

ADMINISTRATIVE REPORT

of the Trinidad and
Tobago Free Zones
Company Limited



2015



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TRINIDAD AND TOBAGO FREE ZONES COMPANY LIMITED

**REPORT ON THE OPERATIONS OF THE
TRINIDAD AND TOBAGO FREE ZONES COMPANY LIMITED (TTFZ)
IN ACCORDANCE WITH SECTION 13 (1) OF THE FREE ZONES ACT
AND SECTION 66D OF THE CONSTITUTION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Executive Summary

The Administrative Report 2015 delves into the operations of the Trinidad and Tobago Free Zones Company Limited (TTFZ) for the year in question and is designed to present an overview of the various aspects of the company's work programme for fiscal 2015. The report is initiated with background information on the TTFZ which includes a historic outline of the rationale behind the development of the Trinidad and Tobago Free Zones Programme, the company's mandate and a summary of the existing approved free zone enterprises.

This report on the operations of the TTFZ details the company's vision, mission and core values as well as its present and virtual organizational structures. It also provides insight into the strategic direction undertaken to steer the company toward its quest of making a meaningful contribution to the Government's diversification agenda. The company's achievements both financial and otherwise are also examined to provide an understanding of the TTFZ's performance over the past year.

The Administrative Report 2015 is broken down into seven (7) chapters as stipulated by the State Enterprises Performance Monitoring Manual. A brief description of each of the chapters follows:

Chapter 1: Mission, Policy or Philosophy and the Strategic Plan

Details of the TTFZ's one-year operational plan, justification for its development, the methodology employed as well as targeted outcomes, goals and objections can all be found in this chapter.

The Trinidad and Tobago Free Zones Company Limited's one-year operational plan espoused four (4) main operational initiatives:

- **Enhance Monitoring and Improve Compliance**
- **Strengthen TTFZ's Business Development Programme**
- **Increase Visibility and Strengthen Marketing/Branding**
- **Adopt strategies to Implement Operational / Transformation Plan**

Chapter 2: Organizational Structure

A depiction of the TTFZ's lean organizational chart, as well as the Board's picture of the evolution of the company's corporate structure is presented in chapter 2 of the report. The TTFZ's products and services are also outlined herein.

Chapter 3: Performance accomplishments versus goals and any remedial plans

Information about the TTFZ's achievements both financial and otherwise can be found in chapter 3.

Chapter 4: Financial Operations

A comparative outline of the TTFZ's income statement 2014 vs 2015 as well as the reasoning behind the fall in the company's net profit for 2015 is entailed in chapter 4 of the Administrative Report.

5. Human Resource Development Plan

Details of the recruitment and selection process employed by the company, the strategy utilized to measure employee performance and to determine fitness for promotional opportunities are available under this chapter of the report.

6. Reporting Functions

Chapter 6 provides a listing of the reporting requirements the TTFZ is obliged to meet.

7. Procurement Procedures

The TTFZ employs the selected tender method of procurement. The rationale for the selection of this system is provided under chapter 7 of the Administrative Report.

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 and stimulate economic activity. 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.

The Trinidad and Tobago Free Zones Company Limited (TTFZ) was incorporated on the 6th July of the same year, to administer the Free Zones Programme, under the provisions of the Trinidad and Tobago Free Zones Act.

The Free Zones Programme of Trinidad and Tobago aims to attract both foreign and local investors to set up manufacturing, international trading and services operations, within free zones, dedicated to exports, with a view to encouraging and facilitating, new investment, the creation of jobs, the generation of net foreign exchange earnings and the deepening of the technology base of the country.

Approved free zone enterprises engaged in exporting from a free zone to a territory, other than the customs territory, shall be exempt from import and export licensing, corporation tax, business levy, withholding tax or any other tax or levy, on sales, receipts, profits or gains in respect of those exports. Additionally, free zone enterprises enjoy a host of other benefits including but not limited to import duty concessions and swift work permit processing.

The Trinidad and Tobago Free Zones Programme did not materialize in the form and design originally envisioned. Nevertheless, innovative means such as the involvement of the private sector as free zone developers were employed to ensure the viability and success of the Free Zones Programme. Additionally, the TTFZ works closely with other state agencies such as exporTT, invesTT, Eximbank, Trinidad and Tobago IFC, Customs and Excise Division etc. to facilitate new investments in the non-energy sector of our local economy. These strategic alliances have helped to close the gaps and constraints that the Company has faced due to limited human resources.

