



CENTRALE BANK VAN ARUBA

Statistical News Release

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The government’s financial deficit decreased in the third quarter of 2018

The government’s financial deficit contracted by Afl. 31.3 million to Afl. 27.7 million in the third quarter of 2018, compared to Afl. 59.0 million in the third quarter of 2017 (Chart 1 and Table 1). The government recorded Afl. 4,389.3 million in outstanding debt at the end of September 2018, i.e., Afl. 219.6 million more than end-September 2017.

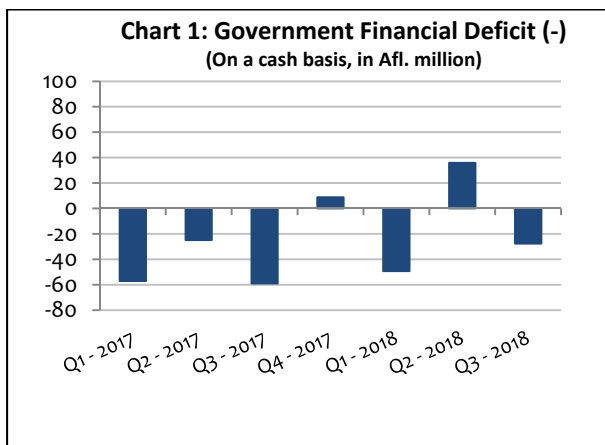


Table 1: Government Financial Deficit
(Afl. million)

Period	Cash
Q1 - 2017	-57.2
Q2 - 2017	-24.9
Q3 - 2017	-59.0
Q4 - 2017	8.8
Q1 - 2018	-49.4
Q2 - 2018	35.9
Q3 - 2018	-27.7

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

Financial operations

The government’s total revenue grew by Afl. 8.8 million to Afl. 284.4 million in the quarter under review, compared to the third quarter of the previous year (Chart 2 and Table 2). This growth resulted from an Afl. 14.8 million expansion in tax revenue, partly mitigated by an Afl. 5.9 million decline in nontax revenue. The increase in tax revenue resulted mainly from higher income from turnover tax (B.B.O.) (+Afl. 13.4 million), import duties (+Afl. 6.4 million), wage tax (+Afl. 2.8 million), transfer tax (+Afl. 2.6 million), and excises on tobacco (+Afl. 1.1 million), while income related to excises on gasoline (-Afl. 4.6 million), profit tax (-Afl. 4.2 million), foreign exchange tax (-Afl. 2.3 million), and income tax (-Afl. 2.1 million), registered downturns. The reduction in nontax revenue is attributed to an Afl. 5.9 million drop in other nontax revenue.

Total government expenditure registered an Afl. 18.7 million reduction to Afl. 301.6 million in the third quarter of 2018, compared to the third quarter of 2017. The decrease resulted mostly from declines in transfer to General Health Insurance (AZV) (-Afl. 11.5 million), development fund spending (-Afl. 10.4 million), spending on goods and services (-Afl. 5.6 million), and interest (-Afl. 5.5 million), while spending on wage subsidies (+Afl. 7.0 million) as well as transfer and subsidies (+Afl. 5.0 million) went up.

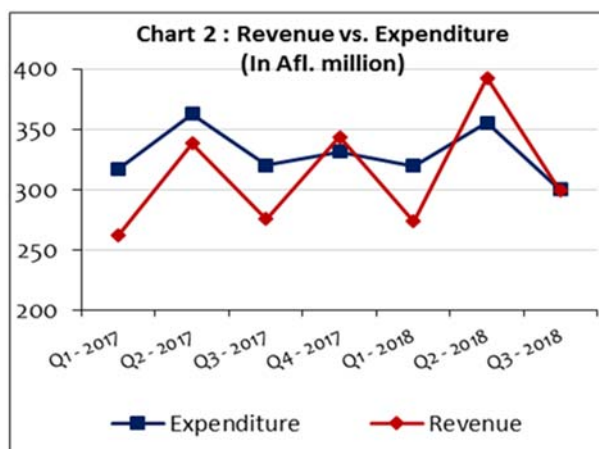


Table 2: Revenue vs. Expenditure
(in Afl. million)

Period	Revenue	Expenditure
Q1 - 2017	262.4	317.4
Q2 - 2017	338.2	362.7
Q3 - 2017	275.6	320.3
Q4 - 2017	343.7	331.3
Q1 - 2018	273.9	319.8
Q2 - 2018	392.6	355.5
Q3 - 2018	284.4	301.6

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

The government's wage-related spending expanded by Afl. 7.6 million to Afl. 145.8 million in the third quarter of 2018, compared to the third quarter of 2017. This expansion was the consequence of higher spending on wage subsidies (+Afl. 7.0 million), wages (+Afl. 0.5 million), and employer's contribution (+Afl. 0.1 million). In the quarter under review, the wage-related spending to total-tax-revenue ratio went down by 0.3 percentage point to 56.5 percent, from 56.8 percent in the third quarter of the previous year (Chart 3 and Table 3).

