



Quarterly Economic Bulletin Government Sector Q3 2023

March 1, 2024



CENTRALE BANK VAN ARUBA

Cover design:

Mangroves are hotspots of biodiversity, connecting life on land with life below water. These 'forests of the sea' are essential to the health and vibrancy of our coastal ecosystems, including our community livelihoods. They provide a vital habitat for marine life, help to protect against coastal erosion and storm surges, as well as filter pollutants from the sea. Mangroves are one of nature's most effective tools in the fight against climate change and are integral to nature.

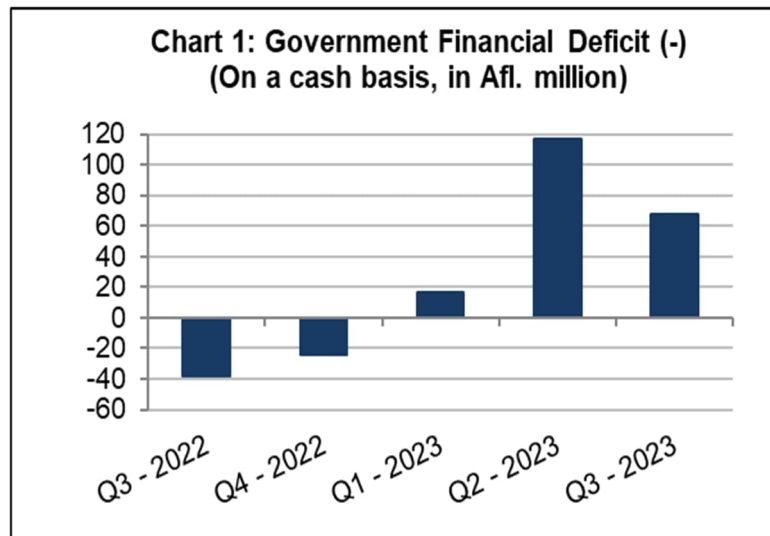
The full text of this report is available on the CBA website.



The government's financial deficit in the third quarter of 2022 turned into a surplus in the third quarter of 2023

Quarterly economic bulletin
Results for the third quarter of 2023

The government's financial deficit¹ of Afl. 38.5 million in the third quarter of 2022 turned into a surplus of Afl. 67.3 million in the quarter under review (see Chart 1 and Table 1). The government recorded Afl. 5,619.4 million in outstanding debt at the end of September 2023, i.e., Afl. 196.3 million less than at end-September 2022.



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

¹ The financial deficit is calculated according to the compilation method of the CBA and may differ from third-party publications using an accrual method of compilation.

Table 1: Government Financial Deficit
(Afl. million)

Period	Cash
Q3 - 2022	-38.5
Q4 - 2022	-24.6
Q1 - 2023	16.5
Q2 - 2023	117.1
Q3 - 2023	67.3

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

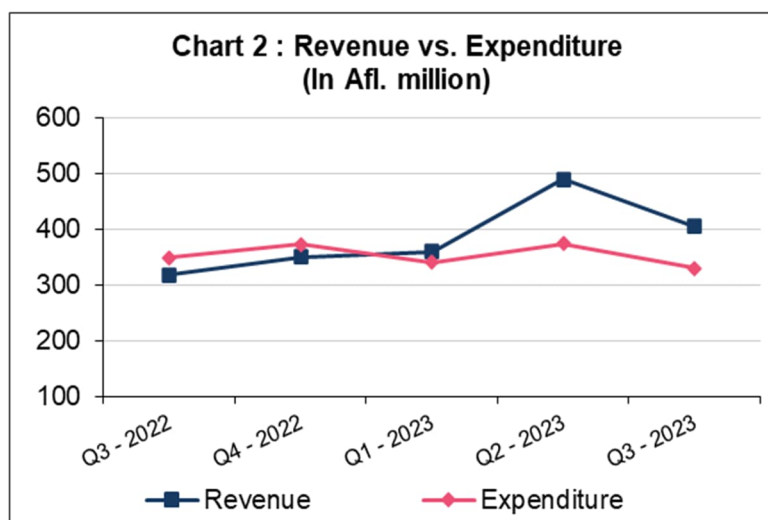
Financial operations

The government's total revenue expanded by Afl. 86.9 million to Afl. 404.9 million in the third quarter of 2023, compared to the third quarter of 2022 (see Chart 2 and Table 2). This growth resulted from increases in both tax revenue and nontax revenue of Afl. 66.3 million and Afl. 20.5 million, respectively. The increase in tax revenue was due mainly to higher income from turnover tax (+Afl. 34.9 million), profit tax (+Afl. 15.9 million), hotel room tax (+Afl. 14.9 million), and import duties

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(+Afl. 4.3 million). In contrast, income from transfer tax (-Afl. 8.3 million) decreased.

Total government expenditure dropped by Afl. 19.1 million to Afl. 330.1 million in the third quarter of 2023, compared to the same quarter of 2022. This decrease stemmed primarily from lower spending on goods and services (-Afl. 16.8 million), transfer and subsidies (-Afl. 5.1 million), as well as investment (-Afl. 2.7 million). In contrast, wages (+Afl. 5.4 million) and wage subsidies (+Afl. 2.0 million) registered higher spending for the quarter under review.



