

# Remittance Receipts

## March 2019

Release date: 3 July 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Mar-19	Mar-18	
	Mar-19	Feb-19	Jan-19	Dec-18	Mar-19	Mar-18	
Total	27.3	24.3	24.8	32.6	349.5	338.1	100.0
Private transfers	24.1	21.8	22.7	30.0	315.1	309.5	90.2
Compensation of Employees	2.2	1.5	1.7	1.8	23.8	18.6	6.8
Private capital transfers	1.0	0.6	0.4	0.5	9.0	8.7	2.6
Social benefits	0.1	0.3	0.1	0.3	1.6	1.3	0.5

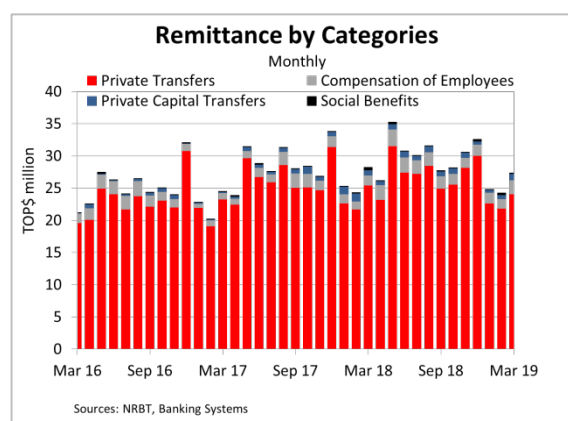
\*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

Note: Numbers may not add up precisely to the totals due to rounding errors

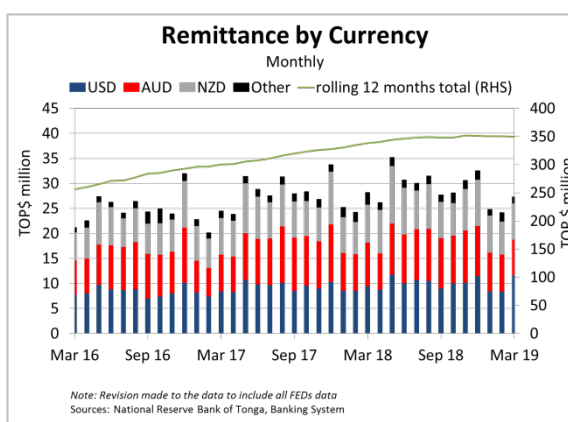
## Higher receipts for family support and receipts from seasonal employees

Total remittance receipts for the month of March 2019 rose by \$3.1 million (12.7%) to \$27.3 million. All categories of remittances (except social benefits) rose with private transfers rising the most by \$2.2 million (10.3%) to \$24.1 million, attributed mainly to receipts of funds for family support from friends and family abroad. Receipts for employee compensation and private capital transfers followed with a \$0.7 million and \$0.4 million increase respectively. Total remittances represented 47.3% of the total overseas exchange transaction (OET) receipts during the month.



In year ended terms, total remittance receipts were 3.4% higher than the previous year, at a total of \$349.5 million. This was due to a rise in all categories of remittances supported by family maintenance, major events, and other social occasions which took place throughout the year. The consistent rise in receipts for family support and compensation of seasonal workers abroad continued to be key drivers in the yearly increase.

Remittances received over the month in major trading currencies varied. Remittances received in US dollar (USD) rose the most by \$3.3 million (39.6%) followed by a \$0.7 million (10.6%) in New Zealand dollar (NZD) receipts. However, receipts in Australian dollar (AUD) slightly declined by 0.3 million (3.9%). The stronger USD may have supported the rise in USD receipts. Remittances received in USD remained the dominant currency for remittance receipts, which accounted for 42.5% (\$11.6 million) of total remittance receipts over the month. This was followed by the NZD remittances with 26.6% (\$7.3 million) and the AUD remittances with 26.1% (\$7.1 million).



