



The Consumer Voice

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NATIONAL ENERGY POLICY OF THE BAHAMAS

BUILDING ENERGY EFFICIENCY
INTO YOUR HOME

SIX STEPS TO HOME
ENERGY EFFICIENCY

CONSUMER PROTECTION IS IN **EVERYBODY'S** BEST INTEREST

The Utilities Regulation and Competition Authority (URCA) has established Consumer Protection Regulations for the Electronic Communications Sector. The Regulations also set out standards for the quality of services you receive.



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VISION OF THE BAHAMAS ENERGY SECTOR 2013 – 2033

“A modern, diversified and efficient energy sector, providing Bahamians with affordable energy supplies and long-term energy security towards enhancing international competitiveness and sustainable prosperity”

The long-term vision for the energy sector is built on ten fundamental elements as follows:

1. An energy sector that provides affordable energy supplies to all consumers with the capacity to meet long-term growth in energy demand
2. An energy sector that contributes to the international competitiveness of the productive sectors of the economy
3. An energy sector that is environmentally sustainable with significantly increased use of economically viable renewable energy sources
4. An energy sector that is supported by greater levels of awareness by Bahamians of the importance of energy and its use in their daily lives and the contribution that each person can make to conservation efforts thereby supporting the move to greater levels of energy security
5. An energy sector that reflects a sustained improvement in the ways in which energy is used, through greater energy efficiency, reduced energy intensity and better energy conservation and management
6. An energy sector that is focused on the modernization and expansion of the energy infrastructure (e.g. generation, transmission and distribution systems) to ensure safety, affordability, reliability and competitive

*** EDITOR'S NOTE** - The Government of The Bahamas recently released a National Energy Policy. The following is excerpted from that report. Consumers are encouraged to familiarise themselves with the report as it provides the framework for the development and implementation of alternative forms of energy in The Bahamas moving forward. The complete report is available from Bahamas Information Services.

advantage

7. An energy sector that is supported by a modern and dynamic regulatory framework that fosters investment, competition, efficiency, public-private partnerships, a level playing field and transparency
8. An energy sector that provides long-term energy security to producers and consumers, including security of supply
9. An energy sector that possesses the flexibility and creativity to adopt and adapt to new and appropriate energy technologies that may emerge over the long term
10. An energy sector with an appropriate institutional framework and high levels of technical capacity to support and facilitate the effective implementation of the policy with support from all relevant stakeholders, including the public and private sectors, educational institutions and

non-governmental and community based organizations

GOALS OF BAHAMAS NATIONAL ENERGY POLICY

There are four inter-related goals underpinning this policy, all designed to achieve the vision for the energy sector. The goals of the Bahamas National Energy Policy are:

GOAL 1: Bahamians will become well aware of the importance of energy conservation, use energy wisely and continuously pursue opportunities for improving energy efficiencies, with key economic sectors embracing eco-efficiency

GOAL 2: The Bahamas will have a modern energy infrastructure that enhances energy generation capacity and ensures that energy supplies are safely, reliably, and affordably transported to homes, communities and the productive sectors on a sustainable basis Goal 3: The Bahamas will become a world leader in the development and implementation of sustainable energy opportunities and continuously pursues a diverse range of well-researched and regulated, environmentally sensitive and sustainable energy programmes, built upon our geographical, climatic and traditional economic strengths

GOAL 4: The Bahamas will have a dynamic and appropriate governance, institutional, legal and regulatory framework advancing future developments in the energy sector underpinned by high levels of consultation, citizen participation and public-private

sector partnerships

Though not necessarily listed in order of priority, together, achievement of these four goals will result in:

- Energy supplies that are more affordable, safe, secure and accessible
- Long-term economic competitiveness of The Bahamas economy
- Improved quality of life for all Bahamians within a healthy natural environment
- A significant reduction in the dependence on imported oil because other viable alternatives are aggressively pursued
- Diversification of the country's energy supply mix to achieve greater energy self-sufficiency, optimizing development and utilization of indigenous energy resources
- Taking advantage of emerging technologies that will reduce the country's dependence on fossil fuels and allow for greater use of renewables and other forms of energy
- Increased conservation and efficiency in use of energy by all sectors and by all citizens
- Minimal negative impacts on the natural environment because energy resource development takes into account environmental considerations
- Significant improvement in the energy efficiency of the country, throughout the supply, storage, transportation, transmission, distribution, usage and the general handling of energy resources.

Message from the Prime Minister and Minister of Finance

It is with great pleasure that the Government of The Bahamas presents The Bahamas National Energy Policy 2013-2033. Our country has a great need for a modern energy infrastructure and it is incumbent upon us to design, develop and maintain an infrastructure that is sustainable and one that will help to ensure a future in which energy is more reliable and affordable.

As the cost of electricity goes up, it becomes more difficult for Bahamians to live with the creature comforts that we have grown accustomed to. High electricity costs also make doing business in The Bahamas prohibitive. We must begin to

mitigate these costs by creating an energy sector that is not 100% reliable on fossil fuel.

The great need has been expressed

and felt, to make electricity much more affordable for the Bahamian public was the primary basis for the creation of this comprehensive National Energy Policy. This policy, the first of its kind, maps out that way forward in energy for The Bahamas for the next twenty years. It ensures that we consistently continue to renew and grow our energy sector to match our needs and be as environmentally attuned as possible.

In particular, the policy provides a platform from which The Bahamas can embark on becoming a world leader in the development and implementation of sustainable energy opportunities, be they solar or wind-power, or other increasingly realistic options.

Additionally, the policy provides the basis for a diverse range of well-researched and regulated, environmentally sensitive and sustainable energy

programmes, built upon our geographical, climatic and traditional economic strengths to be pursued.

