
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 – 96

HOUSE OF ASSEMBLY

Tuesday, July 9, 1991.

Pursuant to the adjournment, the House of Assembly met at 12.15 p.m. on Tuesday, July 9, 1991.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)

His Honour T. C. ESTWICK, (Deputy Speaker)

Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)

Hon. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of the Opposition)

Hon. B. M. TAITT, B.A.(Hons.), M.P.A., LL.B.(Hons.), (Minister of Health)

Hon. M. A. KING, Q.C., LL.B., (Attorney General and Minister of Foreign Affairs)

Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P., (Minister of Labour, Consumer Affairs and the Environment)

Hon. N. K. SIMMONS, (Minister of Justice and Public Safety)

Hon. H. A. BLACKMAN, B.Sc. (Econ.), (Minister of State, Ministry of Finance and Economic Affairs)

Mr. O. S. ARTHUR, M.Sc. (Econ.)

Mr. D. A. C. SIMMONS, Q.C., LL.M.

Hon. C. V. WALKER, (Minister of Education)

Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)

Hon. E. E. GREAVES, B.A., Ed.M., (Minister of Housing and Lands)

Mr. C. LeR. TROTMAN, M.A.

Mr. R. L. MORRIS, B.A., Cert. Ed.

Hon. D. J. H. THOMPSON, LL.B.(Hons.) (Minister of Community Development and Culture)

Mr. H. B. St. JOHN, Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A.

Miss B. A. MILLER

Mr. DeL. O. BRADSHAW

Dr. R. L. CHELTENHAM, M.A., M.Sc. (Econ.)

Mr. D. W. BOWEN

Mr. J. O. TUDOR

Mr. G. W. PAYNE

Mr. R. C. EASTMOND, B.A., LL.B.

Prayers were led by Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: Minutes for Tuesday, June 25th, 1991.

Hon. B. M. TAITT: Mr. Speaker, Sir, before moving that those Minutes be taken as read, I draw to your attention Page 3. At the bottom of Page 3, it says at 1.02 p.m. that Mr. Speaker suspended the sitting. I suspect that that should be 2.02 p.m. Subject to that amendment, I beg to move that these Minutes be now taken as read and be confirmed.

Mr. SPEAKER: If there are no other corrections or observations, then let these Minutes stand confirmed.

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

Mr. SPEAKER: I am to report that I am in receipt of the Accounts of the Sugar Industry Research and Development Fund for the year ended 31st December, 1990.

PAPERS

Hon. L. E. SANDIFORD: Mr. Speaker, I am commanded to lay the Broadcasting Authority Report 1989-90.

ORAL REPLIES TO QUESTIONS

Hon. B. M. TAITT: I beg to give notice that the replies to Questions No. 10 and 11 are ready.

ORDERS OF THE DAY

Mr. SPEAKER: Government Business is the order of the day.

SUSPENSION OF STANDING ORDERS

Hon. B. M. TAITT: Mr. Speaker, I beg to move that the following Standing Orders be suspended for the remainder of this sitting: Standing Orders 6, 16, 18, 20, 42(5), 43, and 44.

Hon. M. A. KING: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

Mr. SPEAKER: Order No. 5.

GOVERNMENT BUSINESS

RESOLUTION TO APPROVE THE LEASE OF LAND AT HOTHERSAL TURNING, SAINT MICHAEL TO MR. LIONEL LASHLEY FOR THE PURPOSE OF OPERATING A BUSINESS

Order No. 5 was called – To move the passing of a Resolution to approve the lease of land at Hothersal Turning, Saint Michael to Mr. Lionel Lashley for the purpose of operating a business.

Hon. E. E. GREAVES: Mr. Speaker, this Resolution is similar to a number of Resolutions which we have passed in this Honourable Chamber before. It relates specifically to the policy which has been enunciated and put in practice by the Government of disposing where possible of public conveniences whether by lease or by sale. In instances where various Departments of Government, particularly Community Development, could indicate that some community use can be put to the particular property, the Government has taken a position that we would dispose of these. This is consequent on the closure of these facilities in 1984.

This particular one, Sir, at Friendship Gap, Hothersal Turning has to do with an approach which was made by Mr. Lionel Lashley for either the lease or purchase of this facility for the purpose of conducting a business. Basically, Sir, the terms which have been worked out are set out in the Schedule to the Resolution. First, the property measures 289.70 square metres and the conditions are as follows: The lease should be for a period of three years at the rental rate

of \$500 per annum with an option to purchase for \$11 000 and this purchase could be exercisable within the three year period. The tenant would be responsible at his own expense for the repair of the structure, thereby making it suitable for his purpose. The tenant should be responsible for the payment of rates, utilities and other outgoings arising out of the use of the premises.

I think that I would also want to say that the Town and Country Planning Department has given permission for Mr. Lashley to conduct the kind of business which he envisage conducting in this facility. So that all of the problems which would have been encountered have been clarified and the conditions have been met.
12.25 p.m.

We are now here doing the last process where we are seeking parliamentary approval to lease this facility, which is Government property, to Mr. Lashley. It should be known that for a lease of Government property to be completed parliamentary approval has to be sought. This is why we are doing it here today.

The plot for the area of land is available for Honourable Members and I will ask the Clerk to pass it to Honourable Members for their perusal.

With that introduction, I beg to move that this Resolution to lease the area of land and the property described in the Resolution do now pass.

Hon. W. O. FRANKLIN: I beg to second that and reserve my right to speak.

Miss B. A. MILLER: Mr. Speaker, I should like to lend my support to this. It continues to please me that people in Barbados continue to take up the availability of these, now happily abandoned, facilities and put them to other community uses.

Mr. Lashley is in fact very much in possession in this case and is in fact operating a small neighbourhood shop which services people in the Turning, and I would like to give my support to this Resolution which would afford him the opportunity, on very reasonable terms and conditions, to continue to offer to people in that district a service to which they have become accustomed.

Mr. L. L. BRATHWAITE: Mr. Speaker, I would like to support this Resolution and in a very real way to thank the Ministry of Lands for making this facility available to Mr. Lashley. Mr. Lashley is one of the young men of the Hothersal Turning area who has been an entrepreneur for some time, but had suffered a severe setback because of a fire which he had at the premises he used to occupy. I know for a fact that Mr. Lashley had been very, very anxious, after the fire had taken place, as to what would have been

his position, because the premises at which he operated, so far as I understand, were not his own.

I am very happy that the Ministry has been able to come to his assistance in this matter, because, as the Honourable Member for Bridgetown said, it does give some fillip to the people in that particular area for the services that Mr. Lashley and a few other persons in the area are able to give.

Obviously, Sir, I do not need to be very long on this, but I support the Resolution and thank the Ministry of Lands for making this facility available to Mr. Lashley, who has been in need of something of the kind.

Thank you, Sir.

Hon. H. deB. FORDE: Mr. Speaker, I am just going to make a couple of comments on the Resolution. The Honourable Member for the City has already indicated that the Resolution has the support of this side. It is my understanding that this is a part of the old bath site and we have been disposing of these sites for use by individuals and others.

I understand that Mr. Lashley's shop was burnt down in 1989. He is the sort of person around whom the community rallies. I want to make a suggestion to the Government on this matter. Rather than merely giving Mr. Lashley a lease for which he is expending \$500 per annum with an option to renew, an option exercisable within a three year period, why not at this stage sell the property to the man, credit the \$500 to him towards the purchase price and let him get on with the matter once and for all, and then give him a period of years over which to repay the amount? It is obvious that here is a young businessman without the capital to tie up \$11,000 at the moment. It seems to me that even if he has not asked for it, if we are serious about economic enfranchisement and empowerment, to show that the House and the Government are serious on this issue, we should facilitate him, because we know that he is a serious businessman and the \$500 he is paying towards rent let him pay towards getting rid of that \$11,000 and give the man 20 to 25 years to pay it – the Government still has the security of the land – and show some creative, progressive way of helping the poor black people we have heard the Government rail about but never seem to have the ideas to deal with, Sir.

Aside.

Hon. H. deB. FORDE: I know they are now going to react, but I am going to give them a couple of the ideas, Sir. That would be my suggestion to assist Mr. Lashley in these circumstances and to help him, and at the same time the Crown would not lose anything by it, it would be fully protected in the circumstances. He might also be able, at

some particular time in the future, to get additional capital to expand.

I know that this particular area and this gentleman have a lot to do with the Friendship Community Group and that they gravitate around him, so he is to some extent a role model in the area. I have paid a few visits to the area and I have observed very carefully what goes on up there. I want, at the same time, to say that I know in the absence of the Friendship Community Centre being operational that the young men and women who are around there would tend to use this area more for their purposes. I should hope, therefore, that the suggestion I have put out will be looked at very carefully. It would not prevent the Government from going for an outright sale right away rather than going by the proposed rental route which is here. Maybe if the Minister wishes to defer the Resolution to give some consideration to this matter, Sir, then it would be all right; a 20 year sale, subject to an adequate mortgage, instead of paying rent you own it outright, the rent that you are going to pay is going to help you to own it, the Government has the security of a mortgage at the same time and I hope the rate of interest would be reasonable too, Sir, if they have to charge a rate of interest. You could as well forego interest if he is paying rent for a period of time and delay the capital repayments.

Mr. L. R. TULL: Mr. Speaker, Sir, I will be brief on this occasion. I understand that about two or three weeks ago before Parliament there was a Resolution in relation to another public bath that is going to a community. I am just wondering why the Government is bringing these things in piecemeal fashion. There is a number of other public baths and I would like to see them come. The thing about this public bath at Friendship is that there is a playing field and a community centre next door and therefore there is no need for this one to be used for community purposes, but there are some areas in Barbados where there are disused public baths and there are no community facilities.

One example that springs to mind is the one at South District in St. George. I would like to let the Minister know that in considering these things, although I have no quarrel with Mr. Lashley who is unknown to me having the facility to open a shop, in those areas where there are no community facilities for recreation that priority be given, not for an individual for business, but for the people of the area, and I mention in that regard South District.

12.35 p.m.

I am also asking consideration of the one at Ellerton for the Malvern Club who would like to have the use of it for...

Aside.

Mr. L. R. TULL: I mentioned it to the Minister of Community Development who supports the view that I am

expressing that the community should be able to use these things.

I want to make two further points before I sit down, Sir. Public baths were instituted in Barbados in the early 1950's, I believe, at a specific time for a specific reason. At that time, Sir, there were a few standpipes, and to prevent people from exposing their persons in public, this kind of facility was made available for improvement of the quality of living in certain rural parts of Barbados, principally in the urban areas. That was introduced at the time by the Barbados Labour Party Government for the best of all reasons. The fact that in 1991 we are on a fortnightly basis disposing of public baths for private use now represents, in my submission, a further step in the achievement of a better quality of life for the people in Barbados. This has happened because between the period of 1976 to 1986 water-borne facilities were provided for practically every house in Barbados. Therefore, the need no longer arose for people to go down at the corner and bathe at a public bath. So, it is important to put this thing in its proper historical context; that the institution of the public bath was started by a Barbados Labour Party Government to prevent people from bathing in the ponds in the country, with the frogs floating around, or under the stand-pipes. In 1981, because of the provision of water in all the houses, practically, in Barbados, and provision of water-borne toilet facilities in the houses of Barbados, these things have now become anachronistic and, in my submission, represents an important development in this country that should be recognised in a debate such as this.

