



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: January 16, 2020

The government's financial deficit expanded in the third quarter of 2019

The government's financial deficit expanded by Afl. 11.5 million, from an Afl. 27.3 million deficit in the third quarter of 2018 to an Afl. 38.8 million deficit in the third quarter of 2019 (Chart 1 and Table 1). The government recorded Afl. 4,318.2 million in outstanding debt at the end of September 2019, i.e., Afl. 84.0 million less than end-September 2018.

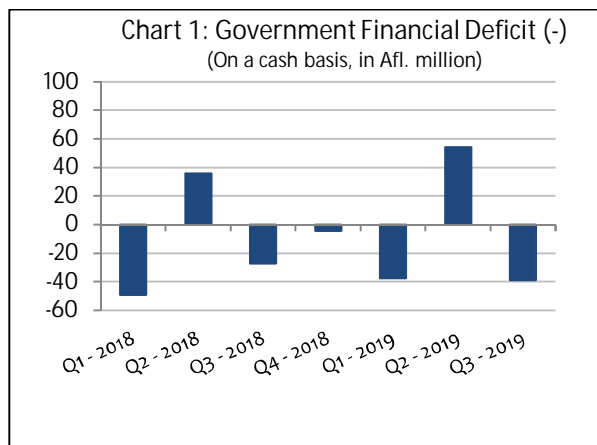


Table 1: Government Financial Deficit
(Afl. million)

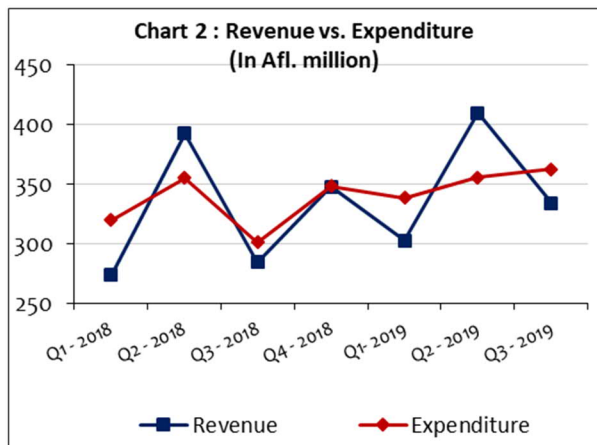
Period	Cash
Q1 - 2018	-49.4
Q2 - 2018	35.9
Q3 - 2018	-27.3
Q4 - 2018	-4.5
Q1 - 2019	-37.5
Q2 - 2019	54.1
Q3 - 2019	-38.8

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

Financial operations

The government's total revenue grew by Afl. 49.7 million to Afl. 334.5 million in the third quarter of 2019, compared to the third quarter of 2018 (Chart 2 and Table 2). This growth resulted from increases of Afl. 28.1 million in nontax revenue and Afl. 21.5 million in tax revenue, respectively. The expansion in tax revenue was mainly due to higher income from turnover tax (B.B.O./B.A.V.P.) (+Afl. 14.9 million), partly stemming from the introduction of the B.A.V.P. in July 2018, transfer tax (+Afl. 9.9 million), foreign exchange tax (+Afl. 3.7 million), income tax (+Afl. 2.4 million) and excises on gasoline (+Afl. 2.3 million). These increases were partly counterbalanced by lower income from wage tax (-Afl. 5.8 million), profit tax (-Afl. 5.7 million) and land tax (-Afl. 2.9 million). The rise in nontax revenue resulted from an Afl. 28.1 million surge in other nontax revenue.

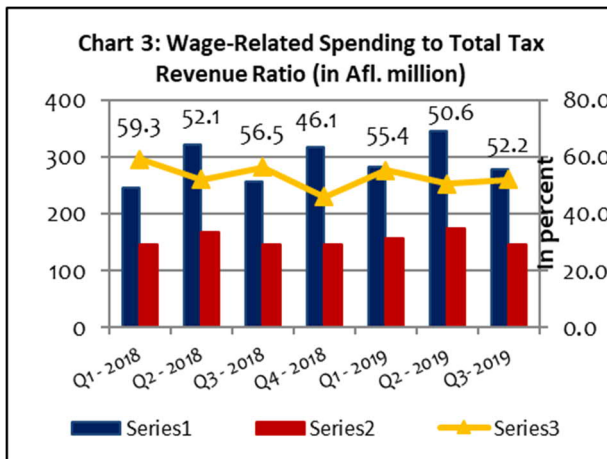
Total government expenditure increased by Afl. 61.2 million to Afl. 362.8 million in the third quarter of 2019, compared to the same quarter of 2018, resulting from a growth in spending on goods and services (+Afl. 35.9 million), transfers and subsidies (+Afl. 16.7 million), interest (+Afl. 7.2 million), investment (+Afl. 3.0 million) and wages (+Afl. 1.3 million), which was partly mitigated by lower wage subsidies (-Afl. 1.9 million), and because there were no transfers to the General Health Insurance (AZV) in the quarter under review compared to Afl. 1.8 million in the third quarter of 2018.