A conscious determination has been made by the Government to do its part by retrofitting Government buildings for wider use of solar power; conserving and monitoring that use of electricity; construction of green buildings; appointment of utility officers and light bulb procurement. We strongly encourage private businesses to look into alternative and renewable energy sources to help mitigate the cost of electricity.

I encourage you all to carefully read the policy to learn as much as you can about our plans and the progress it will make in terms of an energy policy for The Bahamas.



**RT. HON. PERRY G. CHRISTIE,
PRIME MINISTER AND
MINISTER OF FINANCE**

YOUR 6 STEP GUIDE TO HOME ENERGY EFFICIENCY

You are a family of four, an average size household living in an average size three bedroom 2 bath home. Your energy bills however are not average in any way, and at times it seems as if there is another family living with you driving up the bill. This can be the case if you live in an energy in-efficient home. But wait, before you call the power company and elaborate on their faulty billing schemes, take a second to think about your home as an energy consuming item and ask the following questions.

What are the large energy consuming items in my house? Can my home function without or with limited use of these items? How can I reduce my energy consumption? If you are able to answer the first two questions on your own then you are on the right track to reaping energy rewards. So why continue reading? You continue on to answer the "How", and for that you will need just a bit more expertise. Expertise which is presented in a nut shell as, 'Your 6 Step Guide to Home Energy Efficiency.' No it's not the magic wand that will fix every conceivable home energy issue that arises but it will direct you on the path to efficient energy usage.

1. TO THYSELF BE TRUE

Knowing and accepting that you have an energy consumption problem, is the first step to realizing that there are large energy changes that need to be made. Let's be real, the lights don't just cut themselves on, you have to admit your own guilt by virtue of being occupants in and contributing to the home's energy consumption. The quicker you are to admit that it's not only BEC that's the problem and that you are your own culprit of energy consumption, the easier it is to realize and set your own energy efficiency goals. Look at the electricity bill as your creation, a product of your indiscriminate usage, and make it your goal to change something in the whole equation and make it work for you.

2. GETTING PROFESSIONAL HELP

Of course it's not rocket science, but precision is key when calculating daily load consumption, or even comparing estimated to actual energy values. Conducting a professional home energy audit at your home will highlight the areas of high consumption and indicate measures to be taken that can reduce the level of consumption. An energy consultant will break down the results from the energy audit and much like a doctor prescribe the steps to be taken in order to accomplish your energy goals. You do have energy goals don't you?

3. GOAL ORIENTED ENERGY INVESTMENT

With the help of your energy consultant your energy Goals are identified.



AIR-conditioner is plugged on a energy measurement device.

They don't have to be detailed but they must provide insight that you acknowledge what the problems are within your home and your plan of action for solving them. Investing in Energy Efficiency not only refers to paying for an energy audit consultation, but purchasing products and tools that will minimize energy use without any performance trade-offs. See an Example of Goal Oriented Investing* Below:

PRIMARY GOAL: Reduce Overall Home energy Consumption by 45%.

PROBLEM: Electricity Bills average \$450 per billing cycle

SOLUTION: Enable the following Energy Efficient Projects (E.E.P.) to achieve goal.

PROJECT 1: Lighting: Replace incandescent light bulbs to LED bulbs; Energy Reduction: 5%

PROJECT 2: Lighting: Purchase and install room occupational sensors to light switch; Energy Reduction: 5%

PROJECT 3: Air Conditioning: Purchase & Install Foam Insulation for roof spaces; Energy Reduction: 10%

PROJECT 4: Air Conditioning: Install Solar Attic Fans to remove hot air in ceiling; Energy Reduction: 5%

PROJECT 5: Water Heating: Purchase and install a Solar Water Heater; Energy Reduction: 20%

4. TREAT ENERGY LIKE A COMMODITY

Energy has a monetary value, energy in California may cost less than energy in Nassau, Bahamas but they all have the same synonymous relationship to current

cy. If you treat energy like you treat cash, you will be more vigilant as to how and where you spend your energy. Having an idea of the cost for every hour you leave a light on in a bedroom will help you from being oblivious and getting caught up watching TV in the front room. Likewise If an empty air-conditioned room costs \$8 every night you will see to it that you turn off A.C. from that vent.

Also with energy treated as a valuable commodity, the investment in energy savings are just as applicable to investing for money savings practices. As prescribed in Step 3 Goal oriented energy investment, you will come to appreciate the value of your energy investment as a means of saving actual dollars and cents from your electricity bill. Your Savings from each energy efficient project will be your guide to how quickly you will have paid off for your investment (R.O.I -Return on Investment) and construct your future savings base.

5. ENERGY EFFICIENT APPLIANCES

Home energy consumption often starts in the appliance store and ends each month at the bottom line of your bill. Buying energy smart is equally as important as buying a reliable brand with reference to appliance shopping. Energy Star Appliance and "LED" stand out as the basic key words to buying energy efficient, however determining your next toaster oven or blu ray player must involve a conscious review of the wattage use and understanding that if I leave this player running for 5 hours what it will cost me. If you can't go in the store and choose an energy star compliant player over any ordinary player then you are already losing the energy battle. You must know the terminology and you had better know how this affects what you read on your electricity bill. It's safe to say if you followed the 2nd step with the hire of a

reliable energy consultant, your energy I.Q. will have you as an energy efficiency all-star when hosting friends and family over to view your energy efficient appliance home.

