Constraints and Opportunities in Pacific Remittance Data Collection

Study on the remittances data and measurement constraints in Pacific labour sending countries.

Project funded by PACER Plus Implementation Unit and Asian Development Bank and research led by Saver.Global

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Acknowledgements

On behalf of the research team led by Jonathan Capal, with support from Eden Conway, Nadia Maunsell and Robyn Kingston, we would like to express our sincere gratitude to all the individuals who generously contributed their time, expertise, and insights during the course of this research. Without their invaluable input this report would not have been possible.

First and foremost, we extend our heartfelt thanks to the interviewees who participated in the key informant interviews. Their willingness to share their knowledge and experiences provided us with a deep understanding of the remittance landscape in the case study countries. Their insights have greatly enriched this report and will undoubtedly contribute to informed decision-making in the region.

We would also like to extend our appreciation to the staff members who assisted in various stages of the research process. Their support in data collection, analysis, and report preparation was instrumental in ensuring the quality and rigor of this study. Their dedication and commitment to excellence have been commendable.

Furthermore, we would like to acknowledge the support and guidance received from our colleagues and supervisors at the Pacer Plus Implementation Unit (PPIU). Their expertise and input have been invaluable in shaping the direction and scope of this report.

Lastly, we are grateful to the funding and sponsoring organisations that made this research possible. Their investment in understanding and improving remittance data collection and analysis in the Pacific region is a testament to their commitment to the development and well-being of the Pacific Island Countries.

Once again, we extend our deepest appreciation to all individuals and organisations who contributed to this research. Their collaboration and cooperation have made this report a comprehensive and insightful resource for policymakers, researchers, and stakeholders involved in remittance monitoring and evaluation in the Pacific Island Countries.

Abbreviations list

ANZ	Australia and New Zealand Bank
AUD	Australian Dollar
AUSTRAC	Australian Transaction Reports and Analysis Centre
BOP	Balance of Payments
BSP	Bank of the South Pacific
CBSI	Central Bank of Solomon Islands
GDP	Gross Domestic Product
GGGI	Global Green Growth Institute
HIES	Household Income and Expenditure Surveys
IFTI	International Funds Transfer Instruction
IMF	International Monetary Fund
IMT	International Money Transfer
ITRS	International Transaction Reporting System
IRD	In-country Recruitment Database
KIT	Kiribati Institute of Technology
MBIE	Ministry of Business, Innovation and Employment, New Zealand
MCR	Ministry of Revenue and Customs, Tonga
MEHR	Ministry of Employment and Human Resource, Kiribati
MFAET	Ministry of Foreign Affairs and External Trade, Solomon Islands
MIA	Ministry of Internal Affairs, Tonga
MOF	Ministry of Finance, Kiribati
MTED	Ministry of Trade and Economic Development, Tonga
MTO	Money Transfer Operator
NPISH	Non-Profit Institutions Serving Households
NRBT	National Reserve Bank of Tonga
NSO	National Statistics Office
NZD	New Zealand Dollar
OECD	The Organisation for Economic Cooperation and Development
OET	Overseas Exchange Transactions
PAC	The Pacific Access Category
PACER	Pacific Agreement on Closer Economic Relations
PALM	Pacific Australia Labour Mobility
PEV	The Pacific Engagement Visa
PIC	Pacific Island Country
PLF	Pacific Labour Facility
PLS	Pacific Labour Scheme
PPIU	Pacer Plus Implementation Unit
PPP	Purchasing Power Parity
RSE	Recognised Seasonal Employer
RSP	Remittance Service Provider
SWP	Seasonal Worker Programme
TDB	Tonga Development Bank
TSD	Tonga Statistics Department
UNDESA	The United Nations Department of Economic and Social Affairs
UNHCR	United Nations High Commissioner for Refugees

Executive summary

This research report examines the remittance landscape in three case study countries — Kiribati, Solomon Islands and Tonga — to provide recommendations for improving remittance data collection and analysis in the Pacific Islands. The report highlights the importance of remittances as a source of income and development for many Pacific Island Countries (PICs) and the need for accurate and comprehensive data to inform policy decisions.

A mixed-methods approach was employed, which involved synthesising key findings from both desk review and primary data collection through key informant interviews. The desk review helped to provide a background and identify key issues for remittance data collection in PICs, while key informant interviews clarified the specific experiences in remittance data collection for each of the three countries studied.

The report identifies several key constraints that hinder effective remittance data collection and analysis in PICs. First, there is a lack of reliable and comprehensive data on remittances in some of these countries, with insufficient disaggregation of data regarding the sender of remittances. Second, central banks in PICs often have limited capacity and resources to collect, analyse, and report on remittance data. Third, dependence on money transfer operators (MTOs) for data collection can lead to inconsistent data reporting. Finally, insufficient coordination and collaboration among stakeholders involved in remittance data collection and analysis hampers efforts to obtain accurate and timely data.

Despite these constraints, there are several opportunities to improve remittance data collection and analysis in PICs. First, there is support from international agencies for technical assistance, funding for surveys, collaboration meetings, and research reports and recommendations. Second, advancements in technology, such as mobile wallets, provide new opportunities for disaggregating data on remittances. Finally, there is a strong interest among policymakers in using remittances as a tool for economic development and poverty reduction in PICs.

To address the constraints and take advantage of the opportunities, the report offers several recommendations. First, enhancing the capacity of central banks in PICs to collect and analyse remittance data by investing in technology, training, and partnerships with international organisations. Second, improving the disaggregation of remittance data by requiring data providers to specify the purpose of transactions and whether the sender is a labour mobility worker, and exploring the possibility of making it a KYC requirement for send-side institutions. Third, leveraging support from international agencies to advance the objectives of PICs in remittance data collection and analysis. Fourth, promoting greater coordination and collaboration among stakeholders involved in remittance data collection and analysis, including central banks, MTOs, and other relevant government agencies and organisations. Finally, exploring new technologies and services, such as mobile wallets, to improve data disaggregation and keep up with changing remittance patterns and behaviours.

This report is designed to serve as a valuable resource for policymakers, central banks, MTOs, and other relevant organisations and agencies involved in remittance data collection and analysis in PICs.

Introduction

Study background

PACER Plus, the Pacific Agreement on Closer Economic Relations, is a landmark trade and development agreement between Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Signed in 2017, PACER Plus seeks to promote regional economic integration, foster sustainable economic development, and support job creation in the Pacific region. The agreement covers a range of issues, including trade in goods, services, and investment, as well as development assistance and capacity building.

As part of the PACER Plus agreement, a research report has been commissioned to investigate the impact of remittances on the economies of Pacific Island Countries. The report aims to provide a comprehensive analysis of remittance flows, as well as recommendations for how remittance data collection and measurement can be improved to better inform policy making and promote economic development in the Pacific region. The report recognises that remittances play a critical role in the economies of many PICs and seeks to provide actionable insights for policymakers to harness the full potential of remittance flows for sustainable economic growth and development.

Methodology

This study employed a mixed-methods approach, which involved both desk review and key informant interviews. The desk review involved an analysis of relevant literature, reports, and studies related to remittance data collection and analysis in PICs.

The primary data collection involved key informant interviews conducted in three case study countries, namely Kiribati, Solomon Islands, and Tonga. These countries were chosen to reflect the three subregions of the Pacific: Micronesia, Melanesia, and Polynesia, respectively. Furthermore, to represent their diverse socioeconomic characteristics, remittance patterns, and experiences in remittance data collection and analysis. In each of the three countries, we conducted interviews with key informants from various stakeholder groups involved in remittance data collection and analysis, including central banks, banks, MTOs, and government agencies.

The key informant interviews were conducted using a semi-structured interview guide that covered topics such as the current state of remittance data collection and analysis, challenges and opportunities, stakeholder roles and responsibilities, and recommendations for improving remittance data collection and analysis in PICs. The interviews were conducted in person or via online platforms, depending on the location of the interviewees. The data collected through the interviews were analysed using a thematic analysis approach, which involved identifying and categorising key themes and patterns in the data.

The findings of the desk review and key informant interviews were synthesised to develop a comprehensive analysis of the remittance data collection and analysis landscape in PICs, as well as to develop recommendations for improving remittance data collection and analysis in the region.

Methods of remittance measurement

Remittance measurement typically falls under the central/reserve bank responsibility since remittances are a significant item in the balance of payments (BOP) framework. As such, they are included in the international guidelines for balance of payments, known as the Balance of Payments and International Investment Position Manual Sixth Edition (BPM6). The BPM6 conceptualises remittances as a cumulative measure resulting in three aggregation levels: Personal remittances, Total remittances and Total remittances including transfers to non-profit institutions serving households (NPISHs) [1]. Personal remittances are inclusive of personal transfers and compensation of employees; Total remittances are inclusive of Personal remittances as well as social benefits; and Total remittances including transfers to NPISHs are inclusive of transfers to non-profit groups such as donations in cash and kind, cross-border sponsorships and development aid programmes launched by non-government organisations in other countries[2].

Yet, as remittances have become a key area of interest for many policymakers, particularly in the Pacific, the responsibility for measuring remittances and the methods required have changed. Policymakers are concerned about how remittances are translating into economic development for the nation as well as their impact on the livelihoods of constituents. Analysing these factors require a different set of tools. This means that Pacific Island nations should balance their requirements for BOP data based on BPM6 with survey-based research so that they can realise their policy objectives.

Survey based estimates

Survey-based estimates offer a more nuanced understanding of remittance flows and their impact on households and the wider economy. They can provide valuable insights into the experiences of remittance recipients and the ways in which remittances are used to support household consumption and investment. However, this method often relies on outdated data and is often conducted irregularly, which can limit its usefulness for policy-making purposes.

[1] https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf

[2] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Remittances

Data based on BPM6

Data based on BPM6 is considered a more accurate and reliable data feed, as it is based on formal remittance flows and follows international guidelines for BOP reporting. However, the inclusions and exclusions prioritise meeting BOP objectives over migration policy objectives and are therefore useful for policymakers to analyse a nation's holistic economic situation and formulate effective monetary policy. This can limit its usefulness for policymakers who are more concerned with the specific social and economic impacts of remittances.

BPM6 data is collected through formal channels such as banks and MTOs, which means that informal remittance flows are often excluded. This can result in an incomplete picture of remittance flows, particularly in countries where informal remittance channels are common. Despite these limitations, BPM6 data can provide useful insights into the size and direction of formal remittance flows. By combining BPM6 data with survey-based estimates, policymakers can develop a more comprehensive understanding of remittance flows and their impact on the wider economy.

Pacific context

Labour mobility schemes

The *Pacific Australia Labour Mobility* (PALM) and New Zealand *Recognised Seasonal Employer* (RSE) schemes allow registered employers in each country to recruit workers from overseas to fill labour gaps and seasonal work where there are insufficient workers locally. The PALM scheme in Australia combines the well-established *Seasonal Worker Programme* (SWP) and *Pacific Labour Scheme* (PLS) launched in 2012 and 2018 respectively. PALM allows approved employers across Australia to recruit either seasonal workers for a maximum term of nine months in each year, or longer-term employees for up to four years. Likewise, employers in New Zealand registered under the RSE scheme have been able to recruit similar overseas workers for seasonal work up to seven months in each 11 month period since the scheme was established in 2007. Participating countries sending workers through these schemes include a number of Pacific Islands and Southeast Asian countries, including Kiribati, Solomon Islands and Tonga, the focus countries for this study. The number of places on the labour mobility schemes is limited and the quota grows incrementally each year — set by the governments of each of the host countries, Australia and New Zealand. Currently in 2023 the PALM scheme has a quota of 35,000 workers and the RSE in New Zealand offers up to 19,000 worker placements in 2022-23.

