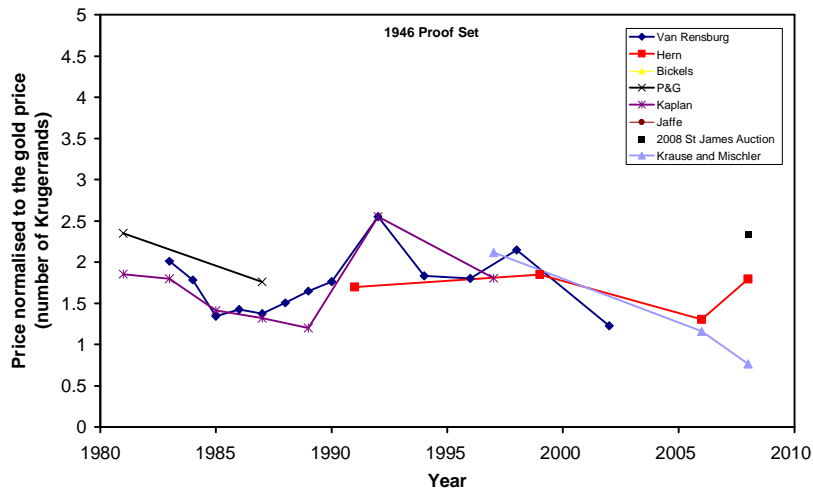


Figure 32. Normalised price trends for the 1946 proof set.

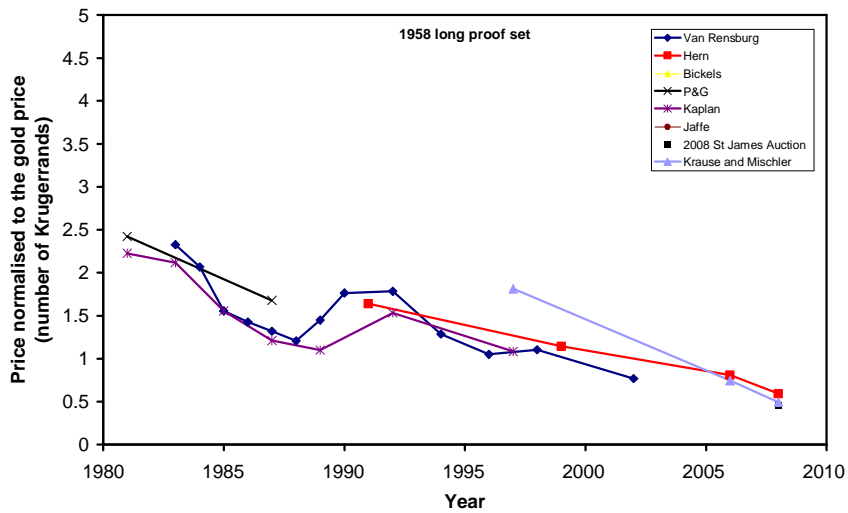


Figure 33. Normalised price trends for the 1958 long proof set.

