



TTFZ

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

2013

TABLE OF CONTENTS

<i>Item</i>	<i>Page #</i>
Introduction and Background to the TTFZ	2
Mission Statement	3
Vision Statement	4
Strategic Plan	4
Organizational Structure	7
Corporate Structure	7
Virtual Organizational Structure	8
Services / Products Provided	9
Levels of Authority	10
Performance Accomplishments	11
Financial Operations	12
Budget Formulation	12
Expenditure versus Budget	12
Debt Policy	13
Investment Policy	13
Human Resource Development Plan	13
Career Path Systems	13
Performance Measurement Tools	13
Promotion	14
Recruitment and Selection Procedures	14
Reporting Functions	15
Departmental Reports	15
Reports to Ministries, President / Parliament	15
Procurement Procedures	15
Selected Tender	15

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, 2013

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 Trinidad and Tobago Free Zones Act of 1988. Since that time, the Trinidad and Tobago Free Zones Company Limited (TTFZ) (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:

- Barana Seafood Processors
- TSTT
- 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 Trinidad and Tobago 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 will 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, Investment and Communications.

i. *Mission Statement*

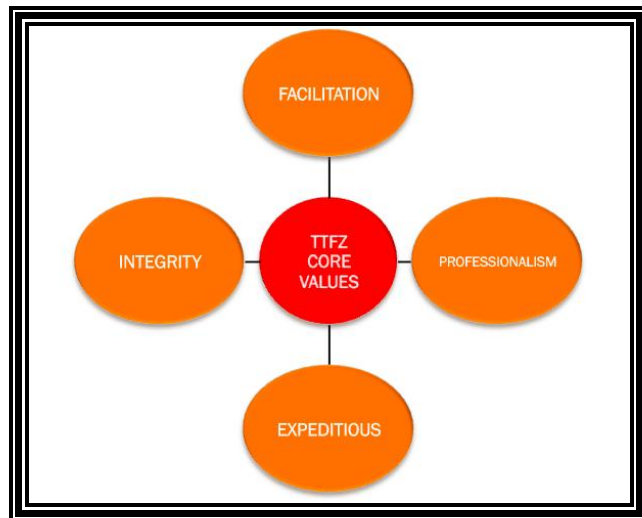
The TTFZ’s Mission Statement:

“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*

Toward the end of 2011, the Board of Directors and Executive Management collaborated to develop the organization's strategic plan for the period 2011-2014. This plan was lodged with the Ministry of Trade, Industry, Investment and Communications. 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's Strategic Plan 2011 – 2014 was designed to be the primary vehicle for alignment of the Company's activities to the National Strategy, Seven Pillars for Sustainable Development. The 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 was 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 provided 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 selected by the TTFZ for the strategic planning period include:

- **Growth**

- **Corporate Image & Branding**
- **Economic Diversification**
- **Strategic Partnerships**

The carefully selected Strategic Initiatives listed above were 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.*

Notwithstanding the grandiose ambitions of the TTFZ's Strategic Plan 2011-2014, it soon became apparent that the plan could not be executed within the confines of the Company's present status quo. Additionally, the plan lacked a critical operational element required for successful implementation. To address these deficiencies, the TTFZ's new Board of Directors, elected to serve from March 2013, quickly identified the existing gaps and determined the way forward.

iv. *Development of the TTFZ's 1-Year Operational Plan*

The TTFZ will embark on a project to develop an operational plan intended to execute the initiatives set out in the strategic plan. The core areas of focus identified thus far are organizational restructuring, research, marketing and development and monitoring and compliance. The present organizational structure of the Company is outlined below. However, in an effort to vigorously pursue the initiatives of the strategic plan, additional manpower is required. A proposed new organizational structure is also depicted below.

The operational plan will therefore consider the need for the creation of new posts such as Marketing & Communications, Monitoring and Compliance and Business Development. An additional Accounts Officer / Accountant will also be pursued to ensure compliance with generally accepted accounting principles.

The Strategic Plan targets increased awareness of the TTFZ's brand. Therefore the operational plan will seek to address the promotion of the Company's services, locally, regionally and internationally. A well-designed marketing campaign aligned to strategic partnerships will be undertaken.

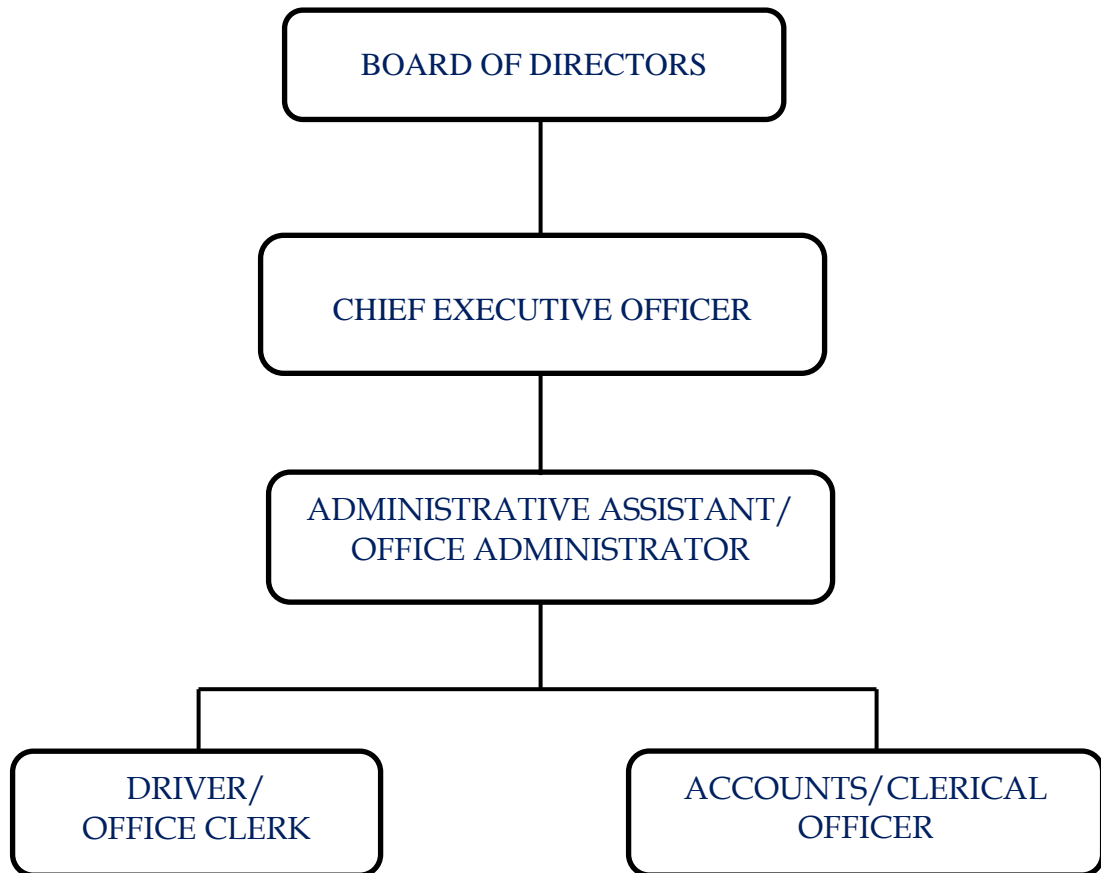
A core goal of the strategic plan is growth to the TTFZ's business. For this to be accomplished the TTFZ will evaluate its present achievements, its known constraints and the level of innovation required for the Company to move forward. The services of an experienced professional will be employed to assist with organizational transformation.

The Board of Directors has remained committed to regular site visits of approved enterprises, embracing the need to ensure that the TTFZ's goal of 100% regulatory compliance is achieved. Nevertheless, the Board recognizes that there is a greater need for in-depth analysis of the individual performance of free zone enterprises by an Officer so assigned. The one-year operational plan will also address this operational gap.

2. Organizational Structure

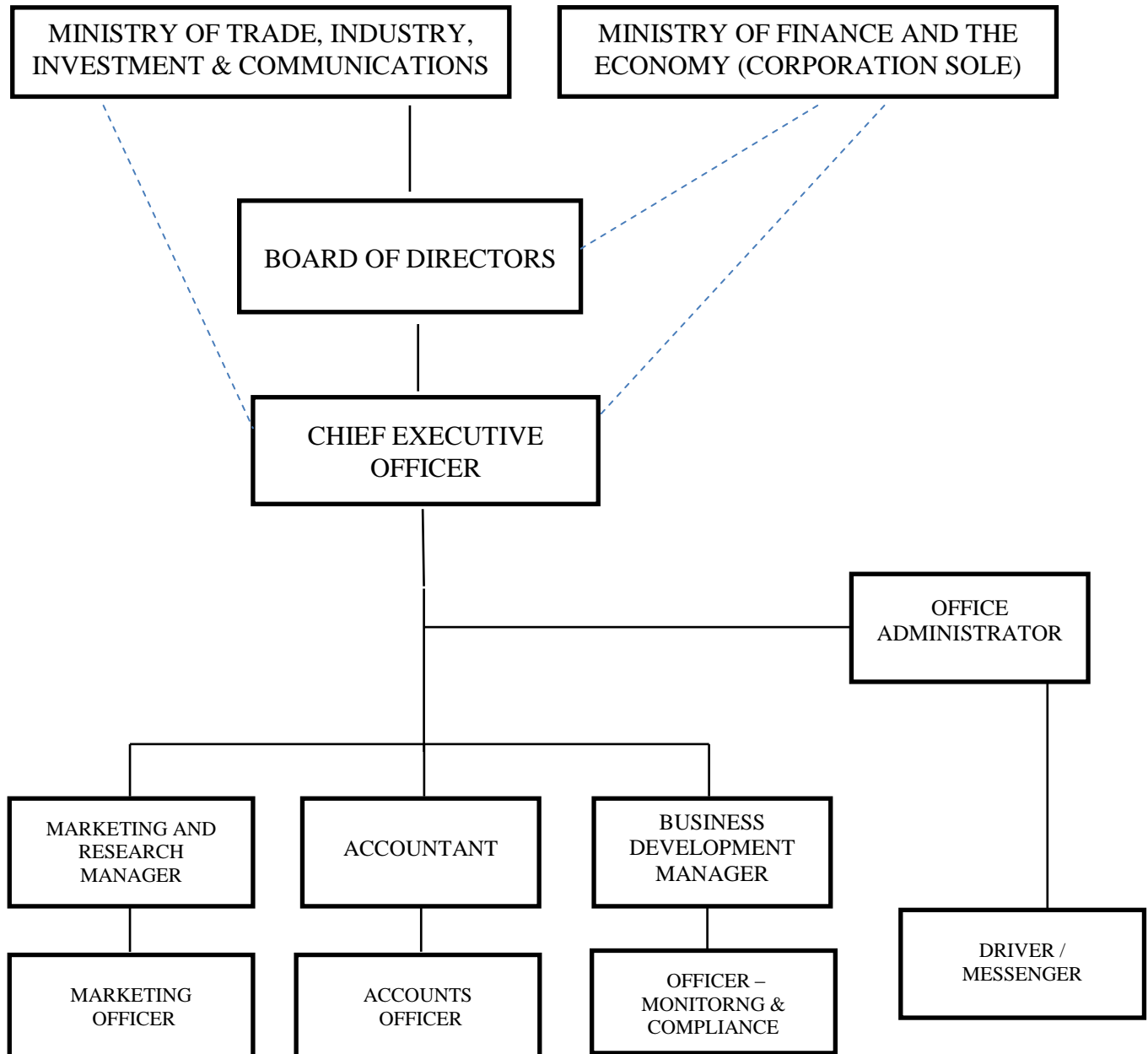
(a) Corporate Structure

TRINIDAD AND TOBAGO FREE ZONES COMPANY
LIMITED
ORGANIZATIONAL CHART





VIRTUAL ORGANIZATIONAL CHART



Notes

The TTFZ outsources corporate secretarial services and the internal audit function. These two areas of responsibility fall primarily under the purview of the Board of Directors but also have reporting requirements to the Chief Executive Officer.



(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) and e Teck.

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.

In the short to medium terms, the TTFZ hopes to enhance its service offerings by building a database of key suppliers, relevant state and non-governmental agencies as well as complimentary services, to better serve existing and prospective clients. The Company also plans to commission required studies critical to strategic decision making, intended to enhance our present free zones programme and model.

