

GUIDE TO THE

BUDGET PROCESS



Guide to the Budget Process

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GUIDE TO THE BUDGET PROCESS

What is the Budget?

The Budget is the Government's financial plan for a given period. The budget states how much money the Government intends to spend during a year (expenditure), what it intends to spend it on (appropriation), and where it expects to get the money to pay for that spending (revenue).

The budget usually covers one year which is known as the fiscal year. In Trinidad and Tobago, the fiscal year begins on October 1 and ends September 30.

How is the Budget prepared and adopted?

The budget outlines all the revenue and expenditure for a given period and is the most important economic policy tool used by the Executive for the allocation of resources to the various State institutions.

It is prepared by the Ministry of Finance – Budget in Departments, and is based on the Government's priorities and macroeconomic assumptions.

The budget cycle commences with the formulation of policy, and includes planning, implementation and auditing. The Minister of Finance presents the Appropriation Bill, Draft Estimates and other budget documents to the Parliament.

Following Parliamentary approval, the Bill is forwarded to the President for assent. If required, the Executive adopts a Supplementary/ Variation budget during the year following a similar procedure.

Proposals for Variation move funds from one Head of Expenditure to another. Proposals for Supplementation withdraw funds from the *Consolidated Fund and add them to a specific Item under a Head of Expenditure.

*Consolidated Fund - this fund refers to all revenues or other moneys raised or received by Trinidad and Tobago.

GUIDE TO THE BUDGET PROCESS

STAGES OF THE BUDGET PROCESS CYCLE



Drafting

Ministry of Finance

Between February and March, the Minister of Finance issues a request in the form of a Call Circular to all Ministries and Departments for the submission of draft estimates of revenue and expenditure.

The Draft Estimates take into consideration the Government's Development Strategy.

All Draft Estimates are required to be submitted to the Ministry of Finance by April 30, of each year.

Budget Division - Ministry of Finance

The Budget Division of the Ministry of Finance examines, analyses and holds discussions with Ministries and Departments to seek justification for expenditure.

Cabinet Approval

The Minister of Finance seeks Cabinet's Approval of the Draft Estimates of Expenditure and Revenue.

Legislative

Parliament

The Minister of Finance presents the Appropriation Bill, Draft Estimates and other budget-related documents to Parliament. The Minister of Finance reviews the performance of the Economy and indicates the plans of the Government for future national development. He also states the date on which the budget debate will resume.

Standing Finance Committee

This is a Committee of the whole House chaired by the Speaker. It is an important mechanism of ex ante budgetary scrutiny. The Committee examines the Heads of Expenditure over the five (5) days allotted.

*ex-ante - based on forecasts rather than results

Parliament Approval and Presidential Assent

Following Parliamentary approval, the Appropriation Bill is forwarded to the President for assent. It then becomes the Appropriation Act for that fiscal year.





Implementation and Auditing

Government Executive

The Ministry of Finance plays a major role in ensuring that funds are allocated to the Ministries and Departments in line with the approved budget. The implementation of the budget is governed mainly by the Exchequer and Audit Act Chapter 69:01 and the Financial Regulations. Each Accounting Officer receives releases and is responsible for the use of public funds.

Public Administration and Appropriations Committee (PAAC)

The PAAC monitors the Government's execution of the budget and its actual spending during the fiscal year to ensure that funds are used for the approved purpose and to enable the detection of any challenges during implementation.

Audit

In accordance with Section 25 (1) of the Exchequer and Audit Act, the Auditor General is required to audit the accounts of Ministries, Departments and other Government Agencies to ensure that expenditure was carried out in accordance with the Appropriation Act. This independence is necessary for an unbiased opinion on the accounts examination.

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BUDGET
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BUDGET EXPENDITURE TERMS



The Budgetary System allocates funding based on inputs, i.e. line items such as Personnel Expenditure, Goods and Services, and Minor Equipment Purchases that comprise the Estimates of Expenditure. Although it provides detailed information on how much public money is spent, it does not provide information on what is being achieved and whether the goods/services (outputs) satisfy the purpose intended.

TOTAL EXPENDITURE refers to all recurrent and capital expenditure of the Government. It comprises spending from the Consolidated Fund, Infrastructure Development Fund and other special purpose funds established by Parliament to finance Government expenditure.

