

Currency in early settlement

First Fleet arrives

When the First Fleet arrived in Sydney Cove in 1788, it brought with it only 300 pounds (held by Captain Arthur Phillip) and whatever random coins were in the pockets and purses of passengers. The English Government had not sent any coins or banknotes with the Fleet to Australia. This was for a few reasons:

1. there was a shortage of currency in the United Kingdom and so none was available to send to any colonies
2. the officials of the new colony (New South Wales) would be paid in provisions (e.g. food, clothes, etc.) from the company stores and so wouldn't need money
3. there would not be any shops in the new colony (at least for a while) and the free settlers (non-convicts) were expected to be self-sufficient.

The First Fleet only brought enough provisions to keep its passengers alive for about two years (if they were carefully rationed). However, no one was prepared for the harsh conditions in the new colony. The weather was extreme, there was little rain, the soil was unfamiliar and the settlers did not have farming equipment causing them to almost starve. This meant Captain Phillip was forced to spend some of his money to get supplies from Cape Town (South Africa).

Finally, in 1792, the drought ended and successful harvests were achieved. It was at this time that trading ships began to arrive with goods such as clothing, boots, butter, tea and rum. The settlers had to pay for these goods somehow. They tried promissory notes (a signed piece of paper promising to pay the money at another time), but the ships' crews wanted cash.

Currency chaos

The coins in the pockets of the passengers on the First Fleet were a mixture of currencies from all around the world and included English guineas, shillings and pence, Spanish dollars, Indian rupees and Dutch guilders. It was confusing to try and use these coins to trade because no one knew how much they were worth when compared to each other.

This coin confusion meant that other ways of trading were used. People bartered for goods and services with anything they had – food and rum became popular items to trade. Promissory notes were also used a lot, but these were easily forged and people often used them even though they knew they wouldn't have the money to pay them back.

The colony was in chaos!



Examples of currency brought to Australia on the First Fleet.

Governor King to the rescue

By 1800, the population was growing and the number of different coins in the colony was ever increasing. This was often because visiting ships would leave behind currency after they traded. The trade in rum was growing and this was causing a lot of problems throughout the colony. The supply of rum was controlled by a small number of people (who became very rich) and soon many workers were even paid in rum (which they often drank instead of using it to buy other goods and services).

Governor Philip Gidley King was determined to put an end to the currency chaos. Many coin disputes happened because it was difficult to calculate how much coins were worth when compared to each other. For example, how do you compare the value of a Spanish dollar to an Indian rupee?

Governor King made lots of changes to help the situation, but one of the most important was the proclamation on 19th November 1800 that set values for many of the coins in the colony against the British currency. For example, one Spanish dollar was now worth five shillings compared to an English guinea which was worth one pound and two shillings.

This brought some relief and stability to the colony, at least for a short time.



Spanish dollar