The TTFZ remains committed to its mandate of diversification of our national economy and has aligned itself to the Government of Trinidad and Tobago's sectors for sustainable development. To this end, the Company stands ready to provide unwavering support to all investors.

In 2015 the Trinidad and Tobago Free Zones Programme had:

- Eleven (11) locations throughout Trinidad designated as free zone areas
- Nineteen (19) Approved enterprises with parent companies from Trinidad and Tobago, Switzerland, Canada, Germany, the USA and Suriname

- A diverse range of non-energy sector projects such as fish processing, software development, manufacture of packaging materials, trading businesses, back office processing, etc.

See table below detailing the approved free zone enterprises for 2015 and related information:

Report on the Trinidad and Tobago Free Zones Programme to 31st December, 2015

Enterprise	Approval Date	Type of Activity	Initial Investment (USD)	Exports		No of Employees (Direct Employment Only)
				To Overseas	To the Customs Territory	
Avasant LLC	1 st July 2015	Export of IT Consulting & Globalization Advisory Support & Processing Services	54,000	Not yet fully operational	Not yet fully operational	Firm has encountered difficulty recruiting staff
Barana Seafood Processors Ltd.	22 nd May 2001	Manufacturing - Processing of fish and other seafood products and by-products.	2,300,000	439,076	0	57
Bredero Shaw Middle East Ltd	3 rd Feb 2012	Manufacture of Concrete weight coating to steel pipes.	65,000,000	Earmarked for revocation	Earmarked for revocation	Earmarked for revocation
Caribbean Roof Tile Company Ltd	4 th Jan 2005	Manufacture of Glazed and Unglazed Clay Product	12,940,000	Not operational seeking new markets	Not operational seeking new markets	Not operational seeking new markets
Crown Lithography Trinidad Ltd	11 th Dec 2003	Manufacture of Packaging Components and Materials	2,000,000	6,767,159	794,782	17
EthylChem Limited	31 st Aug 2007	Manufacture of Fuel Grade Dehydrated Ethanol	37,000,000	Earmarked for revocation	Earmarked for revocation	Earmarked for revocation
Greyline Free Zone T&T Ltd	1 st Sept 2013	International Trading in Products (clothes, household items etc.)	3,594,000	Earmarked for revocation	Earmarked for revocation	Earmarked for revocation
Intercontinental Business Park Free Zone Ltd	16 th April 1996	Free Zone Operator	1,181,000	N/a	N/a	4

Medullan (Trinidad) Ltd	9 th July 2006	Export of Services (software solutions developed for health care, life, sciences etc.)	950,000	632,194	0	13
Nestlé Caribbean Inc.	8 th Jan 1993	International Trading in Products (Nestlé food products)	192,000	77,061,780	7,928,582	46
Nigel Woodcock Financial Services Limited	1 st Jan 2014	Exporting of Tax and Financial Services	5,937	212,686	0	3
North American Trading Co. Ltd,	30 th Dec 2003	International Trading in Products (pharmaceuticals, herbs, medical equipment, promotional items, alcohol, etc.)	145,000	4,277,474	447,296	8
OCR Company Ltd	16 th Dec 2005	International Trading in Products (hardware, automotive products & manufacture of doors, windows & accessories.)	100,000	19,726,053	515,368	14
Oldendorff Carriers T&T Ltd	12 th July 2012	Bulk raw material transshipment service.	45,000,000	13,096,268	0	250
Operations and Shared Services Co. Ltd.	12 th April 2013	Export of Support and Processing Service (Financial)	19,500	9,617,283	15,764,305	530
Streamline Solutions Mailing Ltd (T&T)	13 th July 2010	Trading in Mailing equipment. Services related to data formatting, mail printing and insertions.	161,290	853,748	1,080,471	195
TCL Ponsa Manufacturing Ltd (T&T/Spain)	1 st Aug 2001	Manufacture of cement slings, harnesses and bags.	560,000	2,045,492	1,303,183	52

Trinidad & Tobago Fine Cocoa Company Limited	1 st June 2015	Processing of Cocoa	703,125	Not yet fully operational still importing equipment	Not yet fully operational still importing equipment	12
Western Plastics Ltd.	9 th Sept 2009	Manufacture of wristbands and plastic products.	408,000	754,844	2,720	16
TOTAL EXPORTS of the T&T Free Zones Programme 2015			172259,852	135,484,057	27,836,707	1217

NOTE: The employment figure in this report does not include indirect employment.