Workers applying to the schemes are frequently from rural locations within their home countries where work may be more difficult to find. The level of pay in Australia and New Zealand is higher than they would receive at home and temporary labour mobility workers use this opportunity to send part of their earnings home in regular remittances to support their families back home.

These remittances can play a vital part in household budgeting and help to provide families with greater opportunities than they may otherwise have had in terms of childrens' education, saving for the future and home building projects. In Tonga, the overall remittances received in 2022 amount to almost 50 percent of the country's Gross Domestic Product (GDP)[3] and approximately 30 percent of households consumption (2019)[4].

Table 1 Personal Remittances as percent of GDP 2022

Country	Remittances as % GDP
Kiribati	7.5%
Tonga	49.9%
Solomon Islands	2.5%

Source: Knomad 2022

Tonga is one of the largest contributing countries in terms of workers originating from PICs, to both Australia and New Zealand[5]. Tongans are the second highest nationality represented among workers, after ni-Vanuatu workers. Solomon Islands workers are far fewer but represent the fourth largest group and Kiribati send lower numbers of workers compared to other PICs.[6] Compared with these countries' small populations, the percentage of healthy, fit and often male workers leaving the island nations is a point to be considered. A recent study by Australian National University's Development Policy Unit[7], estimates that in 2022, 18 percent of Tonga's working age male citizens were working in Australia or New Zealand on the temporary migration schemes; and 2 percent each from Kiribati and Solomon Islands. Far fewer females take part in the schemes, but Tongan women (like the men) also topped the temporary migration numbers in terms of being the highest represented by home country population with 3.7 percent of Tongan working age women employed on the PALM and RSE schemes.

Table 2 Current numbers of temporary labour mobility workers in Australia and New Zealand*

Country	SWP	PLS	RSE	Total
Kiribati	400	680	480	1,560

[3] NRBT — Dec 2021 remittance receipts amounted to 43.2 percent of Tonga's GDP
[4] World Bank IFC - https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/impact-stories/tonga-remittances-2020
[5] https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-suva/documents/publication/wcms_712549.pdf
[6] Labour Mobility in Pacific Island Countries, ILO, 2019
[7] ANU (2022): Labour mobility in the Pacific: transformational and/or negligible? - https://devpolicy.org/labour-mobility-in-the-pacific-transformational-and-or-negligible-20221010/

Solomon Islands	1,200	3,130	744	5,074
Tonga	5,350	880	1,470	7,700

*Source: **PALM (SWP and PLS):** Dept.HomeAffairs; **RSE:** MBIE. *March 2023*

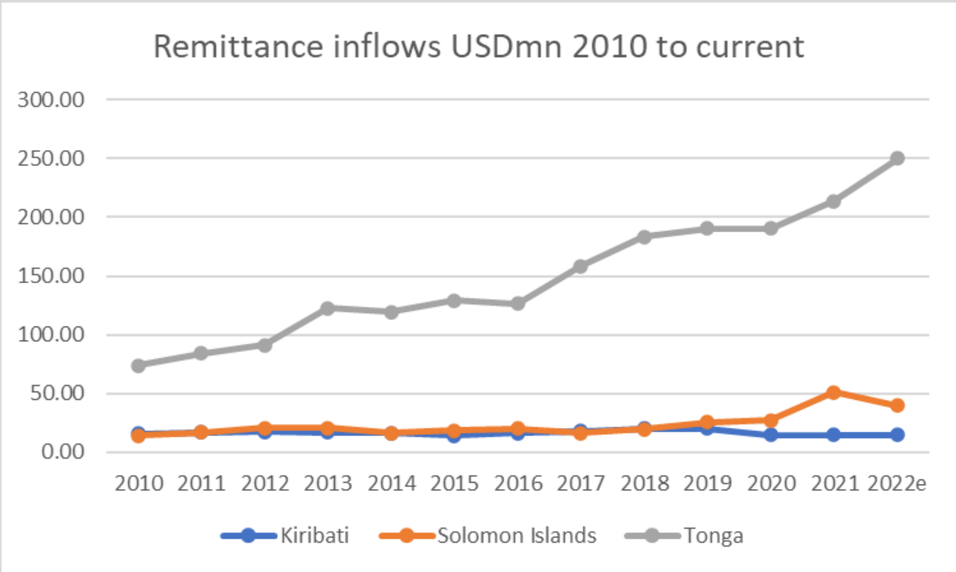
The age of workers on the temporary labour migration schemes is between 20-49 years old, people that the Pacific nations rely upon to develop their own economies. In April, 2023, Tonga launched the *Tonga Labour Mobility Supply Management Strategy* (funded by PACER Plus) to put in place a managed and coordinated labour mobility supply. While the PALM and RSE employers offer training for their workers to enable them to return home with skills they can apply at home, the workers may be incentivised to return to the host countries year after year due to the opportunities afforded by international labour mobility. Likewise, many of the successful applicants to the temporary migration schemes are some of the country's more skilled citizens who could be beneficial to the sustainable development of their home countries and private sector-led growth in particular[8].

Along with the recent review of the SWP and PLS schemes to create the new PALM scheme (2022), the RSE scheme is also currently under review in New Zealand. The publication of the review of the RSE is due in June 2023 and will cover all aspects of the scheme, looking at sustainable long-term strategies that work for the New Zealand government and employers as well as upholding the rights and dignity of workers through improved policies and guidelines[9]. The impact evaluation report[10] considers issues around 'brain drain' in some Pacific Islands and reports that some Labour Sending Units (LSUs) already take this into consideration when employing workers. For example, after liaison with village leaders in the Pacific communities, some have initiated strategies to encourage worker rotation, thereby spreading the opportunities among families and communities, and with this, sharing the potential development benefits. Such strategies can combat the likelihood of labour mobility scheme employers to prioritise engaging workers with experience and skills learned through previous labour mobility experiences and reinforce the circularity principle of skills and economic development in sending countries for workers.

Another recommendation is for RSEs wanting to increase the number of workers they employ. They should look to recruit from some of the less represented countries in the scheme, such as Kiribati and Solomon Islands rather than the significantly dominant top three, which includes Tonga, along with Samoa and Vanuatu.

[8] Tonga Labour Mobility Supply Management Strategy 2023, p.9
[9] MBIE - Recognised Seasonal Employer policy review — options for consultation
[10] RSE Impact Study: New Zealand Stream Report 2020

Figure 1 Current Trends in Remittance Flows



Source: Knomad 2022 Inward Remittance Flows 2022

World Bank global remittance data shows significant growth in Tongan remittance inflows. Since 2010, personal remittance flows into Tonga have grown from US 74mn to an estimated US 250mn in 2022. Inflows to Solomon Islands have almost tripled in the same period from US 14mn to US 51mn in 2021, although there is a predicted dip to US 40mn in 2022. Inflows to Kiribati however appear to remain static. These figures can be related to the labour mobility schemes in Australia and New Zealand. The growth in Tongan remittances — while already on the upward path — rose rapidly from 2012-2013, the year in which the SWP scheme was introduced in Australia, following the earlier introduction of the RSE scheme in New Zealand in 2007. Data from the World Bank bilateral matrix also provides a similar indication of growth over the period, focusing on personal remittances from Australia and New Zealand specifically. Despite the overall data for remittance inflows to Kiribati not showing any growth over the 2010-2022 period, the data collected for the bilateral matrix does indicate some regional growth in remittances to Kiribati, particularly from New Zealand.

Table 3 Bilateral matrix for remittance flows from Australia and New Zealand to countries studied

USD mn	Australia*	New Zealand*	Australia**	New Zealand**	AUS % Growth	NZ % Growth
Kiribati	2.97	5.69	3.05	7.54	2.7%	32.5%
Solomon Islands	16.28	NA	36.78	NA	125.9%	NA
Tonga	27.65	55.4	43.18	75.43	56.2%	36.2%

*Source: * Bilateral Matrix 2017, ** Bilateral Matrix 2021*

Data from the World Bank Bilateral Matrices only provides an estimate or overview of the remittance flows between countries, as the data is not fully representative of actual figures. The estimates are computed using methodology described in Ratha and Shaw, 2007, "South-South Migration and Remittances." Accordingly, inward remittances to a country are allocated to various source countries in proportion to its stock of migrants in those countries, the per capita income (in purchasing power parity (PPP) terms) in the destination countries, and the per capita income (again in PPP terms) in the origin countries. For this purpose, data on remittance flows as reported in the latest Migration and Development Brief 37 are used. The most recent bilateral migration matrix (2021) used for this calculation is based on data published, as of 2022, by the United Nations (UNDESA), Eurostat, national statistical offices, the United Nations High Commissioner for Refugees (UNHCR) and The Organisation for Economic Cooperation and Development (OECD)[11].

Remittance inflow data is inconsistently available from the individual Pacific Islands. The National Reserve Bank of Tonga (NRBT) has in the past produced detailed monthly and annual remittance reports, up until December 2021[12].However, this level of data is not available from all Pacific Islands and for the purposes of this study is not available for Kiribati nor Solomon Islands. Remittance outflow data is also limited from Australia and New Zealand. AUSTRAC in Australia collects data on all international funds transfer instruction (IFTI) data; money transfer businesses (Banks, MTOs, electronic and agent-based) must report funds transfers of all values sent and received to AUSTRAC. Data for IFTI reporting in New Zealand only applies to transactions over NZ$ 1000 and the data is not as easily accessible to the public with applications for remittance data required to be made through the Department of Internal Affairs. Data from New Zealand does not identify the difference between MTO/Exchange Bureaux and Banks as AUSTRAC does. Neither reporting entity specifically identifies personal remittances as a category.

Remittance Market Summary

Considerable developments have taken place in the remittance industry with government and global attention paid to bringing the costs down for individuals sending money home to their families. The remittance industry has developed new initiatives employing new technologies such as online and mobile wallet options making transfers safer, faster and easier than ever before. However, options still remain limited for a number of the Pacific Islands. Tonga has a variety of well-established global money transfer companies, local specialised MTOs, regional banks and some FinTech options which have been developed specifically for the Pacific region and Tonga (Refer to Tables 4 and 5). Kiribati and Solomon Islands have far less variety or options available (Refer to Tables 6, 7, 8 and 9). Just one of the top five global money transfer companies operate in Kiribati and two in Solomon Islands. Even then, their coverage is limited with only one or two agent locations in the major urban centres for Kiribati and around ten locations for

[11] The World Bank

[12] NRBT — Dec 2021 remittance receipts amounted to 43.2 percent of Tonga's GDP

Solomon Islands. While efforts have been made to introduce new products to Solomon Islands in the past, this has not succeeded[13]. The vast majority of remittances sent to Kiribati are sent through the regional banks — ANZ (Australia New Zealand Bank) and Westpac — both of which offer special rates for online international money transfer (IMT) to specified Pacific Islands; Kiribati, Tonga and Solomon Islands are all included. Remitters sending funds to Tonga have the option to send to mobile wallets in Tonga; the Tonga Development Bank (TDB) have set up a dedicated online remittance product 'Ava Pa'anga Pau for low-cost transfers. There are also a number of small boutique MTOs across Australia and New Zealand offering transfers to Tonga. Often run by Tongan expats these companies offer familiarity as well as low-cost transfers compared to the multinational MTOs. A list of current transfer options to Kiribati, Tonga and Solomon Islands can be found in the appendix.