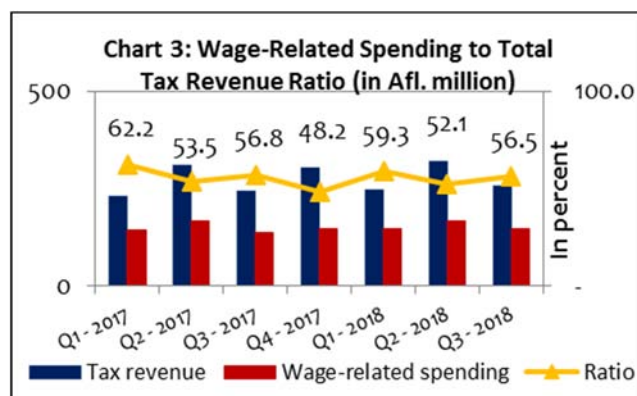


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio
(in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2017	231.1	143.8	62.2
Q2 - 2017	309.6	165.5	53.5
Q3 - 2017	243.3	138.2	56.8
Q4 - 2017	303.5	146.4	48.2
Q1 - 2018	245.5	145.6	59.3
Q2 - 2018	321.2	167.5	52.1
Q3 - 2018	258.1	145.8	56.5

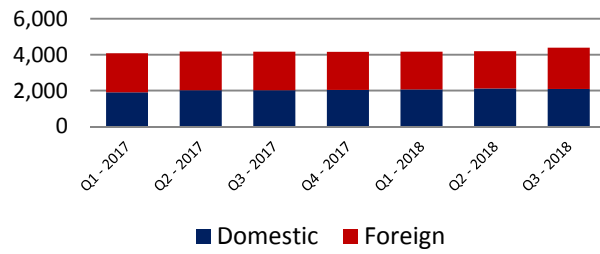
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt surged by Afl. 219.6 million or 5.3 percent to Afl. 4,389.3 million at end-September 2018, compared to the end of September 2017 (Chart 4 and Table 4). This increase resulted from an Afl. 142.5 million upturn in foreign debt, which was amplified by an Afl. 77.1 million rise in domestic debt.

The growth in foreign debt was attributed to higher net claims of the United States (+Afl. 111.5 million), other countries (+Afl. 41.4 million), and lower net claims of the Netherlands (-Afl. 9.8 million). The expansion in domestic debt followed from upturns in treasury bills (+Afl. 90.0 million), government bonds (+Afl. 41.7 million), and cash loan certificates (+Afl. 8.0 million), while non-negotiable debt decreased (-Afl. 62.5 million). The contraction in non-negotiable debt resulted from a decline in non-negotiable long-term debt (-Afl. 41.5 million), as well as non-negotiable short-term debt (-Afl. 21.0 million). Non-negotiable long-term debt registered a downturn as liabilities to APFA (-Afl. 36.8 million) and SVB (-Afl. 4.7 million) decreased. The reduction in non-negotiable short-term debt was attributed to lower short-term liabilities to APFA (-Afl. 11.2 million), other non-negotiable short-term debt (-Afl. 5.8 million) and suppliers credit (-Afl. 4.0 million).

**Chart 4: Government debt
(in Afl. million)**



Source: Department of Finance; APFA; CBA.

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

End-period	Domestic	Foreign	Total
Q1 - 2017	1,907.7	2,170.0	4,077.8
Q2 - 2017	2,017.4	2,158.3	4,175.8
Q3 - 2017	2,018.3	2,151.4	4,169.7
Q4 - 2017	2,036.5	2,122.4	4,158.9
Q1 - 2018	2,068.4	2,099.2	4,167.6
Q2 - 2018	2,118.0	2,070.0	4,188.0
Q3 - 2018	2,095.4	2,293.9	4,389.3