



TTFZ

**THE TRINIDAD AND TOBAGO FREE ZONES
COMPANY LIMITED
ADMINISTRATIVE REPORT**

2011

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TRINIDAD AND TOBAGO FREE ZONES COMPANY LIMITED

REPORT ON THE OPERATIONS OF THE TRINIDAD AND TOBAGO FREE ZONES COMPANY LIMITED IN ACCORDANCE WITH SECTION 13 (1) OF THE FREE ZONES ACT AND SECTION 66D OF THE CONSTITUTION FOR THE YEAR ENDED DECEMBER 31, 2011

1. Introduction and Background to the TTFZ

In the late 1980's with the collapse of the oil price and the resultant IMF Programme, Government was persuaded that a Free Zones Programme based on the Jamaican model could quickly provide a significant number of jobs. To this end, the Trinidad and Tobago Free Zones Programme was initiated by the enactment of the Free Zones Act of 1988. Since that time, the Free Zones Company (created to administer the Free Zones Programme) has done a quantum of work toward encouraging investments into Trinidad and Tobago and toward the diversification of the national economy. Under the company's original administration, several local and foreign investors participated in the programme. Some of these investors included (among others):

- Barana Seafood Processors
- Calisto Limited
- Intermed Caribbean Limited
- Nestle Caribbean Incorporated

However, with the adverse impact of the financial downturn in the global economy, there has been a dampening of new investment prospects by both local and foreign investors/businesses under the Free Zones Programme. From the perspective of the new Board of Directors and Executive Management, it was imperative that innovative ways be found to respond to this global crisis. The TTFZ, therefore, has embarked on a Programme of transformation with the objective of achieving a complete overhaul of the work, image and branding previously associated with the organization. In this regard, the Company has been pivoted toward a path of growth and development which would eventually lead to the TTFZ becoming a household name not only locally but regionally and internationally as well. The Company's leadership has also sought to ensure that the Company's strategy aligns to that of the Government of the Republic of Trinidad and Tobago (GORTT) and to its line Ministry, the Ministry of Trade, Industry and Investment.

i. *Mission Statement*

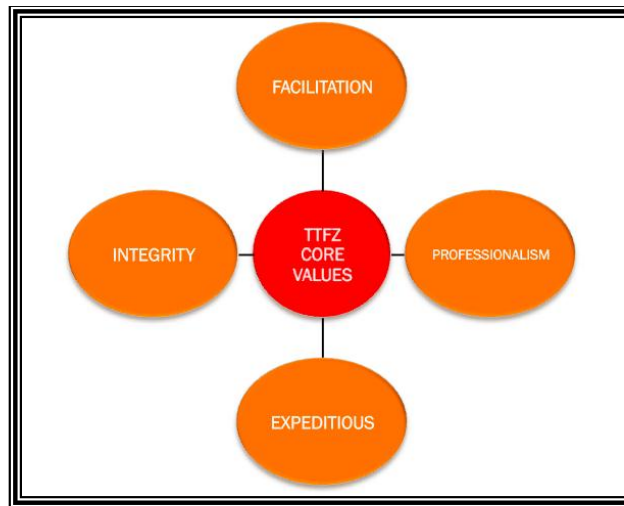
The TTFZ’s Mission Statement:

“Leveraging our competitive advantage to provide an investment friendly environment that facilitates business activities to achieve our aims of national economic diversification, job creation and attractive investor returns.”

