



Minister of Finance

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To: Parliament of Sint Maarten
Attn. President of Parliament, Mr. Rolando Brison
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STATEN VAN SINT MAARTEN			
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Philipsburg, March 20, 2020

Subject: Draft National Ordinance amending the Authorization National Ordinance for the disposal of UTS shares

Ref. no. 3555-A

Excellency,

Please find attached the note following the final report on the above-mentioned proposal.

I trust to have informed you sufficiently, and in a timely manner.

Yours sincerely,

Minister of Finance
Mr. Ardwell M.R. Irion

CC: The Council of Ministers

**National Ordinance amending the Authorization
National Ordinance for the disposal of UTS
shares**

NOTE FOLLOWING THE FINAL REPORT

Parliament in its meeting of the Central Committee has exchanged views with the Government on the Draft National Ordinance amending the Authorization National Ordinance for the disposal of UTS shares.

Parliament considers the present draft to be sufficiently prepared if the questions asked below are answered in time for the public meeting so that the draft can be discussed in a public meeting.

In order for Parliament to consider the present draft to be sufficiently prepared, so that the draft can be discussed in a public meeting, Parliament is hereby provided with the answers to the questions stated in its final report.

The text of the questions as stated in the final report is expressed in black, while the text of the answers is provided in blue.

The United Peoples Party faction has taken note of the draft with interest. The faction is familiar with the national ordinance, but would like clarification from the Government regarding the following statement: The purpose of the initiator for putting a minimum price was to prevent a situation where a blanket authority is given to the Government to sell an asset and not say what is the least acceptable amount that Sint Maarten should get for it. Therefore, the Accountability Ordinance is structured in such a manner that it requires that Parliament have a say if any such sales are to take place. When Government decides that an asset, shares of companies or buildings will be sold, the Accountability Ordinance is in place and gives guidance on how the sale should take place.

However, the faction perceives that with the time pressure they were faced with then, without that national ordinance the value of the shares could have been diluted and the value would not have been 20 million guilders, but 10 or 2 million guilders or even less. Can a summary be given on that aspect? Has that part of the law been fulfilled? Have we avoided share dilution? Do we still have some kind of protection in this proposed sale agreement if the Parliament ultimately passes it? Was trying to save the country from losing millions of dollars achieved? And does this in any way put us in a situation where UTS can dilute shares? The faction just wants to make sure that the agreed upon value has not changed.

The National Ordinance of September 3, 2019, contained a special urgency clause due to which the Ordinance went into effect much earlier compared to common procedures. This made it possible for Sint Maarten to follow Curacao and sign off the agreement on September 9, 2019. Based on the agreement, the calculation on the shares of Sint Maarten was part of the calculation of all shares, including the shares that were sold by Curacao. Sint Maarten will receive the same price per share as Curacao, so there was no dilution of the value of the shares. And it could be said that the initiative law helped to prevent our shares from diluting.

The faction explains further that the motivation behind the national ordinance was because we knew there were some urgent payments that needed to be handled according to the agreements with CFT. Any such unforeseen money would have had to go to paying down existing debts. And at that time, it was very clear that the biggest debt that was owed was to the police force.

The faction would like an explanation on why the first portion of monies didn't go to the police force. Because now Government had to use its own liquidity to pay the police force. Can it be explained to the Parliament why the previous Minister of Finance did not honor the request of Parliament to pay the police force? Why did the previous Minister pay TELEM instead? The first tranche was received by Government on September 10, 2019, but still no monies were used to pay the police force. Why was another entity paid instead?

The payment for TelEm based on my information, the former Minister of Finance, Mr. Perry Geerlings did so because if he paid in accordance with the payment arrangements with TelEm, so if he paid the money from UTS to TelEm, the negotiated discount on the interest would not be voided due to non-compliance.

In addition, there was no legal basis to pay the police workers. However, it is clear to me that the initiative law stated what the goal was of the UTS payment and it was also clear that the Members of Parliament, the majority at least, wanted the money originated from the sale of the UTS shares to go to the police officers.

Can information be given regarding other entities within UTS where there is split in funds? Data Planet is one of these entities. Another minor entity of UTS that will have to be sold. There are ongoing negotiations with other little companies within UTS. Will there be any other funds coming to Sint Maarten from the sale of those other little companies within UTS in those negotiations? Can an update be given on those negotiations?

Data Planet N.V. also referred to as Blue Nap is indeed one of the entities that are excluded from the sale. Another entity that is excluded is Antillean Television Company also known as TeleCuracao.

As the Government of Sint Maarten owns 12.5% of the shares, additional funds will come to Sint Maarten, in case any of these companies are sold.

The United Democrats-faction indicates that the reason for the Government requesting a change to the draft ordinance authorizing the sale of UTS shares, is clear.

Have the different calculations and deductions taken place? Does the Government know what the final payout amount will be? How much has already been received? How much is yet to be received? The way that the first amount was used to pay, amongst others, TELEM, to guarantee a reduction in the debt to TELEM by 5 million. This is stated in one of the reports to Parliament. Can it be said that this agreement to pay TELEM was made in order to guarantee a reduction of 5 million in the amount owed to TELEM by Government? Was that the case indeed?

Yes, the calculations and deductions have taken place, and UTS informed the Government on what the final payout will be by letter of on January 9, 2020. However, these figures cannot be divulged because this is a clause in the contract the previous Minister of Finance signed. This is not because I do not want to be transparent, actually, I have a financial overview that I will share with Parliament, indicating what will be paid to Curacao

and St. Maarten, showing the price per share is the same for Curacao as for St. Maarten and no dilution took place for the shares of St. Maarten.

It can be said, that the objective was to adhere to the payment agreement with TelEm. Including that the negotiated discount will be voided in case of non-compliance.

Considering the amount received, the amount to be received, the payment to TELEM, the payment that has been made to the justice workers out of our own funds, what are the next steps to be taken, budgetary wise, with respect to this matter?

So, we have had several financial transactions, directly or indirectly, related to the amount to be had from the UTS sale. What are the budgetary steps to be taken?

There will be no budget amendment 2019 needed mainly because the revenues equal the value of the shares. In addition, possible differences regarding the police workers will be recorded in the annual account 2019.

The faction quotes from the fourth quarter report from Government in which chapter 7 stated: "liquidity and payment arrears". According to that overview, the liquidity amount of Government showed the following picture: On the 31st of December 2018, 83.1 million, 31st of March 2019, 72.4 million, 30th of June 2019, 84.8 million, 30th of September 2019, 59.4 million and 31st of December 2019, 47.4 million. The explanation given by Government, following that overview, was that the total liquidity at the end of 2019 was 47.4 million. This was a reduction compared to the previous quarter that was caused by a payment of 13.2 million to TELEM in the fourth quarter of 2019. The faction highlights this because of the payment received from UTS, the payments to be received, the payments to TELEM and to the Justice workers.

What budgetary steps are still needed to be taken after considering the whole financial picture? What does the Government still have to do? Seeing that the payment to the Justice workers came from Sint Maarten's liquidity, what came from the final quarter of 2019? What is the status of the overall payment?

The UTS transaction is to be taken up in the balance sheet of 2019 where the assets decline and liquidity goes up. The payment to the police workers that stem from before 2017 will be taken up in balance sheet 2017. The increased costs will be recorded in the P&L from 2017, 2018 and 2019. As of 2020, the budget contains the salary cost increase for the police workers structurally.

With regard to the status of the overall payment, the LBham with the new scales has to be signed by the governor. In the meanwhile, the individual amounts have to be calculated based on the real career of the individuals, which is a very time-consuming task. When both items are finalized the payments can be prepared.