6. DIGITALLY MONITOR YOUR ENERGY USE

This is the 21st Century and there is no need to have any surprises when receiving your electricity bill. To avoid the dreadful bill collection experience, invest in home energy monitoring equipment. Let's be honest, this is the most technical you have ever been with keeping track on anything. But the most recent software can make tracking your daily usage a breeze. Plug in electricity Monitors are the most basic and can give you an idea at each outlet what any appliance consumes in watts and the \$ value every hour day and month. The next type of monitoring, although complex and require professional assembly within your breaker panel box, allow you to wirelessly transfer information with real-time energy consumption tracking. Whether you are viewing data at home or at a remote location using a cell app, not only will it break down consumption on a room by room basis but they can record a history of your consumption.

These 6 steps offer a pragmatic guideline for the homeowner confused with the general idea of energy efficiency. As indicated if you've continued reading this article then you accept that you may have an energy problem and you've overcome the first hurdle to finding "real" solutions to your energy woes. I won't expect you to become an overnight guru by reading this article; however you will have enough confidence to making the right steps towards Home Energy Efficiency.

• Author - Hussein Duncombe- Energy Consultant Solar Power Concepts Ltd.

BUILDING ENERGY EFFICIENCY INTO YOUR HOME

By **RAEH C ROKER-WILLIAMS**

Aside from a mortgage payment and homeowner's insurance, the most expensive part of homeownership today is becoming energy efficient. Rising utility costs, an introduction of consumer tax (VAT) and the necessity for some basic comfort considering the extremely hot temperatures we experience is now causing consumers to look at ways to incorporate energy efficiency into their everyday lives.

As a quantity surveyor, our main concern on a construction project is typically cost. However, we don't just look at lowest cost to be the best choice, but we look at the most reasonable cost to give the quality required by the client as well as the whole life cost involved. Whole life cost means the financial effect an element of construction will have for the life of the building. Spending more than usual at the construction stage is sometimes recommended as it results in cost savings on maintenance and use for the duration of the building's life.

Energy efficiency in a home would typically result in reduced utility and maintenance costs and increased value of a home so it's a direction that we often advise new home builders to go in.

Building an energy efficient home however, can seem intimidating. Cost and technology cause people to ignore the option as they aren't interested in taking on the tasks of paying for and understanding the systems and processes. It is not nearly as intimidating as it may seem, and although there are not as many suppliers and installers locally as in other markets, we have the tools and information to make it happen.

For consumers that are building a brand new home, this is the perfect time to make the consideration for energy efficiency. Incorporating this into your design makes it so much easier to execute as a seamless install can be made because the design was created to suit the systems. Renovating or upgrading your existing home to energy efficiency however, is possible, and the best approach would probably be a staged one. Consider starting with changing out appliances and fixtures, then repairs to the building as you prepare for and progress to the bigger investments which will typically be air conditioning systems and solar panel systems.

Changing to energy efficient appliances and fixtures is a good start and currently custom duties on most energy efficient items are as low as 10%. Wash-

ers, refrigerators, LEDs (light emitting diode) and compact fluorescent bulbs, commonly known as energy saving bulbs, has a 10% duty rate. Consider changing all your bulbs to begin with. Next take a look at your water fixtures. Sink, faucets and even toilets should be checked for leaks and efficiency. Toilets with low water usage can help reduce your water bill as well as shower heads and faucets with water saving features. There are also many affordable options for solar water heaters and currently, most water heaters make up approximately 30% of your electricity bill! If you aren't able to invest in a solar water heater, consider a timer that will switch it off when you don't need heated water. You can save anywhere from \$15 - \$20 for every \$100 on your electricity bill for that small change alone.

If you are at new construction phase you can make the choice to incorporate these kinds of appliances and tools in your original design.

The Energy Star rating on appliances is a good sign of an appliance's energy efficiency as most are 20% or more energy efficient than the minimum energy efficiency requirements.

If you are renovating your home or undertaking new construction, the building itself provides many opportunities for energy efficiency that will translate into lower utility bills. A few examples include;

- proper insulation in the ceilings and walls to maintain temperature control
- energy efficient doors and windows designed to reduce heat transfer from outside
- proper sealing or insulation of all cracks and gaps to ensure cool air stays inside and is not escaping particularly at pipes, vents, ducts and fixtures.

When construction or installation of things like insulation and sealing are scheduled to take place, agree with your contractor, project manager or quantity surveyor to require a physical inspection of such seals and insulation with photographed proof in a report as many of these installations are covered for finishing and in some cases can be skipped without the client even knowing.

In our climate, air conditioning and fans are a very important part of our daily lives. Most of us run fans continually in our homes, and increasingly air-conditioning systems remain on throughout the evening and night during the summers. As we are all very familiar with load shedding, we get an idea that the extra energy required to run these

systems is substantial. Not only are we not able to provide sufficient power to them regularly but when we do, it costs a pretty penny.

Energy efficient air-conditioning systems tend to be at least 30% higher in cost (US prices before duty, VAT and installation) than regular systems, however, their customs rate is lower than traditional systems, at only 10%. Also, the long term cost benefits come from a lowered monthly electricity bill as a result. They are definitely an option worth considering, especially for new construction.

Probably the biggest investment toward energy efficiency and lowered utility bills that home owners will make is solar panels. The customs rate on solar panels is 10%, however they tend to be a pricey item. The value they provide however is undeniably huge. Solar panels, once properly installed harness the sun light and uses it to create the energy we need to fuel our homes. Because of the technology involved, it is important to have the panels ordered to meet the requirements for your home and properly installed for effective use and to avoid damaging them.

When looking at your construction budget, a good way to afford energy efficient components is to look at how you can stage or phase various elements of your project. For example, to afford solar panels in the beginning, you may choose to delay other upgrades to the exterior of the house or in the garage for example. For ductless and split units for example, you can have electrical wiring prepared as you build the home and then install each one room by room in order to spread the cost over time.

