



**MINISTER OF FINANCE - SINT MAARTEN**  
**MINISTER VAN FINANCIËN - SINT MAARTEN**

To: Parliament of Sint Maarten  
Attn: Chairlady of Parliament, Mrs. Sarah A. Wescot-Williams  
Wilhelminastraat #1  
Philipsburg, Sint Maarten

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Date: May 5, 2018  
Reference no.: 20180505-01-JvD  
Subject: Draft National Ordinance stipulating the Budget of  
Country Sint Maarten for the year 2018.  
Annex(es): 1

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STATEN VAN SINT MAARTEN	
Ingek.	07 MAY 2018
Volgnr.	IS/539/17-18
Par.	VB neg

Dear Chairlady,

Please find attached the note following the final report on the above-mentioned proposal.

I trust to have informed you sufficiently and in a timely manner.

Respectfully,

Michael J. Ferrier  
Minister of Finance

cc. the Council of Ministers

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**National Ordinance stipulating the Budget of  
Country Sint Maarten for the year 2018  
(National Ordinance budget 2018)**

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NOTE FOLLOWING THE FINAL REPORT

The Parliament in its meeting of the Central Committee had an exchange of views with the Government on the Draft National Ordinance stipulating the budget of the country for the year 2018.

The Parliament considers the draft to be sufficiently prepared if the questions asked below are answered in time for the public meeting so that the draft can be discussed in a public meeting.

In order for Parliament to consider the present draft to be sufficiently prepared, so that the draft can be discussed in a public meeting, Parliament is hereby provided with the answers to the questions stated in its final report.

The text of the questions as stated in the final report is expressed in black, while the text of the answers is provided in red.

**The members of the United Democrats faction** have the following questions.

The faction with interest has taken note of the draft. The faction establishes that Government is presenting a budget that is not balanced with a shortage of NAfl. 197 million. The Kingdom Council of Ministers will not likely agree with a deficit unless they understand our situation which is that we are a developing country threatened by hurricanes. It is not explained how the deficit will be covered. Can this be clarified?

The faction determines that the Personnel costs in Staat H is the highest cost. This includes related costs such as medical, study, rent etc. 1.5 % is budgeted for the roads while 50% is for personnel.

The Kingdom Council approved art 25. This means that they are aware of the gap that exists between income and expenditures. They also stated that the deficit may not exceed 254 million and they already provided a loan to cover liquidity shortage for 2017 for NAf 50 million. Negotiations are going on to make arrangements for 2018.

No budget support is regulated from the trust fund. It would have be taken from elsewhere.

What does Government think it can achieve with NAfl. 1.5 million to rebuild Sint Maarten? NAfl. 22.7 million is reserved for the OZR regeling, NAfl. 8.9 million more than in 2017. This is strange since Government should pay attention to the austerity measures. Loonbelasting and Turnover tax (ToT): How reliable is this information seeing that Cft did not give its input? As an observation: in the preface page 1, bullet 1 and 3, an unknown amount of the deficit of the NAfl. 200 million can be recollected from the trust fund managed and administered by the World Bank.

In earlier years the amount budgeted for OZR was far too low; in this budget the realistic amount is presented. In a recent economic study of IMF about preliminary income and cost estimations concerning 2018 – 2021 their findings were close to our budgeted numbers. Saying this our estimations were validated and supported by their separate calculations. What was meant here is that Irma related recovery activities could possibly be covered by initiatives that fit within the recovery plan financed by the trust fund.

The First tranche has not yet been made available; the Second tranche will only be available in October. What are the agreements made between the World Bank and the Netherlands with regard to the financing aid for the budget 2018 for Country Sint Maarten? If funds from the trust fund are not available then what will be the measures by Government? There is no holistic detailed recovery government plan. What is the policy that Government is applying and in what time frame can Parliament receive the plan?

There is not budget support from the trust fund. It would have been taken from elsewhere. Certain projects that would have been financed by national budget are now financed by Trust Fund. The administration agreement that governs the trust fund is designed to finance particular projects. The agreement between WB and Netherlands was made available to Parliament on April 25, 2018.

According to a letter by the state secretary, SXM has to comply with a number of conditions for the aid of which one concerns the deadline for this budget. Details of, amongst other, additional liquidity support have not been arranged yet however, these are expected to materialize after upcoming Kingdom Council meeting which will be held on May 9<sup>th</sup>.

The first step is finalizing the National Recovery and Resilience Plan (NRRP). Last week, we received the draft NRRP. The COM will review the plan on May 4, 2018 and once reviewed will be sent to Parliament for further vetting. NRRP will manage the holistic approach for the recovery of Sint Maarten

Health insurance: can Government explain the paradox of these figures? Is it not a proposal for civil servants to contribute to their own health care service? What amount of the NAfl. 42 million difference is for indexation, trade toekenning, and what amount is reserved for the recovery plan for Sint Maarten?

Although the statement could be clearer, let me start by clarifying the 8.9 million for BZV – civil servants. The reason for this increase is based on the fact that in previous years this obligation was under funded, although advised each year by the Ministry of VSA to ensure a realistic amount remains in the budget, it was structurally omitted. In addition, part of this increase is also due to the tariff adjustment for the SMMC, which had not been done since 2004.

The current tariff doesn't cover SMMCs expenses to provide services to OZR patients. The adjustments will only stop the losses.

On page 3, where it talks about cost saving measures based on the review of NHI; indeed with the introduction of NHI once approved by Parliament, Government will experience savings but the major cost savings is expected with reforming of the entire Health Care system (NHR). NHR will include measures such as reduction in prescription medication and reduced referrals abroad as a result of new services being offered via the new hospital. These are two of the main cost drivers of the current health care system.

1.2% civil servant

Gov pays health care costs

10%

4.2% employee ZV  
8.3% employer

Civil servants currently contribute, however the contribution is very low compared to private sector. The minimal amount was supposed to be supplemented by a 10% co-payment of individual's medical costs, although legislated, since 10-10-10 have not been collected. Based on policy, applicable scale, maximum contribution per month, exemptions, etc, the yield is fairly low compared to the high administrative burden. With the introduction of the National Health Insurance legislation this situation is proposed to be adjusted, bringing civil servants in line with the rest of the working community.

He amount for salary increased by 2.2 million.

No advice from Cft has been provided with the budget. What is the reason and when will Parliament receive a copy of the advice? Did the Cft estimate NAfl. 300 million income for the year 2018? If Government is confronted with a setback what will Government do? In the Algemene Beschouwingen, on page 6, the picture of the liquidity position painted there is worrisome and alarming according to the faction. What if the country is not able to strengthen its liquidity situation? Will there be an instruction? In the Beleidsdeel on pages 9 and 10, insufficient insight is given into companies such as the Harbor, Airport and GEBE but yet concession fee is mentioned. Are GEBE and the Harbor able to pay this concession fee after hurricane Irma? And why no concession fee is collected from the Airport?

Cft is requested an art 11 advice about 10 days ago. We received it by e-mail on the 24<sup>th</sup> of April, after the budget was already proceeded to Parliament. I have here 15 hardcopies of the Cft advice. Government is now searching for solutions given the NAf 200 mln deficit we are facing.

The liquidity position is indeed worrisome and alarming, in my presentation, I pointed out that the budget being presented is not a pretty picture and is definitely not adequate. I also stress that we are in this together and no self-respecting country can expect to survive structurally without it citizens paying their fair share of taxes. Will there be an instruction....we all hope to prevent this from happening including keeping the communications with us and The Hague in this matter open.

GEBE requested a deferral of the payment of the concession fee for 2018. This request has not yet been handled in the CoM, but the financial situation of GEBE will be taken into consideration when a decision in this regard is taken. The Airport engaged into a bond agreement.

In the Beleidsdeel meerjaren, on page 11, a NAfl. 500 million loss is indicated. Is Government going to fill in the liquidity gap for the coming years? Is it the intention to borrow from the Netherlands, borrow from the trust fund or somewhere else?

Negotiations are going on; solution will be found is grants, loans or in a combination of both.

There is an outstanding loan of NAfl. 600 million. We are paying NAfl. 4 million in interest. If we add the extra NAfl. 500 million over the years 2018 - 2019, we will have another NAfl. 500 million to the loan outstanding. In 2021 we will have NAfl. 25 million as interest to the loan, will we be able to carry on a loan of NAfl. 1.1 billion?

This is a problem indeed. IMF has their own vision on the GDP to debt ratio and is asked to advise us both Sint Maarten and Holland on the way forward.

On page 12 of the Algemene Beschouwingen, 2018. In 2019, NAfl. 135 million will be borrowed for the next coming year. That is to build the hospital. This cannot be found in the kapitaal dienst, can the Government explain how this money will be financed? Where is this existing funding allocated? This has to be borrowed, next to the NAfl. 500 million from 2018 – 2020.

This is a misperception. The amounts shown in the paragraph "loan-outlook" is an indication of possible development of loans in the collective sector. This does not mean that government will bear the burden of these loans.

On page 13 of the explanatory notes point c states " The project for the SMMC: New General Hospital will also commence in 2018. Currently it is unclear if Government will assume the financing obligation for this project." This is in reference to the possibility of a low interest loan from the Netherlands. This low interest loan has been requested since the beginning of the hospital project, however to date no positive response has been received from the Netherlands. In case the Netherlands would agree, the Government of St. Maarten would have to accept the financing. The reality is that the hospital is currently being financed by a financial consortium and is not part of the Government budget.