Table 4 Table of Tongan sending RSPs by classification

Global MTO	Small/Medium MTO	Corridor Specialist MTO	Bank
Aussie Forex & Finance	IMEX Money Transfer	'Ave Pa'anga Pau	ANZ Bank
EbonFX	KlickEx Pacific	Frank Money Transfer	ASB Bank
MoneyGram	KlickEx	Island Flexi Transfer	Bank of New Zealand
OFX	mHITs Remit /Rocket Remit	Maka Mo'ui	Commonwealth Bank
Remitly	Orbit Remit	Manatu Ofa Ltd	Kiwibank
Ria	Wantok Money		National Australia Bank (NAB)
Western Union			TSB
WorldRemit			Westpac
XE Money Transfer			

Source: SaverPacific 2023

[13] HappyMid was an online specialist service previously offered in Solomon Islands https://pineapplepost.wordpress.com/2016/03/29/flash-with-cash/

Table 5 Table of Tongan receiving RSPs by classification

Foreign Exchange Dealers — Type A (outward/payment & inward/receipts)	Foreign Exchange Dealers — Type B (inward/receipts only)	Money Changers — Type C	Bank
Fexco (Tonga) Ltd (Western Union)	Digicel Tonga Ltd t/a Digicel Mobile Money	Jones Travel Ltd	ANZ Bank
Klickex Ltd	Nikua Money Transfer		BSP Bank
Rowena Finance Services	Tonga Post Ltd		MBF Bank
Manatu 'Ofa Ltd	Joy Trading Company Ltd		TDB
T & T&T Money Transfer	Tokowireless Ltd		
Island Flexi Transfer			
Frank Money Transfer			
Toumu'a Money Transfer			
'Ave Pa'anga Pau TDB			
Maka Mo'ui Trading Services & Financial Institutions Ltd			

Source: National Reserve Bank of Tonga

Table 6 Table of Solomon Islands' sending RSPs by classification

MTO	Bank
MoneyGram	ANZ Bank
OFX	Westpac
Remitly	Bank of New Zealand
Ria	Commonwealth Bank
Western Union	Kiwibank
XE Money Transfer	National Australia Bank (NAB)

Source: SaverPacific 2023

Table 7 Table of Solomon Islands' receiving RSPs by classification

MTO/ Foreign Exchange Dealers	Bank
Fexco Pacific (Solomon Islands) Ltd (Western Union)	ANZ Bank
MoneyGram	BSP

No 1 Currency Solomon Islands (Western Union)	

Source: SaverPacific 2023

Table 8 Table of Kiribati sending RSPs by classification

MTO	Bank
Western Union	ANZ Bank
	ASB Bank
	Bank of New Zealand
	Commonwealth Bank
	Kiwibank
	National Australia Bank (NAB)
	TSB
	Westpac

Source: SaverPacific 2023

Table 9 Table of Kiribati receiving RSPs by classification

MTO/ Foreign Exchange Dealers	Bank
Western Union	ANZ Bank

Source: SaverPacific 2023

Findings

Current data collection methodologies used in the Pacific

Total remittance estimation (channels captured)

Total remittance flow estimations in the countries studied are generated using their respective International Transaction Reporting Systems (ITRS), which means that the data is accurate within the channels that are included but fails to capture other channels that may also represent significant volumes, including informal channels. Each country studied did not have any data on the relative size of these channels that were not being captured, which means that there is a possibility that the total value of remittances is much higher than is currently being reported.

Channels That Are Captured

Central Bank of Solomon Islands (CBSI) and National Reserve Bank of Tonga (NRBT) calculate total flow using data provided by banks, MTOs and formal currency providers. Tonga and Solomon Islands accurately collect the total remittance value sent back through banks, MTOs, and money that is carried back in cash and then exchanged at a registered foreign exchange provider. In Tonga, remittance data is also collected when it is received into a mobile wallet, but this service is not widely available in Solomon Islands. In contrast, Kiribati's Ministry of Finance (MOF) only accurately collects remittance values received through one major bank, as they are no longer receiving reports from a separate major global remittance provider and there is not yet any other service providing any significant services.

Channels That Are Not Captured

The countries studied rely on their ITRS to generate estimates for total remittance flow, but this method fails to capture several significant channels of remittance. For instance, the value of goods transferred between households, remittances sent informally, cash exchanged while abroad, and cash exchanged informally are not included in the data. Relating to goods, those brought back by returning migrants are often categorized as personal effects, there are instances where the value or type of goods returned exceeds the personal effects threshold. Similarly, cash that is brought back and exchanged informally is not included in the total remittance value. While this is comparable to other informal methods, there may be alternative opportunities to measure these funds more accurately. Consequently, the total value of remittances being reported is lower than the actual value received, and these missing data streams could significantly impact the overall value of remittances.

The Primacy of BOP

As the primary use of this data is for the central/reserve bank Balance of Payments (BOP), there is little work being done by these ministries to pursue the inclusion of all remittance channels, particularly those that are difficult to measure. Foreign currency exchanged informally, which is then taken back out of the country, has little BOP impact, and therefore is usually a lower priority for the central/reserve bank. Furthermore, goods attained and sent home as personal effects do not have BOP implications, yet both of these streams remain critical for establishing remittance policy as they measure the value of wealth created for households who receive remittances or have a member involved in a labour mobility scheme.

BPM6 Separations

NRBT and CBSI differentiate between residents and non-residents in their remittance reporting to comply with BPM6 guidelines, while Kiribati's Ministry of Finance (MOF) does not. NRBT classify Tongans as residents if they migrate overseas for less than one year or as non-residents if they migrate for longer than one year. Remittances sent by Tongan residents are recorded as net compensation of employees, which NRBT define as "The sum of wages and salaries from the seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organisations". Workers' superannuation is categorised separately as social benefits. Remittances sent by non-residents are recorded as personal transfers, which NRBT defines as "All current transfers in cash received by resident households".

In comparison, CBSI produces estimates for residents and non-residents using an estimation of the proportion of remittances sent back by short term labour mobility workers. They do not consider any other significant resident remittance streams. Consequently, CBSI estimate the net compensation of employees based on remittance data, but this is not included in their calculation of total remittances, rather, it is determined from it.

Kiribati's MOF does not differentiate between residents and non-residents when recording remittance data. Consequently, the ministry does not estimate the net compensation of employees.

NPISH Inclusion

Despite the significant interrelatedness between remittances and transfers to Non-Profit Institutions Serving Households (NPISH), little emphasis has been placed on the latter in remittance-related discussions. NPISHs are non-profit groups that assist households for free, such as churches, sports clubs, trade unions, and charities[14]. Transfers received by and sent to NPISHs are included as a supplementary component of total remittance measurement because

[14] https://www.cso.ie/en/interactivezone/statisticsexplained/nationalaccountsexplained/non-profitinstitutionsservinghouseholdsnpish/

they provide a source of indirect household income, including cash, goods, and services[15]. NPISH inclusion helps policymakers to understand the impact of international development programs and activities more generally[16].

In Solomon Islands, transfers to NPISH are deemed insignificant as they are not considered a cultural practice and therefore are not commonly performed. In Tonga, however, it was explained that these transfers are accounted for separately in the BOP. As for Kiribati, no data was available at the time of the study. Nonetheless, policymakers should be interested in transfers to NPISH, as the reasons for studying remittances are the same reasons for examining transfers to NPISH. Understanding the effectiveness of labour mobility schemes, evaluating the lifestyle and practices of their participants, and assessing the benefits to households and communities receiving remittances are all crucial areas of interest for policymakers.

In Tonga and Solomon Islands, existing BOP data should be able to provide the required depth to enhance remittance discussion. It simply requires a renewed understanding of how remittances and labour mobility schemes are measured.

In-kind remittance inclusion

Measuring in-kind remittances is a complex process, which explains why it is not included in the reported remittance volumes for any country studied, despite being included in BPM6. In-kind remittances are items sent by labour mobility workers other than cash, which may include clothing, food items, furniture, jewellery, electronics, books, and other items[17]. These kind of remittances in the Pacific have a history of being a substantial channel[18]. Yet the dominance of this method of remittance has not been evaluated recently. Anecdotal evidence from initiatives such as Donate Responsibly, would suggest that sending goods remain a matter of cultural significance, particularly in times of crisis[19]. Understanding the current value of in-kind remittances would enable policymakers and labour mobility program managers to tailor initiatives more accurately to the experience of migrants.

To classify the value of goods transferred between households as remittances, several agencies need to collaborate. Customs must keep comprehensive records of the value of goods arriving, even if they are labeled as personal effects. For instance, in Solomon Islands, containers of personal effects shipped back by several labour mobility workers were difficult to value, as they required additional work from customs and were tax exempt, making them a low priority. While customs values personal and commercial items as they are required, the method relies on the report of the sender/returnee. At the airport, goods brought back by individuals are not precisely

[15] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Remittances_according_to_the_BPM6_manual#The_components_in_detail

[16] Ibid.

[17] https://www.bis.org/ifc/publ/ifcb52_11.pdf

[18] Connell, J., & Brown, R. P. (2005). *Remittances in the Pacific An Overview*. Asian Development Bank.

[19] World Food Programme. (n.d.). Retrieved from Donate Responsibly: https://donateresponsibly.org/

recorded. Therefore, accurately tracking the value of in-kind remittances in Solomon Islands would require a precise recording of the value of returned goods, their appropriate classification, and communication to the central bank. In Solomon Islands this will also require an upgrade to the reporting system at the airport (which is planned for later this year). These complexities demonstrate the difficulties involved in analysing in-kind remittances and explain why they are not emphasised in reported remittance volumes.

In Tonga, payments for the import of goods are recorded by Remittance Service Providers (RSPs). However, if there is an import sent without any payment to Tonga, the Ministry of Revenue and Customs (MCR) would instead record this transaction. This would contribute to discrepancies between overseas exchange transactions (OET) reports and Trade reports as reported by MCR.

Remittance Disaggregation

NRBT provides the highest number of remittance data disaggregations compared to CBSI and Kiribati's MOF. NRBT collect monthly data reports from RSPs, with detailed disaggregations including country of origin; currency; transaction value; residency; and labour mobility type. NRBT can also disaggregate remittance data by RSP type, although it currently only classifies RSPs into Banks and Non-banks. They do not disaggregate data by receiving method. Data is disaggregated by residency (NRBT classifications of Tongans resident or non-resident dependent on the duration of their migration, over or under one year). Finally, if a sender is a labour mobility worker, RSPs are required to record the scheme they are employed with, allowing NRBT to disaggregate remittance data by labour mobility type. To better understand the impact of labour mobility remittances, Ministry of Trade and Economic Development's (MTED) Labour Division plan to implement a structural reintegration programme, which may include hiring a Reintegration Officer to contact labour mobility workers on their return to Tonga. This would allow MTED to capture data on the remittances of returned labour mobility workers specifically.

CBSI currently disaggregates remittance data by currency, which is then used to estimate bilateral remittance flows. Although CBSI do not disaggregate data by country of origin, one major global remittance provider reported that they can provide this level of detail. CBSI do not disaggregate data by transaction value or receiving method. As described earlier in the report, CBSI estimate a proportion of remittances sent back from labour mobility workers and this estimation allows disaggregation by residency. To estimate the proportion of remittances sent by labour mobility workers, CBSI cross-reference a list of names registered with the Ministry of Foreign Affairs and External Trade (MFAET) against a list of customer names recorded by RSPs to find positive matches. This process does not allow for comparisons between the volumes of remittances sent by labour mobility workers and other diaspora members or variations in amounts sent over time by labour mobility workers during their migration journey. CBSI then combine labour mobility worker estimates with currency data to estimate the disaggregation of remittances by labour mobility scheme.