Hon. H. A. BLACKMAN: Mr. Speaker, I am only getting involved in this matter because this matter came to the attention of the Ministry of Housing and Lands during the time that I was there. I want to say that the trend down which the Leader of the Opposition went – I understand his motive very clearly. However, I would like to say that there is some merit in what the Leader of the Opposition says, but he must understand that this matter has been discussed with Mr. Lashley on a number of occasions, and also the representative for that area did call the Ministry on many occasions and made representations on Mr. Lashley's behalf for this. It has to be realised that this bath was not advertised at the same time that most of the other baths were advertised because there was some problem with this one and therefore, this one is being disposed of in a different manner. This is a special situation, where because of the difficulty of Mr. Lashley and the circumstances under which he was operating and because of the representation made to the Ministry by the representative for that constituency, this has now come to fruition.

I just thought I would make the situation clear, because I understand where the Leader of the Opposition is coming from and where he is going. However, he has to understand that most of the representations have already been made and the case will be looked into.

Thank you, Sir.

Hon. E. E. GREAVES: Mr. Speaker, I think that all that is wont to be said on this Resolution has already been said. It is not a controversial Resolution.

Just let me respond to a comment made by the Honourable Member for St. George South. In my introduction, I made the point that there are a number of factors which are taken into consideration. As the Honourable Member for St. Philip South has said, the baths were advertised and tenders were invited for the purchase and/or lease of these baths. At the same time, all Government departments were circulated and it was enquired of them whether or not they had any uses for any of these buildings, particularly, the Ministry of Community and Development, where it was believed that they would have a greater interest in these kinds of properties because of their involvement in community development.

Sir, I think it is a matter of record that a number of these public baths have been converted for use by the community. I would want to repeat that we have stated from this side of the Chamber that where community groups make representation for utilisation of any of these structures, provided that we can be assured that they would be used for a good purpose of development of the community, that we would have a ready ear for them. Indeed, Sir, I think that during 1989 and 1990, the Ministry responsible for Community Development assisted a number of communities by providing finances to convert and to renovate a number of these facilities for use for community purposes.

I would hate to have to repeat this each time that we bring a Resolution of this nature to this Honourable Chamber. I think that policy is very clear. It has been enunciated very clearly. If the Honourable Member for St. George South has an area where there is a bath and where he believes the community could benefit from its use, then, I would want to say that we would be quite willing to see how we can organise that particular development, because we are satisfied that it is in the interest of the community to have these used for good and proper purposes.

I think that the Honourable Member for the City made the point that certainly where an opportunity exists for a small business person to make use of these facilities this is something we should encourage. Whereas I have some attraction to the position which has been put up by the Honourable Leader of the Opposition for this particular one I could not agree with his request to defer this particular matter. However, I would want to indicate that it would be looked at in the terms in which he has put the proposal and we would have to look to see how it can be incorporated in any approach which we make, particularly in relation to any further disposals.

The Honourable Member for St. George South referred to the manner in which these resolutions are coming before this Honourable Chamber. I think he has indicated it is almost every other week we bring these resolutions. I would wish to say that whereas it was quite easy by one stroke of the pen to close down all of them, to dispose of them, presents a little more difficulty. There are a number of stages that have to be gone through, which I have outlined already.

12.45 p.m.

We have, at times if we are going to be disposing of them or even leasing them, to negotiate a rate for the lease or a purchase price if they are going to be disposed of completely. It would not be possible to have all of them ready at the same time. The Honourable Member would have to bear with us and suffer the pain of having these matters coming before this Chamber on a fairly regular basis. There are a whole list of them which will be coming from time to time. If it is possible for us to bring more than one at any one time we would certainly try to do so. I cannot give the Honourable Member the assurance that the remaining facilities will be disposed of by one resolution or by one day because of the circumstances which I have outlined.

With those remarks, Sir, I beg to move that this Resolution do now pass.

The question was put and resolved in the affirmative without division.

ORDER NO. 6 – RESOLUTION TO APPROVE
THE COMPULSORY ACQUISITION OF
LAND AT VAUCLUSE, ST. THOMAS,
FOR THE CONSTRUCTION OF AN
ABATTOIR

Hon. E. E. GREAVES: Mr. Speaker, the Resolution before this Chamber seeks approval to acquire 3.355 hectares or 8.29 acres of land at Vauclose, St. Thomas for the construction of an abattoir. I think Honourable Members are aware of the fact that there is need for a new abattoir in Barbados. The facilities which exist on the Harbour Road near by Pelican Village are totally inadequate and, certainly, makes it...

Mr. SPEAKER: Two Honourable Members are on their feet.

Hon. E. E. GREAVES:... very difficult for us to conform to standards which are normally laid down for slaughterhouses particularly if one is talking of meeting USDA standards or EEC standards. Some of the products which would have to pass through the abattoir we certainly would not be able to meet those standards. The decision was taken that we should construct a new abattoir.

I know this has been long in coming. I believe on some previous occasion in this Honourable Chamber we have had an opportunity to discuss the financing relating to the construction of this abattoir. It is common knowledge that EEC funds will be used for this particular purpose. Very careful consideration was given to the selection of this site at Vauclose. The land is located within a marginal agricultural area a significant portion of which is pasture land. The site lies far away from non-agricultural developments and, consequently, will not impact negatively or compete with other land uses.

It is to be noted that this area is within proximity to main transportation routes. Of course, this activity has very close linkages with the agricultural sector. It is seen when it comes into operation as providing an opportunity for the further development of the livestock sector in Barbados.

It should also be noted that the new abattoir which is being built to USDA and EEC standards, will have an effluent treatment plant. One of the additional features will be the inclusion of a rendering plant which is designed to convert waste into animal feed. I think Honourable Members would well recall when we were discussing another matter relating to St. Thomas that reference was made to this, that is, we have to be able to find ways of converting the animal waste after slaughter and also from poultry and fish. There is enough capacity in these areas in Barbados now that would support the provision of a rendering plant. The abattoir will have that facility.

It is confidently expected that when this goes into operation that it will also make an impact on the whole question of feed in the variety and, certainly, the cost of feed which is produced in this country. The abattoir is a facility which is a multi-purpose facility in terms of being built to satisfy a number of needs and to correct a number of very serious problems in this particular area in Barbados.

It, therefore, Mr. Speaker, gives me great pleasure to move the passing of this Resolution to acquire 3.355 hectares of land at Vauclose in St. Thomas for the construction of an abattoir.

Hon. W. O. FRANKLIN: Mr. Speaker, I beg to second that and reserve my right to speak.

Mr. H. B. St. JOHN: Mr. Speaker, the question of the development of a modern abattoir in Barbados has been examined and re-examined, certainly, to my knowledge, on at least two occasions between the years 1981 and 1986. The urgency of it arises primarily out of the fact that with the building of the new fishing complex at Cheapside, the existing abattoir is situated physically in a place where there is no scope at all for expansion or, indeed, for improvement. In addition to that, Sir, in Barbados there is a considerable body of opinion to the effect that the livestock industry is probably the only industry that has any potential

to viability in the foreseeable future. We are therefore faced with a position that somehow or the other provision has to be made to cater to the needs of the livestock industry.

When it was examined between 1981 and 1986, it was made clear that given the components of the livestock industry in Barbados that it would really be a public health service and it had no potential of being an institution, organisation or an entity which would be profitable.
12.55 p.m.

I think the Honourable Minister did not let the public know very clearly that this is in reality, a public health service and there ought to be no false belief in the mind of anybody that this is not going to be an area of activity on the part of the Government which will not cost the taxpayers money. I believe that this is an essential service.

Now, during that period of time, Sir, 1981 - 1986 there were many who felt that this was an area ideally suited for privatisation and that the Government should not proceed with any great degree of speed because of the fact that BARPAC - I am going to call the names - had facilities available that could cater to all of the needs in Barbados, and therefore rather than sink public money in this area one should give them the opportunity to carry out this function.

I was always one of those who believed that however long we lived you would not see that, because I know that there are certain services that a Government has to provide in the interest of the community and wherever you examine you find that an abattoir is essentially a public health service. The last study that I can recall was one done as part of an investigation for transmission to the European Economic Community in order to get funds under the LOME Convention. An elaborate study as part of the pre-conditions had to take place and there was competition for siting between Haggatt Hall and St. Thomas, both of them being in areas sufficiently central and sufficiently near to the agricultural belt as to be able to attract the agricultural producers having regard to the cost of transport.

I think, Sir, that everybody would recognise that having regard to the Government's record that the Honourable Member for St. Thomas will have special considerations and I know, I am not going to anticipate him in any way, I know his recent bitter experience with the assurances, particularly of the Minister of Health, in relation to other matters, is not going to inspire any confidence in any future assurances but ...

Hon. B. M. TAITT: On a point of order, Sir, I am unaware of anything that I have done, or not done, that would have caused the Honourable Member for St. Thomas to have had any bitter experiences, Sir, and I think that the Honourable Member who is speaking is bringing me into his debate and I ask the Honourable Member to withdraw it.

I know of nothing I have done or not done that would cause him bitter experience, and I think it is unfair. I ask the Honourable Member to withdraw it.

Mr. H. B. ST. JOHN: Obviously the events which are taking place in Barbados are so dramatic that they have had a profound effect on the Honourable Member's sense of reasoning and his memory. Obviously he has lost his bearings.

Hon. B. M. TAITT: On a point of order, Sir, or it maybe that I have not been drinking the things he drinks, Sir. I don't know. I just wish to know why is he attacking me, I have not done anything, Sir, and I ask the Honourable Member to withdraw it, Sir.

Mr. H. B. ST. JOHN: Sir, it may well be that he has not been getting the accustomed amount of drink that he usually takes. Now, Sir, this question of the abattoir is one, Sir, that has other implications for the agricultural industry, because the Government must make up in its mind as to what is its policy in relation to the livestock industry in Barbados and when I talk of a livestock industry in Barbados I am talking mostly now of beef cattle production, I am talking of pig production and matters of that kind, Sir. I am not talking about small animals of the feathered stock variety, Sir, because the processing of those animals take place in private processing plants. I am sorry that the Honourable Minister of Health keeps coming back to mind because I don't wish to remind him of his very unfortunate experience in relation to chicken plants, Sir. I really don't wish to remind him about that, Sir. I think the Honourable Member, now, Sir, can feel happy over the fact that as a result of that chicken fiasco there is a modern up-to-date plant situated, I believe somewhere in Balls in Christ Church, in an area that all of us can be proud of. But, Sir, an abattoir without a given through put is likely to be a very great charge upon the Treasury and I would hope that the Honourable Minister who is only responsible for the acquisition of the land or other Honourable Ministers who will be responsible for the functioning of the abattoir as an integral part of agriculture will let the public know what plans the Government has for stimulating that part of the livestock industry upon which a viable abattoir is very dependent.

From my memory of the studies there were certain targets in relation to through-put that were an integral part of a comprehensive agricultural development programme. You see, Sir, those who believe in planning and who know what they are doing adopt what a former member of this House would call a holistic approach to these matters. An abattoir must not be seen in isolation from the production and a policy to stimulate that part of the livestock industry which will provide the raw material. And, what is the Government's policy in relation to this and this is one of the things which cause me great concern. I know what the policy of the Labour Party was, backed by money, that a

comprehensive programme was designed to give farmers an incentive with good monetary backup to use some of the idle land in Barbados for the growing of economic grasses so that one would have such an increase of the livestock industry that this would be a through-put.
1.05 p.m.

