



Press Release

October 17, 2012

Cft: "Substantial payment arrears and multi year deficits require immediate attention"

Phillipsburg – Since its last visit in June, new information was received by the Cft on payment arrears to the APS and the SZV over the past years. Challenges also exist related to health care and pension costs. The Cft believes that by providing an open and transparent picture of the risks facing the budget in the medium term, the foundation can be laid for finding solutions to put government finances on a healthy footing.

Budget execution

The Cft applauds the fact that Sint Maarten voluntarily requested the Cft for an advice on the draft 2013 budget. The Cft has a number of questions concerning the budget that need to be addressed by the government before a final advice can be given. These questions relate in particular to the multi-year risks and the payment arrears accumulated prior to and since 10-10-'10. For the coming years Sint Maarten's government will have to deal with the consequences of rising expenses related to health care and old age pensions. Sint Maarten is not unique in this development; worldwide rising expenses for health care and pensions pose challenges for governments. The Cft advised the government of Sint Maarten to improve the budget and to draw up realistic multi-year forecasts. The government should include the financial impact of the old age pension fund and of the health care funds in the multi-year budget. Only by including realistic forecasts it will be possible to take and implement the steps necessary to structurally improve the financial situation of the country. A plan of action to pay for the arrears that have arisen in the last couple of years has to be part of the budget 2013.

The Cft's concerns for future budgets are further aggravated because compensation of expected deficits for 2011 and 2012 will have to take place.

Public financial management

Sound public financial management is the backbone of a countries' public finance. Cft welcomes the good cooperation with the government of Sint Maarten and particularly the Ministry of Finance in enhancing transparency in the public financial management. Additional efforts are needed to improve financial management.

The Board of financial supervision (College financieel toezicht - Cft) held open and frank meetings on these issues during the past two days with the Council of Ministers, the Prime Minister, the Minister of Finance and members of Parliament. There was agreement that in the coming weeks concerted efforts on the part of all concerned are needed to draft a sustainable balanced budget.

[End of Press Release]



Caption:

Sint Maarten public financial management and sustainability of its public finances need short term improvements.

Note for the editing department - not for publication

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