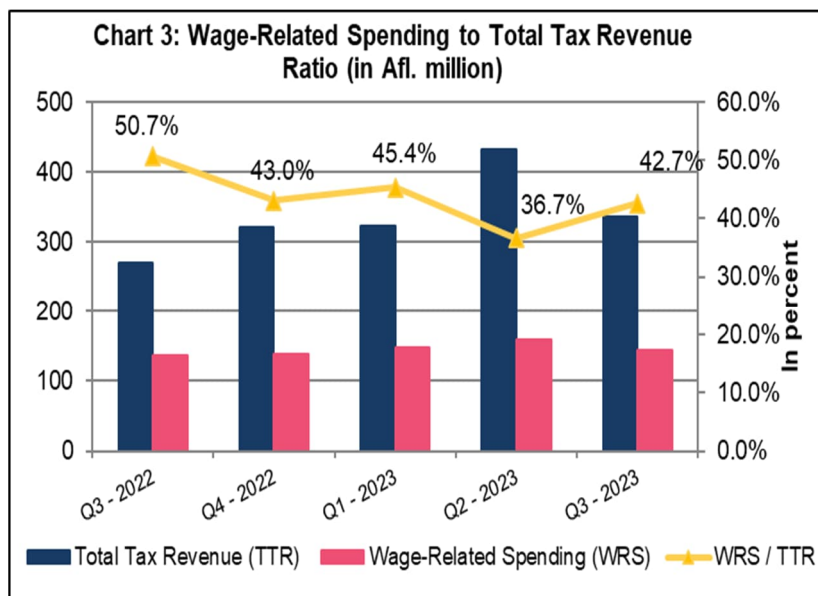
Source: Department of Finance; Tax Collector's Office; CBA.

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

Period	Revenue	Expenditure
Q3 - 2022	318.0	349.2
Q4 - 2022	349.9	372.5
Q1 - 2023	359.2	340.3
Q2 - 2023	489.6	373.0
Q3 - 2023	404.9	330.1

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

The government's wage-related spending increased by Afl. 6.6 million to Afl. 143.7 million in the quarter under review, mainly because of an expansion in wages. In the third quarter of 2023, the wage-related outlays to total-tax-revenue ratio noted a decrease of 8.0 percentage points to 42.7 percent, down from 50.7 percent in the third quarter of the previous year (see Chart 3 and Table 3).



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

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

Period	Total Tax Revenue (TTR)	Wage-Related Spending (WRS)	WRS / TTR
Q3 - 2022	270.5	137.1	50.7%
Q4 - 2022	321.4	138.3	43.0%
Q1 - 2023	323.6	146.9	45.4%
Q2 - 2023	431.5	158.3	36.7%
Q3 - 2023	336.8	143.7	42.7%

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

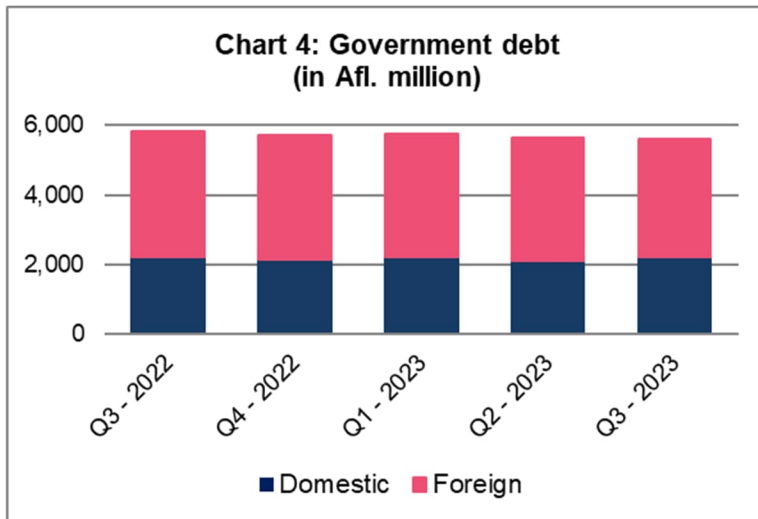
Outstanding debt

The government's total outstanding debt dropped by Afl. 196.3 million or 3.4 percent to Afl. 5,619.4 million at end-September 2023, compared to the end of September 2022 (see Chart 4 and Table 4). This decrease resulted from lower foreign debt (-Afl. 184.1 million), as well as lower domestic debt (-Afl. 12.3 million).

The drop in foreign debt was caused mainly by declines in claims of the United States and other countries of Afl. 171.1 million and Afl. 9.9 million, respectively.

The decrease in domestic debt stemmed from lower non-negotiable debt of Afl. 144.3 million and higher negotiable debt of Afl. 131.9 million. The drop in non-negotiable debt resulted from decreases in both non-negotiable short-term debt (-Afl. 108.5 million) and non-negotiable long-term debt (-Afl. 35.7 million). The decrease in non-negotiable short-term debt was primarily due to lower other short-term debt (-Afl. 103.0 million), while the decline in non-negotiable long-term debt was mainly because of lower private loans (-Afl. 29.6 million). The upsurge in negotiable debt was attributed to an increase in government bonds of Afl. 185.7 million and a decrease in treasury bills of Afl. 53.7 million.

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Source: Department of Finance; APFA; CBA.

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

End-period	Domestic	Foreign	Total
Q3 - 2022	2,229.1	3,586.6	5,815.7
Q4 - 2022	2,154.1	3,561.5	5,715.6
Q1 - 2023	2,234.1	3,526.1	5,760.2
Q2 - 2023	2,120.5	3,507.4	5,628.0
Q3 - 2023	2,216.8	3,402.5	5,619.4

Source: Department of Finance; APFA; CBA.

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