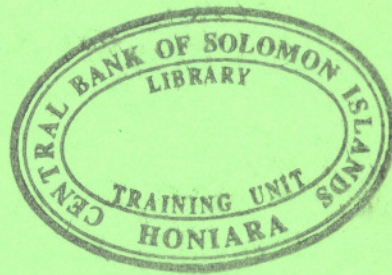


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Annual Report 1981



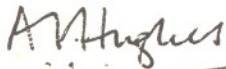
16 April 1982

Honourable Bart Ulufa'alu MP  
Minister of Finance  
Ministry of Finance  
HONIARA

Dear Minister,

In accordance with the provisions of Section 36(1)(a) of the Solomon Islands Monetary Authority Act, I have the honour to submit to you the Authority's Annual Report and Accounts for the year ended 31st December 1981.

Yours sincerely,



A.V. HUGHES  
Chairman

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## FOREWORD

This is the fifth annual report issued by the Solomon Islands Monetary Authority. The government that took office in August 1981 has confirmed that the Authority should become the Central Bank of Solomon Islands during 1982-83. This period will see SIMA undertaking new and expanded functions, with corresponding development of its structure and manning. The layout and content of this report reflects the Authority's changing perception of its responsibilities to the government and the public. More information is presented, in a form intended to assist discussion and understanding.

In this Report, data on population, national income, trade and employment has been provided by the government's Statistics Office, while SIMA's records have provided the data on the monetary system. The interpretation and deductions made from the data are the responsibility of SIMA.

The lack of statistics on a number of important aspects of the economy is a handicap to analysis, which can only be remedied by allocating more resources to data collection. As the economy itself becomes more sensitive to decisions in the field of economic management, so collection of the information needed for rational decisions must receive increased attention. The Authority is strengthening its own efforts in this field, and looks to the government and other institutions to join in improving the data base by more frequent and detailed reporting.



## 1. OVERVIEW

1.1 In 1981 the Solomon Islands economy felt the full impact of the continued world recession, as export prices fell and import prices rose, overseas interest rates reached new heights, and the inflow of new commercial investment died away.

1.2 The immediate effects on economic activity were muted, thanks to the momentum of past investment in agriculture, forestry and fisheries, which reached new production records; the continued availability of foreign aid for public sector investment; and restraint in government consumption. Services to the growing population were maintained, and paid employment grew by 7%. But the tightening external position forced withdrawal of accumulated savings, reduced the external reserves and domestic liquidity, and cut back both consumption and investment. Retail prices rose 15%, and real income per head fell by 4-5%.

1.3 As the reserves fell, the government negotiated and drew on a eurodollar loan of US\$20 million, to restore the reserves to an adequate level and enable imports and domestic activity to be maintained. The SI dollar was devalued by 6%; and the government sought to minimise the use of the reserves for consumption expenditure by increased import duties, guidelines on credit priorities and restraint in wage increases; while the Authority made funds available to the banks to ensure adequate liquidity for lending operations.

1.4 These measures enabled the economy and its monetary system to function smoothly in 1981 despite the worsening external position. But the shortfall of new productive investment, far below the level needed for continued growth, meant that the economy suffered a set-back in 1981; and the economic outlook gives cause for continuing concern.

1.5 Economic growth is linked closely to export earnings, and prospects for revival of world demand for our exports in the near future are very uncertain. Given continued access to foreign aid for development, Solomon Islands can presently pay its way; but there is now an increased debt to be serviced from future incomes; a rapidly growing population has to be fed and employed; consumption per head is already at a low level; and only a trickle of new commercial investment is taking place to lay the basis of renewed economic growth.

1.6 A realistic economic strategy for increased investment, higher productivity and resumption of savings, is now urgently required; this must be accompanied by monetary policies that contain inflation and ensure financial resources are available for national development.

## 2. ECONOMIC ACTIVITY

### Gross Domestic Product

2.1 The provisional estimate of gross domestic product (GDP) for 1981 shows a rise of 15% in current money terms to about \$135 million, of which 35% is attributable to non-cash production.

2.2 When this is adjusted for inflation of prices to enable comparison with previous years, GDP in 1981 was probably slightly lower than 1980. A further adjustment, to give GDP per head in constant prices, suggests a fall of 4-5% from 1980, underlining the role of population growth in determining levels of welfare. The following table illustrates these points:

**Table 2.1**  
**Estimated GDP at market prices 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981
Wages and salaries	17.7	24.1	25.8	29.8	38.0
Operating surpluses	11.2	13.6	27.5	21.3	15.0
Depreciation	6.2	7.5	10.9	14.2	20.0
Indirect taxes less subsidies	5.4	6.2	10.5	10.5	14.0
Non-cash incomes	29.1	33.2	36.6	41.5	48.0
GDP at market prices	69.6	84.6	111.3	117.3	135.0
Retail price index	100	109	120	136	159
GDP in constant 1977 prices	69.5	77.7	92.8	86.3	84.9
GDP per head in 1977 prices (\$)	332	359	415	373	356

Several key components of this table are only rough estimates, and as improved data becomes available, may need to be revised.

### The Non-Cash Sector

2.3 Output for domestic consumption consists mainly of non-traded goods: the food, housing and transportation product of the village sector. Valuation of this non-cash product is incomplete and study continues. The estimate in the above table of \$48 million makes it about twice as big as the largest modern-sector component, the export tuna fishery. It greatly outweighs the domestic use of products of the modern sector such as rice, sawn timber, soaps, other manufacturers, services and transportation.



2.4 There are clear signs, however, of the non-cash sector coming under strain from increased population and the use of less productive land. About 40,000 more people live in rural areas now than in 1976, on land that is no longer a costless resource, and that is being drained of its strength by intensive use. Six families must now use land that five used in 1976. This in turn increases pressure on the cash sector to provide a livelihood for more people. It also points to the need for assistance to the non-cash sector to stem any fall in productivity, and to acquire the technology to support a growing population.

### The Cash Economy

#### Output:

2.5 Production in the cash sector is aimed mainly at markets overseas, only rice and sawn timber being produced for domestic markets in significant quantities. In 1981 total production of export commodities increased by 7.6% above 1980. Copra exports exceeded 31,000 tons for the fourth successive year. Exports of fresh and frozen fish were over 24,000 M. tons for the second time. Palm oil and kernels exports approached 20,000 M. tons; timber exports exceeded 300,000 cubic metres for the first time, providing the main volume uplift for 1981 over 1980. As discussed later in this Report, prices received for Solomon Islands' exports were at generally low levels, but production overall set new records. Using 1977 constant prices to produce a quantity index, 1981 exports were 1.7 times the 1977 level, and 10% up on 1979 (which was a record year only because of high prices). The following table illustrate this:-

**Table 2.2**  
**Major exports, by volume, 1977-81**

							% change	
	Unit	1977	1978	1979	1980	1981	1977-81	1980-81
Fish, frozen	mt	9826	10327	23430	21531	23721	141	10
Fish, canned	mt	670	666	761	772	752	12	- 3
Rice and rice products	mt	1664	3070	4161	5703	3493	110	- 39
Copra	mt	26915	32115	31619	31679	31810	18	0.4
Timber logs	'000cm	238	246	258	258	315	32	22
Sawn timber	cu.m	1895	3564	8849	6716	7000	269	4
Palm oil	mt	6246	10334	12779	15655	16914	170	8
(all exports) Value at 1977 prices	\$ million	28.6	33.8	44.4	44.4	45.3	48.6	7.6
Index		100	118	155	158	170		

2.6 Taking into account the investment trends, a plateau effect is developing in the production volumes excluding timber logs; there too the rate of investment, discussed elsewhere, suggests a levelling off. The rate of growth in palm oil and fisheries is flattening out as existing projects mature and production stabilises. New investment will be needed for further growth. Investment in coconuts and cocoa is going on at plantation and small holder levels, but volume increases will come through slowly.

2.7 Rice production levelled off in 1981 and exports fell, to supply the local market. As the year advanced it became clear that rising costs and problems of pest control, coinciding with a sharp fall in rice prices overseas due to oversupply, would mean curtailment of further expansion and an end to the export of significant quantities of rice and rice products. The company concerned disclosed serious financial problems and began a process of retrenchment to a size that will just meet Solomon Islands domestic market needs, at 5000-6000 m/tons of polished rice annually.



2.8 Domestic sales of sawn timber rose from 8.5 thousand cubic metres (60% of production) in 1980 to 11.7 thousand cubic metres (68% of production) in 1981, while exports remained around 5.5 thousand. One sawmill in North Guadalcanal accounted for 80% of sawn timber production and all exports. With difficult overseas markets, production is likely to concentrate on the domestic market, seeking wider utilisation of timber in building construction.

2.9 During 1981, the overseas markets for fish became increasingly tight. All kinds of fishing are affected, but we are particularly concerned at the virtual closure of the North American market for imports of tuna. This is not expected to ease until inventories have been reduced, well into 1982, and prices are likely to remain depressed.

2.10 Output and income data on manufacturing and service industry are generally not available, though steps are being taken to improve this. The sector comprises several hundred enterprises down to one-man undertakings, and includes public utilities, banks an airline and shipping services, as well as soap making, baking, metalwork, ship building, motor vehicle repair and wood manufactures. Indicators of growth will be found in this Report, but measurement is not at present possible with the same degree of accuracy as, for instance, exports and imports. Most evidence (equipment imports, bank lending, employment) indicates that investment in this sector was at a low level in 1981, despite the considerable scope that exists for increased domestic production.

2.11 The following table uses three indicators of the level of activity in this sector:

**Table 2.3**  
**Indicators, manufacturing and service sector, 1977-81**

	1977	1978	1979	1980	1981
1. Gross sales, 30 middle-sized firms \$ million, current prices	23.3	27.4	37.6	48.2	59.0
\$ million, 1977 prices. (RPI deflator)	23.3	25.1	31.3	35.4	37.1
2. Imports of machinery and transport equipment					
\$ million, current prices	7.0	8.5	18.9	24.1	19.1
\$ million, 1977 prices (RPI deflator)	7.0	7.8	15.7	17.7	12.0
3. Persons employed in manufacturing, construction, transport and communications	n.a	3580	4146	5278	5138
% change over previous year			16	27	-3



## Population

2.12 The total number of people seeking a livelihood in the SI economy grew in 1981 by an estimated 3.3%, or an extra 8000 people, to a total of 240,000 by the year's end. Honiara's population rose at a faster rate, with an estimated increase of 1500 people or 7.5%, to a total of 21,000; these rates indicate some migration to the capital. Of the 15-54 age group of 110,000 people, only one-fifth were in formal paid employment, part of their cash incomes being distributed through family networks to the informal economy. Of the 94,000 children estimated to be of school age, only one-third were in school, foreshadowing a largely uneducated work force for many years to come. During the year the number of reported malaria cases approached 50,000, one in five of the population, a level unheard of since the anti-malaria campaign began fifteen years ago, and high enough to have a damaging effect on production and incomes.

2.13 These statistics provide a necessary background to the economic performance of Solomon Islands. The growing numbers of people seeking paid employment, children eligible for a place in school, people needing medical care, all underline the need for new investment to create new sources of income and welfare.

2.14 The non-cash economy provides a cushion against the ups and downs of the modern sector; but this cushion is wearing thin. The majority of SI people who produce an important part of their food and shelter for themselves, are experiencing a fall in real non-cash incomes, as less productive and more remote land is brought into use, and building materials become scarcer, under population pressure. This in turn leads to more people seeking a livelihood in the cash sector, and causes migration to areas where jobs are believed to be easier to get. Education, health, law and order, and administration all come under mounting pressure, and costs of remedial action rise, placing a greater strain on government finances and ultimately on the monetary system. All these pressures stem in the first place from the high rate of population growth.

## Employment

2.15 The number of persons in formal wage and salary employment (those covered by the government's annual survey of employment) rose by 7% from mid-1980 to mid-1981, to just under 22,000. One-third of these worked for national and provincial government, two-thirds for commercial enterprises and statutory corporations. The following table indicates the key components of formal employment 1978-81.

**Table 2.4**  
**Formal wage and salary employment 1978-81**

Sectors	1978	%	1979	%	1980	%	1981	%
Primary Industry	5935	32	6052	32	6192	30	7174	33
Manufacturing ) Construction, ) Transport, ) Utilities. )	3791	21	4388	22	5544	27	5421	25
Trading and Financial Services	2085	11	2063	11	2276	11	2412	11
Social and personal Services	6501	36	6659	35	6619	32	6781	31
<b>Total</b>	<b>18312</b>	<b>100</b>	<b>19162</b>	<b>100</b>	<b>20631</b>	<b>100</b>	<b>21788</b>	<b>100</b>
of which (government)	(6737)	(37)	(7089)	(37)	(7369)	(36)	(7779)	(36)
and (expatriate)	(1034)	(5.6)	(1001)	(5.2)	(990)	(4.8)	(971)	(4.5)



2.16 The changes in proportions employed in each main sector are too small to support any firm conclusions. Government employment has not expanded faster than the economy as a whole; while the proportion of persons employed in the productive sectors has risen from 53% of the total in 1978 to 58% in 1981.

2.17 The number of expatriates in employment has declined absolutely and as a proportion of the work force, as a result of training and localisation programmes in both public and private sectors. Now the authorities will need to ensure that skilled expatriate staff can be readily recruited by commerce and government, and retained for an adequate period, if the economic growth we are seeking is to be achieved. Premature reductions in skilled expatriate manpower would be damaging to Solomon Islands employment in the longer run.

#### Wages

2.18 Total wages and salaries paid to people in formal employment in 1981 is provisionally estimated at \$38 million, of which \$17 million, or 45%, was paid to persons employed by national and provincial governments, including the teaching service. Data on previous years' total payments is unreliable; but reported wage and salary increases during 1981 ranged from 8-12% for the permanent public service and 10-15% in several large employers, to individual settlements up to 20% in some smaller firms. An average increase of 15% can be assumed, close to the recorded increase in the Honiara retail price index during the year. But real incomes, that is the purchasing power of cash incomes, declined for many people, including most government employees and many semi-skilled people in the private sector. This was reflected in the level of demand for consumer imports, and enabled the economy to adjust to falling real incomes in its transactions with the outside world better than it otherwise could have done.

2.19 Though expatriates made up only 4-5% of the formal work force in 1981, their incomes accounted for about 24% of total wages and salaries, reflecting market prices for skills overseas and the pay-schemes needed to attract overseas staff.

2.20 There are significant differences in average pay between government (using the narrow definition of national and provincial governments and the national teaching service) and non-government (commerce and statutory corporations) employment. The average annual pay in government employment in 1981 was \$2193, while that in the non-government sector was \$1583, and the overall average was \$1808. A survey of provincial towns found an average cash income per head \$515, with wages per employed person averaging \$1596, and an average of 3.1 dependents per wage earner. These figures are the subject of further research into incomes and expenditures, begun in 1981 and continuing in 1982. The increased use of computers for storing and analysing data should enable better statistics to be prepared on these aspects of the monetary economy.



