



General Audit Chamber

Algemene Rekenkamer

Audit into the allocation of motor vehicle tax

May 2022



This document is an English translation of the original Dutch language report entitled:
"Audit naar de allocatie van motorrijtuigenbelasting".
In the event of textual contradictions or any other differences, the original Dutch text will prevail.

May 2022

General Audit Chamber, Juancho Yrausquin Bldv 10, Philipsburg, Sint Maarten

PREFACE

At the start of every year, a motor vehicle tax is imposed. Motor vehicle tax is the levy required from every owner of a car or motorcycle who uses the public roads. The use is not dependent on whether a person drives a lot or a little. Government imposes the motor vehicle tax, which the Receiver (*Landsontvanger*) collects.

Based on the benefit principle, the tax is intended to fund the construction and maintenance of roads: those who use the roads should pay. In practice, the motor vehicle tax is not a "special purpose levy", the amount collected is no longer automatically spent on roads or infrastructure. Instead, the money goes to the government's general funds, and a budget is made available for infrastructure.

In this audit, we analyze how the law describes the use of the motor vehicle tax, how revenues are estimated in the National Budget, the projected revenues, and the actual allocation in 2021. In other words: What exactly happens to the income from motor vehicle tax?

CONTENT

PREFACE	
SUMMARY	1
RECOMMENDATIONS	2
1 OUR AUDIT	3
1.1 THE BASIS FOR THE AUDIT	3
1.2 AUDIT OBJECTIVE AND -QUESTIONS	3
1.3 INFRASTRUCTURE.....	3
1.4 READING GUIDE	3
2 LEGAL FRAMEWORK	4
2.1 THE PRINCIPLE OF LEGAL CERTAINTY	4
2.2 THE MOTOR VEHICLE TAX ORDINANCE.....	4
2.3 THE ROAD FUND ORDINANCE	4
2.4 THE MINISTER OF VROMI'S ROLE	5
2.5 THE ROAD FUND IS A BUSINESS	5
3 DEVIATION FROM THE LAW	6
3.1 DEVIATION FROM THE ROAD FUND ORDINANCE	6
3.2 POSITION OF THE MINISTRY OF FINANCE	6
3.3 POSITION OF THE MINISTRY OF VROMI	6
4 IMPORTANCE OF RELIABLE INTERNAL PROCEDURES	7
4.1 INTERNAL CONTROL AND MANAGEMENT: AO/IC	7
4.2 THE PROCUREMENT PROCESS	7
4.3 ADVANTAGES AND DISADVANTAGES OF AN OPERATIONAL ROAD FUND	7
5 REVENUES AND USE OF MOTOR VEHICLE TAXES	8
5.1 REVENUE	8
5.2 ALLOCATION OF REVENUE	8
5.3 ROAD MAINTENANCE	8
5.4 DRAINAGE	9
5.5 TRAFFIC MANAGEMENT	9
5.6 PUBLIC LIGHTING	9
5.7 TOTAL OVERVIEW	10
5.8 POLICY PRIORITIES IN 2022.....	10
5.9 BUDGETED 2022 CAPITAL EXPENDITURES	11
6 EPILOGUE.....	12

SUMMARY

In 2021, the government collected ANG 10.3 million in motor vehicle taxes. By law, these public funds must flow to a Road Fund. The purpose of this Road Fund is to invest in infrastructure. However, there is no Road Fund; the government chooses to include the revenue in its general fund. A budget is made available to finance infrastructure (road maintenance, drainage, public lighting, and traffic signs and -signals).

For 2021 and 2022, an annual budget of ANG 5.7 million was available for road infrastructure. In 2021, the total expenditure was ANG 3.6 million, leaving ANG 2.1 million unused. Because the Financial Statements are not available, we are using preliminary figures. There is a status quo, according to the Ministry of VROMI. The road network does not receive the required maintenance. In fact, the Ministry of VROMI estimates that the road network has a maintenance backlog of at least ANG 360 million.

Most of the spending is outsourced to third-party companies. The lack of specialized companies means that there is little to no competition. The government is dependent on one or a few companies, which means there is a risk of companies raising prices or splitting contracts among themselves. The result is a higher cost to the government than in a competitive situation. An optimized (near perfect) [AO/IC](#) is therefore essential.