RECURRENT EXPENDITURE refers to the payments for expenses which are incurred during the day-to-day operations of the Ministry for Personnel Expenditure, Goods and Services, Minor Equipment Purchases, Current Transfers and Subsidies and Current Transfers to Statutory Boards and Similar Bodies such as:

PERSONNEL EXPENDITURE - expenditure on all forms of remuneration paid to public officers with the exception of salaries paid to contract officers within the public service.

GOODS AND SERVICES - Purchase of goods and services for daily operations of Government' offices.

MINOR EQUIPMENT PURCHASES - Minor Equipment Purchases includes wireless equipment, cell phones, vacuum cleaners, etc.

CAPITAL EXPENDITURE - payments made by the Government for the acquisition of land, intangible assets such as stocks and other non-financial assets to facilitate the production of goods and services. It may also include spending financed from capital grants which are non-refundable transfers received by the Government from other Governments or international organisation geared towards a particular project.

SUBSIDIES - A subsidy is a form of financial aid or support extended to an economic sector (or institution, business, or individual) generally with the aim of promoting economic and social policy.

TRANSFERS AND SUBSIDIES - non-repayable payments made by the Government to various individuals and agencies such as non-profit organisations, educational institutions, statutory bodies, state enterprises and foreign agencies for specific purposes.

CURRENT TRANSFERS - Current Transfers include allocations to non-profit institutions, organizations and other institutions

TRANSFERS TO STATE ENTERPRISES - non-repayable payments made by the Government to state enterprises operating in Trinidad and Tobago.

TRANSFERS TO STATUTORY BOARDS AND SIMILAR BODIES - on-repayable Payments made by the Government to statutory boards and similar bodies.

PUBLIC DEBT - Servicing of debt owed to local and foreign lenders.

Development Programme

Development Programme is capital expenditure aimed at improving and enhancing development in different areas of Trinidad and Tobago, which includes; human resources, economic and social development.

These funds are presented in two parts as follows:

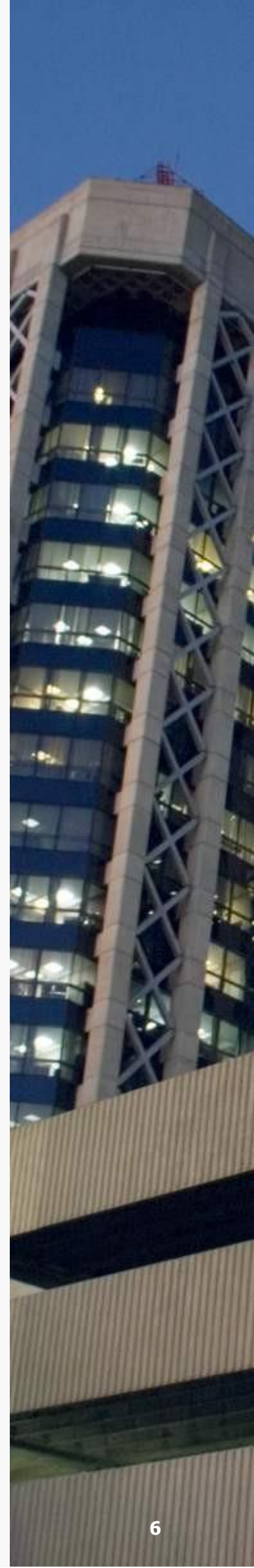
Development Programme - Consolidated Fund¹

The allocation for the implementation of projects and programmes by Ministries, Statutory Boards, Local Government and the Tobago House of Assembly within the Public Sector Investment Programme (PSIP) was provided under the Consolidated Fund.

Development Programme - Infrastructure Development Fund²

- The IDF was established by Legal Notice No. 347 of December 29, 1997, under section 43(2) of the Exchequer and Audit Act, Chap. 69:015³ to finance wholly or partially, certain capital projects under the Government's capital programme. It is the approval of additional resources for transfer from the Consolidated Fund to the Infrastructure Development Fund (IDF); and
- Operationally, the IDF is the mechanism used, in the main, to finance projects being implemented by existing and newly established special-purpose state entities to execute projects assigned to them by ministries, the Tobago House of Assembly and other state agencies. Importantly, moneys are only utilized in this Fund by the approval of the Parliament.