Overall, while budgeting for your home building project, consider the long term goals for your home, the comfort



RAEH C. ROKER-WILLIAMS

you will need and your financial position as you make your energy efficiency decisions. Your best home construction budget advisor will be a competent quantity surveyor.

• Raeh is a Chartered Quantity Surveyor who formerly worked for the leading Quantity Surveying firm in the region for ten years. She has worked on a broad range of projects over recent years including major developments throughout the Bahama Islands. She has been directly involved in the construction of major city infrastructure, specifically roads, and many major commercial buildings including condominiums, offices, hotels, shopping centres and schools, together with a number of luxury residences mainly in Lyford Cay and on Paradise Island. She has recently gone into private practice and has become a part of the Bahamas Chamber of Commerce VAT training team.

Tips to avoid the dream of home ownership becoming a financial nightmare

By **RAEH C ROKER-WILLIAMS**

What does a Quantity Surveyor Do?

A QUANTITY Surveyor estimates and manages the cost of building/construction projects. They use drawings or other information provided by architects and engineers and those involved in the project to calculate project costs.

Usually they become involved at the planning/pre-construction stage where they are able to give good advice on whether or not the project can meet the client's approved budget. They also can get involved later in the

A Q&A on using a Quantity Surveyor

project when cost and budget issues arise to help the client, contractor and financing institution find viable solutions to budget problems.

Why Should I Hire a Quantity Surveyor?

Often, people think that a Quantity Surveyor is only re-

quired in "big" jobs, like office buildings, luxury homes, resorts, roads, etc. This is not true.

If you are building a small two-bedroom house, an extension or a duplex for example, a Quantity Surveyor is probably your best bet, as the room for cost errors and issues is much smaller than on a large project.

Hiring a Quantity Surveyor ensures the design is inspected for cost effectiveness and that no gaps were left in the design or in the contractor's quote.

Ensuring the project can be built at the price quoted is important before you start or before financial institutions start lending. Otherwise you can get past the mid-point of your home construction and realise the money left will not complete the job. This puts everyone involved in a stressful place and can completely take the joy and hope away from building your own home or real estate dream. A Quantity Surveyor is your best preventive

measure to avoid disappointment in construction.

When Should I Use a Quantity Surveyor?

I recommend using a Quantity Surveyor from start to finish. At the beginning, they can help with planning, budgeting, sourcing cost effective materials and negotiating prices with contractor. As the project progresses, they help to monitor costs, quality construction, and any changes as well as track and monitor payments to the contractor. They can provide regular reports and guidance on the proper contracts and agreements to use at each point in the process. Even if you don't have a Quantity Surveyor when you start your project, bringing one in as soon as possible is a good idea. The longer you wait, the harder it may be to get cost issues under control.

If I can't afford a Quantity Surveyor, what are my options?

Even though you have a vision in mind for the design of your building, a qualified architect will have to interpret that into drawings that can be approved for construction. A Quantity Surveyor will do a similar thing for cost. It is important to understand then that even though hiring a Quantity Surveyor seems optional, if cost and budget are important to your project, a qualified Quantity Surveyor is needed. The fees for a Quantity Surveyor can vary based on a number of things, but negotiate and include the fee as a part of your construction project costs just as you include design fees, legal fees, bank fees and so on.

The value added to your project and the possible savings as a result will make the investment well worth the money.

Without a Quantity Surveyor on your project, who are you relying on to give you best value in terms of cost? Be careful that even if someone says they can manage the money for you that their interest is not conflicted with those of the contractor or bank, and that they are



A DREAM home in Sandyport - and planning carefully will help make sure your dream comes true.



qualified and experienced in construction costing.

If you are using a bank or financing institution, speak with them about including professional fees such as Quantity Surveyor's fees in your budget.

I am already over budget, a Quantity Surveyor getting involved only adds to the cost.

Remember that although you pay a Quantity Surveyor for their service, you are paying for a money-managing service. If your construction/project budget is important, then this is vital.

Let's say you don't have a Quantity Surveyor, for example, so you didn't realise that the contractor's quote only included tiles in the kitchen and bathrooms and you were expected to pay for tiles and labour for the remainder of your house. (This is commonplace in many small projects).

The contractor is not doing this to be slick, he is usually doing this to allow you flexibility to choose the kind of floor finishes that suit your taste. However, if this was missed in discussions and not clearly outlined in the contract, this can leave you in a position to have to find a few thousand dollars just to tile your floors! Imagine if you thought you could get granite counters and found your contract amount only allowed for Formica?

Again, these things are usually done to give you flexibility, but often not clearly understood. This opens the doors for cost overruns to start flowing. Your investment in a Quantity Surveyor will likely be less than the money, time and stress he can save you by guiding and helping you understand the true cost of your design and vision versus what you would have unknowingly agreed to.

How will VAT affect construction?

As it stands, the cost of materials will generally increase as a result of VAT. Although there have been a few changes to customs duty rates and changes to the base cost customs duty is charged on for imports, I expect an increase in goods as overhead costs for suppliers and importers will also go up. It may not be a simple 7.5% increase across the board for all items because some increased overhead costs for suppliers will not be able to be claimed back and those increases now

become an added business expense which will likely be passed on to the consumer as well. The labour element of construction is not vatable and that is good news as a large portion of construction costs are labour related. For contractors, however, their overhead and profit and general conditions rates may change as they will in some cases be required to pay taxes for items related to providing labour. A simple example would be hiring a small subcontractor to build a shed where you buy all materials. Although you're only paying him for labour, technically, that labour includes some small tools, water and ice to keep on site, fuel for truck to bring crew, etc. The effects will be far reaching, so now is definitely a time for us to change our approach to cost control in construction even for small projects.

