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Initiative National Ordinance granting an authorization for alienation of the shares belonging to the country of Sint Maarten in the share capital of United Telecommunication Services N.V. (Authorization National Ordinance for the disposal of UTS shares)

Report
No. 5

Parliament in its meeting of the Central Committee has exchanged views with the initiative taker on the Draft Initiative National Ordinance granting an authorization for alienation of the shares belonging to the country of Sint Maarten in the share capital of United Telecommunication Services N.V. (Authorization National Ordinance for the disposal of UTS shares).

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

The United Democrats-faction has taken note of the draft with interest. The faction mentions that the transaction will reflect as an incidental revenue or a positive income for the budget of 2019 for the country. The faction would like to know if the Minister of Finance has already prepared the budget amendment for the proceeds expected from the sale of the UTS shares. What deadline and terms or timeframe was given to Sint Maarten to realize and to conclude the passing of the legislation and thus to enter into a final sale and purchase price agreement? What are the conditions for the transfer to take place? Can the initiative taker share all the pertinent information regarding Sint Maarten and the SPA agreement? May Parliament also receive a copy of this agreement?

The faction states that this initiative is to authorize the Minister to sell some assets of the Government of Sint

Maarten. The initiative taker will be getting questions that regard the Minister and Government. Has the Government of Sint Maarten made a final decision regarding the sale? And if they have, what was the advice that lead to that decision? A National decree needs to be made after this decision.

The Council of Advice said that they have received documents regarding this entire sale. Did the initiative taker receive these documents from the Government? Did the initiative taker receive the financial consequences of this authorization? Are there any close estimations of the total sale price of the UTS shares?

Deadlines have been mentioned as the reason for the urgency to forgo the constitutional vetting. What are now the deadlines if any? Can we receive the draft SPA? And is that what the Minister will be authorized to sign by this National Ordinance and then the LB? Has the proposed budget amendment been discussed with the Ministry of Finance? Is the Ministry of Finance in support of the proposals for the budget amendment as put forward by the initiative taker? Can the Ministry of Finance share with Parliament the letter or advise of the CFT that proposes that the sale of UTS shares be put towards arrears? Has the CFT been any clearer on what they consider arrears? Do they mean arrears of SZV and the APS, or outstanding creditors? How much outstanding creditors are there?

What is the security for the persons employed by UTS on Sint Maarten? Where and how?

In the case of Curacao the competition regulation, a lot of attention had to be paid to that fact with respect to this on Curacao. Can the Government indicate whether the lack of such on Sint Maarten has had any influence on this entire aspect for Sint Maarten? What are Sint Maarten's shares worth now? Did BTP and CGC advise on this and could that be shared with us? Has the Ministry given you any other answers on your letter? When can we receive those?

Was this corporate social contribution just of the whim? Did this come up now? Was this something in negotiations? Is this only for Sint Maarten? Are they also doing this on Curacao? Are they doing something else on Curacao?

What other corporate social contributions has been offered to the countries of Curacao and Sint Maarten as far as this transfer/ sale of shares is concerned?

The faction would also like to know if the initiative taker and the Minister have further discussed the limitations, if any, of which outstanding debts? What ideas do we have to help the people in terms of the transfer of the sales?

The Sint Maarten Christian Party-faction has taken note of the draft. The faction will not be congratulating the Minister of Justice and the Minister of Finance on this UTS matter.

The faction does not think that trying to hold on to the shares in UTS will change anything as to what will happen to the future of Telem. The faction further mentions that the Minister of Justice and the Minister of Finance dropped the ball and that they did not deal with the situation in the way that it was suppose to be dealt with. The faction looks forward to more debate on this matter.

The faction mentions that in the previous version of the budget the UTS sale is taken up. In the cooperation with the Minister of Finance can the initiative taker advise if the UTS sale is still part of the present budget that will be debated?

The National Alliance-faction has taken note of the draft with great interest. The faction mentions that the initiative taker mentioned that the jobs are secured, however that that was not the answer given by UTS. Has this changed in the meanwhile? What is there to substantiate the fact that these jobs will be secured for the workers? And not only for 2 years but in general? What is the deal? The faction would like some more clarity on this as this is very important. We have persons working there for years or even just started working there and we cannot afford as a country to be taking bread out of peoples mouth, so to speak. We should negotiate job security for our people.

The faction mentions that free internet for schools and internet for the library should not cloud our judgment as leaders in terms of making a decision based on that. At the end of the day we have to make sure that what we decide is a

sound decision and in our best interest. If we are going to make a decision based on free internet for schools, that is not such a good idea. The faction mentions the fact that Telem bought CableTV and one of the points were to eliminate the possibility of a multinational company coming in and buying CableTV, because that would create competition and kill Telem, however here we are on the other end doing the same thing again. The faction is of the opinion that we need to be very careful and not rush anything, although time is of the essence and the urgency is understood. Whatever decision we make today we have to live with it in time to come.

The faction would like the initiative taker to further clarify what other options Sint Maarten had prior to Curacao selling it shares in UTS. What options did Sint Maarten have as a result of? The faction would like to know if the statements from the Minister of Finance can be received in writing or if the initiative taker can clarify some of the points and be a little more specific. The faction question if the initiative taker can now, seeing this new information, put the questions from the Council of Advice on the financial paragraph in light of that. The faction mentions that the initiative taker mentioned that he is concerned about the condition that Sint Maarten would sell to Curacao and then Curacao, and then it would be voided. The faction would like the initiative taker to clarify that.