The TTFZ also saw interest in the Free Zones Programme from a number of local and foreign prospective clients; many of whom are now taking steps to submit applications for the grant of free zone status. In light of this, the TTFZ anticipates the addition of at least three (3) new enterprises in the service sector, perhaps two (2) in the manufacturing sector and a very novel waste processing project in 2016.

Nevertheless, the Trinidad and Tobago Free Zones Programme has been impacted like most economies, by the adverse effects of the downturn in the global economy, which has led to a dampening of new investment prospects by both local and foreign investors.

In an effort to find innovative ways to respond to this global crisis, the TTFZ, under the strategic leadership of its Board, developed a one-year operational plan; intended to transform the organization's work, image and branding from 2015 onwards.

Successful implementation of this newly created plan was also intended to initiate the TTFZ's journey toward a path of growth and development. 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 and Industry.

i. *Mission Statement*

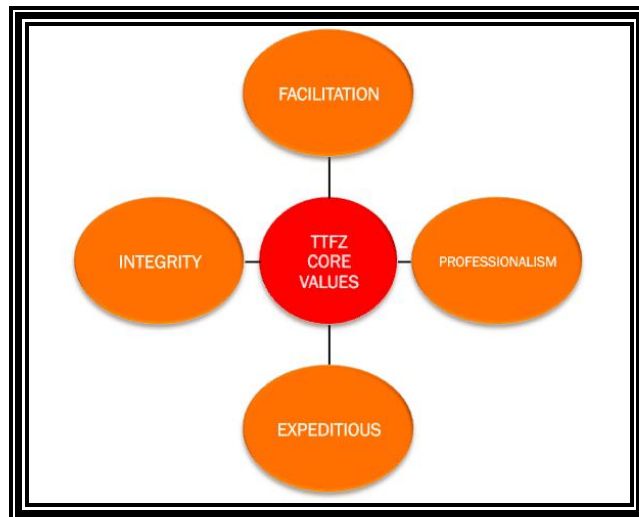
The TTFZ's Mission Statement:

“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. Due to constraints related to organizational resources and readiness, several aspects of the plan were not implemented. This led to the development of the TTFZ's one-year operational plan.

Nevertheless, the methodology upon which the strategic plan 2011-2014 was built is still seen as useful and is demonstrated below:



The diagram above depicts the Strategic Pyramid upon which the Strategic Plan was developed.

The TTFZ's one-year operational plan was intended to provide a "road map" for the period January to December 2015. The Plan's orientation was tactical and action-oriented. It focused on the TTFZ's priority initiatives and main short-to-medium term goals. The plan was intended to guide the Agency and help the Board and Line Ministry to effectively support the desired performance outcomes. The 2015 plan also hoped to resolve some of the gaps discovered during the previous planning period but which had remained unaddressed by this time.

The planning process was designed to provide the Board with the opportunity to decide on TTFZ's immediate future direction, based on a shared vision and strategy.

The Trinidad and Tobago Free Zones Company Limited's one-year operational plan espoused four (4) main operational initiatives:

- **Enhance Monitoring and Improve Compliance**
- **Strengthen TTFZ's Business Development Programme**
- **Increase Visibility and Strengthen Marketing/Branding**
- **Adopt strategies to Implement Operational / Transformation Plan**

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.**

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

The TTFZ embarked on a project to develop an operational plan intended to execute the initiatives set out in the strategic plan for the period 2011-2014. The core areas of focus are business development, marketing and branding, monitoring and compliance and implementation strategies. 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 2015 considered the need for the creation of new posts such as Marketing & Communications, Monitoring and Compliance and Business Development. An additional Accounts Officer / Accountant was also looked at to ensure compliance with generally accepted accounting principles.

The Strategic Plan targeted increased awareness of the TTFZ's brand. Therefore the operational plan sought to address the promotion of the Company's services, locally, regionally and internationally. A well-designed marketing campaign aligned to strategic partnerships was planned. Notwithstanding this, during the course of 2015, under the guidance of the TTFZ's Line Ministry, it was agreed that the TTFZ's mandate did not facilitate the promotion of the free zones programme by the TTFZ. As such, unilateral efforts at a marketing campaign were abandoned in favour of closer strategic partnerships with agencies such as investTT and Trinidad and Tobago IFC.

A core goal of the strategic plan was growth to the TTFZ's business. For this to be accomplished the TTFZ had to evaluate its present achievements, its known constraints and the level of innovation required for the Company to move forward.