Kiribati's MOF National Statistics Office (NSO) currently disaggregate remittance data by currency and country of origin. Although NSO do not disaggregate data by transaction value or residency, one major bank reported that they can provide this level of detail. NSO also do not disaggregate data by RSP type, and both NSO and the aforementioned major bank do not disaggregate data by labour mobility type or receiving method. The major bank noted that sending institutions would need to be responsible for classifying workers by labour mobility scheme, and hence, it would not be feasible for them to report this level of detail. NSO currently receive technical assistance from the International Monetary Fund (IMF) on how to collect remittance data.

International Transaction Reporting System (ITRS)

NRBT meet all the preconditions listed in IMF's Guide to International Transactions in Remittances[20], whereas CBSI and Kiribati's MOF meet several preconditions. The NRBT's reporting system includes the reference period of the transaction; identity of the transactors; identity of the institution accepting information from the client; direction of the transaction; currency used; transaction value; classification of the purpose of the transaction; and the country of the non-resident party. A reference number for each individual transaction can also be generated by combining the transaction number (between 1 and 999) and transaction date from any monthly reporting period.

To further ensure data accuracy and reliability, NRBT check and clean the data they receive. If data is incorrectly classified by an RSP on the receiving side, NRBT follow up with the relevant RSP. The regulation of remittance data reporting is rigorously regulated under the Foreign Exchange Control Act, which gives the NRBT the authority to impose administrative penalties on RSPs who fail to report or consistently report incorrectly.

In comparison, CBSI's reporting system meets five preconditions: reference number for the transaction; reference period of the transaction; direction of the transaction; currency used and classification of the purpose of the transaction. CBSI also infer the country of origin based on the currency used.

Kiribati's MOF meet 2 preconditions: currency used and transaction value. They also classify the purpose of the transaction if remittances are sent from Australia.

[20] https://www.imf.org/external/np/sta/bop/2008/rcg/pdf/guide.pdf

Informal Remittance Measurement

The case study countries lacked a comprehensive understanding of the informal markets used for remittances. Key informant interviews revealed that there were different informal methods being used in each country, but there was no common understanding of these channels and no data to support these findings. None of the countries had conducted any study on the size of the informal remittance markets, the channels used, or the associated costs. Although financial abuse was perceived as not being significant, this was not backed by any formal study. Investigating this market could have a significant impact on the estimates of total remittance volume and reveal areas of financial risk for labour mobility workers. In Solomon Islands, an individual was reportedly operating as an MTO without requiring identification on either side, which was attractive to some workers and families. Additionally, several shopkeepers provided good rates on cash foreign currency exchange, which they would use when they next went overseas. In Kiribati, Hundi agents were known to operate in New Zealand, and "Chinese Supermarkets" provided exchange services. Interviewees in Tonga suggested that many older generation remitters may be using informal services because they were wary or unaware of online options. Moreover, where there is a lack of access to the internet, people may be seeking other remittance channels. Without conducting a comprehensive study on the size of the informal remittance market in the studied countries, it is difficult to ascertain the accuracy of recorded remittance data.

Impact of Remittances

Access

All three countries have a good understanding of the accessibility of remittances for their populations. In Solomon Islands, accessibility is measured comprehensively in terms of the number of remittance receiving institutions; number of payout locations; geographic distribution; and available remittance receiving methods. This is helped by the small number of providers and payout locations available. Western Union list ten payout locations with eight of these being located within the capital of Honiara. Similarly, BSP have branches in only three of nine provinces. This leaves some regions largely underserved and without access.

In Tonga, NRBT measure accessibility with regard to number of remittance receiving institutions and available remittance receiving methods. NRBT currently monitor 21 remittance receiving institutions, including 17 MTOs and four banks. They are aware of two remittance receiving methods, including bank deposit and cash in hand. They do not track remittances received into mobile wallets, although Digicel MyCash and Wantok Money are mobile wallet services available in Tonga. TDB has one access point on every island, including two on Tonga's main island, and is the only bank with payout locations in all outer islands. In 2016, NRBT conducted a Financial Inclusion survey which included data on the geographic distribution of RSPs[21].

[21] http://www.reservebank.to/data/documents/Publications/DSS/NRBT_DSSTONGA_Final.pdf

In Kiribati, MOF measure accessibility in terms of number of payout locations and geographic distribution. They were not aware of any remittance receiving institutions outside of one major bank and one major global remittance provider. There is at least one ANZ Eftpos terminal located on every outer island, except for two islands, from which residents can receive remittances in cash.

Domestic Cash Flows

The case study of remittance receiving countries revealed important differences in the ways remittances are received and distributed. While Tonga has a diverse remittance market with several options available, Solomon Islands has a more limited market with Western Union and MoneyGram as the only major players and Kiribati has only ANZ and Western Union available. Bank transfers are also limited in Solomon Islands due to a lack of bank accounts among remittance receiving families and because bank branches are highly concentrated in Honiara. According to the 2022 CBSI annual report[22], there are 15 bank branches in Solomon Islands, of which 11 are in Honiara. Only two additional provinces have bank branches, while the remaining seven provinces do not have a bank branch. To distribute the remittances received through Western Union, a vast network of formal and informal providers has emerged. While there has been a focus on increasing remittance flows into the country, the domestic cash flows within the country also need to be managed. The situation in Solomon Islands is a natural consequence of the rapid increase in the size of labour mobility schemes since 2018. On the other hand, Kiribati's situation is less complex, with lower costs and simpler channels to distribute remittances to the outer islands. In Tonga, there were no major concerns or issues with the diverse remittance market.

Remittance Spending Habits

All three countries have a strong interest in understanding how remittances are being used by receiving households, although they have not conducted any formal research. In Solomon Islands, the political will to understand remittance spending habits is very compelling, and members of government are particularly eager to measure the impacts of remittances on economic development. The Trade Commissioner reported being interested in conducting surveys to investigate how remittances are spent, although these are yet to be instigated. Similarly in Tonga, the MOF is interested in using remittance data to understand household consumption, spending, investment, and retirement planning.

Kiribati's NSO reported that the Household Income and Expenditure Survey (2019) does not yet collect data on how remittances are spent, although there may be an opportunity to capture this information in the upcoming survey in 2025.

[22] https://www.cbsi.com.sb/publications/annual-report/

The World Bank has previously published information about household consumption habits in all three countries[23], including the Tongan Household Survey blog from 2022[24].

Key policymaker concerns

Through conversations with policymakers from all three countries, key concerns raised included the impact of remittances on economic development and the need to establish labour mobility reintegration strategies. We have included a summary of these key concerns.

From the perspective of Tonga's MOF, improved remittance data reporting could help forecast Tonga's national GDP. This is particularly important given that annual remittance receipts account for 49.9 percent of Tonga's GDP[25] and 25 percent of Tongan households count remittances from labour mobility workers as their main source of income[26]. Tonga's MTED is interested in understanding the role that remittances play in economic development and reintegration[27]. They would like to leverage return migration to facilitate the transfer of human capital and financial capital, particularly in industries such as hospitality, tourism, meat processing, construction, and aged care.

Across Tongan government departments, there is an awareness of 'brain drain' from Tonga to labour mobility schemes in Australia and New Zealand. Tonga's MOF highlighted that public sector workers are encouraged to take less skilled labour mobility positions as these positions represent a higher short-term salary.

Leveraging return migration may precipitate a structural shift in Tongan labour mobility sending contributions, from unemployed workers to semi-skilled workers. In this case, improved remittance data collection strategies could provide the rationale for governments to invest more substantially in labour mobility schemes if they clearly contribute to local development. Finally, Tonga's MOF Board of Directors and the NRBT are both interested in understanding and measuring the high cost of remittances. Improved remittance data reporting could help institutions identify how and why they can conduct research into reducing the high costs of remittances.

Similarly in Solomon Islands, the government is interested in evaluating whether labour mobility schemes contribute to economic growth. They are also interested in understanding how improved remittance data reporting could inform an economic reintegration strategy. Other key concerns centered around data analysis, including understanding remittance volumes; trends in remittances over time; and whether remittance data is accurate and reliable.

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[23] https://documents1.worldbank.org/curated/en/099120012012113001/pdf/P17163803caa380cd0a1600b18fddbf24d0.pdf

[24] https://socialprotection.org/discover/news/blog-three-questions-tongan-remittances

[25] https://www.knomad.org/data/remittances

[26] https://pina.com.fj/2023/04/14/tonga-launches-labour-mobility-supply-management-strategy/

[27] https://pina.com.fj/2023/04/14/tonga-launches-labour-mobility-supply-management-strategy/

Finally, in Kiribati, MOF is interested in understanding the full extent of inbound remittances through improved data reporting standards. To this end, the Ministry of Employment and Human Resources (MEHR) are eager to employ a Reintegration Officer responsible for reporting and leveraging the remittances of returned i-Kiribati. This could be done by consistently monitoring returned worker spending. MEHR aim to ensure this new mechanism for reporting is fully accountable and consistent with existing reporting mechanisms.

Discrepancy between Australia and New Zealand

This section discusses the discrepancy between remittance figures reported by Australia (AUSTRAC), New Zealand (DIA) and the case study countries. Remittance receiving data from Solomon Islands and Kiribati is limited and bilateral estimates are not available for this report.

Table 10 Discrepancy in remittance reporting (local currency)

		2018		2019		2020		2021		2022	
		From Aus	From NZ	From Aus	From NZ	From Aus	From NZ	From Aus	From NZ	From Aus	From NZ
Tonga	Sending reported	-	65,448,776 (NZD)	74,349,727 (AUD)	68,366,814 (NZD)	73,298,024 (AUD)	60,936,561 (NZD)	77,983,340 (AUD)	40,917,909 (NZD)	64,542,014 (AUD)	60,283,228 (NZD)
	Receiving reported	102,517,169 (TOP)	97,147,724 (TOP)	92,268,281 (TOP)	90,699,465 (TOP)	121,611,420 (TOP)	100,994,131 (TOP)	175,148,402 (TOP)	118,478,833 (TOP)	-	-
Solomon Islands	Sending reported	-	22,984,535 (NZD)	67,722,400 (AUD)	35,023,231 (NZD)	75,030,284 (AUD)	34,919,892 (NZD)	84,313,102 (AUD)	34,229,123 (NZD)	122,053,447 (AUD)	53,222,162 (NZD)
Kiribati	Sending reported	-	4,087,028 (NZD)	27,698,725 (AUD)	6,580,311 (NZD)	29,229,813 (AUD)	6,487,190 (NZD)	23,001,532 (AUD)	6,460,145 (NZD)	33,695,495 (AUD)	8,730,379 (NZD)

Table 11 Discrepancy in remittance reporting (all figures in USD)[28]

		2018		2019		2020		2021		2022	
		From Aus	From NZ	From Aus	From NZ	From Aus	From NZ	From Aus	From NZ	From Aus	From NZ
Tonga	Sending reported	-	44,286,345	52,218,227	45,931,204	50,500,378	39,267,909	58,449,688	28,550,483	44,561,095	37,639,246
	Receiving	44,215,129	41,899,315	39,572,594	38,899,750	52,596,389	43,679,505	78,587,673	53,160,495	-	-

[28] Foreign exchange based on single date per year, June 30. Sourced from xe.com historical rates.

	reported										
Solomon Islands	Sending reported	-	15,552,637	47,563,640	23,529,825	51,693,859	22,502,602	63,193,940	23,883,380	84,268,136	33,230,504
Kiribati	Sending reported	-	2,765,514	19,453,714	4,420,882	20,138,559	4,180,387	17,239,995	4,507,568	23,264,042	5,451,017

Based on the comparison of bilateral remittance data as reported by Australia, New Zealand and Tonga, there is little correlation between sending and receiving data. Remittance figures from Australia and New Zealand to the case study countries are based on transaction data that includes personal and commercial transfers. Moreover, New Zealand only reports transactions larger than NZD 1000. This explains a large discrepancy in sending and receiving figures because they have different inclusions. The resulting data is limited in its usefulness to policymakers. From 2018 to 2020, New Zealand estimates are comparable with Tongan estimates, but the data diverges in 2021, with New Zealand only measuring half of the Tongan estimates. Similarly for Australia to Tonga, between 2019 and 2020 there appears a negative correlation between remittances reported by Australia with those from Tonga. This indicates that there is little correlation between the measurement strategies. The PICs should understand that there is some ambiguity within bank transfers measured by sending countries, as it captures transfers beyond the scope personal remittances. MTO transfers may be more helpfully compared in this circumstance as it more accurately reflects the receive side definition. Unfortunately, this will require PICs to disaggregate data based on country of origin and method of transfer, adding to the complexity of reporting.

