



Communiqué

Destruction of Soiled Banknotes

Following reports made in the press regarding the destruction of soiled banknotes at Line Barracks by the Bank of Mauritius, the Bank of Mauritius wishes to bring the following information to the attention of the public.

2. The destruction of banknotes is carried out normally within the premises of the Bank. In view of severe space constraints at the Bank of Mauritius, due to the demolition in 1998 of part of the Bank of Mauritius building in which banknotes were usually dealt with and the demonetisation by decision of the Court of the whole stock of the 1998 family of banknotes as well as its replacement simultaneously by a new family of banknotes as from July 1999, the Bank in consultation with and the assistance of the Police proceeded under high security arrangements, as from April 2000, to Line Barracks for the destruction by burning of a substantial backlog of live and soiled banknotes. The decision to proceed with the destruction of banknotes was taken in keeping with the standing practice at the Bank to adopt such a procedure in exceptional circumstances under high security arrangements.

3. Soiled banknotes were accordingly transported under dual control of the officers of the Bank of Mauritius to Line Barracks on each occasion under heavy armed Police escort. The destruction of the banknotes was carried out on each and every occasion pursuant to the established dual control system under the constant surveillance and protection of a full contingent of Bank of Mauritius staff who remained on the site from the start to the completion of the destruction operations at Line Barracks. All the operations were also conducted under the vigilant supervision of the Bank's Internal Auditors.

4. All necessary precautions were taken to execute the destruction operations inside the Line Barracks compound outside the public purview, notably in secluded areas thereof on

Saturdays, Sundays and public holidays inside fenced grounds and under standing armed Police protection throughout the operation.

5. On 7 September 2002, in the course of one of the destruction exercises, the attention of a member of the staff of the Bank of Mauritius was drawn to the unusual behaviour on the grounds of one of the persons on duty, not being a member of the staff of the Bank.

6. Following a report from the member of staff of the Bank of Mauritius that a metal pail has been discovered lying in the ground adjacent to the banknote incineration area into which some banknotes had been found, the Governor and the Managing Director of the Bank of Mauritius immediately called at Line Barracks where they requested forthwith the Police to start an inquiry in the matter. This inquiry is proceeding with the full cooperation of the Bank of Mauritius.

Bank of Mauritius

8 October 2002