Jamaica’s Gold Medal in Economics

Contents
Jamaica’s Gold Medal in Economics .......................................................... 1
Contents .............................................................................................................. 1
1. Renewable Energy, Infrastructure Privatization and Energy Cost Reduction Program (REIP-ECRP) .......................................................... 2
   Innovation of REIP-ECRP ........................................................................... 3
   Benefits of REIP-ECRP ............................................................................ 3
2. Firms Absorbing Civil Servants (FACS) Initiative .................................. 3
   Discussion of Prior Art and Problem to be Solved .................................. 3
   Benefits to be Provided and Usefulness: .................................................. 4
   Definition of Invention ............................................................................. 5
   Working Example .................................................................................... 5
   Elaboration .............................................................................................. 5
   Usefulness and Implementation ............................................................... 6
   Discussion of Prior Art and Problem to be Solved: ............................... 7
   Benefits to be Provided: ........................................................................... 7
   Definition of Invention and Usefulness: ................................................ 8
   Elaboration: ............................................................................................... 8
   Working Example: .................................................................................. 8
   Further Elaboration/Application and Usefulness: .................................. 9
   Who Benefits: .......................................................................................... 9
   Usefulness of the Labor Sale Rule ............................................................ 10
4. Staggered Billing, Taxes and Fees (SBTF) .............................................. 10
   Discussion of Prior Art and Problem to be Solved: ............................... 10
   Definition, Working Example and Benefits to be Provided: ................. 11
   Elaboration and Working Example: ....................................................... 11
5. 5-5-5 Rule ............................................................................................... 11
   Discussion of Prior Art and Problem to be Solved: ............................... 11
   Definition of Invention and Usefulness: ................................................ 12
   Benefits to be Provided: ........................................................................ 12
This discussion presents six ideas (document updated October 16, 2012) which will allow Jamaica to secure an IMF deal in the short term, reduce Jamaica’s energy cost almost immediately and double Jamaica’s GDP in the next 10 years. These Ideas are the tip of my thoughts which can be further tapped into by sending an email to darron.thomas@gmail.com.

No part or portion of this document is to be copied, reproduced or used in any other form without the prior approval of the Author.

1. Renewable Energy, Infrastructure Privatization and Energy Cost Reduction Program (REIP-ECRP)

The Renewable Energy, Infrastructure Privatization and Energy Cost Reduction Program (REIP-ECRP) is a program to introduce wide-scale solar energy/electricity generation systems without the use of otherwise “developable” real estate. Simply put, solar energy systems will be set-up above (20-30 feet or other appropriate height) and along the path of roadways, gullies and rivers (and other appropriate structures). Additionally, REIP-ECRP will allow the government to privatize the provision and maintenance of certain infrastructure such as roadways, gullies and rivers. Jamaica has average daily sunlight of 8 hours/day and therefore could generate a significant portion of, if not all, its energy needs by solar methods. However, installing solar energy systems typically require significant use of real estate.

Given Jamaica’s relatively small size it is important that real estate be used in the most efficient fashion possible. Therefore, by installing the solar systems above and along the path of roadways, gullies and rivers, Jamaica could implement hundreds of square miles of solar energy systems without using otherwise “developable” real estate. Private firms will own these solar energy generation systems, and instead of paying rent for the real estate which houses the solar facilities those private entities will become responsible for the maintenance and development of the related infrastructure – road, river or gully. Of course, appropriate regulation, including fines must accompany these developments. The regulatory authorities should be self funded in similar
fashion to the spectrum management Authority (SMA). That is, private firms wishing to operate solar energy systems atop roadways, rivers and gullies would purchase a license similar to telecommunications companies purchasing spectrum. These funds would then finance the operations of the regulatory authority.