## Prices

2.21 The general level of domestic prices rose in 1981 by about 15%. The most closely monitored indicator is the Honiara retail price index. The following table shows the movements in components, using 1977 as the base year (4th quarter 1977 = 100) and showing the position on 31 December each year:

**Table 2.5**  
**Honiara Retail Price Index 1979-81**

	Weights	1979	1980	1981
Food	470	120.6	145.7	165.1
Drink and Tobacco	95	126.9	140.6	182.6
Clothing	50	105.8	111.2	122.3
Housing and Utilities	155	133.2	124.8	135.2
Transport	110	119.7	144.2	173.4
Miscellaneous	120	125.8	135.1	150.0
-----				
All item	1000	119.8	138.8	159.1
-----				
% increase on previous year		9.9	15.9	14.6

2.22 The consumption basket, from which the index in the above table is derived, is based on a household survey made in 1977. This is known to be out of date in several important respects (weights, specific commodities priced etc), and a further detailed survey has been scheduled for Honiara in 1982.

2.23 Prices in rural areas were surveyed for the first time in 1981, with striking results. Wide variations were found in prices of the same commodity in the same area. In some cases prices were below Honiara levels, and probably below cost. Elsewhere absurdly high prices were being charged. Average prices were higher than Honiara, but there were significant differences between islands. This first survey underlines the need for advice and assistance to traders in rural areas on business methods, costing and pricing; and for better methods of distribution to reduce handling and distribution costs to a minimum.

## Investment

2.24 All available indicators show that investment in 1981 in the private sector was well below the levels of recent years. Most commercial firms experienced a sharp squeeze of profits, and a number of major enterprises cut back or postponed development programmes. Imports of investment goods, in real terms, was back to pre-1979 levels; and the level of DBSI and banks' advances to the key investment sectors, together with the Government Shareholding Agency's funding of projects, was only 60% of the average of 1978-1980. Inflow of new private investment capital from overseas dwindled to almost nothing.







2.25 Government investment also fell below recent levels in real terms, though this was due more to problems of planning and execution than lack of funds, most of which come from foreign aid programmes. The following table indicates the dimensions of the fall in investment.

**Table 2.6**  
**Investment indicators, 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981
1. Imports of machinery and transport equipment and cement	7.1	8.7	19.5	24.5	19.9
2. DBSI and banks' new advances to primary industry, manufacturing, construction and transport plus GSA investment	1.8	7.5	3.8	9.3	4.0
3. Incoming direct private investment	4.0	4.0	3.0	2.0	0.2
4. SIG development expenditure (cash)	7.7	13.4	15.1	17.8	15.7

#### Government Finances

##### Expenditure

2.26 The government's final expenditures in 1981 totalled \$49 million, only 4% more than in 1980. Adjusted for price increases this would indicate an 11% fall in real terms; but the bulk of this fall is represented by under-expenditures on the purchase of stocks held by the Government Supply Organisation, and the operations of the government shipping fleet and vehicle pool, where utilisation and thus intra-government purchases and hiring transactions declined. Expenditures on personnel costs in the recurrent budget rose by 20%, and purchases of goods and services fell by 2%, for the reasons just mentioned. The cost of servicing the public debt more than doubled, but was still very low at \$0.7 million.

2.27 In the development budget, the rate of disbursement continued to give cause for concern, as less than 60% of the amount appropriated by Parliament was spent; \$15.7 million cash and about \$5 million in transferred goods and services, out of a budget of \$35.0 million. Some \$3.4 million was transferred to various special funds, from which \$3.7 million was expended during the year.

2.28 The following table compares the expenditure out-turns of 1979-81, first in current dollars and then in constant 1977 prices; 1977 and 1978 are omitted because structural changes between years make comparison in a single table impractical.

**Table 2.7**  
**Government expenditures**

(\$ millions, current prices)

	1979	1980	1981	
A. Recurrent operations	22.2	27.0	29.2	
personnel	11.8	12.3	14.8	
other charges	10.4	14.7	14.4	
B. Financing	0.1	0.3	0.7	
C. Development expenditures (cash only)	15.1	17.7	15.7	
D. Transfers to Special Funds	1.2	2.0	3.4	
	Total (current prices)	38.6	47.0	49.0
deflator:	Honiara retail price index	120	139	159
	Total (constant 1977 prices)	32.0	34.0	31.0



2.29 The government's 1982 budget provides for expenditure of \$35.1 million recurrent and \$33.1 million in development expenditures and transfers to special funds. The recurrent estimate is likely to come under pressure from the costs of devolution, since there is no short-term prospect of Provincial Governments becoming less dependent on the national government financially.

#### Revenue

2.30 The government financed its 1981 budget by a substantial increase in tax revenues and government earnings, a small increase in domestic borrowing over 1980 levels, and drawdown of cash balances held with the banking system and overseas. Taxation revenues rose to \$21.9 million, 24% up on 1980, while government earnings showed a 29% rise to \$12.7 million. The deficit on total budget was \$14.6 million, 20% less than the \$18.3 million in 1980; it was financed by \$5.8 million dis-saving and borrowing and \$8.8 million grant aid, respectively 9% more and 32% less than in 1980.

2.31 The terms of borrowing overseas continued to be concessionary, from the soft-loan facilities of the Asian Development Bank and OPEC Fund. Domestic borrowing comprised an issue of 10%, 5-year development bonds to raise \$2 million, and a first issue of 182-day Treasury Bills with a face value of \$0.5 million and an effective interest rate of 7%.

2.32. The following table indicates the main components of the government's budget financing.

**Table 2.8**  
**Government revenue and financing, 1979-81**

(\$ millions, current prices)

	1979	%	1980	%	1981	%
A. Government earnings	<u>9.0</u>	24	<u>9.8</u>	21	<u>12.7</u>	26
B. Taxation	<u>15.0</u>	40	<u>17.7</u>	39	<u>21.9</u>	44
1. import duties	4.4		5.8		9.5	
2. export duties	5.6		4.4		4.1	
3. income tax	5.0		7.5		8.3	
C. Borrowing	<u>4.0</u>	11	<u>5.3</u>	12	<u>5.8</u>	12
D. Grants	<u>9.6</u>	25	<u>13.0</u>	28	<u>8.8</u>	18
<b>TOTAL</b>	<b>37.6</b>	<b>100</b>	<b>45.8</b>	<b>100</b>	<b>49.2</b>	<b>100</b>

2.33 The government's announced financing strategy for 1982 relies heavily on import duty revenues; and budgets for a surplus on current account, to be transferred to special funds, some of which would not be spent in 1982. The strategy will work only if imports yield the expected revenues; but the extent to which imports will be reduced in response to higher duties is not yet known. Together with expected pressures on expenditure, this means that budget management will need to be on top of this problem throughout 1982 if the budgetted surplus is indeed to become available as government savings, and thus for investment. In 1981 the government made greater use of its deposits with the banking system than it had expected, because of shortfalls in expected aid financing. This led to the government being unable to draw on its IMF standby facility in full.



### 3. BALANCE OF PAYMENTS

#### Overall Balance

3.1 The balance of payments describes the monetary position of Solomon Islands with the outside world. It must, by definition, balance; all imports are paid for in cash or by acknowledgement of debt to be paid in future. During 1981 the government and SIMA sought to ensure that the tightening economy could continue to finance the imports it needed for investment and consumption, by a combination of reserves management, use of foreign aid, and market borrowing. The specific policy measures used were a 6% devaluation of the SI dollar; guidelines on domestic credit priorities; overseas borrowing by the government to increase the reserves; and selection of projects for financing by foreign aid that would have the maximum foreign exchange benefit.

3.2 In 1981, a deficit on trade in goods and services estimated at \$31.9 million was offset by transfers (mainly foreign aid grants) of \$15.5 million, to leave a current account deficit of \$16.4 million. This was financed by capital investment and borrowing (almost all borrowing) of \$11.1 million, and a draw-down of reserves by \$5.6 million. By comparison, in 1980 a current account deficit of \$10.1 million had been financed by \$2.8 million borrowing and a \$7.3 million drawdown of reserves.

3.3 The following table sets out the estimated balance of payments position 1977-81. While the total net effect is measured accurately because it results in a change in the external reserves, several key components are estimates only. In this table imports are valued f.o.b. in the country of export, the insurance and freight being included in "services". In later discussion we allocate insurance and freight to import costs.

**Table 3.1**  
Balance of payments estimates 1977-81  
(SI\$ millions, current prices)

	1977	1978	1979	1980	1981
Balance of visible trade (exports minus imports at f.o.b. prices)	3.8	- 0.3	8.7	- 0.7	- 9.7
Services (net)	- 10.3	- 13.6	- 17.0	- 25.9	- 22.2
Transfer payments	11.7	16.8	17.2	16.5	15.5
Current account balance	5.2	2.9	8.9	- 10.1	- 16.4
Capital investment and long-term borrowing	6.6	5.4	5.7	2.8	11.1
Use of reserves	- 6.2	- 13.3	- 6.8	7.3	5.6
Errors and omissions	- 5.6	5.0	- 7.8	-	- 0.3

A minus sign in "use of reserves" means that the reserves rose by that amount - a negative usage. The entry for "errors and omissions" in 1977-79 is very large. Balance of payments data for those years, other than the visible trade balance, is unreliable. 1980 probably marks the start of reasonably reliable data.

#### Trade

3.4 In 1981 the trade deficit (excess of imported goods valued at c.i.f. prices over exported goods), almost doubled over to an estimated \$21 million. There has been an increase in this deficit in each of the last five years except for 1979, when export prices, particularly for copra, were unusually high; if copra prices had been on the trend line, 1979 would have shown a \$4-5 m. deficit.



**Table 3.1.1**  
**Balance of trade, 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981
Imports c.i.f. (estimated)	30.0	37.1	60.6	72.1	77.6
Exports f.o.b.	29.6	32.9	59.3	60.8	56.6
Surplus (deficit)	(0.04)	(4.2)	( 1.3)	( 11.3)	( 21.0)
as % of total trade		6.0	1.0	8.5	15.6

3.5 A regular deficit on the trade balance calculated in this way is not necessarily a cause for concern, provided it reflects the import of physical resources needed for development, and provided the terms of payment for those resources are in line with our expected ability to pay. The data is not presently available to answer these questions with confidence; but consumer imports show only moderate growth, and terms of payment do not appear out of line with future capacity, provided the economy can begin to grow again.

#### Export Earnings

3.6 The volume and production trends of the major export industries were discussed earlier (see 2.5-2.10). Export earnings have been strongly affected by changes in world commodity prices. During 1981 the London market price for copra fell by 19% from US\$433 to US\$351; the average price received by the Copra Board in 1981 was S\$252, 24% lower than the 1980 average of S\$332, and half the 1979 average price of \$508. Fish export values on average were 12% higher, but the market was worsening steadily towards the end of the year and prices weakened accordingly. Average timber prices likewise fell, by about 20%, while the volume of logs exported rose by a similar amount. Only palm oil prices held reasonably well, at the same average level as 1980, but 19% down from 1979. The continued effect of these adverse price trends was to depress the composite index of export prices by 18% from 1980 to 1981.

The following table gives the overall picture:

**Table 3.1.2**  
**Value of exports, 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981 (estimate)
Fish:					
frozen	6.4	5.0	14.6	19.8	19.0
smoked/canned	1.9	2.3	2.3	3.4	2.9
Rice	0.3	0.8	1.0	1.5	0.9
Cocoa	0.6	0.6	0.6	0.6	0.7
Copra	8.0	10.2	16.1	10.5	8.1
Timber:					
logs	7.7	6.8	14.7	14.9	14.7
sawn	0.2	0.3	1.1	1.1	1.3
Palm products					
oil	2.9	4.7	6.6	6.7	7.1
kernels	0.3	0.4	0.6	0.4	0.4
Gold	0.1	0.1	0.2	0.6	0.5
Other exports and re-exports	1.2	1.7	1.5	1.3	1.6
<b>TOTAL</b>	<b>29.6</b>	<b>32.9</b>	<b>59.3</b>	<b>60.8</b>	<b>56.6</b>
Export price index:	100.0	93.6	136.2	134.6	110.6



# SOLOMON ISLANDS MAJOR EXPORTS and IMPORTS





## Imports

3.7 The total cost of imports in SI dollars rose in 1981 to a new high point of \$66 million f.o.b. in country of export, and an estimated \$77.6 million c.i.f. into Solomon Islands. During the year prices rose in supplier countries by 5.25% and ocean freight rates rose by about 15%. The additional effect of the 6% devaluation of the SI dollar resulted in a total average rise in SI dollar costs of imports of 20-22% during the year. This explains about two-thirds of the 14.6% rise in the Honiara Retail Price Index, which is roughly half imports and half locally-produced goods and services, the remaining one-third (4-5%) being attributable to local cost increases.

3.8 In 1981 there was a marked slowing down in imports of consumer goods, due probably to reduced personal spending power and the availability of a soft-cooking locally grown rice at competitive prices. Food imports per head of population declined. Imports of machinery and transport equipment also fell from a peak in 1980; though it is difficult to measure this in real terms, it appears that 1981 imports in this category were below 1979 levels, providing a further indicator of a decline in investment. Imports of fuel, on the other hand, increased in volume by 38%, reflecting increased activity in the logging industry in particular, and an increase in fuel used to pursue and catch each ton of skipjack tuna.

3.9 The following tables indicate trends in procurement from overseas of the physical needs of the Solomon Islands economy. Values have been adjusted to approximate real terms, using the best deflator available from the researches of the Government's Statistics Office.

**Table 3.1.3**  
**Imports of fuel 1977-81**

(in millions of litres)

	1977	average	1978	average	1979	average	1980	average	1981
Diesel	22.7		16.6		32.2		29.6		42.2
Petrol	4.7		5.5		5.5		6.8		8.3
Total	27.4		22.1		39.0		36.5		50.5
2-year average (to smoothe out shipments)		24.75		30.6		37.3		43.5	

**Table 3.1.4**  
**Imports through Honiara, other than fuel, 1977-81\***

(in 000s of metric tons)

	1977	1978	1979	1980	1981
All imports except fuel	41.8	48.8	57.1	74.2	69.6

\*12 months ending 30 September each year



**Table 3.1.5**  
**Manufactured imports 1977-81**

(\$ millions, deflated by Honiara retail price index)	1977	1978	1979	1980	1981
(deflator)	(100)	(109)	(120)	(139)	(159)
Machinery and transport	7.8	7.8	15.8	17.4	12.0
Chemicals	2.0	2.6	2.8	2.3	2.4
Other manufactures	7.1	8.2	10.5	10.7	10.8
Total	16.1	18.6	29.1	30.4	25.2

**Table 3.1.6**  
**Major food imports 1977-81**

(Volumes in 000's metric tons)	1977	1978	1979	1980	1981
Rice	3.2	3.1	4.9	2.5	1.7
Sugar	1.3	1.4	1.8	1.4	1.2
Flour	2.8	3.3	3.6	3.8	2.9

3.10 An index of unit price changes in food and fuel imports has been compiled by the government's Statistics Office and is reproduced in the following table, along with indexes of volume changes in these groups:

**Table 3.2**  
**Import price and volume indexes**

	1977	1978	1979	1980	1981
Food: price	100	117	115	131	155
volume	100	110	140	121	103
Fuel: price	100	116	141	232	261
volume	100	85	131	120	162

#### Terms of Trade

3.11 The above discussion shows how Solomon Islands' terms of trade deteriorated during 1981. It was necessary to export more physical resources in order to purchase the same amount of imports. Precise measurement is not available, but the following table compares a composite index of export prices, with the food and fuel price indexes mentioned above.