Where can I find a good Quantity Surveyor?

There are a few easy ways to mark a good Quantity Surveyor. One is by his qualifications and experience. Always ask for a reference and project list so that you can confirm the level of work the Quantity Surveyor has. This gives a bit of insight into their competency, especially the reference. However, the best thing to do is ask around. Call the number on the reference and ask, call the companies or people listed and get a sense of what really happened.

The other important consideration as far as qualifications is whether or not they belong to a reputable body, which would show that they have been tested in some way for skills and professionalism.

The most respected mark of professionalism worldwide for Quantity Surveyor is "RICS" which is the Royal Institution of Chartered Surveyors. There is also the CIQS which is the Canadian Institution of Quantity Surveyors. Similar to "chartered" accountants, "chartered" surveyors are deemed to be most qualified in the profession. Not being chartered does not mean a Quantity Surveyor cannot do a good job, but, being chartered is a good marker that the Quantity Surveyor is well qualified and experienced to do a good job. You can check both organisations websites to ensure the Quantity Surveyor stating their membership to these groups are in fact qualified members.



Before you invest.

Be sure to understand any investment you are considering.

Seek professional advice if you are inexperienced with investing or in doubt about the right investments for you.

Always check that the investment and the person selling it is registered with the Securities Commission.

These would help you to be an informed investor, which is the best way to safeguard your investments.



Credit unions in The Bahamas

Credit Unions or Financial Co-operatives have been recognised in The Bahamas under legislation since 1974. Since that time, Credit Unions have grown from small A-sue type operations to multi-million dollar asset base financial institutions.

Credit Unions are considered the Financial Institution of the underdog but in actuality the services of Credit Unions are available to all walks of society. There are some Credit Unions that only cater to a select group but most of the larger Credit Unions are Open Bond and, as long as you are a legal resident of The Bahamas, you are eligible for membership. As a matter of fact, some services of Credit Unions do not require membership (ie some Credit Unions allow non-members to hold term deposit accounts).

The difference of banking with a Credit Union as opposed to a Commercial Bank is simple, while Credit Unions offer the majority of services that Banks offer, the Credit Union is actually owned by the members or the majority of people that utilises its services and products. Credit Unions are also controlled by these same individuals. In essence, Credit Unions provide their members with a real say in the way it does business.

The driving force behind the operation of Credit Unions is not profit but service. Let us be clear, Credit Unions must be profitable to remain open and provide service to members and the community in which it is domiciled, but their primary focus is simply to provide needed financial services to the membership. It is because of this



underlying principle “Not For Profit, Not For Charity But For Service” that Credit Unions are able to offer better rates on deposits and competitive rates on loans and other products in comparison to the Commercial Banks.

Further, the Credit Union advantage is that when a member does business with the Credit Union that member is doing business with himself/herself, as profits at the end of the day are to be shared equally with the membership after statutory and liquidity reserves and needed and/or anticipated capital expenditure.

For a long time, the general consensus was that Credit Unions represent labor. However, the truth is Credit Unions are

not involved with labor issues save its employees. The stigma of being labor related is disappearing and Bahamians are beginning to see Credit Unions as full-fledged Financial Institutions and understand the worth of being a Credit Union Member.

Growth in the sector has been phenomenal from the first official registered Credit Union in 1976. To present, total assets held by Credit Unions have grown to in excess of a ¼ billion dollars. While Credit Unions have international affiliations, they are locally owned and operated. In other words, Credit Unions in the Bahamas are a true Bahamian success story!

The power of people working together for the greater good of all concerned is

evidenced by the success of the movement. The entire journey to the present was not all a bed of roses but history will show that the system of governance for Credit Unions in The Bahamas ensured that no member lost his/her funds due to mismanagement or failure of a Credit Union.

The regulatory body has been vigilant over the years and oversees local Credit Unions based on an international reporting standard for Credit Unions known as PEARLS. This gives them a measuring stick to detect trouble before it reaches and ensure corrective measures are taken to avoid a catastrophe.

Safety of members’ monies is of paramount concern in all Credit Unions and therefore prudence is the order of the day. Credit Unions have gained the trust of the wider Bahamas over the years, but most particularly in recent times, which led to record breaking profits for organisations such as National Workers Co-operative Credit Union Limited in 2013.

It is anticipated that growth in the Credit Union sector will continue based on the competitiveness of their services and products as well as their technology.

The fact that members are seeing and feeling the positive effects of membership, and are spreading the word, Credit Unions in the Bahamas are fast becoming the Financial Institution of choice.

• **By Alfred Poirier – CUDE (Credit Union Development Educator) Chief Executive Officer – National Workers Cooperative Credit Union Limited**



Letters to the editor

OUR nation ought to be clean, green, and pristine. We are a developing state facing numerous challenges in our social and economic life. Reliable alternative energy will help us enjoy a higher quality of life around our archipelago.

The Bahamas Electricity Corporation is mired in debt, and our energy security leaves much to be desired. This past summer was incredible, black outs power surges and high energy bills plagued us in our homes and businesses.

Added to our electricity woes are the challenges to supply reliable telecommunications networks to keep us on par in a competitive world.

Our nation is at a crucial point where we need national security, food security

and full employment. Our country needs to expand the economy and take advantage of the (sun, wind, and sea.)

Renewable energy from solar energy or hydroelectricity, wind generated energy, as well as waste to energy, or geothermal energy, can all be expanded throughout The Bahamas.