The tax on a regular gasoline car in 2021 was ANG 275. An extrapolated comparison using the 2021 expenditures shows that ANG 180 was allocated to the general government fund. The remaining amount was used as follows: ANG 45 for road maintenance, ANG 12 for public lighting, ANG 0.27 for traffic signs and -signals (road markings, mirrors, roadway barriers), and ANG 37.50 for drainage.

In the 2022 National Budget, the Ministry of VROMI presents several policy priorities. The fact that policy goals have been formulated is a positive step towards policy-based budgeting. However, a financial foundation for each of the previously mentioned policy goals is lacking. Fundamental investments will be necessary to improve the infrastructure and make new projects possible in the coming years.

RECOMMENDATIONS

Based on our findings, we issue the following recommendations to the government:

1. Act according to the [Motor Vehicle Tax Ordinance](#) and the [Road Fund Ordinance](#). The Road Fund is regulated by National Ordinance. Based on the principle of legal certainty, the government must comply with applicable legislation;
2. Ensure that all stakeholders are aware of article 24a of the Motor Vehicle Tax Ordinance and the provisions of the Road Fund Ordinance;
3. Ensure that the National Budget is prepared in accordance with the Road Fund Ordinance;
4. If the political will to amend the current situation regarding the legal appropriation of motor vehicle tax is present, we recommend that the Motor Vehicle Tax Ordinance and the Road Fund Ordinance be changed accordingly;
5. Periodically reconcile the accounting for infrastructure expenditures with the Ministry of Finance's realization data. This way, analyses of differences and corrections, if needed, can be made;
6. Prepare a multi-annual plan for the structural improvement of the infrastructure and provide for new investments. Ensure that this is a phased plan, which will be financed (possibly per phase) from the National Budget. To avoid as many risks as possible, optimize the [AO/IC](#).

1 OUR AUDIT

1.1 The basis for the audit

Article 23 and 30 of the [National Ordinance General Audit Chamber](#) give us the authority to conduct (legal) compliance and efficiency audits. The basis of this investigation is a combination of these articles, as we are investigating both the legal framework and the (efficient) spending and allocation of income from the motor vehicle tax.

1.2 Audit objective and -questions

The audit aims to identify how, by law, motor vehicle tax revenues should be allocated. In addition, we show whether the revenue was efficiently spent in 2021.

1.3 Infrastructure

The reference to "infrastructure" in this report denotes the following National Budget items:

- Road maintenance;
- Public lighting;
- Drainage; and
- Traffic management

We selected these items because they are most consistent with the terminology used in the [Road Fund Ordinance](#).

1.4 Reading Guide

This report discusses, respectively:

Chapter 2: Legal framework

Chapter 3: Deviation from the law

Chapter 4: Importance of reliable internal procedures

Chapter 5: Revenue and allocation of motor vehicle taxes

Chapter 6: Reactions and epilogue

2 LEGAL FRAMEWORK

In this chapter, we analyze the legal framework for motor vehicle taxation. Where is motor vehicle taxation regulated? And what exactly is regulated? What can citizens expect from the use of motor vehicle taxes? It is crucial to start with one of the formal core principles of the rule of law: the principle of legal certainty.

2.1 The principle of legal certainty

The principle of legal certainty means that the government:

- A. must formulate its decisions in such a way that citizens understand their position (rights); and
- B. correctly and consistently applies the relevant legal rules.

For this audit, part B is essential: the regulations (the law) must be applied correctly and consistently.¹ The citizen then knows their position. S/he can, as it were, predict the government's behavior.

2.2 The Motor Vehicle Tax Ordinance

The [Motor Vehicle Tax Ordinance](#) regulates, among other things:

1. The definition of a motor vehicle;
2. When the tax is levied;
3. The establishment of a fund, referred to as the Road Fund, for road construction, -maintenance and road safety, signage, and -signals.²

This audit examines the allocation of the taxes collected for motor vehicles. In so doing, we specifically address the last item mentioned above concerning the Road Fund.