I would like to comment, Sir, about living in the past. If the Honourable Members had studied the past, you would not be where you are in today. If the Honourable Members had not been taken in by the blandishments and the political potential...

Hon. B. M. TAITT: On a point of order, Sir. With all due respects, Mr. Speaker, for an acquisition, I feel that the Honourable Member is in violation of the Rule which says that a debate should be relevant. We are doing an acquisition of land, Sir, and I submit that the Honourable Member is ranging far and wide beyond St. Thomas.

Mr. SPEAKER: My only intervention is that the Resolution in itself is deeper than the letter of the Resolution. Therefore, I would think that Members may have a little bit more room in a Resolution of this sort than in other Resolutions.

Mr. H. B. ST. JOHN: Yes, Sir, this is a matter which concerns Government's spending of money. If you spend money recklessly and wildly, as the Honourable Member who advocated that, all of us would be in great trouble, Sir.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member must withdraw that, Sir. I have never advocated that money should be spent recklessly and wildly, Sir. I recall when the Barbados Labour Party was spending money recklessly and wildly.

Mr. SPEAKER: I think that the point has been made. I know that the Honourable Member would have little difficulty in making that statement either in better language or correct the statement.

Mr. H. B. ST. JOHN: Yes, Sir, the Honourable Member is the Minister who is responsible for the St. Joseph Hospital. That is a typical example of reckless and wild spending. There is no doubt about that. Sixteen million dollars have been spent so far and not a patient has been treated yet. Let us go on, Sir.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is misleading the House. I have not spent any \$16 million on the St. Joseph Hospital. It is less than \$9 million, Sir. The Out-patients Department will be ready for those who need it soon, Sir.

Mr. SPEAKER: I hope that the Honourable Member does not now broaden this beyond the scope that I have given.

Mr. H. B. ST. JOHN: Yes, Sir, I am only replying to the intervention, Sir. But the point is, Sir, that it is not living in the past to suggest that land in Barbados should be put to its maximum use. It cannot be living in the past. Sir, if you want to put land to its maximum use in Barbados, it is a known fact that there are certain areas of land that are now idle that could be used for the production of grass which could be used as part of the feed stock for feeding livestock which in turn would provide an abattoir with a greater through-put. We are not living in the past to say that, Sir.

The basic position is, Sir, that this abattoir will cause an additional charge upon the taxpayers of Barbados at this time when it is known that the Government is having difficulty in facing up to its existing charges when left, right, and centre we know that it is pursuing policies to relieve itself of some of the burdens of the existing charges. We have to be sure that this acquisition, as it goes through, is accompanied by parallel policies which will ensure that the best use is put to this land, Sir. There is no use of acquiring the land and leaving it there, if that is the intention of the Honourable Members. This is not what the Trinidadians would call a "pappy show", or that you not have any other business to do.

Aside.

Mr. H. B. ST. JOHN: But that is what I mean. I know the urgency of it. I have already said the urgency of it. You only have to take a drive down to the Harbour Road and you there is an urgency of it. We know that, but what we want to ensure is that this is not another example of planning that took place with the Honourable Minister of Health and with the same Honourable Minister. That is all that we want to make sure of that at the same time that you are planning to do this in that period of gestation between your design and contract that you have in the Ministry of Agriculture a policy to help increase the production of raw material that you need to put through there. Sir, other than cattle and sheep, you are not going to have the will to ensure that all slaughtering takes place in the abattoir. You have no will to do that. You are not going to have that will. You are not going to stop the butcher on a Sunday morning.

Aside.

Mr. H. B. ST. JOHN: That is correct. You cannot stop that, Sir. Therefore, if you are looking at this with any sense of economic responsibility, you would want to ensure that the Ministry of Agriculture has a policy to increase production.

Sir, while we give this matter our full support on the ground that it is a matter that is necessary to ensure that we have proper public health standards, we recognize that it is likely to be a charge and we appeal to the Government to reduce that charge by having a policy which will help to

increase livestock production in Barbados which is desirable in itself.

Now I am sure that the Honourable Member for St. Thomas will have something to say about the management of this matter. As I said before...

Aside.

Mr. H. B. ST. JOHN: Yes, the management of the design. It is an abattoir. The Minister who will be responsible for the public health aspects of it is on the other side.

Aside.

Mr. H. B. ST. JOHN: You did not do me anything. As I said, I will have grave difficulty in accepting any assurance that he gives, Sir.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I wish to congratulate the Honourable Member for Christ Church South on his foresight and the warnings and the advice that he is offering the Government. They are all in place. I wonder if I can have the same enthusiasm about this project as the Honourable Member.

We have not heard when the project is likely to start or, if it was said, I certainly did not hear it. I would not anticipate that this would come to fruition or completed for at least three or four years, Sir. Government has no money to do this development. Ignorance has a certain dignity because if people do not know what you are doing, they do not know what you are doing wrong. They come in here with this to give the impression that something is happening by way of a capital project. But the people do not know, for example, that the land acquired for the High Court at White Park corner they are going to have to give that back because they do not have the money to build the High Court. Why do you not tell the people that? This abattoir, Sir, is not going to get off the ground as I have said, Sir, for sometime yet. The first thing that the Minister has to do in reply, Sir, is to answer the first question. When is it likely that construction will start?

1.15 p.m.

Presumably Government has in mind the kind of size of the plant that will be sited on these 14 acres. I would like to know, for example, what sort of dimensions the Government has for the abattoir. How big is it going to be? You are not going to acquire 14 acres of land unless you know you are going to site on it a building of roughly so many square feet.

Aside.

Mr. D. A. C. SIMMONS: Eight acres. I am not a land surveyor. I have to confess that I really do not know what is

3.35 hectares. My friend on my left said 14 acres. I will stick to the Resolution in future and say 3.35 hectares.

Hon. E. E. GREAVES: I did say when I introduced the Resolution 3.55 hectares or 8.29 acres.

Mr. D. A. C. SIMMONS: You would not, Sir, in your own private business, go and buy five acres of land unless you knew what you were going to do with it, what you were going to put on it and roughly had an idea as to the kind of building you would put on it; whether you want grounds, whether you want some for agriculture and so on, so I think it is directly relevant for me to ask, even now, what kind of dimensions Government has in mind for this plant.

Aside.

Mr. D. A. C. SIMMONS: It is relevant, Sir, because when you get on the top of Shop Hill now, at the top when you level out going to Vaucluse, and look left towards Central, there is a residual expanse of green belt going back from the end of Christie Village as far as you can see back towards District D, Rock Hall and so on. This project, if my reading of the plan is correct, is going to interfere with the aesthetics of that area with the environment, it is going to be an interruption of the green belt. I am not saying that that is a matter that should stop the plant, but I would want Government to be aware that it is not going to be a project I think is going to be environmentally friendly, and in their planning I think the Government must be aware of that consideration.

I say it is not going to be environmentally friendly, not only because of the physical structure which is going to break up the green belt we have there now, but because what we are going to be witnessing now is, in addition to the dumping of night soil just below they are going to be dumping the remnants of animals just above.

Mr. SPEAKER: I will soon have to ask that certain portions of speeches be removed if the scope has gone too far. I believe we need not go too far over that side in dealing with this Resolution.

Hon. B.M. TAITT: On a point of order, Sir. The Honourable Member for St. Lucy is not in place, but as he introduced the Resolution he indicated that there will be a rendering plant, so the question of the dumping of the residue would not arise in the manner in which the Honourable Member described. I say it to remind the Honourable Member he did say there will be a rendering plant.

Mr. D. A. C. SIMMONS: Mr. Speaker, I think you misunderstood me, Sir. According to the plan, the land is being acquired is to the northern side of the road which takes you down to Central Cricket Club right now and at the western tip of the acquisition it is abutting and bounding

lands which were acquired in here in May for the extension of the dump at Mangrove Pond. This is Vacluse merging into Mangrove Pond, so I am not out of the district, geographical zone or otherwise, Sir, it is all one area leading to the dump, but I am dealing with the dump in a different way.

Now, Sir, I heard the promises of the Minister of Housing, taken from the brief in his file, that they are going to treat the effluent, they are going to have a rendering plant, and none of that, having regard to recent experience just below on contiguous lands, inspires confidence in me. If this is to be run under the Ministry of Health, well Sir, God help the people west of the abattoir. Do you know who they are, Sir? Arch Hall, Bennetts, Reeves Hill, Sea View, as far down as Sunset Crest and Sandy Lane. I have statements from people in Sandy Lane and Sunset Crest about the adverse effects of the dump on their properties and their health.

In so far as this will be a building, and I presume it will be enclosed and the escape of noxious vapours and fumes and so on will be controlled, or ought to be controlled, I believe that this will be easier to manage than the open air dump. God forbid that we get any high winds this year, otherwise all the rubbish from on top Mangrove Pond is going to find itself down into St. James.

I know that there is land in St. Thomas which is ideal for the abattoir and I have in principle no objection to the abattoir coming to St. Thomas. Two years ago the former Minister of Agriculture had indicated to me that Government was looking at a site near Blowers, west of Rock Hall. I do not know what happened to that plan.

Aside.

Mr. D. A. C. SIMMONS: I am told it was too small, Sir, but I think we have to be conscious that if there is any chance of the escape of offensive smells from this plant, Government early on must take the necessary engineering and architectural steps to ensure that there can be no such escape, because it will be going down wind and it travels very far, Sir.
1.25 p.m.

I don't want to do as I am going to be doing this week – suing every other day. Every time there is a nuisance, every time the dump at Mangrove Pond smells, I am going to file a case. Every day, it is a continuing nuisance. If this one – let me warn everybody now – proves to be offensive, I am going to do the same thing if I am alive.

The abattoir will be of benefit to my constituents in the sense that we are an agricultural parish. I am using agriculture in the widest possible sense because Members may know the extent to which much cane land in St. Thomas has been taken out of cane and put into grasses for

the rearing of cattle in particular. There is a lot of sheep farming and there are small farmers who have their pigs and so on and it will be easier for them to get access to this area than having as it is now to come to town. As I understand it, the siting and the building of the abattoir will not in any way inhibit the traditions which we have in this country of the small person on a Saturday, early in the morning, killing a couple of pigs or sheep or even a calf or cow for use in the immediate vicinity. That is a rural tradition, that particularly has a lot of social value, and one, I believe, that will continue notwithstanding the presence of the abattoir.

My only concern today is to alert Government early, that having regard to what has happened immediately adjoining this land, and as the Honourable Member for Christ Church South said, the bitterness that has been occasioned because of inefficient management, it is not a question of location. That is an emotional thing. In Trinidad by the Beetham Highway, there is dump five times as large as Mangrove or more. You pass it and you don't know it is there.

Mr. SPEAKER: I have been trying to discourage the Honourable Member from going down that road. I think you could make the point but not necessarily expand on it.

Mr. D. A. C. SIMMONS: But, Sir, I wouldn't do justice to the argument or expand it. I would obfuscate the argument.

Mr. SPEAKER: Well, then, seek another path.

Mr. D. A. C. SIMMONS: I am not going to dwell on it for minutes and minutes. I just want to make the comparative point that in a sister country, near to Barbados, solid waste disposal is managed in such a way that there is no offence to the immediate community around the site. The problem here is really one of management of the site, and I am saying that in relation to the abattoir which could have potential for the emission of malodorous effluvia – You like that, Sir?

Mr. SPEAKER: I may soon have to get an interpreter.

Mr. D. A. C. SIMMONS: ... then in order to ensure that we don't have the escape of these foul smells, Government early in its planning must take into account the need for the plant not to be offensive to neighbouring communities and districts. Right next door to the plant is going to be the Central Cricket Club, of which I am patron. There is only a road between the two. Central Cricket Club has a history well in excess of forty years now, a proud history, as a place where people from all parts of the Island come and resort in a very convivial and congenial atmosphere. I would not wish this plant to interfere with the traditions of Central Cricket Club. Not that I am saying that the cricket club has any superior claim to a national project like this. What I am saying is that in the construction of the

plant, Government must make sure that it doesn't interfere with the rights of people at Central or who come to play at Central. I believe it can be done. In Warrens there is a fish processing plant next door to houses and so far – knock wood! – I have not had any complaints. I am not to be taken as saying there is no problem. I don't know.

Asides.

Mr. D. A. C. SIMMONS: It was designed by whom?

Asides.

Mr. D. A. C. SIMMONS: Yes, Sir, let me put it in the records, because he is sitting. I understand that the fish processing plant was designed either by or in collaboration with the Ministry of Health. The fact that it has been going now for nearly a year and we have no complaints would seem to suggest – at least *prima facie* – that in the planning for that plant those who did the planning were aware of the presence of housing contiguous to the plant and made the necessary adjustments to ensure that no offence was offered. All I am asking is that a similar thing be done in relation to the abattoir which will be more elevated and whose emissions can blow west. Is that my time, Sir?

Asides.

Mr. D. A. C. SIMMONS: Yes. I am going to support it, Sir, in the circumstances, I will support it at this stage.

Mr. SPEAKER: Since you have asked the question, you still have about ten more minutes.

Mr. D. A. C. SIMMONS: Since I have a little time, Sir, I would just wish quite seriously to hear from the Minister what sort of dimensions is the abattoir? When is it anticipated that construction will start? The other point that I had forgotten, Sir – I assume that the Government is aware that the road to the abattoir is presently in a terrible state. If anybody knows the road to Central Cricket Club, he would know the road I am talking about. That's the road to the acquisition. It will therefore be necessary for Government not only to widen that road but also to pave it properly. I hope all of that will be taken into account in the planning and in the costing of the project.

Hon. B. M. TAITT: Mr. Speaker, Sir. I am going to join this debate primarily because as Minister of Trade, Industry and Commerce some long time ago with responsibility for the Marketing Corporation, I had the responsibility for initiating the acquisition or the acquiring in Barbados of a new abattoir. That arose out of the need which was blatantly apparent then and which is still apparent now and which is really one of the two major factors relating to having an abattoir. That need for the productive sector of Barbados to be able to get into an

export market that would be useful in the development of the country.

1.35 p.m.

Way back then, Sir, we had difficulty getting exports of meat, to wit, chicken and pork into the Trinidad market. We could not get and still cannot get exports of these products because the abattoir at Cheapside near Pelican cannot reach the USDA standards, therefore, any meat exported from Barbados cannot carry the stamp that the meat has been processed in an abattoir that meets USDA standards.

From a health point of view the meats which come out of the abattoir in Barbados are acceptable for consumption but for purposes of export, it is necessary that you meet the standards of the Food and Drug Administration of the United States. That is the standard that is usually accepted. A modern state of the art abattoir is essential for the development of agriculture in this country so far as it relates to livestock. That is one reason why this abattoir ought to have been constructed long ago.

Subsequently, Sir, the Government tried again and the cost of an abattoir as constituted initially was put at \$23 million. That amount was found to be unacceptable. This revised abattoir will now cost – I think the Honourable Member raised a question about this – some \$17 million. One of the reasons why it will cost \$17 million is precisely the need to put in the type of equipment that will make it environmentally friendly as is humanly possible and that is expensive.

The cost of the abattoir will be in the vicinity of \$17 million with the construction cost running at about \$10.8 million and the equipment cost about \$5 million. It is expected to take about seven years for the facility to get into full production. By the time it is in full production the new facility would carry a through-put of some 4 000 cattle, 8 344 sheep or goats, and 40 506 pigs. That is what is projected by year seven annually. I will repeat those figures. A through-put of specifically 3 896 cattle – they must have been working these out with a slide rule that they know it is going to be 3 896 cattle so I would say 4 000 give or take a cow, or ox here and there. By then we might be doing oxen. We used to have buffalypso here so you never can tell. We will have 8 344 sheep or goats and 40 506 pigs. How did they get 506 pigs though?

The Honourable Members are talking about planning. This shows you that the planning is so meticulous that they have even gone right down to a figure of 40 506 pigs, not 504 or 507, but 506 so the Honourable Member when he is talking about planning must understand that this is what you call meticulous planning. Every input has been measured down to the nearest unit..

Aside.

Hon. B. M. TAITT: At least down to the nearest pig.

The plant will be so designed and the building configuration will be so arranged that each area could be easily extended, either the lairage, the chill room, the further processing and the refrigerated storage. There will also be in-built expansion in the slaughter halls in that through-put could be increased by working additional shifts, that is, more hours per day or by increasing the slaughter crews to permit simultaneous slaughter of animal types.

The facility will be established to conform with the USDA and EEC standards. Given the high cost of producing our high quality black belly sheep, it is this Government's policy to penetrate extra-regional markets with this product but to do so animals would need to be slaughtered in a facility, as I said, which reaches USDA and European Economic Community standards. Separate slaughter or killing lines will be available for the three types of livestock to be slaughtered. The effluent treatment plant and rendering, that is the waste processing facility, will be included.

I want to pause here, Mr. Speaker, because the Honourable Member for Christ Church South to a large extent and the Honourable Member for St. Thomas attempted to cast calumny on the Head of the Ministry of Health and in the case of the Honourable Member for Christ Church South more particularly the Minister of Health.

Mr. D. A. C. SIMMONS: On a point of order, Sir. I did not attempt to cast calumny on the Head of the Ministry of Health, Sir. I did cast calumny on the Head.

Hon. B. M. TAITT: I think that is not unreasonable, Sir. His skills as a lawyer required him to take that bait, Sir. I have no quarrel with that. Having cast the calumny on the Head of the Minister who, is the Minister of Health, the same Honourable Member in a moment of abject weakness, in the same speech, on the same day, at the same time then went on to praise a facility in the private sector little knowing that facility in the private sector was, in fact, designed and directed by the Environmental Division of the same Ministry of Health. When the Labour Party took the Dump up to St. Thomas and it had used the facility of the Ministry of Health to help plan the implementation in a better way...

Mr. D. A. C. SIMMONS: Objection.

Hon. B. M. TAITT: Objection? Objection overruled.

Mr. D.A.C. SIMMONS: On a point of order.

Mr. SPEAKER: Neither of the statements are permitted in this Parliament, neither "objection" nor "overrule".

Mr. D. A. C. SIMMONS: Sir, the Honourable Minister is not being fair. He is flying in the face of his own document. He is misleading the House grossly because he knows and he wrote to me to say that...

Mr. SPEAKER: Now, the Honourable Member cannot go to the extent of misleading the House to the point. That would be a very serious allegation against a Member. I would probably accept a limited form of misleading the House but not to that point.

Mr. D. A. C. SIMMONS: Not grossly, Sir? Well, he has misled the House, Sir, in that he has written to me to point out that it was the Barbados Labour Party that acquired the site at Mangrove in December 1985 and it was the Democratic Labour Party who opened the site in 1986. Therefore, when they opened it they should have planned for the proper management and the control of emission.

Hon. B. M. TAITT: Sir, the fact that he admits that I am so honest that I wrote him and gave him the full details, then he is fully seized (the latter is with a "z") of the matter.

Aside.

Hon. B. M. TAITT: All the time it is written in the Report so I have to spell now when I speak.

Mr. Speaker, the Honourable Member knows that I have tried to be meticulously honest in all the matters relating to the downwind from this acquisition. I do not intend to become embroiled in the political debate except that I wish they would not be so unfair as to give the people in St. Thomas the impression, as I saw in one publication, that the Minister is playing politics and it is only because it is the Opposition that they are treating them so bad. They should not say that about this Minister because this Minister has been scrupulously honest.

The decision to put the Dump in St. Thomas was not made by this Minister of Health. I want the people in St. Thomas to understand that. I had not made that point in the past because I do not think it is a matter that we should make a political point but it was Tom Adams who put it up there. Tom Adams put the Dump in St. Thomas.

Aside.

Hon. B. M. TAITT: That is the point. That is why I can deal with him and not you.
1.45 p.m.

Mr. D. A. C. SIMMONS: On a point of order. He wrote and told me it was December 1985 that the acquisition was made. Tom Adams died, Sir, long before that, what are you going to tell more lie on Tom for now? Your own writings, man!

Hon. B. M. TAITT: Not Tom Adams, Sir. The Honourable Member for Christ Church South was the Prime Minister at the time. I could not believe that the Honourable Member who got up in here and talked about the Ministry of Health was the Prime Minister that carried it to St. Thomas. I am glad that the Honourable Member for St. Thomas reminded me that it was the Member for Christ Church South. The Honourable Member who got in here today ... he is the one who carried the dump to St. Thomas. The Honourable Member for Christ Church South was the Prime Minister, Sir. Let the people know, let the people of St. Thomas be aware that it was the Honourable Member for Christ Church South, in his capacity as Prime Minister who moved it out of Christ Church. He is the one who went and told the people at Kingsland Christ Church – make them shut it down. Let the facts be known. Kingsland, Christ Church is where the dump was and the SSA had difficulty because they had to start the dump in St. Thomas before they were ready, because the Honourable Member for Christ Church South, in his capacity, underneath driving the Deans, or the Deans driving him, he was up there in Christ Church and he is responsible in every way possible for the dump being in St. Thomas. And, he has the temerity to come in here today ...

Mr. SPEAKER: You must say, the Honourable Member.

Hon. B. M. TAITT: I am sorry he is not in his place. Ten to one it was the Manager, but I am to carry the blame? Let him hang the dump around his neck and carry it along. I am not going to sit in here and have the Honourable Member for Christ Church South get up and give people the impression that I am the person, personally responsible for all their problems in St. Thomas. If the Honourable Member for St. Thomas ...

Aside.

Hon. B. M. TAITT: You just told me that I should not go up there, the people are looking for me. I don't understand, Sir. The Honourable Member on the one hand is telling me how the people are looking for me, and now he is inviting me to come up there.

I saw some of the constituents from St. Thomas on Saturday and I explained to them that in fact what happened – Well, I gave the assurance in this House that I would give the matter my personal attention, and I am doing that, but the Honourable Member is aware and ought to be aware that I was out of the country for a whole month. It is a little cruel. Political life is too hard. If I had been in the country they would not have turned on me so viciously, Sir. It is because I was out, Sir, I could not defend myself.

Mr. D. A. C. SIMMONS: On a point of order, Sir, he is importing improper motives to me to suggest that I was acting cowardly in respect of him, Sir. That I would wait

until he turns his back and run away, when in truth and in fact all we have been saying is that since 1988 when we first started to write, he has never been up to the dump. It is a grave dereliction of duty, not to have gone and looked in three years. I have no more to say, Sir. Thank you, before you stop me.

