



CENTRALE BANK VAN ARUBA

Statistical News Release

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The government's financial deficit decreased in the fourth quarter of 2015

In the quarter under review, the government's financial deficit, as compiled by the CBA¹, contracted by Afl. 71.5 million to Afl. 26.7 million, when compared to the third quarter of 2015 (Chart 1 and Table 1). The government recorded Afl. 3,974.1 million in outstanding debt at the end of December 2015, i.e., Afl. 64.9 million higher than end-September 2015.

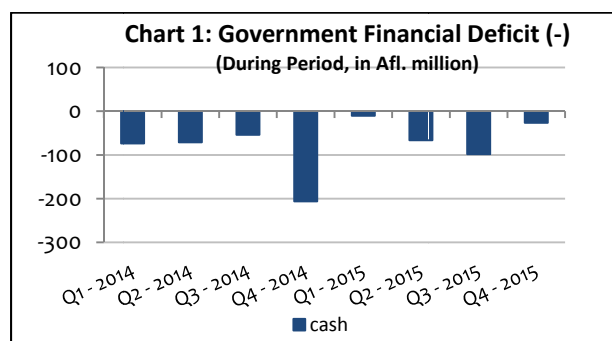


Table 1: Government Financial Deficit
(Afl. million)

Period	Cash
Q1 - 2014	-73.9
Q2 - 2014	-71.2
Q3 - 2014	-54.2
Q4 - 2014	-206.5
Q1 - 2015	-10.3
Q2 - 2015	-66.4
Q3 - 2015	-98.2
Q4 - 2015	-26.7

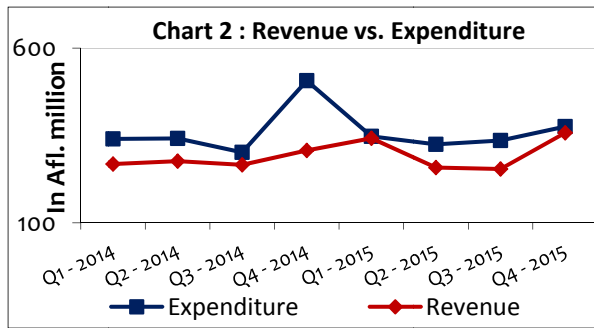
Source: Department of Finance; Tax Collector's Office; CBA.

Financial operations

The government's total revenue increased by Afl. 103.4 million to Afl. 357.4 million in the fourth quarter of 2015, compared to the third quarter of 2015 (Chart 2 and Table 2). This upturn resulted from expansions in both tax revenue and nontax revenue of Afl. 96.7 million and Afl. 6.7 million, respectively. The rise in tax revenue stemmed mainly from an additional Afl. 93.1 million in income from profit tax, following the introduction of the Compliance Declaration System (the so-called "Voldoening op Aangifte Systeem (VAS)") in November 2015. Other tax revenue components registering growth of more than Afl. 1.0 million were import duties (+Afl. 8.8 million), excises on liquor (+Afl. 3.0 million), foreign exchange tax (+Afl. 3.0 million), excises on beer (+Afl. 1.6 million), and wage tax (+Afl. 1.3 million). In contrast, receipts from land tax and excises on tobacco declined by Afl. 6.8 million and Afl. 4.6 million, respectively. The increase in nontax revenue was attributed to an Afl. 6.7 million gain in other nontax revenue, mainly associated with higher dividends from government-owned entities (+Afl. 4.8 million).

Total government expenditure rose by Afl. 39.9 million to Afl. 375.6 million in the quarter under review, compared to the previous quarter. This expansion is related to a growth in items n.i.e. (+Afl. 33.9 million), wages (+Afl. 5.9 million), goods and services (+Afl. 4.4 million), wage subsidies (+Afl. 3.8 million), investment (+Afl. 3.5 million), Development Fund spending (+Afl. 3.4 million), and employer's contribution (+Afl. 2.9 million), which were partly offset by a downturn in transfers to General Health Insurance (AZV) (-Afl. 14.0 million) and interest payments (-Afl. 4.0 million).