**Table 3.3**  
**Terms of trade indicators**

	1977	1978	1979	1980	1981
Exports price index	100	94	136	135	111
Food imports price index	100	117	115	131	155
Fuel imports price index	100	116	141	232	261



Thus, to buy one ton of fuel in 1981, we had to export nearly 2½ times as much as in 1977; to buy one ton of typical food imports in 1981, we had to export 1½ times as much as in 1977. We are not alone in this; but these statistics underline once again the need to develop domestic production of food and other near-necessities, economise on the use of imported fuels, and ensure by marketing strategy that we obtain the best available prices for our exports.

### Services

3.12 The major items in the services expenditure account are

- . freight and insurance on imports, (taken into the c.i.f. values in the trade account)
- . dividends on investment, interest on borrowing from overseas, and payments under contracts (of which the most significant is the contract under which Okinawan fishing boats form part of skipjack tuna fleet).
- . overseas air travel paid for in Solomon Islands.

The main sources of income in this account are tourist expenditures, including air travel on the SI airline; interest earned on SI holdings overseas, mainly by the Authority itself; and funds brought in by foreign diplomatic representatives and other non-resident person for local expenditures.

**Table 3.4**  
services account

(\$ millions, current prices)

	1977	1978	1979	1980	1981
Net position	- 10.3	- 13.6	- 17.0	- 25.9	- 22.2
Receipts	3.0	4.6	5.0	9.7	11.0
Payments	- 13.3	- 18.2	- 22.0	- 35.6	- 33.2
of which:					
freight and insurance	5.2	6.2	10.0	10.6	13.0
dividends and interest	3.0	3.0	4.0	12.4	7.0
Okinawan fishing fleet	3.7	7.4	5.9	6.9	8.0

3.13 In this table, freight and insurance on imports have been retained in the services account; in the earlier discussion of trade balance, these costs were attached to the imports to give a clearer picture of the trade position. The relatively high level of dividend and interest payments in 1980 reflects the profitability of the agriculture and timber enterprises in 1979. This has fallen back in 1981 as margins have tightened.

### Transfers

3.14 Movements of resources that do not give rise to financial obligations play an important part in Solomon Islands balance of payments. In 1981 the gross inflow of such transfers is estimated at \$20.5 million, equal to 30% of visible and invisible export earnings and covering 26% of imports c.i.f. Three-quarters of this is the movement of funds and goods under official aid programmes, the balance being funding of religious organisations and other private gifts or resources of persons taking up residence. The importance of transfers is illustrated in the following table:



**Table 3.5**  
**Transfers 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981
Estimated net transfers	11.7	16.8	17.2	16.5	15.5
(of which foreign aid)	10.2	15.0	15.2	15.9	15.2
Imports c.i.f.	30.0	37.1	60.6	72.1	77.6
-----					
Net transfers as % of imports	39	45	28	23	20

3.15 The table illustrates a fall in the relative importance of transfers in financing imports, as export earnings have risen and increased use has been made of external borrowing. The importance of continued access to substantial amounts of grant aid in the form of cash, goods and technical personnel to maintain the momentum of development is readily apparent. The total value of grant aid has been falling in real terms since 1978.

### Capital

3.16 This category comprises movements of long term capital for investment purposes giving rise to repayment obligations, as equity or debt. The inflow of new private investment capital has decreased steadily in recent years, and in 1981 it virtually ceased. The significance of this for future economic growth is stressed elsewhere in this report. The reasons lie partly in overseas financial conditions, and partly in failure to identify and bring forward projects suitable for foreign investment.

3.17 Government borrowing abroad is now potentially a major factor in financing the SI economy, and in 1981 for the first time this financing included a borrowing in the money markets, further discussed in paragraph 3.20. Of the \$8.4 million borrowing by the government in 1981, \$3 million was applied to investment in production and infrastructure projects, and the balance went to increase the external reserves. Repayment of government loans was insignificant.

3.18 Non-government loan inflow of \$3.7 million and repayments of \$1.4 million gave a net inflow of \$2.3 million, most of it for the timber industry.

The following table shows the position:

**Table 3.6**  
**Net inflow of equity and long term loan capital 1977-81**

(\$ millions, current prices)

	1977	1978	1979	1980	1981
Direct private investment	4.0	4.0	3.0	2.0	0.2
Repatriation of balances held abroad (Australian currency conversion)	1.6	1.1	-	-	-
SIG borrowing	-	-	2.0	3.3	8.4
Private borrowing	-	-	0.5	- 2.7	2.3

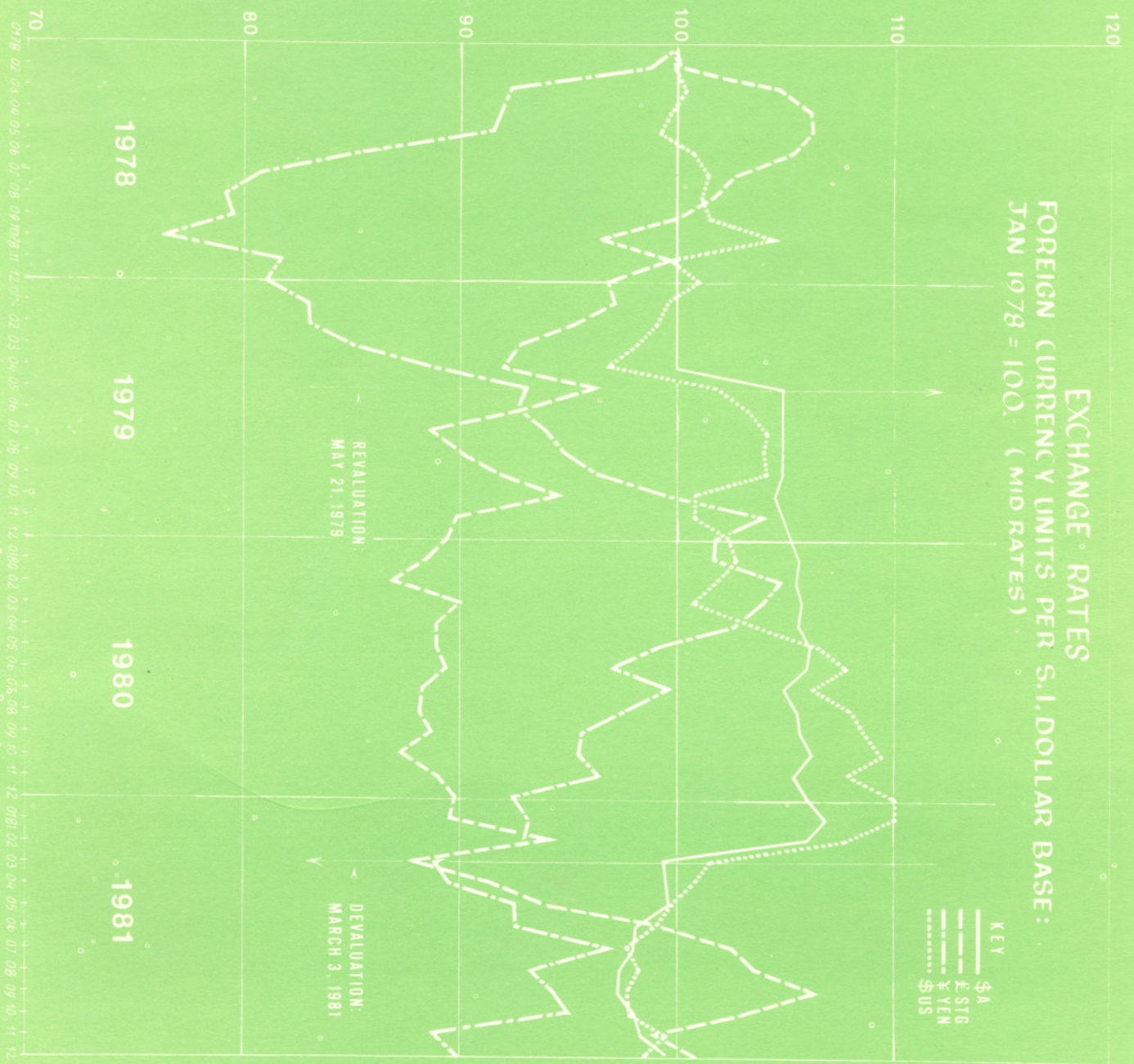


# EXCHANGE RATES

## FOREIGN CURRENCY UNITS PER S.I. DOLLAR BASE:

JAN 1978 = 100. (MID RATES)

KEY  
 — \$A  
 - - - £ STG  
 ····· ¥ YEN  
 - - - \$ US



REVALUATION:  
MAY 21, 1979

DEVALUATION:  
MARCH 3, 1981

1978

1979

1980

1981

01/78 02 03 04 05 06 07 08 09 10/78 11 12 01 02 03 04 05 06 07 08 09 10 11 12 01/80 02 03 04 05 06 07 08 09 10 11 12 01/81 02 03 04 05 06 07 08 09 10 11 12



The net outflow of private borrowing in 1980 represents repayment of overseas corporate debt during a period of relatively high domestic liquidity. The inflow in this category in 1981 reflects the growing tightness of the SI system during the year, and the consequent use of overseas borrowing by a few large firms, at the instigation of the authorities.

### Debt

3.19 During 1981 the government's net outstanding overseas borrowings increased from \$6.4 million to \$15 million, of which \$9.5 million has a maturity of 10 years or longer, and \$5.5 million matures in 1-10 years.

3.20 The main event in 1981 was the negotiation by the government of a US\$20 million eurodollar loan from a syndicate of eleven international banks. This was Solomon Islands' first syndicated loan, and the first market borrowing by the government. The loan is for eight years with a four year grace period on capital repayments, and interest linked to the floating London inter-bank offered rate. The first drawdown of US\$5 million was made in August, and was deposited by the government with the Monetary Authority to form part of the external reserves.

3.21 Private sector long term borrowing overseas is provisionally estimated to stand at \$20-25 million at the end of 1981; this is the subject of a survey at present. Using this provisional estimate, total external debt outstanding at the end of 1981, other than current liabilities, is estimated at \$35-40 million.

### Exchange Rates

3.22 The Solomon Islands dollar is valued daily against the Australian and US dollar in terms of a basket of the main currencies in which the nation's transactions are carried on: the Australian and US dollars, the British pound and the Japanese yen.

3.23 On 3rd March 1981 the SI dollar was devalued by 6% as part of the government's strategy to defend the reserves in the face of worsening terms of trade. At the same time the weights in the reference basket were changed from a trade to a payment basis. This gave additional prominence to the US dollar. After these changes, during the rest of the year the SI dollar depreciated by 0.3 percent against the Australian dollar and 2.3 percent against the US dollar, while appreciating against the pound and the yen by 11.6% and 1.5% respectively. The trends towards the end of the year showed a continuing depreciation against the US dollar, and a marked appreciation against the Australian dollar (which was being deliberately depreciated by the Australian authorities). Overall, the policy aim of reasonably stable rates and conservation of reserves was achieved.

3.24 The following table shows the average yearly exchange rate of the SI dollar against our main trading currencies and the SDR for the last three years. The 1981 value includes the effect of the 6% devaluation in March. A positive % change in the table means that the currency depreciated against the SI dollar; a minus means it appreciated.

Table 3.7  
Exchange rates, annual averages, 1979-81

	1979 rate	1980 rate	% change	1981 rate	% change
One SI dollar equals:					
Australian \$	1.0334	1.0588	2.5	1.0000	- 5.6
USA \$	1.1534	1.1069	- 4.0	1.1069	-
British £	0.5411	0.5184	- 4.2	0.5712	10.2
Japanese ¥	255.66	272.18	6.5	253.97	- 6.7
SDR		0.9287		0.9768	5.2



## 4. FINANCE

### Monetary Survey

4.1 The tightening of the monetary situation that began in mid-1980 and deepened towards the end of that year continued into 1981, with a particularly sharp contraction at the start of the year, followed by a more gradual fall through the year. The average level of all financial assets ( $M_2$ ) held by the public and in the banking system during 1981 fell by \$4.2 millions, 11% lower than the average level in 1980 (see table 4.1). There was a particularly sharp fall in the average level of time deposits, amounting to \$6.2 millions, or 33%, from the 1980 level. The change in money supply, defined as the level of currency and demand deposits ( $M_1$ ) was less marked. This was relatively stable during most of the year, after a slight drop at the beginning of the year and a steady increase throughout 1980. The average level of these more liquid assets in 1981 was thus about 14% higher than in the preceding year, maintaining the liquidity necessary for the economy to operate at a somewhat reduced level in real terms but at a higher price level (indicated by the 15% rise in the consumer price index).

4.2 The dominant factor in the changed monetary situation was the deficit in the balance of payments. This brought about a fall of \$8.2 million in the average level of foreign exchange assets in 1981, compared with the average in 1980. The bulk of this fall had occurred in the latter part of 1980. This net use of foreign currency was enabled by the expansion of domestic bank credit to the private sector (\$4.0 millions) and to the statutory corporations (\$1.4 millions). Similarly, holdings of time deposits by the public were reduced, with several large depositors becoming instead borrowers.

4.3 Currency and demand deposits ( $M_1$ ) were kept by the public at a level sufficient to continue operations at 1981 prices; while savings accounts actually rose by nearly 6%, being held mainly by households. These patterns indicate a very direct relationship between corporate net savings, in the form of time deposits and borrowing, and the level of external reserves.

4.4 The importance of the deposits of National Provident Fund as a source of financial savings is highlighted by the contraction of other corporate sources. NPF makes relatively permanent time deposits with the banking system on the basis of rates bid by the banks. In 1981, NPF's average time deposits at \$4.4 millions made up 34% of total time deposits, compared with 22% in 1980.