Period	Revenue	Expenditure
Q1 - 2018	273.9	319.8
Q2 - 2018	392.6	355.5
Q3 - 2018	284.8	301.6
Q4 - 2018	348.1	348.7
Q1 - 2019	302.8	338.8
Q2 - 2019	410.0	355.7
Q3 - 2019	334.5	362.8

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

The government's wage-related spending expanded by Afl. 0.2 million to Afl. 146.0 million in the quarter under review, compared to the third quarter of 2018. This was attributed to increases in wages (+Afl. 1.3 million) and employer's contribution (+Afl. 0.8 million), which were counterbalanced by a decrease in wage subsidies (-Afl. 1.9 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 4.3 percentage points to 52.2 percent, down from 56.5 percent in the third quarter of the previous year (Chart 3 and Table 3).



Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2018	245.5	145.6	59.3
Q2 - 2018	321.2	167.5	52.1
Q3 - 2018	258.1	145.8	56.5
Q4 - 2018	316.7	146.0	46.1
Q1 - 2019	282.3	156.4	55.4
Q2 - 2019	346.3	175.2	50.6
Q3 - 2019	279.6	146.0	52.2

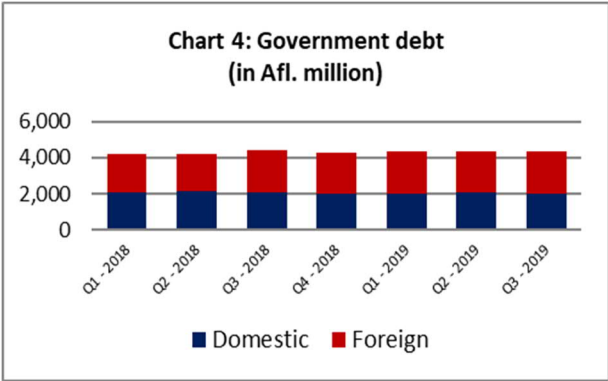
Source: Department of Finance; Tax Collector's Office; CBA.

Outstanding debt

The government's total outstanding debt dropped by Afl. 84.0 million or 1.9 percent to Afl. 4,318.2 million at end-September 2019, compared to the end of September 2018 (Chart 4 and Table 4). This decrease was the consequence of declines in both the domestic and foreign debt of Afl. 70.3 million and Afl. 13.7 million, respectively.

The reduction in domestic debt is attributed to decreases in negotiable debt as well in non-negotiable debt of respectively Afl. 51.5 million and Afl. 18.9 million. The contraction in negotiable debt is attributed to a downturn in treasury bills and cash loan certificates of Afl. 155.0 million and Afl. 8.0 million, respectively, while government bonds expanded by Afl. 111.5 million. Non-negotiable short-term debt decreased, due to lower liabilities to APFA (-Afl. 8.5 million), other non-negotiable short-term debt (-Afl. 6.0 million) and lower suppliers' credit (-Afl. 5.2 million). The non-negotiable long-term debt recorded declines in long-term liabilities to APFA and private loans of

Afl 6.7 million and Afl. 2.8 million, respectively. The reduction in foreign debt resulted from lower net claims of the Netherlands (-Afl. 8.4 million) and other countries (-Afl. 4.7 million).



End-period	Domestic	Foreign	Total
Q1 - 2018	2,086.2	2,119.2	4,205.4
Q2 - 2018	2,118.0	2,089.9	4,208.0
Q3 - 2018	2,088.7	2,313.5	4,402.2
Q4 - 2018	2,030.8	2,268.4	4,299.1
Q1 - 2019	2,010.3	2,307.7	4,318.0
Q2 - 2019	2,033.2	2,305.2	4,338.4
Q3 - 2019	2,018.4	2,299.8	4,318.2

Source: Department of Finance; APFA; CBA.