2.3 The Road Fund Ordinance

The [Road Fund Ordinance](#) (applicable since Sint Maarten became a country) is based on the [Motor Vehicle Tax Ordinance](#). The Road Ordinance contains six articles and states that the Minister of Housing, Spatial Planning, the Environment, and Infrastructure (hereafter: VROMI) manages the fund. Under the minister's supervision, the day-to-day management of the fund is assigned to the Head of the New Projects Department, including staff subordinated to him. The Minister issues instructions for the Head of the New Projects Department. The fund is considered to be a business.³ More detailed rules can be issued by National Decree, containing general measures.⁴ However, we are not aware of any such rules. The other articles deal primarily with the fund's income and expenditure.

The fund's income is;

- An annual contribution to be determined from the government's general funds;
- Motor vehicle tax revenue;
- The remaining balance of the fund's last account statement; and
- Other income.

The following costs are charged to the fund:

- Expenditure on the road construction, -maintenance, and -safety;
- Expenditure for the installation of traffic signage and signals;
- The expenses associated with the collection of motor vehicle tax;
- Any deficit balance from the fund's last account statement; and
- Other expenses.

The 2022 National Budget excludes the Road Fund and the allocation of motor vehicle tax revenues. Instead, ANG 5.7 million is budgeted for infrastructure.⁵ We use the budget items "road maintenance", "public lighting", "traffic management," and "drainage" because, in our opinion, these items should be charged to the Road Fund.

¹ Legality principle; government has no authority without a legal basis.

² Article 24a of the Motor Vehicle Tax Ordinance.

³ Article 1 of the Road Fund Ordinance. The definition of "business" is not further explained.

⁴ Article 5 of the Road Fund Ordinance.

⁵ It represents the sum of the budget items: road maintenance, public lighting, traffic management and drainage.

2.4 The Minister of VROMI's role

The VROMI Minister of VROMI plays a vital role in managing the infrastructure and the Road Fund. By law, he is designated as the competent minister, and under his responsibility, the motor vehicle tax revenues belong to the Road Fund. The Minister, in turn, is required to issue work instructions to the Head of the New Projects Department.

A work instruction describes the fund's management; it defines methods of performing tasks. Without written work instruction, the chances are high that misunderstandings and consequently, errors will occur. The management's objective, all processes, accountability, and the relationship to the law belong in the work instruction.

However, in practice, no such work instruction has been issued. We believe that while the Road Fund Ordinance remains in force, a legal requirement exists to prepare a work instruction, irrespective of whether a Road Fund is not operational at present.

2.5 The Road Fund is a business

Article 1 [Road Fund Ordinance](#) stipulates that the Road Fund is considered a business. What this means within the government remains unclear. We recognize 'government' foundations and companies, but not a government (public) business. In the context of the Netherlands, a public business is defined by commercial activities. Examples include a real estate business (for the development of land suitable for housing/industrial use), a port authority, a development agency, etc. However, a Road Fund does not engage in business activities.

According to the Road Fund Ordinance, the fund will bear the costs for construction and maintenance of roads, road safety, and installation of road signs. As far as we are concerned, these are regular government tasks.

3 DEVIATION FROM THE LAW

3.1 Deviation from the Road Fund Ordinance

The [Motor Vehicle Tax Ordinance](#) establishes the Road Fund by [National Ordinance](#). Both National Ordinances are applicable and have the force of law. All proceeds from the motor vehicle tax are supposed to flow into the Road Fund. And yet the government elects to deviate from the law.

3.2 Position of the Ministry of Finance

According to the Ministry of Finance, no written (political) decision indicates why a deviation from the law is made. It states:

"Because of the importance of being able to properly balance the (costs of) different policy objectives, earmarking revenues for expenditures is not desirable, even in the case of (budgetary) funds. The objectives of the policy should determine the level of expenditure, not how much money is received from a particular source. In addition, earmarking revenues is not desirable because it reduces budget flexibility."⁶

As we see it, there is no question of "earmarking revenue." Moreover, an actively managed crime prevention fund exists, and we [reported](#) on that fund in the past. The law clearly states that motor vehicle tax revenue is income for the fund. The deviation violates the principle of legal certainty mentioned in paragraph 2.1; the government is supposed to apply the law correctly and consistently. Formally, a Road Fund exists. If the government wishes to change it, it must do so through a draft law to the Parliament. This did not occur in the last eleven years.



