Translation of: Advice pertaining to the draft budget for 2027

Original title: Advies bij de ontwerpbegroting 2027

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. Levenstone,

On August 17, 2026, the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received your Executive Council's draft budget (OB) for 2027, 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.[1] 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 2027-2030, with an annual zero result, which means that for the time being, Saba meets the central budgetary standard set forth in the FinBES Act, although the explanation of specific income and expenses is not sufficient. Due to the lack of coverage, structural maintenance and exploitation needs are not included in the budget, whereas there does seem to be a need for these. Also, the degree of reality of a number of increasing local levies, including the tourist tax, call for a more detailed substantiation. It is positive that Saba – thus complying with earlier advices issued – has again included an overview based on economic categories in the draft budget. Furthermore, the Cft requests you pay attention to the follow-up of the findings in the area of financial management.

Subsequent steps
The Cft recommends to implement the following steps before submitting the budget to the Island Council[2]:
1. Ensure that the multiannual estimate contains a further substantiation of the local levies, of which the degree of reality is questionable, including the tourist tax and Black Rocks Harbor, and clarify which data the estimated income and the annual increase have been based on.
2. Include a further multiannual clarification for the entries ‘other goods and services’ and ‘personnel expenses’.
3. In the budget, explain the results so far of the deliberations with the Ministry of the Interior and Kingdom Relations as regards the structural coverage of tasks that are currently incidentally covered, and which subsequent steps have been identified.
4. In a separate paragraph on financial management, include in the budget which follow-up is given to the findings of the auditor and the Cft's advice pertaining to the 2025 annual accounts.[3]

Explanatory statement

Income

The income and expenses in the budget have been structured in accordance with the functional structuring of the BBV BES, supplemented by the overview structured by economic categories. For 2027, Saba estimates USD 37.1 million in income, which is a decrease in comparison to the most recently adopted 2026 budget. The decrease is mainly related to the multiannual expiry of certain special benefits.

In order to adequately assess to which degree the budget is realistic, the explanation of a number of specific income entries must be improved. In 2025, the income from the tourist tax was far lower than the estimate, with a realization of USD 18,425 of the amount of USD 75,000 that was budgeted. In the first half of 2026, the realization is also not reaching the budgeted level; only approximately a quarter of the annual estimate has been realized. However, for 2027 and subsequent years, this entry is again estimated at USD 75,000, without having included further substantiation for this amount. For the new income entry Black Rocks Harbor, a further substantiation of the budgeted income is also not provided. Additional information provided by Saba shows that the estimated income is equal to the realized income of the current Fort Bay Harbor. However, in the budget, Saba includes the income of the new harbor as an addition. The Cft requests you to further explain the estimated income from the tourist tax and the Black Rock Harbor in the budget.

Expenses

The entry 'other goods and services' decreases from approximately USD 17.2 million (realization 2025 most recently adopted 2026 budget) to USD 10.0 million in 2027 and approximately USD 9.0 million in the years after. The budget largely attributes the decrease to the expiry of the special benefits, from which part of the implementation costs is financed. However, part of the underlying maintenance and exploitation tasks continue, even after expiry of those benefits. In order to prevent the multiannual budget from reflecting an image that is too optimistic, it is important that Saba provides insight into which implementation is necessary annually, and which part thereof must be covered from own resources if a special benefit is no longer available.

For 2027, Saba estimates USD 20.4 million in personnel expenses. This is an increase of approximately 5% in comparison to the amended 2026 budget and of approximately 25% in comparison to the 2025 realization. The budget states that the result of future wage negotiations has not yet been incorporated in this entry. Therefore, a new round of wages that exceeds the applied indexation poses a risk to the multiannual balance.

Incidental coverage of structural expenses

The budget shows that structural expenses are financed from incidental resources, which poses a risk to the execution of the insular tasks. This is reflected for example in the personnel expenses. In the budget, a distinction is made between 233 FTE that is financed from the free allowance and 37 FTE that is financed from the special benefits (a total of 270 FTE). The personnel that is financed from the special benefits increases from USD 2.6 million to USD 3.2 million, and the FTE financed from this increases in comparison to the OB 2026.

With regard to the adopted 2026 budget[4], Saba acknowledged that the use of incidental resources for structural expenses is an obstacle, and it was stated that this would be a topic of conversation with the Ministry of BZK. The Cft requests to explain the outcome of this conversation in the budget, and to state therein which subsequent steps have been identified to structurally cover structural tasks.

Financial management
The topic of financial management as part of the paragraph on operations is missing, whereas this is a requirement pursuant to Article 8, paragraph 2, sub d, of the BBV BES. Saba received an unqualified audit opinion for its 2025 annual accounts, with regard to both reliability and legitimacy, and crucial positions have been filled which means progress has been made as regards earlier findings of the auditor. The auditor also identified three new findings. In its advice pertaining to the 2025 annual accounts, the Cft requested to follow up on the auditor's recommendations and to report on the progress.[5] The Cft recommends Saba to include this follow-up in a paragraph of the section financial management.

Trusting to have provided you with sufficient information.

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

[signature]
Hans Hoogervorst

A copy of this letter was sent to:
The Head of Finance of the Public Entity Saba

Annex 2: Endnotes

[1] The FinBES Act, supplemented by the criteria set out in the Decree on Budget and Justification Public Entities BES (BBV BES), forms the framework for the assessment of the OB.
[2] Article 17 paragraph 4 of the FinBES Act. The OB must be submitted to the Island Council by September 1, 2026 at the latest, accompanied by this advice and an explanation to which extent and in which manner this advice was taken into account.
[3] Article 8 paragraph 2 sub d of the BBV BES.
[4] Letter Cft, October 31, 2026, Forwarding of the adopted 2026 budget, reference Cft202500121.
[5] Letter Cft, July 15, 2026, Advice pertaining to Saba's annual accounts for 2025, reference Cft202600059.