



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: October 31, 2018

The government registered a surplus in the second quarter of 2018

The government's financial deficit of Afl. 24.9 million in the second quarter of 2017 turned into an Afl. 40.6 million surplus in the second quarter of 2018. (Chart 1 and Table 1). The government recorded Afl. 4,178.9 million in outstanding debt at the end of June 2018, i.e., Afl. 3.1 million more than end-June 2017.

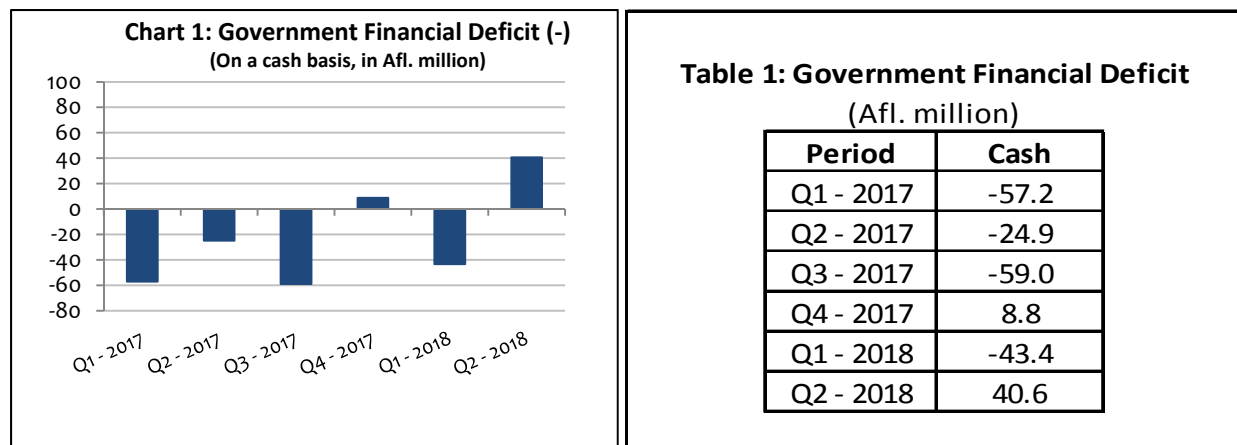


Table 1: Government Financial Deficit  
(Afl. million)

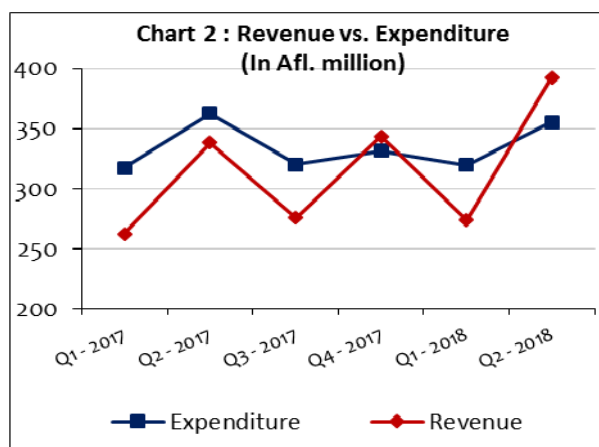
Period	Cash
Q1 - 2017	-57.2
Q2 - 2017	-24.9
Q3 - 2017	-59.0
Q4 - 2017	8.8
Q1 - 2018	-43.4
Q2 - 2018	40.6

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

Financial operations

The government's total revenue increased by Afl. 54.4 million to Afl. 392.6 million in the quarter under review, compared to the second quarter of the previous year (Chart 2 and Table 2). This increase resulted from an Afl. 42.7 million surge in nontax revenue, further amplified by an Afl. 11.6 million expansion in tax revenue. The surge in nontax revenue resulted mainly from higher income from dividend disbursements. The expansion in tax revenue, was mainly due to higher receipts from wage tax (+Afl. 9.5 million), excises on gasoline (+Afl. 6.2 million), import duties (+Afl. 5.0 million), income tax (+Afl. 2.2 million), excises on tobacco (+Afl. 1.5 million), and foreign exchange tax (+Afl. 1.2 million). On the other hand, other revenue items declined, in particular profit tax (-Afl. 5.4 million), land tax (-Afl. 4.9 million), turnover tax (B.B.O.) (-Afl. 1.6 million), transfer tax (-Afl. 1.1 million), and excises on beer (-Afl. 1.1 million).

