

NOTE PRINTING AUSTRALIA AND SECURENCY

Note Printing Australia

Note Printing Australia Limited (NPA), based at Craigieburn in Victoria, is a wholly owned subsidiary of the RBA that produces banknotes and other security documents for Australia and for export. It has been the world pioneer in employing polymer in the manufacture of banknotes and now prints predominantly on Guardian® polymer substrate manufactured by Securency Pty Ltd (see below).

The Board of NPA, operating under a broad charter from the Reserve Bank Board, comprises chairman Graeme Thompson (a former Deputy Governor of the RBA), Richard Warburton (a former non-executive member of the Reserve Bank Board), Les Austin (a former Assistant Governor of the RBA) and Mark Bethwaite (Chief Executive of Australian Business Ltd). John Leckenby has been NPA's Chief Executive since 1998.

The international note printing market remains very competitive, but interest continues to grow in the polymer technology around the world and NPA is currently pursuing a number of export opportunities in both banknotes and passports. A major activity for NPA in the past year was the fulfilling of an export order for the Nepal Rastra Bank, Nepal becoming the twenty-first country to issue polymer banknotes. NPA has also worked closely with a European and two Asian customers in the design and production of banknotes on polymer. These are expected to be released early in 2004.

During the year, NPA produced 145 million bank notes for export and, significantly, 95 million of these were repeat orders. The RBA placed orders for Australian \$5 and \$10 notes and 107 million of these were supplied.

Progress on the printing and assembly of the new Australian passport for the Department of Foreign Affairs and Trade has been slower than expected due to trialing and testing of new security devices. Full production is due to commence in August 2003.

NPA restructured its activities during the year, creating a Support Services Group that encompasses areas such as product tooling, ink manufacture, maintenance and logistics. The aim of this group is to improve the responsiveness to, and support for, the production process to raise quality and efficiencies. NPA has purchased new note inspection equipment to improve quality and throughput of banknotes.

Productivity in the National Note Processing Centre, operated by NPA under contract from the RBA, continued to improve through the year. A major upgrade of the note processing equipment at the National Note Processing Centre is expected to be completed and fully operational by June 2004.

NPA has continued to work closely with Securency on research and development, marketing and customer support activities. The marketing efforts of Securency promise to provide NPA with larger "start-up" orders from countries converting from paper to polymer banknotes with their own printworks. These "start-up" notes will be produced as part of a formal technology training and knowledge transfer program conducted by PolyTeQ Services, a jointly funded initiative of NPA and Securency that assists banknote issuers and printers to introduce polymer banknotes.

Securency

Securency Pty Ltd was formed in 1996 as a joint venture between the RBA and Belgian-owned Surface Specialities UCB (UCB Group), a manufacturer of

NPA Polymer Notes Export Orders			
Year of first issue	Customer	Denomination	Issue
1990	Singapore	50 Dollar	Commemorative
1991	Western Samoa	2 Tala	Circulating
1991	Papua New Guinea	2 Kina	Special Issue Circulating
1993	Kuwait	1 Dinar	Commemorative
1994	Indonesia	50 000 Rupiah	Special Issue Circulating
1995	Papua New Guinea	2 Kina	Special Issue Circulating
1996	Papua New Guinea	2 Kina	Circulating
1996	Brunei Darussalam	1, 5, 10 Dollar	Circulating
1996	Thailand	50 Baht 500 Baht	Commemorative Special Issue Circulating
1997	Thailand	50 Baht	Circulating
1997	Western Samoa	2 Tala	Circulating
1998	Sri Lanka	200 Rupee	Circulating
1998	Malaysia	50 Ringgit	Commemorative
1999	New Zealand	5, 10, 20, 50 & 100 Dollar 10 Dollar Millennium Note	Circulating Commemorative
1999	Papua New Guinea	50 Kina	Circulating
1999	Romania	2 000 Lei	Commemorative/ circulating
1999	Indonesia	100 000 Rupiah	Circulating
2000	Romania	10 000 Lei	Circulating
2000	Romania	500 000 Lei	Circulating
2000	Papua New Guinea	2, 10, 50 Kina	Special Issue Circulating
2000	Papua New Guinea	10 Kina	Circulating
2000	Bangladesh	10 Taka	Circulating
2001	Kuwait	1 Dinar	Commemorative
2001	Solomon Islands	2 Dollar	Special Issue Circulating
2002	Mexico	20 Peso	Circulating
2002	Nepal	10 Rupee	Circulating

unique polypropylene films. Securency supplies its press-ready polymer substrate, Guardian®, to NPA and to overseas printers for banknotes and Sentinel® for other high-security documents such as land titles. These products are produced by applying unique coatings and security features to specialised films manufactured by UCB Group.

Securency's Board comprises three directors appointed by the RBA, three appointed by UCB Group and the company's Managing Director, a non-voting member. Myles Curtis has been Securency's Managing Director since 1996. Securency's offices and plant are located at Craigieburn, close to NPA's.

In 2002/03, Securency produced substrate both for repeat orders and new customers. Substrate was manufactured for a range of existing denominations in Australia, Brunei, New Zealand, Papua New Guinea and Romania. Romania is now the third country, after Australia and New Zealand, to have a complete series of circulating polymer notes.

The substrate order for 20 Peso notes for Banco de Mexico was completed during the year. The 20 Peso is the largest volume circulating banknote in Mexico, and polymer's proven durability and quality led Banco de Mexico to adopt polymer for this denomination. Following a period of assessment,

Banco de Mexico will decide on other denominations. In September 2002 the Governor of Banco de Mexico, Dr Guillermo Ortiz Martinez, with Australian Treasurer Peter Costello, launched the note which has been well received by the public. Securrency also produced substrate for the Nepalese 10 Rupee note printed by NPA.

Some significant new contracts were secured. Production commenced in late 2002 for a major customer requiring several denominations, with the new notes to be launched in early 2004. Additionally, the Bank of Zambia has decided to issue two denominations on polymer, the 500 and 1000 Kwacha – the first Guardian® polymer notes to be issued on the African continent. The notes will be printed by Canadian Bank Note Company, an accredited preferred polymer printer, and will be issued in the latter half of 2003.

To meet growing demand for polymer banknotes into the future, Securrency has issued its first Technology Licensing Agreement in Europe to its joint shareholder, UCB Group. A global licensing program will help ensure that Securrency can

continue to meet the needs of customers around the world, as demand for the technology increases.

Due to the increasing global concern for security there has also been a considerable interest in innovative polymer-based security documents and cards substrate. This has led to the development of a range of substrates for government-issued documents, which became commercially available during 2002/03.

Securrency's 'Symposium' identity card was a finalist in the technical achievement category at the International Card Manufacturer Association Awards in 2002 in Canada.

Significant process improvements were completed during the period. The joint venture partners have committed investment to further develop additional process automation and for the commercialisation of Securrency's research developments. The partners also increased Securrency's financial resources during 2002/03, in order to ensure that the company is positioned to take advantage of opportunities to offer polymer technology to potential new customers.



IN SEPTEMBER 2002 IN MEXICO CITY, THE GOVERNOR OF BANCO DE MEXICO, DR GUILLERMO ORTIZ MARTINEZ, AND AUSTRALIAN TREASURER, PETER COSTELLO, LAUNCHED THE MEXICAN 20 PESO NOTE, PRINTED ON POLYMER SUBSTRATE PRODUCED BY SECURRENCY.