

KEY ECONOMIC INDICATORS:

- CENTRAL GOVERNMENT FISCAL BALANCE
- CONSOLIDATED FUND AND HERITAGE AND STABILISATION FUND

Central Government Fiscal Balance

When we use the term **fiscal**, we are referring to the activities of the Government and Government's policy with regard to taxation and revenue generation, as well as the use of Government expenditure to influence the economy.

A Fiscal Year (FY) is a twelve (12) month period used by the Government for its financial reporting and budgeting, which may not align with the calendar year. Trinidad and Tobago's fiscal year runs from October 1st to September 30th of the following year (for example, whilst calendar 2014 extends from January 1st, 2014 to December 31st, 2014. A fiscal year 2014 covers the period October 1st, 2013 to September 30th, 2014).

Total Revenue

Key Definitions:

Total Revenue refers to all recurrent and capital revenues received by the Government of Trinidad and Tobago.

Current or Recurrent Revenue refers to all revenue collected by Government from tax sources (energy and non-energy) and non-tax sources. Recurrent revenue is a stable stream of income, emanating from day-to-day operations, and is collected on a periodic basis.

Energy Sector tax revenue is generated from various taxes that come from entities in the energy sector, such as:

- Corporate taxes;
- Withholding taxes;
- Unemployment levy; and
- Green fund levy.

Energy revenues represented an average of 33.6%, or one-third of total Government Revenue over the 12-year fiscal 2014 to fiscal 2015 period.

The country's reliance on the Oil and Gas Sector exposes Trinidad and Tobago to the price volatility inherent in the global energy markets.

Non-energy tax revenue is generated from various taxes that come originate from entities in the non-energy sector of the economy and includes:

- Income tax;
- Corporate taxes;
- Health surcharge;
- Value Added Tax (VAT);
- Excise duties; and
- Import duties.

Revenue from non-tax sources that are remitted to the Central Government include but are not limited to:

- Royalties;
- Profits from state enterprises;
- Interest income; and
- Administrative fees and charges.

Capital Revenue represents non-recurring revenue that is remitted to the Central Government from investment and/ or sale of assets and not from daily operations or activities. This category of revenue includes:

- Grants;
- Sale of assets; and
- Extraordinary income.

Trend from 2014-present

Over the FY2014 to FY2020 period, total Government Revenue decreased from TT\$58.4 billion to TT\$34.4 billion. While volatility in energy prices contributed to the declining energy revenue, moving total Government Revenue to TT\$46.7 billion in 2019, lower than anticipated energy revenue. This along with a reduction in non-energy revenues as result of COVID-19 restrictions on economic activities accounted for the significant decline in Government Revenue in FY2020. Total Government Revenue, recovered slightly to TT\$37.3 billion in 2021 before rising sharply to TT\$54.6 billion and TT\$54.7 billion in FY2022 and FY2023, respectively. It however declined to TT\$47.8 billion in FY2024.

Government Revenue is estimated to have reached TT\$50.6 billion in FY2025.

Total Expenditure

Key Definitions:

Total Expenditure refers to the sum all Recurrent and Capital Expenditure of the Central Government.

Current or Recurrent Expenditure refers to the outlays incurred by the Central Government during its ordinary, day-to-day operations, which are consumed within the current fiscal year and do not give rise to the acquisition of fixed assets or long-term investments. It includes expenditure on:

- Wages and salaries;
- Goods and services;
- Transfers and subsidies; and
- Interest payments on debt.

Capital Expenditure refers to the outlays undertaken by the Government for the purpose of acquiring, constructing, or improving fixed assets, or for investments that yield long-term

benefits beyond the fiscal year. It is directed toward the creation, expansion, or enhancement of the country's physical and institutional infrastructure and typically forms part of the Government's annual Public Sector Investment Programme (PSIP).

Trend from 2014-present

Over the FY2014 to FY2018 period, total Government Expenditure decreased considerably, from TT\$61.9 billion to TT\$48.9 billion. Government Expenditure however increased in FY2019 and FY2020 to TT\$50.8 billion and TT\$51.1 billion, respectively, but then decreased to TT\$49.6 billion in FY2021. The increase in Government Expenditure in FY2020 was as a consequent to the Government's socioeconomic response to the COVID-19 pandemic.

Over the FY2022 to FY2023 period, Government Expenditure trended upwards, increasing to TT\$57.9 billion in 2023, before decreasing slightly to TT\$56.9 billion in FY2024.

Total Government Expenditure is estimated to increase to TT\$59.3 billion in FY2025.

Of total Government Expenditure, Current or Recurrent Expenditure accounted for 91.9 percent on average over the 12-year period, whereas Capital Expenditure represented 8.1 percent of Government's spending.

Total Government Expenditure has remained below FY2014 levels as a result of the implementation of a policy of fiscal consolidation, involving a combination of expenditure reduction and the prioritization of certain expenditures to meet cash flow requirements.