The Ministry can discuss the matter of road infrastructure, provided that the Head of the New Projects Department follows articles 21 and 22 of the [National Ordinance Structure and Organization of National Government](#), and via an annual plan indicates why construction and maintenance are needed and the cost thereof. Subsequently, the discussion can be held in Parliament during the budget debate. If appropriate, the requested budget can then be adjusted. The fund is supposed to prepare an annual financial statement.⁷ Surpluses, if any, remain in the fund and may be used the following year. Figure 1 illustrates the difference between the law and actual practice.

Figure 1: Difference between the law and practice

THE LAW	PRACTICE
There is a Road Fund	There is no Road Fund
The income from motor vehicle tax belongs in the Road Fund	The income is allocated to the general budget
The Minister of VROMI is responsible for the resources in the fund	The Minister of Finance determines the allocation of resources
The money is used for the maintenance and improvement of the infrastructure	There is a status quo. Current maintenance is not adequate to manage the infrastructure

3.3 Position of the Ministry of VROMI

One reason to deviate from the law can occur if a deficit results when all monies were allocated to the fund, according to the Ministry of VROMI. However, since attaining the Country status, no attempt has been made -to our knowledge- to establish such a fund and the condition of the island's infrastructure (except for specific projects) remains at status quo/general deterioration. Since 2009, plans to improve the infrastructure have been prepared but consistently fail to receive funding. In our opinion, this reflects the prioritization of other budgetary objectives with disregard for the legal requirements related to the Road Fund.

There is no up-to-date comprehensive study of the infrastructure condition. In 2009, a detailed draft document was prepared to show that the entire infrastructure had a maintenance backlog of about ANG 360 million. It is estimated that the situation has only worsened since then (partially because of the hurricanes).⁸

⁶ Email from the Ministry of Finance dated February 24, 2022.

⁷ Article 2 and 3 of the Road Fund Ordinance.

⁸ Interview report acting Secretary-General also New Projects Department Head VROMI, dated February 17, 2022.

4 IMPORTANCE OF RELIABLE INTERNAL PROCEDURES

4.1 Internal control and management: AO/IC

Construction and maintenance of roads are expensive. It requires an optimized design, presence, and performance of the administrative organization and its internal control and management procedures ([AO/IC](#)).

4.2 The procurement process

Important in the process is the procurement procedure, the supervision of the execution (man-hours, machine-hours, materials), and the substantiation of the costs. The construction of roads can be characterized as piecemeal production, in which preliminary and post-calculation per order/project/assignment are essential for internal control. Maintenance can be differentiated into daily- and major maintenance/eliminating maintenance backlogs. The major maintenance is by its nature, piecework. There are no fixed production standards with piecework, as is the case with volume production (well-balanced standards for the utilization of man-hours, machine hours, and raw materials). Furthermore, the supervision of the execution and the substantiation of the costs is important.

Government is not able to perform (major) infrastructure maintenance in-house. The lack of specialized companies means that there is little or no competition. The government is dependent on one or a few companies, resulting in the risk that companies will force up prices or split the work between themselves to such an extent that the government pays more than it would if competition existed. Incidentally, the construction industry is a business where price-fixing between companies and [dividing work among](#) companies is commonplace.⁹ This makes an optimized AO/IC that much more important.

4.3 Advantages and disadvantages of an operational Road Fund

Aside from the fact that a Road Fund (in the form of a business) might operate more assertively (because of more direct communication), we recognize the disadvantages of the fund-based approach. For example, a Road Fund needs to have an in-house organizational structure; a 'director' in the form of the New Projects Department Head, a separate (financial) administration, audit and accountability, and possibly technical staff with increased overhead costs. Fraud may go undetected for a longer period (preparation of the financial statements is delayed; therefore, there is an interruption/no audit).

