



## Press release

October 27<sup>th</sup>, 2022

### **Cft: “Ensure timely adoption of budget”**

**Philipsburg – The Board of financial supervision Curaçao and Sint Maarten (Cft) in recent discussions has urged Sint Maarten to adopt the 2022 budget amendment and the 2023 budget within short term. The 2022 budget amendment contains an amount of ANG 15.4 million in investments, whereby Sint Maarten wants to use the loan subscription by the Netherlands. Targeted investments contribute to sustainable economic growth. Furthermore, the Financial Supervision Act for Curaçao and Sint Maarten states that Sint Maarten must have an approved balanced current budget for 2023 before December 15<sup>th</sup>, 2022.**

The economy of Sint Maarten grew by 8 percent in 2021. The International Monetary Fund expects economic growth of 7.5 percent for the year 2022. The growth is largely driven by the recovery of tourism. Sint Maarten should use this economic recovery in the coming years to improve public finance and meet loan-repayment obligations.

#### **2022 and 2023 budgets**

Sint Maarten proposed an amendment to the 2022 budget in June with a reduced deficit of ANG 99 million on the current budget. The progress report for 2022 shows that the income and expenses are developing more favorably. The Kingdom Council of Ministers has recently determined that a deficit of ANG 40 million is allowed for the current budget 2022. Sint Maarten received ANG 24 million in liquidity support in 2022. The Kingdom Council of Ministers has also indicated that a balanced current budget must be achieved by 2023. Sint Maarten must repay a loan of ANG 73.5 million in 2025. It is therefore important that the country achieves surpluses in 2024 and 2025. According to the Financial Supervision Act Curaçao and Sint Maarten, there must be an established budget before December 15, 2022. Sint Maarten has indicated that it will submit a draft budget for 2023 to Parliament as soon as possible, so that the budget can be adopted in time.

#### **Investments**

Sint Maarten made minimal capital investments in 2022. The 2022 budget amendment includes an amount of ANG 15.4 million in investments, of which ANG 10 million for road infrastructure. Targeted investments in infrastructure contribute to sustainable economic growth. Sint Maarten wants to make use of the subscription by the Netherlands for these investments. The Cft therefore urges Sint Maarten to quickly adopt the 2022 budget amendment, so that this procedure can be started. Sint Maarten also wants to make investments in 2023 and later years. The investments on the capital budget must be matched with the investments that are financed from the Trust Fund. The Cft has insisted that Sint Maarten produce a multi-year investment plan and that Sint Maarten uses the experiences with the World Bank and the National Recovery Program Bureau in tenders.

#### **Increase of tax benefits**

Internationally seen, Sint Maarten's tax revenues are low at around 17 percent of gross domestic product (GDP). Sint Maarten needs to increase its tax revenues so that surpluses can be generated. The Cft advised Sint Maarten to speed up the introduction of a casino tax and a taxation on the private import of goods. Sint Maarten is also in the process of implementing the lodging tax on the rental of homes to tourists. During the meetings with the Minister of Finance and the Tax Transformation Steering Group, the Cft emphasized that modernization of the tax system and the Tax Administration is necessary to improve compliance.



### **Health care and social security**

In 2022 Sint Maarten took the first steps to ensure the implementation of savings in the healthcare system. The ZV/OV wage limit has been raised and the legislation regarding the introduction of generic medicines is being implemented. The Cft discussed the intended reforms and the importance of a realistic multi-year forecast with the Minister of Health, Social Development and Labor. The Cft advises Sint Maarten to implement the necessary reforms quickly, in order to reduce the deficits of the health care funds and to prevent the country from having to make a structural contribution to the health care funds. For example, the personal contributions of civil servants should be more in line with those of the private sector.

### **Financial management**

Sint Maarten is taking steps to improve its financial management and adopt the annual accounts. Sint Maarten has caught up the backlog with regard to the annual accounts and has cleared various (suspense) accounts. The 2019 and 2020 annual accounts will be adopted in November 2022. The review of the budget process has been completed and an analysis of the financial work processes will be concluded shortly. The Cft emphasizes the importance of implementing and safeguarding the revised work processes as quickly as possible. This way the quality of the financial management can be improved in a structural way. The 2021 annual accounts are expected to be adopted at the end of 2022.

On October 25, 26 and 27, 2022 the Cft members spoke with the Governor, the Council of Ministers, the Minister of Finance, the Minister of Health, Social Development and Labor and the financial committee of the Sint Maarten Parliament. The Cft also spoke with the representatives of the Steering Committee of the Recovery, Reconstruction and Resilience Trust Fund, the Tax Transformation Steering Committee, the Financial Management Steering Committee and the Social and Health Insurance Implementing Agency.

[End of Press release]

#### **Photographer:**

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#### **Caption:**

Sint Maarten should use the economic recovery in the coming years to put public finances in order and meet repayment obligations.

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

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