

Remittance Receipts

June 2017

Release date: 16 October 2017

*TOP \$m	Jun 17	May 17	Apr 17	Mar 17
Remittance Receipts	26.54	28.50	21.52	22.42
Private Transfers	24.46	26.67	20.13	21.16
Employee Compensation	1.42	1.16	0.91	0.99
Private Capital Transfers	0.50	0.59	0.34	0.21
Social Benefits	0.16	0.08	0.14	0.06

**Month-ended*

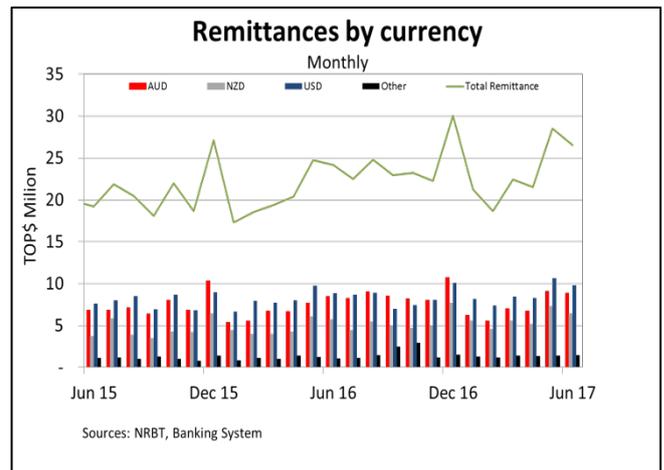
June's festivities maintained the high level of remittances

Remittances continued to remain high despite the slight decrease over the month. In June 2017, total remittance receipts fell by 6.9% to \$26.5 million. The events during the month including the annual church conferences and schools' anniversaries' celebration (Tonga High School & Mailefihi Siu'ilikutapu College) contributed to the high level of remittances for June. Even though the high level of remittances was maintained during the month, it was still lower than the previous month given the family month of May and this has been the trend since 2011.

Over the year to June 2017, total remittance receipts were 12.6% (\$31.9 million) higher than the previous period, reaching an annual record high of \$284.5 million. This was mainly due to higher receipts in the private transfers' category, particularly family support.

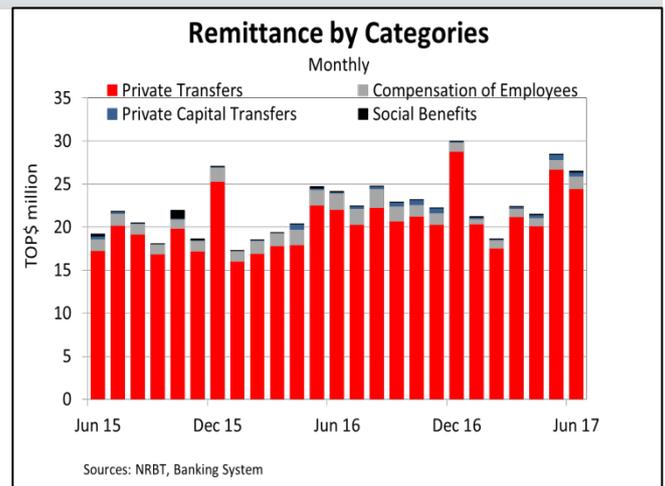
Remittances received in the United States Dollar (USD) and New Zealand Dollar (NZD) decreased over the month by \$0.9 million each. In addition, the Australian Dollar (AUD) receipts also declined by \$0.2 million. The USD, AUD and NZD continued to be the top three currencies for remittance receipts representing 37%, 33% and 24% respectively. In the 12-month period to June 2017, majority of the remittances were in USD (36%) and AUD (34%) which coincided with the positive economic growth in these countries.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. During the month, around 87% of the total remittance receipts were received via FEDs, compared to 88% in the previous month and again 88% in June 2016.



Private Transfers

Private transfers hold the largest component of total receipts, representing 92% of the total remittance receipts and 28% of the total OET receipts. Over the month, private transfers fell by \$2.2 million (8.3%) to \$24.5 million, mainly lower receipts of family support from friends and families abroad. Family support receipts via FEDs in the major currencies fell with the NZD declining the most by \$1.2 million. The USD and AUD also fell by \$0.8 million and \$0.1 million respectively.



In the 12-month period to June 2017, private transfers rose by around 14% (\$32.2 million), largely owing to higher receipts for family support.

Employee Compensation¹

Employee compensation rose by \$0.3 million (22.5%) over the month and accounted for around 5% of the total remittances receipts. Both receipts from the Recognised Seasonal Employer (RSE) Scheme workers and other wages & salaries rose over the month by \$0.2 million and \$0.04 million respectively.

In year ended terms, total compensation of employees declined by \$1.9 million driven by lower receipts from seasonal employees. Around 68% of the total compensation was for other wages and salaries whereas the remaining 32% were from RSE workers.

Private capital transfers & Social benefits

Private transfers for capital expenditures, pensions and other social benefits received by individuals accounted for only 2% of the total remittance receipts in June 2017. There were lower receipts by households for house construction and renovation related activities compared to the previous month, which resulted in a \$0.1 million (15.4%) decline in private transfers for capital expenditures. Social benefits, on the other hand, rose by \$0.1 million (99.4%) over the month.

Over the year to June 2017, private capital transfers rose by \$2.6 million whereas social benefits fell by \$1.0 million.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming month due to the Heilala festivities, Agricultural show and other events. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

¹ 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.

Table 1**Remittance Receipts**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jun-17	May-17	Apr-17	Mar-17	Jun-17	Jun-16	
Total	26.54	28.50	21.52	22.42	284.5	252.6	100.0
Private transfers	24.46	26.67	20.13	21.16	263.8	231.6	92.7
Compensation of Employees	1.42	1.16	0.91	0.99	15.57	17.51	5.5
Private capital transfers	0.50	0.59	0.34	0.21	4.19	1.60	1.5
Social benefits	0.16	0.08	0.14	0.06	0.94	1.91	0.3

Sources: NRBT, Banking System

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jun-17	May-17	Apr-17	Mar-17	Jun-17	Jun-16	
Total	26.54	28.50	21.52	22.42	284.51	252.60	100.0
Australian Dollar (AUD)	8.87	9.08	6.74	7.03	96.29	86.07	33.8
US Dollar (USD)	9.80	10.66	8.29	8.43	102.81	96.73	36.1
New Zealand Dollar (NZD)	6.39	7.32	5.15	5.56	66.54	56.34	23.4
Tongan Pa'anga (TOP)	0.94	0.96	0.76	0.83	12.56	7.01	4.4
Euro (EUR)	0.15	0.11	0.13	0.15	1.57	1.38	0.6
Japanese Yen (JPY)	0.12	0.09	0.19	0.12	1.44	1.69	0.5
Fijian Dollar (FJD)	0.09	0.10	0.09	0.11	1.37	1.60	0.5
British Pound (GBP)	0.06	0.06	0.06	0.05	0.53	0.47	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.11	0.11	0.11	0.13	1.40	1.31	0.5

Sources: NRBT, Banking System