



Press release

January 21, 2014

Fast action needed on public financial management and tax compliance Age Bakker (Cft): "Budget 2014 was a race against the clock"

Philipsburg – The budget 2014 which was signed into law by the Governor will shortly be presented to the Board of financial supervision (College financieel toezicht - Cft) which is required to give its advice within two weeks. According to Cft chairman Age Bakker, it was a race against the clock to have the 2014 budget adopted in January 2014. Improving public financial management is necessary in order to ensure the timely adoption of the budget in the future.

The Board visited Sint Maarten on January 20 and January 21, which was the second visit to the Wescott-Williams III administration. Meetings were held with the Governor, the Minister of Finance, the Council of Ministers, the financial committee of Parliament and several stakeholders. Main topic of discussion was the 2014 budget and the wish of the Sint Maarten government to make important capital investments.

2014 Budget

The budget 2014 encountered a delay of one month due to a late start and the work that had to be done to adhere to the agreement between Government and the Cft to balance the budget, and to finalize underlying legislation simultaneously. The Cft approved the request of Government to postpone the submission of the 2014 budget up to January 16th, 2014. This deadline was not met, which resulted in preparations made by the Kingdom Government to give an instruction. In the meanwhile the Governor signed the adopted budget this Monday.

After the adopted budget is submitted to the Cft, the Board will give its advice within two weeks. A positive advice means that the government of Sint Maarten can borrow for important capital investments, which it could not do during 2013, because the budget did not comply. Necessary capital investments thus had to be financed from the reserves that as a result have decreased significantly. This increased the risk of new payment arrears and has put all major investment projects on hold. Now that a budget is adopted, the country can start working on improving its liquidity position, but also on increasing the reserve position as asked by Parliament.

Tax compliance

As to the contents of the budget, the government has made a considerable number of budgetary reductions in order to balance the 2014 budget. These cutbacks were necessary because the tax revenues realized were lower than that of 2012. This is remarkable, considering that there has been steady economic growth. This growth, however, has not resulted in higher income for the government, and this can only be explained due to lacking tax compliance. Figures show that tax compliance has been decreasing over the past few years. Chairman Age Bakker therefore urges the government to work on ways to improve tax compliance in Sint Maarten.

Public financial management

The Cft expressed its concerns regarding the state of the public financial management. On the positive side it should be admitted that having an adopted budget in January is a big improvement compared to the last couple of years. The financial administration however has a serious backlog which takes up a lot of time which the ministry of Finance should have used in drawing up the budget of 2014 and the financial statements of 2012 en 2013. Fast improvements are needed to break through this vicious circle.

[End of press release]

Caption:

Cft chairman Age Bakker urges the government to work on ways to improve tax compliance in Sint Maarten.



Note for the editing department – not for publication

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