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MINISTER VAN FINANCIËN - SINT MAARTEN

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

STATEN VAN SINT MAARTEN	
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Date: March 7th , 2019
Reference no.: DIV # 3103
Subject: Nota naar aanleiding van het verslag inzake het ontwerp van de Landsverordeningen tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2013
Annex(es): 1

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,

Perry F.M. Geerlings
Minister of Finance

Onderwerp: antwoorden naar aanleiding van de behandeling in de centrale commissie van de Landsverordening tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2013.

Geachte voorzitter,

Hierbij bieden wij u aan de nota naar aanleiding van het verslag inzake het ontwerp van de Landsverordeningen tot vaststelling van de jaarrekening van Sint Maarten voor het dienstjaar 2013.

In de centrale commissievergadering d.d. 25 oktober 2018 waarin het onderwerp werd behandeld zijn vragen gesteld aan de Minister van Financiën. Hierbij ontvangt u, in de bijlage, de schriftelijke reactie op de vragen zoals gesteld.

Bij de vraag staat de fractie van de vraagsteller vermeld. De antwoorden zijn opgesteld in het Engels.

De Minister van Financiën

De Minister van Algemene Zaken

BIJLAGE.

Draft National Ordinance establishing the accounts of Sint Maarten for the service year 2013.

The United Democrats Faction.

Question 1: The faction would like to know if there is an estimate or timeline on when Parliament will receive the 2015, 2016 and 2017 financial statements.

Answer 1: The 2015 ordinance is in the final preliminary phase; the Council of Advice has rendered its advice. It should be sent to Parliament shortly.

The 2016 ordinance is being drafted. The 2017 financial statement has not been finalized at this point. The 2016 is still expected to be submitted to Parliament during the first half of 2019 as previously stated. It is Government's intention to submit the 2017 Financial Statements to Parliament before the end of the third quarter of 2019.

National Alliance Faction.

Question 2: The faction would like to know about the approval and enactment of the 2012 financial statements. Does the Minister and the Ministry see the need for a crisis law and is it planning to present such a law? Is this a priority seeing the situation we are in? What is the Ministries stance on presenting such a law?

Answer 2: No, a crisis law is not in order. The government has taken the necessary crisis measures, in the budget and liquidity actions.

Furthermore, a crisis law is not in our constitutional order and would need to be constructed from scratch and the manpower and expertise is simply not available for such an endeavor.

The Dutch government has offered technical assistance but that will take 6 months to a year to materialize, which is too late for Sint Maarten to reach its deadlines. I would rather act and take responsibility now, than to wait for assistance.

Question 3: Does the Ministry feel itself, qua human resources, properly staffed, to be able to carry out and live up to the goals within their action plan? How much longer can we continue to function under this tight belt, where you constantly need resources, so you are here in Parliament explaining why we are in 2018 discussing 2013 and 2014 and at the beginning of 2019 we will get to the rest. How can we live up to our obligations to the people of Sint Maarten if we are not able to hire necessary personnel?

Answer 3: The Ministry of Finance lacks the expertise of a legislative lawyer. In the financial improvement plan measures have been taken to acquire this specific expertise. The financial expertise within the Ministry of Finance is sufficient.

Question 4: Do the checks in the presentation (7c), represent the achievement of the 5 goals of the action plan? And the areas that are blanc, what is Finance doing differently to the other Ministries and if that can be called best practice, can it be shared with the other Ministries so that we can get that type of compliance across the line? Is this something because you were busy with it, you were implementing as you were planning? What do the other Ministries have to do to become compliant? What do these checkmarks actually mean?

Answer 4: Every ministry is responsible for their own budget control. The Ministry of Finance is supporting other ministries in this process and some centralization of the government wide financial process will be done. The checkmarks are to indicate which ministries are part of a specific project.

Question 5: The faction further mentions that the figure that is being pledged by the Dutch is known. How much of that money thus far has been put into the trust fund for Sint Maarten and how much of it has been allocated to Sint Maarten?

Answer 5: In October 2018, 120 million euros (NAf 246 million) had been allocated in the Trust fund. Monies that have been spent on projects is approximately USD 40 million (NAf 72 million). It is the Ministry of General affairs who keeps track of the expenditures of the trust fund.

The United Sint Maarten Party Faction.

