Show Me the *Selen*: A Fiscal Snapshot of Honiara, Solomon Islands[1]

DANIEL EVANS

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A cursory review of any government policy in Solomon Islands over the last 20 years will reveal all manner of failed plans. Most relate to rural development. In an effort to stem urban growth and spark a revitalisation in non-urban spaces, successive governments have advocated 'rural growth centres', 'bottom-up' development, discretionary funds for MPs' rural expenditure, and, most recently, the creation of 'special economic zones'. The corollary of this approach is a neglect of the urban. Adopting the position that official pronouncements in Solomon Islands have historically been a poor indicator of policy intent, money flows become a critical de-facto gauge. This In Brief is concerned with the fiscal realities of Solomon Islands' only city, Honiara. Looking at budget and cost of living issues, it will examine the extent to which contemporary public investment is keeping pace with the importance of this vibrant but largely unloved metropolis.

Budget

As the first mutterings of impending independence were floating around the halls of the British Colonial Office, the protectorate government in Solomon Islands was busy shoring up its post–World War II capital. In contrast to contemporary narratives of urban neglect, an overemphasis on Honiara in the late 1960s was a cause for concern: 'villages believed that Honiara received most of the money spent on the development of an infrastructure' (Bennett 1987:326). And, as Bennett attests, they were right. At a time when only 5% of the population were resident there Honiara received a vastly disproportionate sum of the (largely British) public purse. Fast forward 50 years and the disinterest with which the capital is held has seen a marked reversal of this position. The city is in a fragile fiscal state with no signs of imminent change.

Honiara City Council (HCC) draws its budget from three main sources: internal revenue mainly in the form of rates and licenses; national government allocations, including a direct grant; and donor contributions. Today, Honiara's annual appropriation figures are meagre, averaging around US$3.7 million over the last five years.[2] This money is used to service a city that is home to anywhere between 65,000 and 100,000 people and growing, crudely equating to expenditure of US$57–$37 per resident per annum. Taking 2013 as a guide, appropriation per capita for Port Moresby was around six times that of Honiara, despite a lower proportion of the country's population residing there. Expenditure is directed towards services such as medical clinics, schools and works. Although with one-third of the budget typically spent on administration, the tangible outputs of this outlay are thin on the ground.

HCC spending is complemented by discretionary development funds opaquely managed by the three national MPs whose constituencies fall within the city. In a significant case of electoral malapportionment, in 2014 urban constituencies averaged around 9,900 registered voters, compared with 5,500 for their rural counterparts.[3] This sees further urban neglect with funds being dispersed across a greater number of voters. This year, urban MPs collectively controlled monies exceeding the city's budget, spending it on a raft of incongruous measures. In the past this has included cocoa and coconut development (no plantations have been sighted budding in Honiara's backblocks). Despite these MPs being *ex officio* members of the council, there is no evidence of fiscal coordination.

Relative to population, and arguably, importance, there has historically been minimal donor engagement with the city. The notable exception is New Zealand. Over the last decade it has provided modest assistance to the HCC, most recently through a direct grant funding arrangement which in 2015 was around US$775,000. This is focused on, *inter alia*, technical assistance, solid waste management and market infrastructure. Other donors operating in the urban space include the World Bank through the Rapid Employment Project and UN-Habitat with its Participatory Slum Upgrading Programme.

Cost of Housing

Honiara has always been expensive. In the late 1960s the Protectorate forewarned would-be expatriate residents of the high costs of everyday essentials such as men's white stockings (BSIP 1968:11–12). A lack of housing stock has also been a perennial problem, dating back to the colonial period. For many of today's urbanites finding housing is difficult, contributing markedly to the cost of living. An increase in public servants and advisers following the civil conflict has contributed to this situation, reflected in official statistics: following the 'tension' housing and utilities have consistently experienced the sharpest increase as measured by the Honiara Consumer Price Index.

Honiara's housing market is acutely segmented. Landlords of executive housing peg their rental to the upper ceiling paid by the main aid agencies, typically SB$25,000 (approx. US$3,200) per month, a figure unimaginable for those on an average wage. Public servants are entitled to a government housing allowance, a government-owned house or rental payments. For junior workers an allowance translates to around US$20 per fortnight or less. Many residents end up pursuing low cost housing options, including living with family and *wantoks* (Honiara households average seven occupants: SIG 2013b:37) and in privately rented rooms or lodges. Others are pushed out of the city to largely unregulated 'settlements', with the two main wards to the east of the city experiencing annual growth of 16.4% between 1999 and 2009 (SIG 2013a:xxvi).

An Urban Future

Assuming that by 2050 the Honiara population has caught up with the urban global average of 50%, the city would be home to more than 600,000 people — surpassing the total population of the country on latest census data.[4] Efforts to expand Honiara's boundary have been resisted by contiguous landowners, meaning this figure would likely be squeezed into 22 square kilometres (placing it in the top 10 cities in the world for population density on today's figures) with spillover onto unserviced customary land.

The successful management of future growth requires a long-term focus and, above all, consideration of the economic realities of running a city and of living in it. Benefiting from economies of scale, urbanisation is typically associated with improved service delivery and coverage. And while this is true of contemporary Honiara — with the non-urban comparator setting a low bar, government having only a tenuous connection with rural communities — it is equally evident that revenue collection and spending is not keeping pace with the current population, let alone a vastly expanded one.

Responding to this situation will require government and its partners to focus on a number of issues, including the management of urban public land (Williams 2011), investment in key urban infrastructure, and innovative solutions around service delivery, particularly for informal settlements. This, however, is predicated on an acknowledgement of the advantages that urbanisation can bring together with the requisite political will — attributes that have, to-date, been missing.

Author Notes

Daniel Evans, a long-term researcher in the Pacific generally and Solomon Islands particularly, is a PhD candidate at SSGM.

Endnotes

1. *Selen* or *seleni* is Pijin for money, derived from the English 'shilling'.
2. Over the last decade the national government has provided a grant of around US$175,000 per annum.
3. Terence Wood 22/9/2015. Crawford School of Public Policy, personal communication.
4. Based on a population of 1.3 million using a 'medium population scenario': SIG 2013a:164.

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E ssgm@anu.edu.au @anussgm
ssgm.bellschool.anu.edu.au

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