



CENTRALE BANK VAN ARUBA

Statistical News Release

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The government's financial surplus expanded in the second quarter of 2019

The government's financial surplus increased by Afl. 18.1 million, from an Afl. 35.9 million surplus in the second quarter of 2018 to an Afl. 54.0 million surplus in the second quarter of 2019 (Chart 1 and Table 1). The government recorded Afl. 4,338.4 million in outstanding debt at the end of June 2019, i.e., Afl. 130.4 million more than end-June 2018.

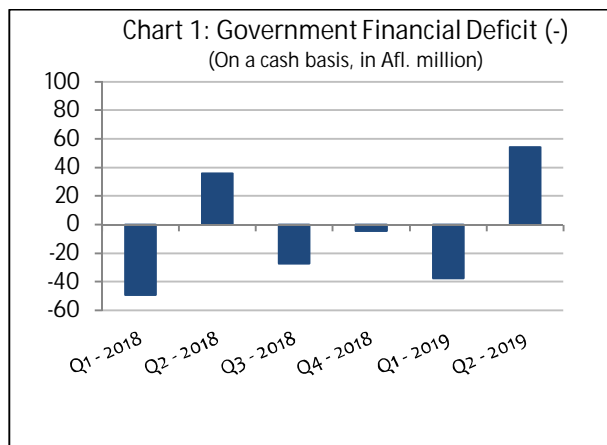


Table 1: Government Financial Deficit
(Afl. million)

Period	Cash
Q1 - 2018	-49.4
Q2 - 2018	35.9
Q3 - 2018	-27.3
Q4 - 2018	-4.5
Q1 - 2019	-37.5
Q2 - 2019	54.0

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

Financial operations

The government's total revenue grew by Afl. 17.3 million to Afl. 409.9 million in the second quarter of 2019, compared to the second quarter of 2018 (Chart 2 and Table 2). This growth resulted from an Afl. 25.0 million rise in tax revenue, which was partly offset by an Afl. 7.7 million contraction in nontax revenue. The expansion in tax revenue was mainly due to higher income from turnover tax (B.B.O./B.A.V.P.) (+Afl. 29.5 million), stemming from the introduction of the B.A.V.P. in July 2018, land tax (+Afl. 6.7 million), income tax (+Afl. 3.6 million), transfer tax (+Afl. 2.5 million). These increases were partly counterbalanced by lower income from wage tax (-Afl. 11.9 million) and profit tax (-Afl. 6.2 million). The downturn in nontax revenue resulted from an Afl. 7.7 million decline in other nontax revenue.

Total government expenditure increased by Afl. 0.2 million to Afl. 355.7 million in the second quarter of 2019, compared to the same quarter of 2018, resulting from a growth in spending on goods and services (+Afl. 19.8 million), investment (+Afl. 6.5 million) and wages (+Afl. 5.3 million), which was for the most part mitigated by lower transfers and subsidies (-Afl. 24.4 million), and because there were no transfers to the General Health Insurance (AZV) compared to Afl. 8.6 million in the second quarter of 2018.

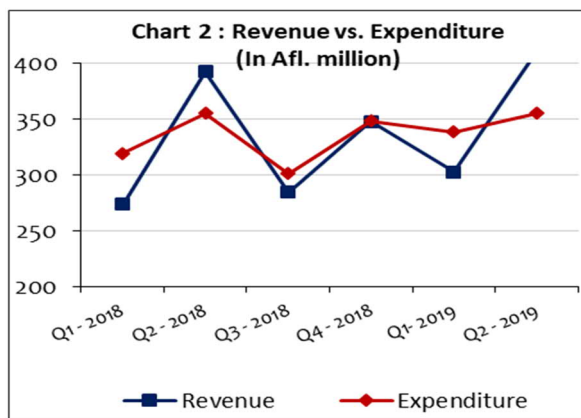


Table 2: Revenue vs. Expenditure (in Afl. million)

Period	Revenue	Expenditure
Q1 - 2018	273.9	319.8
Q2 - 2018	392.6	355.5
Q3 - 2018	284.8	301.6
Q4 - 2018	348.1	348.7
Q1 - 2019	302.8	338.8
Q2 - 2019	409.9	355.7

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

The government's wage-related spending expanded by Afl. 7.7 million to Afl. 175.2 million in the quarter under review, compared to the second quarter of 2018. This was attributed to increases in wages (+Afl. 5.3 million), wage subsidies (+Afl. 1.2 million) and employer's contribution (+Afl. 1.2 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a reduction of 1.5 percentage points to 50.6 percent, down from 52.1 percent in the second quarter of the previous year (Chart 3 and Table 3).