The Board of Directors remained committed to regular site visits of approved enterprises, embracing the need to ensure that the TTFZ's goal of 100% regulatory compliance was achieved. Nevertheless, the Board recognized 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 also hoped to address this operational gap.

While the TTFZ did not recruit a Compliance Officer during 2015, the Company was still able to develop a formal job description for the post as well as an initial work plan for when this Officer comes on. At the close of 2015, the TTFZ was awaiting both Chief Personnel Officer and Line Ministry approval for the creation of this new post. We are confident that a Compliance Officer will be added to the Company's organizational structure in 2016.

Outlined below are brief summaries and status reports of the four (4) initiatives of the one-year operational plan 2015:

1. Enhance Monitoring and Improve Compliance

Mandate & Objectives

Under the TTFZ's governing Act, the Board has the unambiguous responsibility to ensure that companies that have "Free Zone" designation and tax-free benefits are in compliance with the Act and their Agreement with the Agency.

The 2015 objective was to establish a more rigorous and robust compliance review process, in order to confirm that TTFZ's clients are complying with their legal obligations. The aforementioned notes indicate the TTFZ's expectation that this will be accomplished by end of third quarter 2016.

2. Strengthen TTFZ's Business Development Programme

Mandate & Objectives

The TTFZ's Board recognized the need to devise new mechanisms to work and coordinate with other bodies and agencies which have a similar investment promotion and facilitation mandate.

The 2015 objective was to generate at least two (2) new free zone clients, comprising robust market leaders in their respective industries; and at least five (5) small to large sized operators made up of local, regional and international investors. We also hoped to build, strengthen and more effectively manage the TTFZ's business development pipeline, in order to sign-up 5 – 10 new clients per year going forward. The TTFZ's actual achievements for 2015 in this respect will be addressed under the "Achievements" chapter of this report.

3. Increase Visibility and Strengthen Marketing/Branding

Mandate & Objective

To meet its business development mandate, the TTFZ needs to significantly increase its visibility and promotions. The work of the TTFZ is not widely known or understood, as such the Agency's executive management and the Board desired to begin to build visibility and promote relevance in 2015 and onwards.

The challenge was to target communications to the audiences that matter and “*get on the radar screen*” of a wide range of partners, potential clients and key stakeholders. The Agency will build on previous communications, limited though this was.

This communications strategy was needed to identify the means and opportunities to encourage a range of organisations and firms to “*buy into*” the TTFZ and help it achieve its mandate, in the best interest of the Country.

The communications strategy would entail the TTFZ leveraging existing events and functions as well as adding new elements to enhance its identity and build awareness of the Agency. The plan was to position the TTFZ as results-oriented, focusing on deliverables and accomplishments; and reintroduce the TTFZ via private and state media, and highlight the Company's activities and achievements.

As mentioned above, this particular initiative was abandoned and replaced with a move toward strategic partnerships, particularly with the investment promotion agencies. To this end, the TTFZ developed and enhanced its working relationships with investTT and the TTIFC as well as several agencies such as the Trinidad and Tobago Chamber of Industry and Commerce, the Chaguanas Chamber of Industry and Commerce, the Trinidad and Tobago Manufacturers Association etc. In light of this, several prospective clients were brought to the TTFZ through these agencies.

4. Adopt strategies to get the work done

Mandate & Objective

Plans do not implement themselves... people implement plans! Further, the TTFZ does not have the appropriate structure to meet the expectations of its Board.

In the planning workshops, there was strong consensus among Directors that the Agency needed to be more fully staffed.