Photovoltaic electricity or solar electricity is an affordable form of alternative energy available to our homes, commercial businesses, and public sector. Solar energy is quiet, clean and safe. Solar energy is the way forward and the sun is the most reliable renewable supply of energy in the universe. Our climate allows us to tap in to this daily source of energy to meet future demands for energy in our

schools, public sector, or business places and in our homes.

1. We need a comprehensive private sector policy for renewable energy development.

2. We need to develop a comprehensive public sector plan.

I want to congratulate those who formed a renewable energy association recently here in Nassau. I also want to congratulate The Bahamas Government for passing legislation to expand renewable energy usage around the country. It is also important for our government to ensure that this sector be protected for Bahamian youth and future generations.

GRAHAM WEATHERFORD

WRITE TO US

WE would love to hear from you, our valued readers. Are there any issues you have as a consumer, that you would like to see addressed in a future edition of The Consumer Voice?

Would you like clarification, or additional information on any of our previous articles? Please feel free to write us. Address queries or letters to: lavadedarling@bahamas.gov.bs.

AN INTRODUCTION TO THE capital markets

IN THE first article in this series, we provided a broad overview of the Securities Commission of The Bahamas (the Commission) and how it seeks to protect investors. In this article, we look more closely at the capital markets themselves.

To gain a basic understanding of the capital markets, we turn to Michelle, a fictitious entrepreneur. Michelle saved some money in the bank, and used that money to start her business — a thriving all-organic restaurant named “Michelle’s Place”. Michelle opened her doors and her restaurant has been a hit! In fact, there are so many patrons, she cannot fill orders fast enough. She needs to hire more employees and, as her research suggests, she could significantly increase revenues with another location or two.

Michelle needs capital. She incorporates her business and persuades a few of her friends and family to invest in the company. She considered obtaining a loan from her bankers, but finds this solution less-than-ideal, for a number of reasons. First and foremost among them, the bank tells her the restaurant business is very risky, and so they are going to charge high interest rates on her loan, if she gets it approved at all.

Going Public

This is where the capital markets can come in for Michelle’s Place. They allow savings and investments to be channelled to entities that need to raise capital, like her business. The capital markets in The Bahamas, though still relatively untapped, have grown significantly over the last few years. Although bank financing remains, for the most part, the primary source of funding for Bahamian businesses, a number of businesses have utilised the capital markets to obtain funding. Most recently, Arawak Port Development Ltd. raised \$10m in 2012 and Commonwealth Brewery raised \$62.5m in 2011 through IPOs in the local capital markets.

In this example, Michelle might consider “going public”. She could sell some of the ownership in her business to the general public, issue preference shares or sell corporate bonds to raise capital. When businesses sell off some of their ownership, or “equity”, the financial instrument that is created is known as a “stock” or “share”. Preference shares or corporate bond offerings are considered loans to the company. This first offer of an issue to the public is known as an initial public offering (IPO), and occurs in what is



COMMONWEALTH Brewery raised \$62.5m in 2011 through IPOs in the local capital market, known as the “primary market”.

If Michelle takes this equity IPO route, she will find herself in a position similar to the one she was in when she invited a few family and friends to invest in her company; she will own less of her business, but will have the potential to grow the business and reap greater profits for herself.

There are, however, very challenging obligations facing a company that goes public that are not faced by private companies. To engage in an IPO, the company will have to produce a prospectus that discloses all material information about the company in an understandable, easy to read format. Material information is information relating to the business, operations or securities of an issuer that would reasonably be expected to significantly affect the value or market price of the issuer or a security of the issuer. Examples of the material information contained in a prospectus include details about the issuer such as the address of the business, names and addresses of the directors and senior managers, and the names and addresses of the promoters of the IPO. The prospectus provides a brief history of the business and includes financial statements showing previous financial performance. A financial forecast for up to a year may be included as well, but it would have to be clearly identified as a forecast and contain a disclaimer indicating that actual results may differ materially from the forecast.

The prospectus must be registered with the Commission, who reviews it to ensure compliance with applicable disclosure requirements in the law, ie the Securities Industry Act, 2011 (SIA). As a part of this exercise, the Commission checks

disclosures for any deficiency in explanation or clarity. The Commission’s review could result in revisions to the prospectus; however, the Commission does not evaluate the merits of the IPO or its appropriateness for any investor.

Once the prospectus is registered, the company may opt to list its shares on The Bahamas International Securities Exchange (BISX), the local stock exchange. Once listed on BISX, Michelle’s Place must comply with BISX Listing Rules and its shares are able to trade over the exchange in what is known as the “secondary market”.

As mentioned earlier, stocks are not the only financial instruments traded in the capital markets. Some government and company structured loans are also traded in the capital markets. Known as “government bonds and registered stock” and “corporate bonds”, respectively, these products entitle their holders to be paid the face amount of the loan when it matures, and to receive interest payments, usually every three or six months. They do not represent ownership, like stocks, but are debt instruments. Government bonds often help pay for public projects, such as new hospitals or road repairs.

Ongoing Reporting

The listing rules of BISX, which are approved by the Commission, are normally more stringent than the provisions in the SIA and its supporting regulations. However, Michelle’s Place will have to ensure that it informs the general public, through public notices, of any and all material changes that occur during the life of the company. What material information is, was discussed earlier, and when such information changes and may reasonably affect investment decisions, investors and the public have a right to know. If Michelle’s Place, for example, had a change in its directors, this would have to be reported.

The Commission also requires public companies to disclose meaningful financial information to the public. Along with the disclosure of material information, these provide a common pool of knowledge for all investors to use to judge for themselves whether to buy, sell, or hold a particular investment. The basic premise underlying this requirement is that all investors, whether large institutions or private individuals, should have access to the same basic facts about an investment at the same time.