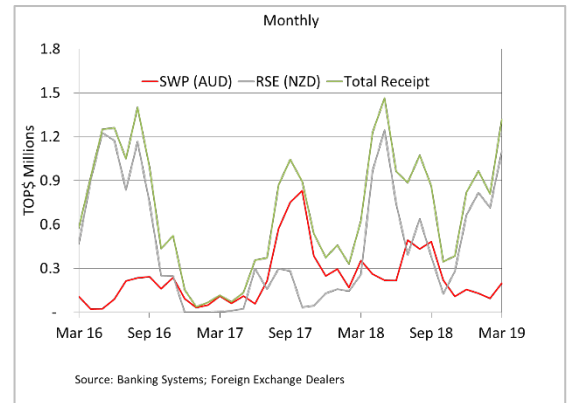
Foreign Exchange Dealers (FEDs) are still the preferred channel for receiving remittances. In March 2019, 87.3% of the total remittance receipts were received via FEDs during the month, compared with 86.3% in the previous month and 89.2% of March 2018.

## Private Transfers

Private transfers, which are mostly receipts for family support continue to hold the largest component of total receipts, representing 88.1% (\$24.1 million) of the total remittance receipts and 41.7% of the total OET receipts. Family support receipts in USD and NZD rose by \$3.1 million and \$0.2 million respectively, which outweighed the decline in AUD receipts. Annually, the total receipts of private transfers continued to rise by 1.8% to \$315.1 million, due mainly to higher receipts for family support.

## Employee Compensation<sup>1</sup>

Compensation of employees increased by \$0.7 million (43.8%) over the month, representing 8.0% of the total remittances. Both receipts from the other wages & salaries and RSE /SWP workers rose over the month by \$0.2 million and \$0.5 million respectively. In year ended terms, total employee compensation rose by \$5.2 million (28.0%) to \$23.8 million. Other wages and salaries accounted for 53.2% (\$12.6) of the employee compensation receipts over the year, and the remaining 46.8% (\$11.1 million) were from RSE/SWP workers. New Zealand contributed the most to the seasonal workers' receipts of \$8.1 million while the seasonal workers from Australia only contributed \$3.0 million.



## Private capital transfers & Social benefits

Other private transfer receipts for capital expenditures rose by \$0.4 million to \$1.0 million in March. These are receipts received by households for house construction and renovation related activities. Social benefits however declined by \$0.2 million to a total \$0.1 million. This is a similar trend observed every other month, which depends on the timing of receiving pension funds from overseas. Private capital transfers and social benefits account for only 3.5% and 0.4% of the total remittance receipts. Annually, both the private capital transfers and social benefits receipts rose by \$0.2 million and \$0.3 million respectively.

## Outlook

Remittance receipts are expected to increase in the near term supported by the rising number of seasonal workers employed abroad, the upcoming busy season which consists of Easter, family month, and annual church conferences. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

**Remittance Receipts by Currency**  
TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Mar-19	Feb-19	Jan-19	Dec-18	Mar-19	Mar-18	
Total	27.34	24.25	24.84	32.58	349.46	338.06	100.0
Australian Dollar (AUD)	7.14	7.43	7.74	9.93	109.89	111.10	31.4
US Dollar (USD)	11.62	8.33	8.46	11.53	120.85	112.38	34.6
New Zealand Dollar (NZD)	7.26	6.56	7.33	9.30	98.90	94.08	28.3
Tongan Pa'anga (TOP)	0.78	1.31	0.84	1.23	12.34	12.93	3.5
Euro (EUR)	0.13	0.15	0.15	0.14	1.86	1.78	0.5
Japanese Yen (JPY)	0.12	0.14	0.09	0.14	1.80	1.45	0.5
Fijian Dollar (FJD)	0.11	0.09	0.10	0.13	1.54	1.45	0.4
British Pound (GBP)	0.05	0.09	0.04	0.06	0.80	1.02	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.14	0.15	0.09	0.12	1.46	1.86	0.4

\*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

<sup>1</sup> Employee compensation is the sum of wages and salaries from the seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.