Solomon Islands and Kiribati had difficulty producing the required bilateral data for the purposes of this report. CBSI reported that they do not disaggregate data at this level. MOF similarly had difficulty as a result of their reliance on a major banking partner. Both CBSI and MOF were able to produce overall flows but not bilateral flows. It appears that they will be able to produce bilateral flow estimates in the future based on the data provided by remittance receiving institutions but currently it appears that these estimates are too difficult to retrieve or too crude for analysis. This highlights a more significant concern that the relevant offices are overburdened and not able to produce insights in a timely manner. Delayed access to data forms a constraint for policymakers who need to make data driven decisions.

Data provided by AUSTRAC offers greater detail than New Zealand DIA. AUSTRAC data in Table 12 reflects the total volumes sent (shown in Table 10) along with the breakdown of the total value transferred by each entity actioning the IFTI. Ideally, data on the receive side would be able to correspond to the outflows recorded from Australia. This reporting from AUSTRAC is also far more useful than data on the bilateral matrix due to the categorisation of sending entity.

Table 12 AUSTRAC Total amount (AUD) lower limits for IFTIs going to Kiribati, Solomon Islands and Tonga during 2019-2022 split by industry type of the reporting entity. The limits for each country are not expected to equal the sum of the limits from their respective industry type contributions exactly

Australia to:	2019	2020	2021	2022
Kiribati Overall	$27,698,725	$29,229,813	$23,001,532	$33,695,495
Bank	$26,122,216	$28,414,286	$21,699,074	$32,941,924
Foreign Currency Services				$9,000
Remittance Provider	$1,563,445	$829,179	$997,381	$677,936
Remainder			$27,824	
Solomon Islands Overall	$67,722,400	$75,030,284	$84,313,102	$122,053,447
Bank	$62,365,933	$68,009,370	$67,712,217	$85,864,073
Foreign Currency Services	$27,143	$24,884	$32,254	$18,976
Remittance Provider	$4,830,232	$6,841,851	$16,210,008	$36,246,178
Remainder	$77,091	$96,115	$39,199	$30,515
Tonga Overall	$74,349,727	$73,298,024	$77,983,340	$64,542,014
Bank	$29,180,702	$23,476,208	$13,986,916	$16,613,748
Remittance Provider	$44,953,742	$45,142,697	$55,638,678	$40,786,756
Remainder	$3,066	$27,720	$1,099	$50

Source: AUSTRAC 2023

Conclusions

Constraints

Staff Capacity

Staff capacity represented a major constraint for Solomon Islands and Kiribati in trying to increase the accuracy and reliability of remittance data. CBSI reported being unable to execute data-related tasks if the relevant staff member was absent. CBSI further indicated an acute awareness of ways to increase data accuracy and reliability, but an inability to pursue those opportunities due to limited staffing. They saw no possibility of increasing staffing capacity in the near future. Similarly, Solomon Islands' MFAET's Labour Mobility Unit reported an extensive backlog of tasks due to the scale of labour mobility schemes. Hiring more staff would allow them to clear the backlog, process worker applications more quickly and better support labour mobility workers. Finally, the National Statistics Office (NSO) expressed their lack of staff capacity or funding, which would allow them to conduct regular household surveys for the purposes of remittance data collection. NSO currently relies on project-based funding and international donors to support large scale research.

At present, Kiribati's MOF rely on one major bank for remittance data and guidance and would be better served by additional technical staff and staff support. By contrast, Kiribati's Labour Mobility Unit reported being well resourced, with an additional Reintegration Officer slated to start soon. The role of the Reintegration Officer will be to work with returned seasonal workers and capture all relevant remittances data.

NRBT did not note any concerns about staff capacity, as they are well resourced and benefit from an expansive team. The Ministry of Internal Affairs (MIA) indicated that the outreach programme used to capture remittance spending data from returned labour mobility workers could be improved in its formality and functionality could be improved. To improve the collection of remittance data, MTED is in the process of organising additional staff as part of a formal reintegration programme.

Technical Capacity

All three countries expressed an interest in receiving additional technical support, as technical capacity is a key constraint. NRBT currently lack the technical capacity to supervise new technology platforms and conveyed a particular interest in understanding how to regulate FinTech and mobile money service providers. They are also open to changing reporting requirements to disaggregate remittance data by channel received into, allowing them to capture mobile money flows. Tonga Statistics Department (TSD) would benefit from training, assistance, and capacity building in the area of BOP data collection. IMF will assist TSD with technical capacity in the near future.

Solomon Island's MFAET's Labour Mobility Unit expressed an interest in increasing workflow and capacity through additional technical capacity, including IT infrastructure. They are also eager to contribute more to the monitoring and evaluation of labour mobility schemes and could benefit from technical assistance in this capacity. While CBSI and NSO did not express an immediate need for technical assistance, this was mainly due to a pressing need for additional staff as a prerequisite. NSO noted that technical assistance was essential to the functioning of the department, as staff were not typically trained in statistical analysis before joining the office. Hence, while technical assistance is not a pressing issue for NSO, if large scale research funding was provided, technical assistance would likely need to be included.

Due to a lack of technical capacity in Kiribati, The IMF will be providing technical assistance in the near future. Kiribati's MOF currently relies on one major bank for technical capacity.

Payments infrastructure

Solomon Islands and Kiribati are constrained by gaps in payments infrastructure, necessary for making and receiving payments. A significant bank in the region reported only being able to operate a limited number of branches due to the difficulty in opening new branches in locations with limited or no internet. Moreover, MTO agents require a commercial bank to be located nearby to facilitate cashflow.

Vodafone as the sole mobile provider are ready to launch mobile remittances services now, however in the absence of a Kiribati central bank, they are reliant on the sole Kiribati major commercial bank's approval. The lack of internet speed in Kiribati has also likely contributed to an uncompetitive remittance market. This may change with the slated introduction of Starlink, a satellite system that can deliver faster broadband internet. With improved internet connectivity, Kiribati will likely be able to improve remittance data reporting.

Tongan interviewees did not report being affected by payments infrastructure constraints, although internet connectivity is unstable in Tonga's outer islands. As a result, mobile money firms may struggle to operate stably in these areas.

Political Environment

Labour mobility schemes constitute a key policy objective across all three countries, which has the potential to de-emphasise other aspects of remittances. Key policymakers are primarily interested in demonstrating the positive impact of labour mobility schemes on GDP growth and domestic development. However, remittances also pose a variety of risks. In Solomon Islands, there are rising concerns about skilled workers leaving to work in labour mobility schemes.

Similarly in Tonga, there are concerns from MOF about public sector workers leaving to work in labour mobility schemes. There is also a lack of cohesive dialogue between government departments in Tonga, although this constraint has been largely assuaged by the new whole-of-government Labour Mobility Supply Management Strategy. Finally, government departments with the capacity to record data may further benefit from establishing a mechanism to channel data to NRBT and cross-referencing data with other departments.

Kiribati's supportive political environment helps facilitate labour mobility schemes. Worker training facilities have expanded quickly in Kiribati, with close collaboration between government departments to support labour mobility schemes. Kiribati did not report being affected by political environment constraints.

Flexibility in Data Provision

Updating and improving remittance data collection methodology may present a potential challenge as data providers may need to adjust their current reporting practices to include more detailed information. If data providers are resistant to change, implementing remittance reporting upgrades could become difficult.

The findings in each of the case study countries were diverse. In Solomon Islands, data providers were generally comfortable with adjusting their practices, with only one bank expressing concerns about the burden it could create. In Tonga, some data providers were unable or unwilling to provide insights, but those who did were willing to improve their systems to accommodate new requirements. In Kiribati, the major bank suggested that any changes would have to be global and therefore impossible. It is possible that the interviewee had a different understanding of the scope of potential reporting requirements. Therefore, it would be valuable for the Central/Reserve bank of each country to meet with their data providers and explore the scope of the desired changes to ensure successful implementation.

Regulatory Challenges

The compilation and measurement of remittance data in the countries studied did not face any regulatory or administrative challenges. This could be due to underdeveloped regulation, especially in Kiribati where regulatory oversight is severely limited.

Establishing new remittance products or services faced limited regulatory burden in the case study countries. Each actor interviewed in Solomon Islands accepted the requirements of the CBSI with satisfaction. Additionally, in Tonga, the NRBT hires someone or receives external guidance when a new technology is introduced that they are not familiar with, such as mobile wallets. This enables the central and reserve banks to provide adequate regulation and ensure the healthy functioning of the remittance ecosystem.

In contrast, the limited oversight from MOF is the greatest regulatory challenge in Kiribati. To enable more regulation in the country, MOF would likely need to establish a regulatory department or eventually set up a central bank.

Records of Labour Mobility Workers Currently Overseas

There were diverse approaches to managing records of overseas labour mobility workers. While Tonga, Kiribati, and Solomon Islands reported different degrees of sophistication, the primary challenge was understanding when labour mobility workers returned. Australia, in collaboration with the Pacific Labour Facility (PLF), has implemented an In-Country Recruitment Database (IRD) in all labour sending countries, including the three case study countries. The primary purpose of the IRD is to capture comprehensive information on workers recruited and mobilised by each country. However, a significant constraint is that data on returning workers is not consistently captured, as employers or Country Liaison Officers often do not report such information back to the countries of origin. Additionally, the utilisation of the IRD varies among countries, with its primary usage being limited to the PALM scheme, despite its potential to accommodate all labour mobility schemes, including the New Zealand RSE programme. This effectively meant that they had no database of who was currently abroad, participating in a scheme, hindering follow-up research and reintegration programmes. Of particular concern is the inability of sending countries to identify if their labour mobility participants overstay their visa, which could have serious consequences. All three countries face the challenge of engaging with workers' families and households, making it difficult to offer support and education.

Tonga has made more progress in managing returnees by maintaining an internal database for returnee labour migrants within the Ministry of Internal Affairs and using an outreach programme to capture information. However, its current functionality is limited.