Hon. B. M. TAITT: Sir, they do not know when I travel, how I travel or where I travel, but they wish me to announce that I am going, and I am going to let the Honourable Member know when I am going again and I will call him. But, Sir, the point I am making about the SSA and the dump is that it is not really fair for them... I have been out of the country for a month, in the first instance, and during that time the Resolution which was passed in this House did not in fact go through the Senate until much later and so the acquisition of the land to start the process of creating the new facility, the new waste disposal site, could not in fact proceed until the law had been signed and come into force. So it has been some time before the land was actually handed over to the SSA which occurred some ten or fifteen days ago.

During this time, Sir, I was out of the country doing the country's business and I do not understand why the newspapers... One person who I read in the newspapers is a lawyer and lives in the area said that he is going to meet with the Prime Minister because the Prime Minister is an honourable man, which is true, but he implied that the other officials, the Minister of Health is not honourable.

Now he is a civil servant so I can't say anything about him, but he can get in the newspaper and imply that I am dishonest. He was speaking in his capacity as a resident and he can get in the newspaper and imply that I am dishonourable. I am going to deal with that outside of here, Sir, because I will not use the opportunity of being in here to discuss anybody. But, my honour has never been in question anywhere and if it is going to be in question over the dump in St. Thomas, I would prefer it to be dealt with by somebody who is above board and whose reputation is spotless. I do not wish any of the miscreants who masquerade from time to time as decent people to be attacking me when I am away. I don't mean the Honourable Member, Sir. The Honourable Member and I have an understanding on this dump. We will disagree because if I were the representative for St. Thomas I would probably take the action which he is taking. I have no quarrel with him, he is representing his people, and he has a right to. But, there are some people in this country who hide behind masks – I am not going to call any names, I am going to call them outside – and try to imply that I am dishonest and that I give one kind of information and I am manipulating the people of St. Thomas over a dump. Mr. Speaker, that is a criminal accusation and could have been done by people with criminal minds.

The abattoir, Sir. Some of them, Sir ...

Mr. SPEAKER: I am glad the Honourable Member recognise what I was saying is, that in as much as you need to respond....

Aside.

Hon. B. M. TAITT: I am in the slaughter house now. The point is, Sir, that once the Honourable Members have been given latitude I have the right to ...

Mr. SPEAKER: Certainly, I will do that, but the response must be also balanced, equal to what they are saying.

Hon. B.M. TAITT: Yes, Sir. I just want to make sure that there is no doubt. I want to make it crystal clear that we are going to give the people of St. Thomas our full attention. What I am proposing to do, Mr. Speaker, and all the time I was away it was put in train. We have Mr. Arthur Archer and we have a young engineer who is teaching at the Community College, and we have got PAHO to become involved in a project to ensure that the new waste disposal site will not be dealt with in the same way that the old site, which is now Mangrove, was dealt with. We are ensuring that that project is handled in the way that a waste disposal plant ought to be handled in the twenty-first century, just as we are making sure that the effluent and the disposal of effluent in this abattoir is being handled in a twenty-first century manner.

We gave the assurances that the Ministry of Health would have competent people to deal with these matters and I am satisfied that they have been dealing with them as witnessed the evidence which the Honourable Member for St. Thomas was able to put before us today about a fish plant that is operating next door to houses and you can't tell the difference.

I have been myself, Sir, to Bridlington. I have taken the trouble to go to a number of these places around the world when I am on other business to see how they manage and one of the things is that they will cost more, but whenever we have the sewerage plant on the South Coast, when we have the waste disposal plants we are going to use ... In fact we have a tussle going on with the Inter-American Development Bank who are suggesting that we should reduce the cost of something, because we don't need to put in the odour control unit because it would cost too much money and I have insisted and will insist that we must have the odour control unit for the South Coast plant even though it will cost an additional three million dollars, because the people of Barbados are entitled to the same state of the art equipment that the people in Vancouver, the people in Berne or the people in Bridlington have and that is what I have been insisting and if I find, Mr. Speaker, that I become personally offended at some of the remarks that have been published in the newspaper concerning my person in regard to the dump at Mangrove it is because I know, within my

heart that I have been going out of my way to ensure that we have a high quality waste disposal facility.

The project team that is putting together the waste disposal facility in St. Thomas to take over from this plant that now exists is a team that is made up of competent engineers.
1.55 p.m.

We have also been in touch with the people in Trinidad and Tobago who are running a similar facility and we expect that this facility when we put it in place will be run in a manner that even the Honourable Member for St. Thomas will feel gratified that we have taken the kind of quality steps that we have taken.

I am not, Sir, going to let the fulminations of the Honourable Member for Christ Church South confuse the issue of this abattoir. The funds for this abattoir, Sir, are funds coming from the EEC. The EEC sends out its funds through the EIB, which is the bank that disburses funds that are part of our benefit for being members of the ACP-EEC arrangement under the LOME Convention. I remind Your Honour, Sir, that I negotiated when I was Minister of Trade. I really feel very gratified that this project from the point of view of the development of the livestock sector will be coming on stream.

The marketing strategy which the project recognizes will be that there will be a tallow output of fifty per cent that will be consumed in the domestic market and the remaining fifty per cent will be exported within the CARICOM region. Every effort will be taken when this plant becomes available to penetrate and market the bi-products of the plant within this region. But I think the most important thing will be that our pork producers who have had to carry the brunt of a difficult time, because they can only produce so much and they have to stay within certain guidelines on the amounts that they can produce, will be beneficiaries of the establishment of this plant.

We will require from the local industry that it responds to the new development and some of the measures which we will have to examine will be increasing the scale of operations of some of the producers. They will have to look at integrating their systems of production. We are going to have to have increased labour productivity through the introduction of perhaps incentive schemes. We are going to have to aim for the regional and extra-regional or high niche markets, where we can go into and be able to offer black belly sheep mutton as an exotic food. I think Barbados should move beyond the point of merely exporting. Because of our size and because of our cost of labour and high level operating society, we should seek to have special black belly mutton that will be the only one of its kind. I see no reason why when you go to the Four Seasons Hotel in Philadelphia or you go to the Waldorf Astoria in New York or Cunard in London that they should

not be on their menu as Barbados' Black Belly Mutton Lamb Chops – they call it rack of lamb – to say nothing of the fact that those who come to the Barbados Hilton, Pavilion Court and, in fact, all of the hotels in Barbados will be able to say that among the specialties offered in Barbados is the rack of black belly lamb.

These are the kinds of integrated issues which we will have to be pursuing in the development of our market. This abattoir, therefore, is not only a public health matter but it is a fundamental part of an export led growth which should come from the agricultural sector. That integration, Sir, is symptomatic of the kind of planning which this Government has been doing in spite of the onslaughts which have been coming at it from those persons whose only reason for existence is to justify their positions which they might have taken somewhere down the road.

Mr. Speaker, our problem in Barbados is not so much our inability to do things. It is our capacity for pulling down things. We have a problem in this country where many people who will recognize the sheer rightness of a particular act or position that who out of a sense of inability to give Jack his jacket they must necessarily go around and pull the entire system down. We have a perfect example of that now where throughout the United States, Canada, and Britain those Barbadians who are living out there are being assailed by certain Barbadians here by giving them false information about what is going on in the country. One has only to pass through one or two of these capitals to discover how necessary it is for Members of the Government to constantly keep information before those who live outside of Barbados. Because there are a few wicked Barbadians here who for political purposes are trying to destabilize this country with false information. I am speaking of what I know, Sir, and in due course on another debate that does not relate to a matter as narrow as this, I will speak more freely and more frankly about what has been happening.

Sir, in relation to what the Honourable Member for Christ Church South said, Barbados is not the only country that has an economic crisis. Every single country in the world – United States, United Kingdom, and especially Canada – is suffering from recession. But we in Barbados are being assailed as though suddenly we are in an oasis or sea of destruction. We are the oasis of destruction. Mr. Speaker, let it not be misunderstood. They seem to feel that there is some reluctance on the part of the Democratic Labour Party to take on these issues. These issues have been taken on and we stand ready to take them on. Let no one get any impression that we are not going to take on these issues and deal with them.

This abattoir, Sir, is an indication that even in the circumstances of difficulty we are planning to move ahead. The acquisition of this land is a fundamental necessity.
2.05 p.m.

This eight acres of land, when we acquire it, and this \$17 million which will be spent on the abattoir will in fact be a fundamental investment for the growth and development of all the productive sectors in this country for as far as the eye can see. We have no difficulty in dealing with that, and when the time comes, Mr. Speaker, we will tell you how we are going to deal with the other things.

Mr. Speaker, I am grateful to you for the extra time.

Hon. E. E. GREAVES: Mr. Speaker, the intervention of the Honourable Member for St. Michael West to a large extent answered a number of the questions which were asked by Honourable Members, in so far as they can be answered at this point, and I would therefore beg to move, Sir, that this Resolution do now pass.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

QUESTION TIME

Mr. SPEAKER: The Honourable Member for St. Thomas, Questions Nos. 10 and 11.

Mr. D. A. C. SIMMONS: Mr. Speaker, Question No. 10 reads as follows:

To ask the Minister of Public Works, Communications and Transportation:

Will the Minister undertake to schedule bus services for Hopewell and Canefield Tenancies in the parish of St. Thomas at a very early date and so alleviate the major inconvenience which residents of those areas continuously suffer through the absence of those services?

Hon. B. M. TAITT: Sir, on behalf of the Minister, the answer to Question No. 10 is as follows:

"Existing infrastructural deficiencies, such as narrow access roads and lack of turning facilities in the Hopewell and Canefield Tenancies in the parish of St. Thomas render it impractical for the Transport Board to schedule bus services for these districts at the present time or in the near future.

However, the Ministry is looking at the possibility of offering permits to any two minibus operators who would be willing to provide transport services to the two respective districts."

Mr. D. A. C. SIMMONS: Is the Minister aware that trucks as large as the Coca-Cola truck, Cow Williams' heavy trucks and trailers go into Hopewell and turn around? Is the Minister aware that there are two points where they

can turn around in Hopewell? The road by Miss Henry or the next one to carry you by Etta Clarke?

Hon. B. M. TAITT: No, Sir.

Mr. D. A. C. SIMMONS: Will the Minister make himself aware?

Hon. B. M. TAITT: As soon as possible when the substantive Minister comes back.

Mr. D. A. C. SIMMONS: Is the Minister prepared to say that the information therefore given in the answer is misleading to the House and the country?

Hon. B. M. TAITT: The Minister is not prepared to say so.

Mr. SPEAKER: You have had your three supplementary questions. Question No. 11.

Mr. D. A. C. SIMMONS: Mr. Speaker, Question No. 11 reads as follows:

To ask the Minister of Public Works, Communications and Transportation:

1. Is the Minister aware that when there are heavy rains, Jackson Main Road, Saint Michael, particularly near its junction with Rockhampton Road, floods severely?
2. If the answer to the above is in the affirmative, will the Minister please state Government's plans to alleviate flooding in the area?

Hon. B. M. TAITT: Mr. Speaker, the answer to Question No. 11 is as follows:

"Corrective drainage work has recently been completed at Jackson by my Ministry. My Ministry will monitor the situation to ascertain whether further remedial work will be required."

Mr. D. A. C. SIMMONS: Is the Minister prepared to agree that the recent remedial work is not obvious to the naked eye?

Hon. B. M. TAITT: No, Sir.

Mr. D. A. C. SIMMONS: Will the Minister tell us exactly and precisely where the remedial work has recently been done?

Hon. B. M. TAITT: I believe, Sir, that should form the basis of a substantive question.