Overall Fiscal Balance

Key Definitions:

The overall fiscal balance of the Central Government measures the extent to which government expenditure is financed by the revenues collected. It is computed as the difference between total revenue and total expenditure. A positive balance, where revenue exceeds expenditure, constitutes a fiscal surplus; while a negative balance, where expenditure exceeds revenue, constitutes a fiscal deficit. The overall fiscal balance is often expressed as a percentage of GDP and used as an indicator of government's ability to meet its financing needs.

Trend from 2014-present

Consecutive fiscal deficits were recorded over the eight-year period FY2014 to FY2021, averaging around 5.3 percent of GDP. In FY2014, the deficit stood at TT\$3.5 billion, decreasing thereafter to TT\$2.7 billion in FY2015, before trending rapidly upwards to a high of TT\$13.5 billion (8.4 percent of GDP) in FY2017. This increase was attributed to delays in recovering money lent to CL Financial and CLICO as a result of the 2009 CLICO Bailout. The fiscal deficit subsequently trended downwards in FY2018 and FY2019, narrowing to TT\$5.7 billion and TT\$4.0 billion, respectively, before rising sharply once again to TT\$16.7 billion (11.5 percent of GDP) in FY2020, the largest deficit over the period. This higher deficit in FY2020 was due to the increase in fiscal spending amidst a precipitous fall in fiscal revenue following the onset

of the COVID-19 pandemic. The deficit was however reduced slightly in FY2021 to TT\$12.4 billion as a consequence of a modest rise in fiscal revenue and an accompanying reduction in fiscal expenditure.

Thereafter a small surplus of TT\$1.3 billion (0.7 percent of GDP) was recorded in FY2022 (the only surplus during the 2014 to 2025 period), before the Government returned to deficit positions in FY2023 and FY2024 of TT\$3.2 billion and TT\$9.1 billion, respectively. Although efforts to achieve fiscal consolidation have continued, a fiscal deficit of TT\$8.7 billion (5.0 percent of GDP) is estimated for FY2025.

Consolidated Fund and Heritage and Stabilisation Fund

Consolidated Fund

The Minister of Finance is entrusted with the supervision, control, and direction of all matters relating to the financial affairs of the State which are not by law assigned to any other Minister.

The Consolidated Fund was established under Section 112 of the Constitution of the Republic of Trinidad and Tobago and requires that all revenues or other moneys generated or received by Trinidad and Tobago, which are not payable into another special purpose public fund, shall, unless Parliament provides otherwise, be deposited into and form a single Consolidated Fund.

Withdrawals from the Consolidated Fund are made only as provided for by law.

The Appropriation Act is the written law that authorizes the Minister of Finance to withdraw money from the Consolidated Fund. The Exchequer Account is the asset account for the Consolidated Fund and is held at the Central Bank of Trinidad and Tobago.

Below is a detailed explanation of the trend in Trinidad and Tobago's Consolidated Fund Balance from September 2014 to August 2025:

Overall Trend: Increasing Deficit Over Time

The Consolidated Fund Balance shows a consistently negative balance throughout the period, indicating persistent fiscal deficits. The deficit worsens significantly over time, especially after 2016.

Year-by-Year Breakdown

Year	Fund Balance (TTD)	Change from Previous Year	Notes
2014	-31.95 billion	—	Starting point
2015	-33.37 billion	↓ 1.42 billion	Slight increase in deficit
2016	-29.58 billion	↑ 3.79 billion	Temporary improvement
2017	-36.53 billion	↓ 6.95 billion	Sharp decline resumes
2018	-40.25 billion	↓ 3.72 billion	Continued deterioration
2019	-41.38 billion	↓ 1.13 billion	Slower decline
2020	-42.09 billion	↓ 0.71 billion	Pandemic impact begins
2021	-42.64 billion	↓ 0.55 billion	Marginal worsening
2022	-42.89 billion	↓ 0.25 billion	Near plateau

Year	Fund Balance (TTD)	Change from Previous Year	Notes
2023	-47.76 billion	↓ 4.87 billion	Major drop—likely post-pandemic spending
2024	-46.56 billion	↑ 1.09 billion	Slight recovery
2025 (Aug)	-50.87 billion	↓ 4.31 billion	Largest deficit on record