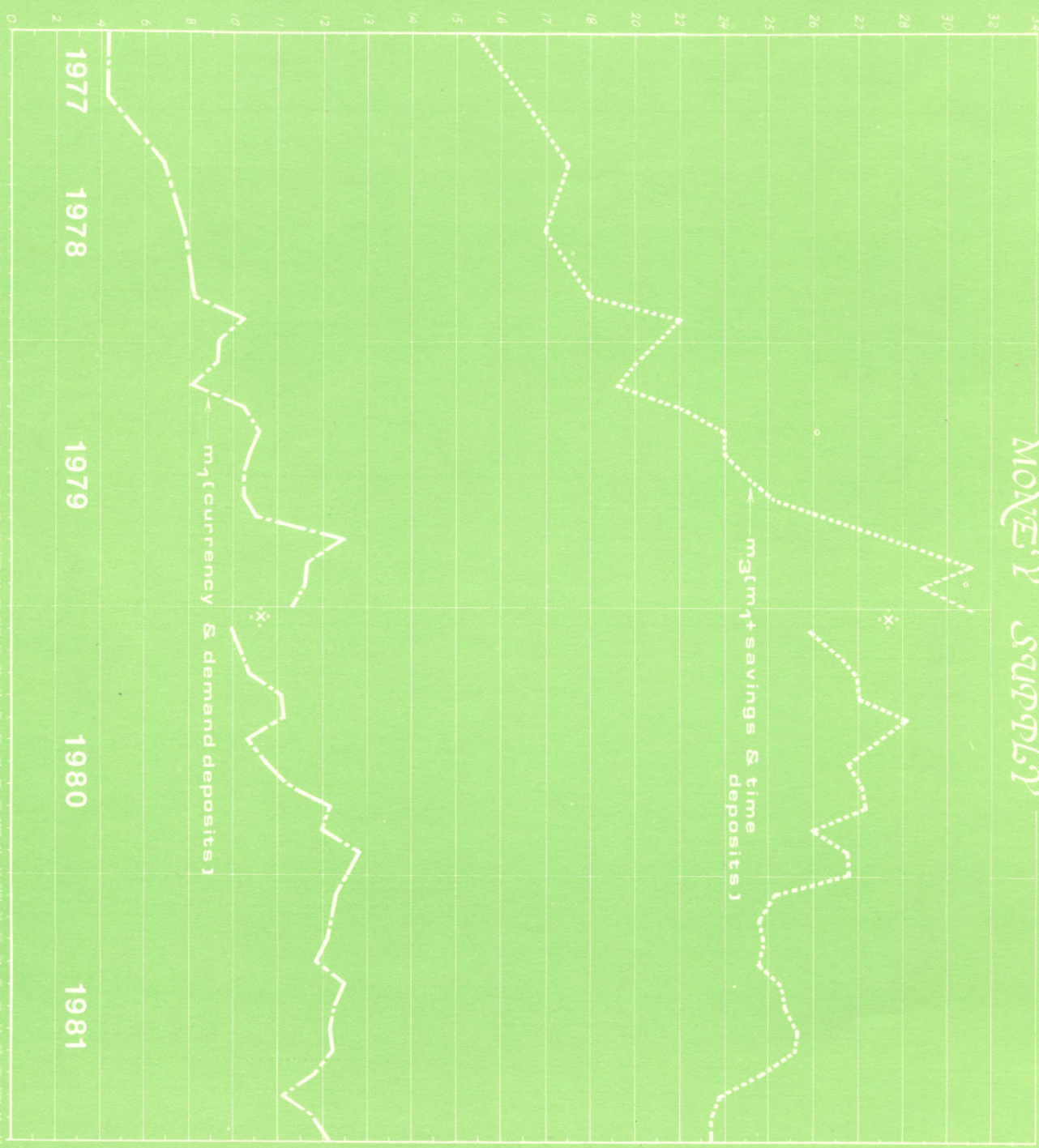
### Policy

4.5 The policy adopted by SIMA, in consultation with the government, comprised three parts. First, to make a permanent improvement in the amount and quality of information being collected on the economy and the monetary system, to provide a better basis for short-term and longer-term management; second, to allow the monetary position to tighten during the first part of the year, using credit guidelines to the banks and government budget management to ensure as far as possible that consumption expenditures were squeezed first, rather than production; and third, as the fall in liquidity approached the point where it might be a constraint on investment, to make funds available to the banks so that they could meet any reasonable credit needs in priority sectors.



(S.I. \$M. LLIONS)

# MONEY SUPPLY



months and years

\* FROM JAN. 1980, EXCLUDING CENTRAL GOVERNMENT DEPOSITS.



## The Operations of the Banking System

4.6 The fall in foreign reserves and the need to finance inputs at a higher price level to maintain economic activity, while profits fell, induced the withdrawal from the banks of surpluses accumulated in previous periods, mostly in the form of time deposits. These fell between the beginning and the end of 1981 by \$6.5 million, \$3 million of which belonged to the statutory corporations and to the Government. Demand deposits, mainly of the statutory corporations, also declined, but they were partly off-set by a rise in Government deposits. These factors caused the total liabilities of the banking institutions to shrink by about \$3 million during 1981, after having grown by \$0.5 million during 1980. Most of the decline in total balance sheets of the trading banks occurred at the beginning of the year, between December 1980 and February 1981.

4.7 In March, this fall was reversed by an increase of \$2 million in the paid up capital of one of the banks. On this date the National Bank of Solomon Islands was locally registered, jointly owned by the Commonwealth Trading Bank of Australia (51%) and the Government Shareholding Agency (49%), incorporating the former Commonwealth Banking Corporation (Australia). Thereafter, the overall volume of the consolidated balance sheet of the banks remained on a similar level, more or less, through the end of the year. Because of the contraction at the beginning of the year, the average level of liabilities and assets in 1981 was lower by \$3 million, or 7.7%, than in 1980.

4.8 On the assets side, the effect of the fall in time deposits, was reflected by a sharp decline in liquid assets held by the banks in call accounts with the Monetary Authority. These fell by \$9 million during 1981 to \$2.3 million, about the level of liquidity needed to meet their routine commercial needs; but still well above the statutory minimum requirements of 5% of deposits (0.5 million). Almost two-thirds (\$6 million) of the deposits withdrawn from the Monetary Authority were used to advance credit to the private sector and to the statutory corporations. The major structural change that took place in the level and uses of the banks' funds can be expected to show a positive effect on their profits, by shifting of funds to higher yielding uses.

4.9 The additional (net) loans to the private sector advanced by the Development Bank of Solomon Islands were somewhat less than \$2 millions, compared to \$2.25 million the year before. This was not because of any shortage of funds. Credit lines available to DBSI through the government were not fully utilised because of a lack of suitable requests for financing.

4.10 The trading banks reacted to the changes in the financial situation not only by shifting funds to meet the cash needs of the public in the form of expanded credit, but also by raising interest rates, for borrowing as well as for depositing. The changes began in March, when one bank raised the rates on overdrafts by 0.75%; another bank followed in June by a rise of 0.5%, and then in August the third bank raised its rates by 0.25%. By September, two banks had raised interest rates paid on time deposits for over 3 months by 0.25%, and in November a further increase of 0.25% on certain time deposits was reported by one of the banks. As the following table shows, there are some variations in the rates charged and offered, reflecting a degree of competition among the banks for customer's business. On the whole, the increases in interest rates during the year amounted to between 0.25% to 0.75% on time deposits and 1-2% on lending. These moves probably acted to head off higher borrowing, as well as to attract more deposits.

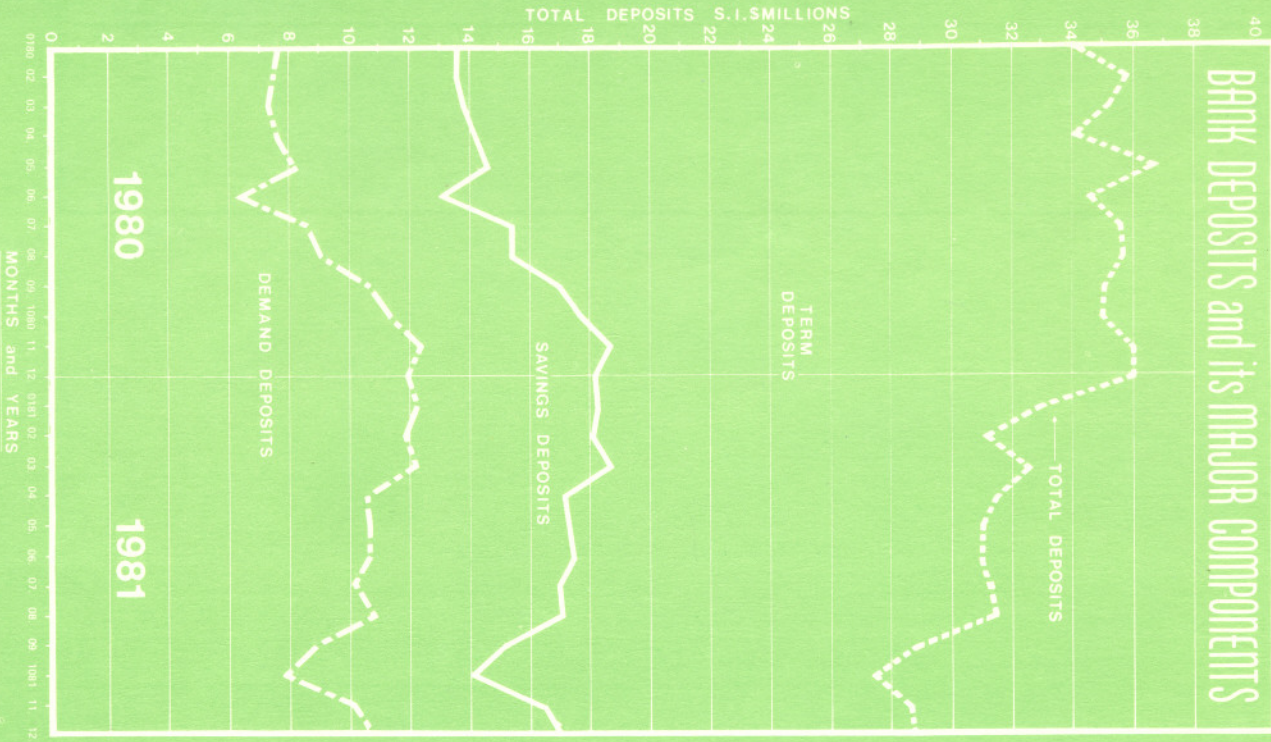


**Table 4.1**  
**Monetary Survey, 1980 and 1981**

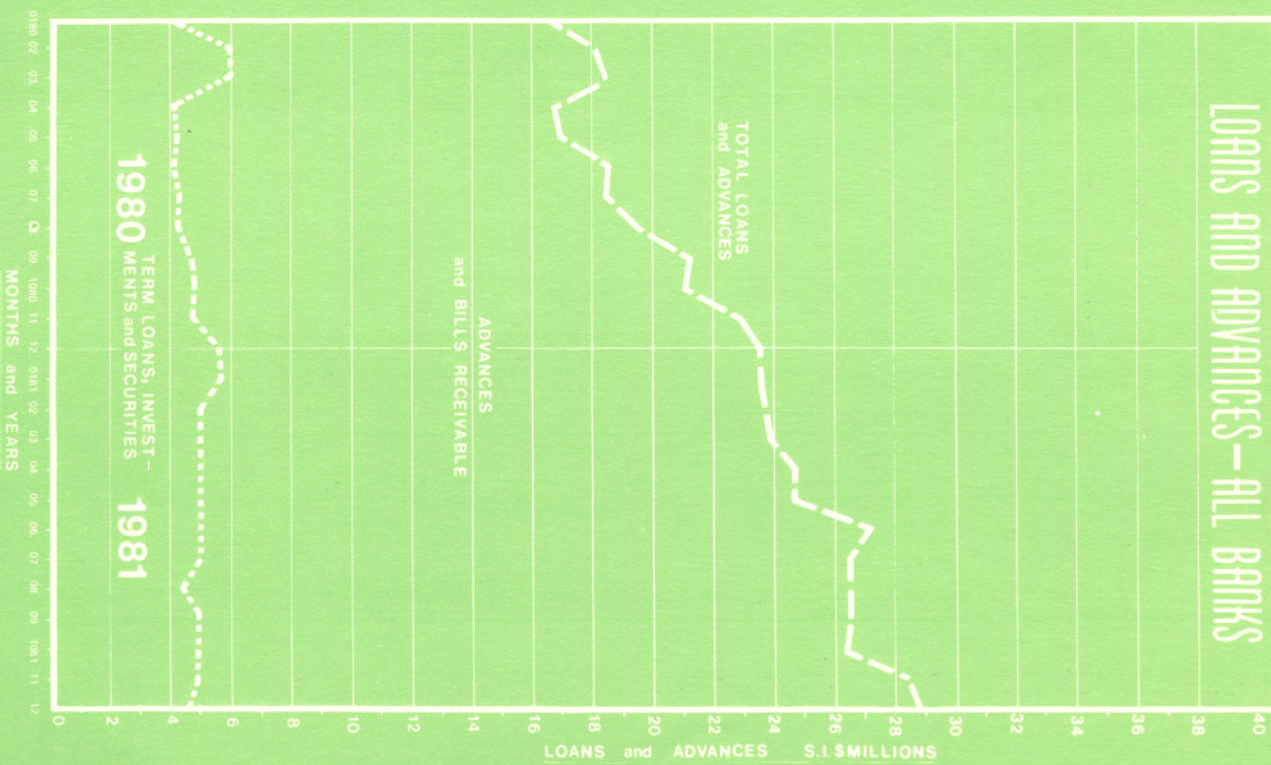
	1980 \$'000, annual averages	1981	Change From 1980 to 1981	
			\$'000	%
<b>Financial Assets</b>				
Currency outside banks	5,207	5,946	739	14.2
Demand deposits	7,164	8,122	958	13.4
	-----	-----	-----	-----
Money Supply (M <sub>1</sub> )	12,371	14,068	1,697	13.7
			-----	-----
Savings deposits	6,416	6,794	378	5.9
Time deposits	19,036	12,802	- 6,234	- 32.7
(of which NPF)	(4,175)	(4,405)	( 230)	( 5.5)
	-----	-----	-----	-----
All financial Assets, (M <sub>3</sub> )	37,823	33,664	- 4,159	- 11.0
	-----	-----	-----	-----
<b>Determinants (Sources)</b>				
Foreign Assets (net)	24,549	16,350	- 8,199	- 33.4
Domestic credit:				
Central Government	641	579	- 62	- 9.7
Statutory Corporations	4,013	5,371	1,358	33.8
Private sector	14,510	19,349	4,839	33.3
	-----	-----	-----	-----
Total credit	19,164	25,299	6,135	32.0
Other items (net)	- 5,890	- 7,985	- 2,095	- 35.6
	-----	-----	-----	-----
Total	37,823	33,664	- 4,159	- 11.0
	-----	-----	-----	-----



# BANK DEPOSITS and its MAJOR COMPONENTS



# LOANS AND ADVANCES—ALL BANKS





**Table 4.2**  
**Interest Rate structure, 1981**  
**(per cent)**

<b>Banks' Interest on deposits</b>	<b>January</b>	<b>December</b>
Call rate	3.50	3.75
1 month	4.50-4.75	5.25
2 months	5.50	5.75-6.00
3 months	6.00	6.25-6.75
6-12 months	6.50	6.25-7.25
Savings	3.50	3.50
<b>Other financial assets</b>		
National Provident Fund contribution accounts	8.00	8.00
National Saving Certificates	7.00	7.00
Treasury bills	-	7.00
Development Bonds	9.00	10.00
<b>Banks' Lending rates</b>		
Overdrafts:		
Minimum	9.00-10.75	9.00-12.00
Maximum	10.50-12.5	12.50-14.50

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Source: S.I.M.A.

Note: Lending rates are usually "standard" rates, applicable to normal non-risk loans. In cases of large deposits the rate payable by the banks is negotiable.

4.11 As the public's time deposits with the trading banks fell, the banks' level of liquid assets became a constraint on their ability to meet the increased demand for credit and advances. This threatened the continuation of normal economic activity and employment. SIMA therefore introduced a facility whereby it would make deposits with the banks at their request, to meet the demand for bank credit, aimed at ensuring that developmental needs and normal business requirements could both be met. The following table indicates how the liquidity position of the trading banks changed during the year:



**Table 4.3**  
**Liquidity of trading banks, 1980 and 1981**

	1980			1981		
	Annual average	January	December	Annual Average	January	December
Cash (\$000)	17,020	19,263	11,586	6,456	9,083	2,636
Deposits A "	35,275	34,085	35,884	30,554	32,853	28,815
Deposits B "	32,866	31,494	32,025	27,718	28,980	25,074
Cash/deposits ratio A	48%	57%	32%	21%	28%	9%
Cash/deposits ratio B	52%	61%	36%	23%	31%	11%

Source: S.I.M.A.

Definitions: "Cash" means, notes and coins, call money and statutory deposits with SIMA and Treasury bills.

**Deposits A** are liabilities to the public in the form of demand, time and savings deposits, as well as deposits of Government.

**Deposit B** same as A, excluding deposits of Government.

4.12 The table shows a decline in banking liquidity from a position which might be regarded as "over-liquid" in January 1980, to a relatively low liquidity by December 1981, even after the infusion of liquidity by SIMA. This position may require the banks to pay more attention to liquidity, making use of SIMA's deposit facility when priority lending would otherwise have to be turned away; and in some cases calling in low-priority advances.

### The Monetary Authority

#### Financial Operations and Accounts

4.13 The balance sheet of S.I.M.A. forms part of this report. Total assets and liabilities of SIMA changed little in nominal terms between the end of 1980 and the end of 1981, when they amounted to \$23.9 million. This level was typical to most months, apart from the third quarter which witnessed a temporary rise to almost \$27 million. Such relative stability was unlike 1980 which was characterized by a steady decline from about \$31 million in the first quarter to the lowest level in that year of around \$25 million in the last quarter of the year.

4.14 The factor causing the contraction in the volume of the Monetary Authority's balance sheet was the withdrawal by trading banks of their deposits, following the withdrawal of time deposits by their own customers. But unlike in 1980, when the fall of the banks' deposits with the Authority, which amounted to about \$7 million, was similar to the contraction in SIMA's total liabilities, the further fall of banks' deposits with SIMA in 1981, which amounted to \$6 million was fully off-set by a number of other factors, namely, increased use of international organisations' funds (up \$1.6 million) and increased Government deposits amounting to \$4.3 million.

4.15 These deposits represent local currency counterpart funds of the US\$5 million first tranche of a US\$20 million facility, arranged by the government with a syndicate of overseas banks under the lead management of Wardley of Hong Kong. The loan may be drawn down over two years, and is to be repaid over eight years.



4.16 The other source tapped was the Reserve tranche with the International Monetary Fund (SDR 0.8 million) and the first of two credit tranches (SDR 0.8 millions each) under a stand-by arrangement agreed between the IMF and Solomon Islands Government in June. Holdings of SDR increased again during 1981 as a result of a further allocation by the IMF to Solomon Islands of SDR 217,000, as part of an overall round of allocations to member countries.

4.17 The total of all foreign exchange assets of the Authority, which fell during 1980, remained fairly steady during 1981, and was close to \$19 million at year-end. As already mentioned, this stability in reserves was made possible by resorting to sizable borrowing abroad to finance the deficit in the balance of payments.

4.18 Currency outside banks rose during the year by 15%, in line with the requirements of the public to carry out cash transactions at the higher price level; "real balances" in the hands of the public were thus unchanged. Currency notes, which constitute 87% of the value of currency in circulation, rose by 23% during the year (20% on average over previous year). The entire rise in cash was in fact in \$20 notes, which rose by \$1.6 million to the value of \$2.5 million by the end of the year. The \$20 note, introduced only in October 1980, reached after 15 months 38% of note circulation by value, replacing a portion of the \$10 notes in the public's pockets. The \$10 notes in circulation fell during the same 15 month period by about \$1 million (more than one quarter of their quantity at their peak), and since the end of 1980, by 17%. Increases took place also in the numbers in circulation of \$2 notes (11%) and \$5 notes (7%). The fall by \$0.6 million in \$10 notes during 1981 represents a net drop of 30,000 notes in circulation (assuming they were replaced by \$20 notes), and some cost saving in the management of currency while fully meeting cash needs of the public. The fast increase in the share of \$20 notes foreshadows the need to introduce a higher value note in the near future.

4.19 Other changes that took place during 1981 were further increases (but less than in 1980) in advances to the Government to meet obligations to international financial institutions, and a rise in "other assets", mostly deposits with trading banks, the purpose of which was described above, and which amounted at the end of the year to \$200,000.

4.20 The "operating profits" of the Monetary Authority, arising mainly from the yield on foreign reserves (interest + exchange gains), net of its expenses on interest, currency issue and administration, amounted to \$2.4 million as compared to \$3.2 million in 1981. The fall of almost 25% in the net profits is accounted for mainly by a drop of \$0.8 million in income on foreign reserves, which on average were \$7.7 million (30%) below 1980 level.

4.21 Most of the \$2.3 million receipts on foreign exchange assets were interest received.<sup>1)</sup> A small amount was a result of the revaluation against the foreign currency basket. The investments of foreign exchange yielded 12.8% on average yearly level reserves, which reflects the spread of prevailing interest rates in the relevant currency markets: for example, the Monetary Authority's small investment in Japanese yen earned only 7% p.a. interest, while its various investments in US dollars earned between 11% and 20% p.a. interest at different times during the year.

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1) This does not necessarily reflect the eventual yields of the investments of the various currencies, since the accounting is presently on a cash rather than accrual basis.



## Organisation and Staff

4.22 By the end of 1981 the staff of the Authority numbered 21, including 4 expatriates. The set-up included two operational departments: Banking and International Operations; and two servicing departments: Administration and Research. The Banking department was responsible for domestic operations, currency issue (including numismatics) accounts, and bank's examination. The International department was responsible for the management of foreign investments, exchange control and management of government loans.

4.23 The Management of the authority reports to the Authority's Board. As a step towards transforming the Authority into the Central Bank of Solomon Islands the tasks of Chairman of the Board and Managing Director, hitherto unified, were separated. On 1st November 1981 Mr. A.V. Hughes was appointed Chairman for a term of 4 years, and Mr. A. Gilshon was appointed Managing Director with effect from 5th March 1982, on secondment for one year from the Bank of Israel under IMF auspices. Mr. P. Coney who had been Chairman/Managing Director on secondment from Reserve Bank of New Zealand under IMF auspices ended his service with the Authority in December 1981.

4.24 Important aspect of the authority's performance is the training of its staff. A part-time course in General Banking was conducted between April and June 1981. This was the second in a series of such training programmes. The course included lectures on the economy of Solomon Islands and its banking system, accounting principles, the role of institutions such as the Development Bank and the National Provident Fund and SIMA's own operations in the fields of currency issue, foreign exchange operations and its relations with domestic and foreign financial institutions. The participants represented the trading banks, the Development Bank, the Ministry of Finance, the National Provident Fund and the SIMA's own staff, officials of the banks and the government. SIMA also financially assisted five of its staff members to study in external courses run by the University of the South Pacific, Honiara Centre, in subjects useful to the Authority, and another member to attend the Supervisory Training Course conducted by the Honiara Technical Institute.

## Relations with International Organisations

4.25 The Authority was designated by the government to act as the fiscal agent through which dealings with international financial institutions are carried out. In April 1981 the government requested a "stand-by" arrangement to draw SDR 1.6 million from the International Monetary Fund. This amount represents two credit tranches of Solomon Islands quota in the Fund. The request was approved by the Fund. In June 1981 SIMA drew the first credit tranche together with the Reserve tranche (SDR 0.8m.). Drawing of the second credit tranche, which was subject to conditions regarding domestic bank credit, as specified in the government's letter of intent, has not yet been effected. During the year the Fund also allocated to Solomon Islands SDR 0.217 million among other member nations who received their share, bringing the total cumulative holdings to SDR 0.654 million.

4.26 The Fund continued to provide technical assistance to the Authority under its Central Banking Department. During 1981 three experts (Chairman and Managing Director, Banking Manager and Research Manager) were seconded to the Authority from the Reserve Bank of New Zealand, the Government of India and the Bank of Ceylon. The Reserve Bank of Australia has seconded to the Authority the Manager of International Department.



SOLOMON ISLANDS MONETARY AUTHORITY

AUDITORS' REPORT TO THE BOARD

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Solomon Islands Monetary Authority for the year ended 31st December, 1981.

In our opinion proper books of account have been kept by the Authority, so far as appears from our examination of these books.

The Authority's balance sheet and profit and loss account, the subject of this report are in agreement with these books of account.

In our opinion, and to the best of our information and according to the explanations given us, the accompanying balance sheet and profit and loss account, which have been prepared under the historical cost convention stated in the first note to the accounts, give the information required by the Solomon Islands Monetary Authority Act, 1976 as amended, in the manner so required, and so as to give a true and fair view of the state of the Authority's affairs at 31st December, 1981 and of the results of its operations for the year then ended.



PEAT, MARWICK, MITCHELL & CO.  
CHARTERED ACCOUNTANTS

HONIARA 16TH APRIL, 1982



SOLOMON ISLANDS MONETARY AUTHORITY

BALANCE SHEET AS AT 31ST DECEMBER, 1981

LIABILITIES	1981 (\$000's)	1980 (\$000's)	ASSETS	1981 (\$000's)	1980 (\$000's)
<b>CAPITAL</b>			<b>OVERSEAS ASSETS</b>		
Paid up Capital (Note 2)	500	500	Special Drawing Rights	1,257	985
Reserves (Note 3)	<u>3,263</u>	<u>1,876</u>	Money at Call	1,717	1,201
	<u>3,763</u>	<u>2,376</u>	Term Deposits	8,816	6,259
			Securities	<u>6,991</u>	<u>11,309</u>
				<u>18,781</u>	<u>19,754</u>
<b>FIXED DEPOSITS</b>			<b>ADVANCES AND SECURITIES</b>		
Solomon Islands Government	4,309	-	Solomon Islands Government		
Other	<u>7</u>	<u>6</u>	- Advances	1,045	786
	<u>4,316</u>	<u>6</u>	- Securities	<u>3,106</u>	<u>3,051</u>
				<u>4,151</u>	<u>3,837</u>
<b>ALLOCATIONS OF SPECIAL DRAWING RIGHTS BY INTERNATIONAL MONETARY FUND (Note 4)</b>	717	496	<b>FIXED ASSETS (Note 8)</b>	443	384
<b>CURRENCY IN CIRCULATION</b>					
Notes	6,546	5,319			
Coins	<u>869</u>	<u>731</u>			
	<u>7,415</u>	<u>6,050</u>	<b>OTHER ASSETS (Note 9)</b>	839	196
<b>DEMAND DEPOSITS</b>					
Banks	2,280	11,312			
<b>LIABILITIES IN CURRENCIES OTHER THAN SOLOMON ISLAND CURRENCY</b>					
DEMAND DEPOSITS (Note 5)	4,536	3,147			
PROVISION FOR TRANSFER TO CONSOLIDATED FUND (Note 6)	797	700			
OTHER LIABILITIES (Note 7)	<u>390</u>	<u>84</u>			
	<u>24,214</u>	<u>24,171</u>		<u>24,214</u>	<u>24,171</u>

Notes numbered 1 to 10 form part of these accounts.

Date: 16th April 1982

Signed: A.V. HUGHES (Chairman)

A. GILSHON (Managing Director)



SOLOMON ISLANDS MONETARY AUTHORITY

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST DECEMBER, 1981

	1981 (\$'000)	1980 (\$'000)		1981 (\$'000)	1980 (\$'000)
Transfer to General Reserve in terms of s14(1) of Solomon Islands Monetary Authority Act, 1976, as amended.		700	Net Profit (Note 10)	700	1,400
Transfer to Consolidated Fund in terms of s14(2) of Solomon Islands Monetary Authority Act, 1976, as amended	<u>700</u>	<u>700</u>		<u>      </u>	<u>      </u>
	<u><u>700</u></u>	<u><u>1,400</u></u>		<u><u>700</u></u>	<u><u>1,400</u></u>

Notes numbered 1 to 10 form part of these accounts.



SOLOMON ISLANDS MONETARY AUTHORITY

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED  
31ST DECEMBER, 1981

1. STATEMENT OF ACCOUNTING METHODS

The accounting methods adopted by the Authority are in accord with the laws of Solomon Islands and in particular the Solomon Islands Monetary Authority Act, 1976, as amended. The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where noted, current valuations of non-current assets.

Set out below is a summary of the significant accounting methods adopted by the Authority and in particular the accounting method adopted where there exists a choice between two or more acceptable methods.

(a) Depreciation

Depreciation is provided on all fixed assets so as to write off the assets progressively over their estimated economic life. Fixed assets are first depreciated in the year of acquisition. The straight line method of depreciation has been used.

(b) Foreign Currencies

Transactions involving foreign currencies have been recorded in Solomon Island dollars using the rates of exchange ruling on the date of the transaction.

Assets and liabilities in foreign currencies have been translated into Solomon Island dollars at the rates of exchange prevailing at the year end.

(c) Valuation of overseas assets and liabilities

The gains or losses arising from appreciation or depreciation of the Authority's overseas assets and liabilities due to movements in exchange rates have been dealt with in accordance with Section 34A of Solomon Islands Monetary Authority Act, 1976, as amended and are not included in the determination of net profit. (See also notes Nos. 3 and 6)

(d) Revenues and Expenditures

Revenues and expenditures have been accounted for on the accrual basis.

(e) Form of Presentation

The form of the Balance Sheet and Profit and Loss Account was amended in the current year. The figures for the prior year have been reclassified to comply with the amendments.



2. CAPITAL	1981 (\$'000)	1980 (\$'000)
Authorised Capital	<u>500</u>	<u>500</u>
Paid up Capital	<u>500</u>	<u>500</u>
3. RESERVES	1981 (\$'000)	1980 (\$'000)
General Reserve		
Balance 1.1.81	1,074	374
Transfer in terms of Section 14(1) of Solomon Islands Monetary Authority Act, 1976, as amended.	-	700
Balance 31.12.81	<u>1,074</u>	<u>1,074</u>
Development Refinance Reserve		
Balance 1.1.81	500	500
Transfer in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	-	-
Balance 31.12.81	<u>500</u>	<u>500</u>
Capital Expenditure Reserve		
Balance 1.1.81	85	85
Transfer in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	-	-
Balance 31.12.81	<u>85</u>	<u>85</u>
Staff Housing Reserve		
Balance 1.1.81	20	20
Transfer in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	-	-
Balance 31.12.81	<u>20</u>	<u>20</u>
Rebuilding Fund Reserve		
Balance 1.1.81	534	100
Transfer in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	-	434
Balance 31.12.81	<u>534</u>	<u>534</u>
Revaluation Reserve Account		
Balance 1.1.81	(337)	808
Transfer of portion of gains for year in terms of Section 34A of Solomon Islands Monetary Authority Act, 1976, as amended	429	(1,145)
Balance 31.12.81	<u>92</u>	<u>* ( 337)</u>
Recapitalisation Reserve		
Balance 1.1.81	-	-
Transfer in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	958	-
Balance 31.12.81	<u>958</u>	<u>-</u>
	<u>3,263</u>	<u>1,876</u>
TOTAL RESERVES		

\* Non interest bearing note to the extent of the deficiency issued by the government in accordance with Section 34A of Solomon Islands Monetary Authority Act, 1976, as amended.



#### 4. ALLOCATIONS OF SPECIAL DRAWING RIGHTS (SDR) BY INTERNATIONAL MONETARY FUND (IMF)

This liability represents the net IMF special drawing rights deposited with the Authority by the Solomon Islands Government. At 31st December, 1981 the item related to SDR 654, 400 and was converted to Solomon Island dollars at the SDR/SI\$ exchange rate ruling at the date of the allocation.

#### 5. LIABILITIES IN CURRENCIES OTHER THAN SOLOMON ISLAND CURRENCY

This liability includes deposits of international organisations such as International Monetary Fund, International Bank for Reconstruction and Development, European Development Fund and International Development Association.

