



Ministry of Finance & Treasury
P.O. Box G6
Honiara, Solomon Islands

Press Release

24 March 2020

Solomons GDP rises 30% after rebase

The country's Gross Domestic Product (GDP) has noted an increase of 30 per cent in value after the government statistical agency, Solomon Islands National Statistics Office (SINSO) rebased the economy. Similar magnitude of increases is also seen in per capita terms.

SINSO in the Ministry of Finance and Treasury (MoFT) has engaged in the rebasing work based on the 2004 base year to the new 2012 base year.

The new updated estimates of GDP from 2003-2017 released on 23rd March.

Government Statistician and Census Commissioner, Douglas Kimi when releasing the new GDP estimates said rebasing is a normal statistical practice as recommended by the United Nations and therefore undertaken periodically to enable the updating of GDP-national accounts statistics to reflect a more accurate economic picture of the country.

"The impact of rebasing GDP from 2004 constant prices to 2012 prices on the structure and growth of the economy is reflected in the upward adjustment to the benchmark estimates.

Solomon Islands National Statistics Office

"GDP rebasing informs policy formulation and decision making by providing up-to-date economic indicators reflecting a more realistic state of the country's economic performance.

"The exercise captures new economic activities previously excluded whilst also accounting for recent developments in certain sectors such as information and communication technologies, and emerging business services to better reflect the structure and growth of the economy.

"Revised estimates enable the government and development partners' understanding of the changes in the economy leading to effective allocation of resources and investment.

"In the Solomon Islands recent rebasing history, the first rebasing exercise undertaken after the ethnic tensions fixed the base year in 2004. The current rebasing of GDP to 2012 constant prices spaces the base periods apart by 8 years. The recommendation is for rebasing to be undertaken within at least 5 year intervals.

"During the rebasing process specific updates to the GDP-national accounts compilation system had been reviewed resulting in overall improvements to methodologies, data sources, concepts and revisions to benchmark estimates," Mr. Kimi stated.

The key improvements to the overall compiling framework involved the following:

- Updating the base year for constant price estimates from 2004 to 2012;
- Revising estimates based on the 2012/13 Household Income and Expenditure Survey (HIES) especially household final consumption (HFCE) and informal sector estimates;
- Applying the new National CPI (2017=100), replacing the older Honiara CPI); applying specific conceptual adjustments closer towards consistency with the 2008 SNA;
- Updating and estimating the informal sector; updating and estimating the financial services activity, drawing from updated data sources;
- Updating and estimating government expenditure and tax revenue; estimating changes in inventories from 2012 onwards.

Solomon Islands National Statistics Office

Mr. Kimi said that although the rebasing exercise resulted in a sudden upward adjustment in GDP, this does not necessarily change the development outlook (e.g., poverty, employment etc.) of the country, but instead show that prior to rebasing, the GDP-national accounts system relied on outdated figures that no longer accurately reflect the composition and size of the economy.

“The GDP compilation system has been drastically enhanced as on-going development work continues to further strengthen the system into becoming more robust in absorbing and reflecting future changes in the economy.”

Ends////with chart and caption below.

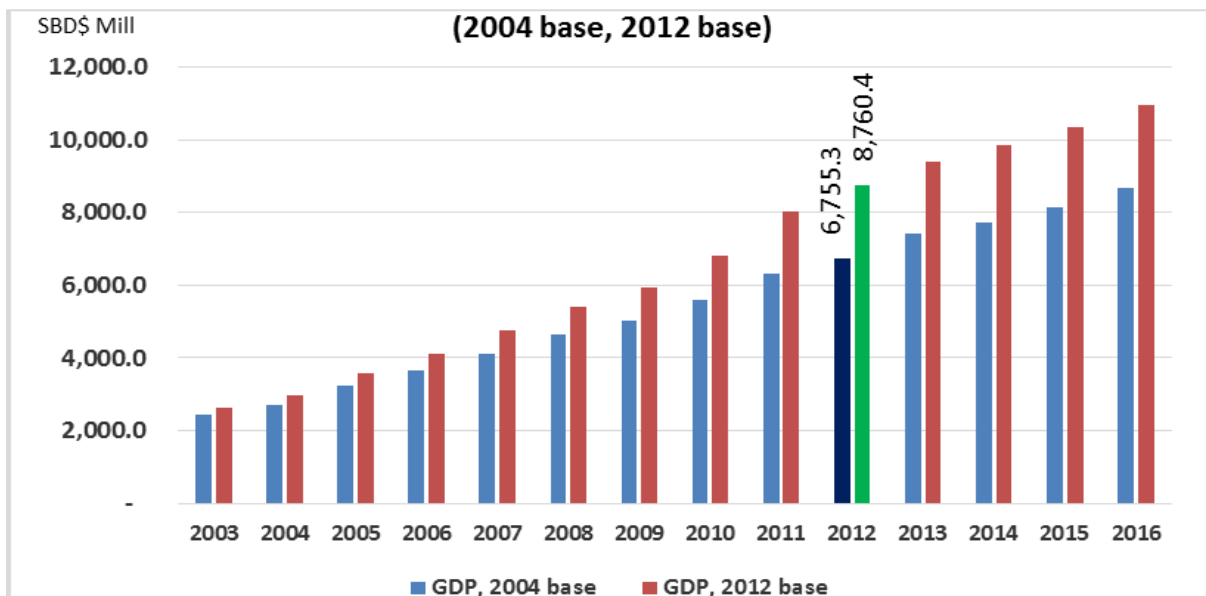


Chart shows impact of the updated new GDP levels in nominal terms based on the 2012 base and the pre-rebase GDP series based on the 2004 base.

Source: SINSO Media