A mechanism to facilitate the acceleration and provide flexibility in the implementation of its capital development programme.



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BUDGET REVENUE OVERVIEW



Budget revenue comprises of the amount of money collected by the Government that is used to fund its activities. Revenue is raised by fiscal measures introduced in the Budget and is given legal effect by the issuance of a Provisional Collection of Taxes Order, the Value Added Tax Act or by Special Legislation. The Ministry of Finance is responsible for developing the Revenue Estimates for the Budget.

The principal revenue estimates are received from the Inland Revenue Division, the Customs and Excise Division and the Ministry of Energy and Energy Industries.

TAX REVENUES

Compulsory and unrequited payments made by individuals and companies operating within the energy and non-energy sectors. All tax revenues are paid into the Consolidated Fund.

TAXES ON INCOME AND PROFITS:

- Oil Companies (Chap. 75:04)
- Other Companies (Chap. 75:02)
- Individuals (Chap. 75:01)
- Withholding Tax (Chap. 75:01)
- Insurance Surrender Tax (Chap. 75:01)
- Business Levy (Chap. 75:02)
- Health Surcharge (Chap. 75:05)

TAXES ON PROPERTY

- Lands and Building Taxes (Chap. 76:04)
- Property Tax (Act No.18 of 2009)
- Industrial and Land Tax

TAXES ON GOODS & SERVICES

- Purchase Tax
- Excise Duties
- Betting and Entertainment Taxes
- Liquor & Miscellaneous Business Licences & Fees
- Motor Vehicles Taxes and Duties (Chap. 48:50)
- Value Added Tax
- Alcohol and Tobacco Taxes
- Tax on online purchases

TAXES ON INTERNATIONAL TRADE

- Import Duties (Chap. 78:01)
- Stamp Duty on Bills of Entry
- Special Tax – Household Effects (Chap.77:01)
- Import Surcharge (Chap. 77:01)

OTHER TAXES

- Stamp Duties (Chap. 76:01)

NON-TAX REVENUES

Revenue earned by the Government from sources other than taxes within the energy and non-energy sector.

PROPERTY INCOME

- Rental Income
- Interest Income
- Royal ties
- Profits from Non-financial Enterprises
- Profits from Public financial Institutions
- Other Property Income

OTHER NON-TAX REVENUE

- Administrative fees and Charges
- Fines and Forfeitures
- Pension Contributions
- Non-Industrial Sales
- Other (Miscellaneous)

REPAYMENT OF PAST LENDING

- Repayment of Loans by Public Enterprises
- Repayment of Loans by Other Enterprises
- Repayment of Other Loans

CAPITAL RECEIPTS/ REVENUE

CAPITAL REVENUE includes proceeds from transactions under the Government Sale of Assets Programme. It may also include Government receipts of non-repayable transfers for capital purposes from non-government sources. Additionally, it may include capital grants which are non-refundable transfers received by the Government from other Governments or international organisation geared towards a particular project.

FINANCING

- Borrowing
- Extraordinary Receipts



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FISCAL SURPLUS & DEFICIT



FISCAL SURPLUS & DEFICIT

The overall fiscal balance measures the extent to which Government expenditure is financed by the revenues collected and is an indication of the Government's 'fiscal stance'. A 'fiscal stance' is nothing more than a decision by the political administration about whether the annual budget would reflect a surplus, a deficit or be a balanced budget. The 'fiscal stance' adopted by the Government is a key to the process of prioritizing and rationalizing the numerous budget requests in respect of both recurrent and capital expenditure.

However, the primary balance measures the Government's ability to honour its obligations without incurring additional debt.

Important Terms

WHAT IS A FISCAL SURPLUS?

A fiscal surplus occurs when collected revenue exceeds expenditure.

WHAT IS A FISCAL DEFICIT?

A fiscal deficit occurs when expenditure exceeds collected revenue.

WHAT IS A POSITIVE PRIMARY BALANCE?

It is an indication of the improvement in managing public finances as there is less reliance on borrowing to finance public expenditure.

WHAT IS A NEGATIVE PRIMARY BALANCE?

