

# Remittance Receipts

## November 2016

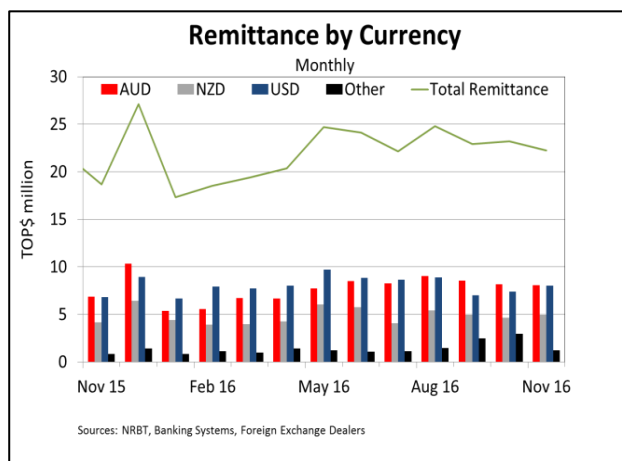
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<i>*TOP \$m</i>	Nov 16	Oct 16	Sept 16	Aug 16
<b>Remittance Receipts</b>	<b>22.25</b>	<b>23.20</b>	<b>22.93</b>	<b>24.79</b>
Private Transfers	20.30	21.23	20.68	22.27
Employee Compensation	1.32	1.36	1.76	2.15
Private Capital Transfers	0.59	0.54	0.43	0.33
Social Benefits	0.05	0.07	0.06	0.05

*\*Month-ended*

### Lower remittance as family support receipts decline

Remittance receipts for November 2016 declined by 4.1% (\$0.9 million) to \$22.3 million, which resulted from a decrease in all categories of remittances with the exception of private capital transfers. Total remittances represented 43% of the total overseas exchange transaction (OET) receipts during the month, compared to the 38% recorded in October. In year ended terms, total remittances reached \$266.9 million, which accounted for 38% of the total OET receipts, and \$45.2 million (20.4%) higher than a year ago.

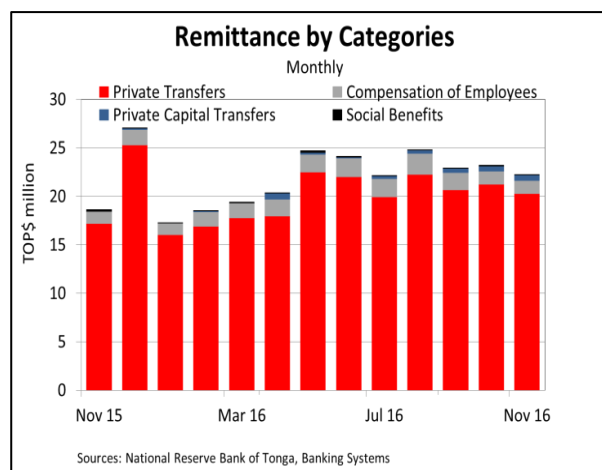


Remittance receipts in Tongan Pa'anga (TOP) and Australian Dollar (AUD) decreased the most by \$1.8 million and \$0.1 million respectively, which more than offset the increase in remittance receipts in United States Dollar (USD) and New Zealand Dollar (NZD) of \$0.6 million and \$0.3 million respectively. The top three dominant currencies for receipts of remittances were AUD (36.2%), USD (36.1%) and New Zealand Dollar (22.3%), in comparison to 35.2%, 32.0% and 20.1% respectively in the previous month.

Foreign Exchange Dealers (FEDs) continued to receive the bulk of remittances. In November 2016, around 89% (\$19.8 million) of the total remittance receipts during the month were received via FEDs, compared with 89% (\$20.6 million) in the previous month, and 90% (\$16.2 million) of November 2015.

## Private Transfers

Despite a 4.4% (\$0.94 million) decline in total private transfers in November 2016, it remained the largest component of total remittance receipts, representing 94% (\$20.3 million) of the total remittance receipts and 39% of the total OET receipts. Private transfers were mostly gifts and receipts for family support. The decrease in total private transfers was due mainly to lower receipts of family support in TOP which fell by \$1.7 million (90%) in comparison to the previous month, mainly FEDs channelling remittances in TOP.



