

## Remarks by Central Bank Governor, Denton Rarawa at the launching of Solomon Islands commemorative \$40 note and coloured \$2 coin, marking Solomon Islands 40<sup>th</sup> Anniversary of Independence, 5<sup>th</sup> July 2018

PS Ministry of Finance

CBSI Board Directors

Commercial Bank Managers

Representatives of the Media

Good people of Solomon Islands

Ladies & Gentlemen

First of all, let me welcome you to the Central Bank and thank you for joining us this morning to witness the launch of the \$40 polymer note and coloured \$2 coin to mark our country's 40<sup>th</sup> anniversary of independence. This is a happy occasion for the Central Bank as it marks the culmination of a project that started about a year ago, but also as this event represents the Bank's contribution towards our national celebration on the occasion of our country's achievement of 40 years of nationhood.

The idea to issue a \$40 note and a coloured \$2 coin to commemorate our country's 40<sup>th</sup> anniversary of independence was discussed by the CBSI Board in June 2017, but it was not until 24<sup>th</sup> August 2017 that the proposal was endorsed. That endorsement triggered a process that took over a year to progress and involved the selection of a printer, the substrate, approval of designs and specifications, including security and other features, ministerial approval and the approval of final proofs. In fact, the final proof was endorsed only two months ago, in early May 2018.

Only a limited number of the \$40 note is produced (I believe only 100,000 pieces). It is a 'collector's item' but it will also circulate as legal tender for purchase of goods and services in the economy.

The \$40 note is designed and printed by De La Rue on a polymer substrate while the \$2 coin is produced by the Royal Australian Mint (RAM).

The note is different from our other notes because it has a vertical front design and horizontal back. On the vertical front of the note is an image of a man blowing a conch shell. The conch shell is a traditional instrument of communication. It is used to summon people to come together and/or signal the start of important events.

The map of our country is also included on the note to symbolise and embody nationhood and inclusion.

As we celebrate our country's 40<sup>th</sup> anniversary with the theme *... 'redirecting our journey at 40',...* the \$40 note complements this overall theme by... *'calling on the nation to come together as one people and move forward'* in the next 40 years. We can only successfully redirect our country in the next 40 years if we come together and work together as a nation.

### **Our Currency Journey**

So while we celebrate the journey of our nation in the last 40 years, let me highlight the journey of our currency and the importance of this occasion. Like our country, the journey of our currency began in **1977**, one year before independence. At that time, the Solomon

Islands Monetary Authority (SIMA) as CBSI's forerunner was known then, launched the country's **currency** consisting of \$10, \$5, \$2 banknotes and \$1.00, 20c, 10c, 5c, 2c, 1c coins. The notes and coins carried the portrait of HM Queen Elizabeth II by Arnold Machin on the obverse side. On the reverse side were traditional and cultural designs drawn from across the country. The designs were relevant to our people. They were simple stories of daily activities and encounters with both the physical and spiritual worlds.

Since independence, we have added higher denominations and upgraded our notes to accommodate new security features in line with changes in technology. With the coins, we have demonetised the smaller denominations of 5c, 2c, and 1c. That process of upgrading and enhancing our notes and coins continues and I believe it will continue in the next 40 years.

In the context of this journey, I would like to acknowledge the partnerships that we have enjoyed working with our note and coin suppliers; De La Rue Currency Ltd, Note Printing Australia, the Royal Australian Mint and previously the UK Royal Mint.

With De La Rue this partnership goes back more than 100 years. During our colonial past, they printed our first note, the British Solomon Islands Protectorate pound in 1917. Such is the depth of our partnership and we have indeed come a long way.

### **The last 40 years**

This morning I want to highlight the parallels of our currency journey with our development journey as a nation. In fact developments in the economy led to the introduction of new notes and coins. Over the last 40 years, our currency journey can be divided into 4 decades.

**First 10 years (1977- 1987): nation building:** We introduced our first notes and coins in 1977. A new \$20 note was issued in 1980. Our first notes received widespread support and led to an overwhelming feeling of unity in the country. The notes and coins performed their role as 'silent ambassadors', bringing people together to exchange goods and services where geographical, lingual and cultural differences threatened to divide communities. During this period, we were like a small child learning to walk.

