



SPEECH BY THE GOVERNOR OF THE BANK OF PAPUA NEW GUINEA,
MR. L. WILSON KAMIT, CBE
ON THE OCCASION OF THE LAUNCHING OF THE
NEW ONE HUNDRED KINA BANKNOTE AND ONE KINA COIN

PORT MORESBY
18TH NOVEMBER 2005

THE BUZZ WORD AROUND TOWN THIS WEEK IS MONEY, MONEY, MONEY. FIRST THE BUDGET AND NOW I WELCOME YOU ALL TO THE LAUNCH OF OUR NEW CURRENCIES AS PART OF OUR CELEBRATIONS OF 30 YEARS OF INDEPENDENCE. I WISH TO EXPRESS MY APPRECIATION AND SPECIAL THANK YOU TO THE MINISTER FOR FINANCE AND TREASURY, HONOURABLE BART PHILEMON FOR ACCEPTING OUR INVITATION TO OFFICIATE ON THIS IMPORTANT OCCASION. HE HAD TO CANCEL HIS FLIGHT TO HIS ELECTORATE (LAE) FOR A MUCH NEEDED REST FROM HIS VERY BUSY WEEK TO OFFICIATE AT THIS LAUNCHING.

BEFORE I CALL ON THE HONOURABLE MINISTER TO DELIVER HIS KEYNOTE ADDRESS, ALLOW ME TO PROVIDE A BRIEF BACKGROUND ON OUR CURRENCY REFORMS, WHICH HAVE CULMINATED IN TODAY'S EVENT.

LADIES AND GENTLEMEN, PAPUA NEW GUINEA INTRODUCED ITS OWN CURRENCY, THE KINA AND TOEA, THIRTY YEARS AGO ON 19 APRIL 1975. THE FIRST ISSUE OF OUR BANKNOTES WAS IN THREE DENOMINATIONS, NAMELY THE 2 KINA, 5 KINA AND 10 KINA NOTES. THE 20 KINA BANKNOTE WAS INTRODUCED IN 1978. INITIALLY, ALL THESE DENOMINATIONS WERE IN PAPER SUBSTRATE AND THE DESIGNS DEPICTED THE NATIONAL CREST ON THE FRONT AND OUR TRADITIONAL MONEY ON THE BACK. LATER ON, THE PARLIAMENT HOUSE DESIGN WAS ADDED TO THE TEN KINA BANKNOTE.

THE 50 KINA BANKNOTE INTRODUCED IN 1989 SHIFTED AWAY FROM DEPICTING TRADITIONAL MONEY AND PLACED EMPHASIS ON NATION BUILDING AND NATIONAL UNITY. THE NATIONAL CREST AND THE NATIONAL PARLIAMENT BUILDING APPEAR ON THE FRONT. THE PORTRAIT OF SIR MICHAEL SOMARE, PAPUA NEW GUINEA'S FIRST CHIEF MINISTER AND PRIME MINISTER, THE GUARDIAN OF PAPUA NEW GUINEA, WHO LED THE COUNTRY TO SELF-GOVERNMENT AND INDEPENDENCE APPEARS ON THE BACK. THE MASKS ON THE BACK OF THE 50 KINA BANKNOTE DEPICT GUARDIANSHIP AND STEWARDSHIP OF TRADITIONAL SOCIETIES OF PAPUA NEW GUINEA.

THE FRONT OF THE COINS DEPICT THE NATIONAL CREST AND THE BACK DEPICTS OUR RICH FAUNA WITH DIFFERENT ANIMALS APPEARING ON ALL DENOMINATIONS, EXCEPT THE 50 TOEA COIN. THE FIRST 50 TOEA COIN ISSUED IN 1980 COMMEMORATES THE THIRD SOUTH PACIFIC FESTIVAL OF ARTS ON THE BACK, WHICH WAS HOSTED BY PAPUA NEW GUINEA. SUBSEQUENT ISSUES OF THE 50 TOEA COIN IN 1991 AND 1998 COMMEMORATED THE NINTH SOUTH PACIFIC GAMES AND THE BANK OF PAPUA NEW GUINEA'S SILVER JUBILEE, RESPECTIVELY.

