



Press release

October 25th, 2018

Cft: Concrete measures are needed for financial recovery ***Challenges to prevent debt position from becoming unsustainable***

Philipsburg - Sint Maarten recently presented the Financial Recovery Plan. According to that plan, budget surpluses will be accomplished as of 2021 by increasing the income. The Board of financial supervision Curaçao and Sint Maarten (Cft) has called upon Sint Maarten to take concrete measures in order to actually realize the planned surpluses. Given the inadequate state of the financial management, the Cft has reached an agreement with Sint Maarten to work towards an unqualified auditor's report for the 2021 financial statements.

Sint Maarten presented the Financial Recovery Plan on October 10th. By restoring the economy, reducing costs and restructuring the tax department, Sint Maarten expects structural surpluses from 2021 onwards. Cft Chairman Raymond Gradus: "Cost-saving measures and the improvement of tax compliance are crucial in achieving a balanced budget. In addition, sound financial management forms the basis for timely and reliable figures. This recovery plan has good elements in it and we have called upon the Council of Ministers and Parliament to put concrete measures in place for those issues." An example is the approval of the pension legislation, which has meanwhile been submitted to Parliament to be processed.

For the first coming years Sint Maarten expects budget deficits. The expected deficit for 2018 has been adjusted to ANG 144 million. The 2019 draft budget shows a deficit of ANG 88 million. Sint Maarten therefore still remains dependent on loans for liquidity support, which will lead to a rise of the debt ratio. The Cft has therefore advised to be cautious about committing to other loans. Cft chairman Raymond Gradus: "Sint Maarten should make use of the appropriate trust fund for the financing of the reconstruction projects."

High on the agenda was the follow-up on the topics mentioned in the instruction given by the Kingdom Council of Ministers in 2015. As a result, Sint Maarten must compensate the deficits of the period covering 2010 to 2014, solve payment arrears and take measures to ensure the old age provision and the healthcare system are kept structurally affordable. The deadlines for these issues have expired or will expire by the end of this year. In various conversations the Cft has been informed about the progress. Partly due to the consequences of hurricane Irma, Sint Maarten is unable to meet all items mentioned in the instruction by the end of this year. Sint Maarten will report on the progress and request from the Kingdom Council of Ministers new deadlines for the issues in the instruction that will not have been resolved by the end of this year. The Cft has requested attention for measures that will help reduce the shortages in the health care system.

Again, attention was drawn to the poor state of the financial management. Without proper financial management, an orderly budget process is not possible. The (ultimate) touchstone is the timely adoption of financial statements with an unqualified auditors' report. It has been agreed that the government of Sint Maarten guarantees this with regard to the 2021 financial statements, and with appreciation the Cft has taken notice of this commitment. It has also been assured that the 2016 and 2017 financial statements will be submitted this year. The adoption of the financial statements for 2013, 2014 and 2015 is expected to take place in the coming weeks.



During its visit to Sint Maarten, the Cft met with the Governor, the Council of Ministers, the Minister of Finance, the Minister of Health, Social Affairs and Labor, the financial committee of Parliament, representatives of the World Bank, the Princess Juliana International Airport and the General Pension Fund Sint Maarten. It was the first visit of the new Cft members Henk Kamp upon proposal of the Netherlands and Russell Voges upon proposal of Sint Maarten. The other two members to also form part of the Board are Chairman Raymond Gradus and Gregory Damoen upon proposal of Curaçao.

[End of Press release]

Caption:

By restoring the economy, reducing costs and restructuring the tax department, Sint Maarten expects structural surpluses from 2021 onwards.

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