



Translation of: Advice pertaining to the adopted budget amendment 2024

Original title: Advies bij de vastgestelde begrotingswijziging 2024

In case of differences in interpretation between the English translation and the Dutch version of the text, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.

Dear Ms. Gumbs,

On November 6th, 2024, the Board of financial supervision of Curacao and Sint Maarten (Cft) received the adopted budget amendment (BW) 2024.¹ You hereby receive the Cft's advice pertaining to this BW.² In Annex 1 to this letter you will find a further clarification and substantiating figures to this advice.

Conclusion

The Cft observes that Sint Maarten followed the recommendations given with regard to the draft budget amendment (OBW) for 2024³ and that it has made sufficient effort to avoid a deficit on the operational budget by the end of 2024.⁴ Based on the monthly reports and Sint Maarten's efforts to control expenses, the Cft sees sufficient grounds to agree with the intended loan of ANG 133 million for investments.

Subsequent steps

The Cft requests that:

- For 2024 you keep focusing on avoiding a deficit on the operational budget.
- You improve the budgetary process and make procedural agreements regarding the amendment of the budget, for example by annually accompanying the second implementation report by a BW. Sint Maarten generally adopts its budget amendments towards the end of the year. In doing so, this instrument loses its value both for the current budgetary year and the next year.

Explanatory statement

Result

In the BW, Sint Maarten presents surpluses that increase from ANG 3 million in 2024 to ANG 16 million in 2027. The income and expenses for 2024 are based on the actual figures up to and including the first quarter of 2024. Based on the realization up to and including June of 2024, the Cft foresaw a considerable risk of deficit on the operational budget, however, it did not consider a further adjustment of the BW to be opportune. The Cft requested Sint Maarten to report monthly in order to keep a good view on the realization. Based on the preliminary realization up to and including September of 2024, the Cft considers a balanced operational budget by the end of 2024 to be feasible. In this context, the Cft also draws attention to the required deficit compensation.⁵ Sint Maarten is working on a plan to compensate the realized deficits of previous years.⁶ The Cft requests you submit this plan as soon as possible.

Capital budget

For 2024, Sint Maarten budgets ANG 280 million in investments. ANG 90 million thereof relates to delayed projects from 2023. Sint Maarten intends to take out a loan in 2024 for the construction of a new prison (ANG 43 million), three generators for the benefit of GEBE (ANG 76 million) as well as for a building for the Mental Health Foundation (ANG 14 million). This leaves the total loan request at ANG 133 million. The execution of these investment projects shall take place over the coming years. Considering the economic and social significance of the intended investments, the Cft feels that it is desirable to proceed with the execution as soon as possible.

Trusting to have provided you with sufficient information.

Sincerely,

The Chair of the Board of financial supervision of Curacao and Sint Maarten

[signature]

Ms. L.M.C. Ongerling, MA

A copy of this letter was sent to:

The Prime Minister of Sint Maarten

The Secretary General of the Ministry of Finance of Sint Maarten

Annex 2: Endnotes

¹ The Cft issues an advice pertaining to the adopted budget amendment pursuant to Article 12 of the Kingdom Act on Financial Supervision Curacao and Sint Maarten (*Rijkswet financieel toezicht Curaçao en Sint Maarten* – Rft).

² The Rft and the instruction given by the Kingdom Council of Ministers (*Rijksministerraad* - RMR) to the Sint Maarten administration in September of 2015 form the framework for the assessment of the adopted budget amendment. Official Gazette 2015, Decree of October 30th, 2015 to issue the Decree of September 8th, 2015, regarding the issuance of an instruction to the Sint Maarten administration to resolve the payment arrears that have arisen, to compensate the realized deficits on the operational budget in the period of 2010-2014, to fully include the health care and pension expenses in the budget for 2015 and the multiannual budget, and to take measures for the benefit of a sustainable system for pensions and social security. On April 18th, 2019, the RMR decided to extend the instruction, however, the new deadlines have never been decided

³ Cft, reference 202400078, Advice pertaining to the draft budget amendment 2024, dated July 12th, 2024.

⁴ Cft, reference 202400110, Reaction to the second implementation report 2024, dated September 6th, 2024.

⁵ Article 18 of the Rft.

⁶ Over the period 2011-2023, Sint Maarten realized a (preliminary) deficit of ANG 594 million.