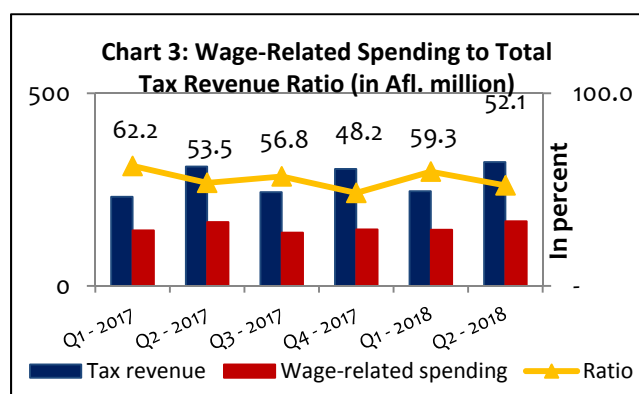
Total government expenditure contracted by Afl. 7.3 million to Afl. 355.4 million in the second quarter of 2018, compared to the second quarter of 2017. The downturn resulted mostly from lower spending on goods and services (-Afl. 10.3 million), development fund spending (-Afl. 9.6 million), transfer to General Health Insurance (AZV) (-Afl. 4.7 million), and investment (-Afl. 1.0 million), which was in part counterbalanced by higher transfer and subsidies (+Afl. 12.0 million), interest (+Afl. 4.3 million), and wage subsidies (+Afl. 1.5 million) in the quarter under review.



Period	Revenue	Expenditure
Q1 - 2017	262.5	317.4
Q2 - 2017	338.2	362.7
Q3 - 2017	275.6	320.3
Q4 - 2017	343.8	331.3
Q1 - 2018	273.9	319.8
Q2 - 2018	392.6	355.4

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

The government's wage-related expenditure grew by Afl. 2.0 million to Afl. 167.5 million in the second quarter of 2018, compared to the second quarter of 2017. This was attributed to higher spending on wage subsidies (+Afl. 1.5 million), employer's contribution (+Afl. 0.3 million), and wages (+Afl. 0.2 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 1.4 percentage points to 52.1 percent, down from 53.5 percent in the second quarter of the previous year (Chart 3 and Table 3).



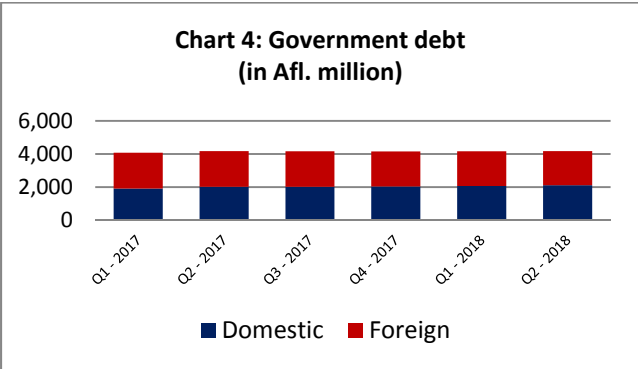
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2017	231.1	143.8	62.2
Q2 - 2017	309.6	165.5	53.5
Q3 - 2017	243.3	138.2	56.8
Q4 - 2017	303.5	146.4	48.2
Q1 - 2018	245.5	145.6	59.3
Q2 - 2018	321.2	167.5	52.1

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

### Outstanding debt

The government's total outstanding debt rose by Afl. 3.1 million or 0.1 percent to Afl. 4,178.9 million at end-June 2018, compared to the end of June 2017 (Chart 4 and Table 4). This rise resulted from an Afl. 100.6 million expansion in domestic debt, which was almost completely mitigated by an Afl. 97.4 million decline in foreign debt.

The growth in domestic debt resulted from increases in treasury bills (+Afl. 130.0 million), government bonds (+Afl. 14.6 million), and cash loan certificates (+Afl. 8.0 million), while non-negotiable debt registered a contraction (-Afl. 51.9 million). The decline in non-negotiable debt resulted from a decrease in non-negotiable long-term debt (-Afl. 70.7 million), which was partly offset by an Afl. 18.8 million expansion in non-negotiable short-term debt. Non-negotiable long-term debt contracted as liabilities to APFA (-Afl. 37.0 million), the private sector (-Afl. 29.0 million), and SVB (-Afl. 4.7 million) decreased. The growth in non-negotiable short-term debt was due to increases in other non-negotiable short-term debt (+Afl. 24.9 million) and suppliers credit (+Afl. 0.7 million), while short-term liabilities to APFA noted a downturn of Afl. 6.8 million. The decrease in foreign debt resulted mostly from lower net claims of the United States (-Afl. 66.2 million), other countries (-Afl. 21.9 million), and the Netherlands (-Afl. 8.9 million).



**Table 4: Government Debt  
(Afl. million)**

End-period	Domestic	Foreign	Total
Q1 - 2017	1,907.7	2,170.0	4,077.8
Q2 - 2017	2,017.4	2,158.3	4,175.8
Q3 - 2017	2,018.3	2,151.4	4,169.7
Q4 - 2017	2,036.5	2,122.4	4,158.9
Q1 - 2018	2,068.4	2,099.2	4,167.6
Q2 - 2018	2,118.0	2,060.9	4,178.9

Source: Department of Finance; APFA; CBA.