**Innovation of REIP-ECRP**

The innovative characteristic of the REIP-ECRP is that solar energy systems are typically mounted on rooftops or on Solar Farms. However, buildings are typically not large enough to put significant dents in national energy demands. Solar Farms, on the other hand, make use of lands which could be used for other purposes. Additionally, roadways, rivers and gullies travel through communities making it easy to deliver the energy to the requisite end users. The fact that the private entities who own the solar facilities will become responsible for maintenance and development of the associated facilities (roadways, rivers and gullies) will free the government of significant expenditure obligations and allow the government to spend more on Human Capital development and R&D among other things.

**Benefits of REIP-ECRP**

The benefits of the REIP-ECRP is that this one initiative will relieve the government of the expenses necessary to maintain and develop certain kinds of infrastructure; reduce the cost of energy – calculations suggest that under the REIP-ECRP arrangement electricity cost could be reduced to between USD0.11 and USD0.15 per kilowatt*hour; reduce Jamaica’s carbon footprint; reduce the fossil fuel import bill, which now stands close to USD1 billion per annum; contribute to the development of a solar system manufacturing industry; promote competitiveness of all other Jamaican industries through the reduction of energy cost in the near, medium and long term, as the components of solar energy systems are falling in price and such price reductions are expected to continue into the future with technological improvements expected. Solar is also considered a “fit-and-forget” technology – commercial systems routinely sport 25 year warranties. This durability implies low maintenance cost, and the potency and spread of sunshine across Jamaica’s surface suggest profitable private ventures in the solar energy business, whether solar power is used directly or stored or converted into battery power for later domestic use and exports.

2. **Firms Absorbing Civil Servants (FACS) Initiative**

Discussion of Prior Art and Problem to be Solved:

It cannot be overemphasized that the key to solving Jamaica’s economic problems is a tripartite mutually beneficial understanding between government, individuals and private sector firms. This point will be underscored in the presentation here. Currently, the government’s wage bill is in the region of J$110-120 billion, which is between 10 and 11 percent of GDP. Therefore, to bring down the wage bill by 1 per cent of GDP requires that the government trim approximately a net amount of J$12 billion in wages. Realistically, achieving this requires trimming
approximately 10,000 public sector jobs for a total value of J$21.4 billion (see calculations in next paragraph). Clearly, this kind of addition to the ranks of the unemployed would devastate the economy, which already has an undesirably high unemployment rate. The important question is; how these workers will be reabsorbed into the ranks of the employed? Consistent with the mandate of responsibility at the micro level - individuals and enterprises - the answer lies with who is willing to make the sacrifice to become entrepreneurs and what private sector entities are willing to take on these workers.

**Benefits to be Provided and Usefulness:**
As explained below, and is consistent with the “labor sale” rule (see below), the private sector would absorb these workers under the “labor sale” rule – an incentive to employ. The workers absorbed by the private sector does not need to be by existing firms, but by new private firms which will take on some of the roles currently carried out by Government Ministries, Departments and Agencies (MDA) – see the Staggered Billing, Taxes and Fees (SBTF) arrangement below.

With the tax threshold at approximately J$600,000, J$6 billion of the J$ 21.4 billion saved by the government and passed on to the private sector in wages would not be taxable. Therefore, income tax would be applicable to J$15.4 billion, and at a rate of approximately 26 per cent (not including consolidated fund amounts) total taxes on this wage bill would be approximately J$4.0 billion. When the government applies the “labor sale” rule, and returns these taxes to the private sector employers, a net amount of J$11.4 billion would be saved by the government. Additionally, the government would save the non-taxable $6 billion which under the transfer of labor from the public sector to the private sector would be paid by FACS firms. This is a win-win-win for the government, private sector and individual employees. Of course, the ugly alternative is that the government sends home the workers. Consequently, demand to private sector firms dry-up, which would in turn curtail government tax revenues.
**Definition of Invention**
The FACS is a plan which will see private sector entities receiving a discount (see the “labor sale” rule) to absorb civil servants in a transfer of labor from the public sector to the private sector.