**Second 10 years (1987 – 1997): exploring opportunities:** This period saw major shifts in government policies and focus. In our currency journey, the beginning of this period is likened to a young Solomon Islands exploring new territories, looking out for new opportunities and securing new friendships. With increased economic activities triggered by the investment opportunities in the forestry sector, the currency statistics point to the need to introduce a high banknote and coin. **A new \$50 note and 50 cents coin** were introduced into circulation. The theme for the new \$50 note was 'flora and fauna.' To celebrate the first 10 years of active circulation, the Central Bank removed the effigy of the Queen and replaced it with the government's coat of arms on all its banknotes. A perfect opportunity had presented itself for the Bank to show that it was no longer learning to walk but was actually walking the terrain and exploring the economic potentials for increased returns to resource owners and the country.

**Third 10 years (1997 – 2007): a time of reckoning:** I believe this next phase was never anticipated by the architects of our nation. By 1999, the government faced fiscal challenges and the economy was in turmoil. The government had defaulted on its debt obligations leaving its creditors in financial distress. Revenue collection shrank and major companies that contributed to the government revenue closed offices as the country spiralled towards being a failed state. RAMSI intervention in 2003 and community desire to move the country forward resulted in peace and reconciliation. As investor confidence improved and businesses took off the economic conditions necessitated the introduction of a new \$100 banknote (with

hologram). The banknote was launched to celebrate achievements in the coconut industry, which sustained the 80% rural dwellers who relied on copra as a source of income to pay for school fees and other necessities. Copra continues to bring in foreign exchange to the country's reserves. This period was indeed a time of reckoning.

**Forth 10 years (2007 – 2017): life begins at 40:** This week we celebrate 40 years of our existence as a nation. Our economy grew on average, about 3% in the past 10 years and continued to report single digit inflation during this period. This is a positive sign of a maturing economy. In terms of our banknotes, we commenced reforms to the security and design specifications on our notes beginning with the \$50 note in 2013, followed by the \$100 in 2015 and the \$20 and \$10 notes in 2017. We are working on a new \$5 note, which will be on polymer substrate to be issued in the first quarter of 2019. Again, we intend to improve the durability of our notes by reintroducing polymer substrate in our circulating notes. The last 10 years also saw the Central Bank introduce lighter and smaller coins.

As you will see in the brief account of our currency journey, and our journey as a nation since independence has been eventful. Our common beliefs, our vision for a prosperous Solomon Islands, our shared values and the rich cultural heritage we have, featured prominently on our notes and coins. Our banknotes have captured in the design specifications some of the important characteristics of our young nation.

40 years on – on this occasion marking the anniversary of our Independence – let me again remind us of the theme on our \$40 note to **'come together as one people and move the country forward'**. I believe this is the same message that the architects of our young nation had in mind when they negotiated our independence. Let us honour their vision by upholding unity, respect, tolerance, solidarity, compassion and work together to move our country forward. This same message is the theme of our 40<sup>th</sup> anniversary celebrations. It is also the message we have on our \$40 banknote. Only when we come together and discuss our strengths, identify our weaknesses, assess our opportunities and evaluate our threats, can we set and redirect our course for the next 40 years. Only when we work together as one people can we move our country forward.

The \$40 note identifies the potentials we have in the tourism sector given our natural beauty and the abundance of land and marine resources. We need to have a vision, hard work and sacrifice to realise this potential. Where we identify the need to reform our institutions, systems and practices we must follow through on these with relevant policies and actions. I have spoken about this during the launch of the 2017 CBSI annual report two months ago. I will continue to speak about the need to 'reform to transform' our country.

Ladies and Gentlemen, our journey as a nation and our currency journey have been remarkable and eventful. With these few words, I wish Solomon Islands Happy 40<sup>th</sup> anniversary and wish all continued success in the next 40 years.

Thank you

5<sup>th</sup> July 2018