



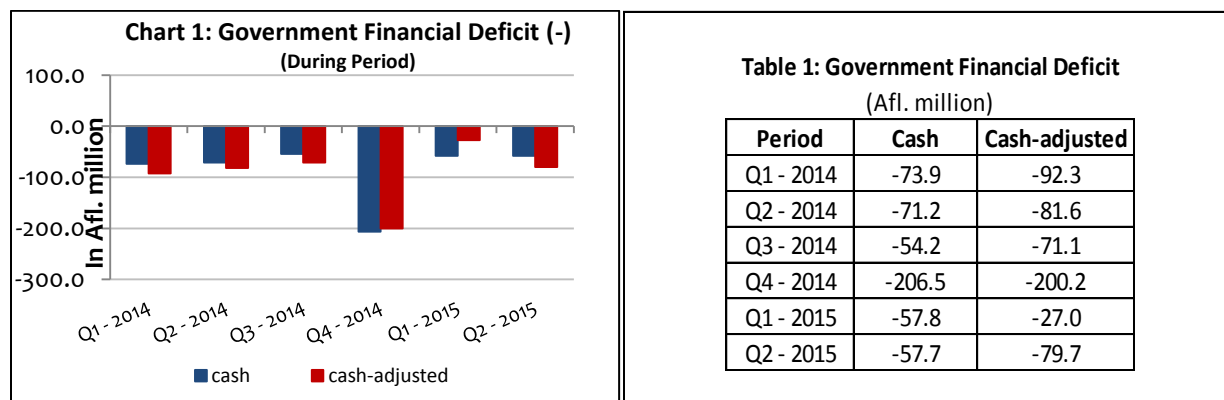
CENTRALE BANK VAN ARUBA

Statistical News Release ¹

Date: January 13, 2016

The government’s financial deficit contracted in the second quarter of 2015

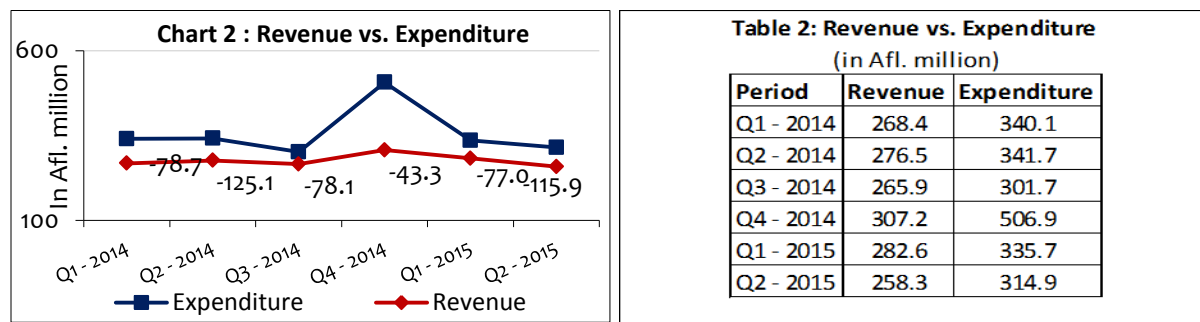
In the quarter under review, the government’s financial deficit decreased by Afl. 13.5 million to Afl. 57.7 million, when compared to the same quarter of the previous year. The government’s cash-adjusted deficit also dropped, i.e., from Afl. 81.6 million in the second quarter of 2014 to Afl. 79.7 million in the second quarter of 2015 (Chart 1 and Table 1). The government recorded Afl. 3,838.0 million in outstanding debt at the end of June 2015.



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

Financial operations

The government’s total revenue declined by Afl. 18.2 million to Afl. 258.3 million in the second quarter of 2015, compared to the second quarter of the previous year (Chart 2 and Table 2). This reduction resulted from downturns in both tax revenue and nontax revenue of Afl. 15.3 million and Afl. 2.9 million, respectively. The contraction in tax revenue resulted mainly from an Afl. 16.4 million decrease in revenue from land tax, due to some administrative delay in the processing of the tax assessment. The decline in nontax revenue was attributed to an Afl. 2.9 million drop in other nontax revenue.



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

¹ The cut-off date for information published in the Statistical News Release is January 6, 2016.

Total government expenditure was reduced by Afl. 26.8 million to Afl. 314.9 million in the quarter under review, compared to the same quarter of 2014. Decreases in items n.i.e. (-Afl. 11.8 million), and Development Fund spending (-Afl. 8.8 million) were for the most part counterbalanced by increases in spending on goods and services (+Afl. 13.6 million) and interest (+Afl. 6.4 million). In addition, there were no transfers made to the General Health Insurance (AZV).