	1981	1980
	(\$'000)	(\$'000)
6. PROVISION FOR TRANSFER TO CONSOLIDATED FUND		
Balance 1.1.81	700	712
Payment during year	(700)	(712)
Transfer of portion of net profit in terms of Section 14(2) of Solomon Islands Monetary Authority Act, 1976, as amended.	700	700
Transfer of portion of gains arising from valuation of overseas assets and liabilities in terms of Section 34A(4) of Solomon Islands Monetary Authority Act, 1976, as amended	<u>97</u>	<u>-</u>
Balance 31.12.81	<u><u>797</u></u>	<u><u>700</u></u>

#### 7. OTHER LIABILITIES

This item comprises accrued charges, suspense accounts, interest accrued on Solomon Islands Government fixed deposits and other sundry accounts.

	1981	1980
	(\$'000)	(\$'000)
8. FIXED ASSETS		
<u>Premises</u>		
At cost	431	355
Accumulated depreciation	<u>36</u>	<u>22</u>
Written down value	<u>395</u>	<u>333</u>
<u>Furniture and Equipment</u>		
At cost	69	48
Accumulated depreciation	<u>29</u>	<u>12</u>
Written down value	<u>40</u>	<u>36</u>
<u>Motor Vehicle</u>		
At cost	10	15
Accumulated depreciation	<u>2</u>	<u>-</u>
Written down value	<u>8</u>	<u>15</u>
Total Fixed Assets	510	418
Less Total Accumulated depreciation	67	34
Total Written down value	<u><u>443</u></u>	<u><u>384</u></u>

#### 9. OTHER ASSETS

This comprises interest due but not received on investments, term deposits with local banks and other sundry accounts.



## 10. NET PROFIT

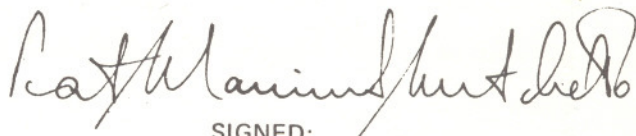
Net profit for the year was determined in terms of s13 of Solomon Islands Monetary Authority Act, 1976, as amended.

	1981 (\$'000)	1980 (\$'000)		1981 (\$'000)	1980 (\$'000)
Administration expenses	72	69	Interest received on		
Currency issue expenses	107	8	- overseas investments	2,298	3,161
Interest paid/accrued on demand deposits	255	1,214	- other investments	12	7
Investment costs	154	49	Royalties on numismatic issues	10	13
Salaries and wages	88	50	Commissions and fees	50	39
Depreciation	33	19	Other Income	9	26
Audit fees	12	3			
Operating profit	<u>1,658</u>	<u>1,834</u>			
	<u>2,379</u>	<u>3,246</u>		<u>2,379</u>	<u>3,246</u>
Transfer to Rebuilding Fund Reserve in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended	-	434	Operating Profit	1,658	1,834
Transfer to Recapitalisation Reserve in terms of Section 13(b) of Solomon Islands Monetary Authority Act, 1976, as amended.	958	-			
Net Profit	<u>700</u>	<u>1,400</u>			
	<u>1,658</u>	<u>1,834</u>		<u>1,658</u>	<u>1,834</u>



The additional financial data presented in the following pages is in accordance with the books and records of the Solomon Islands Monetary Authority which have been subjected to the auditing procedures applied in our statutory audit of the Authority for the year ended 31st December, 1981. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than Solomon Islands Monetary Authority) in respect of such data, including any errors or omissions therein arising through negligence or otherwise however caused.



SIGNED:

PEAT, MARWICK, MITCHELL & CO  
CHARTERED ACCOUNTANTS

HONIARA 16th April, 1982



## STATISTICAL APPENDIX

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OFFICIAL OVERSEAS RESERVES

SIS MILLIONS

TABLE: 1

	Monetary Authority 1	Trading Banks 2	Central Government 3	Special Drawing Rights	IMF Res. Position	Total
1980 - Jan	27.5	- 1.3	0.5	0.3	0.5	27.5
Feb	27.7	- 1.0	0.5	0.3	0.5	28.0
Mar	28.2	1.8	- 0.9	0.3	0.5	29.9
Apr	27.3	0.3	- 1.0	0.3	0.5	27.4
May	27.0	- 1.6	0.5	0.3	0.5	26.7
June	26.0	- 1.3	0.1	0.3	0.5	25.6
July	25.8	- 0.5	0.3	1.4	0.5	27.5
Aug	25.1	- 0.8	0.4	1.3	0.5	26.5
Sept	22.8	- 0.5	2.9	1.3	0.5	27.0
Oct	21.8	0.3	2.1	1.3	0.5	25.4
Nov	21.5	- 0.6	2.1	1.3	0.5	24.8
Dec	18.8	0.2	3.1	1.0	0.8	23.9
1981 - Jan	15.8	- 0.4	3.2	1.2	0.8	20.6
Feb	13.4	0.4	2.6	1.2	0.8	18.4
Mar	16.2	- 0.3	1.1	1.1	0.8	18.9
Apr	15.9	- 0.4	0.5	1.2	0.8	18.0
May	15.2	- 0.6	0.3	1.2	0.8	16.9
June	15.2	- 0.8	0.3	1.3	-	16.0
July	16.3	- 1.1	0.2	1.2	-	16.6
Aug	20.8	- 0.8	0.7	1.2	-	21.9
Sept	19.1	-	0.1	1.3	-	20.5
Oct	18.5	- 0.2	0.5	1.3	-	20.1
Nov	17.9	- 1.3	0.8	1.3	-	18.7
Dec	17.5	- 1.0	0.4	1.3	-	18.2

1. gross foreign assets excluding Special Drawing Rights

2. net foreign position

3. working balances overseas



MONETARY SURVEY Ø

TABLE: 2

SI\$'000

	MONEY AND QUASI-MONEY						DETERMINANTS					M 3
	Currency Outside Banks	Demand Deposits 1	Money Supply M 1	Savings Deposits	Time Deposits 1	Money and Quasi Money M 3	Foreign Assets (Net)	Domestic Credit			Other Items (net)	
								Central Govt. (net) 2	Statutory Corpns.	All Other		
1980 Jan	4,436	5,508	9,944	6,030	19,956	35,930	27,846	529	3,647	12,366	-8,458	35,930
Feb	4,602	5,606	10,208	6,173	20,694	37,075	26,611	-190	3,645	13,739	-6,730	37,075
Mar	4,938	5,741	10,679	6,510	20,798	37,987	27,286	1,012	3,617	14,197	-8,125	37,987
Apl	5,039	7,016	12,055	6,594	19,477	38,126	26,688	2,073	3,600	12,428	-6,663	38,126
May	5,304	6,926	12,230	6,584	21,392	40,206	27,300	1,454	3,596	12,599	-4,743	40,206
June	5,336	5,230	10,566	6,770	21,525	38,861	25,360	1,949	3,607	14,251	-6,306	38,861
July	5,470	5,943	11,413	6,855	19,456	37,724	25,568	-251	3,897	13,963	-5,453	37,724
Aug	5,276	7,156	12,432	6,344	19,429	38,205	24,744	625	4,245	14,563	-5,971	38,205
Sept	5,444	8,765	14,209	6,275	17,929	38,413	22,459	-420	4,768	15,385	-3,778	38,413
Oct	5,313	8,733	14,046	6,346	15,629	36,021	20,936	-221	4,212	15,722	-4,628	36,021
Nov	5,657	9,869	15,526	6,301	15,812	37,639	21,100	-64	4,172	17,562	-5,131	37,639
Dec	5,663	9,477	15,140	6,212	16,336	37,688	18,688	1,200	5,146	17,339	-4,705	37,688
1981 Jan	5,214	9,390	14,604	6,117	13,473	34,194	15,438	1,206	5,071	17,373	-4,894	34,194
Feb	5,211	9,163	14,374	6,255	13,017	33,646	11,969	2,334	4,834	17,736	-3,227	33,646
Mar	5,388	8,799	14,187	6,534	13,112	33,833	16,384	906	5,442	17,319	-6,218	33,833
Apl	5,720	7,950	13,670	6,712	13,396	33,778	15,435	1,607	5,791	17,810	-6,865	33,778
May	6,006	8,883	14,889	6,915	12,793	34,597	15,081	2,917	5,859	17,657	-6,917	34,597
June	5,861	8,670	14,531	6,999	13,254	34,784	14,620	3,027	5,512	20,557	-8,932	34,784
July	5,909	8,403	14,312	6,951	14,080	35,343	15,579	3,240	5,527	19,852	-8,855	35,343
Aug	6,181	8,267	14,448	7,015	13,710	35,173	20,445	-1,763	4,928	20,452	-8,889	35,173
Sept	6,514	7,210	13,724	7,089	12,899	33,712	19,189	-963	5,506	20,000	-10,020	33,712
Oct	6,413	5,782	12,195	7,127	12,572	31,894	18,514	-1,160	5,266	20,135	-10,861	31,894
Nov	6,507	7,133	13,640	7,043	10,827	31,510	16,801	-2,181	4,940	21,911	-9,961	31,510
Dec	6,426	7,810	14,236	6,769	10,495	31,500	16,740	-2,224	5,776	21,391	-10,183	31,500

Ø Comprising a rearrangement of assets and liabilities of the Monetary Authority and Trading and Savings Bank

1 Excluding deposits of Central Government

2 Minus sign signifies Central Government holds net claims on banks



SOLOMON ISLANDS MONETARY AUTHORITY

ASSETS

TABLE:3

SI\$000

	Foreign Sector				Domestic Banks									
	Special Drawing Rights	Call and Term Deposits	Securities	Total	Demand Deposits	Term Deposits	Total	Advances to Central Govt.	Dev. Bonds	Treasury Bills	Other Securities	Fixed Assets 1	Other Assets	Total Assets
1980														
Jan	291	1,196	26,313	27,800	75	51	126	243	69	-	2,024	223	360	30,845
Feb	286	503	27,207	27,996	73	51	124	243	69	-	2,024	223	148	30,827
Mar	278	855	27,346	28,479	80	51	131	243	69	-	2,024	223	76	31,245
Apr	280	449	26,829	27,558	67	30	97	243	69	-	2,024	229	76	30,296
May	278	463	26,532	27,273	51	30	81	243	69	-	2,024	231	77	29,998
June	277	1,065	24,949	26,291	35	30	65	175	69	-	2,024	236	77	28,938
July	1,369	1,183	24,644	27,195	104	30	134	243	69	-	2,024	253	79	29,997
Aug	1,328	3,377	21,929	26,634	113	-	113	484	69	-	2,024	373	4	29,701
Sept	1,319	3,851	18,964	24,134	-	-	-	484	169	-	2,024	374	27	27,211
Oct	1,286	8,696	13,066	23,048	-	-	-	484	122	-	2,024	376	7	26,061
Nov	1,291	7,551	13,983	22,826	-	-	-	484	119	-	2,024	378	8	25,839
Dec	985	7,455	11,309	19,749	-	-	-	786	121	-	2,930	395	6	23,987
1981														
Jan	1,177	6,600	9,230	17,007	-	-	-	786	121	-	2,930	376	536	21,756
Feb	1,186	4,821	8,569	14,576	-	-	-	786	121	-	2,930	380	529	19,321
Mar	1,122	5,499	10,717	17,338	-	-	-	786	121	-	2,930	384	742	22,301
Apr	1,241	5,326	10,554	17,121	-	-	-	795	121	-	2,930	388	743	22,098
May	1,233	5,304	9,941	16,478	-	-	-	786	121	-	2,930	389	751	21,455
June	1,262	4,541	10,684	16,487	-	-	-	790	120	-	2,930	450	701	21,478
July	1,248	6,940	9,381	17,569	-	-	-	790	120	-	2,930	455	347	22,211
Aug	1,240	12,225	8,623	22,088	-	-	-	962	120	-	2,930	458	344	26,902
Sept	1,266	12,169	6,926	20,361	-	-	-	790	120	-	2,930	462	353	25,016
Oct	1,260	10,756	7,750	19,766	-	-	-	809	125	48	2,930	462	832	24,972
Nov	1,260	10,314	7,545	19,119	-	-	-	1,036	125	48	2,930	478	358	24,094
Dec	1,257	10,499	6,991	18,747	-	-	-	1,044	127	48	2,930	479	565	23,940



## SOLOMON ISLANDS MONETARY AUTHORITY

## LIABILITIES

TABLE: 4

SI\$000

	Foreign Sector	Domestic Banks	Currency Issue			Central Govt. 2	Capital Accounts	Other Liabilities	Total Liabilities
	International Org'ns 1	Deposits	Currency in banks	Currency outside banks	Total				
1980									
Jan	2,438	18,504	442	4,436	4,878	38	2,403	2,584	30,845
Feb	2,434	18,003	291	4,602	4,893	38	2,886	2,573	30,827
Mar	2,434	18,289	221	4,938	5,159	38	2,753	2,572	31,245
Apr	2,433	18,109	339	5,039	5,378	38	2,516	1,821	30,296
May	2,339	18,350	223	5,304	5,527	38	2,672	1,072	29,998
June	2,680	17,720	399	5,336	5,735	38	2,321	444	28,938
July	2,745	18,233	334	5,470	5,804	38	2,320	857	29,997
Aug	3,250	17,749	337	5,276	5,613	-	2,386	702	29,701
Sept	3,224	12,843	320	5,444	5,764	2,141	2,386	852	27,211
Oct	3,222	13,996	354	5,313	5,667	-	2,386	789	26,061
Nov	2,817	13,681	281	5,657	5,938	-	2,386	1,017	25,839
Dec	3,643	11,312	386	5,663	6,049	-	2,386	597	23,987
1981									
Jan	3,864	8,768	562	5,214	5,776	-	2,705	643	21,756
Feb	3,855	6,065	562	5,211	5,776	-	2,712	913	19,321
Mar	3,866	8,436	532	5,388	5,920	-	2,712	1,367	22,301
Apr	3,859	7,974	490	5,720	6,210	-	2,712	1,343	22,098
May	3,852	7,119	525	6,006	6,531	-	2,712	1,241	21,455
June	5,242	5,420	801	5,861	6,662	-	2,712	1,442	21,478
July	5,405	6,167	913	5,909	6,822	-	2,712	1,105	22,211
Aug	5,400	6,106	796	6,181	6,977	4,481	2,712	1,226	26,902
Sept	5,259	3,881	675	6,514	7,189	4,309	2,712	1,666	25,016
Oct	5,260	2,955	664	6,413	7,077	4,309	2,712	2,659	24,972
Nov	5,257	2,499	876	6,507	7,383	4,309	2,712	1,934	24,094
Dec	5,253	2,280	989	6,426	7,415	4,309	2,712	1,971	23,940