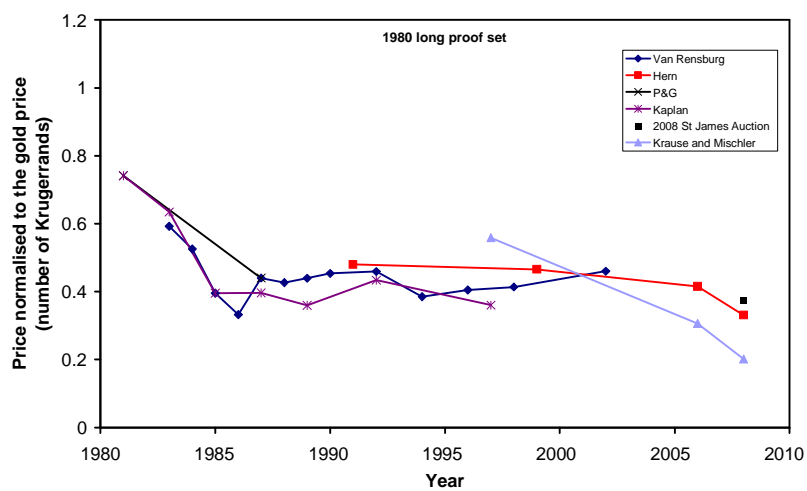
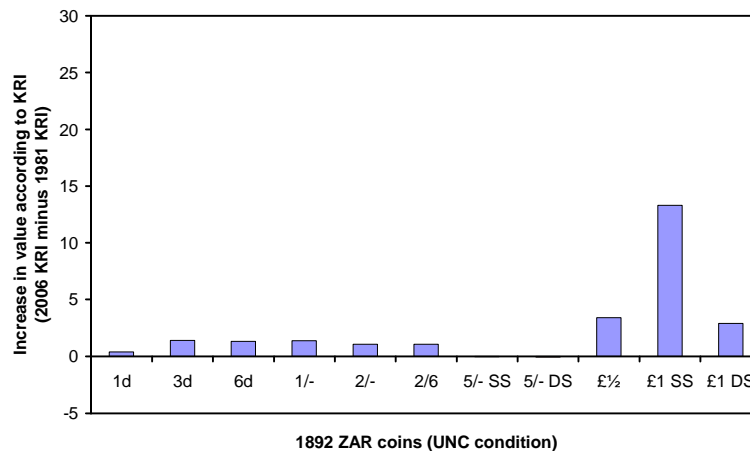


Figure 34. Normalised price trends for the 1980 long proof set.

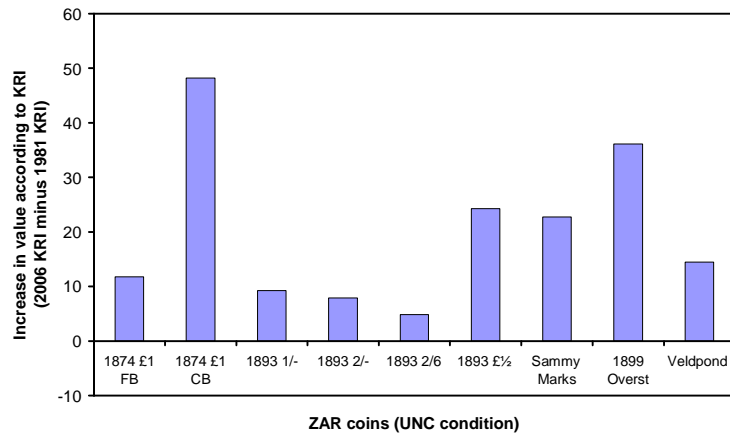


### A comparison of 1981 and 2006 catalogue prices

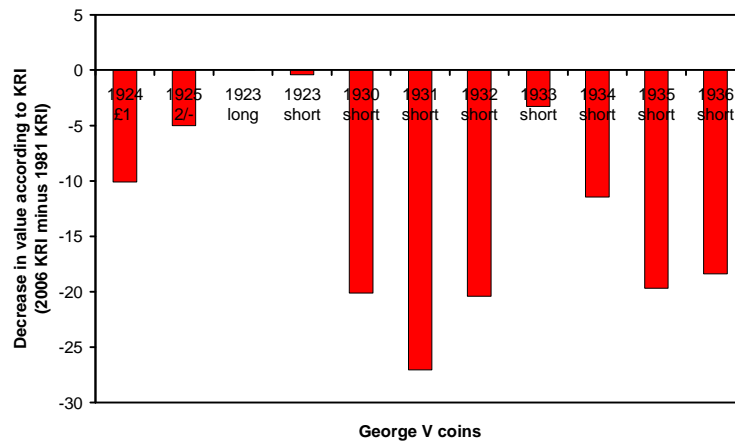
The trends illustrated above were investigated further by comparing the 1981 and 2006 catalogue prices in more detail. The 2006 catalogue values were used in preference to the 2008 values as the average gold price for 2008 is still very uncertain, especially after the volatility in the gold market during August. For this section a larger sample of coins were selected and similar to the method described above, the 1981 and 2006 prices were normalised with regards to the gold price in those years. As a further step, the 1981 normalised values (1981 KRI) were subtracted from the 2006 normalised values (2006 KRI). A positive value will therefore indicate an increase in value and a negative value a decrease in value with regards to the gold price. Figures 35 to 40 illustrate the trends for various groups of coins. Note that the ZAR series performed very well (even the very expensive coins), while the other coins showed a decrease in relative value. Somewhat surprising is the trends shown by the rare and prestigious proof sets, such as the 1931 set. These sets appeared to be significantly undervalued in 2006 compared to historic prices.