IN DECIDING TO RESTRUCTURE OUR CURRENCY, THE BANK OF PAPUA NEW GUINEA TOOK INTO CONSIDERATION A NUMBER OF FACTORS. THESE INCLUDED THE FOLLOWING:-

FIRSTLY, THE MAJORITY OF OUR PEOPLE USE CASH AS THE MAIN FORM OF PAYMENT IN SETTLING THEIR TRANSACTIONS. BANKNOTES THEREFORE HAVE TO BE WIDELY ACCEPTABLE AND CONVENIENT TO HANDLE AND ATTEMPTS MUST BE MADE TO HAVE RELATIVELY CLEAN SUPPLIES OF NOTES IN CIRCULATION AT ALL TIMES.

SECONDLY, THE INCREASING COST OF PROVIDING AN ACCEPTABLE QUALITY OF BANKNOTES. GIVEN OUR HIGH HUMIDITY CONDITIONS IN THE TROPICS AND THE FREQUENT AND ROUGH HANDLING OF CURRENCY BY THE PUBLIC, WE NEED TO PROVIDE A CURRENCY THAT IS NOT ONLY RELIABLE TO USE BUT ALSO COST-EFFECTIVE TO PRODUCE, WITH ENHANCED MODERN SECURITY FEATURES AGAINST COUNTERFEITING.

THIRDLY, TECHNOLOGICAL ADVANCEMENT AND CHANGES MEANT WE HAVE TO CONTINUOUSLY UPGRADE OUR CURRENCY TO ADAPT TO THE NEW TECHNOLOGICAL

CHANGES. WE NOW HAVE AUTOMATIVE TELLER MACHINES AND OUR BANKNOTES HAVE TO MEET THEIR STANDARDS AND REQUIREMENTS. WE ALSO HAVE NEW NON-CASH INSTRUMENTS OF PAYMENT, INCLUDING ELECTRONIC FORMS OF PAYMENT.

FOURTHLY, SECURITY ENHANCEMENT OF OUR CURRENCY IS PARAMOUNT IN PROTECTING THE NOTES AGAINST COUNTERFEITING. THE PUBLIC HAS TO HAVE THE CONFIDENCE AND TRUST THAT THEY ARE USING A SAFE, SECURE AND RELIABLE CURRENCY TO CONDUCT THEIR TRANSACTIONS.

THE BANK OF PAPUA NEW GUINEA HAS ENSURED THAT OUR CURRENCY DESIGNS SYMBOLISE OUR NATIONAL IDENTITY, NATION BUILDING AND NATIONAL UNITY. THE CENTRAL BANK LOGO APPEARS ON OUR BANKNOTES AS A WATERMARK OR SEE-THROUGH WINDOW, WHICH ARE SECURITY FEATURES. A CENTRAL THEME THAT RUNS THROUGH OUR CURRENCY IS THE USE OF MONEY FOR TRADE AND OTHER ACTIVITIES, AS WAS THE CASE IN TRADITIONAL TIMES.

AS MOST OF YOU ARE AWARE, THE 2 AND 5 KINA NOTES ARE THE MOST FREQUENTLY USED BANKNOTES OF OUR CURRENCY. IT USED TO TAKE THE 2 KINA BANKNOTE AN AVERAGE OF 4 MONTHS FROM ISSUE TO WITHDRAWAL. WE THEREFORE DECIDED TO PIONEER OUR WAY WITH THE POLYMER BANKNOTE TO SEE IF THE 2 KINA NOTE WOULD CIRCULATE LONGER. IN 1991, WE ISSUED OUR FIRST POLYMER BANKNOTE USING THE 2 KINA NOTE TO COMMEMORATE THE NINTH SOUTH PACIFIC GAMES, MAKING PAPUA NEW GUINEA THE SECOND COUNTRY OUTSIDE OF AUSTRALIA TO ISSUE A POLYMER BANKNOTE – THE OTHER COUNTRY WAS SINGAPORE. SO IN A FASHION, PAPUA NEW GUINEA WAS A PIONEER IN THIS FIELD. SINCE THEN, WE HAVE HAD NUMEROUS ENQUIRIES ABOUT THE EFFECTIVENESS OF THE POLYMER BANKNOTE, TEAMS FROM CENTRAL BANKS FROM ABROAD HAVE VISITED US TO WITNESS THE PROCESS AND USAGE OF NOTES, AND I HAVE (ON INVITATION) GIVEN TALKS AT DIFFERENT CONFERENCES ON OUR EXPERIENCES WITH THE POLYMER BANKNOTE. THE 2 KINA BANKNOTE NOW LASTS UP TO 14 MONTHS.