Core Values

The Core Values to drive the Company’s Mission and Vision are:

- Facilitation - **We Engage** our customers to enhance value by providing a bureaucracy free environment and improving business synergies across the Free Zones.
- Expeditious - **Our Service** will be characterized by Efficient Zone operations and rapid execution via our business processes for on-time service delivery and prompt attention to stakeholder and customer needs.
- Integrity - **Strong Adherence** to the highest ethical standards in our business operations to drive accountability and transparency across the Trinidad and Tobago Free Zones.
- Professionalism - **Total Embodiment** of the highest standards of competence, courtesy and integrity in the administration of the Trinidad and Tobago Free Zones Programme. See diagram below:



ii. *Vision Statement*

The TTFZ's Vision Statement:

“TTFZ – The “Gateway” to global business and investment opportunities, leveraging our competitive advantages to provide the investor friendly Zone of Choice.”

iii. *Strategic Plan*

The Board of Directors and Executive Management collaborated to develop the organization's strategic plan for the period 2011-2014. This plan has been lodged with the Ministry of Trade, Industry and Investment. Some excerpts of the plan are as follows:



Listed in the diagram above are some of the core values and tenets of the Strategic Plan.

The Trinidad and Tobago Free Zones Company Limited Strategic Plan 2011 – 2014 represents the primary vehicle for alignment of the company's activities to the National Strategy, Seven Pillars for Sustainable Development. TTFZ selected three (3) areas of focus – Growth, Strategic Partnerships, and Diversification (away from Oil and Gas) – to inform the development of the Strategy and align its Initiatives to the National priorities for development.

The Plan is structured to guide TTFZ's strategic decision making process for administration of the Free Zones Programme under the provisions of the Free Zones Act. It provides a roadmap for the systematic execution of key projects to fulfil the selected Strategic Initiatives and achieve the organization's Strategic Goals for the planning period 2011 – 2014. The Initiatives adopted by TTFZ for the current strategic planning period include:

- **Growth**
- **Corporate Image & Branding**
- **Economic Diversification**

- **Strategic Partnerships**

The carefully selected Strategic Initiatives listed above are intended to advance the organization to improved levels of execution of its mandate for – **job creation, investment and economic diversification**. These Strategic Initiatives were linked to GORTT and Ministry of Trade, Industry and Investment plans to ensure alignment to the National Strategy – 7 Pillars for Sustainable Development.

The goal of our planning sessions was the development of the sequence of Strategic components necessary to guide the organization to translate Strategy to Execution and achieve its Strategic Objectives. The Strategic Plan:

- *Refocuses TTFZ's targets;*
- *Defines ventures for pursuit by the organization;*
- *Frames the scope of operational activities that must be undertaken by the organization to ensure readiness for execution.*

TTFZ selected nine (9) Key Projects to cascade the strategy to action for focus over the 2011 – 2014 planning period. These Key Projects represent TTFZ's Action Plan for implementation of the Strategy and achievement of its performance targets within the first 12 – 18 months of the strategic planning period.

The TTFZ 3-Year Strategic Plan will be cascaded across the organization through a series of 1-Year Enterprise Operating Plans designed to be implemented by the organization in each “current” year, thereby giving TTFZ the ability to adjust or accelerate the targets throughout the planning period to drive optimum achievements of the 3-Year Strategic Goals.

The TTFZ selected three (3) areas for strategic focus in designing its 3-Year Strategic Plan for the period 2011 – 2014. Objective Measures of Performance were assigned to assess the organization's progress in the three “strategic goal areas” listed below. Each of these focus areas were assigned targets representing the Strategic Goals of the organization. Strategic Goals inform the Strategic Initiatives – Strategic Objectives – Strategic Priorities and Projects that will result in the achievement of our Strategy. ***The Strategic Goals are the ultimate measure of the performance of Strategy execution.***

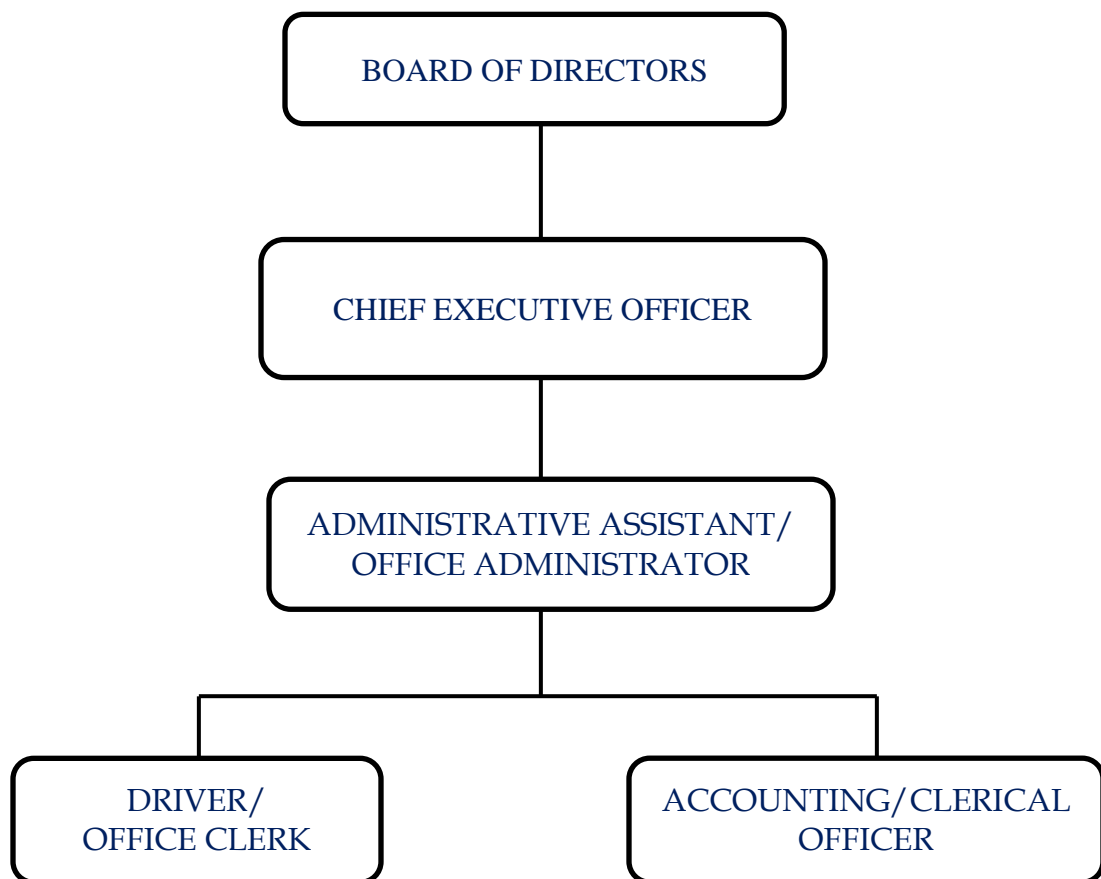
The three (3) Strategic Goals selected are:

- **GOAL 1: 5% GROWTH**
- **GOAL 2: DIVERSIFICATION**
- **GOAL 3: 100% REGULATORY COMPLIANCE**

2. Organizational Structure

(a) Corporate Structure

TRINIDAD AND TOBAGO FREE ZONES COMPANY
LIMITED
ORGANIZATIONAL CHART



(b) *Services / Products Provided*

The TTFZ provides the following products / services:

Facilitation Services

The TTFZ facilitates the diversification of the national economy through its administration of the T&T Free Zones Programme. In this regard, the Company provides support to both local and foreign investors enrolled and interested in the free zones programme. Investors are provided with as much information and assistance possible via telephone calls, email and our website: ttfzco.com. Investors are also directed to monitoring and oversight agencies for requisite approvals such as the Environmental Management Authority and the Customs and Excise Division. The TTFZ may also provide follow-up support for enterprises awaiting approvals from similar agencies and/or Ministries. Furthermore, interested investors also benefit from recommendations of appropriate locations of operation and are provided with contact information for operators of industrial estates such as the National Energy Corporation (NEC).