A deterioration in managing public finances as there is greater reliance on new borrowing to finance public expenditure.

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PUBLIC DEBT



What is Public Debt?

Public Debt is the debt owed by the Government. It comprises balances on long-term loans and credit instruments raised on the domestic and foreign markets.

How does the Government deal with deficit?

In order to finance expenditure, the Government may decide to cover the deficit by:

- ♦ borrowing money from its domestic and/or external creditors;
- ♦ reducing spending, which is often referred to as "tightening the belt"; and
- ♦ Increasing revenue such as increasing income taxes, taxes on energy activity, value added tax, customs and other import duties.

How does the Government borrow money?

The Government may borrow money domestically using three (3) types of instruments: Treasury Bills, Treasury Notes and Government Loans raised by bonds. Over an agreed period of time, the Government is obliged to repay the money, including interest charges. The Government may also borrow funds internationally through loans secured from foreign financial institutions such as the World Bank and International Monetary Fund (IMF).



GUIDE TO THE BUDGET PROCESS

A blurred background image showing a person in a white shirt and dark pants running towards the right. A large, thick, white arrow with a black outline points diagonally upwards and to the right, crossing the runner. The background is a solid red color.

BUDGET
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ECONOMIC ANALYSIS

IMPORTANT CONCEPTS IN MACRO-ECONOMICS ANALYSIS

Macroeconomics is the study of the economy as a whole including growth in incomes, changes in the overall level of prices and the unemployment rate. When preparing the budget, it is necessary to assess the value of Gross Domestic Product (GDP), the inflation rate, employment tendencies, etc.

GDP is the goods and services produced in an economy for a given year. GDP is measured at current purchaser/ market prices and at constant base year prices. It is primarily used to assess the health of a country's economy and determine whether an economy is growing or experiencing a recession.

The GDP of a country comprises of personal consumption, private investment, government spending and exports (minus imports).

Macroeconomic projections are particularly important for revenue planning. For example, if private consumption is expected to increase, Value Added Tax (VAT) and excise revenues are also expected to rise. Also, an expected increase in employment should translate into an increase in tax revenues (VAT, excise taxes, personal income tax) and social security contributions.



Important Terms

Real GDP The total income of everyone in the economy (adjusted for price level).

Real GDP growth rate is the most important indicator of a country's economic growth and is derived by computing the per cent change in GDP at constant prices.

Inflation prices of most goods and services are rising over time.

Inflation Rate is the percentage increase in the average level of prices.

Unemployment the number of people who are available for work and actively seeking but cannot find jobs.

Unemployment Rate The fraction of labor force that is out of work.

Repo Rate It is the interest rate at which the Central Bank of a country lends money to commercial banks.



GLOSSARY OF TERMS

Appropriation Act

Any enactment authorizing the issue of moneys from the Consolidated Fund to meet expenditure of the Government, and includes a provision of any enactment or of the Constitution which charges expenditure on that Fund.

Appropriation Bill.

An Appropriation Bill gives power to the government to disburse funds from the Consolidated and Infrastructure Development Fund for meeting the expenditure during the financial year. The government can only withdraw money from the Consolidated Fund after receiving approval from the Parliament. The Appropriation Bill specifies the quantum and purpose for withdrawing money and which Head of Expenditure the monies will be appropriated to.

Accounting Officer

Any person appointed by the Treasury and charged with the duty of accounting for any service in respect of which moneys have been appropriated by the Constitution or by Parliament, or any person to whom issues are made from the Exchequer Account.

Audit

A systematic and independent examination of books, accounts, statutory records, documents and vouchers of an organization to ascertain how far the financial statements as well as the non-financial disclosures presents a true and fair view of the concern.

Auditor General

An auditor general is the head of a supreme audit institution and independent from the Executive and responsible for assisting Parliament in its scrutiny of public expenditure.

Balanced Budget

A budget where total revenues equal total expenditure for a given fiscal year. When the budget is not balance, it is either in deficit or surplus.

Budget

An itemized summary of estimated or intended expenditures for a given period along with proposals for financing them. The budget is the main economic policy tool of the government and indicates how it plans to use public resources to meet policy goals.

Budget Process

The sequence by which a budget is drafted, approved by the legislature, executed and audited.