Despite efforts to ensure investors have access to information to make sound investment decisions, the average man on the street typically does not have a lot of

expertise or experience with investments, and should seek professional investment advice from an investment advisor registered with the Commission before making investment decisions. Registrants with the Commission can be found on its website (www.scb.gov.bs).

The Money Markets

No discussion of the capital markets is truly complete without an understanding of the money markets, and how these markets differ. Unlike the capital markets, where buyers and sellers trade with securities maturities of greater than a year, securities traded in the money markets have a maturity of less than a year. The financial instruments traded in the money market are usually very liquid (meaning they are readily bought or sold with little impact on their price). Examples of the instruments traded in developed money markets include commercial paper, certificates of deposit and Treasury Bills.

The money markets in The Bahamas do not presently have many product offerings, but, just to illustrate how they would be utilised, we go back to Michelle’s Place. Michelle has determined from past experience that business will pick up during the Christmas and New Years and she will therefore need additional inventory for the festive season. However, she is certain that within a few months Michelle’s Place should have already turned a nice profit from the extra business. An example of how the money market may be utilised by Michelle’s Place is by issuing a debt instrument with a three month maturity (short term), to the public in the form of commercial paper that could be traded on BISX.

Conclusion

There are still challenges to getting more participation by companies and individuals in the local capital market, however, despite these challenges, given the sheer amount of money that has been raised in the market by companies and the increasing need for capital by businesses, it is anticipated that the capital markets will continue to grow. This would serve as good news for the Commission’s vision of a vibrant capital market here in The Bahamas.

The next article in this series will delve deeper into the Commission efforts to ensure the market is fair for everyone and its work with other regulators globally to maintain fair and equitable dealings across borders.

Article submitted by the Securities Commission of The Bahamas

URCA *Promoting customer care and fair competition*

URCA, the Utilities Regulation and Competition Authority, was established through an Act of Parliament in 2009.

It is an independent multi sector regulator which currently regulates the Electronic Communications Sector.

The sector includes fixed and mobile telephone services, internet services, broadcasting including radio and television, numbering and spectrum management.

Most consumers know and refer to URCA as the “go to authority” when they experience problems with telephone, pay tv or internet services or when there are queries about bills and billing procedures for these services.

However, the scope of URCA’s mandate is very broad, its powers and functions are prescribed in the landmark legislation, the Communications Act 2009. The Communications Act and its subsequent amendments provide the framework for the regulation of the Electronic Communications Sector.

The primary objectives of URCA are to educate and protect the consumer and to ensure fair competition in the sector.

A major accomplishment this year was the completion of the consultation process and production of the document, “The Consumer Protection Regulations”.

Stakeholders in the industry participated in the consultative process during 2013 with the final document completed and uploaded to URCA’s website at the end of December 2013.

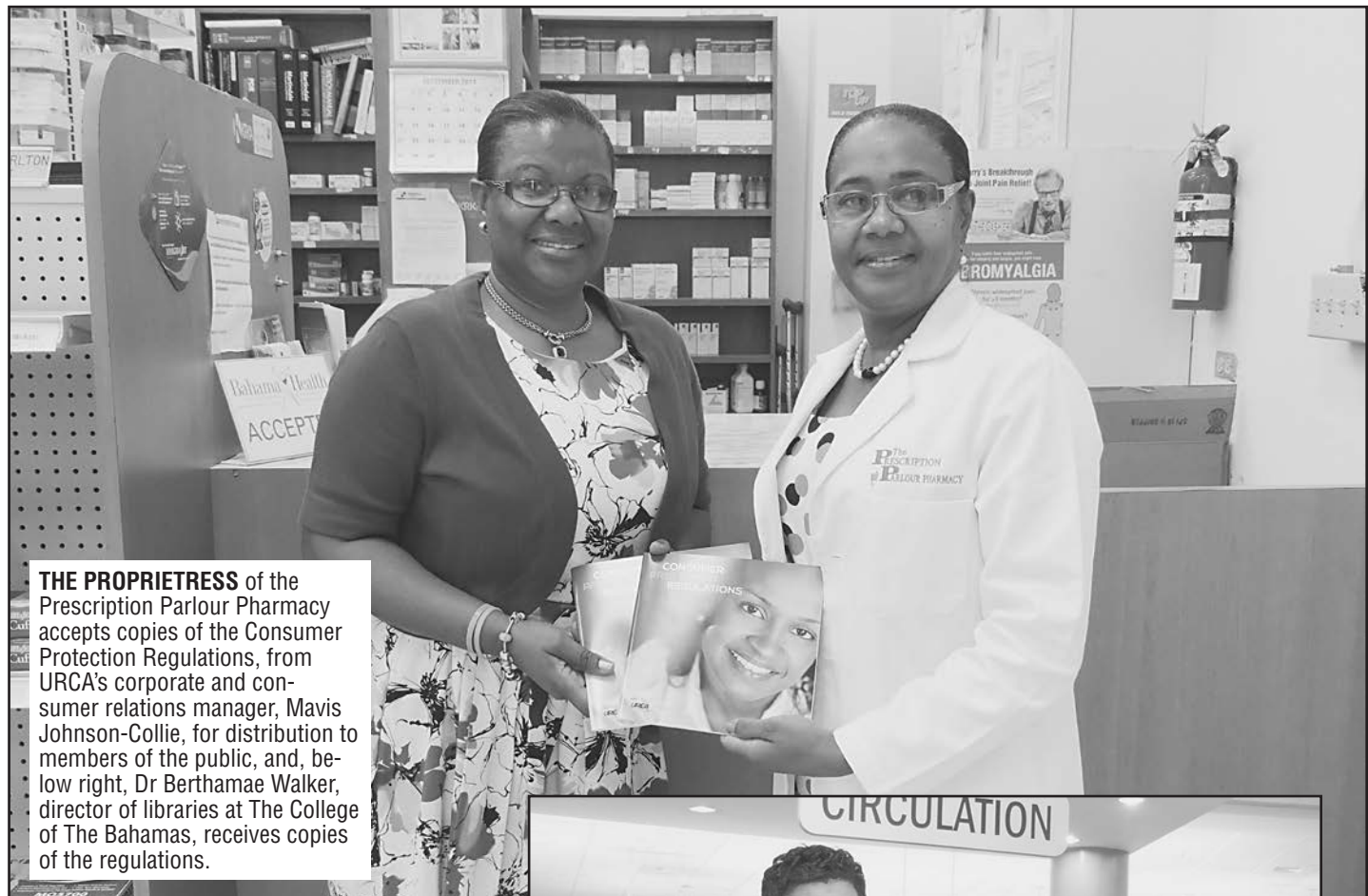
The regulations became effective June of 2014 and covers billing, contracts, advertising, customer quality of service standards and complaint handling procedures.

