

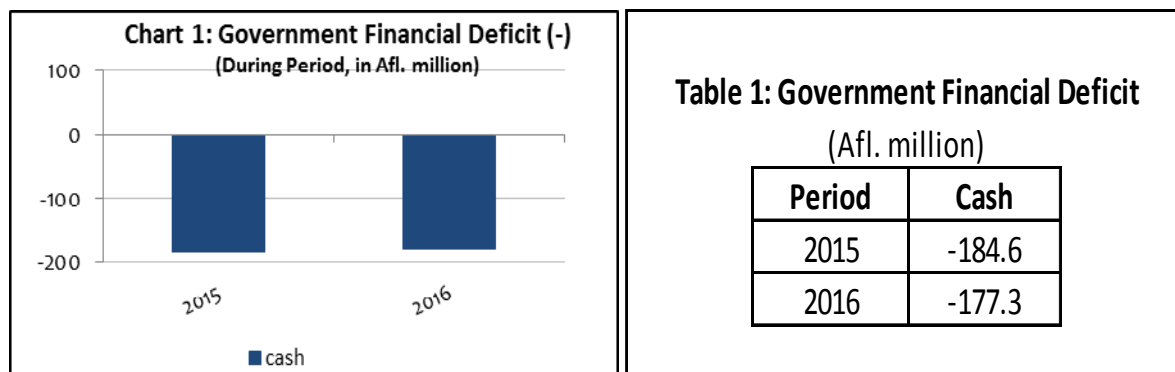


CENTRALE BANK VAN ARUBA

Statistical News Release

Date: November 1, 2017

The government's financial deficit decreased in 2016



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

Financial operations

In the year 2016, the government's financial deficit contracted by Afl. 7.3 million to Afl. 177.3 million, when compared to the year 2015 (Chart 1 and Table 1). The government's total revenue increased by Afl. 9.2 million to Afl. 1,220.7 million in the year under review, compared to the year 2015 (Table 2). This upturn resulted from an Afl. 40.7 million expansion in tax revenue, which was largely offset by an Afl. 31.4 million reduction in nontax revenue. The rise in tax revenue stemmed mainly from excises on gasoline (+Afl. 13.8 million), wage tax (+Afl. 13.7 million), and land tax (+Afl. 8.5 million). Other tax revenue components registering growth of Afl. 1.0 million or more, were motor vehicle fees (+Afl. 2.8 million), transfer tax (+Afl. 2.7 million), and profit tax (+Afl. 1.0 million). In contrast, foreign exchange tax (-Afl. 2.9 million), excises on tobacco (-Afl. 2.9 million), income tax (-Afl. 2.8 million), and excises on beer (-Afl. 0.4 million) registered downturns. The decline in nontax revenue was attributed to an Afl. 73.9 million drop in grants, which was partly counterbalanced by an Afl. 42.5 million expansion in other nontax revenue.

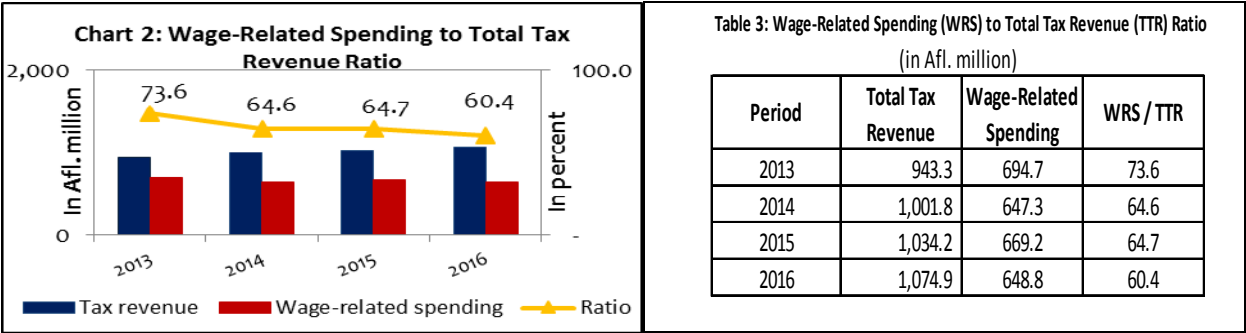
Total government expenditure increased by Afl. 6.2 million to Afl. 1,372.6 million in 2016, compared to 2015. This growth is related to expansions in the components interest (+Afl. 17.9 million), transfer to the General Health Insurance (AZV) (+Afl. 14.4 million), development fund spending (+Afl. 9.8 million), and investment (Afl. 1.8 million). These were largely mitigated by contractions in employer's contribution (-Afl. 10.6 million), goods and services (-Afl. 9.8 million), wages (-Afl. 7.4 million), transfers and subsidies (-Afl. 7.3 million), and wage subsidies (-Afl. 2.4 million).