Budget Speech

A presentation made in the House by the Minister of Finance introducing the Government's plans concerning fiscal, economic and social policy (the budget).

Budget Statement

A listing of planned revenue and expenditure for a given period of time.

Cabinet

The executive of the Government, consisting of those MPs and Senators appointed by the President on the advice of the Prime Minister. It is responsible for the administration of the Government and the establishment of its policy.

Cabinet Minister

A member of the executive, appointed by the President on the advice of the Prime Minister. Chosen from among existing MPs and Senators, Ministers are responsible to Parliament for their official actions and those of their Departments. Cabinet Ministers are given the title "Honourable".

GLOSSARY OF TERMS

Call Circular

The call circular sets out the requirements that must be followed in the preparation of the draft estimates for the financial year. The preparation of the estimates should take into consideration the policy strategies which outlines Government's perspective and intent on the socio-economic transformation for the period.

Capital Revenue

Capital Revenue include proceeds from transactions under the Government's Sale of Assets Programme, related mainly to the repayment of debt owed to the Government of Trinidad and Tobago by Colonial Life Insurance Company (Trinidad) Limited (CLICO).

Committee

A body of MPs, or Senators or both, selected to consider such matters, including bills, as the House/s may refer to it or empower it to examine. There are several types of committees: sessional, special and joint committees as well as Committees of the Whole.

Committee Clerk

The Procedural Clerk acting as administrative officer and adviser on parliamentary procedure to a committee. The Committee Clerk takes the minutes of proceedings at all committee meetings and may draft rulings on procedural questions as well as the reports for the committee chairman.

Committee hearing

The receiving of oral evidence by a committee either publicly or in camera.

Committee of the Whole

All of the Members of the House sitting in the Chamber as a committee. Such committees usually sit to scrutinize a bill, clause by clause.

Committee stage

(of a bill). Detailed study of the clauses of a bill by a committee (could be a committee of the Whole or a select committee). This stage, which may include the taking of evidence or the receiving of documents, is the first at which amendments may be proposed to specific provisions of the bill.

Committee Report

A Committee's Report contains all the opinions and observations of the Committee, and is accompanied by the Minutes of each meeting and all evidence taken before the Committee. Once approved by all members, such report is presented to the House or Senate by the Chairman or any other Member deputed by the Committee along with any minority reports where applicable.

Consolidated Fund

This fund refers to all revenues (taxes, custom duties and interest) or other moneys raised or received by Trinidad and Tobago. Funds appropriated by Parliament and authorized for meeting expenditure for the service of Trinidad and Tobago are taken from the Consolidated Fund.

Contingency Fund

A reserve of money set aside to cover possible unforeseen future expenses.

Contingent Liability

Obligations that are not recognized in the balance sheet because they depend upon some future event happening.

Corporation Tax

Tax payable by companies, based on the taxable profits of the period.

Exchequer and Audit Act (Chap 69:01)

An Act to provide for the control and management of the public finances of Trinidad and Tobago; for the duties and powers of the Auditor General; for the collection, issue and payment of public moneys; for the audit of public accounts and the protection and recovery of public property; for the control of the powers of statutory bodies; and for matters connected therewith.

GLOSSARY OF TERMS

Excise Taxes

Taxes on the manufacture or sale of certain domestic or imported products that are often charged on products such as alcoholic beverages, tobacco and petroleum.

Expenditure

Spending to fulfill a government obligation, generally by issuing a cheque or disbursing cash. Expenditure is sometimes distinguished between capital and current. Capital expenditures are investments in physical assets, such as roads and buildings that can be used for a number of years. Current expenditures reflect spending on wages, benefit payments, and other goods or services that are consumed immediately.

Departments

Departments refer to governmental organizations not headed by a Minister that deal with a particular area of interest that generally cover matters where direct political oversight is inappropriate or unnecessary.

Development Programme

Development Programme refers to capital expenditure aimed at improving and enhancing development in different areas of Trinidad and Tobago which includes; human resources, economic and social development. The monies used to fund Development Programme expenditure are derived from two sources namely the Consolidated Fund and the Infrastructure Development Fund.

Direct Tax

A tax paid directly to the government, for example a tax imposed on the income of individuals or companies.