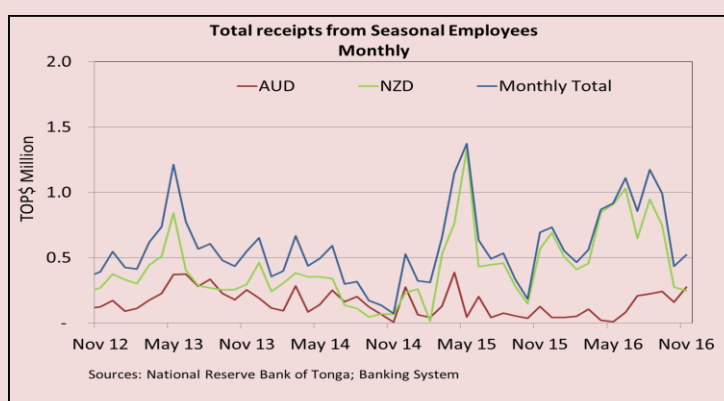
## Employee Compensation<sup>1</sup>

Compensation of employees fell by 2.8% (\$0.04 million) to \$1.3 million over the month, representing 6% of the total remittances. Receipts from other wages and salaries decreased by \$0.1 million (13.5%) which was partially offset by an increase in receipts from Recognised Seasonal Employer (RSE) Scheme workers of \$0.09 million (20%).

### Receipts from Seasonal Employees (RSE) over the last 5 years

Total receipts from RSE over the last 5 years to November 2016 were at \$34.8 million, with a monthly average of \$0.6 million. In the 12 months period to November 2016, receipts from RSE recorded a monthly average of \$0.7 million. Majority of the receipts were from New Zealand with an average of around 67% of the total RSE over the last 5 years, whereas around 95% of the total RSE were received via FEDs. RSE accounts for around 3% of the total remittances.

The peak months for receiving funds from seasonal employees were mainly in May every year and also June and August 2016. May, the month for family which Tonga celebrates White Sunday, Mother's Day and Father's Day. In addition to the annual church conferences, the celebration of Tupou College 150<sup>th</sup> anniversary and Latter Day Saints Tonga Mission 100<sup>th</sup> anniversary also contributed to the high level of receipts in June and August 2016.



<sup>1</sup> Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program, Tongan residents working short term overseas, and resident employees serving foreign organizations.

In the 12 months to November 2016, employee compensation reached a total of \$19.8 million, of which around 54% (\$10.70 million) were for other wages and salaries (including Tongans working abroad and Tongan residents serving foreign organizations locally) whereas the remaining 46% were from RSE.

### **Private capital transfers & Social benefits**

Other private transfers for capital expenditures rose by \$0.05 million (9.0%) to \$0.6 million in November. This resulted from households receiving funds for house construction and renovation related activities. Social benefits fell by \$0.02 million (28.6%) to \$0.05 million, during the month. Private capital transfers and social benefits accounted for only 3% of the total remittance receipts.

### **Outlook**

Remittances are expected to remain high in the following months as we move into the Christmas festive season. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

**Table 1:**

<b>Remittance Receipts</b>							
TOP\$ millions							
	<b>Month Ended</b>				<b>Year Ended</b>		<i>Shares of totals*</i>
	<b>Nov-16</b>	<b>Oct-16</b>	<b>Sep-16</b>	<b>Aug-16</b>	<b>Nov-16</b>	<b>Nov-15</b>	
Total	22.26	23.20	22.93	24.79	266.9	221.7	100.0
Private transfers	20.30	21.23	20.68	22.27	242.8	202.2	91.0
Compensation of Employees	1.32	1.36	1.76	2.15	19.84	16.82	7.4
Private capital transfers	0.59	0.54	0.43	0.33	3.27	1.15	1.2
Social benefits	0.05	0.07	0.06	0.05	0.93	1.61	0.3

Sources: NRBT, Banking System, Foreign Exchange Dealers

**Table 2:**

<b>Remittance Receipts by Currency</b>							
TOP\$ millions							
	<b>Month Ended</b>				<b>Year Ended</b>		<i>Shares of totals*</i>
	<b>Nov-16</b>	<b>Oct-16</b>	<b>Sep-16</b>	<b>Aug-16</b>	<b>Nov-16</b>	<b>Nov-15</b>	
Total	22.26	23.20	22.93	24.79	266.90	221.73	100.0
Australian Dollar (AUD)	8.05	8.18	8.55	9.05	92.93	76.68	34.8
US Dollar (USD)	8.04	7.42	7.00	8.88	97.86	81.62	36.7
New Zealand Dollar (NZD)	4.96	4.65	4.92	5.41	58.79	49.72	22.0
Tongan Pa'anga (TOP)	0.69	2.47	2.04	0.88	10.67	7.32	4.0
Euro (EUR)	0.15	0.11	0.10	0.13	1.42	1.50	0.5
Japanese Yen (JPY)	0.07	0.11	0.09	0.18	1.79	1.16	0.7
Fijian Dollar (FJD)	0.12	0.14	0.11	0.12	1.72	1.61	0.6
British Pound (GBP)	0.05	0.02	0.03	0.02	0.42	0.60	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.13	0.11	0.09	0.12	1.29	1.52	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers