Statistical News Release

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The government’s financial deficit increased in the third quarter of 2015
In the quarter under review, the government’s financial deficit rose by Afl. 43.9 million to Afl. 98.1 million, when compared to the same quarter of the previous year. The government’s cash-adjusted deficit also expanded, i.e., from Afl. 71.1 million in the third quarter of 2014 to Afl. 83.4 million in the third quarter of 2015 (Chart 1 and Table 1). The government recorded Afl. 3,909.2 million in outstanding debt at the end of September 2015.

Financial operations
The government’s total revenue decreased by Afl. 12.3 million to Afl. 253.6 million in the third quarter of 2015, compared to the third quarter of the previous year (Chart 2 and Table 2). The contraction resulted from a decline of Afl. 22.1 million in tax revenue, which was partly mitigated by an Afl. 9.8 million upturn in nontax revenue. The drop in tax revenue resulted mainly from an Afl. 31.9 million decrease in revenue from profit tax. The growth in nontax revenue was completely attributed to an Afl. 9.8 million increase in other nontax revenue.

Total government expenditure rose by Afl. 33.5 million to Afl. 335.2 million in the quarter under review, compared to the same quarter of 2014. Upturns in items n.i.e. (+Afl. 19.6 million), employer’s contribution (+Afl. 13.3 million), goods and services (+Afl. 12.8 million), interest (+Afl. 5.2 million), and wages (+Afl. 1.5 million) were partly
counterbalanced by lower transfers to the General Health Insurance (AZV) (-AFL 7.4 million), and decreased Development Fund spending (-AFL 4.2 million), investment (-AFL 3.6 million) and wage subsidies (-AFL 3.6 million).

The government’s wage-related spending expanded by AFL 11.2 million to AFL 158.9 million during the third quarter of 2015, compared to the third quarter of 2014. The growth resulted from higher spending on employer’s contribution (+AFL 13.3 million), and wages (+AFL 1.5 million), which were slightly offset by lower wage subsidies (-AFL 3.6 million). In the quarter under review, the wage-related spending to total-tax-revenue ratio contracted by 5.1 percentage points to 70.7 percent, down from 75.8 percent in the previous quarter (Chart 3 and Table 3).

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

**Outstanding debt**

The government’s total outstanding debt grew by AFL 71.2 million or 1.9 percent to AFL 3,909.2 million at end-of-September 2015, compared to the end of June 2015 (Chart 4 and Table 4). This increase resulted from an AFL 135.5 million increase in foreign debt, mitigated by an AFL 64.3 million decline in domestic debt.

Foreign debt rose as the government entered into a new loan contract in the third quarter of 2015. This expansion was mostly counterbalanced by repayments on maturing government bonds. The downturn in domestic debt was attributed to an AFL 64.4 million decline in non-negotiable debt. The decrease in non-negotiable debt resulted from contractions in short-term claims of other institutions (-AFL 62.8 million), the civil service pension fund (APFA) (-AFL 3.2 million), as well as reductions in long-term claims of the civil service pension fund (APFA) (-AFL 2.1 million) and long-term privately placed loans (-AFL 0.7 million), which were slightly offset by an upturn in suppliers’ credit (+AFL 4.4 million).