Draft Estimates of Revenue

This document shows a detailed listing of the inflows to the Consolidated Fund (CF) according to Receivers of Revenue and a summary showing the various Revenue classifications - Tax Revenue, Non-Tax Revenue, Capital Revenue and Financing for a three year period.

Draft Estimates of Expenditure

This document provides a Summary of all Expenditure (Recurrent and Development Programme (DP) including the Infrastructure Development Fund (IDF)) by Heads and Sub-Heads for each Ministry/Department for a three year period and details of the Establishment for each Ministry/Department for a two year period.

Draft Estimates – Details of Estimates of Recurrent Expenditure

This document provides details at sub-item level for a three year period of the Recurrent Expenditure Budget for each Head of Expenditure and a Summary of Recurrent Expenditure totals by Head. It also includes a Chart of Accounts and classification of Expenditure Sub-items under the Personnel Expenditure, Goods & Services and Minor Equipment Purchases Sub-Heads.

Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly

This document provides details of the Budget (Revenue/Income and Expenditure) at sub-item level for all Statutory Boards and other Similar Agencies and the Tobago House of Assembly (THA). It also includes a Chart of Accounts and classification of Expenditure Sub-items under the Personnel Expenditure, Goods and Services and Minor Equipment Purchases Sub-Heads.

Draft Estimates of Development Programme

This document provides a summary and details of all projects for the Consolidated Fund for a three year period according to Heads of Expenditure of Ministries/Departments and the THA. It also includes a summary and details of projects falling under Head 701 - IDF for the same three year period.

GLOSSARY OF TERMS

Executive

The person or persons in whom the supreme executive power of a government is vested. Executive power lies with the Prime Minister and his Cabinet which is appointed from Members of Parliament.

Fiscal Discipline

The control of key measures of fiscal performance, including total spending, total revenue, the fiscal balance and the public debt.

Fiscal Policy

Policy on tax, spending and borrowing by the government, which is used to influence macroeconomic conditions. Example of fiscal policy to stimulate short term economic growth is to increase government spending or increase taxes intended to restrain inflation

Fiscal year (FY)

The twelve-month period, from October 1 to September 30, used by the Government for budgetary and accounting purposes.

Fixed Interest Rate

When the interest rate of a loan remains the same for the term of the loan or an agreed timeframe.

Government Funding

Money given by government agencies to non-governmental organizations and individuals. Funding may come in the form of grants, loans or government assistance.

Gross Domestic Product (GDP)

A measure of total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services that are produced outside the market economy, such as work within the household.

Government Subvention

A grant of money in aid or support. This term is commonly used in the Budget.

Head of Expenditure

This refers to all Ministries / Departments or State Agencies that make up the Schedule to the Appropriation Bill.

Incremental Budgeting

A budget formulation process that focuses only on one year and how the budget for each program differs from the levels adopted in the previous year.

Indirect tax

A tax paid to a second party, for example a shop owner, who then passes it on to the government.

Inflation

The rate of general price increase.

Infrastructure Development Fund (IDF)

This fund refers to the mechanism used, in the main, to finance projects being implemented by existing and newly established special-purpose state entities to execute projects assigned to them by ministries, the Tobago House of Assembly and other state agencies. Importantly, monies utilized from this Fund must be approved by the Parliament.

GLOSSARY OF TERMS

Loan

A finance agreement where a business borrows money from a lender and pays it back in instalments (plus interest) within a specified period of time.

Macroeconomics

A branch of economics dealing with the performance, structure, behaviour, and decision-making of an economy as a whole, rather than individual markets. This includes national, regional, and global economies.

Medium term expenditure framework (MTEF)

A multi-year framework of rolling budgets where forward estimates produced with the annual budget, usually covering another two to four years, serve as the starting point for preparing the following annual budgets.

Microeconomic

A branch of economics that studies the behaviour of individuals and firms in making decisions regarding the allocation of limited resources. Typically, it applies to markets where goods or services are bought and sold.

