



Parliament of Sint Maarten

Staten van Sint Maarten

Parliamentary Year 2017-2018-107

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

**Report
No. 6**

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.

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.

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.

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?

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, trede toekening, and what amount is reserved for the recovery plan for Sint Maarten?

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?

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?

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?

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.

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

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

The faction 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?

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

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?

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?

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?

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

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?

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?

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?

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)?

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?

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?

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?

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?

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

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

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?

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?

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.

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

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?

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?

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.

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?

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.

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?

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

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?

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?

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

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 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?

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

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

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

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

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

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?

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?

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

With reference to the letter of March 27th indicating a deadline of May 1st, 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?

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

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

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

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?

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?

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

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

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

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.

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 hospitem? 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?

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?

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?

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

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?

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?

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?

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?

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)?

NAfl. 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?

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?

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

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?

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

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

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

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 8th 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"?

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?

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?

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?

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?

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?

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?

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

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.

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?

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?

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?

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?

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?

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?

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.

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.

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 der den 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?

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?

This report can be considered the end report.

Adopted at the meeting of the Central Committee of the 4th of May 2018.

The Reporter,

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