



## Press release

October 30<sup>th</sup>, 2013

### **Cft advises a cautious approach towards balancing the budget 2014**

**Philipsburg - The Board of financial supervision (College financieel toezicht – Cft) visited Sint Maarten from October 28 to 30 and made its first formal visit to the Government that was sworn in, in June 2013. Meetings were also held with the Governor, the Prime Minister, the Minister of Finance, the Council of Ministers and members of Parliament. Meetings were held as well with relevant stakeholders in society. The 2014 budget was the main topic of the discussions, as well as the execution of the 2013 budget.**

The Cft advised the Council of Ministers of the Kingdom in the beginning of September to issue an instruction to Sint Maarten to finalize the 2013 budget. Sint Maarten completed the budget 2013 mid September and in doing so an instruction was no longer necessary.

#### **2014 Budget**

Since then, Sint Maarten devoted its efforts to preparing its budget for 2014. The Cft acknowledges that the government of Sint Maarten faces some serious challenges with regard to the multiannual budget and its liquidity position. Over the past years, the liquidity position has deteriorated, leaving the current government with a limited amount of financial resources. At the same time, revenues were estimated too high and had to be adjusted downwards during the year. This process of budget cuts during the year proved to be very difficult and time consuming.

#### **Cautious approach**

To break this vicious circle of unbalanced and unrealistic budgets and a deteriorating liquidity position, the Cft has advised the government to adopt a cautious approach with respect to the budget 2014. Looking at the outcomes of 2011 and 2012 and the current year to date, a cautious approach implies that Sint Maarten can generate revenues in the order of ANG 420 million. If during 2014 additional revenues are generated, the government can incorporate those in the budget through a budget amendment.

#### **Decisive action**

This cautious approach means that the government of Sint Maarten faces challenges in balancing its budget. Decisive action by the government is necessary to break the vicious circle Sint Maarten is in at the moment. A realistic budget, finalized in time, could break this circle and lead to an improvement of the liquidity position. Furthermore, it opens up possibilities for Sint Maarten to invest in projects to strengthen the economy of Sint Maarten, by using the borrowing facility provided by the law, once the multiannual budget is in equilibrium.

[End of Press Release]

#### **Photo Caption**

Cft has advised the government to adopt a cautious approach with respect to the budget 2014

#### **Note for the editor – not for publication**



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