Mr. SPEAKER: That is the end of Question Time.

GOVERNMENT NOTICES

Hon. B. M. TAITT: Mr. Speaker, I beg, with the leave of the House, to move that Government Notices be reopened.

Mr. SPEAKER: If there is no objection, then leave will be granted. Proceed.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I beg to give notice of a Bill, the Banking (Amendment) Bill, 1991.

FIRST READINGS OF BILLS

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. B. M. TAITT, the Banking (Amendment) Bill, 1991 was read a first time.

SUSPENSION OF SITTING

Hon. B. M. TAITT: Mr. Speaker, I think we have to get a Suspension. After consultations between the two sides, and in order to expedite the work of the Government, it has been agreed that this Bill, which was just read a first time, ought to be done as expeditiously as possible. In the circumstances, Sir, I beg to move that the sitting be suspended until 10.00 a.m. tomorrow, Wednesday.

Hon. M. A. KING: I beg to second that.

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.
2.15 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed. Order No. 7.

THE BANKING (AMENDMENT) BILL, 1991

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, in moving the Second Reading of this Bill, the Banking (Amendment) Bill, 1991, may I explain that the proximate cause for it is the information which came to the Central Bank of Barbados from the Bank of England on Friday last, July 5, in respect of the Bank of Credit and Commerce International.

This information was to the effect that the directorate of the Luxembourg Monetary Institute and the Inspector of Banks and Trust Companies of the Cayman Islands had acted to secure control of the assets of the BCCI following upon *prima facie* evidence of fraudulent actions by BCCI somewhere in the BCCI's banking network.

I should explain further, Mr. Speaker, that the Bank of Credit and Commerce International was founded in 1973, a

licence was granted for the Bank to operate in Barbados and it commenced operations in Barbados on 1st July, 1983. The Official Opening took place on 11th November, 1983 with the feature address being given by the then Prime Minister and Minister of Finance, the late Mr. J. M. G. M. Adams.

According to information supplied by the Manager of BCCI on July 11, 1983, that bank had assets totalling U.S. \$10 billion and capital funds of U.S. \$640 million with more than 300 offices in 63 countries, 45 of them in the United Kingdom alone. The 1989 Annual Report of Accounts show that the group's operating profit increased from \$192 million in 1988 to \$224 million in 1989.

The Bank of Credit and Commerce International is a company registered in the Cayman Islands and the Barbados operations is a branch of that company, which I am told is a subsidiary of the BCCI Luxembourg. The actions of the directorate of the Luxembourg Monetary Institute and the Inspector of Banks and Trust Companies, Cayman Islands, to secure control of the assets of BCCI, as well as the action of the Inspector of Banks of the Cayman Islands, in appointing a Receiver to wind down BCCI's operations would of necessity have direct impact, immediate impact and serious impact on the Bank's operations in Barbados and upon the fortunes and status of depositors and creditors.

Consequently, in the face of the need to protect local depositors and creditors of BCCI Barbados, including certain statutory bodies, the Central Bank acted promptly in two respects. First of all, it proposed to the Manager of BCCI that he should suspend operations immediately, and the Manager accepted that suggestion. Perhaps I should indicate that the Central Bank had no statutory power to suspend the operations of the Bank. Secondly, it sought and obtained the authority of the Minister of Finance, under section 15 of the Banking Act, to make a special examination under conditions of secrecy of the books and the affairs of BCCI.

This action was considered necessary since, in the opinion of the Central Bank on the information available, BCCI's dealings were detrimental to the interest of its depositors. On the same day the Central Bank sent a team of Inspectors to examine the books and records of BCCI's Barbados branch and at the same time Deputy Governor, Dr. DeLisle Worrell, met with the Manager of the Bank, who left the keys of BCCI in his custody. The Bank's examination disclosed that there were significant levels of withdrawals from BCCI's accounts within a short space of time, beginning noon July 5.

Mr. Speaker, we have a fundamental responsibility and obligation to maintain public confidence in the banking system and to protect the consumers of services of banks in Barbados from exposure to malpractices and bad

management and bank failures wherever they may occur and for whatever reason they may occur. We must at all times seek to safeguard the safety and soundness of the banking system in Barbados by seeking action to search out problems, if possible before a bank's position deteriorates to the point of failure. Where there is not the power to take the necessary action decisively, the authorities should be so empowered. This is the purpose of the amendment which is now being considered by this Honourable Chamber. It is to do just that, to give the Central Bank, acting on the directions of the Minister of Finance, further powers to operate in the interest of the integrity of the banking system and the consumers of banking services in Barbados.

As the Explanatory Memorandum to the Bill indicates, and I am quoting, Sir: "This Bill would amend the Banking Act in order to confer additional power on the Minister of Finance

- (a) to take such action as is necessary to protect the interests of persons who are depositors with any bank and the creditors of any such bank;
- (b) to ensure the integrity of the banking system in Barbados; and
- (c) for related matters."

That is the Explanatory Memorandum to the Banking (Amendment) Bill, 1991 which we are now considering.

Sir, the principal parts of the amending Bill will seek to give powers after examination to the Minister in respect of a licensed bank and it would enable the Minister to require that bank to take remedial measures as he considers necessary if the bank is deemed to be carrying on its business in a manner detrimental to the interest of its depositors and creditors, or if it is in an unsound financial condition a person with the necessary training and experience may be appointed to advise that bank on the action to be taken to remedy the situation.
10.10 a.m.

The Minister may also restrict the transactions of the bank. So those are powers which it is proposed to grant.

There is provision, Sir, for seizure and under this provision, it is proposed that the Minister may direct the Central Bank to seize the management and control of a licensed bank in certain circumstances as set out in the proposed amending legislation.

The legislation also seeks to impose a duty on the Central Bank which within thirty days after that Bank has seized the administration and control of a licensed bank under this Act – the one that is being amended – the Central Bank shall begin proceeding in the High Court for the

compulsory winding up of the licensed bank or for the reorganisation of that bank.

The amending bill also sets out the powers of the High Court in this particular regard, what the High Court may order, for example, the compulsory winding up of the bank or the reorganisation of the bank or the return of the management and control of the bank to the shareholders, directors and officers, subject to certain safeguards or conditions. So, the powers of the High Court in this particular regard are also indicated. The particular notice that should be given is indicated in the proposed amending legislation. The appointment of a custodian is indicated in respect of the winding up or the reorganisation of the bank – The High Court shall appoint a custodian under certain circumstances. The custodian being responsible to the Court in those regards. The functions of the custodian are set out as well and, broadly speaking, "the custodian may, in respect of the licensed bank for which he has been appointed

- (a) continue or discontinue the operations;
- (b) stop or limit the payment of its obligations;
- (c) employ staff;
- (d) execute any instrument in its name;
- (e) initiate, defend and conduct in its name any action or proceeding to which the licensed bank is or might be a party;"

The custodian may also

- "(f) end the seizure of the licensed bank by restoring it to its directors and shareholders;"

and finally,

- "(g) reorganise or wind up that bank."

Sir, there is a further amendment being circulated which will be moved in committee that will be in respect of Clause 17G. These, as I said, have been circulated and are designed to place beyond any shadow of a doubt that a branch may be the subject of a compulsory winding up order or reorganisation. This is part of the amendments that have been circulated but these will be moved in committee.

The proposed amendments are considered necessary. This amending legislation is considered necessary in view of the actions being taken in other banking jurisdictions to deal with the problem created in the network of the Bank of Credit and Commerce International. I should add that the final touches are now being put to the Financial Institutions Bill which my Government has promised would be introduced. These amendments, which I am now asking the

House to approve, will be included in large measure in the Financial Institutions Bill. I should point out that Members will have an opportunity if they have other thoughts later on this particular measure to come back to it when we are looking at the Financial Institutions Bill.

The present situation, however, is too urgent to await the passage of that Bill and I expect that the Financial Institutions Bill should be before this Honourable Chamber within the next four or so months.

Mr. Speaker, I had intended in the interest of speed that this matter would have been dealt with yesterday, but after consulting with the Leadership of the Opposition and at their request, I agreed to a delay until this morning. I wish to express my appreciation for the understanding of the Opposition in this matter. I believe that there is general agreement for the need for this amendment as well as for very speedy action and I therefore hope that the measure will be passed speedily so that the other place can deal with it this afternoon and after that action taken by the relevant authority. I also hope, Sir, that this agreement in these matters will be extended to other matters and we can proceed by consensus in the interests of the country.

Mr. Speaker, I think I have given a fairly full background to this whole matter and I beg to move that this Bill be now read a second time.

Hon M. A. KING: Mr. Speaker, I beg to second that.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Prime Minister was very careful to couch his introduction of this Bill in terms of the very urgent need to find a way of remedying certain deficiencies in the existing legislation governing the operation of banks, and more especially, to protect the interest of Barbadian depositors and institutions in this country whose assets could be put at risk if this House were not to act with a sense of urgency. To that extent, therefore, Mr. Speaker, the Barbados Labour Party is giving its qualified support to this legislation. There are aspects of the legislation which we will want to raise both in broad terms as well as in specific detail. Although the matter is urgent, it doesn't mean that the House has an obligation to pass bad law. We will be necessarily drawing to the attention of Government aspects of the legislation that we would not in principle want to support, although we can identify with the broad concern of the Government to move with despatch to ensure that the financial position, particularly of the depositors in the institution involved is not put in jeopardy.

Mr. Speaker, this legislation before the House is very interesting. If only because it draws very heavily from the Offshore Banking Act. Indeed, if you were to go through the legislation, Sir, except in very rare instances, what has been done is that sections have been lifted from the

Offshore Banking Act and put into the Banking Act of Barbados.
10.20 a.m.

For example, Section 17A is the same as section 74 (1) of the Offshore Banking Act. Section 17B of this legislation is the same as section 70B of the Banking Act. Section 17C is section 76 of the Banking Act, section 17D... and we can go on, Sir. I will not go on because there is a general point that has been made up front that, indeed, we are now faced with a situation where Barbados has had a better set of regulations to govern the operation of the offshore banking system than it has to govern the operation of its domestic banking system.

This is unusual because ordinarily, Sir, a country allows a very liberal regulatory regime for the operation of its offshore banks if only because by the very definition an offshore bank does not accept deposits nor lends to its domestic citizens. We now find a situation where the regulations governing the offshore banks of Barbados are now being called upon to provide the safety net to protect the depositors in our banking system.

There are a number of lessons here, Sir. Those persons who were critical of the Barbados Labour Party when it introduced the Offshore Banking legislation – I am talking now about past Dems as well as present Dems – who believed that legislation was intended to, in some respects, destroy the moral sinews of this society, should now come forward and apologise. It is now shown that legislation was so farsighted and designed to genuinely protect the interest of the financial system of this country that it can be called upon in an emergency in this House and at a time when urgent action must be taken we can rely on the Offshore Banking legislation to provide protection for depositors of this Bank. It is a very important lesson.

Secondly, I listened carefully to the views expressed by the Minister of Finance in relation to the Financial Institutions Bill and the new Act which he has promised to bring to the House within four months. The truth is this matter has been too long. This Opposition has drawn reference to the fact that Government, in our view, has been toying around with new important legislation on financial institutions. We have had a situation where a commercial house that takes deposits from the public in the early 1980's collapsed taking with it the deposits of a cross section of the Barbadian public. There is no legislation in this country that protects depositors who put money in the commercial houses.