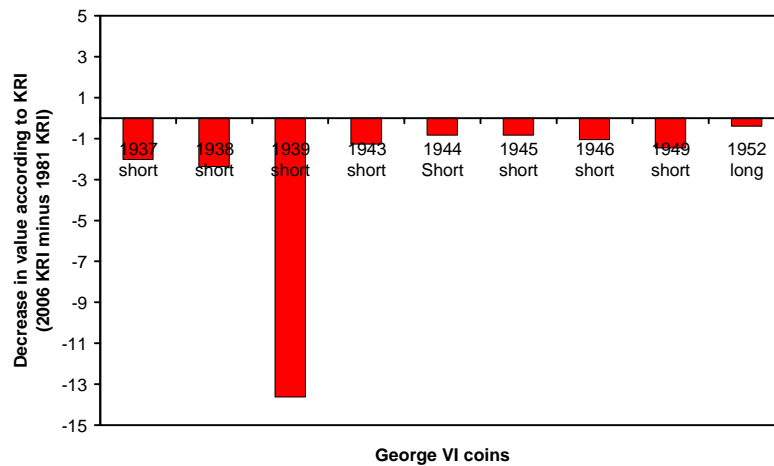
**Figure 35.** Comparisons of 1981 and 2006 normalised catalogue values for the 1892 ZAR coins in UNC condition.



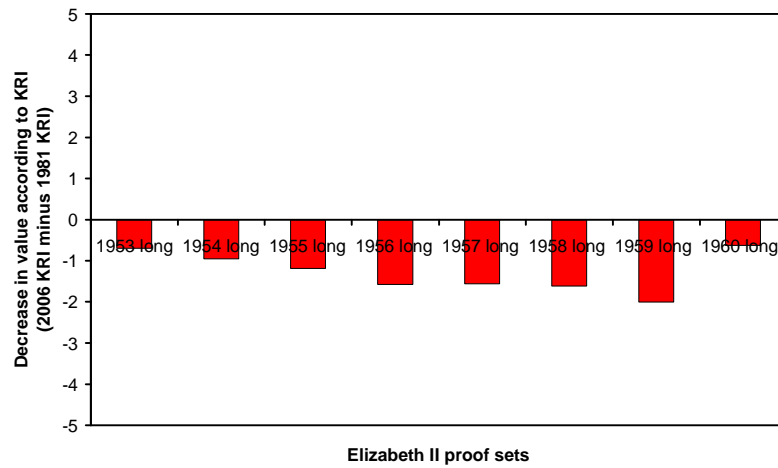
**Figure 36.** Comparisons of 1981 and 2006 normalised catalogue values for some ZAR coins in UNC condition.



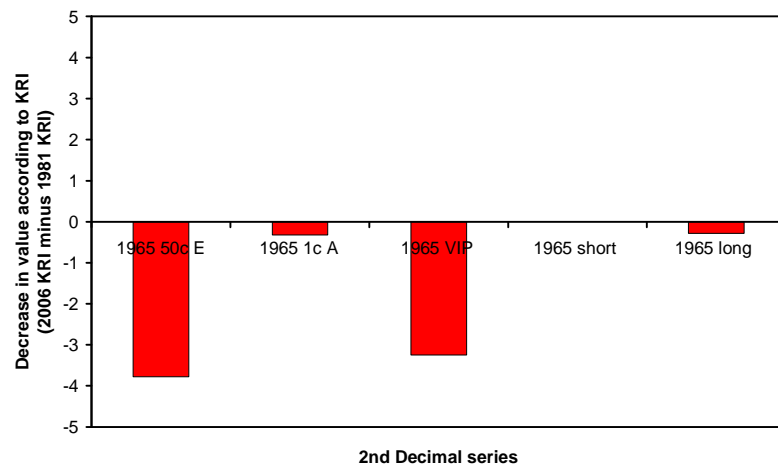
**Figure 37.** Comparisons of 1981 and 2006 normalised catalogue values for the George V proof sets and other coins. The UNC values for the 1924 £1 and the 1925 2/- were used.