Does the initiative taker know or can he get the information as to explain exactly what the statement is about that negotiations were still ongoing for one part, which was dataplanet. The faction was under the impression that the complete sale in terms of the shares of what Curacao owned was completed. Is this then something that fell in our 12,5%?

Does this new law influence the way Government negotiates? Does this law limit the Government from negotiating in any particular way? Can the initiative taker further explain how the dilution of shares will be if we do nothing? While this law gives Government the legal basis to be able to sell it does not obligate Government to sell. What happens if Government in its further negotiations does not sell and further dilution of the shares does take place? What happens for UTS Sint Maarten, for the workers that work there

and for whatever income that may be generated on Sint Maarten's behalf, for the asset that Sint Maarten owns?

The faction mentions that it did have a question as to the sentiment of the Minister, but states that with the initiative taker reading the last part after the presentation, it appears as if there is a close cooperation which is commendable given the circumstances mentioned. The faction hopes that with the follow-up meetings the Minister will also be on hand to be able to answers any other questions that may not be answered that are posed.

The faction further would like to know the timeline for the budget amendment and the handling of the budget coming up so soon. Do you have a personal timeline? Has the Minister indicated that he will help or support you in a way on how to get this amendment in the budget? The faction mentions that we can talk about investing in police and making payments to APS, housing and roofs, but if it is not in the budget, is it really a reality? Or is there already provisions in the budget for this? FLOW right now owns 87,5% of UTS in general, that means that FLOW has more than majority of decision making. The faction is of the opinion that Government cannot just say that I want to put more shares into this company because it isn't just up to Government. This is something that has to pass by the board of UTS, and FLOW has majority shares so they can deny that. The faction is further of the opinion that you cannot take your shares or assets and rent them out to generate any kind of money. Shares are shares. It gives you ownership and depends on what kind of shares you have, decision making. The faction would like to have clarification on these things and to be clear on them as well.

The faction mentions that the initiative taker mentioned that the employees at UTS are secured. The faction further mentions that in the meeting prior, UTS only mentioned secured jobs for 3 years. The faction would like the initiative taker to clarify on job security versus the timeline that they will be secured.

The faction further states that the misconception of saying that FLOW is going to come in and kill Telem, if that is true it will happen anyway because right now FLOW owns 87,5% shares of UTS. The faction is of the opinion that what we should be doing as a Parliament is asking ourselves and the Government: how are we going to secure Telem? How are we going to make Telem viable? Are we going to allow them to have a strategic partner? Who is this partner? And what timeline do we have.

The faction mentions that it does like that the company on its own decided to have some type of corporate social responsibility. The faction believes that more companies on this island, especially the bigger companies, should take a percentage of their budget and apply it to their corporate social responsibility. The faction hopes to see more companies take this approach.

The faction would further like to know if the details and conditions of this initiative has the backing of the Council of Ministers. If the Minister is in agreement, why is it that the Member of Parliament has to do the job of the Minister.

The faction questions where Sint Maarten would get the money from to invest to put more money in the company? If Sint Maarten had the money and puts it in, is there a possibility that after 2 years FLOW then decides that we still do not want you as a partner and that they would increase their shares and dilute your shares still? Is that still not the same scenario? What is the process of a minority shareholder wanting to increase their shares? Is FLOW a publicly traded company?

The United Sint Maarten Party-faction has taken note of the draft initiative National Ordinance with interest. The faction would like to know if the initiative taker has looked into the possibility that we could have remain with the shares in the company, knowing that this is a huge investment company, but that we put more money in the company to save our shares than diluting it, as a possibility, and down the line there would be more a return on our investment than we just look at the possibility and sell it quick because of what the

dilution would be. The faction mentions that it did not see that from UTS as another option, or from the Minister at the time to Sint Maarten with that possibility. The faction is of the opinion that if FLOW is such a great company and doing well and if we are supposed to be young, moving forward thinking Sint Maarten and an opportunity knocks that a company like FLOW wants to buy up UTS and invest and Sint Maarten can't see the opportunity, instead of selling the shares add more to it with a greater return down the line. Seeing what was presented by UTS at the time, wasn't that also a possibility that we could have looked at? That Sint Maarten holds on to its shares and invest more into it as a partner and get a greater return. The faction is of the opinion that that was not shown as another possibility and that it is something to be looked at.

The faction mentions that the initiative taker mentioned, based on the information he received, that the shares need to be transferred to Curacao before they are transferred to FLOW. The faction is of the opinion that that doesn't sound to kosher. The faction would like some clarity on this.

The faction mentions that it hopes that the Minister would come to the House of Parliament to answer some serious questions, because while we own 100% of Telem, here we are selling 12,5% to FLOW to kill Telem by leaving them come in here with 100% to do what they want. While it sounds good on one side, there is a danger coming on the opposite side. The faction is very concerned about this possibility.

This report is to be considered as Final Report.

Stipulated in the meeting of the Central Committee of June 25th, 2019.

The Reporter,

S.A. Wescot-Williams