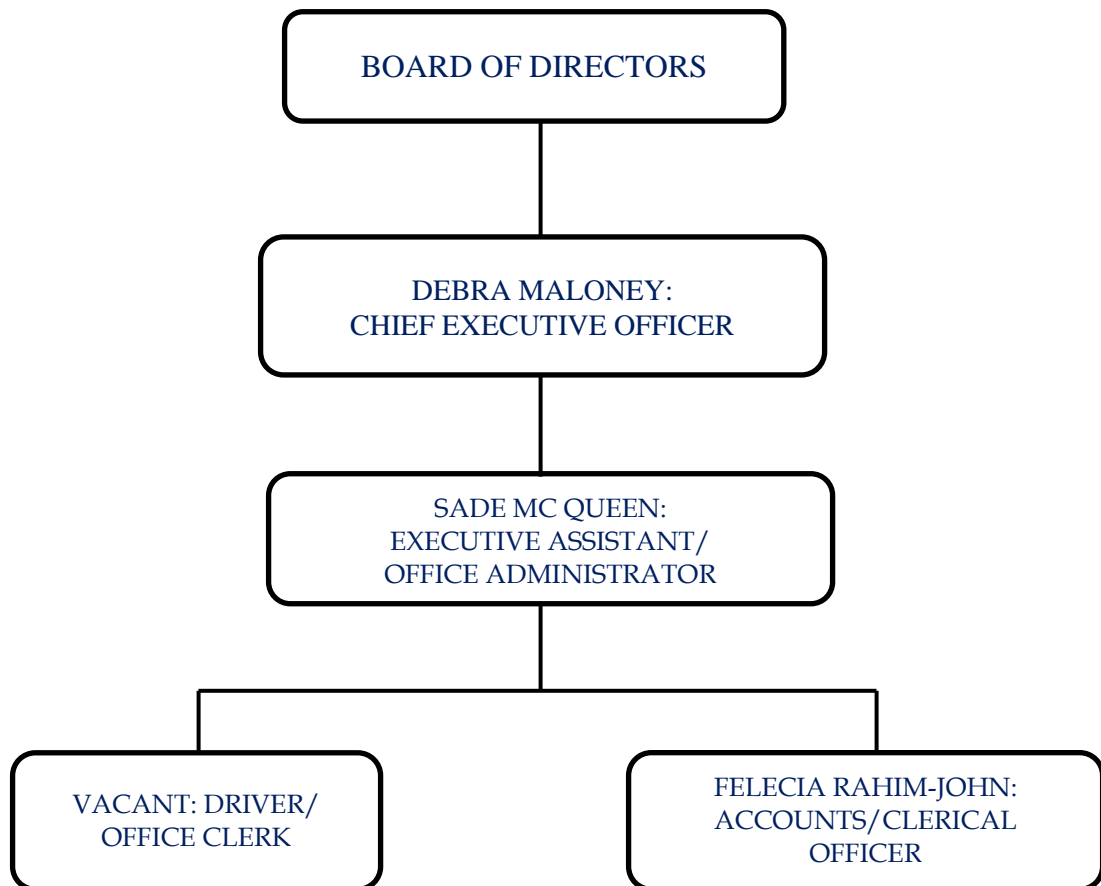
However, given the on-going rationalization exercise undertaken by our Line Ministry, the Board needed to find means of employing the necessary human resources to move the Agency forward, while at the same time retaining the necessary flexibility to be responsive to evolving requirements. This last initiative hoped to address these challenges. Suffice it to say, no new employees were added to the TTFZ during 2015, which made it difficult to achieve the intended goals for this reporting period.

2. Organizational Structure

(a) Corporate Structure

The chart below depicts the approved Corporate Structure of the TTFZ. While this structure has allowed the Company to do just enough to remain self-sufficient, it is quite lean and does not afford wiggle room for the pursuit of major policies, initiatives or projects. To this end, a new organizational chart was approved by the TTFZ's Board in 2015.

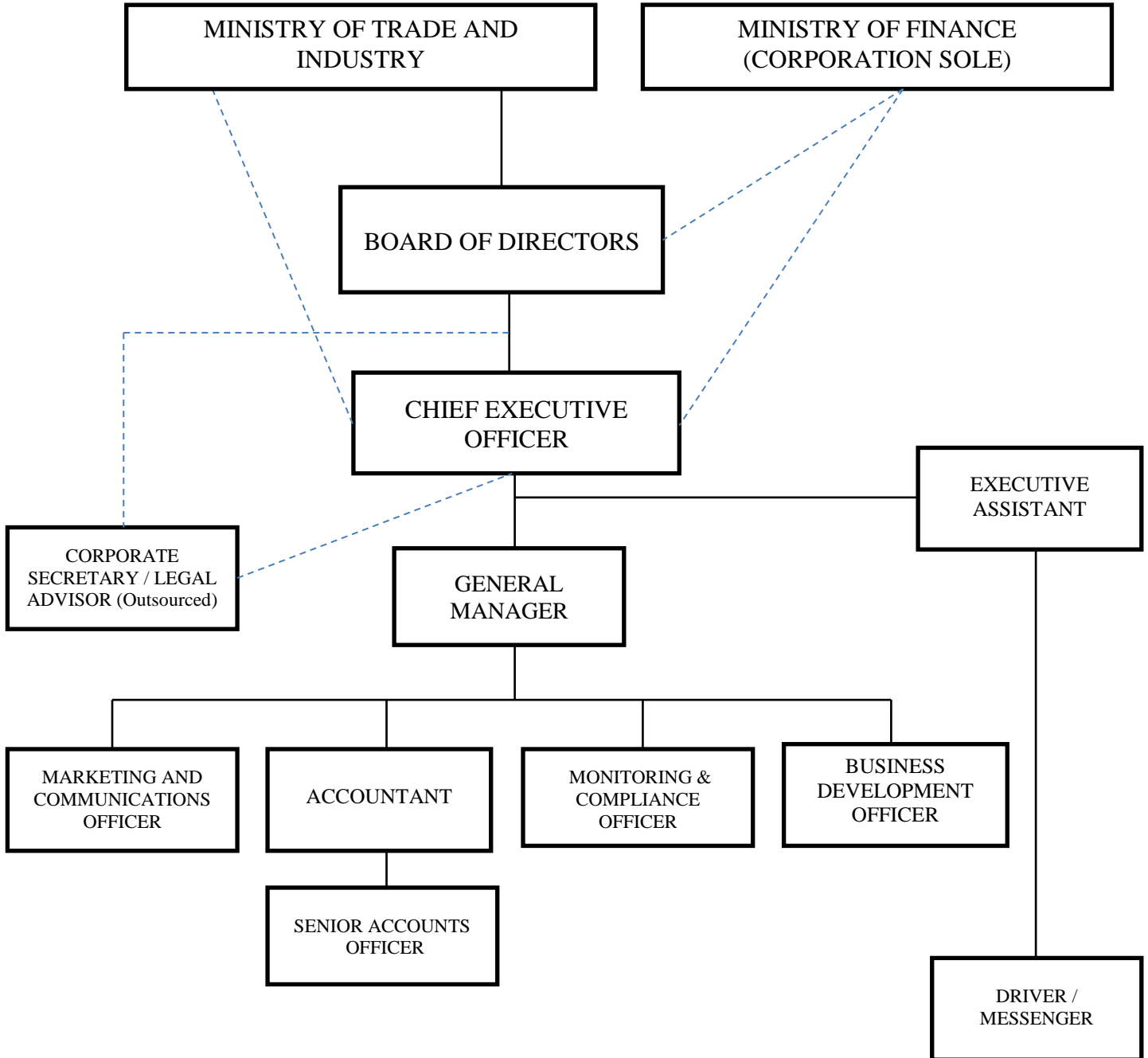
TRINIDAD AND TOBAGO FREE ZONES COMPANY
LIMITED
ORGANIZATIONAL CHART



Members of the Board of Directors 2015: Kelly Baaney (Chairman), Priya Ganness-Nanton, Shane Mohammed, Premnath Boodoosingh, Richard Sukdeo, Wayne Punnette, Stephen Broadbridge, Rasheed Mohammed, Marcus Woods & Mr. William Gaffar.

TRINIDAD AND TOBAGO FREE ZONES COMPANY LIMITED

VIRTUAL ORGANIZATIONAL CHART



In 2015 it was agreed that only the Compliance post would be filled. Steps were taken in pursuit of this goal. The recruitment of a Monitoring and Compliance Officer should be completed by end of third quarter, 2016.

(b) *Services / Products Provided*

The TTFZ provides the following products / services:

Issue of Free Zone Orders (Licenses)

The TTFZ under the authority of the Trinidad and Tobago Free Zones Act 1988, grants approval for enterprises which have satisfied the requisite criteria, to operate within the free zones programme, by issuing free zone orders. These free zone orders when gazetted by the Government Printery become legal notices. The notices generated by the Government Printery 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 orders / legal notices are utilized by holders to access a number of benefits under the Free Zones Act 1988, such as exemption from duties and taxes.

Facilitation Services

Guidance and Information

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. Guidance on business proposal development is also provided.

The Company also supports the work of the nation's investment promotion agencies by hosting meetings, reviewing proposals, facilitating networking initiatives and providing valued information as required.

Work Permits / Visa Waivers

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 in this regard. In this respect, all requisite documentation is submitted to the TTFZ for onward transmission to the Ministry of National Security's Work Permit Secretariat, for processing. This service is provided free of charge to all approved free zone enterprises.

In the medium to long 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.

Aftercare Services

The TTFZ supports the operations of approved free zone enterprises by the provision of aftercare services. To this end, the Company when called upon leverages its relationships with other stakeholders, to play an integral role in assisting with the provision of solutions for operational constraints experienced by free zone enterprises. In this regard, the TTFZ works with investTT and / or any other relevant agency to resolve Immigration and work permit issues, to assist with Board of Inland Revenue Issues or Customs concerns and to provide guidance on any unique matters affecting approved enterprises. Sometimes, the TTFZ may visit worksites or relevant Government Offices to provide these aftercare services.