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

All Company Cheques irrespective of the sum are to be signed by:

- The Chief Executive Officer and any one (1) authorized Director

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 limited resources and manpower, was able to attract new investment from two (2) organizations in 2013:

➤ **Operations and Shared Services Company Limited (OSSCL):**

Operations and Shared Services Company Limited (OSSCL) is a subsidiary of Scotiabank which was granted free zone status in March, 2013. This enterprise is the first of its kind, emerging out of the financial services sector. It constituted an initial investment of over an estimated TTD 100M and employed just over 200 persons. Its core business is back office support and processing services. In its first quarter of operations, OSSCL reported an estimated USD 4M in revenue. It presently serves customers in Antigua, St. Vincent, Guyana, US Virgin Island, Cayman Islands, among others. It is expected that OSSCL will forge a path of growth as it pursues new clients in Latin America.

➤ **Greyline Freezone Limited (GFL):**

Greyline Freezone Limited (GFL) was approved as a free zone enterprise in October, 2013. Its core business includes international trading in consumer goods such as canned foods, furniture and haberdashery. GFL invested twenty-three million (TTD 23M) at startup and hopes to generate over four hundred and fifty million (TTD 450M) in revenues over the next five (5) years. Greyline will employ at least 25 persons permanently and also create casual employment for many more.

These two Free Zone Enterprises have brought an estimated total investment of **US\$23 million** to Trinidad and Tobago's economy.

The TTFZ continues to receive interest from prospective clients as well as former free zone enterprises desirous of reapplying for free zone status. The Company anticipates approval being granted to three (3) new enterprises in 2014 based on ongoing discussions and negotiations:

- **Aerogas Processors Limited**
- **All Seasons Seafood Limited**
- **Pearl Atlantic University**

The Company can boast of the following achievements in 2013:

- Total exports from free zone enterprises – USD 229,914,540
- Total purchases from the Customs Territory – USD 16,499,714
- Employment within free zone enterprises - 929
- TTFZ net profit - TTD 1,202,205 (*unaudited*)

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 Accounts 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 2013 and Budgeted Expenditure for 2013:

Statement of Comprehensive Income (*unaudited*)

	Year Ended 31 December, 2013
	TT\$
Revenue	3,768,016
Other income	<u>0</u>
Administrative expenses	(2,775,033)
Operating profit	992,983
Net finance income	<u>61,600</u>
Net profit	<u><u>1,054,583</u></u>

Trinidad and Tobago Free Zones Company Limited
Particulars of Budgeted Expenditure 2013

	2013 TT\$
<u>INCOME</u>	4,312,714
<u>EXPENDITURE</u>	
Personnel (including Directors' fees)	1,498,308
Administrative	229,910
Motor Vehicles	35,700
Repairs and Maintenance	102,490
Professional Fees	197,880
Marketing	1,116,900
Office Rent (including electricity & security)	300,259
Insurance	20,400
Miscellaneous/Unforeseen	6,500
TOTAL EXPENDITURE	3,508,347

(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*

Aligned to the completion of the Company’s Strategic Plan, the need for the creation of targeted posts has been identified. In this regard, the Company hopes to engage in organizational restructuring in 2014 as per the virtual organizational chart at page 8 above.

(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 implementation of the TTFZ's virtual organizational structure will provide opportunities for upward mobility to existing members of staff. As the Company grows in size, promotional advancement will be evaluated based on performance, experience, training and educational suitability for 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 Line 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
- Annual Performance Appraisal 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 2013 has been reviewed and submitted by the Company's Board of Directors.

In line with the Company's Strategic Plan 2011-2014, the TTFZ hopes to undertake organizational restructuring in 2014. The procurement of warehousing space as an addition to the Company's facilitation services has also been considered for 2014. To this end, the TTFZ will engage in negotiations with Eteck as well as the Airport Authority of Trinidad and Tobago (AATT) for development of warehousing units in AATT's Aeropark.

Additionally, the TTFZ hopes to continue its transformation by undertaking a well-designed programme of marketing and development, geared toward the accomplishments of its strategic goals and objectives.