If sufficiently qualified (financial and technical) personnel can be recruited, a duplication of staffing and costs (Road Fund and Ministry of VROMI), occurs as it were. Where it is difficult to recruit enough qualified (financial and technical) staff, there is a risk that the Road Fund is understaffed and the expertise of the VROMI staff will have to be used anyway.

Taking the above into account, we believe that it is not efficient to actively manage the Road Fund. It is possible to use the budget to ensure that the proceeds from the Motor Vehicle Tax are allocated to the tasks that are now financed under the Road Fund Ordinance.

However, this requires political support to amend the current legislation accordingly. Until that happens, the government must comply with the law. Approving and adopting the National Budget Ordinance while ignoring the Motor Vehicle Tax Ordinance and the Road Fund Ordinance, in our opinion, constitutes a breach in legal compliance.

⁹ For example: <https://www.thedailyherald.sx/islands/windward-roads-builds-new-sewage-system-as-repayment>.

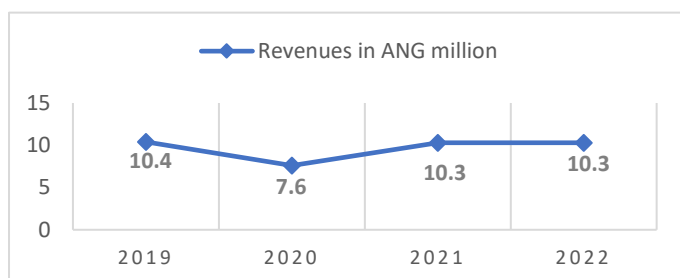
5 REVENUES AND USE OF MOTOR VEHICLE TAXES

In this chapter, we explore real-world motor vehicle tax revenues. We will examine where the public funds ended up and how the money was (effectively) spent.

5.1 Revenue

Figure 2 depicts the evolution of revenues for 2019 to the 2022 budgeted income.

Figure 2: evolution of motor vehicle tax revenues



In 2020, revenues were lower. We discuss this in more detail in our report on [road tax revenues](#). At the time, the government argued that the COVID-19 lockdown and license plate supply problems were the causes of the disappointing income.

5.2 Allocation of revenue

Maintenance of roads, traffic, and signage are not included in the explanatory memoranda of the 2021 National Budget. As a result, the 2021 policy objectives for the maintenance of the infrastructure are unclear. However, in the 2021 National Budget, money has been allocated to manage the infrastructure. Figure 3 presents the 2021 Budget.

Figure 3: 2021 budget for infrastructure maintenance



A total of ANG 5.7 million was budgeted for infrastructure management.¹⁰ Motor vehicle tax revenue was ANG 10.3 million, a difference of ANG 4.6 million.

5.3 Road maintenance

Figure 3 shows that ANG 2.5 million is budgeted for road maintenance. These are contracted outsourced services. According to the Ministry of VROMI, "man-hours" (with a budget of ANG 2.3 million - 92%) refers to the entire contract: labor hours, materials, and machinery.¹¹

The realization for the fiscal year 2021 is ANG 1.7 million.¹² Data from the Ministry of Finance show a higher realization; i.e., ANG 44,000 more.¹³ The difference is relatively small but reflects inadequate coordination between VROMI and Finance. If the differences are more significant, the likelihood of budget over/underruns is also greater. The Ministry of VROMI may assume that a sufficient budget is available, even though that is no longer the case. We recommend that regular accounts reconciliations are performed, the differences analyzed, and application of any needed corrections.

In early 2020, a public tender to repair long stretches of heavily damaged roads and for (continuation) of 'patchwork' on roads, where feasible and possible, was completed. The source document is the 'Road paving/patching maintenance program 2020'. The Minister of VROMI was authorized by National Decree to

¹⁰ This includes maintenance of roads, maintenance of public lighting, traffic management and drainage.

¹¹ Interview report acting Secretary General VROMI dated February 17, 2022.

¹² Spreadsheet from the Ministry of VROMI. These are figures that have not (yet) been verified by an auditor.

¹³ Overview of the Ministry of Finance on the realization of the budget item "road maintenance".

undertake a financial commitment of ANG 1 million, with a contingency amount of ANG 103,000.¹⁴ Due to the lack of competition, one company submitted a 'bid'. The contract was subsequently awarded to that company.

