



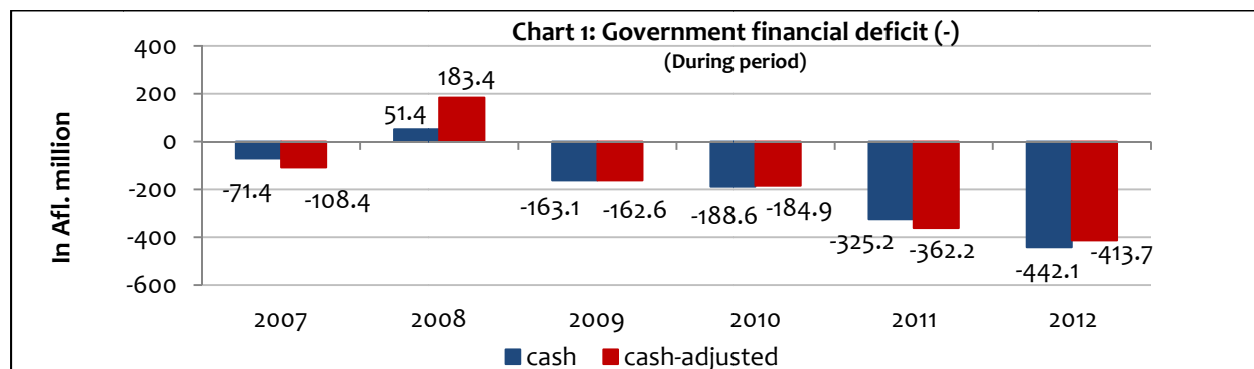
CENTRALE BANK VAN ARUBA

Statistical News Release

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Government finance: The government registered a higher financial deficit in 2012 compared to 2011

The government's financial deficit on a cash basis totaled Afl. 95.7 million in the fourth quarter of 2012, compared to a deficit of Afl. 43.3 million in the same quarter of 2011. In 2012, the government registered an Afl. 442.1 million deficit, which is Afl. 116.9 million or 35.9 percent higher than in 2011 (Chart 1). The cash-adjusted financial deficit reached Afl. 413.7 million (9.1 percent of GDP) in 2012, compared to Afl. 362.2 million in 2011 (7.9 percent of GDP). At the end of December 2012, the government's outstanding debt amounted to Afl. 3,062.6 million (67.2 percent of GDP), which is Afl. 269.2 million or 9.6 percent higher than the level recorded at the end of December 2011. Despite an upturn in the total government revenue, due mainly to an acceleration in the collection of tax revenue arrears, higher government expenditures during 2012 led to a larger financial deficit.

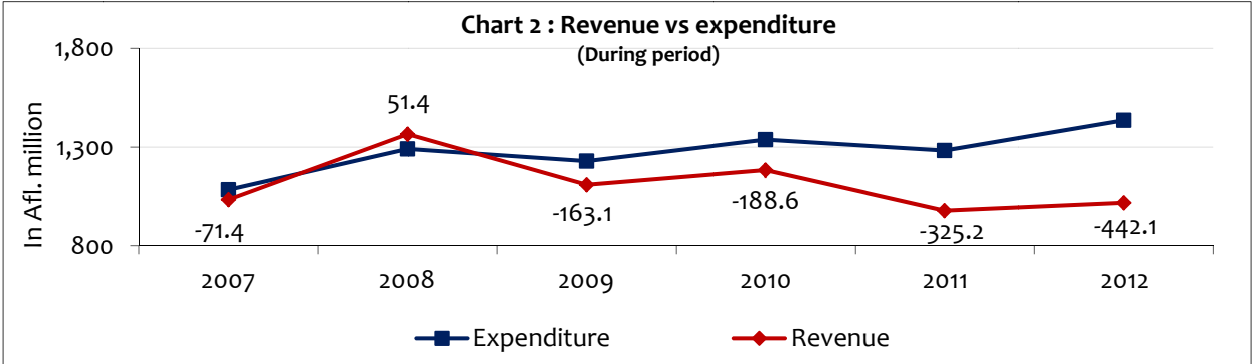


Financial operations

In the fourth quarter of 2012, total government revenue rose marginally by Afl. 1.8 million to Afl. 266.6 million compared to the corresponding quarter of 2011. This increase resulted mainly from an Afl. 19.4 million expansion in taxes on income and profit, following increases in wage tax and income tax, which was counterbalanced by drops in foreign exchange tax, non-tax revenue, and taxes on property. The latter was caused mainly by a decline in land tax.

Total government expenditures grew by Afl. 53.8 million in the quarter under review, brought about mainly by surges in wage related expenditures¹ totaling Afl. 23.3 million, owing to increases in wages, employer’s contribution, and wage subsidies. Also, increases were observed in interest payments and investment outlays.

On an annual basis, total government revenue picked-up by Afl. 39 million in 2012 to Afl. 1,017.4 million, compared to 2011 (Chart 2). This expansion reflected an Afl. 58.4 million upturn in tax revenue, which was partially offset by an Afl. 19.5 million drop in non-tax revenue. The surge in tax revenue was caused mainly by increases in profit tax, income tax, wage tax, land tax, and succession tax. On the other hand, decreases were noted in “hotel room tax”, transfer tax, gambling licenses, and stamp duties It should be noted that the decline in the item “hotel room tax,” was because only the final collections of this tax at the beginning of 2011 are included, following the introduction of the tourism levy, which is no longer included in the government revenue. The fall in non-tax revenue resulted mainly from declines in dividend distributions by the AAA and the CBA.



Total government expenditures (on a cash basis) rose by Afl. 152.9 million to Afl. 1,435.4 million, compared to 2011. The highest surges were observed in wage related expenditures¹, investment outlays, and goods and services. On a cash-adjusted basis (including the change in the unmet financing requirements), total expenditure amounted to Afl. 1,407 million, which is Afl. 87.5 million or 6.6 percent higher compared to 2011.

Outstanding debt

At the end of December 2012, the total outstanding government debt amounted to Afl. 3,062.6 million, i.e., Afl. 269.2 million or 9.6 percent higher than the level recorded at the end of December 2011 (Chart 3). The debt-to-GDP ratio reached 67.2 percent at end-2012, compared to 61.2 percent at end-2011.

Foreign debt rose by Afl. 302 million, due largely to the issuance of an Afl. 452.9 million in government bonds on the international capital market in September 2012. Domestic debt, on the other hand, decreased by Afl. 32.7 million.

¹Wage related expenditures include: wages, employer’s contribution, and wage subsidies.