The Primacy of BOP Objectives

Through discussions with CBSI and NRBT, it became apparent that the two institutions had different approaches when it came to handling remittance data. CBSI placed a strong emphasis on the utility of remittance data for BOP work, while NRBT was able to balance this with other policy concerns. In Solomon Islands, regular reporting was limited to data relevant for BOP purposes, while other data was only made available upon request. In Tonga, NRBT regularly reported both remittance and BOP data up to December 2021, with dedicated sections on their website for both yet to be updated. In addition, regular remittance reports were distributed among other government departments, as remittances were deemed important by various sectors of the government. This critical difference between CBSI and NRBT is a consequence of Tonga's long-standing policy objective of prioritising remittances and investing in their ability to manage and analyse remittance-related data. In contrast, Solomon Islands only began receiving significant remittances in 2018, when their participation in labour mobility schemes increased significantly. No data is available for Kiribati.

Opportunities

Relationship with Data Providers

All three countries feature strong relationships between the respective regulating authority and RSPs, which is key to enhancing remittance data reporting. In Tonga, 21 RSPs regularly provide data to NRBT and are subject to administrative penalties if they fail to report or wrongly report remittance data. One major global remittance provider in Tonga employs 13 dedicated agents and three sub agents to report daily data flows and conduct weekly spot checks. This provider reported having a strong relationship with NRBT, noting that they currently collect more data than NRBT requires. One country-specific provider similarly found the NRBT framework to be supportive. This provider noted their capacity to enhance reporting requirements if asked, as NRBT adjusted its reporting template as recently as 2022. Finally, a major bank is in the process of automating coding of remittance data reporting, after which, it will take far less time to enhance reporting requirements, should they need to. However, it should be noted that several interviewees noted that they do not capture the specific data disaggregations reported by the NRBT, so there is room to improve NRBT-RSP communication.

In Solomon Islands and Kiribati, there are similarly strong relationships between regulating authorities and RSPs. Moreover, all RSPs in Solomon Islands regularly provide data to CBSI. However, it was noted that a major global remittance provider has not reported to the Kiribati's MOF since 2016.

Politically Enabling Environment

In all three countries, governments welcome the opportunity to enhance remittance data reporting in line with international standards. The Solomon Islands government is particularly eager to demonstrate the impact of remittances from labour mobility schemes on domestic development. To do this, they are interested in improving the accuracy and reliability of remittance data with technical assistance from international partners.

Kiribati's Trade Minister shared their government's goal to reach 1,500 total seasonal workers, with 300 having already departed in 2023. With a focus on scaling up labour mobility schemes, there is the opportunity to improve MOF data reporting. In addition, Kiribati's Institute of Technology (KIT) is interested in supporting and building up entrepreneurship initiatives. They are currently partnered with PACER Plus for Entrepreneurship training and the Global Green Growth Institute (GGGI) on Entrepreneurship, funded by the Qatar government.

With the recent development of the Tonga Labour Mobility Supply Management Strategy, Tonga is adopting a whole-of-government approach to managing labour mobility schemes. This represents an opportunity for collaboration across government regarding new avenues of remittance data collection and disaggregation. For example, TSD will receive technical assistance from the IMF in mid-2023 on how to record each data component in the BOP report. TSD noted that as a first-time compiler of remittances data, this report would be useful for them to understand global best practice. Finally, the NRBT are interested in collecting data on remittance spending, costs of remittance channels and regularly updated pricing data. Although these interests appear diverse, they will hinge on improving the accuracy and reliability of remittance data across the region.

Collaboration Between Pacific Labour Sending Countries, Australia, and New Zealand

The Australian and New Zealand agencies that manage labour mobility programs have an interest in the monitoring and evaluation of their schemes. Furthermore, universities such as the Australian National University (ANU) are interested in researching the impact of such programmes. Many of the metrics studied by government departments, universities and think tanks are of interest to Pacific labour sending countries and vice versa. The PLF has laid foundations for collaboration by posting staff in most of the labour mobility offices of the sending countries. This has allowed quick and direct communication around upcoming studies and allowed sending countries to inform, in part, the priorities of these studies. Moreover, the data team within PLF regularly shares data and accommodates data requests.

Intra-Government Collaboration

During discussions with various government ministries in Solomon Islands and Tonga, it was discovered that research was being conducted for other purposes that could be utilised for remittance-related research. These primarily included censuses or Household Income and Expenditure Surveys (HIES), however, these opportunities were less clear in Kiribati. Of particular interest is the upcoming HIES in Solomon Islands, which presents an opportunity to include remittance-related questions in the survey. Leveraging these opportunities will be crucial in obtaining a comprehensive picture of the remittance landscape in Pacific Island countries without requiring significant funding or restructuring of current reporting mechanisms. In Tonga, there are multiple departments interested in analysing remittances and their impact on their respective responsibilities. Coordination and standardisation in this process will continue to yield more effective and efficient results.

Evolving Remittance Markets

As remittances have surged dramatically in Solomon Islands and Kiribati since the introduction of labour mobility schemes, the remittance market is experiencing a period of innovation, with several significant developments in progress. Although it may take several more years to reach the scale of the thriving market of Tonga, it is encouraging that new products are emerging to meet the demand once the necessary groundwork has been laid in these new markets. Specifically, in Solomon Islands, one organisation is preparing to launch a new product, while another is expanding its service offering, and a third considering entering the market. From the sample of providers and potential providers interviewed, it was evident that there are no significant barriers to entry into the market. Moreover, these new entrants are willing to collaborate with the central bank to implement any new reporting requirements. As these new providers become established, it presents a compelling opportunity to revise and update data reporting requirements.

Recommendations

Build Research Capacity

Set up structures for regularly publishing remittances data according to policy objectives

It is recommended that countries establish their own remittance monitoring and evaluation framework that match their policy objectives. This framework should be comprehensive and include indicators that are relevant to the country's priorities. For example, if a country is concerned with using remittances to build their economy, the framework should include indicators such as the volume of remittances received, the proportion of remittances spent on investments, the accessibility of remittance products, and the costs associated with remittance transfers. Along with indicators, the framework should contain appropriate modalities for acquiring the data, these modalities need to align with the capacity of government yet be comprehensive enough to provide high quality data that can be repeated into the future. This will require collaboration between government departments, particularly the statistics department.

In addition, it is important to ensure that the data is regularly published and made accessible to policymakers, researchers, and the public. This will allow for transparency and accountability in the use of remittance data for policymaking. The frequency of data publication could be determined based on the availability of data and the need for timely information. However, it is recommended that data be published at least annually to enable tracking progress and informing policy decisions.

It is also recommended that countries collaborate with international organisations and regional bodies to adopt standard indicators and methodologies for remittance monitoring and evaluation. This will allow for comparability across countries and regions and facilitate knowledge sharing and learning. It may also enable countries to leverage the expertise and resources of international organisations to support their own monitoring and evaluation efforts. As some countries remittance data collection methodologies are more advanced than others, this provides the opportunity to use advanced models as a guide for less resourced countries. It is important to note how the international standardisation of data collection methodology is of interest to individual countries despite this process appearing to be in tension with the call to develop a country-based remittance measurement framework.

Laying the foundations of a remittance monitoring and evaluation framework

This research has revealed that Pacific policy makers are keen to understand the complete picture of remittance flows, which includes in-kind remittances and informal remittances that are currently not being captured. Additionally, other valuable data points have been identified, such as measuring remittance costs, understanding the utilization of remittances, and comprehending the distribution of remittances in regional areas. The following sub-recommendations aim to address these objectives. It is important to note that these recommendations serve as example implementation strategies, as each country may have its unique policy concerns, and thus, the strategies may differ.

Establishing in-kind remittances estimates

The implementation of this recommendation will vary based on country priorities. In an ideal scenario, Pacific Island Countries (PICs) should aim to establish a meaningful data relationship between the customs office and the remittance data compiler. Under this relationship, the customs office would report the total value of goods sent from external households to internal households. However, categorizing such goods can be challenging, as items intended for family members are often labelled as personal effects, making disaggregation difficult. Furthermore, for labour mobility policy making, understanding the wealth increase resulting from labour migration is crucial. As many labour migrants demonstrate this wealth through personal effects, the value of such goods becomes a key measure of the success of labour mobility programs. Hence, the conventional method of measuring in-kind remittances overlooks this essential metric.

In the context of PICs, it would be more effective and aligned with policy objectives to estimate the value of in-kind remittances and personal effects from labour migrants using survey data. These surveys should be conducted before migration and upon return, aiming to determine the increase in wealth measured by the value of goods sent back or brought along as personal effects.

Establishing informal remittances estimates

In the PIC context, informal remittances can be measured through a survey of returnee migrants. This survey should delve into the remittance channels they used and establish estimates of the total remittances they sent during their time abroad. Additionally, it can gather information on the amount of remittances that are brought back in cash.

Establishing remittance cost estimates

Understanding remittance costs can be approached in two ways, which are complementary. The first approach, similar to the one mentioned earlier, can be conducted within the returnee survey. Returnee migrants should be asked to estimate the costs (fees and exchange rates) associated with the different remittance channels they utilized. While this method may not always be fully accurate, it helps identify the relative costs of different channels.

The second method is data-driven and allows for monitoring fluctuations in remittance costs over time, which indicates when policy action may be necessary. This method involves regularly monitoring remittance service providers and checking their costs. This approach provides users with an accurate understanding of remittance costs within the selected channels. Moreover, it can offer insights into the most suitable remittance services for migrants to use and potentially inform the financial literacy component of pre-departure training. However, this method is limited to formal channels and may exceed the scope of the remittance data compiler. In such cases, data can be obtained from an external remittance data company. The combination of these approaches will provide valuable insights into the migrant remittance experience.

Understanding domestic remittance flows

While some PICs have well-established remittance receiving infrastructure that enables rural and remote communities to directly receive income from senders, other countries are yet to develop such infrastructure. In this context, understanding how remittances flow from urban centres to remote villages becomes crucial for comprehending the economic value that remittances bring to rural communities. There are often high costs and risk involved in using other agents to move money when there are no formal mechanisms available. Understanding these domestic flows is best achieved with a survey of remittance receivers that includes a strong sample from regional areas. While this data is out of traditional remittance data collection it provides valuable insight to policy makers.

Capture returning worker information in the In-Country Recruitment Database (IRD)

To ensure effective management of the labour mobility schemes and facilitate economic reintegration, it is recommended that Pacific Island countries capture returning worker information in the IRD. While some countries may have a national registry of migrants overseas, when it comes to labour mobility programs, many countries only maintain a list of the workers they have sent, without accurate data on returnees. It is crucial for countries without such systems to move towards establishing them, as this will allow for improved monitoring and evaluation of the labour mobility schemes, as well as enable economic reintegration initiatives. In the event of a natural disaster or emergency, returned worker information could additionally prove crucial for timely communication and assistance outreach.

Establishing a comprehensive labour mobility worker database will require collaboration with the immigration department of government. However, the benefits of such a database are substantial and will provide a strong foundation for the effective management and evaluation of labour mobility schemes.

Pre- and post-labour migration livelihood surveys

Pre- and post-labour migration livelihood surveys can provide valuable insights into the impact of labour migration on the livelihoods of migrants and their families. To measure the impact of labour migration and its associated remittances, it is recommended that pre- and post-migration surveys are conducted, along with follow-up surveys after one and three years. These surveys can be integrated with pre-departure training and the economic reintegration strategy to ensure that they are well-coordinated and effective.