Additionally, the TTFZ applies on behalf of foreign and local investors for work permits and visa exemptions for start-up operations or where the required expertise is not readily available locally. The Company provides any assistance it can to investors. To this end, the TTFZ supports the work of the nation's investment promotion agencies by hosting meetings, reviewing proposals, facilitating networking initiatives and providing valued information as required.

Issue of Free Zone Orders (Licenses)

The TTFZ grants approval for enterprises to operate within the free zones programme by issuing free zone orders. These documents are legally binding and outline the approved activity free zone enterprises are permitted to conduct as well as the location of their operations.

The free zones order is utilized by holders to access a number of benefits under the Free Zones Act such as exemption from duties and taxes.

(c) *Levels of Authority*

Tenders Committee

The Tenders Committee will be convened when approval is required for the following purposes:

- (a) Purchase of Assets over TT\$50,000;

- (b) Contracting of Services over TT\$50,000;
- (c) Sale of Assets over TT\$50,000.

The Committee makes recommendations to the Board of Directors where final approval is obtained.

The Chief Executive Officer is authorized to incur expenditure on behalf of the Company:

- in respect of specifically budgeted items up to the approved budgeted sum
- in respect of items not specified in the budget up to TT\$50,000.

Cheque Signing Limits

Cheques up to TT\$50,000 are to be signed by:

- Any two of: Chief Executive Officer, Administrative Assistant, or the Chairman of the Board of Directors

Cheques over TT\$50,000 are to be signed by:

- The Chief Executive Officer or Administrative Assistant AND the Chairman of the Board of Directors

The Board of Directors provides overall direction to the Company. In this regard, the Board may pass resolutions or grant approval to implement specific decisions to guide the organization at a policy level to ensure that the Company's Mission, Vision, Goals and Objectives are achieved. It also has the responsibility to ensure that managerial performance is reviewed on a timely basis.

3. Performance Accomplishments

The TTFZ, despite being faced with challenges associated with the global financial crisis, was able to attract new investment from two (2) organizations in 2011:

- Deban Limited (International trading in products)
- Quality Services Limited (out of Grenada, international trading in products)

The Company can boast of the following achievements:

- Total exports from free zone enterprises – USD160,537,130
- Total purchases from the Customs Territory – USD 10,727,928
- Employment within free zone enterprises - 589

- Establishment of the following sub-committees of the Board:
 - Human Resources Committee
 - Tenders Committee

- Audit Committee
 - Finance, Planning and Investment Committee
- Selected consultant to develop the TTFZ's Strategic Plan
 - Selected consultant to develop the TTFZ's website
 - TTFZ net profit - TTD 761,724

4. Financial Operations

(a) *Budget Formulation*

The development of the TTFZ's budget is based on the Company's mandate, expected operational expenditure and the organization's strategic goals and objectives for the projected year. Development of the Company's budget has customarily been the purview of the Chief Executive Officer in collaboration with the Administrative and Accounting Officers. The formulated budget is reviewed and approved by the Company's Board of Directors, then forwarded to Corporation Sole and to the Line Ministry.

(b) *Expenditure versus Budget*

Find below the TTFZ's Statement of Comprehensive Income for 2011 and Budgeted Expenditure for 2011:

Statement of Comprehensive Income

	Year Ended 31 December, 2011
	TT\$
Revenue	2,825,811
Other income	<u>8,282</u>
	2,834,093
Administrative expenses	(2,272,722)
Operating profit	561,371
Net finance income	<u>200,353</u>
Net profit	<u><u>761,724</u></u>

Trinidad and Tobago Free Zones Company Limited
Particulars of Budgeted Expenditure 2011

	2011 TT\$
<u>INCOME</u>	3,132,000
<u>EXPENDITURE</u>	
Personnel (including Directors' fees)	1,118,500
Administrative	69,600
Motor Vehicles	24,000
Repairs and Maintenance	29,000
Professional Fees	43,000
Marketing	275,400
Office Rent (including electricity & security)	265,600
Insurance	15,000
Miscellaneous/Unforeseen	12,000
TOTAL EXPENDITURE	1,852,100

(c) / (d) *Debt Policy / Investment Policy*

As per section 3.1.14 of the State Enterprises Performance Monitoring Manual, “State enterprises ... are required to obtain prior approval of the Minister of Finance for ... new investments in non-government securities, the incurrence of new / additional long-term debt ...”