**Figure 38.** Comparisons of 1981 and 2006 normalised catalogue values for the George VI proof sets.



**Figure 39.** Comparisons of 1981 and 2006 normalised catalogue values for the Elizabeth II proof sets.



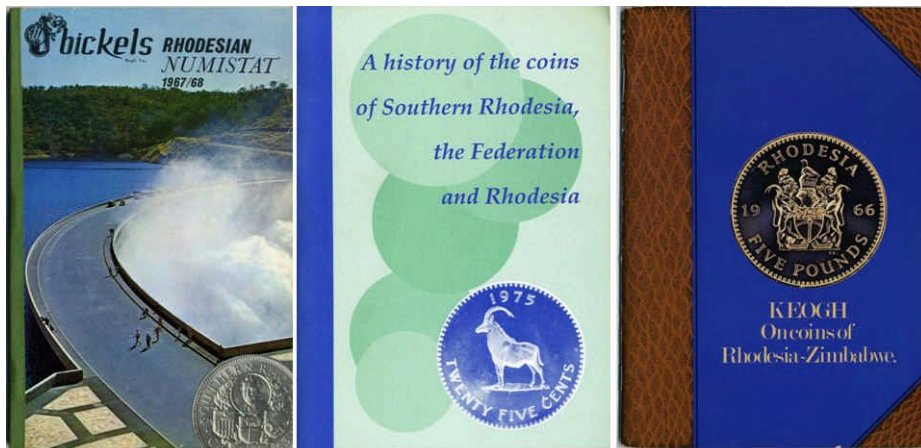
**Figure 40.** Comparisons of 1981 and 2006 normalised catalogue values for some proof sets and coins of the 2<sup>nd</sup> Decimal series.

### THE IMPORTANCE OF CATALOGUES

Regardless of the difficulties associated with determining realistic prices, catalogues are considered to be an essential part of the hobby and indispensable for investors. The following points illustrate the importance of these catalogues:

1. Catalogues serves as a barometer of the health of a particular area in numismatics. If regular updated catalogues are produced (irrespective of the perceived accuracy of the prices), then investors and overseas collectors is reassured that it is an active area in numismatics and worthwhile investing in (e.g examples can be found where Hern's catalogue numbers are quoted at overseas auctions of South African items). Rhodesian coins are probably a good example to illustrate that the declining health of an area of

collecting is mirrored by the absence of regularly updated catalogues. In the 1960s and 1970s a number of catalogues on Rhodesian coins were produced and some of these are shown in Figure 41. Good prices were fetched for some of the rare items. To the author's best knowledge, no recent catalogues on these coins were produced. As an example of price trends, Keogh's 1980 catalogue listed the price of a 1946 2/- in UNC condition as R 4500. A similar coin appeared in a 2008 price list of a local dealer for R 5200. This is a bargain price after 27 years of inflation and illustrates the current lack of demand for these coins. The database of CoinArchives.com on the web also showed that only 3 Rhodesian lots were sold in 2008 at the international auctions namely a 1932 proof set, a 1966 gold 10/- coin and the 1966 proof set with the three gold coins.



**Figure 41.** Catalogues on Rhodesian coins. Keogh's catalogue on the right was published in 1980.

2. Catalogue prices provide the first estimates of the value of coins. As noted by many authors, the “correct” price for a coin will always be the price agreed between a willing seller and a willing buyer. The value of catalogues is that it provides a common foundation on which negotiations regarding appropriate prices can be built.
3. Catalogues assist investors not knowledgeable in the numismatic field to ensure that they are not grossly overpaying for investment items. It serves as a “second opinion” and helps the investor to make better informed decisions. If the items are offered for sale at significant premiums over catalogue price, it will illustrate that additional research is required to justify the selling prices.
4. Catalogues contain a wealth of information for the enthusiast and collecting of older catalogues and plotting price trends is an interesting part of the hobby.