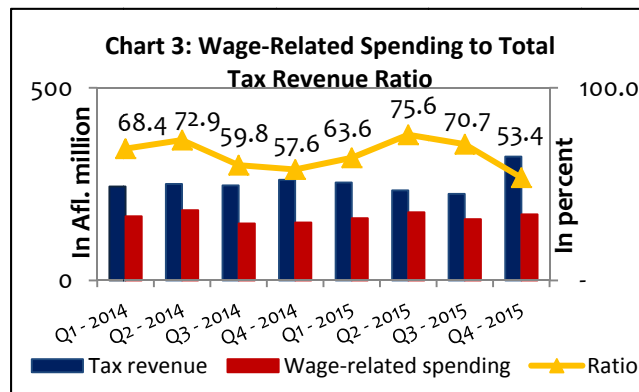
¹ The financial deficit is calculated according to the (cash-adjusted) compilation method of the CBA, and may differ from third-party publications. See also Annual Statistical Digest 2015.



Period	Revenue	Expenditure
Q1 - 2014	268.4	340.1
Q2 - 2014	276.5	341.7
Q3 - 2014	265.9	301.7
Q4 - 2014	307.2	506.9
Q1 - 2015	341.9	347.5
Q2 - 2015	258.1	324.6
Q3 - 2015	254.0	335.7
Q4 - 2015	357.4	375.6

Source: Department of Finance; Tax Collector's Office; CBA.

The government's wage-related expenditure increased by Afl. 12.6 million to Afl. 171.5 million during the fourth quarter of 2015, compared to the third quarter of 2015. This was attributed to higher spending on wages (+Afl. 5.9 million), wage subsidies (+Afl. 3.8 million), and employer's contribution (+Afl. 2.9 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a drop of 17.3 percentage points to 53.4 percent, down from 70.7 percent in the third quarter of 2015, due to the aforementioned increase in tax revenue (Chart 3 and Table 3).



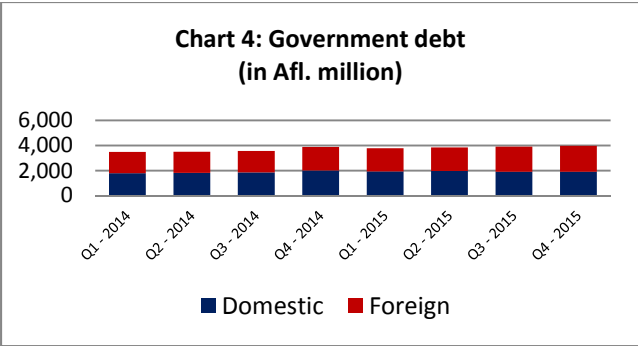
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2014	243.7	166.6	68.4
Q2 - 2014	250.3	182.5	72.9
Q3 - 2014	246.8	147.7	59.8
Q4 - 2014	261.1	150.3	57.6
Q1 - 2015	254.1	161.7	63.6
Q2 - 2015	234.0	177.0	75.6
Q3 - 2015	224.7	158.9	70.7
Q4 - 2015	321.4	171.5	53.4

Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt expanded by Afl. 64.9 million or 1.7 percent to Afl. 3,974.1 million at end-December 2015, compared to the end of September 2015 (Chart 4 and Table 4). This upsurge resulted from an Afl. 68 million rise in foreign debt, partially offset by an Afl. 3.2 million reduction in domestic debt.

The growth in foreign debt is owing to a new loan (Afl. 11.2 million) obtained in the fourth quarter of 2015 and the second tranche of a loan (Afl. 75.9 million (USD 42.4 million)) acquired in the third quarter of 2015 but recorded in the quarter under review. This growth was partly counterbalanced by repayments on several external loans. The decrease in domestic debt was attributed to an Afl. 3.2 million contraction in non-negotiable debt. The decline in non-negotiable debt is associated with reductions in short-term claims of the civil servants pension fund APFA (-Afl. 10.4 million), suppliers' credit (-Afl. 2.6 million), and long-term claims of APFA (-Afl. 2.1 million). These were partially mitigated by increases in long-term private loans (+Afl. 11.2 million), and short-term claims of other institutions (+Afl. 0.8 million).



Source: Department of Finance; APFA; CBA.

**Table 4: Government Debt
(Afl. million)**

End-period	Domestic	Foreign	Total
Q1 - 2014	1,788.40	1,693.50	3,481.80
Q2 - 2014	1,815.70	1,689.90	3,505.60
Q3 - 2014	1,852.30	1,706.80	3,559.10
Q4 - 2014	2,003.20	1,881.40	3,884.60
Q1 - 2015	1,929.10	1,853.30	3,782.40
Q2 - 2015	1,973.60	1,865.20	3,838.80
Q3 - 2015	1,908.50	2,000.70	3,909.20
Q4 - 2015	1,905.30	2,068.70	3,974.10