**Statistical News Release**

**Date:** November 22, 2021

**Government debt rose in the third quarter of 2021**

The government’s financial deficit\(^1\) of Afl. 203.0 in the third quarter of 2020 shrunk to Afl. 129.2 million in the third quarter of 2021 (see Chart 1 and Table 1). The government recorded Afl. 5,639.1 million in outstanding debt at the end of September 2021, i.e., Afl. 660.2 million more than at the end-September 2020.

**Financial operations**

The government’s total revenue expanded by Afl. 45.3 million to Afl. 273.5 million in the third quarter of 2021, compared to the third quarter of 2020 (see Chart 2 and Table 2). This growth resulted from an increase in both tax revenue and nontax revenue of Afl. 44.2 million and Afl. 1.1 million, respectively. The surge in tax revenue was mainly due to higher income from turnover tax (+Afl. 18.1 million), import duties (+Afl. 12.3 million), excises on liquor (+Afl. 5.4 million) and transfer tax (+Afl. 4.7 million). In contrast, income from wage tax (-Afl. 8.8 million) and land tax (-Afl. 4.1 million) decreased.

Total government expenditure dropped by Afl. 28.8 million to Afl. 392.9 million in the third quarter of 2021, compared to the same quarter of 2020. The downturn resulted primarily from lower spending on transfers and subsidies (-Afl. 48.2 million). On the other hand, transfer to the General Health Insurance (AZV) (+Afl. 10.1 million), spending on interest (+Afl. 3.2 million), wage subsidies (+Afl. 2.3 million), investments (+Afl. 1.9 million), and goods and services (+Afl. 1.5 million) registered increases.

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\(^1\) The financial deficit is calculated according to the cash-adjusted compilation method of the CBA and may differ from third-party publications using an accrual method of compilation.
The government’s wage-related spending grew by Afl. 2.7 million to Afl. 134.3 million in the quarter under review. This resulted from increases in wages subsidies (+Afl. 2.3 million), employer’s contribution (+Afl. 0.3 million), and wages (+Afl. 0.1 million). In the quarter under review, the wage-related outlays to total-tax-revenue ratio noted a decrease of 11.6 percentage points to 56.5 percent, down from 68.1 percent in the third quarter of the previous year (see Chart 3 and Table 3).

Outstanding debt
The government’s total outstanding debt increased by Afl. 660.2 million or 13.3 percent to Afl. 5,639.1 million at end-September 2021, compared to the end of September 2020 (see Chart 4 and Table 4). This increase resulted from higher foreign debt (+Afl. 751.1 million), which were partially mitigated by lower domestic debt (-Afl. 90.8 million).

The growth in foreign debt resulted from higher net claims of the Netherlands (+Afl. 871.2 million), mostly related to loans granted because of the COVID-19 situation, and other countries (+Afl. 32.3 million). The decrease in domestic debt resulted from reductions in both negotiable debt and non-negotiable debt of Afl. 75.8 million and Afl. 15.1 million, respectively. The decline in negotiable debt is attributed to a drop in both government bonds and treasury bills of Afl. 55.8 million and Afl. 20.0 million, respectively. The shrinkage in non-negotiable debt resulted from decreases in both non-negotiable short-term debt and non-negotiable long-term debt of Afl. 7.7 million and
Afl. 7.4 million, respectively. Non-negotiable short-term debt dropped due to lower short-term liabilities to APFA (-Afl. 9.7 million) and suppliers’ credit (-Afl. 9.6 million), which were partly offset by higher other non-negotiable short-term debt (+Afl. 11.6 million). Non-negotiable long-term debt shrank due to decreases in long-term liabilities to APFA (-Afl. 4.7 million) and private loans (-Afl. 2.7 million).

Source: Department of Finance; APFA; CBA.