

Memorandum for Cabinet by the Hon. Acting Minister of Finance, Customs and Port on the subject of the Introduction of a Decimal Currency for Malta

In the Speech from the Throne specific reference was made to the possibility of adopting a decimal currency for Malta and it was stated that a study would be put in hand of what is best to be done.

A decision to adopt the metric system for weights and measures has already been taken by Government and the time has now come for a decision to be taken on the question of currency. This is all the more indicated now that the U.K. Government has decided to change over to the decimal currency system in 1971. Moreover, the draft Bill to provide for the establishment of a Central Bank of Malta is now in its final stages of preparation and once the Central Bank will be responsible for the issue and management of the currency it is all the more necessary that Government's intentions should be made known to Parliament and to the country as a whole.

There would seem to be no doubt that a decimal currency should be introduced. The main question would appear to be what form this should take. There appear to be sufficiently strong enough grounds for Malta to adopt the £ - cent - $\frac{1}{2}$ cent system as in the United Kingdom. The close commercial and monetary ties that have been established with the United Kingdom during the last 150 years would appear to give Malta very little choice but to adopt the same decision. In order that, however, the considered opinion of public bodies may be obtained, it is suggested that a Committee be set up to study and make recommendations on:

- (a) the decimal form the local currency system should take;
- (b) the timing and phasing of the changeover; and
- (c) the estimating of the relative cost of the changeover.

The Committee would be composed of representatives from the Central Bank, the Ministry of Finance, Customs and Port, the Treasury, the Department of Education, the Ministry of Trade, Industry and Agriculture and the Economic Planning Division of the OPM. The form and extent the consultation of public bodies would take should advisedly be left in the hands of the Committee itself.

If it is agreed that Malta should follow in the wake of the United Kingdom and decimalise by early 1971, a time limit (say 6 months) would have to be set within which the Committee would submit its report. As early as possible advance notice should be given of the decision to the Central Bank to allow for the designing, placing and completion of the orders for the new notes and coins, which will be required in very large quantities to replace all the currency presently in circulation. It should be kept in mind that the Royal Mint and the printing firms will be very busy for the next 3 years preparing the new notes and coins for the British changeover.

Honourable Ministers are asked to approve accordingly.

17th April, 1967.

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