**Working Example**
The labor transfer from government to the private sector could be configured as follows: (i) approximately 1400 jobs for government employees, whose average individual salary, including benefits such as travelling allowance, amounts to J$6 million annually (this saves J$8.4 billion); (ii) approximately 2600 jobs for government employees, whose average individual salary, including benefits such as travelling allowance, amounts to J$3 million annually (this saves J$7.8 billion); (iii) approximately 6000 jobs for government employees, whose average individual salary, including benefits such as travelling allowance, amounts to J$1 million annually (this saves J$6.0 billion).

**Elaboration:**
To ensure job security for civil servants who volunteer to be a part of the FACS initiative, such firms would get annual discounts as described under above. These discounts would continue for a maximum of ten years, and only be applicable as long as the former Civil Servant remains employed to the FACS firm. This creates the incentive for both the FACS firm and the employee to participate, while the government saves the net income of the employee each year. To avoid ambiguity the salary as at the time of transfer of the employee from the public sector will be used as the reference for calculating the discount received by the FACS firm. As such, all taxes resulting from salary increases paid to former Civil Servants transferred under FACS will accrue to the government. Also, if the government desires to further cut the size of the public sector these initiatives create the incentive for new firms to employ from the existing pool of civil servants at future dates.

---

1 Further research on the number of employees in each salary range is in order.
Usefulness and Implementation:

**New Firms:** FACS do not necessarily need to be existing firms. New firms could be created by shedding existing responsibilities carried out by Ministries, Departments and Agencies (MDAs). For example, the government could retain one key component of existing package procedures executed by MDAs, this is for control and verification purposes but is not absolutely necessary. Additionally, all other connected elements of the package would be channeled to newly created (or existing firms) private firms. As a quick example, where motor vehicle operating packages are concerned the government could retain responsibility for fitness certification (this does not have to be the case). Licensing could then be passed on to newly created private sector firms who would absorb the Civil Servants that the government would transfer to those private firms in the process. These new firms would have to meet pre-specified stipulated standards including the immediate (within the day of payment receipt) updating of an online system where MDAs could access the record and verify activity of these new firms.

**Existing Firms:** Recently, in the third quarter of 2012, the Consumer Affairs Commission (CAC) tried to get banks to voluntarily sign on to a set of customer service and other standards. Some banks have refused. As it turns out, customer service in Jamaica is poor and indicates low productivity in the organizations whose customer service is poor. This poor customer service in one entity has a ripple (adverse) effect on productivity on all other entities whose employees must interact with any one entity that is characterized by poor customer service. The argument is that, when an employee at one firm, during the business day, spends an hour on the phone, or two hours in line, trying to complete a transaction with an entity at which that employee is a customer, it is the equivalent of the same number of man-hours lost to the employee’s employer. At the aggregate level the number of man hours lost to the entire economy in a year is certainly not trivial. Of course, this detracts from total economic output.

To address this problem, a “carrot-and-sticks” approach should be employed. The carrot would be to allow firms, who in any one year employ workers over and above their annual average in the last five years, in accordance with FACS guidelines, to benefit from the “labor sale” rule on the number of workers over and above the referenced average. The “labor sale” rule is applicable only to workers who earn gross salaries of J$0.7 million or more annually.
The “stick” would be adherence to customer service standards which should be written into law, especially to address the service times offered to customers. International best practices should serve as a guide. One quick example is monitoring of customer service calls with random audits by an independent authority such as the CAC. Appropriate punitive fines which deter breaches should be applied. To give the law teeth the executive agency should always claim the fines within three months rather than allow them to remain with the entities until individual customers claim as happens for breaches of the standards regulating utility companies in relation to service to customers. For example, each year more than J$100 million remains with the Jamaica Public Service Company (JPS) in unclaimed amounts due to customers where breaches of service standards occurred. Outcomes of this nature dilute the incentive the firm has to operate in accordance with the established standard.

Against, this background those entities which currently have poor customer service records will need to reorganize their operations, including employing additional human capital.


