

Gane Simbe: The role coins play in the Solomon Islands' payment system

Speech by Mr Gane Simbe, Deputy Governor of the Central Bank of Solomon Islands, at the launching of the Solomon Islands new coins, Honiara, 4 July 2012.

* * *

[I have a message for you in my speech this afternoon. And the message is this: "Coins are important for proper pricing of your goods and services and therefore you must actively use the coins in your daily transactions and not to store coins away in wooden boxes! Using coins as medium of exchange will bring much benefit to you and help our economy grow".]

The honourable Prime Minister Mr Lilo; members of Diplomatic Corps who are present with us this afternoon, CEO of Royal Australian Mint, Mr MacDiarmid, distinguish guests, the good people of Solomon Islands now listening, Ladies and gentlemen.

Good afternoon to you all and thanking for being part of our celebration this afternoon.

First let me on behalf of the Board of Directors of the Central Bank of Solomon Islands and the Governor, thank the Honourable Prime Minister who has allocated his time from his busy schedules to come and officially launch the new coins, as the legal tender coins for our vibrant country, the Solomon Islands.

And I am pleased that our Prime Minister is given this honour to launch the new coins, because the decision that Solomon Islands should have its own currency as one of the key symbols of an independent State of Solomon Islands, was a major political decision made by our political leaders in early 1970s (the alternative was whether to continue use the Australian dollar as the currency for the Independent State of Solomon Islands).

Looking back at the historical journey of our country, the decision to issue our own currency in my personal opinion was a correct decision. Our currency remains a symbol for our independent State and having our own currency has contributed to the management of our economy, especially in terms of balance of payment management in times of economic stresses.

These new coins I am sure will continue to play their roles in the daily trading activities in Solomon Islands for many years ahead of us, so long as we choose to continue to live the dreams of our pioneering political leaders to have one country, one people, one nation, one national budget and one currency to symbolize our independence.

Secondly, I thank the CEO of the Royal Australian Mint, Mr MacDiarmid for his kind words. As the Chairman of the Currency Steering Committee, I appreciate the relationship that we have developed with Royal Australian Mint, in this project. Particularly for the Mint to avail of its three officers, Technical Director Dr Parbir De Ms Kay Chee and Mr Nigel Priest to work with my Committee on this currency reform agenda. Thank you Mr MacDiarmid and your officers the support.

At the same time I would also like to take this opportunity to acknowledge the contribution of Mr Daniel Haridi, Chief Manager of the Currency and Banking Operations who is also the secretariat to the Committee and our link with the Royal Australian Mint. Without his commitment, we might miss the targeted outcome for this project. Time does not permit me to thank all members of my Committee individually and to those that contributed in different ways towards this project. But I on behalf of the Board of Directors and the Governor, wish to thank you all for your valuable contributions towards the completion of this project.

When the Committee started 2 years ago we targeted the 7th July 2012 as the date when these new coins are to be launched. It appears that we are ahead of the scheduled date by 3 days and as of today the new coins are available at all of the commercial bank branches

and agencies through the Solomon Islands. Congratulations to you all who provided the logistical support to achieve this outcome!

Thirdly, let me repeat the message I made at my opening remark. This same message I note is again highlighted in the Prime Minister's speech, this afternoon.

And the message is this: "Coins are important for proper pricing of your goods and services and therefore you must actively use the coins in your daily transactions and not to hide coins away in wooden boxes!" Storing coins in containers and not circulating them does not add value to you or the economy. If we want to use the coins as savings, then it is more beneficial to deposit your coins in a financial institution to grow your savings than locking them up in wooden boxes.

I say this, because the cost of minting coins is expensive for the government. However since coins have a critical role in pricing of our goods and services and facilitate economic growth through trading coins must be made available to the economy.

Let me remind you that the basic unit of our currency is the one dollar. One dollar is made up of 100 cents and prices can fall as fraction of the one dollar. For example if we have no smaller coins, the prices of goods or services will start from one dollar and will increase by the multiples of one dollar. To void this possibility of unfair pricing, coins are issued at different face value to help with pricing of goods and services. A 10 cent represents 10% of the one dollar, 20 cents 20% of one dollar, and a 50 cent represents 50% of one dollar. In other words prices can fall as proportion of one dollar and we required coins to set the level of prices and receive correct change when we buy goods and services.

My message to all of you therefore is simple. Our new coins are meant to serve the Solomon Island economy for the next 30 years. To ensure that these coins play their role in the smooth operation of our pricing and payment system you must circulate the coins.

The new coins have added benefits that you the people have told us to incorporate in the new coins. They are smaller in sizes and much lighter weight. And I am sure the new coins will not put holes your pockets when you carry them to make payments. I therefore invite you all to use the new coins when making small payments.

Finally, Honourable Prime Minister and the good people of Solomon Islands, may I on behalf of the Board of Directors, the Governors, the Management and Staff of Central Bank, congratulate the Government and people of Solomon Islands on achieving and celebrating 34th year of our country's Independence.

Congratulation! May God bless Solomon Islands and long live its currency, the Solomon Islands dollar. Thank you all.