



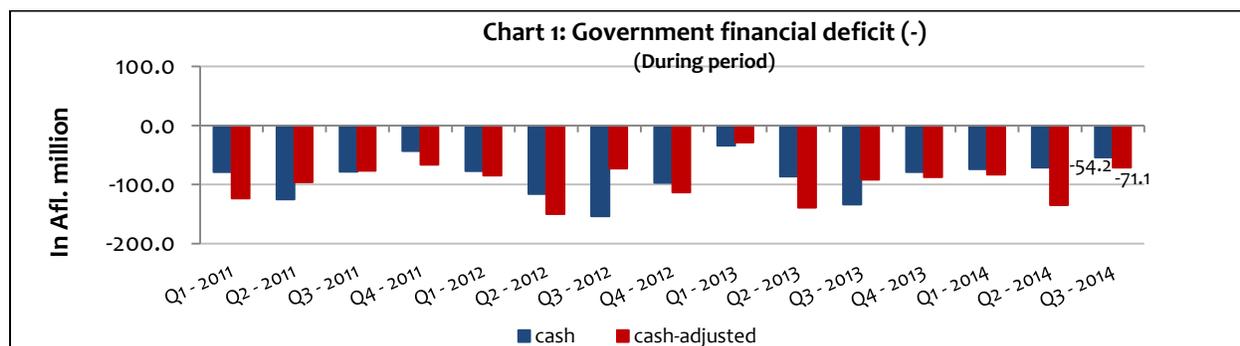
## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: March 3, 2015

#### Government's financial deficit amounted to Afl. 54.2 million in the third quarter of 2014

In the third quarter of 2014, the government's financial deficit shrank by Afl. 79.4 million to Afl. 54.2 million, compared to the same quarter of 2013 (Chart 1). In a similar manner, the cash-adjusted financial deficit contracted by Afl. 34.2 million to Afl. 71.1 million in the third quarter of 2014, from Afl. 105.3 million deficit registered in the corresponding quarter of 2013. At the end of September 2014, the government's outstanding debt amounted to Afl. 3,559.1 million, which is Afl. 117.5 million more than the amount recorded at the end of September 2013.

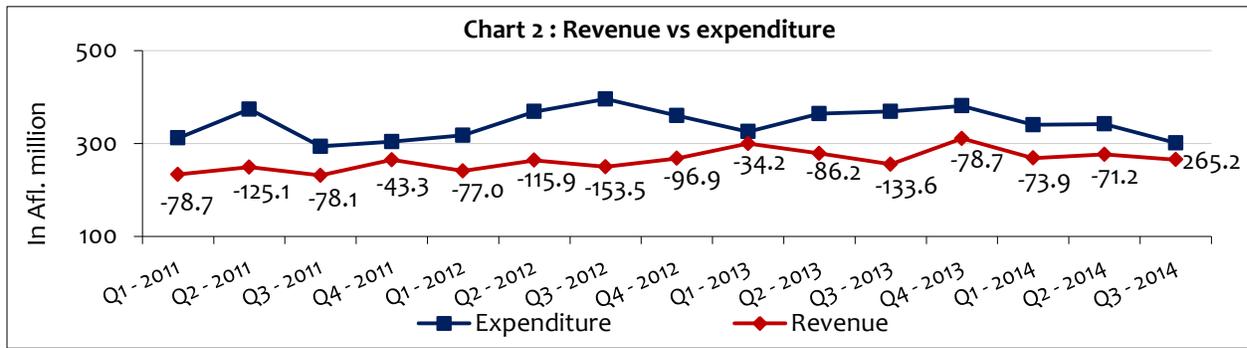


Source: Department of Finance; Tax Collector's Office; CBA.

#### Financial operations

Total government revenue increased by Afl. 10.8 million to Afl. 265.2 million in the third quarter of 2014, compared to the same period of 2013. This increase was the result of an Afl. 27.2 million growth in tax revenue, which was largely mitigated by an Afl. 16.4 million drop in nontax revenue. The expansion in tax revenue was mainly driven by an upturn in income from profit tax (+Afl. 20.1 million). Other categories contributing to the increase in the tax revenue were foreign exchange tax (+Afl. 2.3 million), taxes on other services (+Afl. 2.1 million), wage tax (+Afl. 1.6 million), income tax (+Afl. 1.1 million), excises on tobacco (+Afl. 1.1 million), and excises on liquor (+1.0 million). The fall in nontax revenue resulted from an Afl. 11.7 million reduction in other nontax revenue, while no grants were received during this quarter.

