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For nearly 3000 years, mankind has used coins to facilitate commercial transactions. One would think in that amount of time every possible combination of materials, shapes and designs would have been used. But societies change, technologies change and the demands of the marketplace necessitate the continuous evolution of coinage systems. On April 10th, the Royal Canadian Mint completed a process that was initiated in 1996. Last week, the Canadian One Dollar and Two Dollar coins were converted from nickel and copper based alloy to the modern, safe and secure Multi-ply technology.

Multi-ply is a proprietary process developed in Canada that applies electroplated layers of nickel and copper to an inexpensive steel core to create circulating coins that are both attractive and affordable. In an age of escalating global metal costs, governments need to produce coins more cost effectively without compromising quality. Canada has been using the Multi-ply process for circulating coins since 2001 when the 5-cent, 10-cent, 25-cent and 50-cent denominations were converted from expensive, nickel based alloys to the more affordable steel coins. Because the Multi-ply steel coins are nearly identical in size, weight and appearance to the nickel alloy coins they replaced, the transition went almost unnoticed by the general population in Canada.

The major reason the transition from pure nickel and nickel alloy coins to Multi-ply electroplated steel coins went so smoothly was the commitment by the Royal Canadian Mint to involve the major stakeholders early and continuously throughout the process. The national banks of Canada, charitable organizations, coin handling and transportation companies and the vending industries were personally and continuously updated during the conversion. Particular attention was given to the vending industry as their support was critical for a seamless changeover. Despite the fact that the vending industry represented a fractional percentage of retail transactions, nevertheless every reasonable effort was made to address their concerns. The annual production volume of Canadian circulation coins has traditionally been only about one-tenth the volume of circulating coins produced by the US Mint. Nevertheless the transformation from nickel and nickel alloy coins to Multi-ply has saved Canadian tax payers over \$250 million.

The older pure nickel and nickel alloy coins have successfully co-circulated in Canada with the new Multi-ply coins for over a decade. The Royal Canadian Mint has for the last six years maintained an active program of removing the older nickel and nickel alloy coins from circulation. With the escalating global prices for commodity metals, the older coins are eventually defaced and sold for their metal content. The profits from these sales are returned to the Canadian taxpayer.

Canada is not alone in enjoying the cost saving benefits of Multi-ply technology. Since its introduction, Multi-ply technology has been adopted internationally by 28 different countries

representing over 60 denominations. The New Zealand experience is a good illustration of this process.

In 2004, The Reserve Bank of New Zealand sought public input on a proposal to reduce the size of the 10-cent, 20-cent and 50-cent coins while concurrently changing the composition from expensive alloy to electroplated steel. The Reserve Bank wanted to reduce the size of the coins to make coin usage more convenient for the public and for cash handling businesses. The conversion to electroplated steel was motivated by the desire to maintain positive seigniorage well into the future. The Reserve Bank also recognized that to be accepted by the public, the new coins had to be durable, and they needed to function in vending machines. After extensive independent testing, the Reserve Bank of New Zealand selected Multi-ply as the only process that met their criteria for public acceptance. Multi-ply coins have been in circulation in New Zealand since 2006.

The reserve Bank of New Zealand took a very aggressive approach with the introduction of their new Multi-ply coins. Rather than co-circulate coins of different sizes and compositions, the Reserve Bank elected to completely replace the old coins and over a period of six months, old coins were removed from circulation as the new coins were introduced. The old coins were then altered to prevent their re-introduction to the market, and the demonetized coins were sold to recoup their metal content value. The profit generated from the sale of the demonetized coins was sufficient to cover the cost of the new Multi-ply coins and to generate additional revenue for the Taxpayers of New Zealand.

You have in front of you examples of newly minted Canadian 5-cent and 25-cent coins. The 5-cent coins have the same look and feel as the US Nickel. The major difference is that the Canadian coin costs less than 3-cents to produce while the US coin is reported to cost more than 11-cents to manufacture. With the US Mint producing nearly one billion 5-cent coins every year, this represents a potential cost savings to the American taxpayer of \$80 million annually. I believe the cost savings potential of the Multi-ply process for US circulation coins warrants serious consideration.

Next Generation of High Value Coins Issued in Canada

April 10, 2012 by Michael Alexander – Coin Update News

In an effort to reduce the escalating costs of both manufacture and materials, the Royal Canadian Mint have released (10th April) the next generation of their two highest denomination coins, the one & two dollar values, or more commonly and affectionately known as “Loonies and Toonies”. The change also comes on the 25th anniversary of the issue of current one dollar coin first released for circulation in 1987.

The new coins, which begin circulating today, incorporate advanced security features and are manufactured with the Mint’s patented multi-ply plated steel technology. More cost-effective than their predecessors and unprecedented in their security, these new coins retain the “Common Loon” and “Polar Bear” designs and physical appearance familiar to millions of Canadian consumers, businesses, and avid coin collectors.

The one dollar coin, first issued in 1987 was produced out of an aureate-bronze material plated onto nickel which gave the coins a bright golden color thus singling it out from all other circulating Canadian coinage and enabling the Bank of Canada to successfully transition the Canadian population from the paper one dollar banknote to the coin denomination. In 1990, the RCM introduced Canada’s first bi-metallic coin for general circulation comprised of an aluminium-bronze center disc and an outer nickel ring. The addition of the \$2 coin denomination once again successfully replaced the paper note of the same value.



The new one-dollar and two-dollar coins are manufactured at the Mint’s facility in Winnipeg, Manitoba using the same patented multi-ply plated steel (MPPS) technology from which Canada’s lower denomination circulation coins have been made since 2001. This proven technology, by which a steel core is plated with alternating layers of different metals such as copper, nickel and brass, employs far less metals than alloy coins and produces highly cost-effective circulation coins.

The next generation of one-dollar and two-dollar circulation coins also incorporates new, visible security features which further enhance the security and integrity of Canada’s coinage system. The reverse side of both coins features laser mark micro-engraving, and the two-dollar coin also contains a virtual image and edge-lettering. With the exception of these additional security features, the new coins will have the same diameter and thickness as the current coins. These

changes to the one-dollar and two-dollar circulation coins, which support the effort to modernize Canada's currency system, are permanent.

The new coins will soon appear in general circulation and will be available through daily business transactions across Canada. All previous versions of the one-dollar and two-dollar circulation coins issued since 1987 and 1996, respectively, remain legal tender and will continue to circulate as usual. The release of the latest changes to Canadian coinage comes close on the heels of the recent announcement by the Ministry of Finance that after a 154 year run, The Royal Canadian Mint will discontinue the production of the one cent coin due to its lack of purchasing power and their overall cost to manufacture. The history of the Canadian cent actually pre-dates that of the actual year of Canadian Confederation by 9 years.

For more information on the latest circulation coins from the Royal Canadian Mint, please visit their website at: <http://www.mint.ca/store/template/home.jsp>