The fraction missed in the overview of capital expenditures a structural solution for the problem of our dump. Where is the money reserved?

The dump is not taken up in the capital expenditure budget because the expenditures for improving the management of the dump has been taken up in the recovery fund. In one of the early recovery projects, namely the proposed project for Debris Removal and Cash for Work Program for an amount of US\$ 15 mln, the project entails the following components: 1) US\$ 10 mln for removal of debris and improvement of the management of the dump, 2) US\$ 3 mln allocated for labor costs that will be earmarked to persons unemployed in the neighborhoods and working on the project, and 3) US\$ 2 mln allocated for technical assistance and project management costs. This is an emergency project, and one of the first projects to be executed from the recovery fund.

The aspect of debris removal of the project includes: removal of the so-called Irma dump, the purchase of equipment and additional fill for a better management of the dump, removal of additional debris from the neighborhoods, and the shipment of hurricane debris off island.

What measures were taken seeing the difference between what expenses were cut and income made totaling NAfl. 60 million?

Income went up by 40 Million and expenses went down by 20 million, a detail can be provided.

The fraction mentions that it is still awaiting the budget in English.

Liquidity budget 2018: how is the tax collection for the third quarter in comparison to the fourth quarter? How come the difference (lower), was this a mistake?

A translated version of the general elucidation has been provided. This table takes into account that an amount of NAf 20 mln would be reimbursed from the trustfund.

Can Government explain why VSA has a 45% increase in the budget compared to 2017?

The increase refers to:

- 10 million - OZR – PP cards (increase), 8.9 for BZV/civil servants explained;

- 8.6 million - Gewezen werknemer (formerly employed) – BY law government is legally responsible to pay the premiums for this group of people (4.2% of last salary –employee contribution);  
In 2015, Government budgeted 5 million and the actuals were 6.2 million;  
In 2016, zero was budgeted and the actuals was 6.4million;  
In 2017, zero was budgeted and actuals aren't yet available;  
In 2018, as a result of the current situation we anticipate higher numbers than 6.4 million;
- 1.2 million – Financial Aid;
- 3 million – PIERS – Personal Incentives for Economic Recovery/Conditional Cash Transfers Program;
- 1.5 million Food Voucher program.

The Ministry of VSA is the safety net for our people in the wake of hurricane Irma, so naturally the increases are related to the large unemployment, and deep social issues that require more capital to address post-Irma.

The consolidation of recovery fund and the budget that is being prepared for the IMF is mentioned on page 3 of the elucidation. Can Parliament receive it if it is prepared? Can Parliament receive the revised national legislative agenda with the focus on recovery?

The consolidation is not yet completed. The revised national legislative agenda is work in progress.

How do we determine the quality of the hurricane proof buildings? What are the costs of the additional wing to be constructed from the National Recovery and Resilience Plan?

Until the building code has been officially updated, based on best practice guidelines established within the Ministry of VROMI, in consultation with engineering firms from the private sector, preliminary design standards have been established based on recent experience with the passing of Hurricane Irma, with regards to wind load designs and earthquake standards. Technical specifications have been developed to withstand hurricane force winds between 155 – 180 mph and also earthquake standard seismic code 3.

We have requested 25 million dollars from the National Recovery Plan to ensure that the wing remains in the design after we redesigned the building to withstand a category 5+ hurricane. The wing was removed to help find the reinforcement of the main building. The 25 million dollars includes the wing, to reinforce SMMC, increased construction costs post-Irma, redesign fees and disaster resilient communication system.

Can Government clarify the difference between the budget 2018 and the National Recovery and Resilience plan? And is there a relationship at this moment? Can the uitvoeringsrapportage 2017 be shared with Parliament for the second half of the 2017? IMF would be involved in the drafting of the budget for 2018? Or are they busy with the consolidation of the recovery fund and budget?

Throughout the elucidation regarding the health insurance reform, it is mentioned that this is not the NHI yet, can Government provide in a synopsis what are the reforms in terms of health insurance?

The NRRP provides the needs for projects to recover Sint Maarten. The budget is an operational tool to govern the Country on a day to day basis for the year that it is applicable. The NRRP presents project, some of these project may have been taken up in the budget of the country.

The uitvoeringsrapportage is just emailed to Parliament, an official submission will follow later this afternoon.

The IMF was requested to execute a macro economic assessment with as main priority to ensure a speedy and sustainable recovery of Sint Maarten while enhancing economic resilience and fiscal sustainability through strengthening self-reliance with critical donor support and assistance from the international community. We expect this report by the end of May.

National Health reform includes ongoing projects that repair the financing of healthcare in general. Steps are underway to reduce the costs of prescription drugs. A survey is underway to determine the costs and price build up for generic drug wholesalers and the GVS committee to advise on prescription drug effectiveness in treatment to establish a positive list of drugs is in the process of formation. Savings to the government budget for OZR costs on this alone are projected to be Naf 4.2 million annually. Parallel to this, the Ministry of VSA is working with SZV and SMMC to reduce the time spent abroad on medical referrals and the amount of referrals even before the realization of the new hospital. Already the SMMC has added urology and has just placed a large equipment order to be able to provide ophthalmology.

This is the key to increasing availability and quality of care without the need to raise premiums. The eventual introduction of the NHI is expected to yield far reaching benefits to the society and to make universal healthcare attainable as currently too many citizens do not have health insurance.

Tax reform: Will this matter be researched upon by technical assistants from scratch? Has Government given direction for tax reform?

No not from scratch but improvements needs to come.

ICT: similar to tax reform, will it be technical assistance from scratch? And will ICT be dependable on that? And what is the technical assistance supposed to come with? Will any technical assistance requested fall under the World Bank/Trust fund? Can we expect first report of the World Bank for this month, May?

Yes, it will start from scratch that we may acquire a thorough view on how our IT services can be efficient and effective.

Netherland has provided 40 million for technical assistance. We are in process of requesting technical assistance using these means to addressed the issues related to the ICT services. In addition, we are researching if other projects can be taken from trust fund for resilience building.

Are there policy documents on hospitality program, roof repair, voucher program? Can they be shared with Parliament? Hospitality project: concerns about medical coverage. Government was looking for some sort of medical coverage, how far is Government with this?

A copy is available right now for review. There are issues as it pertains to providing health insurance based on current legislation but we are looking at issuing a PP card for 6 months.

Is there post Irma a centralized approach regarding the Government owned Companies entailing the monitoring of Government owned Companies activities as Shareholder and holding periodic shareholders meetings with all of the Government owned Companies?

Cooperation is ongoing.

Pertaining to the priority legislative agenda, are there priority areas that have been identified by Government regarding the challenges with human resources with legislation (lack of personnel)?

Discussions for technical assistance are held and is in process.

**The member of the Sint Maarten Christian Party faction** has the following questions.

The faction with interest has taken note of the draft national ordinance.

Were the cost reducing measures approved in the meantime by Government and can Parliament receive a copy? 37 cost cutting measures, can save us about NAfl. 21 million. The faction is not sure if civil servants are being affected, there are only rumors about ministers' salaries, travel costs, severance pay. What cost reducing measures are considered by Parliament?

No the CoM did not approved a list with cost cutting measures. After approval by CoM the definitive version will be send to Parliament.

With reference to the recent cyber-attacks. On page 61, an amount of NAfl. 3 million has been budgeted for the ICT department. Is this amount sufficient to resolve the IT problems that Government has been facing? How was this figure ascertained? Was a thorough need assessment plan done? Did it represent a plan for hard- and software? Does the plan identify for additional expertise? What we don't have in house, is the cost of training calculated? Is the NAfl. 3.4 million part of an actual plan? Can a copy of that plan to upgrade the IT situation of Government be provided?

We will be working with the World Bank to strengthen the government institution which includes ICT department and the reassessment and the current ICT network. There is a need for restructuring and assessment of the ICT department in order to function efficiently and effectively.

Capital Investment is for the software development and for new and replacement of hardware.

- 1) Development of the VGO (Versterking gegevensbeheer overhead) project
  - AIMS )Advice Management Information System.
  - Automation of manual processes for several department of government such as Maritime and Aviation, PSC, Receivers, Inspectorate Education, CIB, Domain Affairs, Infrastructure Management, Facility Services etc.
  - Implementation of digital products via internet
  - Government Intranet Roll Out
  - VOG – Certificate of good conduct
  - MS CRM – Unified Service Desk (PSC Dept.)
- 2) Purchase New Hardware
  - Firewall Equipment
  - Peripherals for Infrastructure improvement such as high bandwidth switch module, SFP modules, Access Points etc.
- 3) Replace of end of life hardware



- End of Life PCs and Laptops
- Replacement of Printers
- Replacement of Switches

Considering the budget constraints, we are currently in discussions with the World Bank to strengthen the government institution which includes the ICT department and the reassessment and the current ICT network. This include requesting technical assistants from the Netherlands and World Bank to help restructure and assess the entire ICT department in order to function efficiently and effectively, not excluding the possible automation of government services.

The amount of 3.4 million kapitaaldienst is not enough, but due to the financial constraints, the budget is at a minimum to the detriment of the operation of the ICT department.

The amount is ascertained based on the assessment made by the ICT department and based of the VGO project. Due to the fact the previous budget demanded that no increase in budgets are requested, The department has adjusted what it can do for the funding represented in the budget.

The ICT needs are represented in the multiyear ICT plan.