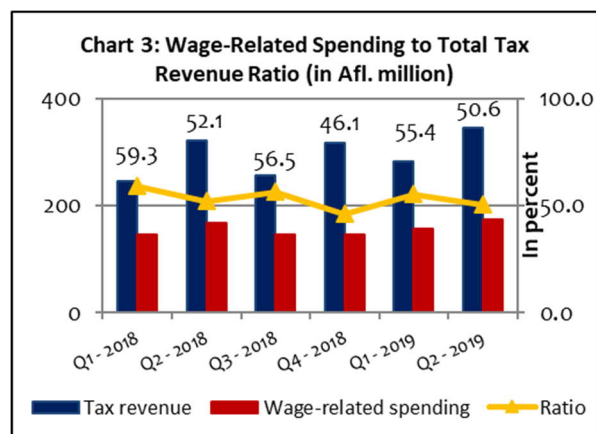


Table 3: Wage-Related Spending (WRS) to Total Tax Revenue (TTR) Ratio (in Afl. million)

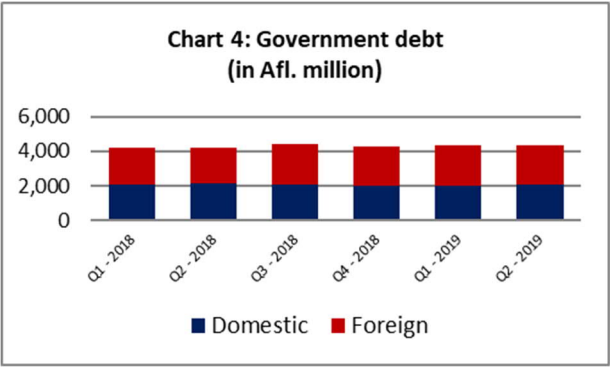
Period	Total Tax Revenue	Wage-Related Spending	WRS / TTR
Q1 - 2018	245.5	145.6	59.3
Q2 - 2018	321.2	167.5	52.1
Q3 - 2018	258.1	145.8	56.5
Q4 - 2018	316.7	146.0	46.1
Q1 - 2019	282.3	156.4	55.4
Q2 - 2019	346.2	175.2	50.6

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

Outstanding debt

The government's total outstanding debt grew by Afl. 130.4 million or 3.1 percent to Afl. 4,338.4 million at end-June 2019, compared to the end of June 2018 (Chart 4 and Table 4). This growth was the consequence of an Afl. 215.3 million rise in foreign debt, which was partly counterbalanced by an Afl. 84.8 million decrease in domestic debt.

The upturn in foreign debt resulted from higher net claims of the United States (+Afl. 132.3 million), other countries (+Afl. 91.0 million), and lower net claims of the Netherlands (-Afl. 7.6 million). The drop in domestic debt is attributed to a decrease of Afl. 91.5 million in negotiable debt, which was counterbalanced by an increase of Afl. 6.6 million in non-negotiable debt. The contraction in negotiable debt is attributed to a downturn in treasury bills and cash loan certificates of Afl. 195.0 million and Afl. 8.0 million, respectively, while government bonds expanded by Afl. 111.5 million. Non-negotiable short-term debt increased due to higher liabilities to APFA (+Afl. 11.4 million) and other non-negotiable short-term debt (+Afl. 6.1 million). The lower non-negotiable long-term debt followed reductions in long-term liabilities to APFA and private loans of Afl. 6.6 million and Afl. 2.8 million, respectively.



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

End-period	Domestic	Foreign	Total
Q1 - 2018	2,086.2	2,119.2	4,205.4
Q2 - 2018	2,118.0	2,089.9	4,208.0
Q3 - 2018	2,088.7	2,313.5	4,402.2
Q4 - 2018	2,030.8	2,268.4	4,299.1
Q1 - 2019	2,010.3	2,307.7	4,318.0
Q2 - 2019	2,033.2	2,305.2	4,338.4

Source: Department of Finance; APFA; CBA.