In 2021, regular basic road repair could not be carried out due to the overall condition of the asphalt. The Ministry of VROMI notes:¹⁵

"The country's infrastructure has now reached a point whereby more than half of the road network has outlived its lifespan, has become worn and needs to be replaced."

Long stretches of road surface were removed and replaced with a new asphalt layer. As a result, the budget allocated to the Minister of VROMI by National Decree was overspent to the tune of ANG 562,284.46, though only critical works on primary main roads were carried out.¹⁶

From the information supplied to us, it is unclear how the initially approved amount of ANG 1 million (and the contingency of ANG 103,000) was spent and, therefore, which road surface improvements were performed. Nor is it clear to us how the cost overrun was possible. The advisory report of the Ministry VROMI indicates that budget controls will be carried out from now on in collaboration with the financial controller before the approval of work. We consider this an endorsement of the importance of implementing detailed AO/IC.

The budget overrun of ANG 562,000 involved work performed in Simpson Bay, Bishop Hill Road, Sucker Garden Road, and A.T. Illidge Road.

5.4 Drainage

Figure 3 reveals that ANG 1.9 million was budgeted for drainage maintenance. ANG 1.4 million was budgeted for man-hours (73.7%). Similar to the work for the roads, this represents outsourced services, split between four contractors. In 2021, a total of ANG 1.32 million was spent on drainage. Exactly which activities were performed remains unclear. Neither is it clear whether the award of the contracts took place through competitive bidding.

The breakdown reveals that every month, the same amount in costs were recorded in 2021. Apparently, these are (fixed) contract sums, each month representing a 1/12 fraction of the total. The nature of the work was left unexplained. Furthermore, ANG 0.3 million was reserved for maintenance and repairs and ANG 0.2 million for emergencies.

5.5 Traffic Management

A budget of ANG 0.4 million was made available for traffic management in 2021 (unchanged in 2022). Approximately ANG 12,000 was spent.¹⁷ If the realization is correct, we note that this budget item remains underutilized, while road markings (pedestrian crossings, speed bumps, lane markings) are often missing on the road, traffic signs need to be repaired, or renewed, and mirrors are missing at obscured intersections. We advise the Ministry of VROMI to make more efficient use of the available resources.

5.6 Public Lighting

For the maintenance of public lighting, we note that 82% (ANG 0.74 million) of the 2021 budget (ANG 0.9 million) was spent on a contract with GEBE N.V. for electricity and maintenance of public lighting. ANG 0.46 million was paid in electricity costs in 2021.

What remains is ANG 0.28 million for actual maintenance. The VROMI Ministry reports that there are insufficient funds currently allocated for proper maintenance and replacement of public lighting (among other things).¹⁸ We do not know how many light poles are covered by the GEBE N.V. contract.

¹⁴ National Decree of December 9, 2020, number 2020-1378.

¹⁵ Official Advice #8607 on the 'Road paving / patching program 2020/2021.

¹⁶ Advisory Sheet #8607A requesting the Finance Department to reimburse the budget overrun from the "road maintenance" budget item.

¹⁷ Financial data provided by the Ministry of Finance.

¹⁸ Interview report acting Secretary General VROMI dated February 17, 2022.

5.7 Total Overview

Total motor vehicle tax revenue in 2021 was ANG 10.3 million. ANG 5.7 million (55.34%) was budgeted for infrastructure maintenance. The remaining ANG 4.6 million (44.66%) of collected tax was (unlawfully) allocated to the government's general fund. Altogether, of the amount budgeted (ANG 5.7 million), ANG 3.6 million (or 63%) was spent on infrastructure maintenance. This represents an under-utilization of ANG 2.1 million (or 37%).

The tax on a regular gasoline (engine) car in 2021 is ANG 275 (excluding license plates). Table 1 presents the expenditure per infrastructure category (last column) based on a regular motor vehicle tax (gasoline).