A training plan is made every year for the ICT department but no budget is provided for the plan. Again training is not a part of the Capital Investment, it is part of Operational Expenses. Training plan has been forwarded to the Griffier.

In 2017 an amount of NAfl. 14 million was budgeted to upgrade the tax department. In 2018, it is NAfl. 8 million. Is there a plan to really upgrade the office? Can Parliament get a copy of the current plan to upgrade the tax department?

Due to the budget restrains, this project is proposed to be one of the trust fund initiatives.

On page 58, canon erfpacht is mentioned. Some persons due to hurricane Irma might not be able to pay this year. Given the market prices for land in Sint Maarten, the average square meter of NAfl. 1.50 is very low. Does Government charge per lot? How many lease owners are paying based on their lot and how many are paying erfpacht based on the square meters? Who are the outliers here in this case?

All lease agreements are basically charged per m2. In the long lease agreements the amount to be paid is mentioned as a fixed amount, however this is extrapolated from the size of the parcel multiplied by the canon per m2 used for the specific area of the parcel.

Subsidies for schoolboards: some were increased and some reduced. Can Parliament receive an elucidation why some schools' subsidy was reduced and some increased?

The increases and decreases related to schoolboard subsidies are due to various factors, one being the new Funding model which has been adopted in this school year where a new calculation has been used. It is therefore to be noted that primary -and secondary schools (boards) are calculated and budgeted based on student enrollment. From year to year the number of students may fluctuate greatly based on for example the academic performance of students on the final exams in secondary schools or FBE exit exam of primary schools. There are also other factors such as new classes and schools and the

expansion of programs which therefore increases the subsidy for those school boards such as the Methodist Agogic Center and the Charlotte Brookson Academy.

In December, the ministry requested a budget increase for USM however based on the needs expressed by the Foundation, this increase however was not honored due to the severe cuts, which had to be made to the budget proposals. There is however a relatively slight increase in the USM subsidy budget.

Court of Guardianship: no subsidy was budgeted. It was in 2017. Maybe this was an oversight or error.

There is Budget for the Voogdijraad (Court of Guardianship) some 1.7 million.

On pages 107 and 108 there is a listing of 83 individuals, schools, law firms, medical clinic with whom SLA's were signed, but no amounts are listed. Can a list with the amounts that are being paid for their services that are being rendered be supplied?

A list will be provided as soon as possible.

Camera project as mentioned on page 61 at the tune of NAfl. 2 million. How does this project tie in to the project that has already been executed? Are these cameras being monitored? Can Parliament get the plan for the camera project, if there is any, if it is available?

Ministry TEATT never had a camera project. There was an initiative from the Chamber of Commerce, which was subsequently taken over by the Ministry of Justice.

The policy plans presented are very generic but not year specific. For example building codes are not mentioned in the overview, nor landfill/dump situation, street vendor situation, USM/law on tertiary education.

The finalization of the tertiary education law is a high priority for MECYS and a first draft has already been vetted. External stakeholder consultations are also ongoing. It is our intention to finalize this legislation by the end of 2018 for possible handling in parliament in 2019.

As a point of clarification regarding the policy plans I believe that the MP was probably referring to the "beleidstoelichting" (policy elucidation) as part of the budget which was prepared prior to the hurricane last year and was not adjusted since then. Our 2018 year plans of the Ministry does reflect the current situation and the plans to reflect the completion of the legislation with a higher priority.

VROMI can agree with the MP on his remark. Unfortunately the policy document attached to the budget is what was prepared with the 2017 budget, and this was not updated because of time constraints. While there are no specific budgeted funds to deal with the 2 items mentioned by the MP as relates to VROMI, I can provide some specific information about these. As relates to the Building Code, the Government has signed an agreement with the Association of Dutch Municipalities (VNG-International) to assist the Government with the preparation of a new building code. In the week of 14 May 2018, a first mission of a building code expert from the Netherlands will be on Sint Maarten to host a workshop with VROMI and local engineering firms to discuss the preparation of a new building code. As relates to the dump situation, as indicated previously, this issue is being taken very seriously, and will be taken up into one of the early recovery projects.

Can clarity be given on the VGO project? What does that mean?

VGO stand for gegevens versterkingsbeheer overheid, in my answer on question 2 all other abbreviations are explained.

The faction considers it a serious oversight that Government did not send the letter of the Cft to Parliament. Has Government already discussed the matter of technical assistance with BZK and if yes, what are the results? On page 77, the personnel summary overview shows that the Ministry of Finance is understaffed with 66 persons but in the budget only supplies for 16 persons. Will these vacancies be filled with technical assistance or will technical assistance be hired above and beyond these 16 persons?

The letter was received on April 24<sup>th</sup> while the budget was submitted to Parliament on April 21<sup>st</sup>, so it came in after the budget was already sent to Parliament.

Yes, technical assistance has been discussed with BZK and a letter has been sent to all ministries to identify the needs for technical assistance. In the meantime, the ministry of finance has requested technical assistance from the Dutch belastingdienst. The technical assistance will be hired above and beyond these 16 persons.

Government requested dispensation in November 2017 and the response came on March 16, 2018. It took the Kingdom Council of Ministers 4 months. Does Government have a clue why the Kingdom Council of Ministers keeps on dragging their feet? Were they awaiting documentation from Sint Maarten? Could Sint Maarten have expedited this process?

This is the first time in the history of the Kingdom that article 25 had to be applied, so there was a difference in the interpretation of the applicability of said article. Unfortunately Sint Maarten got stuck between a rock and a hard place.

According to the Cft letter, monthly financial reports will be sent to the Kingdom Council of Ministers. Parliament should receive the same financial report to be apprised of the liquidity situation of the country. According to the General Audit Chamber the interim reports of the ministries need to be submitted to Parliament. These reports entail how the policy plans are executed. Parliament should be much more involved in the overseeing of the finances of Government. An annual management schedule that was submitted by the General Audit Chamber should be used by Parliament in order to hold Government accountable.

Will be complied with effective immediately. We welcome the suggestion and moving forward reports will be submitted more frequently and elucidated.

The first draft budget would be revoked as per the advice of the Council of Advice. Was this officially annulled as suggested by the Council of Advice? And can Parliament get a copy of that annulment?

The annulment of the first draft budget was presented to Parliament together with the latest draft. A replacement copy can made be available.

Is weeding out the ghost civil servants part of the cost cutting measures proposed by Government? The no work no pay concept doesn't necessarily eliminate ghost workers. Will they remain as a civil servants and not receive salary? The faction is aware of some civil servants working somewhere else but still receiving a salary.

As stated the Cost cutting measures will be provided after the COM's approval, but would like to state that there is a few civil servants that is considered as Ghost civil

servants. This matter is an ongoing issue and is being addressed and solutions are being sought to tackle the situation.

The House of detention has a unique challenge of ghost civil servants: there are 109 staff members and only 50 of them are working. How is this critical situation at the prison being addressed? About 15 prisoners were sent abroad after hurricane Irma. Are the Netherlands and Curaçao accommodating them free of charge? If not, has Government negotiated a price per prisoner for their stay in the Netherlands and Curaçao?

The matter regarding civil servants at the Prison not reporting to work is being addressed, a number of staff members who had not reported for work for quite some time have resumed work, some have resigned and the ministry has commenced and will continue to work towards solutions and ultimately pursue disciplinary or termination trajectories.

The Netherlands is pre-financing the costs of housing the prisoners transferred to Curacao and the Netherlands.

With reference to religious institutions on page 87. Can Government indicate which religious institutions receive subsidies? How much and what services are provided?

An advice was drafted by P&O to discontinue to payment to religious institutions. Government decided to revisit the decision to fund any religious institution due to increased number of churches in Sint Maarten, with the fear that the government budget could not fund all the churches established on the island. No decision has been made yet on matter and thus the budget would have to remain until COM makes a decision. For the past 2 years, no payment was made to any religious institutions. Please take note the current COM has not seen the advice.

NAfl. 3.5 million will be granted to the NGO SXM Financiering organisatie. The faction is not familiar with this organization. Can Government enlighten Parliament on this organization? What does it do? Is this the same as the Sint Maarten Development foundation?

It is not the Sint Maarten financing organization this is the Sint Maarten Development Foundation.

The St. Maarten Development Fund (SMDF) is a duly incorporated entity on St. Maarten, actively working to improve the lives of St. Maarten's most vulnerable. Established on May 30, 2012 with an objective to intervene in the development and financing of programs and projects designed to contribute towards the country's social development, SMDF is the only entity founded solely to provide these forms of support for the country's social initiatives. Today, SMDF provides both financial and non-financial support to a number of non-Governmental Organizations (NGOs) that fill critical voids across multiple segment's of St. Maarten's community. Be it a foster home, emergency shelter, senior citizens enrichment program, afternoon school activity or food pantry, SMDF strives to support foundations that support the people of St. Maarten. SMDF firmly believe that the NGOs they serve, through their programs and projects, are changing lives.

SMDF dedicates itself to St. Maarten's societal development. Their goal, is to mediate in the development and financing of projects and programs that will contribute to the Social and Community Development of St. Maarten. SMDF works towards this goal via:

- Acquisition of funds;
- Granting of donations for the execution of projects;
- Facilitating the execution of projects within the scope of its goals;

- Advising, coordinating and providing project support by planning, executing and monitoring of projects.

How budgets are discussed with the High Councils of State especially our Parliament?  
Does the Minister of Finance have any authority to question and maybe slash or increase the way he does with the ministries?  
Is the Post office building owned by the Government?