The big distributive companies are all deposit taking institutions. They operate like banks. We have already drawn reference to the fact that the Government's credit control policies are ridiculous in so far as it has eased the squeeze on those large commercial houses but has not eased the squeeze on the small mini-marts because those

commercial houses are deposit taking institutions. They operate like banks in terms of their capacity to take deposits from the public but the public is not protected under any law as regards the adequacy of the protection for deposits in those institutions.

It was intended, Mr. Speaker, that the financial institutions should remedy that situation, provide a basis for the regulation not only of commercial banks but commercial deposit taking institutions as well as finance houses such as Trade Confirmers, as you know, Sir, which also went down taking with it a lot of the savings of a large number of Barbadians. This matter was sufficiently urgent that this legislation should have been on the front burner.

As far back as April 1986 the staff of the Central Bank prepared, in my view, an excellent Green Paper for discussion setting out the bases for a regulatory framework for financial institutions in Barbados. This is a document of the House. I would urge all Members of the House who have not read it yet to read it because there are aspects of it that, obviously, have been overtaken by circumstances. I will come to that. If we are to seriously discuss the new Financial Institutions Bill this document should be required reading by all Members of the House.

The point I am coming to, Sir, is that the Government has had a draft of the Financial Institutions Bill. I certainly have one. From November 23, 1988, the Government has had a draft of the Financial Institutions Bill. We cannot be happy in a situation where there is no protection for depositors in commercial houses – at the last count in 1985 almost \$70 million in deposits were held in commercial houses in Barbados, it must be more now – in a situation where there is no protection whatsoever for persons who deposit funds in finance houses and in a situation where, in my view, the credit unions of Barbados have grown, and where in my view as well, as I have expressed in this House, the provisions of the cooperative societies are sadly deficient in dealing with the question of how liquid assets of the credit unions should be determined and what should happen in the event that those liquid assets are not applied by. We have gone through this already where the existing legislation requires that the Minister responsible for co-operatives can put a credit union in receivership if a co-op does not meet its liquid assets. Banks from day to day do not meet its liquid assets ratio but they go to the Central Bank as a lender of last resort.

We have in the Laws of Barbados quite a draconian piece of legislation that would make no sense if a credit union that cannot meet its liquid assets has to be put in receivership while a commercial bank that does not meet its liquid assets can go to the Central Bank and borrow. That legislation also has to be dealt with in a systematic manner under the auspices of the Financial Institutions Bill. These matters are too important for us to allow the Government to continue to tarry any longer. It is not that the Government

has not been advised as to the importance of this matter. We have spoken about this matter in the House over and over again.

We will be holding Government to its word that within the next four months Barbados must have a Financial Institutions Bill that will provide protection for depositors of the country, that will allow the financial institutions of Barbados to perform their role as linking savers and investors and to allow for the regulation of the financial institutions in this country in the best developmental sense as well as with reference to the best precepts of management and regulations. We are anxious for this legislation. It was started by the Barbados Labour Party. The Government can be assured that this is one matter on which there can be some meeting of the minds. Having said that I must mention to the House that one important aspect of the new Banking Act is the investment in the Minister of Finance the powers to suspend the operations of the commercial banks. That was never within the conception of the old Banking Act. The Minister of Finance never had the power to suspend the operations of a commercial bank.

It is not, as far as I can gather, Sir, within the confines of the Financial Institutions Bill which I have seen in draft. The Financial Institutions Bill which I have seen in draft does not grant to a Minister of Finance the power to suspend the operations of a commercial bank. I am mentioning that point, Sir, because one of the important aspects of this legislation which I think the House has to carefully agitate upon is what is there that is new. Most of the regulations that are being sought today have already passed through this House. We are being called upon, in a sense, merely to put in the domestic Banking Act, if you can put it that way, the regulations and the powers that are already contained in the Offshore Banking Act.

What is new is this power being asked for a Minister of Finance to be in a position not as he is now to eventually revoke a licence of a bank after an examination and that he is satisfied that there are improprieties and whatever else, but for a Minister to have the power to suspend the licence of a bank for a period not exceeding three months. That is one of the main things that is included in this legislation. I would urge the House to think about it carefully.

In relation to this legislation in general, one of the broad issues that I have concerns with are the powers and the privileges that are being granted to the Central Bank of Barbados.

10.30 p.m.

Mr. Speaker, Sir, this legislation draws from the Offshore Banking legislation. I concede in stipulating that a Minister can direct the Central Bank, not only to cease the administration and control of a bank, but that a High Court can also treat the Central Bank as a custodian of a bank and

hence responsible, Sir, for its operations during the process of its winding down.

Mr. Speaker, Sir, I am aware, as I said that these similar provisions are to be found in the Offshore Banking Act. I have already stated different on the floor of this House, Sir, and I want to state again, I do not like to find the Central Bank of Barbados in a position where it can both approbate and reprobate. We have already had the situation, Sir, with the Caribbean Multi-lateral Clearing Facility. I am not seeking to shirk the responsibility for this Party, which was in office then, having over all accountability for what happened to that Multi-Lateral Clearing Facility, but that Clearing Facility was unique in the financial history of the Caribbean to the extent that the Central Banks of the region which have a broad supervisory responsibility for ensuring the stability of the foreign exchange position of the respective countries were also required to be responsible for the day to day management of a facility, Sir, and we have seen in that unfortunate experience what can happen when you ask the institution which has to supervise and see the thing as a whole to assume a day to day responsibility for the management of any institution.

I do not believe, Sir, I do not want the Central Bank of Barbados, Sir, to have a day to day responsibility for anything over which they must exercise a broad supervisory responsibility. I think it is dangerous, Sir, and even if this may be a principle which we want to retain in relation to the Bank's operations as regards to offshore banks, it is a principle that I do not want to see in existence in relation to the domestic banks. Yes, it is in here. I don't like it, Sir.

Section 17E that the High Courts may appoint a custodian, and

Section 17E (2) The Central Bank or other suitable person may be appointed as the custodian under subsection (1).

I don't like it, Sir. And I don't want the Central Bank of Barbados to be responsible for the day to day running of things that they must in the final analysis have an overall supervisory responsibility. It is a question, Sir, of who will guard the guard. Who was guarding the guard in relation to the Caribbean Multi-Lateral Clearing Facility. We were accused of having been deficient and I think we have this opportunity not to allow it to happen again.

I am also concerned, Sir, with the blanket indemnification that is being granted to the Central Bank in Barbados, Sir, under clause 4(2) "For the avoidance of doubt it is hereby declared that any action taken by the Central Bank of Barbados in the public interest to protect the interests of depositors and other creditors of a licensed bank; or to ensure the integrity of the banking system in

Barbados shall be deemed to have been lawfully and validly taken." Absolving the Central Bank of Barbados of

Mr. Speaker, Sir, there is a move as represented in the views of the former Governor of the Central Bank as well as in some of the leading managers of the Central Bank of Barbados to put the Central Bank in a special position of independence – that you need an independent Central Bank, Sir. We are beginning to hear that Mr. Speaker ...

Mr. SPEAKER: May I have some order, please?

Mr. O. S. ARTHUR: You in some respects take the Central Bank and put it in a position where first of all it is beyond the control of any politician, and, as in this matter now, Sir, even though a custodian appointed by the Court will be subject to be sued, this legislation will require that the Central Bank would not be liable to any damages arising out of its actions and as well we are to grant the Central Bank of Barbados, Sir, a blanket indemnification for any action that it takes once it can show that that action was taken in the public interest.

Last year, Sir, we had the situation in which the Central Bank of Barbados allowed Government's overdraft to rise \$70 million over the limit. Somebody can argue that was done in the public interest but we cannot have the Central Bank of Barbados, Sir, breaking the law and then somebody telling us that they broke the law in the public interest and they are to be indemnified from all responsibility in that matter, Sir. I say, no. We cannot agree to this legislation that grants the Central Bank of Barbados, Sir, these kinds of wide sweeping powers and privileges. The Central Bank of Barbados, despite, and I want to say this very carefully and clearly, that despite recent calls on the part of persons, Mr. Chairman, for an independent Central Bank, the Central Bank of Barbados is an instrument of policy and it must be in the final analysis, Sir, be accountable. What we want, Sir, is not just a strong Central Bank, we want strong and independent Central Bankers and I am not sure, Mr. Speaker, that the latter condition at present applies in the Central Bank of Barbados.

We have a situation, and we know of a situation, Mr. Speaker, where last year the weakness of the Central Bankers was exposed in this country, when a person, not the Governor, nor the Head of the Research Department, Sir, but a person made sure that for whatever reason, and I say political, Sir, a document that could have been adduced to guide public opinion about the true state of the economy had to be put in a vault and hidden from the public consumption. We do not want that kind of behaviour in our Central Bank, Sir. I know of a situation as well, at the Central Bank, Sir, where a leading member of the Central Bank, and I am not talking about the Governor, Sir, nor the Head of the Research Section, a few days before elections was asking members of the Central Bank about which

constituency they are in, Mr. Speaker and what they thought about this and what they thought about that, Sir. We do not want that kind of central banking in Barbados. We want, Mr. Speaker, strong and independent central bankers, but we do not want a Central Bank that does not believe that it is not accountable to the Ministry of Finance. We want strong and independent central Bankers, Mr. Speaker, Sir, who will tell a Minister of Finance that, I am not going to conspire with you in allowing Government's overdraft, Mr. Speaker, to exceed its legal limits. We want that kind of central banker, Sir.

Mr. SPEAKER: I just want a clarification from the Honourable Member. Just one minute. I think I need a clarification here because if you say that a member, in reference to a Member of Parliament, is acting in a conspiracy then I consider that a very serious statement to make so I think you need to be very clear as to what you really mean.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I don't mind interruptions from the Member for St. James South. I welcome it, because it gives me the opportunity to...

Mr. SPEAKER: No, I am really just asking for a clarification since the records of the House would reflect what you say to me and not to the Member of wherever he is from. I think it is better that statement be clarified, because I would not want to accept the records of this House that a Member of this House is in a conspiracy with someone.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am begging you not to protect me from the Member for St. James South. Allow me, Sir, to protect myself from the Member for James South. I am begging you, Sir.
10.40 a.m.

Mr. SPEAKER: In other words, that is not the intention that you are seeking. That is all that I wanted to know.

Mr. O. S. ARTHUR: Mr. Speaker, Sir...

Mr. SPEAKER: I just want to be sure that that is not what you are saying to me.

Mr. O. S. ARTHUR: Of course not, Sir. Mr. Speaker, Sir, I want to proceed in relation to this matter. As I said, the powers of a Minister to suspend the operations of a bank is a power that is not present in the old Banking Act. It is not present in the draft of the Financial Institutions Bill, Sir, and I am not sure as to its status in other jurisdictions. But it seems to me given the operations of banks as banks that the fact of confidence is one of the considerations that operates very strongly in the minds of depositors. If we are to have a situation in Barbados where a Minister was to order the suspension of a bank for three months, then I am

not sure that for all practical purposes that that would not effectively lead to the closing of that bank. I could not imagine, Mr. Speaker, a situation in which Barbadian depositors would hear that a Minister has suspended operations of a bank but at the end of that three month period want to move with dispatch to remove all of the deposits from the institution.