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

Period	Revenue	Expenditure
2015	1,211.5	1,366.4
2016	1,074.9	1,372.6

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

The government’s wage-related expenditure decreased by Afl. 20.4 million to Afl. 648.8 million during the year under review. This was attributed to lower spending on employer’s contribution (-Afl. 10.6 million), wages (-Afl. 7.4 million), and wage subsidies (-Afl. 2.4 million). In 2016, the wage-related outlays to total-tax-revenue ratio noted a downturn of 4.3 percentage points to 60.4 percent, down from 64.7 percent in 2015 (Chart 2 and Table 3).

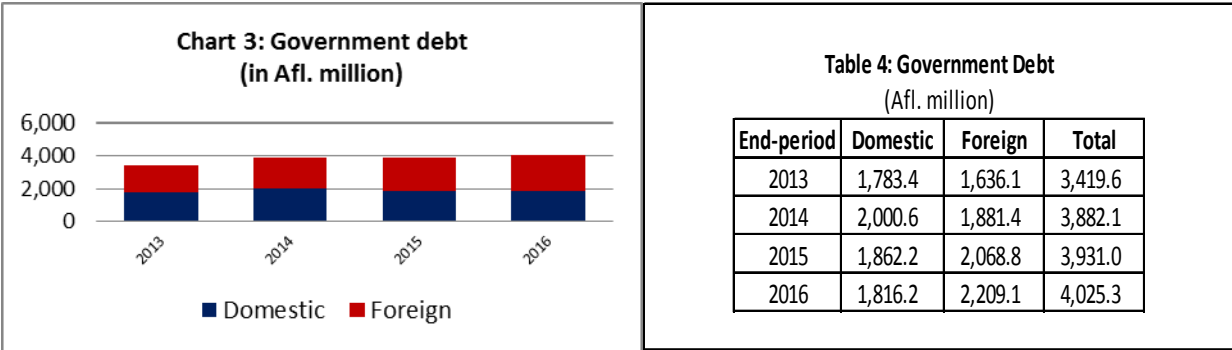


Source: Department of Finance; Tax Collector’s Office; CBA.

Outstanding debt

The government’s total outstanding debt grew by Afl. 94.3 million to Afl. 4,025.3 million at end-December 2016, compared to the end of December 2015 (Chart 3 and Table 4). This growth resulted from an Afl. 140.3 million increase in foreign debt, partly offset by an Afl. 46.0 million reduction in domestic debt.

Foreign debt grew, as debt claims of the United States rose (+Afl. 167.8 million), while debt claims of all other foreign entities declined, due to repayments on several external loans. The drop in domestic debt was attributed to contractions in non-negotiable debt (-Afl. 37.5 million), and negotiable debt (-Afl. 8.5 million). The decline in non-negotiable debt is associated with reductions in long-term claims of the Civil Servants’ Pension Fund (APFA) (-Afl. 38.0 million), the Social Insurance Bank (SVB) (-Afl. 3.7 million), and other short-term non-negotiable debt (-14.7 million). These decreases were counterbalanced by increases in short-term claims of the Civil Servants’ Pension Fund (APFA) (+Afl. 15.2 million), and suppliers’ credit (+3.6 million).



Source: Department of Finance; APFA; CBA.

Statistical note

As of the first quarter of 2016, expenditure is no longer calculated as a residual of total registered revenue (including grants minus net lending) and net financing. Total expenditure comprises the level of expenditure provided by the Department of Finance and the spending of the FDA funds. As a result, the financial deficit presented is now calculated by subtracting total expenditure and lending minus repayments from total revenue. The former category “items n.i.e.” has been moved and renamed “statistical differences”, which reflects the difference between the financial deficit as calculated by the new calculation method and the financial deficit as derived from net financing. For analysis purposes, the new compilation method has been applied to the 2015 figures as well.