The budgets are submitted to and vetted by the Minister of Finance based on the National Accountability Ordinance. Only Parliament has the authority to amend budgets presented by higher councils of states the minister of Finance can only make recommendations, thereby respecting the autonomy of the High Councils.

The building of PSS is on Government land and is the property of Government, the applicable list will be reviewed on completeness.

NAfl. 40 million is reserved for technical assistance. Is that reserved in the Trust Fund?

Netherland has provided 40 million for technical assistance. The Netherlands has set aside some of the recovery funds from the Netherlands to Sint Maarten to provide direct financial support in the form of technical assistance.

**The members of the National Alliance faction** have the following questions.

The faction has taken note of the draft and stresses the importance for short presentations by the individual ministers to be given with a plan van aanpak for 2018, 2019 and 2020. The budget does not look like a post Irma budget but more like a pre Irma budget.

Why did the Heineken Regatta receive an increase for 2018? Why is subsidy for Golden Rock Regatta still there even if it hasn't happened in a few years?

The budgeted increase of 50,000 ANG additional subsidy for the Heineken Regatta was a decision made prior to Irma by the previous Director of Tourism as the additional support was aimed at giving Regatta further support / aid the growth of this annual event.

Post-Irma the Regatta held successfully in the 1<sup>st</sup> quarter of 2018 was one of the 1<sup>st</sup> events for our now very fragile tourism sector. While many events and operators are currently crippled and may not be available until 2019, the Regatta has shown the industry yet again that the Marine/ Yachting Sector has more resilience and was the first to return to our shores.

The ministry is committed to show the Marine / Yachting Sector additional support and focus throughout 2018 as a part of its strategy to grow its economic impact and contribution to the GDP of Sint Maarten.

This is the industry's main event and is held annually in the prime of the traditional high season for Marine / Yachting Sector. Additionally, the success and quick action of the regatta team was the deciding factor to maintain our intent to give increased support toward 39<sup>th</sup> Regatta event to be held in 2019.

Golden Rock Regatta of 2016 was supported and maintained on the budget in 2017 with the department's intent to provide continued support this was ultimately not approved

and unused in 2017, due to the late compliance of the required documentation by the event holders.

Though the Golden Rock Regatta 2018 event is still slated to occur the department intends under the guidance of the interim Director of Tourism to reallocate these funds to support other events and activities within the Marine / Yachting Sector, under incidental subsidy support. This decision was made given post Irma strategy for the Tourism Sector.

The faction also feels it is hard to support Government on the cost cutting measures if no information is available. Mention was made of 37 cost reducing measures. Did Government approve the cuts? What do these measures consist of? Civil servants who are entitled to promotions and increments, will they be affected?

COM did not approve the cuts. The measures cannot be provided until approved by COM. Yes, Civil Servants will be affected if the cost cutting measures are approved.

Police Korps: under uitgaven, point 5 no figures is mentioned. Can an explanation be given why this is blank?

This was only meant to generate income.

Kapitaal dienst, point 6 and 7. Forensic lab and renovation are mentioned. Will the NAfl. 350.000 go solely to lab equipment?

Indeed, this amount is for the lab equipment.

Prison: are the Dutch guards being paid from our budget? And how much are the costs?

These are being paid by the Netherlands, ultimately it will be covered, reimbursed by the Trust Fund

Hardware and software for prison: is this solely for IT purposes? Miss Lalie center and Prison: is it one budget?

The amount allotted is for part of the hardware that has to be replaced.

Gewone dienst ontvangsten: stay or pay fines, what are these and why these are listed as zero?

It is a project that had started but is discontinued for the time being.

The budget 2018 is the same as 2017 but just with minor tweaks. Why is that? If this is the case, why did it only reach Parliament now? How were the revenues in the budget estimated? Which income streams took the biggest hit and which increased? What options for financing exist outside of the trust fund that we have access to? What options are we looking at? There is no clear picture which extra expenditures from 2017 will now be covered by the fund. Do we have still a deficit for 2017? Did Government reprioritize the capital investment list per ministry due to having received / to receive recovery fund? Is that reflected here with the blank spaces now? What type of financial instruction does Government see looming? How can we qualify for capital expenditures when we have a deficit?

This is not correct, the Herald spoke about budget 2017 and I spoke of the different drafts of 2018, and I repeat the budget we are handling today originally was presented on July 2017, that was been tweaked later when the situation after Irma came more clear.

Irma happened, and discussions followed on the interpretation and applicability of article 25 etc.

Largest items are wage tax and turn over tax, wage tax went down due to so many persons in the private sector lost their jobs or are under reduced work schedule. Turn over tax reduced due to many businesses shut down or reduced in operations. All tourist related taxes, rental car, timeshare, hotel drastically reduced for obvious reasons and the non-income producing areas did not increased.

We are looking on a very limited scale to the EU, looking for floating a bond for Country Sint Maarten via the Central Bank of Curacao and Sint Maarten, and we keep communications with our Kingdom partner, especially the Netherlands wide open.

Yes there was a deficit in 2017 of at least NAf 77M which was partly covered amongst other by the NAf 50 million loan, but the deficit of 2017 can still grow due to a drop or loss in value of governments assets due to hurricane damages still being assessed. Also the cost of health care for civil servants and PP card holders has been under budgeted over the last few years, which now coming home to roost.

We did not reprioritize but assumptions have been made regarding refinancing of various projects, that indeed is the reason for the blank spaces.

The discussions with the Kingdom are ongoing and we hope to get clarity and no instruction.

The law does not exclude capital expenditures when there is a deficit.

Was the director the only one to approve it, the Heineken Regatta? Where is the data, the impact on the GDP? Can the economic impact of the regatta on the coffers of Government be justified?

The Regatta is one of the events which attracts visitors to the Island who spent money.

How much is the camera project? How much has already been paid? There is still NAfl. 2 million budgeted. What is the total costs of the camera project?

The total cost of the Camera Project is 8 million guilders. 4 million was budgeted and approved in 2016. An additional 2 million is budgeted in 2018 and for 2019 the remaining 2 million will be budgeted. From the beginning the plan was to budget the implementation of the project of 3 years, this to make room for other investments within the ministry. Up to now an amount of ½ million has been paid. The invoices for the next phase has been requested so these can also be covered.

The 10 people, hired what are their functions and under which department do they fall?

The people being hired for the camera surveillance team will fall under the responsibility of the Police they will be tasked with surveillance of camera footage and coordination with other relevant police departments and emergency services.

With reference to the letter of March 27<sup>th</sup> indicating a deadline of May 1<sup>st</sup>, did Government consider this a realistic deadline? If not, why not? And what reasons were given to the Kingdom Council of Ministers to understand the situation we find ourselves in?

According to the law the budget had to be approved before the year starts. So we fully understand the pressure the Dutch are executing.

What are the requirements for the capital expenditures? We use it for liquidity support, so how will this affect the future kapitaal dienst?

We are not allowed to utilize capital expenditures for anything else than tangible fixed assets. So we are not allowed to borrow money to lend out to third parties, we are not allowed to buy shares in companies etc, etc.

Hardware industry definitely experienced a growth in the aftermath of Irma. Can this be clarified?

Certain sectors have benefited from passing of the hurricane, like for example the construction sector and automotive sector.

Is the Kingdom aware of our challenges (ICT, hurricane) in relation to the deadline that was given? Were these divulged to them?

Taken into consideration all we have gone through, including hurricane, ICT problems, dump fires etc., it is really a tight schedule, but it is achievable.

Capital investments: there are still blank spots with promised budget funds, any of these will be included in the 2018 budget? Will any be added, any changes to be made?

2017 capital investment needs were transferred to 2018, with the exception of several items that will be financed through the Trust Fund as early priority projects. Most of these projects such as fire department and Police vehicles, weather radar, MET Office equipment, will be financed through the Trust Fund or via direct financing from Holland.

Investments were made in the ECYS (4 classrooms). Has any prioritization been conducted? Any things been conducted or to be conducted from the trust fund?

There is only 1 million guilders for Capital investment on the 2018 Budget and the matters related to availability of the capital investments will be further elucidated by the Minister of Finance.

How far has the ministry of VROMI gotten where it pertains the dump?

In 2017, the SOAB conducted a review of the management of the dump. While we cannot sufficiently emphasize the need to drastically change the way in which we dispose of garbage on the island, for another hopefully short period to come, we will continue to dump the garbage at Pond Island. The SOAB report identified various shortcomings in the management of the dump.

These include: shortcomings in the terms of reference for the works, in the management carried out by the contractor, as well as in the control conducted by Government. We have been discussing with the World Bank various shortfalls we have encountered at the Sanitary landfill as identified in the SOAB report.

It should be noted that besides contractual shortcomings, which primarily came from a too low tendered budget (statement SOAB) the available financing to handle the dump has been limited to NAF 2.3 million for the past 8 years, even though government is well aware that a minimum of about 3.5 - 4 million is needed per year. For 2018 the budget was increased to NAF 2.8 million for the landfill, which is still grossly insufficient. However, we



intend to cope with the shortfall this year by utilizing the recovery project to supplement the difference, but this will need to be better addressed in the future.

In terms of the way forward, one of the must-do activities is to engage in recycling. The Ministry has presented a machinery listing needed on the Sanitary landfill and the Irma landfill, this includes various shredders needed for steel, wood/greenery and C&D waste (construction and demolition waste). To assist in further assessing solutions, during the first weeks of this month (May) the consultant hired by the World Bank; EE&G will be on island to review the plans and make recommendations about the way forward on the Sanitary landfill.

