



## Press release

February 13<sup>th</sup>, 2019

### **Cft: Swift action needed towards balanced budget**

**Philipsburg – The Board of financial supervision (Cft) looks with interest forward to receiving the revised 2019 budget plus the plans to reform the tax authorities and get the financial management in order. The Cft discussed the revision of the budget with the Minister of Finance and made an appeal to finalize the plans in the short term.**

Since the beginning of this year Sint Maarten has been working on a revised budget for 2019. In line with earlier advice from the Cft, the budgeted expenses have been adjusted downwards, which resulted in a lower deficit. In order to turn the deficits into structural surpluses, Sint Maarten intends among others to reform the tax office, and has drawn up a draft plan for this purpose. The Cft acknowledges the need to strengthen the tax office, so that tax compliance will increase, allowing for the government revenues to rise further. Cft has advised Sint Maarten to take the necessary steps so that the implementation can be started shortly. This advice also applies to the plan to improve financial management. In October, Sint Maarten promised to submit an improvement plan in the short term, which will lead to an unqualified auditors' report on the 2021 financial statements.

Cft has called for short-term cost-saving measures for the healthcare and pension expenditures. Cft expresses its disappointment since the promised adjustment of the pension legislation has not been implemented prior to January 1<sup>st</sup>, 2019. The legislation was presented to Parliament in time in 2018, and has nonetheless not yet led to decision-making. As regards to its payment arrears, it is important that Sint Maarten government reaches payment agreements with the most important creditors (SZV and APS), which in turn will have to be complied with.

Cft has again requested attention for the completion of the accountability process of the previous years. The financial statements for 2013 and 2014 have been submitted to Parliament in 2018, but have not yet been approved. The 2015 and 2016 financial statements have not yet been submitted to Parliament. The financial statements of 2017 and 2018 still have to be drawn up.

Figures for 2018 show a lower deficit than budgeted. This is mainly a result of higher revenues compared to the budget; especially tax revenues. The deficit is admittedly decreasing; nevertheless Sint Maarten will need liquidity support for 2018 and 2019. Sint Maarten has requested the Netherlands for this liquidity support, which will increase the debt to GDP ratio. An intended loan for capital expenditures and possible other financing matters may also affect the course of the debt to GDP ratio. The Cft will monitor the development of the debt to GDP ratio with the aim to keep it at a sustainable level.

The Board of financial supervision Curaçao and Sint Maarten visited Sint Maarten from February 11<sup>th</sup> to 13<sup>th</sup> and held meetings with the Governor, the Minister of Finance, the Council of Ministers, the Council of Advice, the Director of the National Recovery Program Bureau and the Social and Health Insurance Agency (Uitvoeringsorgaan Sociale en Ziektekostenverzekering).

[End of Press release]

**Photographer:**

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**Caption:**

Provisional figures for 2018 show a lower deficit than budgeted.

**Note for the editing department – not for publication**



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