



BANK OF PAPUA NEW GUINEA

SPEECH BY
THE GOVERNOR OF THE BANK OF PAPUA NEW GUINEA
MR. L. WILSON KAMIT, CBE
ON THE RELEASE OF THE NEW SERIES K20 BANKNOTE

I wish to extend a warm welcome to all of you attending this evening's launching of the new series K20 banknote.

The Bank of Papua New Guinea has timed the release of the new K20 banknote to coincide with our 34th birthday, which is today. On 02 November 1973, a young Michael Somare, Chief Minister unveiled a plaque at our Douglas Street building and the country's central bank - the Bank of Papua New Guinea was opened for business. Over the years we have sought to celebrate important events on our birthday. We opened our new office, the ToRobert Haus on 1 November 1991 and we released the new K100 banknote on 02 November 2005.

Ladies and Gentlemen, Papua New Guinea first introduced its own currency, the Kina and toea, thirty-two (32) years ago on 19 April 1975, our 'Kina & Toea Day'. The first issue of our banknotes were in the 2 Kina, 5 Kina and K10, a little later K20 banknote all in paper substrate. The banknotes designs depicted the national crest on the front and our various traditional forms of money on the back. The design of the National Parliament was later added to the K10 banknote. Prior to 1991, all our banknotes were in paper substrate. In keeping with developments in the banknote security printing world, Papua New Guinea became the second country outside of Australia to move into using polymer (plastic) for banknotes, through the introduction of the Commemorative South Pacific Games K2.00 banknote in 1991.

This was the first major shift in our quest to identify a cost efficient solution to cash handling. We found that the polymer notes were more durable and they lasted longer.

Our economy is predominantly a cash-based one where the majority of our people continue to use cash (coins and banknotes) as the main form of payment in settling their transactions. There is the need to ensure we issue an acceptable quality of banknotes with longevity, given our humid/tropical conditions and the frequent and rough handling of currency by the public. We also need to provide currency that enhances modern security features against counterfeiting. With continuous technological advances, we must continuously upgrade our currency to adapt to the new standards. For instance, our banknotes must be of the quality and specifications for use in Automated Tellers Machines (ATMs). Our banknotes must therefore be able to be used by humans and machines alike.

The on-going design changes to our currency are not only in accordance with one of our legislative objectives of promoting an efficient payments system but is also recommended and acceptable practice for currency issuers (usually Central Banks) at certain intervals over time to introduce new designs and features into their banknotes to combat and prevent counterfeiting and to keep abreast of technological advances.

The Central Bank is committed to ensuring our currency is of the highest standards and quality, is safe and secure and is widely acceptable and convenient to use. We are in the process of introducing an automated currency processing system to improve on our counting, sorting and online destruction of soiled banknotes initially in Port Moresby and eventually to our Currency Distribution Centres in Mt Hagen, Lae and Kokopo. This will ensure that under our Clean Banknote Policy we will maintain the standards and quality of our banknotes in the hands of the public. I wish to appeal to the general public and business houses to assist us improve the quality of our banknotes in circulation by returning old and torn banknotes to any of the commercial banks in exchange for new notes and coins.

The next major shift in our banknote history was the introduction of the “Parliamentary” theme on the front of the notes. The Parliament already appeared on the K10 and K50 also has the portrait of Sir Michael Somare who brought a united Papua New Guinea to Self Government in 1973 and eventually Independence in 1975.

In 2005, The Bank of Papua New Guinea undertook a review and modification of the design and upgrade the security features while retaining the traditional flavour of the original banknote designs. In re-designing our currency, we re-emphasized Nation building and Nationhood and hence the family of banknotes depicting the national crest which is the stylized bird of paradise sitting on a kundu drum and the ceremonial spear and the National Parliament which already appears on the front of the K2, K10, K50 and K100. The designs on the back of the notes remain unchanged.

I wish to acknowledge the role of the security/banknote printers we have been associated with. We deal with De La Rue for paper banknotes and Note Printing Australia Limited for polymer (plastic) banknotes. Their advise on technical matters and have assisted us on the technical specification, security and design requirements for our new banknotes which has enabled the Bank to make informed decisions in designed layout, printing, distribution, withdrawal and eventual destruction. In the case of polymer banknotes, they are actually re-cycled into pot plants, wheel barrows, car bumpers/fenders.

With these few remarks, ladies and gentlemen, it gives me great pleasure to introduce the new series K20 banknote in commemoration of the 34th anniversary of Bank of Papua New Guinea, and to join the family of banknotes depicting the Parliament theme. The new K20 becomes legal tender on Monday, 5 November 2007 and they will be used side by side with the existing K20 notes until they are phased out over time.

Thank you and God bless