OUR DECISION TO INTRODUCE POLYMER BANKNOTES IN ADDITION TO THE PAPER BANKNOTES IS DUE TO ITS HIGH DURABILITY, CLEANLINESS AND DIFFICULT TO COUNTERFEIT. THE LIFE EXPECTANCY OF THE LOW DENOMINATION BANKNOTE IS MUCH LONGER THAN OUR EXPERIENCE WITH THE PAPER BANKNOTES, PARTICULARLY

IN WITHSTANDING OUR HIGH HUMIDITY CLIMATE. IN ADDITION, WITH LIMITED BANKING AND FINANCIAL SERVICES WHERE THE MAJORITY OF OUR PEOPLE LIVE, ESPECIALLY IN THE RURAL AREAS, CASH TEND TO REMAIN IN CIRCULATION OUTSIDE THE BANKING SYSTEM FOR A LONGER PERIOD.

WE STILL HAVE PAPER NOTES IN CIRCULATION AND ON ORDER AS COMPETITION HAS LED TO PAPER NOTE MANUFACTURERS DEVELOPING NEW PRODUCTS THAT ARE DURABLE AND CAN COMPETE WITH THE POLYMER NOTES. EACH PRODUCT HAS THEIR OWN ADVANTAGES.

THE UNIQUE SECURITY FEATURES OF THE NEW 100 KINA BANKNOTE CAN BE SEEN ON THE POSTERS TO BE DISPLAYED AFTER THE LAUNCHING AND ALSO TO BE IN THE NEWSPAPERS NEXT WEEK.

I AM PLEASED TO INFORM YOU ALL THAT CLOSELY ALIGNED TO CURRENCY ISSUES IS THE NEED TO HAVE A CLEAN NOTE POLICY, AND THE BANK IS ALSO CURRENTLY WORKING ON SUCH A POLICY FOR THE COUNTRY. WE WOULD TRY TO PROMOTE A HIGH SENSE OF PRIDE AMONG OUR PEOPLE IN OUR NATIONAL CURRENCY, AND ENCOURAGE THE DESIRED POSITIVE ATTITUDE AND BEHAVIOUR IN THE HANDLING OF BANKNOTES IN THEIR DAY-TO-DAY ACTIVITIES. EACH CURRENCY BANKNOTE AND COIN TELLS A STORY ABOUT OUR BEAUTIFUL COUNTRY. LET'S HANDLE OUR BANKNOTES PROPERLY AND PASS THE STORIES TO OTHERS.

NOW IT GIVES ME GREAT PLEASURE TO INVITE A PERSON WHO THROUGH HIS CHAIRMANSHIP OF SPECIAL NATIONAL EVENTS HAS BEEN RESPONSIBLE FOR AND CLOSELY ASSOCIATED WITH THE ISSUANCE OF OUR BANKNOTES AND COINS IN THE PAST, TO TALK TO US ABOUT THE NEW CURRENCIES.

EARLIER ON, I MENTIONED THE INTRODUCTION OF THE FIRST EVER 50 TOEA COIN ISSUED IN 1980 TO COMMEMORATE THE THIRD SOUTH PACIFIC FESTIVAL OF ARTS HOSTED BY PAPUA NEW GUINEA. THE CHAIRMAN OF THAT FESTIVAL COMMITTEE WAS HONOURABLE BART PHILEMON.

IN 1991, PAPUA NEW GUINEA HOSTED THE NINTH SOUTH PACIFIC GAMES. TO COMMEMORATE THIS MAJOR EVENT, WE ISSUED A 50 TOEA COIN AND THE FIRST EVER

2 KINA BANKNOTE IN POLYMER, BEARING THE LOGO OF THE SOUTH PACIFIC GAMES. THE CHAIRMAN OF THAT SOUTH PACIFIC GAMES COMMITTEE WAS NONE OTHER THAN HONOURABLE BART PHILEMON.

LET ME NOW INTRODUCE THE GUARDIAN, STEWARD AND CHAIRMAN OF OUR FINANCES, THE MINISTER FOR FINANCE AND TREASURY, HONOURABLE BART PHILEMON.
