



Translation of: Reaction to the second implementation report and advice pertaining to the second draft budget amendment 2024

Original title: Reactie tweede uitvoeringsrapportage en advies tweede ontwerpbegrotingswijziging 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. Francis,

On July 24th, 2024, the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received Sint Eustatius' implementation report (UR) on the second quarter of 2024. The second UR contains the second draft budget amendment (OBW) of the budgetary year 2024. With this letter you receive the Cft's reaction to the UR and the Cft's advice pertaining to the second OBW 2024.¹ In Annex 1 to this letter you will find a further clarification and substantiating figures to this reaction.

Conclusion

The Cft again observes an improvement of the quality and completeness of the UR. All of the information that the Cft requested in response to the first UR of 2024 has been included in the second UR.² Up to and including the second quarter of 2024, Sint Eustatius realizes a preliminary surplus of USD 1.8 million. This surplus can be explained by a higher interest income and expenses that were lower than was budgeted.³

With the second OBW of 2024, Sint Eustatius adjusts the anticipated result for 2024 upwards, to USD 1.2 million. In doing so, the Public Entity gives substance to the Cft's advice to refrain from deploying the (additional) interest income for (policy) initiatives that increase expenditure, but rather to compensate the deficit in 2023 and to improve the liquidity position.⁴

Explanatory statement

Quality and completeness of the UR

The quality and completeness of the second UR of 2024 has again improved in comparison to earlier implementation reports.

In the UR, Sint Eustatius explains in which manner the Public Entity gives substance to the Cft's recommendations and information requests regarding the first UR of 2024. Deviations between the realization and the budget are clearly explained. The Cft appreciates this quality improvement.

Result

Up to and including the second quarter of 2024, Sint Eustatius realizes USD 11.8 million in income and USD 10.0 million in expenses. This results in a preliminary surplus of USD 1.8 million. The surplus is explained by the interest income that is higher than budgeted, and the lower expenses. By the end of 2024, Sint Eustatius anticipates a surplus of USD 1.2 million. Regarding the annual accounts of 2023, the Cft recommended Sint Eustatius to compensate the deficit of USD 2.1 million of 2023 with surpluses in 2024 and 2025.⁵

Second OBW 2024

In the second OBW of 2024, Sint Eustatius estimates the total interest income for 2024 at USD 2.0 million, based on a (conservative) cash flow prognosis. Furthermore, with the second OBW, Sint Eustatius implements some minor adjustments to the expenses, which leaves the total expenses unchanged. The Cft has no further remarks regarding the second OBW of 2024.

Special benefits

Up to and including the second quarter of 2024, Sint Eustatius entered into commitments which are associated with special benefits for the amount of USD 13.8 million. As of the end of June 2024, the outstanding balance in receipts for special benefits amounts to USD 63.1 million. At the request of the Cft, the Public Entity included an overview of the development of the special benefits in its second UR of 2024.⁶ This shows that Sint Eustatius anticipates to enter into commitments for the amount of USD 11.1 million for projects related to special benefits in the second half of 2024.

Liquidity position

By the end of June 2024, Sint Eustatius holds USD 68.1 million in liquid resources. USD 2.9 million thereof is freely disposable. For some time now, the Cft has been expressing its concerns regarding the reduced liquidity position and it requests Sint Eustatius to draw up a plan to increase the financial resilience of the Public Entity.

Subsequent steps

The Ministry of the Interior and Kingdom Relations included an increase of the free allowance of USD 4.7 million in the Spring Memorandum (*Voorjaarsnota*) 2024.⁷ This has not yet been incorporated into the second OBW. The Cft requests the Public Entity to incorporate the increase of the free allowance in a third OBW for 2024.

Trusting to have provided you with sufficient information.

Sincerely,

The Chair of the Board of financial supervision of Bonaire, Sint Eustatius and Saba

[signature]

Ms. L.M.C. Ongerling, MA

A copy of this letter was sent to:

The Island Council of the Public Entity Sint Eustatius

The Head of Finance of the Public Entity Sint Eustatius

Annex 2: Endnotes

¹ Pursuant to Article 22 of the FinBES Act, the Cft responds to the second UR. The FinBES Act, supplemented by the criteria set out in the Decree on Budget and Justification Public Entities BES (BBV BES), forms the framework for the assessment of the UR.

² Cft, reference 202400051, Reaction to the first implementation report and advice pertaining to the first draft budget amendment 2024, dated May 14th, 2024.

³ As of January 1st, 2024, Sint Eustatius – like Bonaire and Saba – receives interest on the credit funds that the Cft manages on behalf of the Public Entities.

⁴ Cft, reference Cft 202400089, Advice pertaining to Sint Eustatius' annual accounts for 2023, dated July 25th, 2024.

⁵ FinBES Act, Article 31, paragraph 3 in conjunction with Article 22, paragraph 2.

⁶ Pursuant to Article 47 of the BBV BES, the development of the special benefits during the budgetary year must be made transparent.

⁷ Dutch Parliament, meeting year 2023–2024, 36 550 IV, no. 2