Discussion of Prior Art and Problem to be Solved:
Most firms with the desire to quickly move the units which drive revenue announce a ‘sale’ to get those units moving. The government’s revenue is derived from taxes on the income earners - whether as the owners of firms, consumers, or as PAYE employees. Therefore, to improve its revenue and solve the unemployment problem, government should announce a sale on labor. However, governments have not usually been able to impact market determined wage rates without undesirable distortions and tax revenue consequences. The proposed “labor sale” makes labor available to firms at wage rates below the current market determined rates.

Benefits to be Provided:
With a labor sale firms will be able to employ more workers at lower cost, produce more and be more profitable. Pay as You Earn (PAYE) employees and owners of firms will have more income and therefore provide increased tax revenue through consumption. Natural questions are
how to create the “labor sale”, and who pays? The next few paragraphs will answer both these questions.

**Definition of Invention and Usefulness:**
Broadly, the “labor sale” rule is an incentive for firms to employ additional workers to address the unemployment problem among high skill level workers, such as recent tertiary graduates. Under the “labor sale” rule firms would get a retroactive discount on the salaries of workers it employs above a specific threshold. The threshold should be the maximum of annual average of the number of workers employed by said firm, or ‘industry grouping’ in the same category in, for example, the last five years. This rule would therefore be applicable to both existing and new firms, and the same incentive would apply to both foreign and domestic firms. Of course, this is a broad based incentive which promotes employment and does not leave specific interest groups to perceive that they are being treated “unfairly”. Another element of the usefulness of the labor sale is that it generates employment and productivity as well as it has the potential to improve social outcomes in terms of crime reduction due to increased employment.

**Elaboration:**
Specifically, if a firm employs a worker that satisfies the conditions of the threshold and after three years the worker is still employed to that firm, then at the end of said three years the government will refund the firm an amount equivalent to:

\[ N \times t \times (x - NTI) \]

where

‘N’ is defined to be the number of years the worker is employed to the firm (under the rule =3)
‘t’ is defined to be the income tax rate (~ 0.26 not including Consolidated Fund portion)
‘x’ is defined to be gross annual salary of a worker qualified under the rule
‘NTI’ is defined to be annual Non-Taxable Income of a worker qualified under the rule.

**Working Example:**
The rule has to make specific reference to certain characteristics (for industry grouping purposes) of firms such as salary scales for employees; industry of firm; type of firm being micro, small, medium or large; the capitalization of the firm and probably others. The simplified way to sell
the rule to firms is to present it as a retroactive discount on the first year salary of the worker as follows:

<table>
<thead>
<tr>
<th>N</th>
<th>Tax Rate</th>
<th>Salary</th>
<th>NTI</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>0.26</td>
<td>1200000</td>
<td>600000</td>
<td>468000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>1500000</td>
<td>600000</td>
<td>702000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>1800000</td>
<td>600000</td>
<td>936000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>2100000</td>
<td>600000</td>
<td>1170000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>2400000</td>
<td>600000</td>
<td>1404000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>2700000</td>
<td>600000</td>
<td>1638000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>3000000</td>
<td>600000</td>
<td>1872000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>3300000</td>
<td>600000</td>
<td>2106000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>3600000</td>
<td>600000</td>
<td>2340000</td>
</tr>
<tr>
<td>3</td>
<td>0.26</td>
<td>3900000</td>
<td>600000</td>
<td>2574000</td>
</tr>
</tbody>
</table>

These discounts will usually run between 10 and 65%, start from a salary of J$700000 to see this.

**Further Elaboration/Application and Usefulness:**

All New Firms, and privately owned Firms Absorbing Civil Servants (FACS) that would have become unemployed under the public sector rationalization program will get special privileges under the labor sale rule. New Firms, both foreign and local, will qualify for renewal of the labor sale rule for three terms. That is, for workers satisfying the threshold requirement a retroactive discount on the first year of labor is applicable in the sixth year and ninth year in addition to the standard benefit at the end of three years. This rule is uniform across foreign and local firms and provides the incentive to the firm as opposed to individual employees. Under the 2012 Jamaica Income Tax Amendment foreign employees in Jamaica would possibly still need to pay taxes under the Foreign Account Tax Compliance Act (FATCA) if they happen to be US citizens. Furthermore, employers, not employees, will make decisions about where the firm is located.

**Who Benefits:**

A natural question to ask is who actually pays for this. In simple terms, the unemployed worker who now has the opportunity to become employed and gain useful employment experience actually pays. That is, the five year threshold rule implies that the worker would otherwise not be employed had it not been for the discount. In such an event, the government would not be able to collect Income taxes on income generated by the specific worker. By using the income taxes
from the first three years of such a worker’s employment to pay the retroactive discount the
government’s net revenue position is zero. In sum, firms face lower labor cost, workers become employed, and government does not lose tax revenue that they would have been able to collect short of the sale.

**Usefulness of the Labor Sale Rule**
To ensure job security for civil servants who volunteer to be a part of the FACS initiative, such firm would get annual discounts as described under *(FACS) Initiative*. These discounts would continue for a maximum of ten years, and only be applicable as long as the former Civil Servant remains employed to the FACS firm. This creates the incentive for both the FACS firm and the employee to participate, while the government saves the net income of the employee each year. To avoid ambiguity the salary as at the time of transfer of the employee from the public sector will be used as the reference for calculating the discount received by the FACS firm. As such, all taxes resulting from salary increases paid to former Civil Servants transferred under FACS will accrue to the government. Also, if the government desires to further cut the size of the public sector these initiatives create the incentive for new firms to employ from the existing pool of civil servants at future dates. *(Repetition for emphasis)*

4. **Staggered Billing, Taxes and Fees (SBTF)**

**Discussion of Prior Art and Problem to be Solved:**
In a move to increase efficiency in government this policy will arrange rules which allow for improved scheduling of government (and private firms’) resources. Currently, there are certain rigidities in the system of Billing, Taxes and Fees. For example, (i) All companies have tax filing deadlines around the 15th of the month when taxes become due; (ii) Motor Vehicle Registrations expire at the end of the month; and there are a host of other examples which could be provided with one specific date in a month as the deadline. Unfortunately, most agents execute the transaction of paying bills, taxes and fees at or very close to the deadline. This kind of behavior creates long lines at access points for payments, and distorts the distribution of payments across time. As such, additional resources are required at these peak times, but these resources become unnecessary outside of these times.
**Definition, Working Example and Benefits to be Provided:**
The SBTF is to stagger the deadline date of payment for different agents in the economy. This will allow for less persons acting at the deadline on any one given day and therefore reduce the need for additional resources on artificially stipulated coinciding deadline dates for significant masses of economic agents. As an example, Motor Vehicle Registrations (MVR) could be issued such that they expire with exact time reference to the day of issue - MVRs expire six months, or a year to the day of issue. This way, deadline dates for renewals and payment are only dependent on the day each person was first issued a license, the right, or privilege to operate. As another example, companies would be allowed to file taxes and fees at different dates depending on their date of incorporation.

**Elaboration and Working Example:**
It may be inferred that the SBTF will increase the difficulty of monitoring. Such an inference is actually a mirage, as the pursuant discussion will highlight. As an example, the police can usually use the punched hole of the MVR display stickers to identify an expired sticker. However, the police also usually check the actual registration card. Therefore, spreading the expiration dates across the days of a month places no additional burden on the monitoring process. If private firms also adopt similar billing strategies then their internal and external (Pay Master, for example) payment systems will have a more even distribution of arrivals of agents in the system, and, consequently, negate peaks associated with a uniform deadline date for all economic agents.

**5. 5-5-5 Rule**

**Discussion of Prior Art and Problem to be Solved:**
Jamaica currently owes between USD30 and 35 billion. Jamaica pays approximately USD3.5 billion in debt service costs each year. If interest rates could be cut to an average of 5 per cent per annum on all government instruments, this would release significant sums per annum in debt servicing costs. Furthermore, if the government pays approximately USD3.5 billion per annum, this, including the released amount, could clear debt in approximately 17 years (Hence the name Vision 2030; we are starting in 2013 (check calculations). The buy-in for the program should not be without accountability and responsibility on the part of government; and benefit to those who
accept reduced rates of interest on their assets - the government debt under consideration. Note that this plan is a modification of a Debt Exchange.