It is disconcerting that in the early 1990's collectors had access to 3 different catalogues. Currently, only one of these editions is still being updated and the warning light should be flashing regarding a possible "Rhodesian coin catalogue" scenario. The numismatic community must therefore provide all possible support to the few people still remaining that is willing to compile these catalogues (and all numismatic literature in general). Arguing about coin prices is easy. Committing oneself to produce a comprehensive guide of South African coins that accurately reflects price trends is an extremely difficult and often a thankless task. It should also be emphasized that "support" of the catalogue writers does not necessarily mean always agreeing with the prices or contents of the catalogues. Constructive criticism given in a supporting environment will always assist to improve further editions of a particular catalogue.

## CONCLUSIONS

This paper describes the important role of coin catalogues as an indispensable part of the hobby and as a valuable guide to investors. An overview of the large number of factors affecting coin prices illustrated that human behaviour and perceptions play a strong role in determining coin prices. This makes accurate estimations of current or future coin prices extremely difficult. A review of different scientific areas illustrated that no techniques are currently available to assist with this process.

For this study, the author collected a number of old catalogues on South African coins to examine historic trends of coin prices and these were compared to prices paid at recent international auctions.

To account for the effect of inflation in the increase of historic coin prices, the gold price is used as a normalising factor. It provides an easy to understand method which shows how many Krugerrands were required some years ago to buy a particular numismatic item and how many Krugerrands will be received if the same item is sold today. A small sample of different coin types were subjected to this analysis and it illustrated that the best performing coins during the last 27 years is the ZAR series. Some of the rare proof sets, such as the 1931 set, performed poorly during the same period and the current valuations are probably cheap in terms of historic prices. It should be cautioned that the sample of coins subjected to this analysis is small and additional work will be required before generalisations can be made. The author also did not investigate recent price trends of internet auctions sites where

independently graded and encapsulated coins (especially the grade rarities of modern coins) appear to be fetching high prices.

The paper is concluded by discussing the important role of catalogues. These catalogues, irrespective of the perceived accuracy of the prices, is an important barometer of the health of a particular area of numismatics. Of concern is that in the early 1990's, South African collectors had access to 3 different catalogues. Currently, only one of these is available as a recent update. The numismatic community must therefore provide all possible support and encouragement to the people compiling these catalogues and encourage regular updates.

## REFERENCES

- Cecchetti, S.G., Chu, R.S. and Steindel, C., The Unreliability of Inflation Indicators, Current issues in Economics and Finance, Vol 6, No 4, 2000.
- Dowle, A., Making the best of auction results, Coins, Vol. 7, no. 10, October 1970, Link House Publications Limited, 1970.
- Finn, P., Is there an accurate priced catalogue?, Coins, Vol. 9, no. 2, February 1972, Link House Publications Limited, 1972.
- Headley, S., Rare Coins - What is the Difference between a Grade Rarity and a Mintage Rarity? [http://coins.about.com/od/coinbuyingadvice/f/grade\\_rarities.htm](http://coins.about.com/od/coinbuyingadvice/f/grade_rarities.htm), 2008.
- Levine, E., The Golden Key, Purnell, ISBN 0 86843 032 3, 1980.
- Malkiel, B. G., A Random Walk Down Wall Street, 6th, W.W. Norton & Company, Inc.. ISBN 0393062457, 1973.
- Schwager, J.D., Getting Started in Technical Analysis, 1999.
- Sears, F.W., Zemansky, M.W. and Young, H.D., University Physics, 7<sup>th</sup> Edition, Addison Wesley, ISBN 0-201-06694-7, 1987.
- Singh, S., Fermat's Last Theorem. Fourth Estate. ISBN 1-85702-669-1, 1997.
- South African Numismatic Journal, Number 7, 1972.
- Berkowitz, P., Why inflation feels worse than it is. <http://www.persfin.co.za>, 2008.
- Jastram, R., The Golden Constant , John Wiley & Sons, p. 132, 1977.
- Sardar, Z abd Abrams, I., Introducing Chaos, Tien Wah Press, ISBN 1 84046 581 6, 1999.
- Skousen, M., Which Is the Best Inflation Indicator: Gold, Oil, or the Commodity Spot Index?, The Freeman: Ideas on Liberty, vol. 47, no. 2, 1997.
- Tkacz, G., Gold Prices and Inflation. Bank of Canada Working Paper 2007-35, 2007.
- Woodbury, G., Introduction to Statistics. Duxbury, USA, 2002.