(c) *Levels of Authority*

The Board of Directors provides overall strategic 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 and that corrective measures are implemented where required. As espoused in the State Enterprises Performance Monitoring Manual, the "...Board must not usurp the responsibilities of executive management by involving itself in day to day management issues. It is an organ of review, appraisal and appeal."

The TTFZ's Chief Executive Officer (CEO) manages the business and affairs of the Company, including all day to day management issues, under the strategic direction of the Board of Directors. Due to the lean structure of the TTFZ, there are presently no managers who supervise staff. As such, the CEO supervises all members of staff and addresses all employee issues. The Company has developed an Administrative and Staff Policy Manual which provides guidance to staff members on their rights and obligations in the Company. It also affords a grievance procedure to all members of staff.

Tenders Committee

The Tenders Committee is 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

3. Performance Accomplishments 2015

The TTFZ was faced with the challenge of attempting to undertake initiatives geared toward the Company's growth and transformation with a very lean staff and the unlikely grant of approval by our Line Ministry for the recruitment of additional manpower.

Notwithstanding this, the TTFZ still has some achievements of which it can boast for 2015. How these achievements line up with published goals will be considered in this segment of the report as well as all corrective measures the Company plans to adopt in 2016 to remedy any shortfalls in performance.

➤ Implementation of the TTFZ's One-Year Operational Plan:

As mentioned before, this "*Plan*" was intended to provide a "*road map*" for the Company's work in 2015. It focused on the TTFZ's priority initiatives and main short-to-medium term goals.

The TTFZ saw very limited success with respect to the implementation of this one-year plan and the four (4) major initiatives it espoused. The major inhibitor was insufficient staffing but this was compounded by a determination that two (2) of the core areas of focus were outside of the TTFZ's mandate.

In 2016, the TTFZ under the guidance of its new Board of Directors will develop a new five (5) year strategic plan which will not only set goals but determine the SMARTEST approach to setting reasonable and realistic goals aligned to the Company's mandate and changing environment. Additionally, the new strategic plan will be complemented with an associated implementation plan.

- **Hosted sixty (60) meetings where information was provided to prospective clients.** Out of these meetings the TTFZ saw four (4) new investors join the Free Zones Programme in 2015. The hosting of these meetings contributed toward the TTFZ's goal of growth to the Free Zones Programme. In 2016, the TTFZ will aggressively pursue all leads to ensure continued growth.
- **Participated in or Partnered on the hosting of the following Conferences:**
 - **Trade & Investment Convention (TIC)** – manned booth and disseminated information to all interested buyers / visitors to the Convention. This event generated a lot of interest in the Free Zones Programme.
 - **Caribbean Finance and Investment Forum** – The TTFZ delivered a presentation to local and foreign delegates again generating a lot of interest in the Free Zones Programme. Additionally, the Company manned a booth at this event where further information and guidance was afforded to prospective clients.

- **T&T Inbuyers' Mission** – The TTFZ helped to facilitate the hosting of this event by partnering with sister agency, exporTT. The goal of this event was to bring foreign investors / buyers to T&T where local manufacturers and other businessmen could meet these prospective buyers at one forum.
- **World Free Zone Convention Summit** – TTFZ was represented at this global event where pertinent information regarding the administration of free zones as well as new trends and best practices was shared.

The TTFZ also saw the following achievements in 2015:

- **Four (4) new investments amounting to the injection of USD 2.3M to the local economy as well as the creation of 257 new jobs under the Free Zones Programme**
- **Total exports from free zone enterprises – USD 135,484,057**
- **Total purchases from the Customs Territory – USD 26,874,042**
- **Employment within free zone enterprises – 1217 (indirect employment excluded)**

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 projected for the particular year. Formulation of the Company's budget for the coming year is also done in consideration of actual income and expenditure from the previous 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 the Line Ministry for their further review. Recommended changes are made to the budget based on feedback from the Ministries.

The TTFZ strives to undertake its actual operations within budget as far as possible.