The options we are considering are:

- An urgent improvement of the management of the landfill, which requires better security and additional landfill as a short-term measure.
- We will prepare a new terms of reference for the management of the landfill as soon as possible, as the current contract will expire at the end of 2018. Urgent Improvements need to be implemented before the expiration of the management contract.
- We will implement the debris removal project as soon as possible, which involves a more extensive cleaning of the island, including shipwrecks and other debris, but also the cleaning of the so-called Irma Landfill.
- We also intend to implement a recycling program for certain waste streams that can easily be collected, and either reused in other works or shipped off island for reuse.
- We have begun the preparation for the establishment of a Waste Authority, that will be responsible for a comprehensive management of garbage, and will involve other stakeholders. With this, our legislation also needs to be updated. It should be noted that we will have to implement a fee to residents for the disposal of garbage within soon.
- Lastly, we need to seriously consider the options of incineration of garbage and possible production of electricity from this. With this solution, we can also consider mining some of the landfill to reduce the garbage mountain so that the land might be useable for some other purpose in the future. In this regard we will engage in cooperation with the French side, and possibly also with our sister islands Saba and St. Eustatius.

Considering the aforementioned, from here our next step is to sit with the World Bank consultants (EE&G) upon their arrival to review the plans and discuss the most effective way forward on the landfill, which should be the first steps to a solution for this grand problem.

How far along is the job placement project and what are the costs?

The Ministry of VSA through the department of Labor Affairs facilitates job placement as one of its core tasks not a project. However, I believe you are referring to the PIERS program I mentioned earlier. For 2018 there is 3 million guilders allocated. In addition, the Ministry has invested in the development of a website that allows the registration of unemployed persons to happen digitally, allows businesses to register vacancies digitally, and most importantly is a platform for employers and employees to meet. I encourage those unemployed to register and check out the vacancies as well as businesses to get your vacancies online.

Jobopportunity.sx \$5,000 a year.

How much will it cost Government to get the sports facilities up and running and how far are we with the repairs?

The assessments of the damages to the sport facilities has been conducted directly after the passing of hurricane Maria and Irma and it was concluded by the NSI that the cost attached to the damages are estimated at 2.4 million guilders as reported in a damages assessment report prepared by them in November 2017. This therefor indicate that the expected costs to rebuild the existing sport facilities are expected to be more than 2 million guilders.

Madam Chair I hereby inform the Honorable members of parliament that the sports facilities are insured via the government insurance policy for which the insurance claim has not been completed as yet. Thus far the government insurance agency provided three advances to a total of three million dollars and part of these advances were allocated to the repairs of schools first. This mean that the planning of repairs for sports facilities are challenged with a need to look at multiple funding scenarios.

Thusfar Government has managed out of its budget to set aside about 140k to make some important repairs to the Melford Hazel sport complex and quick fixes for 7 basketball courts within the districts. These payments have been approved by me and the COM and made available through extra incidental subsidies to the NSI as this foundation is charged with the maintenance of our sport facilities. The repairs are ongoing and the NSI is required to report to the Ministry via the sport department about progress and completion of these repairs and financial consequences. The NSI should also be recommended for their enormous efforts to clean our sport facilities to have them up and running again and accessible to the public in order to secure that sport activities and programs could resume.

In sport, we have had to be very creative in coming up with the funds needed to repair the various facilities, as the funds earmarked through the insurances barely cover the costs for the sport facilities. The general insurances for government facilities does not properly cover sport fields. The costs attached for example to the field lights both at Raoul Illidge and the John Cooper Jose Lake ball park, including the repairs to the artificial turf and the track, these major costs are not covered by the insurances.

In light of this, we have had to be creative and look at other options such as international funding and local public private partnerships in order to make the necessary repairs. Organizations such as the UNDP, UNICEF, Johan Crujff Foundation, IOC, Lions, Rotary, local businesses and assistance from the Netherlands via the established relationship with the Ministry of Sport in the Netherlands are all being explored to be able to provide the needed funds to ensure the needed repairs. Thusfar we received confirmations for assistance from IOC /NOC, Johan Crujff Foundation and UNDP and the details are being ironed out in order to ensure the final confirmations. I believe we should receive support of over 300.000 dollars from these organizations and I look forward to a. receive further conclusions from the Ministry of AZ about the settlement of the claim and the possible funds that will be allocated to the sport repairs and b. to expand on public private partnerships such as the #sportsmatter, #stepup for sport and presentations from the NSI.

I therefor hereby also present a PP presentations as prepared by the NSI and encourage the MPs' to review and support the NSI via their website and facebook page.

How is Sint Maarten being sold and marketed abroad? How many hotel rooms do we have available right now? Tourist license: zero income for the last years. Are there ways to go about this? Has information on how to go about this been shared with hotels and car rentals on how to go about it with their clients, in order to drive legally on Sint Maarten? This is also an income generator.

During this period of recovery our focus has mainly been on sharing destination information with our stakeholders. the cruise industry has been key and is keeping SXM afloat – a beacon of hope. We have also been meeting with the air airlines and ensuring their return to St. Maarten – maybe not as frequent as before but at least they are flying to St. Maarten. This will have a positive impact by lowering airline prices as well. As we all know, we're presently faced with a lack of hotel rooms. The low room inventory limits our marketing abilities, so we are re-strategizing in collaboration with our French counterparts to execute a targeted public relations and marketing campaign for the remainder of the year.

#### Accommodation Statistics and Outlook

Current available units as of April 2018: 1,043 – 26% of Pre-Irma Inventory

- Availability by end of Q2: 1,308 – 33%
- Availability by end of Q3: 1,778 – 45%
- Availability by end of Q4: 2,145 – 54%

Additionally we have available 46 Independent villas, of which 60.8% are 2-3 bedroom villas. There are regular stakeholder discussion to keep this information real-time.

Based on the Treaty of Geneva, all member States of this Treaty have a valid international driving license. That is why this idea is not feasible as income generator.

Is there any renovation to the building being done or will a complete new prison be built? Can we afford a new prison or suffice with renovations? How much monies will be spent on the rehabilitation of the prisoners? There are a number of inmates abroad due to state of the prison: what are the costs to house these in the Kingdom? Will it come from the Trust fund or from Sint Maarten's budget 2018? What is the state of affairs of the grens hospitum? Is it in the budget? Lbb officers that are assisting in the prison. Is the Netherlands paying this? And if yes, will the Netherlands be reimbursed from the trust fund?

What is the amount of personnel of the Netherlands and Kingdom that was dispatched to help us since hurricane Irma to assist us in the recovery process? Can the costs, amounts of persons and period of time, per ministry be specified? Are assessments done about these dispatched personnel? Can a breakdown of all services that will eventually be deducted from the Trust fund be provided and what the costs will be?

Various Damage Assessments of the Prison have been made, these have included recommendations from renovations to a new prison.

The long-term goal is to build a new prison. In the short term, urgent fixes will be made. A plan of approach aimed at holistically addressing the challenges the Prison system is faced with is currently being further developed.

The costs are 150.000 euro per month for the Prisoners transferred to Curacao and the Netherlands. The Netherlands is pre-financing these costs which will be reimbursed by the Trust Fund.

The Grenshospitium /holding cells also suffered damage. Work has been carried out and additional repairs will be made. This and also the Lbb officers are pre-financed by the Netherlands and will be reimbursed by the Trust Fund.

Can the MP please clarify the question, if the MP expects an overview starting after hurricane Irma, this will take some time to research, and especially since the expenses are not part of our budget we do not have information ready, but we can gather the information for you.

Please see page 4 on document sent to Parliament.

What are the requirements for a business to qualify for tax holidays? This should be discouraged as it puts a huge debt in the budget. Despite some hotels, car rentals and tourism related industries taking a big hit, what other economic sectors have increased to lower the projected loss? Is Government looking at ways of increasing those growing industries that appeared post hurricane, such as construction?

Tax Holidays should be viewed as incentives to encourage investments promoting economic growth of the country and not seen as a negative. The process includes proper vetting of the economic and financial benefits to the country. We should not be afraid of granting tax holidays

Some of the qualifications are:

- For Investments in land development projects a minimum investment of Naf 2 million;
- For investments in a hotel or other facilities to attract foreigners to visit Sint Maarten a minimum investment of Naf 1 million;
- Other investments that broadening the economic base of Sint Maarten the minimum investment of Naf 250 thousand and provide sustainable jobs for at least five persons that are born on Sint Maarten and have a Dutch passport.

But again the vetting has to be properly done.

Are retraining programs still being funded in the originally proposed manner thus for all hospitality workers? Is it still coming from our budget or replenished by the trust fund? What will be replenished from the trust fund? Retraining for other sectors, how will this be done? How can we utilize programs for that? Which sectors will benefit? Can a summary of the meeting held in Brussels be given?

Please see page 4 on document sent to Parliament.

Exit survey, what are the costs? When was it done? When is it to be completed?

The Tourism Exit Survey (TES) was conducted in March 2018 with an approximate cost of 2,800 ANG and the results will be made available by the end of May 2018.

Toezicht raad kansspelen, gaming control Board budgeted at NAfl. 75.000. This is not enough to establish the Raad. The faction suggests to reallocate these funds either to agriculture or sports tourism.

The camera project was supposed to start and focus on Philipsburg, why did we start outside of our focus point?

In general, those who commit crimes in the Philipsburg area do not stay in town so it is important that all areas are covered.