**Definition of Invention and Usefulness:**
It should be legislated that the government adopt a “5-5-5” rule, and in each of the ten (10) years immediately following the full repayment of the debt commit to distributing the freed-up government resources across: (i) the owners of the restructured debt; (ii) Infrastructure and HDI components; and (iii) Enterprise development, including, but not limited to, venture capital, mezzanine financing, research and development (R&D), and angel financing. Any financing must be done at internationally competitive rates and be subject to a set of rules such as the procurement rules. An independent overseer consistent with the current functions of the Office of the Contractor General must be a part of these arrangements. After the specified ten year period the government’s responsibilities should remain in place except it would no longer have obligations to the current (2012) owners of its debt, but should give expanded focus to Infrastructure, Human Capital Development and R&D.

**Benefits to be Provided:**
The 5-5-5 rule will be instituted to ensure that the government never finds itself in the current position in the future. The three 5’s communicate: (i) the rate of interest on all existing domestically owned government debt will be adjusted to a rate of 5 per cent or less within the next five years; (ii) the government cannot accumulate additional debt amounting to more than 5 percent of the five year moving average of GDP in any five year period, except in a global or regional economic crisis; (iii) The government cannot borrow at rates of interest exceeding 5 per cent unless at least one of the world’s largest five economies is borrowing at a rate above five percent on equivalent debt instruments.

These restrictions on borrowing will put downward pressure on interest rates, and, therefore, mitigate the upward pressure on interest rates. The upward pressure on interest rates would result from the general policy stance of tight monetary policy and expansionary spending (fiscal and private sector combined) policy, which is also prescribed under this arrangement. Under the 5-5-
5 rule, projections are that interest payments would be cut such that budget balance is achieved (see the IMF’s 2012 Article IV consultation for projections short of the 5-5-5).

**Elaboration:**
By continuing to pay on the debt under the restructuring program, it would ensure that the impact on the owners of the debt and domestic enterprise is controlled, and, thus, mitigate the adverse consequences on the economy. The five year transition also facilitates a smooth exit from the current “high” interest public debt situation to entry onto the low interest on debt trajectory. This discussion is relevant in light of the impact that the extreme case of reneging on the debt implies. Some of the anticipated challenges that would accompany reneging on debt include lost income streams and cash flows to debt owners; disruption of pension funds and other investment vehicles that deliver returns, directly and indirectly, to both Jamaican firms and individuals of all classes and creeds.

**Working Example and Benefits:**
The Jamaica Debt Exchange (JDX), completed immediately before the 2010 IMF Agreement is a useful benchmark for a working example. The difference, and innovation, is that the borrowing privileges of the government will be constrained in terms of the amount which can be accumulated and the rate at which debt can be issued.

A natural question to ask is how does Jamaica benefit? With domestic debt standing close to 60 per cent of the total J$1.8 trillion, then an approximately 2 percentage point savings (from an average of 7% interest to 5%), will save the government approximately J$20 billion per year. The imputed savings from the restrictions on borrowing are also very significant. The 5-5-5 rule must also be implemented along with the Labor Sale Rule; the Firms Absorbing Civil Servants Initiative (FACS); and the Sustainable Communities and Skills Development Center (SCSDC) – see below - to make it useful, as these initiatives will provide increased tax revenue to government to support the reduced borrowing requirement.

6. **Sustainable Community and Skills Development Center (SCSDC)**

© Darron Thomas, October 9, 2012. © Darron Thomas, October 16, 2012
Discussion of Prior Art and Problem to be Solved:
Currently, energy costs are high, communities are impoverished, the supply of housing is strenuously low, crime is out of control, and land is fast becoming scarce in urban areas. Most residential construction is flat and not energy efficient, social welfare programs are short in supply and unemployment is at unbearably high levels.