5. Human Resource Development Plan

(a) *Career Path Systems*

There is presently no explicit line of progression through which employees can move during their employment with the TTFZ. However, aligned to the completion of the Company's Strategic Plan the need for the creation of targeted posts has been identified.

(b) *Performance Measurement Tools*

Each employee's attendance record is updated annually, on the anniversary date of employment with the Company. Each employee's performance is reviewed annually, usually in December. The assessment is based on the use of an

appraisal system. Each individual's report is completed by his/her immediate superior and includes the opportunity for discussion before completion

(c) *Promotion – Performance based? If not, what are the criteria used?*

The TTFZ's organizational structure does not presently cater to upward mobility. However in the medium term the Company's strategy for growth includes the employment of at least two (2) additional members of staff. As the Company grows in size, promotional advancement will be evaluated based on performance, experience, training and educational suitability of the post. That is, based on best-fit for the organization.

(d) *Recruitment & Selection Procedures*

Vacant posts within the organization at the lower levels may be filled using the following steps:

- i. Advertise vacancy in daily newspapers
- ii. Sort through applications received based on experience, qualifications, training etc.
- iii. Conduct interviews with suitable candidates
- iv. Make selection based on interview and evaluation process
- v. Formally offer (by contract) post to most suitable candidate

Similar steps are used for the recruitment and selection of senior members of staff except that in this case the services of a human resource consultant or executive recruitment agency is usually contracted to undertake steps i and ii.

As part of the recruitment process each permanent member of staff of the Company receives a letter of appointment which sets out basic conditions of service such as starting salary, probation period, notice period for the termination of service and includes clauses relating to confidential information and the use of time and effort in the service of the Company.

All offers of employment shall be confirmed and require acceptance in writing and may be subject to medical examination and certification of fitness by a Medical Officer appointed by the Company.

6. Reporting Functions

(a) Departmental Reports

The TTFZ's Accounting Department produces an Income and Expenditure Statement monthly. This report is used by the Chief Executive Officer (CEO) to monitor and evaluate the Company's financial performance at a glance. It is also used to report to the Board and Ministry on the Company's financial health and ability to meet operating expenses with available income.

(b) Reports to Ministries, President / Parliament

The following reports are submitted to the Ministries, President and Parliament:

- Annual Returns
- External Debt of State Enterprises
- Status of Loan & Overdraft (App C)
- Summary of National Ins. Contributions (NI 187)
- N.I.B. Statement of Contributions Due (NI 184)
- Monthly Return of PAYE Tax & Health Surcharge Deductions
- Monthly Income & Expenditure Report
- Quarterly Appendix B (Submitted to Min. of Finance)
- Audited Financial Statements
- Strategic Plan
- Annual Budget
- Administrative Report
- Board Minutes
- Litigation Reports
- Award of Contracts Report

7. Procurement Procedures

(a) Selected Tender

The procedure used for procurement at the Company is the selected tender. The TTFZ has opted to utilize this system for the following reasons:

- A core of prequalified suppliers can be established in advance, making the overall procurement workload significantly lower than that in an open tender.
- Product quality may be more easily assured through this restricted tendering system.
- It is easier and faster to evaluate bidders based on proven track records, product quality and expertise known to the Company.

The TTFZ's Administrative Report 2011 has been reviewed and sanctioned by the Company's Board of Directors.

Kelly Bainey
Chairman