As on last working day: 1. includes allocations of Special Drawing Rights

2. Central Government subvention up to July 1980



TRADING AND SAVINGS BANKS\*

ASSETS

TABLE: 5

SIS'000

	Foreign Assets	Domestic Assets											Total Assets	
		Banker's Cash			Advances & Bills				Term Loans, Investments					Other Domestic Assets
		Currency	Due from Banks	Total Cash	Treasury bills	Statutory Corpns.	Other	Total	Central Govt.	Statutory Corpns.	Other	Total		
1980 Jan	1,364	442	18,962	19,404	-	2,917	9,988	12,905	784	730	2,377	3,892	1,169	38,734
Feb	517	291	18,521	18,812	-	2,915	11,137	14,052	784	730	2,602	4,116	1,441	38,938
Mar	525	221	17,433	17,654	-	2,887	11,604	14,491	784	730	2,593	4,107	1,703	38,480
Apl	981	339	17,821	18,160	-	2,870	9,800	12,670	784	730	2,628	4,143	1,886	37,840
May	1,335	223	19,899	20,122	-	2,866	9,952	12,818	784	730	2,647	4,161	2,116	40,552
June	587	399	17,211	17,610	-	2,877	11,617	14,494	784	730	2,634	4,148	1,901	38,740
July	137	334	17,446	17,780	-	3,167	11,171	14,338	784	730	2,792	4,306	1,956	38,517
Aug	553	337	17,807	18,144	-	3,515	11,727	15,242	784	730	2,836	4,350	1,238	39,527
Sept	951	320	15,817	16,137	-	4,038	12,535	16,573	1,134	730	2,850	4,714	988	39,363
Oct	396	354	14,701	15,055	-	3,482	12,889	16,371	1,242	730	2,834	4,806	1,622	38,250
Nov	772	281	15,189	15,470	-	3,442	14,682	18,124	1,242	730	2,880	4,852	2,537	41,755
Dec	816	386	11,604	11,990	-	4,416	13,750	18,166	1,242	730	3,589	5,561	2,719	39,252
1981 Jan	939	562	8,809	9,371	-	4,341	13,643	17,984	1,242	730	3,730	5,702	2,986	36,982
Feb	306	565	7,912	8,477	-	4,104	14,729	18,833	1,242	730	3,007	4,979	1,928	34,523
Mar	964	532	9,285	9,817	-	4,512	14,478	18,990	1,242	930	2,841	5,013	2,133	36,917
Apl	394	490	8,964	9,454	-	4,861	15,014	19,875	1,242	930	2,796	4,968	2,206	36,897
May	832	525	7,599	8,124	-	4,896	15,505	20,401	1,242	963	2,654	4,859	2,116	36,332
June	620	801	5,797	6,598	-	4,655	17,845	22,500	1,242	857	2,712	4,811	2,083	36,612
July	1,158	913	6,927	7,840	-	4,670	17,137	21,807	1,242	857	2,715	4,814	1,657	37,276
Aug	641	796	6,822	7,618	-	4,271	17,807	22,078	1,242	657	2,645	4,544	2,032	36,913
Sept	835	675	5,255	5,930	-	4,849	16,911	21,760	1,242	657	3,089	4,988	1,370	34,883
Oct	641	664	3,464	4,128	-	4,609	17,021	21,630	1,242	657	3,114	5,013	1,995	33,407
Nov	778	876	4,578	5,454	435	4,283	18,786	23,504	1,242	657	3,125	5,024	1,927	36,687
Dec	853	989	3,351	4,340	435	5,224	18,347	24,006	1,242	552	3,044	4,838	2,146	36,183

\* Consolidated statement: third Wednesday through July 1980 then last Wednesday in each month



TRADING AND SAVINGS BANKS\*

LIABILITIES

TABLE: 6

SIS'000

		Foreign Liabs.	Domestic Liabilities											Total Liabs.		
			Demand Deposits					Savings Deposits	Time Deposits				Due to Banks		Bills Payable	Other Domestic Liabs.
			Paid-up Capital +	Central Govt.	Statutory Corpns. 1	Other	Total		Central Govt.	Statutory Corpns	Other	Total 2				
1980	Jan	1,018	-	2,091	436	5,072	7,599	6,030	500	N/A	N/A	20,456	126	-	3,505	38,734
	Feb	1,602	-	1,810	317	5,289	7,416	6,173	1,500	"	"	22,194	124	61	1,368	38,938
	Mar	1,418	-	1,608	1,062	4,679	7,349	6,510	500	"	"	21,298	130	-	1,775	38,480
	Apl	1,551	-	547	926	6,090	7,563	6,594	500	"	"	19,979	148	-	2,007	37,840
	May	1,008	-	1,166	929	5,997	8,092	6,584	500	"	"	21,892	81	-	2,895	40,552
	June	818	-	1,103	501	4,729	6,333	6,770	-	"	"	21,525	65	-	3,229	38,740
	July	1,064	-	2,621	1,228	4,715	8,564	6,855	750	"	"	20,206	134	-	1,694	38,517
	Aug	1,743	-	1,986	1,145	6,011	9,142	6,344	750	12,016	7,414	20,179	109	37	1,973	39,527
	Sept	1,926	-	1,940	2,243	6,522	10,705	6,275	150	12,182	5,747	18,079	-	34	2,344	39,363
	Oct	1,839	-	2,643	2,226	6,507	11,376	6,346	1,450	10,286	5,343	17,079	-	26	1,584	38,250
	Nov	2,234	-	2,514	2,170	7,699	12,383	6,301	1,419	9,773	6,039	17,231	-	33	3,573	41,755
	Dec	1,693	-	2,537	2,804	6,673	12,014	6,212	1,322	10,499	5,837	17,658	-	26	1,649	39,252
1981	Jan	2,323	-	2,952	2,648	6,742	12,342	6,117	921	9,689	3,784	14,394	-	22	1,784	36,982
	Feb	2,737	-	2,745	2,684	6,479	11,908	6,255	-	9,211	3,806	13,017	-	139	467	34,523
	Mar	1,731	2,000	3,423	2,054	6,745	12,222	6,534	750	9,521	3,591	13,862	-	57	511	36,917
	Apl	1,900	2,000	2,679	1,719	6,231	10,629	6,712	802	9,815	3,581	14,198	-	16	1,442	36,897
	May	2,054	2,000	1,861	2,279	6,604	10,744	6,915	300	8,515	4,278	13,093	-	150	1,376	36,332
	June	2,382	2,000	2,054	1,717	6,953	10,724	6,999	-	8,359	4,895	13,254	-	28	1,225	36,612
	July	2,880	2,000	1,842	1,209	7,194	10,245	6,951	-	8,584	5,496	14,080	29	37	1,054	37,276
	Aug	2,018	2,000	2,535	1,339	6,928	10,802	7,015	-	8,084	5,626	13,710	27	52	1,289	36,913
	Sept	1,882	2,000	1,735	1,928	5,282	8,945	7,089	-	7,611	5,288	12,899	763	102	1,203	34,883
	Oct	1,768	2,000	2,005	1,555	4,227	7,787	7,127	-	7,861	4,711	12,572	1,017	34	1,102	33,407
	Nov	2,961	2,000	3,062	1,353	5,780	10,195	7,043	625	7,061	3,766	11,452	958	1,128	950	36,687
	Dec	2,728	2,000	3,084	1,630	6,180	10,894	6,769	657	8,000	2,495	11,152	1,203	37	1,400	36,183

\* Consolidated statement: third Wednesday through July 1980 then last Wednesday in each month

+ Refers to National Bank of Solomon Islands

1 Includes Provincial Assemblies through July 1980

2 Data January - July 1980 are inclusive of statutory corporations, provincial assemblies and other



DISTRIBUTION OF BANKS' ADVANCES AND LOANS

TABLE: 7

SI\$000

Purpose	Feb 80	May 80	Aug 80	Nov 80	Feb 81	May 81	June 81	July 81	Aug 81	Sept 81	Oct 81	Nov 81	Dec 81
1. Agriculture, Forestry & Fishing	6,301	5,633	7,735	7,993	8,392	9,162	9,910	9,806	9,775	10,342	10,110	10,681	11,229
2. Mining, Quarrying	-	-	-	-	83	-	12	12	22	22	25	25	22
3. Construction	393	401	447	483	365	1,277	1,334	1,342	1,320	1,305	1,517	1,671	1,588
4. Manufacturing	602	702	709	660	741	749	782	990	906	741	741	926	843
5. Financial	2,665	740	55	8	7	8	9	9	10	20	47	54	52
6. Transport & Communications	379	412	895	2,477	2,627	2,757	2,633	2,620	2,703	2,530	2,615	2,662	2,588
7. Public Utilities and National Government	602	477	2,451	3,063	3,093	3,486	3,636	3,618	3,674	3,607	3,745	3,753	3,794
8. Local Government	425	314	730	757	730	1,186	1,063	1,053	852	848	667	711	584
9. Retail Distribution	2,653	2,741	2,107	2,738	2,662	2,165	2,524	2,579	2,761	2,752	2,860	3,200	3,230
10. Other Distribution	587	545	885	714	1,368	1,280	1,102	633	729	667	743	863	893
11. Professional, Scientific & Miscellaneous	882	1,037	601	288	146	453	584	818	785	600	643	600	672
12. House purchase	296	332	447	563	503	701	723	668	634	641	633	617	626
13. Other Loans to persons	1,597	2,861	1,705	1,817	1,474	954	1,008	904	862	879	958	967	984
14. Total Loans and advances to SI residents	17,382	16,195	18,767	21,561	22,191	24,178	25,320	25,052	23,033	24,954	25,304	26,730	<b>27,105</b>
15. Overseas Residents	-	41	41	201	157	126	137	48	144	98	47	57	31
16. Total Loans and advances	17,382	16,236	18,808	21,762	22,348	24,304	25,457	25,100	25,177	25,052	25,351	26,787	27,136
17. Unutilized Credit	1,630	-	-	4,560	5,083	5,338	5,175	4,690	3,874	4,415	5,301	4,759	4,041



DEVELOPMENT BANK OF SOLOMON ISLANDS

TABLE: 8

Assets

Liabilities

SIS'000

	Domestic Banks	Loans & Investments				Other Assets 2	Foreign Sector 3	Domestic Banks	Central Govt. 4	Statutory Corps.	Other Sources 5	Total Liabs.= Total Assets
		Central Govt.	Statutory Corps.	Private Sector 1								
1980												
Jan	524	-	-	3059	356	716	-	2368	500	353	3937	
Feb	268	-	-	3476	345	804	-	2437	500	348	4089	
Mar	277	-	-	3495	348	795	-	2478	500	347	4120	
Apl	612	-	-	3855	349	1496	-	2478	500	343	4817	
May	703	-	-	3987	349	1668	-	2535	500	336	5039	
June	606	-	-	4150	368	1766	-	2528	500	331	5125	
July	734	-	-	4358	374	1882	-	2763	500	321	5465	
Aug	769	-	-	4435	371	1951	-	2784	500	339	5574	
Sept	815	-	-	4518	375	2055	-	2784	500	370	5709	
Oct	422	-	-	4967	382	2047	-	2869	500	355	5771	
Nov	356	-	-	5143	412	2183	-	2869	500	359	5911	
Dec	273	-	-	5256	438	2179	-	2930	500	358	5967	
1981												
Jan	103	-	-	5449	476	2225	19	2930	500	354	6028	
Feb	211	-	-	5662	489	2606	-	2930	500	336	6372	
Mar	102	-	-	5962	493	2606	123	2980	500	348	6557	
Apl	103	-	-	6032	544	2629	168	3024	500	358	6679	
May	132	-	-	6077	634	2703	-	3024	750	366	6843	
June	102	-	-	6433	647	2696	292	3074	750	370	7182	
July	105	-	-	6484	642	2728	65	3371	750	317	7231	
Aug	111	-	-	6651	660	2728	191	3371	750	382	7422	
Sept	113	-	-	6866	678	2818	212	3441	750	436	7657	
Oct	113	-	-	6996	690	3036	150	3452	750	411	7799	
Nov	115	-	-	7042	694	3088	160	3452	750	401	7851	
Dec	26	-	-	7167	695	3100	177	3452	750	409	7888	

1. Net of provisions for doubtful debts
2. Fixed & Floating Assets
3. Funds from Overseas intermediated by Central Government
4. Issued Capital intermediated by Government Shareholding Agency
5. Reserves, Undistributed Profits and all Current Liabilities



MAJOR EXPORTS

TABLE: 9

SIS'000

COMMODITY	Unit of Quantity	1970		1974		1977		1978		1979		1980		1981*	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Fish, fresh & frozen	Mt	-	-	8297	2834	9826	6375	10327	4979	23430	14588	21531	19757	23721	19047
Fish, smoked	Mt	-	-	69	116	106	388	223	736	142	438	187	781	70	344
Fish, canned	Mt	-	-	829	767	670	1520	666	1581	761	1906	772	2641	752	2573
Rice and rice products	Mt	-	-	182	18	1664	297	3070	807	4161	950	5703	1510	3498	901
Cocoa	Mt	76	45	110	65	164	553	240	596	286	648	365	637	428	657
Tobacco (manufactured)	Mt	-	109	13	28	28	117	18	94	12	67	21	132	15	95
Cópra	Mt	24982	3633	21785	9012	26915	7988	32115	10212	31619	16067	31679	10515	31810	8050
Palm kernels	Mt	-	-	-	-	1300	282	2050	421	2045	616	2550	386	2900	432
Wood in Rough	'000 Cu.m.	18	2836	221	4267	238	7725	246	6837	258	14721	258	14882	315	14728
Sawn Timber	Cu.m.	-	2	158	15	1895	178	3564	344	8849	1146	6716	1081	7000	1343
Scrap metal	Mt	-	118	130	69	58	17	14	7	13	7	50	28	5	2
Marine shells	Mt	150	127	317	82	418	179	313	165	341	278	399	326	421	403
Palm oil	Mt	-	-	-	-	6246	2895	10334	4653	12779	6590	15655	6650	16914	7093
Gold	grams	-	7	27150	72	14289	56	22375	89	22528	173	37373	596	42000	520

Mt. Metric tons

Cu.m Cubic metres

\* Provisional



IMPORTS BY MAJOR COMMODITY GROUPS

TABLE:10

SI\$'000

COMMODITY	1970	1974	1977	1978	1979	1980	1981 *
1. Food of which:	2080	3537	4076	4934	6362	6631	7047
a. Rice	425	634	981	1231	1866	1105	869
b. Sugar (Refined)	150	480	386	372	489	763	778
c. Flour	247	429	499	646	781	702	791
2. Beverages and tobacco of which:	639	792	1220	1466	1906	1816	2400
a. Beer	157	205	423	439	609	604	871
b. Unmanufactured tobacco	204	171	200	237	277	270	NA
3. Crude materials inedible	41	111	180	241	222	417	594
4. Mineral Fuels, lubricants, etc. of which:	562	1615	3543	3547	6483	9873	15222
a. Motor spirit	87	226	477	603	939	1311	2113
b. Distillate fuels	249	874	2201	1940	4405	6199	9871
5. Animal and Vegetable oil & Fats	32	198	277	170	584	401	334
6. Chemicals	711	1326	2048	2779	3308	3164	3816
7. Manufactured goods of which: Cement	1804 96	3502 123	4577 102	5840 297	8825 510	10188 392	12127 781
8. Machinery & Transport equipment of which: Passenger motor vehicles	3079 177	3675 393	7003 259	8460 604	18945 578	24141 545	19149 292
9. Miscellaneous manufactured articles	955	1417	2538	3048	3724	4706	5029
10. Miscellaneous items including parcel post	119	193	292	282	215	208	252
11. TOTAL	10020	16367	25753	30766	50574	61545	65971

NA: NOT AVAILABLE  
\* PROVISIONAL



(Base: Fourth Quarter 1977 = 100)