The Camera project is currently in its 1<sup>st</sup> implementation phase. Camera's have thus far been placed at various locations in the greater Philipsburg area including the roundabouts (up to Roundabout by Cul de Sac Cemetery). There were some technical difficulties with the wiring for Camera's in Philipsburg but this matter is being resolved.

There can be no prosperity in St. Maarten should safety and security not be the number one priority. When there is no safety and security there will be no tourism. We all have a responsibility to keep St. Maarten safe.

Dutch funds will be used effectively. What are these investments from the trust fund and which projects are planned between now and the start of the hurricane season and for the rest of the year?

There are 2 early recovery projects of which part of these projects fall under the responsibility of VROMI. These include: 1) the project for the Debris Removal and Cash-for-Work and 2) the project for Disaster Risk Management (DRM). Both projects are scheduled to start before the hurricane season of 2018, but these will not necessarily be completed before the season. However, the intention is that much will be completed before the peak of the season in September.

The project for the Debris Removal and Cash for Work was elucidated in a previous answer to MP Luc Mercelina.

The project for Disaster Risk Management, which is yet to be approved by the World Bank, includes for VROMI:

- The construction of emergency shelters;
- Additional roof repair of homes;
- Support for the SMHDF for repair of damaged homes;
- Support to GEBE in the repair of damages to the electricity and water distribution network.

A couple of houses in the Belvedere area have significant damage. The homeowners are worried about the repairs not getting fixed on time, before the hurricane season. Can an update on this be provided?

As indicated previously, the project for Disaster Risk Management includes monies for the SMHDF, to repair many of the homes damaged by Irma, including the homes of Belvedere.

How does the budget of each ministry differ from the 2017 budget? And how will it affect the 2018 budget, planned legislation and personnel? Has a new personnel cut been ordered? If yes, how will it affect the operations in terms of how it effects the execution of some of these projects?

In 2017, the Ministry of General Affairs operated with a minimal budget due to the financial constraints. There is no approval for personnel cut. The budget increased by only Naf 759,029, which is only 1% of the total budget allocated to the ministry. The 2018 budget can not facilitate the execution of any projects but the ministry plans to utilize the technical assistance to tackle the ICT issues that the organization is facing

On the overall, the difference in budget for VROMI between 2017 and 2018 is minimal, entailing an increase in the amount of about 9%. However, for a proper management of the responsibilities of VROMI, a significant increase in the budget is needed, which unfortunately is not possible given the known constraints. VROMI has provided an overview of the risks involved in the shortages of the budget, in comparison to the yearly request of the Ministry (see page 45 of the budget elucidation).

Due to the impacts of Irma the following significant adjustments were made for the VSA budget 2018.

- Increased OZR by 10 million;
- Increased Gewezen werknemer (formerly employed) by 8.6 million;

- 1.2 million increase for Financial Aid;
- Added 3 million for PIERS – Personal Incentives for Economic Recovery/Conditional Cash Transfers Program;
- 1.5 million Food Voucher program.

Remaining budget posts did not adjust significantly.

In the area of legislation the ministry ECYS will prioritize first on the finalization of the Study Finance Ordinance, the finalization of the National Decree regulating the funding of educational institutions and the drafting of the Higher Education Ordinance. These legislative trajectories are especially important as it has financial impact. Also the ministerial regulation of the profile of the members of the ROA (Council of Education and Labourmarket) is in the final stages, prioritizing the need to further align the education, labour and economic needs.

Challenges are mainly legislative capacity and expertise; therefore MECYS is reliable on third parties (consultants), but I am happy to announce the recent sign off of 2 new local recruits for the department of Education and they started their new position this week.

The cultural law development is also included in the MRP as priority but capacity and planning needs to be reviewed for preparations in 2018 or 2019.

Further there are differences in the personnel - and material costs in my initial answer and clarification (see above), MP Jacobs requested a further clarification about the planned programs and available budgets.

There is an increase of Naf 2,026,892.00 which is 50,49 % compared to 2017. This increase is related to the following:

- a.Reforms in Education in the amount of 156,372.00 which also includes the payment of the consultant for the drafting of the legislation for Higher education and the Ordinance for Supervision on education.
- b.The establishment of the ROA which has an increase of Naf 37.500 totaling Naf 75,000.00
- c.The Youth Budget is part of that increase in the amount of Naf 1,340,361.00 which is related to the continuation of the school feeding program under the Safety Net program as well as the integrated youth policy which will be focusing primarily on at risk youth.
- d.The sports budget has been increased with Naf 360,000.00 for the development of national Olympic teams and the further expansion of schools sports programs.
- e.The Psychosocial Training of teachers and the care teams in the amount of Naf 111,800.00 is also part of the increase due to the pressing need since the passing of the Hurrricanes Irma and Maria.
- f. The Education Care Center has received also an increase of 59,867.00 as the program will take further root in the new school year 2018/2019

The budget has also shown a decrease of Naf 111,638.00 which is related to the Culture. The programs related to Tangible Cultural Heritage, Tracking Cultural Goods and promoting Culture nationally will be affected therefore amendment of said programs have been made in the department plan.

In conclusion therefore I can inform the honorable members of Parliament that we have not experienced any total cut of any initially projected programs in the 2018 budget but due to the delay of the budget 2018 approval some of these projects have been unable to commence.

The faction points out that it might make sense for Government to share the preliminary draft of the budget cuts with Parliament. How can we validate the cuts of civil servants benefits while being understaffed but still assisting others (general population)?

Something has to happen, measures are necessary and expected, CoM has to decide on which measures will be taken. The private sector were I come from, took a hit immediately following after Irma. Out of a job or reduced pay.

Naf. 8 million for Maho group training: was this arrangement put on paper? What is the money for? How many employees are benefitting? How many hours are they getting paid for? How long will this program last and will these hotels be ready after the training?

To clarify, this is not a Maho training program. Although it may have been developed by Maho and Sunwing, it is a hospitality training which allows all persons affected in the hospitality industry to take part.

The project was designed to:

- 1) prevent mass lay-offs while ensuring job-security to workers; and,
- 2) provide unemployed workers in hospitality sector, to start, with a basic form of income & social protection.

Project is to run for 4 months from February 15 to Jun 15, 2018.

We are also looking at expanding the program across other sectors to include the marine industry, the construction sectors and more.

Project is designed to accommodate 1350 workers in the hospitality industry. As of April 2018 the present time there are 727 workers enrolled of which 112 were unemployed persons.

As of April there are 727 workers enrolled. This not only Maho and Sunwing employees but from other companies in the sector.

Total amount allotted is Naf. Approx. 8 million.

The salary stipends levels are Naf.1000 – workers, naf 1250- specific trade/skilled staff and Naf. 1450- supervisors.

There are issues as it pertains to providing health insurance based on current legislation but we are looking at issuing a PP card for 6 months.

The faction is disappointed that some budget posts remain there while not used for some time e.g. EDC. What will it be used for? SCDF and SBD. No projects have been allocated to them. Also cruise conversion has no projects.

Is consumer protection a priority?

The ministry acknowledges that subsidy allocated on the budget reflects SBDF, EDC and SBD collectively reflecting an allocated budget of 147,500 ANG. It is the intention of the ministry to support the establishment of the Sint Maarten Business Development Center (SBDC) which was approved prior to Irma in 2017. It is part of the larger objective to facilitate and support the development of small and medium enterprises (SMEs).

The ministry acknowledges that the budgeted items are not enough to fund these initiatives and are reflected in the subsidy post. Yet the post- Irma reality just emphasizes the need for such entities in the effort to build back a more resilient economy. To this end the ministry will be reallocating the budget to fund the legislative trajectory needed to establish these entities. Once the revenue of government returns in good standing the budget required to fund such will be reflected.

Budget for religious services put back 'just in case'. Just in case of what? What will fall under this line item?

An advice was drafted by P&O to discontinue to payment to religious institutions. Government decided to revisit the decision to fund any religious institution due to increased number of churches in Sint Maarten, with the fear that the government budget could not fund all the churches established on the island. No decision has been made yet on matter and thus the budget would have to remain until COM makes a decision. For the past 2 years, no payment was made to any religious institutions. Please take note the current COM has not seen the advice.

Did Government use our capital expenditures for the liquidity support, yes or no? Article 24 or 26 of the Kingdom law governs the loans for Sint Maarten. Given the deficit are we in breach of article 24 or 26 of the Kingdom law, yes or no? Can we get a loan? Will it be a loan or recovery funds?

21,7 m NAF of the capital expenditures was used in 2018 together with the 50M NAF used for liquidity support.

No, there is no law stating you cannot get a loan if you have a deficit. How we going to finance we have to see.

There was already legal advice requested on the boxing event. What did it say? What was the update on the advice?

The ministry has tasked the new interim Director of Tourism to follow up on the legal advice needed from legal affairs regarding the process in ascertaining legal representation in the US to initiate the legal proceedings in order to recoup the funds currently held in an escrow account.

Gewone diensten: what are stay or pay fines? Why listed at zero (0)?

It is a project that had started but is discontinued for the time being.

How is Sint Maarten sold or marketed to the outer world as Sint Maarten is slowly recovering?