Benefits to be Provided:
This program has the ability to generate returns on the order of 10 to 15 per cent in profits to equity holders who participate in the program. Additionally, it will create a construction boom and pave the way for two industries, which will annually generate USD240 million and J$3 billion, respectively. The program describes spending approximately J$1 billion on each SCSDC to create at least sixty (63) SCSDCs across Jamaica in what are now considered crime prone communities. It is believed that there is room to run this program consecutively for 10 years, to create a total of at least 63,000 housing solutions over the period. Preferably, the program should create 150 SCSDCs in a year, to meet the 15,000 housing units demand per year.

In a multifaceted approach, the SCSDC initiative involves regentrification, thus reducing crime; transforming communities and the economy; transforming community-police relationships; promoting healthy lifestyles; provision of world class housing solutions to the poor and middle-classes; welfare to work assistance to the disenfranchised; providing entrepreneurial opportunities and support; helping to reduce the size of the public sector without unemployment; boosting renewable energy; easing the dependence on fossil fuel generated energy; improving the trade balance; promoting currency stability and appreciation; generating jobs; reducing Jamaica’s carbon footprint; and unprecedented stimulation of three otherwise ailing, underserved or non-existent sectors. These sectors are creating a manufacturing industry for Solar Power Systems; Construction; and creating a manufacturing of Gym and other equipment which generates electricity from Kinetic energy.

Definition of Invention and Usefulness:
An actual SCSDC is a combination of a renewable energy (traditional) community center on steroids; a high-rise, renewable energy housing complex; and a renewable energy commercial center. Conceptually, the 24-hour security, gated community housing facilities should be made up of 60 two bedroom units and 60 three bedroom units, encapsulated within the perimeter of the community center, which is itself within the perimeter of a forty (40) outlet commercial complex. The SCSDC will be equipped with three 1000KW solar generators to take advantage of Jamaica’s sunlight of 8 hours/day on average. Additionally, roof-tops will be equipped with a Gym consisting of 1000 pieces of equipment which transform the kinetic energy from exercises into electricity. All general entry points should have revolving doors which generate electricity. A police station manned by five (5) officers on each shift, including two senior cops, is to be situated within the SCSDC. Eight member JDF teams are to be brought in, on three separate shifts each day, to provide skills training to persons in the surrounding communities within the walls of the SCSDC. Other civic and corporate groups, as well as individuals may also provide training. The police officers and soldiers will be paid by funds from the electricity. These payments are the return on the government’s mezzanine financing, and will be paid as long as the SCSDC exist.
Elaboration and Working Example:
Financing for set-up will come from a number of sources including private savings; monies borrowed from the Development Bank of Jamaica (DBJ) and NHT - through its renewable energy facilities; renewable energy grants from international sponsors; corporate sponsorship; discounts from benefitting industries; and government. Some crude calculations, meant only to be instructive, suggest that for each SCSDC approximately J$1.5 Billion can be garnered from these sources combined. Across the specified 63 SCSDCs annually the Government of Jamaica (GOJ) would need to contribute J$6.3 billion in a Mezzanine Financing arrangement. The payback to government will be an amount equivalent to the salaries and benefits of police officers and soldiers who service the facility. In order to generate the requisite corporate sponsorship it is proposed that the Jamaica Enhancement Fund (JEF) be created. Under the JEF individuals, local and in the diaspora, and corporations will contribute to a fund intended to raise funds matching the GOJ contributions to SCSDC projects.

Across the 63 SCSDCs which will be running consecutively goods and services should be demanded in such large quantities thereby making it possible to command discounts of J$100 million. Green Energy Grants of J$100 million will be sought for each SCSDC. As such a total of approximately J$6.3 billion should come from Green Energy Grants for the 63 SCSDCs. The NHT’s low income homes developer 3% loans should be useful here. The DBJ’s Renewable energy loan fund may be called into action to get the projects started, but ideally should be repaid as soon as each SCSDC becomes operational. At or before the opening of each SCSDC equity in the entity should be sold to private individuals, these monies would facilitate quick repayment of the DBJ loans. Such an arrangement would allow for the DBJ to continue providing for SCSDCs in future periods.