Table 1: Total spending on infrastructure in 2021

Spending on	Amount in ANG x 1 million	Percentage of revenue	The portion of tax in ANG (gasoline)
Road maintenance	1.69	16,49%	45.34
Public Lighting	0.46	4,49%	12.34
Traffic Management	0.01	0,10%	0.27
Drainage	1.4	13,66%	37.56
Returned to the general fund	6.69	65,27%	179.49
Total revenue	10.25	100.00%	275.00

5.8 Policy priorities in 2022

The policy priorities in 2022 in terms of road, traffic, and signage maintenance consist of the following elements:¹⁹

1. Front street repairs (already started in 2021);
2. Drainage projects;
3. Traffic marking program (public roads) at key intersections;
4. Repair/replace guardrails in places, such as dangerous curves;
5. Modernization "VROMI Yard";
6. Sidewalk Hard Surface. Improve safety sidewalks;
7. Street Lighting. Special facilities that GEBE does not provide;
8. Build public toilet in Mullet Bay;
9. Placement of road signs and (replacement) street names;
10. Asphalt roads and refurbish roads program;

The fact that policy goals are formulated is a step towards policy-based budgeting. A financial basis for each of the previously mentioned policy goals is still missing. In reports on Government's Financial Statements, we present the importance of policy-based budgeting. We use the three W-questions in Figure 4 for this purpose.

Figure 4: three W-questions for policy-based budgeting.



What the government intends to achieve in terms of infrastructure improvement is explained in its policy priorities. Government also indicates what it plans to do, though the explanation is short on detail.

While the last question, "what should it cost?" is mentioned using total amounts in the 2022 Budget, the cost per policy goal is not specified.

¹⁹ Notes in the 2022 National Budget, section 2.7.

Because of its allocation the motor vehicle tax to the government's general fund, instead of being earmarked explicitly for infrastructure maintenance, it has become a disguised general tax; a part of which is allocated to VROMI's budget.

5.9 Budgeted 2022 capital expenditures

The [2022 National Budget](#) provides for infrastructure capital investments.²⁰ ANG 8 million is made available for "Land improvements". ANG 5.6 million is listed for "maintenance of main roads" and ANG 3 million for "paving various existing roads". In total, the two projects total ANG 8.6 million. It is not clear where the additional ANG 0.6 million is budgeted. A (financial) substantiation for the plans and execution of these capital expenditures is missing. Table 2 is derived from the 2022 National Budget.

Table 2: Overview of capital investment in land improvements (amount in millions)

Capital investment (code: AN1123) Land improvements (amount in millions ANG)

<i>Main Roads</i>	5.6	Maintenance of main roads
<i>Hard Surfacing Dirt Roads (concrete / Asphalt)</i>	3.0	Pave road surface of several existing roads

²⁰ Explanatory Notes in the 2022 National Budget, pages 57, 62 and 63.

6 EPILOGUE

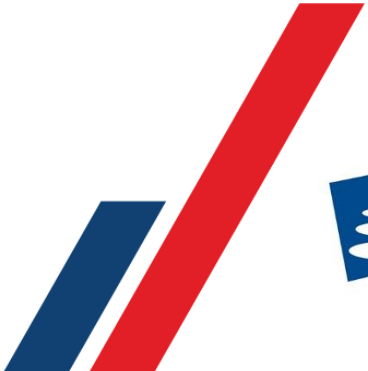
Prior to publication, we allow the respective minister(s) the opportunity to comment on our report. This is the way.

On April 20, 2022, we invited the Minister of Finance and the Minister of Housing, Spatial Planning, Environment and Infrastructure to provide a reaction. We have not received any response.

We believe that our findings, the overall state of the infrastructure and the consistent failure to comply with the law, warrants a response from the Ministers. Both Ministers had the opportunity to express their views and give account to the taxpayers of the motor vehicle tax.

We understand that the Country is facing difficult financial choices. However, the Road Fund Ordinance has existed since the creation of the Country-status, and no systematic plan to improve the infrastructure is in place.

With this report we aim to inform parliament about the allocation of motor vehicle taxes, its role in determining the legitimacy of the budget in this regard and to provide an insight into the current situation. As far as we are concerned the infrastructure on Sint Maarten, deserves continuous improvement.



General Audit Chamber
Algemene Rekenkamer