To the Hon. Act. Minister of Public Health, Social Development and Labor
Mrs. L.M. Romeo-Marlin
Administration Building
Clem Labega Square
Philipsburg

UV/405/2018-2019

Philipsburg, August 26, 2019

Re: Observations and concerns from MP L.F.E. Mercelina regarding new general hospital

Hon. Minister Romeo-Marlin,

Herewith I submit to you some observations and concerns from Member of Parliament, Mr. L.F.E. Mercelina with regards to the new general hospital.

The letter is self-explanatory.

Yours truly,

S.A. Wescot-Williams
President of Parliament
To: The President of Parliament  
Mrs. Sarah Wescot-Williams  
Present  
Sint Maarten

Philipsburg, August 14th 2019,

Honorable President of Parliament,

Pursuant to article 69 of the Rules of Order of the Parliament of Sint Maarten, I hereby would like through you, as President of Parliament, the attached letter to be sent to the Prime Minister/Minister of VSA of the Government of Sint Maarten.

Thank you in advance for your kind cooperation,

Sincerely,

Luc F.E. Mercelina,  
Member of Parliament

Wilhelminastraat # 1, Philipsburg, Sint Maarten  
Tel: + (1-721) 542-0812 / 542-0635 | Fax: + (1-721) 542-0306  
Email: info@sxmparliament.org | www.sxmparliament.org
Luc F.E. Mercelina
Member of the Parliament of Sint Maarten

To: The Honorable Prime Minister
and Acting Minister of VSA
Mrs. Leona Marlin
Present

Philipsburg, August 14, 2019

Subject: New General Hospital for Country Sint Maarten

Honorable Prime Minister/Acting Minister of VSA,

Considering the fact that we are at the verge of the initiation of a multi-million national project being the construction of a New General Hospital for Country Sint Maarten, which will have enormous and significant long term socio-economic and financial implications and repercussions for country Sint Maarten, I would like, as a Member of Parliament, to indicate and highlight some points, facts and observations after due diligence research and analysis, with the intension to encourage the Government of Sint Maarten to do the necessary research to be well informed, updated and advised before giving their ultimate consent for the initiation of the construction of the much needed New General Hospital.

For the sake of clarity; I would like to inform you that in my perception, vision and to my knowledge, a New General hospital is an absolute must for Country Sint Maarten and that I do not have any preferences for any particular construction company to build the New General Hospital for Country St. Maarten.

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While negotiations are taking place with the Italian based Construction Company INSO for the construction of the New Hospital, it is of utmost importance to be informed and aware of the following:

1. As per December 5, 2018, the construction company INSO has been under Extraordinary Administrative Procedure (EAP), due to the fact that the Parent Company Condotte is facing bankruptcy. As a result of the EAP, the link between Condotte and INSO has been interrupted.

2. In addition to the unavailability of funds from the Parent Company Condotte (lack of collection and subsequent write off of significant outstanding amounts due to Condotte), the financial condition of INSO worsened during the year 2018, by the loss of ability to access bank financing due to the crisis of the Condotte Group.

3. Some unresolved claims on various construction contracts in Italy and abroad, and some unprofitable contracts have also contributed to the delicate financial status of the INSO Company, which justified the intervention of the EAP.

4. INSO is in a state of insolvency and now a Government- Controlled Company

5. The EAP has as goal to preserve the INSO company, despite its state of insolvency through restructuring and reconversion of the economic activity.

6. INSO is currently for sale (approved by the Minister of Economic Development of Italy on July 23, 2019). The potential buyer will have to provide a substantive Bond to the Government of Italy to ensure continuity for INSO for at least 2 years after the Sale. The substantive Bond provided by the potential buyer will only be for 2
years, while the construction-period of the New General Hospital of Sint Maarten will be 4 years minimum. One has to realize that part of the construction contract entails a follow up maintenance contract for 10 years without an evident tangible guarantee.

7. The EAP provides protection against creditors/banks for the debts until December 5th, 2018. Those debts will be paid from proceeds from the sale of INSO. The outstanding amounts of the debts of INSO is not known to us.

8. INSO has already received 30 million Euros in liquidity support as a loan from the Italian government.

9. The fact that the SMMC negotiated additional securities with INSO although the EAP, reflects the need to mitigate the financial risk for country St. Maarten, realizing the exceptional financial challenges INSO is confronting.

10. Although SZV has engaged themselves for 59 million Antillean Guilders in the New General Hospital project, they are now attempting to sell 30 million to other investors. The reason for this investment reconsideration has to be further analyzed.

11. The medical tariffs for Country Sint Maarten have been increased to make the 20 years repayment of the loan plausible. On the other hand, no arrangements have been made to increase the premiums in the healthcare of Sint Maarten, to guarantee the continuity of payment of these tariffs.
Considering the above-mentioned pertinent points, facts and statements, there is reason enough to justify the implementation of a time out to re-evaluate this whole New General Hospital dossier, before Country St. Maarten puts itself in a situation similar to what Curacao is experiencing now with their Hospital Nobo Otrobanda/Curacao Medical center.

Furthermore, I would like to inform you of the following, after conducting in debt research:
As of December 5, 2018, INSO is a Government Controlled Company. One has to realize that the European Union at present is undoubtedly at crossroads. Economists gave several warnings on the soaring debt issues in many economies in the Eurozone following the financial crisis of 2008. Italy, after Greece, is pushing the European Union to the brink of another economic crisis. The third largest economy in the Eurozone, being Italy is now a sinking ship with an estimated growth rate of just 0.1% for 2019. The latest statistics reveal that the current debt of Italy is around 130% of the total GDP which is nearly 2.6 trillion dollars, almost the same as the size of the Indian economy in nominal GDP terms. Looking at the long-term growth prospects, the statistics show a shocking result that Italy’s GDP per Capita remains stagnant at the same level as 18 years ago. This shows that whatever document comes from the Italian Government, it will not be an absolute guarantee to finalize the construction of the New General Hospital of St. Maarten.

Hoping to have contributed more vigilance and clarity, prior to submitting a financially strained St. Maarten to a financial endeavor, that may have negative implications for generations to come.

Sincerely,

Luc F.E. Mercelina,  
Member of Parliament