Implementation of JEF: This may include an appeal for each Jamaican making between J$40000 and J$80000 per month to contribute an amount no less than 2.5 % of income received. Persons in income groups above the specified amounts should contribute a minimum of J$2000. The contribution to the JEF for both income groups should be for ½ the months of the year. A more forceful approach, less recommended, would be to levy a temporary SCSDC tax in the specified amounts. This approach would not be able to benefit from altruistic contributions which would amount to more than J$2000 per person.

Costs: The crude discussions of costs, especially set-up, will require significant modifications but should act as a guide. The total budgeted set-up cost is J$1 billion for each SCSDCs. Annual operations cost post set-up is estimated such that private equity investors who invest between J$600 million and J$900 million will make returns between 10 and 15 per cent per annum. Costs should generally be curtailed by making use of the Joint Venture Facilitation as presented in Vision 2030’s Housing Sector plan, which identifies 2012-2016 as a period for identifying

---

2 The estimates in the calculations table assume 50 cents for each $1 the GOJ contributes. To generate J$12 billion requires that each of the estimated 6 million Jamaican population, combined figure for those at home and in the diaspora, contribute an average of J$2000.

3 UWI’s recent contribution from the Cement Company is a good reference point.
government lands suitable for housing solutions. Pari-passu arrangements are crucial for SCSDCs to work. A July 2012 article suggests that the NHT sells low income houses for J$1.5 to J$2 as well as data shows that the NHT has between J$30 and J$35 billion for low income construction, and a total of J$154 billion in assets. NHT assets could be called into action for most of the original construction/development. Additionally, some Construction companies in Jamaica have proposed selling prices of J$4.5 million, which speaks to construction cost below that price. These prices are used as a guide for construction cost per unit. The arrangement is loose as the SCSDC arrangement is for high-rise construction. Anyone wishing to see the actual calculations may email: darron.thomas@gmail.com.

Specifically, for a single SCSDC, 60 two bedroom units and 60 three bedroom units are budgeted at construction cost of J$2 million and J$3 million each, respectively. On the commercial side, J$2 million and J$3 million is budgeted for each of 40 units evenly split across prices. Each 1000KW Solar Electric system is sold for USD2 million, but Jamaica should launch its own Solar Electric system manufacturing industry. Actually, three 1000KW solar power plants are to be purchased/manufactured at a cost of USD2 million each, total USD 6 million or J$540 million. A Gym with 1000 pieces of equipment costing J$50 million is budgeted for each SCSDC. This Gym will transform the kinetic (and mechanical) energy from exercises into electricity. Operations cost include the payment of all police officers and soldiers who work within the SCSDC. These payments would be the returns to government for their contribution to the project (Emphasis) and will allow for employment of 900 (each) additional police officers and soldiers each year. Presence of law enforcement is clearly about crime reduction!

The Gym facilities will provide free healthy lifestyle options for persons who use the facilities less than six (6) hours/day. Unemployed persons may use the facility to generate the equivalent of the energy output of 6 hours per day, five days each week for a stipend equivalent to the minimum wage rate. This will provide welfare support for unemployed persons and generally provide for healthy lifestyles for all persons.

The community center and commercial operations in the SCSDC are community development and green initiatives. The commercial operations will reduce emissions of residents by reducing travel to off-site locations to access the services which would be provided on the commercial complex. SCSDCs should be within five minutes drive of each other – crime minimization!

Support and Transform Jamaica by Implementing these Ideas!
Discontinue Hoarding USD and Keep Jamaica Economically Viable!
The Initiatives under this program when put in a letter of Intent should secure an IMF deal!

4 The plan also speaks to sustainable communities and energy efficiency.
5 Such gyms are currently not cost effective, but in an SCSDC is a welfare program.