During this period of recovery our focus has mainly been on sharing destination information with our stakeholders. the cruise industry has been key and is keeping SXM afloat – a beacon of hope. We have also been meeting with the air airlines and ensuring their return to St. Maarten – maybe not as frequent as before but at least they are flying to St. Maarten. This will have a positive impact by lowering airline prices as well. As we all know, we're presently faced with a lack of hotel rooms. The low room inventory limits our marketing abilities, so we are re-strategizing in collaboration with our French counterparts to execute a targeted public relations and marketing campaign for the remainder of the year.

**The members of the United St. Maarten Party faction** have the following questions.

The faction has taken note of the draft and requests a fully digital version in Excel, Word or PDF with explanation notes. With reference to the new May 8<sup>th</sup> deadline, what is the position of Government on this? Is this a realistic date? Did Sint Maarten try to discuss this with the Netherlands or was the reaction "just no problem, we will get it done"?



I just sent the Griffier a searchable PDF version. We had no choice.

Did Parliament receive the Cft advice and all other related documents (Council of Advice)? Can presentations be given by the individual ministers on the plans for the budget of their ministry?

Parliament received the advice from the Council of Advice, I just handed over the article 11 advice from the Cft as mentioned before.

Government has indicated that in the discussion with the Dutch representatives on the deadline of the budget, we did not have much of a choice. What in the event that this budget is not in the interest of our people? What might the steps be?

On March 27<sup>th</sup> we received a letter from RMR wherein they agreed to apply article 25. And in that for budget 2018, they included six conditions, the 'begroting dient voor 1 mei vastgesteld te worden by Parliament and sent to the Governor for ratification.

Mr. Grappenhaus, made it clear, that the RMR has to receive the approved budget latest on May 9.

Some clarification is needed with reference to the loans of the hospital. Is this another loan? Has the information changed? Is there new information on how the hospital will be financed? Within the budget, it shows a amortization schedule where NAfl. 135 million is added which is a different amount to the collective loan total of NAfl. 145 million. What are the sources for these loans? Are there two separate loans, APS SZV, etc. ? Is it still the plan to get loans from them and also from the World Bank in comparison with what is mentioned in the budget? Does the increase in fees of the SMMC have any implications for the budget 2018? Will the insurance go up? Was advice from the Economic policy department, SER, Council of Advice or any other supporting department sought on the increase of fees? Is the Government also collecting any of the fees? Or does the increase of the fees directly benefit only the SMMC?

On page 103 where it refers to loan perspectives. What this is referring to is the collective sector entities. If you look at the chart it shows their starting position for the collective sector 2018 at 544 million guilders, and then it shows a number of additions for 2018 of which includes the SMMC. So the number illustrated their (40, 40, 55) are earlier figures pre-Irma. In essence what the chart shows the debt to GDP ratio per sector. Although the loans amounts are reflected here SMMC is part of the collective sector. But if you look under capital expenditures there is no allocation for money for the SMMC. The Government is not lending money to build the hospital. This simply refers to the debt to GDP ratio for the collective sector.

The 135 was a pre-Irma number. The original system for the hospital was a wall paneled system, similar to what you see some of the buildings in the hospitality sector, and we all have seen how the hospitality sector faired for Irma. And the feeling was for a critical institution such as the SMMC, our one hospital, it did not make sense to stick with a walled system. It was decided that we would change that system, and like I stated yesterday, we had to sacrifice the additional wing and use that money to invest into the main building to make it hurricane resistant. That is reflected in the 145. Included in the 145 is the reinforcement of the building to a concrete structure, reengineering costs, design costs, because some of the element that had to be in the wing had to be moved to the main building.

The request to the World Bank has been to replace the wing. That's approx. a total of 25 million dollars including engineer costs, financing costs, delay costs, design cost as well. So in the article there was a partial of list names – SZV,APS,APC, Vida Nova,

So there is a number of institutions from both Curacao and SXM that are financing the construction of the new hospital.

From all indications the support from the World Bank looks very positive. They have looked at our plans, our procurement process. One of the requirements for World Bank is that the procurement process needs to conform to their standards and they have already given us the green light on that. For example, one of the requirements would be that the contractor would need sign a declaration that they can not be on one of their ban lists, they need to sign an anti-corruption document. They have done that already and it looks very positive. I am very happy that it moved to the second phase from the first phase.

Yes there are going to be budget implications which are already reflected in the budget. Taking a step back, it's good to look at the finances of sMMC. In 2015, SMMC was projected to lose 10 million guilders, and in 2016 was projected to lose 12 million guilders. Based on a number of measures taken we have managed to halt those losses so SMMC would be in a breakeven position. This allows us time for more structural solutions for the entire health care system and more specifically we are referring to NHI and National Health Reform. These are to different aspects of the health care system which are running parallel and happening as we speak. In essence NHI is also part of NHR.

The measures taken included adjusting the ZV budget, and we are in the process of adjusting the OZR budget. The OZR is regulated in the national decree regulating medical and nursing tariffs. In the absence of tariffs an institution can request the minister to establish tariffs. That is one way of adjusting tariffs. That is one of the things we have done and we propose to increase the tariffs for the SMMC as of February 1<sup>st</sup>. The other way is a legislative trajectory which is what we are doing as well. For that legislative trajectory we have requested the advice of the SER the next advisory body to consult will be the Council of Advice in collaboration with TEATT and the Council for Public Health.

It's important to note that many of these tariffs are historic and have not been adjusted since 2004. They are outdated. If you look at medical inflation it is higher than regular inflation. However over the years no adjustments have been made. Which is why many of our financial institutions are in financial difficulties. Many of our tariffs are currently set by legislation but under NHI they will be handled in negotiations the same way Aruba and Curacao have adjusted their healthcare model, we have looked at their model and adopted the best practices from them and learning from them as they've move over to a universal health care system.

So yes there will be increased costs but we need to look at this in a bigger picture context. We spend somewhere between 30 – 40 million guilders a year in referrals sending people abroad. That means paying the travel expenses as well as for their companion. That includes their airfare their hotel their per diem and their medical expenses. This is all money leaving our economy. If by adjusting our tariffs that way we can ensure we can build a better hospital, a larger hospital with more services. We can then take care of people when they close to home. That same money is now going to be reinvested in our economy. We will be creating jobs, income for Government and from a tourism perspective a true diversification of our economy into medical tourism. If we are a center of medical excellence in the North eastern Caribbean, this does give us the opportunity to attract customers from around the Caribbean and again grow our economy.

As the Ministry has looked at healthcare reform, one of the starting point was the hospital as it is the cornerstone, the basis for our healthcare system. Pinning down the costs of the hospital operation and the range of services that the hospital could offer is critical to determining what would be the estimated cost for our healthcare system for the country. If the hospital was a 1 billion dollar hospital eventually those fees have to be paid back in tariffs or service fees which would then have an implication on premiums for insurances. So nailing down the cost of the hospital for the basis for our healthcare system and the range of services was a critical part of determining what our overall health care costs would be. The idea behind approaching the Netherlands for the low interest loan is very simple. Operationally our estimates were that a low interest loan from Netherlands based on a slightly longer duration of the loan period would have yielded an operational savings to the hospital of 6 million guilders per year. Again that reduction in operational expenses this money that could be spent on other services or allow us to maintain our health insurance costs because again those are costs we would save in our health care system, and therefore not later passed on to consumers. But given the reality post-Irma, I suspect with all the capital needs the country is going to have it is not sure if the loan is really going to be a viable option, at least for the next few years. We have already managed to secure the financing for the hospital. In that sense the hospital is on a lower priority from a Dutch perspective in terms of financing. So the financing is actually a savings for the country.

The dividend overheidsbedrijven. A decrease over the last few years is noticeable. How much consideration was given to the contribution of Government owned companies? Was any other dividend that was there before removed? Has the Government developed some form of dividend policy? Has any actual collection of funds taken place? How do we manage this? Each ministry has a separate policy?

In accordance to the articles of incorporation of the Government owned companies the shareholder can declare dividend. With the declining economy we do not expect any profits, hence no reserves of dividend is taken up in the budget.

Some of the cabinets within the Government have experienced budget changes. Finance has gone up, while AZ went down. How have the cabinets been budgeted? Will this be incorporated by any cost cutting by Government?

Cost cutting will be attempted in all areas. The formations of the Cabinets are in compliance with the policy for Cabinet Members.

The faction is of the opinion that the resources for housing and cleanup should not be underestimated. In terms of disaster management, some items of the budget have been reduced. Is this to Government's liking and is there room for improvement? Are there disaster management funds for the Ministry of VROMI for future hurricanes?

There is always room for improvement where the budget of VROMI is concerned, however as was mentioned in previous meetings, we are dealing with a skeleton budget with unprecedented deficits. The Ministry of VROMI, as is the case with all other ministries, will have to cope with the available funds from the Country Budget, so as to minimize the burden on the local tax payers as much as possible. In the coming period VROMI intends to put much emphasis on effectively utilizing the funds made available by the Dutch Government through the Trustfund being managed by the World Bank, to finance many important investments in the areas of housing, infrastructure and environment for the recovery of the country. It goes without saying that when the economy improves and normalcy is restored, that more resources will have to be allocated from the Country Budget for the VROMI responsibilities.

Some reductions in the EOC budget are noticeable. Is there any explanation for the budget cuts?

Is part of the early recovery projects through the Trust Fund.

The cleanup and maintenance of our beaches. Is there a specific budget for the protection of our beaches where cleanliness and environment is concerned? If not, the faction suggests for proactive work to be done for the beaches by VROMI.