One example of what is in the booklet is detailed information on the complaint filing procedure adopted by the stakeholders and URCA.

URCA receives and processes complaints from both the consumer and licensees in the sector. In order for URCA to respond efficiently to complaints and follow the procedures as outlined in the Consumer Protection Regulations Booklet, the guidelines below should be followed.

Persons filing a complaint in person, by phone or via URCA’s website should always provide:

- The name of the service provider against whom the complaint is being made and the specific service that is the basis of the complaint.
- Where applicable, the account holder’s name and/or account number for the service associated with the complaint.
- The name and contact information of the complainant, and in cases where



THE PROPRIETRESS of the Prescription Parlour Pharmacy accepts copies of the Consumer Protection Regulations, from URCA’s corporate and consumer relations manager, Mavis Johnson-Collie, for distribution to members of the public, and, below right, Dr Berthamae Walker, director of libraries at The College of The Bahamas, receives copies of the regulations.

the complainant is not also the account holder, the relation of the complainant to the account holder which explains submission of the complaint.

- Details regarding the complaint, including explanation of the nature of the complaint, approximate dates concerning the specific issue triggering the complaint; in addition to at least approximate dates of actions taken by the consumer and the service provider, in relation to the complaint and attempts to resolve it.

- Where possible, consumers may also provide specific contact information for persons handling and/or assigned by the service provider to address the stated issue(s).

- Complainants may also submit to URCA copies of any documentation relevant to the complaint.

The regulations allow the service provider a period of 30 days to resolve a complaint before the complaint is referred to URCA.

There is also a detailed Content Regulation Code by which all licensed television and radio broadcasters in The Bahamas must abide.

The code defines underlying principles for broadcasting in The Bahamas, and

speaks to issues of harm and offence, the protection of young persons, political broadcasts and political advertisements, advertising and sponsorships, news and factual programmes.

The code also outlines a specific complaints process, in Part 10 of the document which may be downloaded from URCA’s website at www.urcabahamas.bs.



The Consumer Protection Regulations Booklets are available free of charge to the public from strategic locations throughout The Bahamas, such as The College of The Bahamas Libraries, Public Health Clinics, Post Offices and other participating business entities. It is also available on URCA’s website.



The National Prescription Drug Plan ANNOUNCES COVERAGE OF MORE CHRONIC CONDITIONS

As of March 2012,
for all eligible persons, the
National Prescription Drug
Plan will provide access,
FREE OF CHARGE
to medications used in the
treatment of the following
chronic diseases:

- >> **Benign Prostate Hypertrophy (BPH)**
- >> **Epilepsy**
- >> **Sickle Cell Anemia**
- >> **Thyroid Disease**

Additionally,

- **Ischaemic Heart Disease** has been expanded to Ischaemic Disease to include medications used to prevent recurrences of stroke, a life-threatening condition.
- **Major depression and Psychosis** are now combined under the diagnosis of Psychiatric Illness. This will allow eligible patients suffering from any psychiatric disorder access to the medications covered under the Drug Plan Formulary.

Following is the complete list of chronic medical conditions that will be covered by NPDP, as of **March 2012**:

Asthma
Arthritis
Benign Prostate Hypertrophy (BPH)
Breast Cancer
Diabetes
Epilepsy
Glaucoma

High Cholesterol
Hypertension
Ischaemic Disease
(including Heart Disease & Stroke)
Prostate Cancer
Psychiatric Illness
Sickle Cell Anemia
Thyroid Disease

“Your National Insurance At Work For You”

For details of the new benefits, eligibility and registering for the National Prescription Drug Plan, visit the National Prescription Drug Plan Office at NIB Wulff Road Office. Or contact us via:

Drug Plan Office: (242) 356-2032 NPDP Toll-free line: (242) 300-0001 Fax: (242) 356-2026
www.nibdrugplan.com www.nib-bahamas.com

Drive Longer Drive Further

You expect peak performance from your car and **RUBiS ULTRA TEC** delivers! We have advanced our fuel technology by using an ultra-modern, fully synthetic additive that is designed to meet the challenges of today's engine technology and optimizes your car's performance.



Maintains Peak Performance
Always a Great Drive

Reduces Exhaust Emission
For a Cleaner Bahamas

Improves Fuel Economy
Saves you money

Fuel the difference.



ULTRA TEC
Advanced Fuel Technology