The government's wage-related spending declined by Afl. 5.5 million to Afl. 177.0 million during the second quarter of 2015, compared to the second quarter of 2014. This drop resulted from lower spending on wages (- Afl. 2.4 million), wage subsidies (-Afl. 1.9 million), and employer's contribution (-Afl. 1.2 million). In the quarter under review, the wage-related spending to total-tax-revenue ratio increased by 12.3 percentage points to 75.3 percent, up from 63.0 percent in the previous quarter (Chart 3 and Table 3).

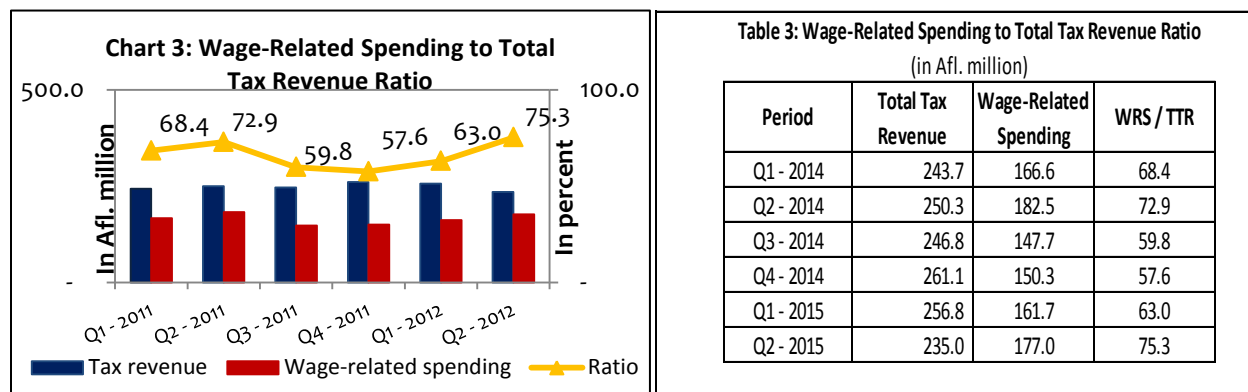


Table 3: Wage-Related Spending to Total Tax Revenue Ratio
(in Afl. million)

Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2014	243.7	166.6	68.4
Q2 - 2014	250.3	182.5	72.9
Q3 - 2014	246.8	147.7	59.8
Q4 - 2014	261.1	150.3	57.6
Q1 - 2015	256.8	161.7	63.0
Q2 - 2015	235.0	177.0	75.3

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

Outstanding debt

The government's total outstanding debt rose by Afl. 55.6 million or 1.5 percent to Afl. 3,838.0 million at end-June 2015, compared to the end of March 2015 (Chart 4 and Table 4). This expansion resulted from increases in both domestic and foreign debt of, respectively, Afl. 43.7 million and Afl. 11.9 million. The upturn in domestic debt was attributed to an Afl. 55.6 million growth in non-negotiable debt, which was partly mitigated by an Afl. 11.8 million decline in negotiable debt. The rise in non-negotiable debt resulted mainly from expansions in short-term claims of the civil service pension fund (APFA) (+Afl. 14.2 million) and other institutions (+Afl. 15.5 million), as well as increases in long-term privately placed loans (+Afl. 31.8 million), which were slightly offset by decreases in suppliers' credit (-Afl. 3.9 million) and long-term claims of the civil service pension fund (APFA) (-Afl. 2.1 million).

The growth in foreign debt was caused by the issuance of government bonds, which was partly counterbalanced by repayments on maturing government bonds. In the quarter under review, foreign exchange rate differences caused an Afl. 2.0 million increase in the outstanding foreign debt denominated in Euro when compared to the previous quarter, as the Euro-Florin exchange rate (end of period) rose from Afl. 1.94 in the first quarter of 2015, to Afl. 2.01 in the second quarter of 2015.

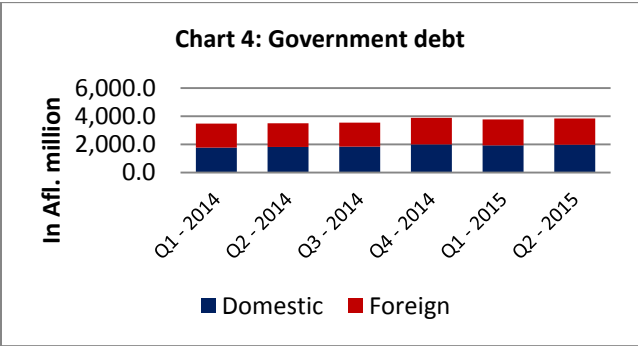


Table 4: Government Debt
(Afl. million)

Period	Domestic	Foreign
Q1 - 2014	1,788.40	1,693.50
Q2 - 2014	1,815.70	1,689.90
Q3 - 2014	1,852.30	1,706.80
Q4 - 2014	2,000.60	1,881.40
Q1 - 2015	1,929.10	1,853.30
Q2 - 2015	1,972.80	1,865.20

Source: Department of Finance; APFA; CBA.