The surveys should capture data on the economic and social well-being of the labour mobility worker and their household both before and after migration, including information on their income, employment status, and access to basic services such as healthcare and education. By analysing this data over time, policymakers can assess the impact of labour migration on the livelihoods of migrants and their families and identify areas where interventions may be needed to improve outcomes.

The data collected from these surveys can also be used to track progress towards achieving policy objectives, such as reducing poverty or promoting economic growth. The surveys should be designed to collect data that is aligned with the government's priorities and policies.

Improve disaggregations of remittances

There are five key ways that remittances disaggregations can be improved.

1. **The central bank should invest in its own ability to translate data into meaningful reports:** While data providers already offer thorough and rigorous data, it may not always be reflected in central bank analysis. By investing in its own capacity to analyse the data, the central bank can better understand the remittance landscape and identify areas for improvement or policy intervention.

2. **Require data providers to specify the purpose of the transaction:** Some Pacific countries have required that data providers specify the purpose of the transaction, which can provide greater depth of data. While this may be more difficult to do from the send side, receiving institutions have been willing to provide this information. This can include details such as whether the transaction is for family support or investment purposes, as well as whether the sender is a labour mobility worker and which scheme they are employed with.

3. **Disaggregate data on labour mobility workers:** Many Pacific countries are concerned with accurately identifying the impact of labour mobility on remittances, as it can be a significant source of income for households and communities. By disaggregating data on labour mobility workers, central banks can better understand the role that migration plays in remittance flows and identify areas for policy intervention or support.

4. **Consider making labour mobility worker identification a KYC requirement:** To better capture data on labour mobility workers, some Pacific countries may consider making labour mobility worker identification a know your customer (KYC) requirement for send side institutions sending to the Pacific. This would require send side institutions to collect information on whether the sender is a labour mobility worker, which would allow for more accurate data collection and analysis.

5. **Disaggregate data on mobile wallets:** As new technology and services are being introduced, remittances are increasingly being received through mobile wallets. By disaggregating data on mobile wallets, central banks can better understand the impact of these new services on remittance flows and identify areas for policy intervention or support.

Collaboration

Work with partners to do regular research on the labour mobility experience

To improve the monitoring and evaluation of the labour mobility schemes in PICs, it is recommended that they work closely with partners, specifically the MBIE and PLF in New Zealand and Australia, who are already conducting regular research on the labour mobility experience. PICs should explore opportunities for collaboration with these partners, with a view to sharing the results of their research, methodologies, and data analysis techniques. This will enable PICs to verify or cross-reference the results of their own research and to supplement their data with high-value information.

Furthermore, it is suggested that PICs explore the possibility of establishing formal partnerships or research collaborations with relevant government agencies managing the labour mobility schemes. Such partnerships should focus on conducting research that is mutually beneficial to both the PLF/MBIE and PICs. This could help avoid duplication of effort and lead to more effective analysis, in turn improving knowledge management and information sharing within government. Through these partnerships, PICs could leverage the technical expertise, resources, and gain access to a wider range of research methodologies and tools.

Collaborate between departments to study remittance impact through HIES

To fully understand the impact of remittances on the economies of PICs, it is essential to conduct regular research. One way to achieve this is by collaborating between different departments and agencies to study the impact of remittances.

In PICs, statistics departments conduct censuses and HIES surveys periodically, which can be leveraged for remittance research. It is recommended that statistics departments take the lead and collaborate with other relevant government departments, such as finance, labour, and planning, to develop a comprehensive understanding of the impact of remittances on the local economy.

To achieve this, it is important to ensure that census and HIES surveys go through an open period where other departments can submit questions. This will enable a more comprehensive understanding of the impacts of remittances, including their effect on household income, expenditure, and investment patterns.

Additionally, it would be helpful to use questions sourced from a national remittance monitoring and evaluation framework as the results will be able to contribute to a larger picture of remittances. Moreover, they can be repeated in other studies so that trends can emerge over time.

Coordination

Form a national working group on remittance data reporting with private actors

To enhance the monitoring and evaluation of remittance flows, we recommend forming a regular working group on remittances that includes private actors within each PIC. This working group would provide a forum for a round table discussion on the direction of remittance reporting, allowing the reserve/central banks to gain valuable insights into the validity of any proposed changes and maintain a strong relationship with data providers. This approach would work particularly well if reserve/central banks are flexible and willing to adjust their current reporting requirements to allow for easier data transfer by providers. We suggest that this working group meets periodically or on an ad hoc basis when changes are being proposed. By collaborating with private actors in this way, the reserve/central banks can ensure that remittance data is both accurate and reflective of the economic realities of the region.

Establish knowledge sharing mechanisms for best practices within the Pacific

In order to enhance information exchange and promote best practices in remittance monitoring and evaluation, it is important to leverage existing regional platforms and establish dedicated mechanisms for knowledge sharing. One such platform is the Pacific Labour Mobility Annual Meeting (PLMAM), which presents a valuable opportunity to address remittance-related constraints and opportunities. While a specific remittance information exchange platform could be considered in the future, utilizing the PLMAM as a starting point is recommended.

A future remittance information exchange platform would be well suited to arrange meetings bi-annually. These meetings can be organized as standalone events or integrated with existing regional labour mobility discussions. Importantly, the meetings should be inclusive, inviting participation from various stakeholders, including regional central and reserve banks, MTOs, and other relevant actors involved in remittance monitoring and evaluation.

The primary objective of these knowledge sharing mechanisms is to foster open dialogue, exchange ideas, and promote collaboration among PICs and their partners. By bringing together stakeholders with diverse expertise and experiences, common challenges can be addressed, and best practices can be shared. Furthermore, the participation of countries with more advanced remittance data collection and analysis systems can provide valuable insights and guidance to countries seeking to enhance their own monitoring and evaluation capabilities.

In particular, the sharing of methodologies, techniques, and data collection frameworks can greatly benefit countries that currently face resource constraints or lack the necessary expertise in remittance tracking and reporting. This collaborative approach enables PICs to learn from one another, leverage existing strengths, and collectively work towards optimizing the benefits of remittances for their respective economies.

By establishing a robust knowledge sharing mechanism through regional labour mobility meetings, PICs can enhance their understanding of remittance dynamics, improve data collection and analysis, and align their policies with emerging trends and challenges. This collaborative effort contributes to the overall development and resilience of labour mobility schemes, empowering PICs to make informed decisions and maximize the positive impacts of remittances on their economies and communities.

Considerations for Implementation

Leverage political will

Political will for remittance understanding may fluctuate over time, so it is important to capitalise on it while it exists. A practical way to do this would be to build a national remittance monitoring and evaluation framework while the political will is fervent. Once established, this kind of framework will be relatively easy to implement and will provide a strong base for policymaking in the future.

This framework should be designed to reflect the specific needs and priorities of the government, and should be built in collaboration with relevant stakeholders, including statistics departments, central banks, and other government departments responsible for monitoring and regulating the flow of remittances. The framework should also be flexible enough to adapt to changing circumstances and emerging trends in the remittance market, while still providing consistent and reliable data over time. Ultimately, building a national remittance monitoring and evaluation framework will be a key step in harnessing political will and turning it into effective policy that supports the needs and aspirations of PICs and their people.

Leverage support from international agencies

Leveraging support from development partners could significantly improve remittance data collection in PICs. The region has remained a high interest area for many international organisations that are committed to supporting governments to develop their economies and improve the living standards of their populations. These organizations present different opportunities that could support remittance data collection, including technical assistance, funding for surveys such as HIES, collaboration meetings, and research reports and recommendations.

Technical assistance

One critical area where international agencies could support PICs is in providing technical assistance. Technical assistance is currently being implemented to some extent already in Tonga and Kiribati, helping governments to develop more effective data collection methodologies and analysis tools. In addition, technical support could assist countries in harmonising their data collection processes to ensure the accuracy and consistency of remittance data. This would lead to better-informed policy decisions to advocate for the importance of remittances in the Pacific.

Funding for surveys such as HIES

Furthermore, international agencies could also provide funding for surveys such as the HIES. The HIES is an exceptional tool that could help PICs collect more detailed and reliable remittance data.

Collaboration meetings

Collaboration meetings present another valuable opportunity for PICs to leverage support from international agencies to advance their objectives related to remittance data collection.

Research reports and further recommendations

Lastly, international agencies could conduct research and provide reports that could help PICs develop better remittance data collection methodologies. These reports could also provide insights into the impact of remittances on the local economy, which help governments formulate policies that maximise the benefits of remittances for their populations.

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List of organisations consulted

Please note that some organisations have been removed for anonymity.

Tonga

- National Reserve Bank of Tonga
- Ministry of Foreign Affairs
- Ministry of Finance
- Ministry of Internal Affairs
- Ministry of Trade and Economic Development
- Tonga Statistics Department
- Tonga Development Bank
- ANZ
- Island Flexi
- IOM Tonga
- UNCDF

Solomon Islands

- Central Bank of Solomon Islands
- Ministry of Foreign Affairs and External Trade (MFAET)
- Labour Mobility Unit of MFAET
- National Statistics Office

- Customs and Excise Division
- Pacific Labour Facility
- Bank South Pacific
- Western Union
- EziPei
- ANZ

Kiribati

- Ministry of Finance
- National Statistics Office
- Ministry of Commerce
- Ministry of Employment
- Kiribati Provident Fund
- Kiribati Institute of Technology
- ANZ

Tabulated results

Total Remittance Flow (Channels captured)

The methodology used to calculate the total remittances flowing into the country.

Appendix 1 Total remittance flow data collection

Country	Kiribati	Solomon Islands	Tonga
Inclusions:			
Bank	Yes	Yes	Yes
MTO	No	Yes	Yes
Cash in hand (when exchanged formally)	No	Yes	Yes
Goods (remittances in-kind)	No	No	No
Informal	No	No	No
Foreign exchange dealers	No	Yes	Yes
MNOs	N/A	N/A	No

BPM6 Classification (Net compensation and personal transfers)

The balance of payments and international investment manual sixth edition (BPM6) differentiates between residents and non-residents in its remittance reporting guidelines. By their economic definitions “residents” do not have the intention of staying out of the country more than 12 months, whereas non-residents live or planning on living in another for more than 12 months. For example, a student from Solomon Islands who received a scholarship to study in Australia for a semester would continue to be recognised as a resident of Solomon Islands, whereas a labour migrant planning on living and working in Australia for 2 years would no longer be considered a resident of Solomon Islands.

This is important because remittances from residents and non-residents are calculated differently:

- **Remittances from residents** are calculated based on their net compensation. Net compensation refers to their total compensation less taxes, social contributions, and travel costs.
- **Remittances from non-residents** are calculated based on the personal transfers that they make to residents (to households in the country).

Appendix 2 BMP6 Classification

Country	Kiribati	Solomon Islands	Tonga
Net compensation estimates are made	No	Yes	Yes
Net compensation is based on transaction data	No	No	Yes
Resident remittances are distinct from non-resident remittances	No	No	Yes

NPISH Inclusion

NPISH refers to Non-Profit Institutions Serving Households sector. BPM6 measures transfers to NPISH alongside transfers to households (typical remittances).

Appendix 3 NPISH inclusion

Country	Kiribati	Solomon Islands	Tonga
Measures transfers to NPISH	No	No	No

Has data to infer relative size of NPISH	No	No	No

Goods (Remittances in-kind measurement)

Whether customs record the value of goods being sent into the country and consider it remittances if it is from a non-resident household to a resident household. This section quickly becomes complicated when considering residency. If remittances from temporary migrants are being measured as net compensation of employees, then the value of goods sent back is not considered in the BPM6 model.