The budget for the maintenance of the beaches is covered under the budget for the maintenance of public areas (VROMI line item 910). In addition, the general clean-up of the beaches will be part of the clean-up effort early recovery project for debris removal, which includes the clean-up of all areas of Sint Maarten. It should be mentioned that one issue that may be insufficiently addressed is the matter of the clean-up of the recurring Sargasso Seaweed that seems to plague the beaches of most Caribbean islands in recent years. This is becoming a structural problem that appears to be one of the effects of climate change that Caribbean islands have to cope with. While we need to look at more innovative and collective ways of dealing with this phenomenon, it will place an unforeseen burden on the resources of VROMI to keep the beaches that are part of our tourist product, free from the nuisance of the Sargasso Seaweed.

Loan perspective: a more detailed explanation on the sector is needed. It is specifically mentioned that Government's debt is under loan perspective. It reads as if it is a debt of the Government. The faction suggest to perhaps make an editorial change and separate this. On the same chart: is Government seeking these loans? Or a Government owned Company or ZBO? What is really Government's debt and what belongs to a ZBO, or a Government owned Company, or an outside entity? Loan perspective: Other investments, what are those? Mention is made of NAfl. 10 million for other investments. Is that capital expenditures?

Thanks for the suggestion; we will take it into account.

Every two years, the Department of Statistics (STAT) is tasked with determining the Collective Sector of St. Maarten, as stipulated in the 'Rijkswet Financieel Toezicht Curaçao en Sint Maarten', Article no. 23. The goals of this project are to determine which institutions form part of the Collective Sector, report on their joint income, expenses, interest bearing debt in the last three years and calculate the interest expense norm<sup>1</sup> of Country St. Maarten.

The last evaluation of the Collective Sector was carried out in 2015 by STAT using the same methodology that was agreed upon in 2013 by STAT and Centraal Bureau voor de Statistiek, Netherlands (CBS). For the 2017 analysis the same methodology was maintained. This analysis reports on the average income and expenses of the collective sector for the years 2014, 2015 and 2016, as well as the interest expense and debt overview for 2016. Additionally, the interest expense norm is determined.

The criteria's used for determining the collective sector for 2017 is based on the System of National Accounts (SNA) 2008.

The criteria's are:

1. The entity is controlled by government
2. The entity is a non-market producer

The collective sector report 2017 is available, upon request

The 10 million represents the estimated cumulative amount reserved for the small entities within the collective sector.

How do we foresee the hospital being financed (including cost benefits analysis)? Can Parliament receive in writing any progress on the Lbham to support the increase (SMMC)? Can Parliament perhaps receive the proposal on the fee structure?

A summary on how we do foresee the hospital being financed including cost benefits analysis will be given.

The Lbham is still in the advisory process and therefore not ready for review.

The proposal is to adjust the maximum tariffs by 80%.

The rates have not been adjusted since 2004, if we indexed based on inflation the increase would be 41%. However if we used medical inflation this would be 80%.

Tourism analogies

For local customers we will use the 41% increase. Non-residents will pay a higher rate. The exact amount/rate is being discussed by the Ministry and advisory bodies.

There are six budget posts related to calamities but the budgets remain the same. Can an elucidation be provided if the needs of the EOC can be met in terms of improvement of operations? Where it pertains the national health insurance (NHI), are there any related capital expenditures, any loans or investments to establish the NHI? Has the Government taken into consideration in particular the concerns from the SHTA? Has there been some progress in addressing these concerns?

Is part of the early recovery projects through the Trust Fund.

There are no capital expenditures, loans or investments required to establish the NHI for 2018. Yes the concerns of all stakeholders are being taken into consideration and all concerns are being evaluated in the amended draft ordinance being reviewed by the Council of Advice.

The faction is pleased to see the small property association under subsidies. This will be the first time this association will receive a subsidy. It's an important part of the recovery. They were the immediate relief for the hotel availability. Has Government already engaged with this association so the subsidy process can begin in anticipation of the budget?

I have spoken to a representative of the association and an owner of a small property- in our discussion I have asked them to submit their request for any assistance just like the larger properties.

A Meeting will be held soon with the small hotel association and St. Maarten Tourist Bureau to develop a strategic Public Relations and Marketing action plan targeting mainly Caribbean market for the remainder of the year and launch a Summer deal campaign in the next two weeks. This will be in collaboration with Caribbean airline partners.

Mullet Bay and vendors: is Government aware of the dispute between the owners and the vendors? The stuff of the vendors is being removed and destroyed, the security is getting into altercations, it has escalated. What is being done to alleviate this situation? Can a synopsis of the beach license be provided? How many licenses are left if there is a moratorium? Not a lot of adjustments were made to the beach policy. Can more details be shared or any adjustments that need to be made to bounce back? Can Parliament get an

update on the Kimsha beach? Some vending has been allowed and a fence has been placed. Was this fence in accordance with the law and beach policy?

Yes, there is a moratorium on Beach Activities on Mullet Bay Beach. A total of 5 licenses have been issued for Mullet Bay, 3 are currently operational. The remaining two were banned from operating by the owners of Mullet Bay and have temporarily been relocated to other beaches pending resolution of the ongoing dispute.

The Ministry is working on a beach ordinance. An initial draft has been finalized and is being reviewed.

The fencing that was placed by the landowner TESI NV (Port de Plaisance) was inspected by the Inspection Department of VROMI, and by all accounts it appears to be along the legal property boundary of the landowner. This land was issued in long lease to the leaseholder around 1996, but was previously never fenced, which gave the impression that the property was all part of the public beach. However, there are no legal means to prevent property owners from fencing property that they own, or in this case hold in long lease, unless this poses an obstruction to the use of the beach, in accordance with the VROMI Beach Policy of 1995.

6 of the 8 booths have been constructed. The remaining two booths should be finalized by the end of May. Currently 4 of 6 vendors are operational, the remaining two are awaiting approval from VROMI to connect electricity and water.

Sports tourism is a way of boosting our products. It also keeps the sector busy in a slow season. Can Parliament receive an update on previous sports tourism events such as boxing event? Money was sent but we have never recovered these funds. Can any update of the efforts from legal affairs and tourism office be provided, if any funds were recovered to put towards sports tourism?

This event was scheduled in 2015 and was postponed due to a threat of a hurricane. It was rescheduled for February 2016 but government changed and there have been three ministers including me since then.

The ministry has tasked the new interim Director of Tourism to follow up on the legal advice needed from legal affairs regarding the process in ascertaining legal representation in the US to initiate the legal proceedings in order to recoup the funds currently held in an escrow account.

There is zero budget for agriculture. Government needs to look at the tourism aspect of agriculture related activities. Can Government look into opportunities even at a minimum amount for example NAfl. 50.000? The hosting of SMART event has been postponed for 2018. The faction suggests that perhaps these funds can be transferred to agriculture investment to the ministry of TEATT.

Ministry takes note of the MP suggestion to reallocate the funds for SMART towards the development of argi-Tourism initiatives. The ministry has as an overall objective to further diversify the tourism product giving the post Irma Reality. We will be focused on bringing back a more resilient and diverse product to match the current market demand, to this end, we will be pursuing more initiatives in sports tourism, agri-tourism and the alike.

Can Government give an indication on how often disputes exist with landowners on the overextending themselves of their boundaries on the beaches? The faction is of the opinion that we should better define the boundaries of our beaches and private land.

At this time it is not possible to give any numbers on the issue of persons extending their properties unto the beach. This phenomenon exists primarily in areas of higher

development along beaches , such as Simpson Bay. However this has never led to any real disputes, but it has posed problems with respect to the Beach Policy. In many of these cases, they were resolved by the Government issuing the land in long lease to the adjacent property owners, as an extension to their land, especially when the land was used as such undisturbed by the owners for many years. This situation was resolved along the Great Bay Beach in Philipsburg by the construction of the boardwalk, widening of the beach and sale of properties to landowners adjacent to the boardwalk.

A more important problem we face as a country is the fact that in many areas along the beaches of Sint Maarten, the properties which include the beaches are legally owned by private entities. Although with the Beach Policy it will not be possible to develop these properties, the Government needs to take a stand and reclaim these properties as public domain and publicly owned land. This will most certainly involve actions on the part of parliament, but a plan of approach about this still needs to be made.

The matter of casino fees on page 58 indicated as income. Two separate entries: casino fees went from NAfl. 0 to 3 million plus. Is this a new fee? Did Government not collect from the casinos? In addition to that, in the same column, page 57, hazardspelen has decreased. Can Parliament get a specific explanation between these two incomes and an understanding what they are derived from? And also what is the relationship between these two? Was money transferred to different budget items? Was the way how we get casino fees changed? Will all casinos be in compliance with what we need to collect? The budget post Personeel van derden in relation to casinos: the amount mentioned, is this related to loss of income? These 3 items need clarification. Is it a policy decision on how we collect the fees from casinos? Which one of the three casino fees, the hazardspelen, casino fees and casino controllers, relates to the table and slot games and which for the indexation? What are the policies that govern casino fees and were any changes made to allow this indexation? Does this fall under Finance or TEATT?

The three items are:

1. regular slots and table fees (hazardspelen);
2. the indexation of the slots and table fee (hazardspelen);
3. Casino controller fees.

NHI and capital expenditures as a result of the framework. If implemented, is the budget seeing an increase in capital expenditures? Can the maximum of 80 be clarified? Is there a proposed minimum?

There will be no capital expenditures in the 2018 budget as a result of implementation of the NHI framework legislation and as it pertains to the tariff there is no minimum but a maximum is set and lower fees can be negotiated.