TABLE 11

Year & Month	Food	Drink & Tobacco	Clothing	Housing & Utilities	Transport	Miscellaneous	All items
Weight	470	95	50	155	110	120	1000
1980	<u>133.7</u>	<u>133.9</u>	<u>108.7</u>	<u>119.7</u>	<u>133.1</u>	<u>131.6</u>	<u>129.9</u>
January	121.4	128.4	104.7	113.3	120.6	127.2	120.6
February	123.4	130.3	104.8	113.6	130.6	127.0	121.7
March	124.3	140.1	108.1	115.1	124.0	128.4	124.0
April	124.6	149.2	108.1	116.1	126.1	128.6	125.4
May	127.7	139.6	108.0	116.2	129.9	130.8	126.7
June	129.9	132.7	107.9	116.8	131.7	132.2	127.4
July	135.1	126.4	109.5	123.0	133.0	131.8	130.5
August	139.8	127.0	109.5	123.6	134.9	132.8	133.2
September	143.7	127.6	110.1	124.1	137.3	134.8	135.7
October	145.3	130.2	111.2	124.6	137.8	135.0	136.9
November	143.9	135.2	111.2	124.7	147.9	135.1	137.8
December	145.7	140.6	111.2	124.8	144.2	135.1	138.8
1981	<u>159.8</u>	<u>162.2</u>	<u>116.0</u>	<u>130.6</u>	<u>157.4</u>	<u>143.8</u>	<u>151.2</u>
January	144.1	147.9	111.7	126.4	153.5	138.2	140.4
February	147.7	151.7	111.7	127.0	151.5	140.9	142.7
March	150.8	156.8	111.7	127.0	146.6	141.1	144.1
April	153.8	175.8	111.7	127.7	158.2	141.7	148.8
May	158.2	174.7	114.9	129.7	158.6	142.0	151.3
June	163.6	161.8	115.6	130.6	153.1	143.3	152.3
July	168.0	159.5	116.9	130.6	155.8	144.3	154.7
August	169.2	155.5	117.5	133.2	158.2	144.2	155.5
September	167.8	162.4	119.3	133.1	156.1	145.8	155.5
October	165.2	159.6	119.3	133.1	162.4	146.5	154.8
November	164.2	161.0	119.3	134.3	162.0	147.7	154.8
December	165.1	182.6	122.3	135.2	173.4	150.0	159.1



CURRENCY IN CIRCULATION

TABLE: 12

(SIS)

		Total	Notes	Coin
1980	January	4,877,707	4,254,011	623,696
	February	4,893,358	4,270,037	623,321
	March	5,159,128	4,525,837	633,291
	April	5,378,288	4,731,737	646,551
	May	5,526,882	4,864,181	662,701
	June	5,734,778	5,055,481	679,297
	July	5,803,528	5,116,261	687,267
	August	5,613,549	4,916,892	696,657
	September	5,764,051	5,057,480	706,571
	October	5,667,331	4,961,900	705,431
	November	5,938,051	5,226,780	711,271
	December	6,049,301	5,317,800	731,501
1981	January	5,775,841	5,052,030	733,811
	February	5,775,911	5,041,230	734,681
	March	5,920,731	5,178,230	742,501
	April	6,210,361	5,459,330	751,031
	May	6,530,881	5,763,130	767,751
	June	6,661,836	5,875,930	785,906
	July	6,821,646	6,016,930	804,716
	August	6,976,786	6,162,530	814,256
	September	7,188,761	6,363,030	825,731
	October	7,077,191	6,242,530	834,661
	November	7,383,186	6,532,530	850,656
	December	7,414,541	6,546,030	868,511



NOTES IN CIRCULATION - VALUE BY DENOMINATION

(percentage of total note in circulation, by value, in brackets)

TABLE 13

	Total \$	\$20	\$10	\$5	\$2
1980 January	4,254,011	-	3,032,830 (71.3)	597,695 (14.0)	623,486 (14.7)
February	4,270,037	-	3,075,930 (72.1)	594,745 (13.9)	599,364 (14.0)
March	4,525,837	-	3,272,930 (72.3)	615,745 (13.6)	637,162 (14.1)
April	4,731,737	-	3,450,930 (72.9)	630,245 (13.3)	650,562 (13.8)
May	4,864,181	-	3,554,920 (73.1)	641,725 (13.2)	667,536 (13.7)
June	5,055,481	-	3,737,920 (73.9)	653,225 (13.0)	664,336 (13.1)
July	5,116,261	-	3,803,500 (74.3)	647,255 (12.7)	665,536 (13.0)
August	4,916,892	-	3,674,930 (74.7)	589,940 (12.0)	652,022 (13.3)
September	5,057,480	-	3,801,170 (75.2)	602,550 (11.9)	653,760 (12.9)
October	4,961,900	181,000 ( 3.6)	3,583,040 (72.2)	568,050 (11.5)	629,810 (12.7)
November	5,226,780	473,000 ( 9.0)	3,569,820 (68.3)	553,150 (10.6)	630,810 (12.1)
December	5,317,800	762,000 (14.3)	3,350,640 (63.0)	565,550 (10.7)	639,610 (12.0)
1981 January	5,042,030	853,000 (16.9)	3,058,170 (60.7)	528,050 (10.4)	602,810 (12.0)
February	5,041,230	953,000 (18.9)	2,962,170 (58.8)	534,050 (10.6)	592,010 (11.7)
March	5,178,230	1,123,000 (21.7)	2,896,170 (55.9)	542,050 (10.5)	617,010 (11.9)
April	5,459,330	1,378,000 (25.2)	2,911,170 (53.3)	553,550 (10.2)	616,610 (11.3)
May	5,763,130	1,570,000 (27.2)	2,952,170 (51.2)	591,550 (10.3)	649,410 (11.3)
June	5,875,930	1,760,000 (30.0)	2,890,170 (49.2)	584,550 (10.0)	641,210 (10.8)
July	6,016,930	1,948,000 (32.4)	2,846,170 (47.3)	576,550 ( 9.6)	646,210 (10.7)
August	6,162,530	2,038,000 (33.1)	2,871,170 (46.6)	581,550 ( 9.4)	671,810 (10.9)
September	6,363,030	2,275,000 (35.8)	2,812,170 (44.2)	595,050 ( 9.3)	680,810 (10.7)
October	6,242,530	2,266,000 (36.3)	2,718,170 (43.5)	587,550 ( 9.4)	670,810 (10.8)
November	6,532,530	2,439,000 (37.3)	2,808,170 (43.0)	603,550 ( 9.3)	681,810 (10.4)
December	6,546,030	2,456,000 (37.5)	2,778,170 (42.4)	608,050 ( 9.3)	703,810 (10.8)



COIN IN CIRCULATION - VALUE BY DENOMINATION

(percentage of total coin circulation, by value, in brackets)

TABLE: 14

		Total	\$1	20c	10c	5c	2c	1c
		(\$1\$)						
1980	January	623,696	221,321 (35.4)	204,656 (32.8)	131,082 (21.0)	36,817 (5.9)	18,027 (2.9)	11,793 (2.0)
	February	623,321	218,821 (35.1)	205,456 (33.0)	130,882 (21.0)	37,817 (6.1)	18,227 (2.9)	12,118 (1.9)
	March	633,291	220,321 (34.8)	210,056 (33.2)	132,882 (21.0)	39,017 (6.1)	18,747 (3.0)	12,268 (1.9)
	April	646,551	223,821 (34.6)	215,656 (33.3)	135,282 (20.9)	39,817 (6.2)	19,307 (3.0)	12,668 (2.0)
	May	662,701	229,321 (34.6)	222,456 (33.5)	138,282 (20.9)	40,217 (6.1)	19,507 (2.9)	12,918 (2.0)
	June	679,297	234,825 (34.6)	227,457 (33.5)	141,283 (20.8)	42,417 (6.2)	19,947 (2.9)	13,368 (2.0)
	July	687,267	238,825 (34.7)	229,057 (33.3)	142,483 (20.7)	43,017 (6.3)	20,267 (3.0)	13,618 (2.0)
	August	696,657	243,325 (34.9)	230,457 (33.0)	144,083 (20.7)	44,417 (6.4)	20,507 (3.0)	13,868 (2.0)
	September	706,571	248,530 (35.2)	232,107 (32.9)	145,063 (20.5)	45,428 (6.5)	21,153 (2.9)	14,294 (2.0)
	October	705,431	245,529 (34.8)	230,907 (32.7)	147,063 (20.8)	45,827 (6.5)	21,512 (3.1)	14,593 (2.1)
	November	711,271	246,629 (34.7)	234,157 (32.9)	147,713 (20.8)	45,827 (6.4)	21,950 (3.1)	14,993 (2.1)
	December	731,501	254,729 (34.8)	241,757 (33.0)	150,913 (20.6)	46,427 (6.4)	22,432 (3.1)	15,243 (2.1)
1981	January	733,811	253,829 (34.6)	242,207 (33.0)	152,163 (20.7)	47,227 (6.4)	22,792 (3.2)	15,593 (2.1)
	February	734,681	253,329 (34.5)	243,007 (33.1)	151,763 (20.6)	47,627 (6.5)	23,112 (3.2)	15,843 (2.1)
	March	742,501	258,029 (34.7)	244,407 (32.9)	152,163 (20.5)	48,427 (6.5)	23,432 (3.2)	16,043 (2.2)
	April	751,031	259,029 (34.5)	248,507 (33.1)	153,963 (20.5)	49,227 (6.5)	23,912 (3.2)	16,393 (2.2)
	May	767,751	262,529 (34.2)	254,907 (33.2)	158,163 (20.6)	50,627 (6.6)	24,632 (3.2)	16,893 (2.2)
	June	785,906	271,029 (34.5)	258,707 (32.9)	162,163 (20.6)	51,427 (6.6)	25,312 (3.2)	17,268 (2.2)
	July	804,716	278,529 (34.6)	264,507 (32.9)	165,063 (20.5)	53,027 (6.6)	25,872 (3.2)	17,718 (2.2)
	August	814,256	279,529 (34.2)	268,107 (32.9)	167,863 (20.6)	54,227 (6.7)	26,512 (3.3)	18,018 (2.2)
	September	825,731	281,029 (34.0)	273,507 (33.1)	170,863 (20.7)	54,827 (6.7)	27,112 (3.3)	18,393 (2.2)
	October	834,611	282,529 (33.8)	279,107 (33.4)	170,863 (20.5)	56,227 (6.8)	27,392 (3.3)	18,543 (2.2)
	November	850,656	286,529 (33.7)	284,507 (33.4)	175,063 (20.6)	57,427 (6.8)	28,112 (3.3)	19,018 (2.2)
	December	868,511	292,529 (33.7)	290,507 (33.4)	178,263 (20.6)	59,227 (6.8)	28,592 (3.3)	19,393 (2.2)



**TABLE: 15**  
**TOTAL NUMBER OF NOTES IN CIRCULATION**  
**BY DENOMINATION AS AT THE END OF 1980 AND 1981**

Year	\$20	\$10	\$5	\$2	TOTAL
1980	38,100	335,064	113,110	319,805	806,079
1981	122,800	277,817	121,610	351,905	874,132

**TABLE: 16**  
**TOTAL NUMBER OF NOTES DESTROYED**  
**BY DENOMINATION IN 1980 AND 1981**

Year	\$20	\$10	\$5	\$2	TOTAL
1980	-	127,000	135,000	368,200	630,200
1981	-	53,000	42,000	132,000	227,000



TOTAL VALUE OF NOTES AND COIN DEPOSITED AND WITHDRAWN FROM SIMA  
BY BANKS DURING THE YEAR 1981

TABLE: 17

(SI \$)

	Deposited			Withdrawn		
	Notes	Coins	Total	Notes	Coins	Total
January	757,500-00	6,000-00	763,500-00	480,730-00	9,110-00	489,840-00
February	486,060-00	4,300-00	490,360-00	485,260-00	5,170-00	490,430-00
March	467,500-00	3,900-00	471,400-00	604,500-00	11,720-00	616,220-00
April	313,900-00	2,000-00	315,900-00	595,000-00	10,530-00	605,530-00
May	487,000-00	2,500-00	489,500-00	790,808-00	19,220-00	810,028-00
June	502,000-00	1,000-00	503,000-00	614,800-00	19,155-00	633,955-00
July	568,120-00	-	568,120-00	709,120-00	18,810-00	727,930-00
August	594,000-00	-	594,000-00	739,600-00	9,540-00	749,140-00
September	375,500-00	-	375,500-00	576,000-00	12,275-00	588,275-00
October	577,000-00	-	577,000-00	456,500-00	8,930-00	465,430-00
November	369,000-00	-	369,000-00	659,000-00	15,995-00	674,995-00
December	729,000-00	-	729,000-00	652,500-00	17,855-00	670,355-00
			\$6,246,280-00			\$7,522,128-00



EXCHANGE RATES  
UNITS OF FOREIGN CURRENCY PER S\$

TABLE: 18

		Australia (dollar)	United States (dollar)	United Kingdom (pound)	Japan (Yen)	
At End of -	1979	January	1.0000	1.1334	0.5677	228.04
		February	1.0000	1.1283	0.5577	228.09
		March	1.0000	1.1182	0.5427	233.63
		April	1.0000	1.1024	0.5376	243.55
		May	1.0500	1.1600	0.5636	256.03
		June	1.0500	1.1772	0.5416	254.97
		July	1.0500	1.1867	0.5181	258.44
		August	1.0500	1.1848	0.5258	260.72
		September	1.0500	1.1863	0.5364	264.78
		October	1.0470	1.1490	0.5535	273.63
		November	1.0500	1.1489	0.5256	285.83
		December	1.0540	1.1652	0.5225	280.17
	1980	January	1.0580	1.1711	0.5175	279.80
		February	1.0570	1.1613	0.5088	288.30
		March	1.0590	1.1470	0.5264	286.07
		April	1.0580	1.1791	0.5200	282.81
		May	1.0630	1.2146	0.5200	273.10
		June	1.0620	1.2294	0.5223	266.89
		July	1.0510	1.2113	0.5160	274.45
		August	1.0570	1.2320	0.5157	268.77
		September	1.0590	1.2380	0.5186	263.41
		October	1.0640	1.2476	0.5104	262.88
		November	1.0560	1.2295	0.5200	265.33
		December	1.0620	1.2539	0.5251	254.39
	1981	January	1.0710	1.2538	0.5236	256.28
		February	1.0620	1.2283	0.5504	255.79
		March	0.9957	1.1573	0.5143	244.15
		April	0.9970	1.1480	0.5348	246.23
		May	0.9978	1.1366	0.5492	254.67
		June	0.9833	1.1292	0.5804	254.95
		July	0.9806	1.1147	0.6003	266.30
		August	0.9749	1.1205	0.6061	256.83
		September	0.9741	1.1147	0.6217	259.47
		October	0.9820	1.1153	0.6042	261.43
		November	0.9851	1.1339	0.5797	244.40
		December	0.9975	1.1250	0.5898	247.12



**BOARD OF DIRECTORS****1981**

P.R. Coney	Chairman	(until 31.10.81)
A.V. Hughes CSI	Chairman	(w.e.f. 1.11.81)
K.H. Misi	Member	(until 31.7.81)
J. Korinhona MBE	"	
M. Kelesi OBE	"	
S. Ilala	"	

**SENIOR STAFF**

P.R. Coney	Managing Director
B.W. Rudd	Manager, International Department
A.V.N. Iyengar	Manager, Research & Statistics
V.S. Subramaniam	Manager, Banking Operations Department
R.G. Tinoni	Secretary
J.T. Kaitu	Deputy Manager, International Department
L.M. Hiro	Assistant Manager, Banking Operations Department

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AR 1981 CENTRAL BANK OF SOLOMON ISLANDS ANNUAL REPORT 1981

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