(b) *Income versus Expenditure 2014 / 2015*

Audited Income Statements 2014 & 2015

	Year Ended 31 st December	
	2015	2014
	Actual TT\$	Actual TT\$
Revenue	2,771,223	4,059,513
Other Income	<u>--</u>	<u>7,265</u>
	2,771,223	4,066,778
Expenses		
Personnel (including Directors' fees)	1,160,123	1,046,069
Administrative	177,656	197,995
Motor Vehicles	17,215	25,404
Repairs & Maintenance	13,627	24,729
Professional Fees	140,375	106,410
Marketing	327,020	731,896
Travel (local & foreign)	21,012	160,965
Office rental (including electricity & security)	398,268	294,372
Insurance	17,639	23,177
Donations	20,563	46,102
Other Expenditure	107,970	140,663
Total Expenses	<u>2,401,468</u>	<u>2,797,782</u>
Operating Profit	369,755	1,268,996
Net Finance (Cost)/Income	(63,863)	135,580
Net Profit	<u>*305,892</u>	<u>1,404,576</u>

* At the end of 2014, the TTFZ lost its best paying client, Bredero Shaw Middle East Limited (BSMEL), a Canadian firm. BSMEL brought revenue to the value of USD 201,362.48 annually to the TTFZ.

BSMEL was approved as a free zone enterprise on 03rd February, 2012. The company established a concrete coating facility and storage yard on approximately 33 acres of land, where it engaged in the manufacture of concrete weight coating to steel pipe at the free zone located at Site A, Union Industrial Estate, La Brea.

BSMEL brought to the local economy an initial investment of USD 65M and proposed employment of an estimated 200 persons. In addition to leases for the site above, this project required rolling stock, cranes, vehicles, expat housing and communications systems which would all be sourced locally.

The company also engaged local contractors to provide local labour services, raw material supplies, janitorial services, security, hardware items, disposal services, other maintenance services, fabricator and stevedoring services. During operations 100 percent of completed units were exported. The business model was project-based and therefore they were reliant on winning contracts to stay in business in Trinidad and Tobago. It is for this very reason that the company sought free zone status. The incentives afforded to BSMEL ensured that they were able to offer competitive prices. Nevertheless, by the end of 2014, notwithstanding several projects being under negotiations, BSMEL had been unable to sign-off on new projects and were forced to shut down.

From inception to close of operations, BSMEL employed 23 persons directly and 243 persons via outsourcing arrangements with local firms Labour Finders and Anсад Limited. However, it should be noted that a handful of their direct employees were offered jobs throughout Shaw Cor's (BSMEL's parent company) operations and are now actively pursuing those opportunities. As a consequence of losing BSMEL as a client, the TTFZ lost revenue to the value of USD 201,362.48, resulting in a low net income of TTD 305,928 for 2015.

Trinidad & Tobago Free Zones Company Limited

Audited Statement of Financial Position 2015

	Year Ended 31 December	
	2015 \$	2014 \$
ASSETS		
Non-Current Assets		
Plant and equipment	278,445	356,388
Current Assets		
Receivables and prepayments	834,059	1,168,987
Cash and cash equivalents	11,987,622	12,349,314
	12,821,681	13,518,301
Total Assets	13,100,126	13,874,689
EQUITY AND LIABILITIES		
Capital and Reserves		
Share Capital	2	2
Retained Earnings	12,434,420	13,233,111
Total Shareholders' Equity	12,434,422	13,233,113
Current Liability		
Dividend Payable	600,000	550,000
Accrued Liabilities	65,704	91,576
	665,704	641,576
Total Equity and Liabilities	13,100,126	13,874,689

(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 ...”

The TTFZ is guided by the policies outlined in the State Enterprises Performance Monitoring Manual. However, in 2016 the TTFZ will pursue the development of Debt and Investment Policies specific to the operations of the Company.

5. Human Resource Development Plan

(a) *Career Path Systems*

Aligned to the completion of the Company’s One-Year Operational Plan, the need for the creation of targeted posts has been identified. In this regard, the Company hoped to engage in organizational restructuring in 2015 as per the virtual organizational chart at page 10 above. The TTFZ also appreciates that training is an integral part of the development of its human resources. To this end, staff members are encouraged to pursue Company-supported training opportunities geared toward increased efficiency and effectiveness of the particular job function.

(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 supervisor 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
- Quarterly Returns
- Award of Contracts Report

7. Procurement Procedures

(b) 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.

As mentioned above the Tenders Committee of the TTFZ's Board of Directors has the responsibility of oversight of any type of procurement which exceeds TTD 50,000.00.

In this regard, the Tenders Committee will review proposals and / or presentations from prospective suppliers and make recommendations to the Company's Board of Directors. The Board grants final approval for tenders at this level.