Question 6: The faction questions what the hurdles are after signing off on a financial statement? Does it have to come back to the Ministry for corrections? Or did the Ministry do what they have to do? The faction suggest that financial statements should include a timestamp. It allows us to identify bottlenecks within the system. Where is the biggest bottleneck? What is the timeframe for different institutions to deal with these documents?

Answer 6: The approximate timeline between signing off the financial statements to submitting the ordinance to parliament in seven months in the best case scenario. This timeline is hard to shorten. There are legal requirements that the financial statements and the legislation has to go through, such as the Council of Advice, the General Audit Chamber, SOAB and legal affairs.

Delays have also been caused in the past, and right now, because of lack of internal expertise. The Ministry of Finance has no legislative lawyer at its disposal. In the plan improving financial management acquiring this specific expertise has been addressed.

The suggestion of a 'timestamp' as a method to create transparency in the process of legislation will be incorporated in the plans going forward.

Question 7: The faction would like to know what mechanism the Minister is supposed to use to justify creating a budget going forward, if we can't look back and say where we underspent or overspent, this is how we need to adjust going forward? Are we then saying that every budget up until now has just been made on the whim or guesses of the Council of Ministers? Is that the method being used?

Answer 7: Financial statements are an intrinsic part of the budget cycle. The budgets have been made using the projected actuals.

Government is working to get the financial statements to parliament in time. There are structural ailments that prevent the timely delivery of the financial statements which previous governments have started to address, and which this government will continue to do so.

Question 8: With relations to the SZV and debts that were there back then. How much corrective actions has been taken since then by previous Ministers of Finance to make arrangements to clear such? Have we seen improvement since then? What has been done since then to improve that situation?

Answer 8: The debt to SZV as named in the financial statements 2013 and 2014 was the amount of debt as known at that time. In the financial statements of 2016 there will be a more in depth view of all the debts accumulated by the country over time.

In the year 2016 government and SZV have started discussions to finalize the outstanding debt. Government and SZV are close to establishing the exact amount of debt at present.

Question 9: The faction noticed in the financial statement, looking particularly at tourism marketing budget under the TEATT Ministry, that the budget has continuously been underspent, looking at 2013 and 2014. How is it that the Government has continually, as a tourism dependent country, seen a declining tourism budget?

Answer 9: Each ministry carries the responsibility for their own budget control at controller level. The government has taken note of your remarks and they are addressed in the plan improving financial management. The flow of information between ministries will be improved and the government strives to make the financial information real-time. Those measures should alleviate some of the frustration felt by civil servants.

There is a difference between monies allocated in the budget and the monies readily available. An approved budget does not necessarily mean that the funds or means are there at a particular time. For example, income can be lagging vis-à-vis the projected amount. A surplus in the budget contains the problem of liquidity. The government therefore strives to have a surplus in the budget in three years' time.

Question 10: You have departments that are not spending their budget, but when you go in, as a department head you feel that even though you know there is budget, especially with some Secretaries General, they make you feel like the country is completely broke. The financial statements, with all kind of surpluses, clearly make you think Sint Maarten had some of the best

performances we have ever seen. Does this part of the financial management throughout the civil service have the Ministers attention? Are the Secretaries General being brought in from time to time, the concerned controller, the various controllers from the Staff Bureau?

Answer 10: As referred to in answer 9, there is a difference between allocated budget and available liquidity. There can also be unanticipated expenses (court cases, skeleton's in the closet) which affect the monies available.

An overview of the whole financial situation of a ministry and the country needs to be taken in account when making decisions, even on individual or small expenditures. Government is striving to make the financial data as real-time as possible, to alleviate this situation.

Question 11: If you want to cut or stop spending, then come to Parliament and say we think we are going to do a spending freeze on XYZ, and Parliament is the one that should determine whether spending, or budget should be reduced or increased. Not Secretaries General, not controllers, not department heads, not even ministers. Once that budget is approved that budget should be respected. That budget is what has to be used as the basis for executing things in the country.

Answer 11: An overrun of the budget can have many reasons. Settlement of a court case, skeletons in the closet. When confronted with a budget overrun there is not much you can do, expect explain the expenditures in the financial statements. What happened and why. The Ministry continues to strive to have real time financial data available to enable Government to eventually make use of its budget right in proposing budget amendments for Parliament's approval as per the 3 given periods prescribed by law.