



# Translation of: Advice pertaining to the draft budget for 2026

Original title: Advies bij de ontwerpbegroting 2026

*In case of differences in interpretation between the English translation and the Dutch version of the text, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.*

Dear Mr. Johnson,

On August 18<sup>th</sup>, 2025, the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received your Executive Council's draft budget (OB) for 2026, along with the request to issue an advice thereon pursuant to Article 17 paragraph 3 of the Act on Finances of the Public Entities Bonaire, Sint Eustatius and Saba (*Wet financiën openbare lichamen Bonaire, Sint Eustatius en Saba* – FinBES Act). With this letter, you receive the aforementioned advice.<sup>1</sup> In Annex 1 to this letter you will find a further clarification and substantiating figures.

## Conclusion

The OB shows a multiannual balance over the period 2026– 2029. Therefore, Saba meets the central budgetary standard set forth in the FinBES Act. Furthermore, it is positive that this year also the special benefits have been included multiannually. The OB shows that incidental resources are used to a considerable extent for structural increase of expenses, including personnel expenses. This is offset by a greater degree of extensification. Without any further clarification, the Cft is unable to assess if these mutations are realistic and if the budget is sustainable.

## Subsequent steps

The Cft recommends:

1. To supplement the OB with the multiannual overview of the income and expenses based on economic categories with an adequate explanation, before submitting it to the Island Council<sup>2</sup>. When submitting the adopted budget to the Minister of the Interior and Kingdom Relations (BZK), the Cft shall verify to which extent its recommendation has been incorporated.
2. To assess in collaboration with the Ministry of BZK how the dependence on incidental financing can be limited to incidental tasks.

## Explanatory statement

### *Ad 1: Economic categories*

The income and expenses are currently presented in conformity with the functional structuring of the BBV BES. To enhance the insight into Saba's financial standing, it is desirable that an overview of income and expenses according to the economic categories is also included. In the meantime, the table containing the classification into economic categories has been officially submitted. The Cft recommends to include this, along with an adequate substantiation, in the OB, dedicating specific attention to the development of the personnel expenses and the entries 'Other goods and services' and 'Other transfers of income'.<sup>3</sup>

The multi-annual picture shows a strong increase of the personnel expenses in 2026. It is of importance that it is made clear which part of the personnel expenses is of a structural nature, and to which extent this part is covered with structural resources. The 'other goods and services' entry shows a decrease from USD 15.8 million in 2025 to USD 8.0 million in 2029; the 'transfer of other income' entry decreases from USD 6.3 million in 2025 to USD 2.3 million in 2026 and onwards. If these adjustments are not realistic, the increase of the personnel expenses may jeopardize the sustainability of the budget.

*Ad 2: Incidental coverage of structural expenses*

The budget shows that structural expenses are largely financed from incidental resources, which poses a risk to financial sustainability.

The Cft recommends Saba to consult the Ministry of BZK regarding this topic. In that context, it must be assessed in which manner structural tasks can be covered structurally.

Trusting to have provided you with sufficient information.

Sincerely,

The Chair of the Board of financial supervision of Bonaire, Sint Eustatius and Saba

[signature]

Ms. L.M.C. Ongerling, MA

A copy of this letter was sent to:

The Head of Finance of the Public Entity Saba

## **Annex 2: Endnotes**

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<sup>1</sup> The FinBES Act, supplemented by the criteria set out in the Decree on Budget and Justification Public Entities (BBV BES), forms the framework for the assessment of the OB.

<sup>2</sup> Article 17 paragraph 4 of the FinBES Act. The OB must be submitted to the Island Council by September 1<sup>st</sup>, 2025 at the latest, accompanied by this advice and an explanation to which extent and in which manner this advice was taken into account.

<sup>3</sup> When submitting the OB, please substantiate what the starting points are and which policy developments are being included, such as for example the expected wage development, adjustments to the job structure and the demographic development of personnel.