Ministry

A ministry is a high governmental organization headed by a Minister, which is meant to manage a specific sector of public administration

Money Bill

A Bill which contains provisions dealing with matters such as the imposition or regulation of taxation, the imposition or variation of charges on the Consolidated Fund or any public fund, grant of money to the Government, appropriation and investment of public money, and the raising or guarantee of any loan. Every money bill that is sent to the Senate must be endorsed with the certificate of the Speaker signed by him that it is a money bill.

Progressive Tax

A tax that increases as a percentage of income as one's income increases. For example wealth or property tax, sales tax on luxury goods.

Grants

Funds that the national government disburses directly to lower levels of government, corporations, nonprofit organizations and individuals. Some grants are given for specific purposes, requiring the recipients to meet certain conditions or requirements.

Public Sector Investment Programme (PSIP)

The Public Sector Investment Programme (PSIP) is a strategic investment management tool used by the Government of the Republic of Trinidad and Tobago to transform its vision and policies into tangible programmes and projects. These projects and programmes are designed to realize the goals set out in Government's overarching National Development Strategy (NDS) 2016 – 2030 (Vision 2030).

The PSIP plays a fundamental role in the sustainable development of Trinidad and Tobago's economy by creating infrastructural and socio-economic frameworks that seek to transform Trinidad and Tobago into a developed country. Public investment budgeting which is aligned to national priorities and plans provides a transparent platform for the efficient allocation of resources while maintaining the principles of accountability, transparency, good governance and environmental sustainability.

Vision 2030 comprises five (5) Development Themes that focus on development efforts up to the year 2030. They are

- Putting People First: Nurturing Our Greatest Asset
- Delivering Good Governance and Service Excellence
- Improving Productivity through Quality Infrastructure & Transportation Building
- Globally Competitive Businesses
- Placing the Environment at the Centre of Social & Economic Development

GLOSSARY OF TERMS

Recurrent Expenditure

Recurrent expenditure refers to all payments other than for capital assets. Recurrent Expenditure for Trinidad and Tobago is broken down into the following subheads:

- Personnel Expenditure includes salaries of employees in the Public Service;
- Goods and Services includes office supplies, contract employment, maintenance of vehicles etc.
- Minor Equipment Purchases includes wireless equipment, cell phones, vacuum cleaners, etc.
- Current Transfers and Subsidies includes allocations to non-profit institutions, regional organizations, state enterprises, etc.
- Current Transfers to Statutory Boards and Similar Bodies includes allocations to the Tobago House of Assembly, statutory boards and all local government bodies.

Referral (to a committee)

The sending of a bill (before or after second reading), paper, instrument or a question to a committee for study and report. Depending on the objectives of the referral, it may be made to a sessional, special or joint committee.

Regressive Tax

A tax that decreases as a percentage of income as one's income increases. For example, a tax on the basic necessities (which form a larger percentage of the expenditure of the lower income population).

Revenue

The amount earned before expenses, tax and other deductions are taken out.

Revenue Account

Fees earned from providing services and the amounts of merchandise sold.

Reversionary Budget

The default budget that is implemented should the Legislature not approve a budget for the fiscal year.

Standing Orders (SOs)

The collection of the permanent written rules adopted by the House to govern its proceedings.

Statutory Authority

"Statutory Authority" means a local authority and any commission, board, committee, council or body (whether corporate or unincorporated) established by or under an Act other than the Companies Act declared by the President under section 3 to be subject to the provisions of this Act;

State Enterprises' Investment Programme (SEIP)

The State Enterprises' Investment Programme (SEIP) focuses on capital infrastructure projects undertaken by State Enterprises in the following areas: energy, electricity, transport, tourism, communication, education and training, community, housing, health, public order and safety and public administration.

The SEIP is financed by funds generated by the State Enterprises and loans raised and serviced by either the Enterprises or Government.

Subsidies

A form of financial aid or support extended to an economic sector (or institution, business, or individual) generally with the aim of promoting economic and social policy.

GLOSSARY OF TERMS

Supplementary Estimates

An expenditure plan introduced to provide funds to the Government to meet new or increased costs. The Government may introduce as many sets of Supplementary Estimates in a given fiscal year as it deems necessary.

Surplus

The amount by which revenues exceed outlays or expenditures.

Tax

Money extracted from the public by the government on the basis of its sovereign powers.

Tax Invoice

An invoice required for the supply of goods or services over a certain price.