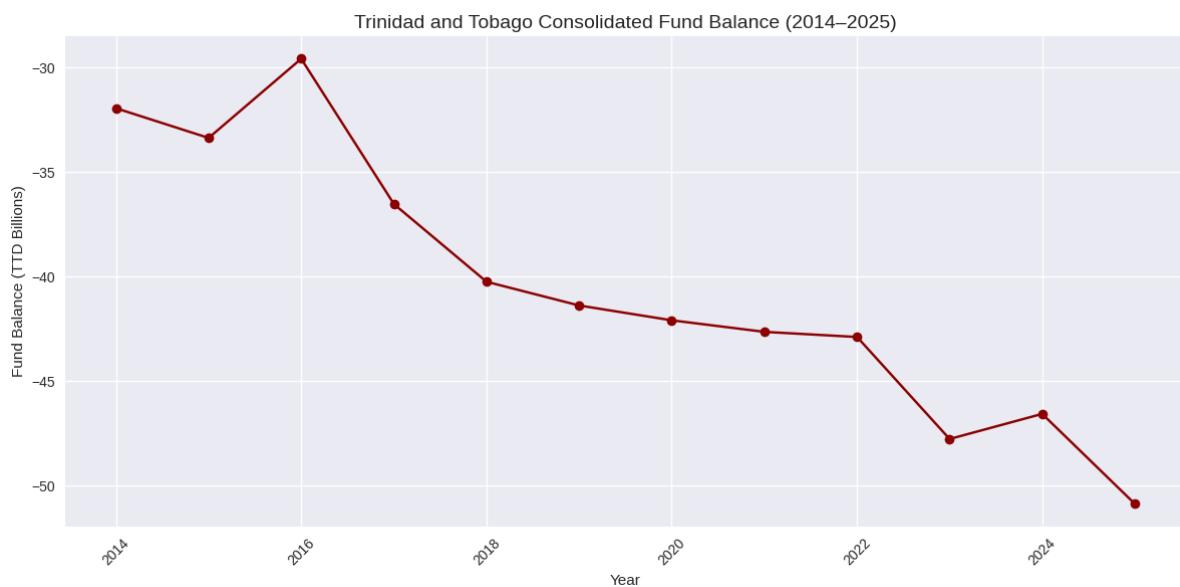
📊 Key Observations

- **2016 Improvement:** A brief recovery in 2016 suggests possible fiscal tightening or revenue gains.
- **Post-2016 Decline:** From 2017 onward, the deficit deepens steadily, with notable drops in 2017 and 2023.
- **2023–2025 Spike:** The sharp increase in deficit during this period may reflect increased spending, reduced revenues, or economic shocks.

🧠 Interpretation

This trend reflects mounting fiscal pressure, possibly due to:

- Declining energy revenues
- Increased government spending
- Economic disruptions (e.g., COVID-19)



Here's the visual representation of Trinidad and Tobago's Consolidated Fund Balance from 2014 to 2025:

-  The line chart clearly shows a deepening fiscal deficit over time.
-  The most dramatic declines occur in 2017 and 2023, with the most significant deficit recorded in 2025.
-  All values are plotted in billions of Trinidad and Tobago dollars for clarity.

Heritage and Stabilisation Fund

The Heritage and Stabilisation Fund (HSF) was established in 2007 by the Heritage and Stabilisation Fund Act Chap. 70:09 (the Act)¹. The Heritage and Stabilization Fund (HSF) was established to save and invest surplus petroleum revenues derived from production business in order to: (1) buffer the country from price shocks emanating from the Oil and Gas Industry or in exceptional circumstances; (2) become an alternative income stream for budgetary support; and (3) to provide a heritage for future generations of Trinidad and Tobago.

The Government is required by *Section (14)* of the Act to deposit **excess petroleum revenue** (as stipulated in the Act- *Section (13)*) into the Fund during a financial year. Should the need arise, the government is able to access funding from the HSF by effecting a withdrawal in accordance with *Section (15)* of the Act.

The provisions for withdrawal as stated in Section 15 (1) of the HSF Act are as follows:

“Subject to subsections (2) and (3), where the petroleum revenues collected in any financial year fall below the estimated petroleum revenues for that financial year by at least ten per cent, withdrawals may be made from the Fund as follows, whichever is the lesser amount:

- (a) either sixty per cent of the amount of the shortfall of petroleum revenues for that year; or*
- (b) twenty-five per cent of the balance standing to the credit of the Fund at the beginning of that year.”*

¹ HSF Act- <https://www.finance.gov.tt/wp-content/uploads/2019/07/The-Heritage-and-Stabilisation-Fund-Act-2007.pdf>

In 2020, in response to the precipitous fall in general revenue brought on by the Covid-19 Pandemic, the HSF Act was amended to allow for withdrawals in exceptional circumstances. The amended Act² now facilitates fiscal support under the following circumstances:

- i. a disaster area is declared under the Disaster Measures Act;
- ii. a dangerous infectious disease is declared under the Public Health Ordinance; or
- iii. if there is or likely to be a precipitous decline in budgeted revenues which is based on the production or price of crude oil or natural gas.

Facts to Note:

- The HSF is denominated in United States of America Dollars.
- The HSF is managed by a Board of Governors appointed by the President and headed by the Chairman whom is also appointed by the President.
- In accordance with the Act, the Central Bank of Trinidad and Tobago is responsible for the management of the investments of the HSF.
- The HSF is audited annually by the Auditor General or by an auditor authorised by the Auditor General.
- The HSF Board publishes quarterly and annual reports on the operation and performance of the fund. These publications can be found at:

<https://www.finance.gov.tt/publications/heritage-and-stabilisation-fund/>

² Amended HSF Act- https://www.central-bank.org.tt/cbtt_storage/pdf/miscellaneous-provisions-heritage-and-stabilization-fund-government-savings-bonds-and-value-added-tax-2020.pdf