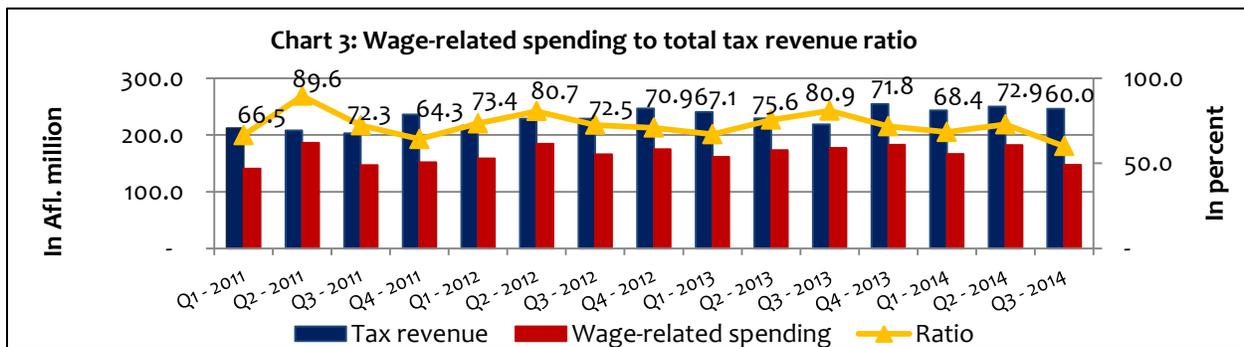
During the first nine months of 2014, total government revenue noted an Afl. 22.4 million decline, resulting from an Afl. 73.7 million drop in nontax revenue, and an Afl. 51.3 million growth in tax revenue.



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

In the quarter under review, total government expenditure contracted by Afri. 67.2 million to Afri. 301.0 million, compared to the same quarter of 2013. Lower wage-related spending (-Afri. 29.4 million), payments for goods and services (-Afri. 24.8 million), transfer to General Health Insurance (-Afri. 12.4 million), and Development Fund spending (-Afri. 9.7 million) were the largest contributors to this contraction, while interest spending served as a moderate counterbalance (+Afri. 13.3 million). The notable downturn in wage-related spending resulted from a decrease in employers contribution of Afri. 35.9 million, related to lower pension premiums for government employees. The downturn in wage-related spending was slightly mitigated by upturns in wage subsidies (+Afri. 4.3 million) and wage spending (+Afri. 2.2 million). During the third quarter of 2014, the wage-related spending to total-tax-revenue ratio fell by 12.9 percentage points to 60.0 percent, compared to the previous quarter (Chart 3).

During the first nine months of 2014, total government expenditure decreased by Afri. 74.9 million, compared to the same period of 2013. Major changes in the composition of expenditure were noted in the categories of goods and services (-Afri. 36.6 million), employer's contribution (-Afri. 27.1 million), investment (-Afri. 21.2 million), transfer to General Health Insurance (-Afri. 18.0 million), interest (+Afri.16.8 million), and wages (+Afri. 10.3 million).



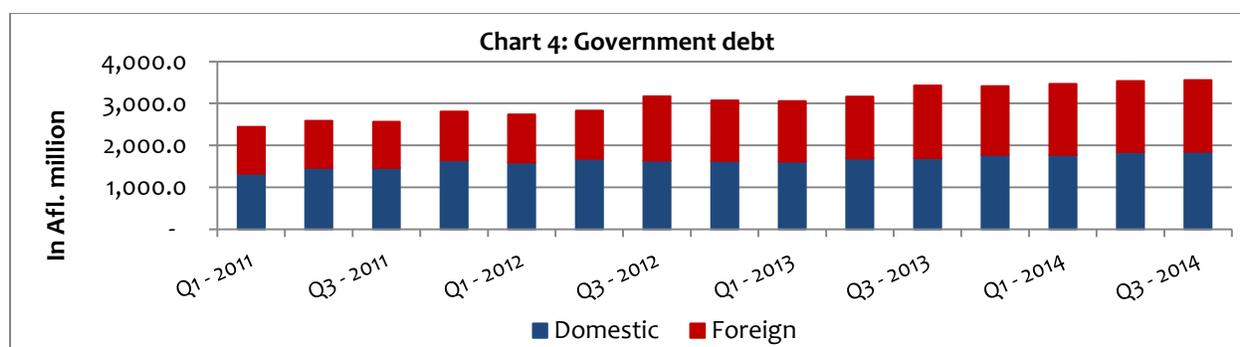
Source: Department of Finance; Tax Collector's Office; CBA.

## Outstanding debt

During the third quarter of 2014, total outstanding government debt grew by Afl. 53.5 million to Afl. 3,559.1 million, up from Afl. 3,505.6 million at the end of June 2014 (Chart 4).

Domestic debt ascended by Afl. 36.6 million, as non-negotiable long-term debt as well as non-negotiable short-term debt increased by Afl. 30.2 million and Afl. 6.4 million, respectively. The growth in long-term debt resulted from an Afl. 31.0 million surge in private loans. The acceleration in the short-term debt was caused by a rise in claims of the civil service pension fund (APFA) (+Afl. 23.5 million), which was counterbalanced in large part by decreases in other non-negotiable short-term loans (-Afl. 12.3 million) and suppliers' credit (-Afl. 4.8 million).

Foreign debt also moved upward in the third quarter of 2014, mainly as a consequence of a surge in other foreign debt of Afl. 24.2 million, due to additional loans received. The outstanding foreign debt issued in Euro registered a fall of Afl. 5.7 million due to foreign exchange rate differences, as the exchange rate dropped to Afl. 2.26 per € 1.00 in the third quarter 2014, down from Afl. 2.46 per € 1.00 in the second quarter of 2014.



Source: Department of Finance; APFA; CBA.