



Parliament of Sint Maarten

Staten van Sint Maarten

Parliamentary Year 2017-2018-108

National Ordinance amending the National Ordinance Budget 2017 in connection with changes to the Capital Expenditures

**Report
No. 5**

Parliament in its meeting of the Central Committee has exchanged views with the Government on the Draft National Ordinance amending the National Ordinance Budget 2017 in connection with changes to the Capital Expenditures.

Parliament considers the present draft to be adequately prepared when the questions below are answered in time for the public meeting so that the draft can be discussed in a public meeting.

The United Democrats-faction has taken note with interest of the draft. The faction mentions that the previous Government had informed Parliament of its intention to establish a National Development Bank as part of the entire budget process. A national ordinance was drafted by the Government to this effect that included an amendment to several other national ordinances as far as financial measures are concerned. For example the same draft national ordinance on the National Development Bank, included changes to the so called "Speel vergunning verordening". It also contained changes to the National Ordinance General Land Taxes and several other national ordinances. This proposal apparently went to the Council of Advice, the Council of Advice advised on the proposal and returned it to Government. The faction would like to know if the Government is still pursuing this intention, so the establishment of a National Development Bank as well as the changes to some other national ordinances that were all incorporated in one amendment and officially not presented to Parliament. What is Government's intention for an investment bank in the context of financial recovery of the country as a whole?

The faction is aware of the fact that the Kingdom Government has reacted to the request for liquidity assistance

for 2018. Has the Government of Sint Maarten responded to that request already?

Can Government inform Parliament about the most recent meeting with officials of the World Bank and what that meant or means for the furtherance of the process in terms of making monies available from the Trust Fund?

In a recent presentation by representatives of ECLAC, Parliament was informed of Government's position on some priority areas. One of these areas is fiscal reform. Is there any collaboration taking place in terms of what Government envisions as fiscal reform and the steps to be taken to come to fiscal reform etc.?

The faction mentions that it doesn't hear much from the Central Bank of Curaçao and Sint Maarten (CBCS) regarding Sint Maarten, Sint Maarten's economic recovery and Sint Maarten's financial situation. Can Government inform Parliament of any matters that are being discussed with the Central Bank of Curaçao and Sint Maarten (CBCS)?

The Sint Maarten Christian Party-faction has taken note of the draft and is of the opinion that a national ordinance is a historic document hence the information in it should be as thorough, clear and factual as possible. The faction inquires if the situation about the liquidity help would be a grant or a loan. Were the agreements made between the Minister of Finance and the State Secretary documented? If yes, how, and how were they convened (by e-mail, letter or verbally)? Did we request liquidity for other years as well?

Civil servants initially prepared a letter containing a request for NAfl. 80 million liquidity support. Was this letter really sent? Who signed this letter? The Minister of Finance or a civil servant? Can Parliament receive a copy of this letter? It was mentioned that the Netherlands responded to this letter. Is the Government of the Netherlands or its citizens meant with this? Who responded to this letter and how was the response? By letter, e-mail or phone? Can Parliament be informed of the exact date when the response was received? The request is down to NAfl. 68 million. Based on what criteria? And what is the rationale to decrease the amount from NAfl. 78 million to NAfl. 68 million? The faction understands that the Netherlands did not honor the

Government's request. What are the dates of this exchange of correspondence? Or was it done verbally?

The Explanatory Memorandum to the national ordinance states that the conditions of the new loan of NAfl. 50 million are the same as the old loan. However, the Explanatory Memorandum doesn't clarify what the conditions of the old loan were. Parliament is unaware what the loan terms are, if a grace period was given and in what period the loans have to be paid back. Can the Government provide Parliament with the conditions of the old and new loan?

Can the Government provide the financial progress report of the last half year of 2017 and the first progress report (Q1) of 2018?

The United St. Maarten Party-faction has taken note of the draft and would like to focus the discussion on how we got here. The faction asks if Parliament can receive the minutes from the meeting with the Kingdom partner, the Netherlands, to see how the discussion went? Or was the Minister asked to jump and was the reply how high?

One of the statements in sub 6 is that the Minister of Finance is mandated to make agreements for loans as referred to in sub 5. Is this authority strictly in the case of these two loans? Or is this more a mandate that is being given to the Minister of Finance for a certain time period for various loans? Or is this specifically for those two loans? What mandate does this really give our Minister of Finance?

Also mention is made of a new loan of NAfl. 50 million that is given at zero percent interest. The faction however doesn't see something mentioned regarding the interest rate for the first loan of NAfl. 21.7 million. Were any interest rates discussed?

On the topic of interest, what assurance do we have that the goalpost isn't moved on us again? We are being told right now, it started as a grant, then it became a loan of an interest fee nature. Are there any provisions or anything that Parliament or Government have at their disposal to insure that we don't get any surprises a couple of years down the line? Is there any other source or condition attached to these loans that the public needs to be aware of?

Does this Ordinance and this amendment take into account the loan and expected shortfall Government had?

According to the Committee of Financial Supervision (CFT) we had a smaller shortfall, less deficit. Does this affect our negotiations in terms of the liquidity support? Do we have to go back to the table for any reason or does the agreement with the Netherlands still stand?

Entering into a loan or being given a guarantee on behalf of the Country has to be arranged by Ordinance. Therefore, it is necessary to amend the 2017 budget, because there is no approved 2018 budget. The faction assumes this sentence was only there at that time, because this was written before the 2018 budget was approved. Is this the case and can this be confirmed?

Regarding the financial statement 2017, so not the "uitvoerings rapportage". Can Government give an update on that as well, if those have been prepared or if there is a timeline for that? Do they reflect the possibility of the reality of this being approved?

This report is to be considered as Final Report.

Stipulated in the meeting of the Central Committee of June 14st, 2018.

The Reporter,

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