



# *Ministry of Pacific Island Affairs*

*Social and economic prosperity for Pacific peoples*

**Media release**

**29 August 2008**

## **Relief from high remittance costs on the way**

The Ministry of Pacific Island Affairs says Pacific people sending money to family back home can expect relief from high remittance costs by next year.

Ministry of Pacific Island Affairs Chief Executive Dr Colin Tukuitonga says the cost of sending money to Pacific Island nations is higher for remitters in New Zealand than for those in many other parts of the world.

“The usual pattern is that people remit small amounts frequently – perhaps fortnightly, perhaps monthly. The overall cost is onerous – particularly in relation to the low income of the average Pacific family. While remittances are being sent back in a variety of ways the average cost of doing so is up to 25 per cent of the monetary value of the remittance. We believe that is way too much,” Dr Tukuitonga said.

Last week in Niue Prime Minister Helen Clark drew attention to a proposed change to regulations which will make it possible for people to remit money using ATM and EFTPOS networks. Basically the new regulation would let mainstream financial institutions run a service in which people load money on to a remittance card account in New Zealand and then have family or friends withdraw that money in the Pacific.

“We estimate costs to be between 5-7 per cent. Our aim is a cheaper, safe and efficient service.”

Dr Tukuitonga said the Ministry of Pacific Island Affairs had been working on a new approach to remittances since a World Bank-convened meeting in Sydney last year.

He said sending money “home” to support relatives is very much a part of everyday life for Pacific peoples living in other countries. Remittances to the Pacific region tripled over the past decade to reach US\$425 million, according to the World Bank, with New Zealand listed in the top 10 source countries. The World Bank says unofficial or unrecorded remittances could add at least another 50 percent to the official estimate.

“Pacific people in New Zealand are being hard-hit by increasing costs for food, petrol and other living costs just as most other New Zealanders are. If we can reduce the cost of remittances then we are helping improve their ability to cope financially.”

“We need also to remember the important contribution this money makes to recipients - remittances provide a significant contribution towards sustaining Pacific Island nations’ economies and households’ overall quality of life.”

Dr Tukuitonga said the Ministry was grateful for the support and contributions to the project from other agencies, particularly the Reserve Bank which had provided expert advice and guidance, the Ministry of Justice, the World Bank and NZAID.

The current focus on remittances is part of a broader effort being made under the Ministry's Pacific Economic Action Plan and Pacific Women's Economic Development Plan to enhance Pacific peoples' participation in New Zealand's economy. A significant component of the plans is to improve financial literacy amongst Pacific communities and help them make informed decisions regarding their use of money.

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For more information contact:

Frances Ross  
Chief Advisor  
Ministry of Pacific Island Affairs  
DDI: 04 471 8238  
Mob: 027 672 3501

[Frances.Ross@minpac.govt.nz](mailto:Frances.Ross@minpac.govt.nz)