Understanding the value of goods sent back can still be helpful for policymakers as they understand the main channels that people use to move wealth into the country.

Appendix 4 Remittances in kind

Country	Kiribati	Solomon Islands	Tonga
Collects data on the value of goods entering the country from non-resident households	No	No	No
Collects the value of commercial goods	-	Yes	-
Collects whether the sender is involved in a labour mobility scheme	No	No	No
Collects data on the value of personal effects entering the country	No	No	No
Communicates this data to the central bank or ministry of foreign affairs	No	No	No

Available disaggregations

The different ways that data can be spliced. Can the central bank disaggregate data according to the following:

Appendix 5 Available disaggregations

Country	Kiribati	Solomon Islands	Tonga
Country of origin	Yes	No	Yes

Currency	Yes	Yes	Yes
Amount	No	-	Yes
Residency	No	No	Yes
Labour mobility worker status	No	No	Yes

Remittance: Guide for Compilers and Users (RCG) Preconditions for an International Transaction Reporting System (ITRS)

Preconditions listed in IMF's Guide International transactions in Remittances, Guide for Compilers and Users[29].

Appendix 6 RCG preconditions

Country	Kiribati	Solomon Islands	Tonga
Preconditions in RCG that the central bank meets:			
Reference number for the transaction	No	Yes	Yes
Reference period	No	Yes	Yes
Identity of the transactors	No	Receiver only	Yes
Identity of the bank accepting the information from the client	No	No	Yes
Direction of the transaction	No	Yes	Yes
Currency used	Yes	Yes	Yes
Transaction value	Yes	Maybe	Yes
Classification of the purpose of the transaction	No	Yes	Yes
Country of the non-resident party	No	No	Yes
Data accuracy and reliability:			
Data is cleaned by central bank	No	No	Yes
Data is checked by central bank	No	No	Yes
Incorrect data is followed up by central bank	No	No	Yes
Incentives/disincentives exist to ensure accuracy in reporting	No	No	Yes

[29] https://www.imf.org/external/np/sta/bop/2008/rcg/pdf/guide.pdf

Labour Mobility Disaggregation (included in available disaggregations in the findings)

The methodology that countries use to identify remittances from each labour mobility scheme.

Appendix 7 Labour mobility disaggregation

Country	Kiribati	Solomon Islands	Tonga
Remittances disaggregated by labour mobility worker or wider diaspora classification (data)	No	No	Yes
Remittances disaggregated by labour mobility worker or wider diaspora classification (estimate)	No	Yes	Yes
Remittances disaggregated by labour mobility scheme (data)	No	No	Yes
Remittances disaggregated by labour mobility scheme (estimate)	No	Yes	Yes

Informal Measurement Methodology

Whether the countries studied have a reliable and accurate understanding of the size of the informal remittance market.

The typical ways to understand this is through surveys of diaspora and labour mobility workers, or remittance receiving households and asking how they receive. The goal is to gain a better picture of the channels that people are using and the relative size of those channels.

Appendix 8 Informal remittance measurement

Country	Kiribati	Solomon Islands	Tonga
Informal remittances estimated	No	No	No
Informal remittance estimates included in total remittance figure	No	No	No

Accessibility

Whether the relevant government ministry measures the accessibility of remittances for their populations and how they measure it.

Appendix 9 Accessibility

Country	Kiribati	Solomon Islands	Tonga
Number of remittances receiving institutions (MTOs and banks)	No	Yes	Yes
Number of payout locations	Yes	Yes	No
Geographic distribution	Yes	Yes	No
Available remittance receiving methods	No	Yes	Yes
Data published	No	No	Yes

Domestic cash flows

What happens to remittances once they enter the country and how remittances are received by households.

Appendix 10 Domestic cash flows

Country	Kiribati	Solomon Islands	Tonga
Incidental findings on cash flows	Yes	Yes	N/A
Research into domestic cash flows	No	No	N/A

Remittance Spending Habits

Whether the countries studied have an accurate or reliable understanding of how remittances are being used by receiving households and whether they share this data regularly.

Appendix 11 Remittance spending habits

Country	Kiribati	Solomon Islands	Tonga
Incidental findings	Yes	Yes	Yes
Research completed	No	No	-
Regular publication	No	No	No

Additional case study country context

Remittance firms available in Australia and New Zealand offering services to Kiribati, Solomon Islands and Tonga:

Appendix 12 Remittance market

	Australia			New Zealand		
Type	**Kiribati**	**Solomon Islands**	**Tonga**	**Kiribati**	**Solomon Islands**	**Tonga**
MTOs	Western Union	MoneyGram Western Union	'Ava Pa'anga Pau Island Flexi KlickEx KlickEx Pacific Lotus Foreign Exchange MoneyGram OFX Remitly Ria Rocket Remit Wantok Money Western Union WorldRemit	Western Union	MoneyGram Western Union	'Ava Pa'anga Pau Frank Money IMEX KlickEx KlickEx Pacific Lotus Foreign Exchange Makamo'ui Services Manatu Ofa MoneyGram OFX Ria Wantok Money Western Union WorldRemit
Banks	ANZ NAB Westpac	ANZ NAB Westpac	ANZ NAB Westpac	ANZ BNZ KiwiBank Westpac	ANZ BNZ KiwiBank Westpac	ANZ BNZ KiwiBank Westpac

Appendix 13 Labour force participation rates (%)

Country	All Youth/adults 15+	Male Youth/adults 15+	Female Youth/adults 15+
Kiribati (2019/20)*	35.8	43.1	28.7
Solomon Islands (2023)**	83.7	85.2	82.2
Tonga (2023)**	53.4	65.1	42.4

*Source: *Labour in Kiribati based on 2019/20 HIES[5] ; **ILO - Modelled Estimates 2023[6]*

Appendix 14 Youth not in employment, education or training, latest available year (%)

Country	Total	Male	Female
Kiribati (2015)	46.9	46.2	47.6
Solomon Islands (2013)	7.0	5.1	8.9
Tonga (2018)	30.3	29.0	31.5

Source: ILO, Pacific Labour Market Review 2020

Appendix 15 General Country Data 2020/2019

Country	Population '000s 2020	Land area (km2)	GDP, current US$mns 2019	GDP per capita, constant prices (US$ PPP) 2019
Kiribati	119	811	184	1,866
Solomon Islands	687	28,230	1,440	2,010
Tonga	106	749	488	5,662

Source: ILO, Pacific Labour Market Review 2020[4]

Additional labour mobility context

The work offered by employers on the PALM and RSE schemes is considered low to medium skilled work. For SWP and RSE workers this will most likely be in the horticulture and viticulture industries. Workers on the PLS scheme have a wider range of employers, including meat processing factories, aged care and hospitality amongst others, sectors which tend to recruit workers with a higher level of education and offer higher rates of pay. All workers are protected by Australian and New Zealand employment laws while in their host countries and are entitled to the same minimum wages as permanent residents and citizens. In Australia workers in horticulture and viticulture are protected by the Horticulture Award and Wine Award which state workers should be paid a minimum of AUD $21.68 and AUD $21.38 per hour respectively. In New Zealand, RSE workers are paid a minimum wage of NZD $22.10 per hour. PLS Workers are taxed and afforded all standard employment benefits as permanent Australian residents. SWP and RSE workers are on more restrictive visas and while employers are bound to certain conditions, not all state benefits are available to these workers. Appendix 16 highlights some of the differences. Workers recruited on the SWP and RSE schemes are guaranteed minimum hours of work which vary slightly in terms between the two schemes, but which ultimately benefit the RSE workers in terms of maximising their hours. This is because SWP employers must guarantee an average of 30 hours work per week, whereas the RSE employer guarantee a minimum of 30 hours per week. The SWP employer can provide less than 30 hours work in a week so long as this is balanced by more hours in other weeks. The RSE employer must always provide a minimum of 30 hours and more hours can be worked at busier times.

Appendix 16 Overview of temporary migration worker renumeration including benefits and taxation levels 2022/23

Entitlements	PLS	SWP	RSE
Minimum hours of work/ per week	Average 30hrs per week	Average 30hrs per week	Minimum 30hrs per week
Minimum hourly rate	A$ 21.38	A$ 21.38	NZ$ 22.10
Tax	Nil on the first A$ 18,200	15% up to A$ 45,000	10.5% of the first NZ$ 14,000
	19% on A$ 18,201-A$ 45,000		17.5% on NZ$ 14,001-NZ$ 45,000
Superannuation	Yes 10.5% of taxable earnings, paid quarterly	Yes 10.5% of taxable earnings, paid quarterly	No
Holiday pay	Minimum 4 weeks annual leave in accordance with Australian workplace law	No	Yes 8% of total earnings
Sick Leave	Yes	No	Yes

Employer contribution to airfare	N/A	A$ 300	Half the full fare*

Various sources: www.palmscheme.gov.au; ILO MIG RSE Factsheet; www.ato.gov.au; www.ird.govt.nz

*the return airfare is defined as the total cost of travel from the worker's country of residence (or from Nadi (Fiji) for a worker who is a citizen of Tuvalu or Kiribati) to New Zealand and back, including all associated taxes and fees

While originally intended to support rural communities and develop the economies of small island nations, the substantially higher wages available to Pacific Island workers on the temporary migration schemes are also tempting to lure Pacific islanders already in employment in the islands to take part in the schemes. Employers in Australia and New Zealand are bound to pay fair wages and provide employment contracts in accordance with the local fair workplace laws. However, these renumeration packages are often far higher than average wages in the Pacific Islands. For example, there is no set minimum wage in Tonga; the minimum wage in Kiribati is reported to be AUD $1.30 per hour in the private sector[7]; and the minimum wage for workers in Solomon Islands in the agriculture, plantation and fisheries sectors is SB $3.20 and SB $4.00 (approximately AUD $0.58 and $0.72 respectively) in all other sectors[8]. Skilled workers employed in key roles for the Pacific Islands economic development are lured by the higher wages on the temporary migration schemes, effectively leading to a 'brain drain' in some island nations.

As well as the temporary migration PALM and RSE schemes, New Zealand also offers a permanent residency visa programme based on a ballot system, a similar system to which Australia is currently drawing up plans for. *The Pacific Access Category* (PAC) in New Zealand established in 2002 now allows up to 500 citizens from Tonga and 150 from Kiribati, as well as 150 from Tuvalu and 500 from Fiji to apply for permanent New Zealand residency each year. These new quotas were all doubled in 2022 from 75 Kiribati, 75 Tuvalu, 250 Tonga and 250 Fiji places following the hiatus in 2020 and 2021 due to COVID19. Samoan citizens also have an allocation under a separate ballot known as the *Samoan Quota*. *The Pacific Engagement Visa* (PEV)[11] in Australia is still in development and expected to launch in July 2023, this visa's focus is to allow countries with limited permanent visa options to Australia, New Zealand, US and France. Countries being considered for this scheme include Kiribati, Tonga and Solomon Islands, along with the Federated States of Micronesia, Fiji, Nauru, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Timor-Leste, Tuvalu and Vanuatu. The allocation on the PEV would allow a total of 3,000 citizens from the Pacific islands selected to apply for permanent Australian residency each year. Both the PAC and PEV allow successful applicants to live in New Zealand or Australia permanently with their spouses and dependent children (under the age of 24). Applicants apply to go into the ballot process each year, the successful applicants are drawn at random and can then go on to apply for the permanent visa.