I am sure, Sir, that if you were to hear that the operations of your bank have been suspended by a Minister because the Minister was not happy with aspects of the bank that after the period of suspension, Sir, that you would want to withdraw your deposits. I am, therefore, calling upon Government to explain what really is the practical implications of vesting in the Minister of Finance the power to suspend and whether the power of suspension will not be the same thing as the power of revocation. I am sure, Sir, that if a Minister was to suspend the operations of a bank for whatever period that that would undermine the confidence in the operations of the bank. The only practical effect, Sir, would be a long line of persons seeking to get their deposits taken out of that bank as soon as possible and to be put into a sounder institution.

I am, therefore, concerned about the implications of this legislation. I understand the reasons for which this new piece of legislation, Sir, has incorporated it. To all intents and purposes, Sir, the operations of the bank involved have been suspended for whatever reasons and one is trying to find a way of validating that suspension. But with the suspension of a bank's operations, Sir, I suppose that the lawyers will have more to say on the matter and I will await their judgment. From my point of view, Sir, looking only at the practical operational aspects of the functions of banks as banks, I rather suspect that if a Minister was to suspend the operations of a bank in Barbados that you would have the same kind of reaction by the public as if the Minister was to say that the bank has to be closed.

I also need to react to some statements that have been made by the Governor of the Central Bank in relation to the protection now enjoyed by Barbadian depositors in financial institutions. Since that has been one of the key issues raised by this legislation of the safety of depositors' money in financial institutions, I want to discuss aspects of it as it relates to existing and proposed legislation.

The Governor of the Central Bank, I think, made a statement to the effect that at least 30 per cent of the deposits by persons in banks are secured to the extent that it is virtually on call in the case they need it and that 8 per cent of all deposits have to be held in cash either with the bank or the Central Bank of Barbados and 22 per cent have to be held in the form of Government securities. I really wish sometimes that the Governor would be more circumspect in how he issues these broad statements. The public might have been led to believe, Sir, that if tomorrow the banking system of Barbados was to come under great

jeopardy that there will be some easy and very automatic way that the monies held by the Government could be released. Each person who has a dollar in the bank could go up to the bank and get at least thirty cents back.

Mr. Speaker, Sir, that is the implications which Barbadians have received. The Government does not hold money in trust. When banks hold Government securities, they are lending money to Government in the same way that they are lending money to any member of the public. The banks of Barbados now, Sir, hold about four hundred and fifty million dollars of their deposits in the form of Government securities. It would be a very difficult thing for the Government to immediately find a way, Sir, of passing over to the commercial banks of Barbados the equivalent of the amount that the commercial banks of Barbados now hold in Government Treasury Bills, Treasury Notes, and Debentures.

The fact that they are held by Government provide the security in the sense that they are guaranteed by the Government of the country and the taxpayers of the country. But the truth is, Sir, that the Government will have to find a way of getting somebody to buy the existing Treasury Bills and other securities that the commercial banks now hold. Obviously, Sir, one of the chief institutions that would have to pick up those Treasury Bills and so on would be the Central Bank of Barbados and in no circumstances is the Central Bank of Barbados, Sir, taking up \$450 million in Government paper now. That would have such profound implications for the balance sheet of the Central Bank and the foreign reserves of the country, Sir. That is simply not on and that is the point that I really want to make. It is not something that can easily be done.

The commercial banks of Barbados cannot just call upon their securities held by Government in order to ease them out of a situation in which they have to settle with their depositors. The Governor should not lead the public into that kind of thinking, Sir. The commercial banks have lent money to Government and the banks hold them in the form of Treasury Bills, Treasury Notes, and Debentures. You will have the same difficulty in getting the Government to provide that funding as you would have in getting any business in Barbados which has received a big mortgage from the banks to settle immediately to pay out to their depositors. What Barbados might have to eventually look at, Sir, is some form of deposit insurance and that is what the Governor of the Central Bank should be talking about. It is just not enough to say that because the commercial banks are holding certain Government securities that that is enough insurance and security in itself. We may need in Barbados, Mr. Speaker, to look at some form of deposit insurance to provide that added security that is not there.

There is a general impression in Barbados today that 30 per cent of deposits can be recovered relatively quickly

if the banks found themselves in the position that they had to settle with their depositors. I am saying that 8 per cent of those deposits are, in fact, in the form of cash but 22 per cent are held as loans by the banks to Government and, in that respect, they are no different from the loans that the banks have with anybody else. I am saying, Sir, that the banks would have the same difficulty of getting the Government to settle as they would have in getting anybody who has a mortgage with a bank, so the bank can pay out its depositors. This is what the Governor of the Central Bank should say. The Government of Barbados is in no position tomorrow to be able to take up \$450 million that commercial banks are now holding in Government securities and give back to the banks if the banks had to pay out their depositors. Well, that is the impression, Mr. Speaker.

I am saying that we have to find an alternative way of giving greater security to depositors over and beyond the pocket of Government. Mr. Speaker, Sir, I am making the point because we have seen in other jurisdictions the tremendous difficulty that arises where financial institutions fail and the pocket of Government is called upon to pay out the depositors. In the United States of America, Sir, the savings and loans institution is a clear example of the problems that arise. When the Government has to settle, to that may be added the problem of the insurance companies of America and to the banks as well. It is a tremendous problem, Sir, but it cannot be resolved – I want to make that warning – by the public just believing that the Government can come in and bail them out of its own resources.
10.50 a.m.

Therefore, I would look to the Financial Institutions Bill, which is to be brought to the House in due course, addressing the question as to how best to provide insurance to depositors. I want to say that for this reason, that if there is one specific way in which I differ with the thinking that has gone into this Green Paper on financial institutions, it is the thinking as expressed at page 18 of the Paper.

Aside.

Mr. O. S. ARTHUR: Mr. Speaker, the Minister of Health is asking if this is a public document and is saying that he has not seen it. It is a reflection, I think, on the Minister that this document which has guided the preparation by his Government of a major piece of legislation that is to be brought to the House within four months has not been seen by the Minister.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member is anticipating legislation, which is contrary to the rules. I have not said anything in this House today, Sir, so the Honourable Member cannot be from his seat saying that the Minister of Health said. I have said nothing in the debate today.

Mr. O. S. ARTHUR: Mr. Speaker, I would just want to inform the Minister that his Leader has informed the House that the Financial Institutions Bill, long awaited, will eventually come to the House in four months' time. It is characteristic, Sir, that the basic Paper which informs that legislation has not yet been seen or read by the Minister of Health, a leading Member of Cabinet, which has to determine legislation to be brought here.

Mr. Speaker, I am raising the point, because the question of the protection of depositors is addressed as an issue in this Paper entitled "A Regulatory Framework for Financial Institutions in Barbados" at page 18, and it says this:

"To date depositors have had great confidence in the financial system and have called for no protection. The country has not seen a bank failure for about 30 years. In the case of commercial banks the obligation to hold reserve requirements and the scrutiny by bank supervisors over the commercial banks have reduced the need for other means of protection. Depositor protection will be seen here primarily as preventative and will relate to capital adequacy, the extent of supervision and degree of monitoring."

Mr. Speaker, if I can paraphrase that, the basic paper that has informed the preparation of the Financial Institutions Bill is saying that what will be obtained in Barbados is a preventative form of protection for depositors, where you will protect them by the adequacy of your supervision, your degree of monitoring and the capital adequacy of the institution.

We have already seen, Sir, where the supervision and monitoring have not pre-empted the collapse of Trade Confirmers, so that as a way of protecting depositors we just cannot rely upon supervision and monitoring as a preventative mechanism. We have seen that banks all over the world have come under severe financial pressure despite the existence of legislation in relation to capital adequacy, and I am saying that the approach as set out in this Green Paper on financial institutions in relation to the protection of depositors is a bit narrow. You cannot only rely upon supervision and monitoring and some guidelines in relation to capital adequacy to protect the depositors of Barbados, Sir, we might have as well to have some form of deposit insurance, and in addition, the operations of the institutions that are not now brought within the ambit of any form of legislation would have to be brought under, and very, very clear and specific measures have to be taken in relation to how depositors would have to be protected. This is a little bit weak and does not guarantee that what has happened elsewhere cannot happen in Barbados.

I think we in Barbados have a responsibility to our depositors to make sure that every effort is taken, every policy is instituted to satisfy a person who has put savings

in a financial institution that his savings are sound, and not leave it just to supervision and monitoring in the way in which this is contemplated here, Sir. I am saying that because I would like to see it reflected in the new Financial Institutions Bill. My reading of the draft of that new Financial Institutions Bill does not really satisfy me.

Aside.

Mr. O. S. ARTHUR: Sir, the draft to which I have access does not provide the kind of protection to deposits....

Aside.

Mr. O. S. ARTHUR: Indeed, when that part of the Financial Institutions Bill dealing with the regulation of commercial houses came to the Ministry of Finance under the Barbados Labour Party, the then Minister of Finance, the present Member for Christ Church South, reacted to it by saying that the measures contemplated for the protection of deposits were not strong enough, but yet those very measures that were deemed then not to be strong find their way into this new Financial Institutions Bill. That is part of the concern we have, that we have to make sure that the protection for depositors is sufficiently strong that we do not leave it just to supervision and to monitoring, and that because it has not happened before it cannot happen in the future.

Mr. Speaker, Sir, as I said, we are going to be giving qualified support to this legislation. The Government has clarified the chain of priorities in relation to how the respective claims of depositors are to be settled and we have no quarrel with that. We are pointing out that we really have difficulty with the blanket indemnification that is being granted to the Central Bank. I have a difficulty with the Central Bank being appointed as a custodian in relation to the management of an institution during the process of its winding down. I would prefer that the Central Bank maintain an independent detached relationship on the basis that you should not reprobate and approbate at the same time. I want to see the Central Bank, particularly in this matter where it might have an interest – because I am told that the Central Bank may have received a loan from the institution, Sir – that it maintains an independent, detached position in relation to the institution. I am clear in my mind on that matter, Sir.

I would really like to hear the legal implications of a Minister suspending the licence of a bank being investigated. I am not clear as to exactly what that will entail, but I am satisfied, from a practical point of view, that if a Minister of Finance in Barbados was to suspend the operations of a bank, he may just as well revoke its licence because it would so shake public confidence in the operation of that institution that its only pragmatic effect would be that people withdraw their money from the

institution in any case. What we may want is the legislation that really facilitates the takeover of the assets of one financial institution by another in circumstances where that institution comes under pressure; that we must not allow the situation to obtain in Barbados where a financial crisis emerges and then you act.

11.00 a.m.

What we need to have, Sir, is legislation in which banks can buy out banks and maintain the integrity of the system by the stronger institution purchasing the weaker ones rather than let the weaker ones collapse and the public's confidence in the institution as a whole and then Government reacts. Perhaps the legal luminaries can look at the legislation that exists now and that is posed in relation to whether it in fact allows the whole banking community to protect the community in general insofar as it facilitates the takeover and the purchase of the assets by one institution, because, as you know, Sir, in the banking world fear and uncertainty are what eventually cause runs on these institutions and they collapse. While it may be necessary and possible to deal with this matter by having the Minister of Finance from time to time suspend the operation of commercial banks, I think that from all practical purposes what would be more desirable is for us to facilitate the preemption of that by having legislation that can allow institutions more swiftly to be able to purchase the assets of other institutions where there are signs that an institution is weakening and that it can benefit by its merger with a stronger institution. That would be my approach to this matter, if we were charged with it. I commend it for what it is worth to Government.

The Prime Minister, Sir, did mention how wonderful it is for us as "brethren to dwell together in unity" on this matter. He did raise the matter of consensus and how he was seeking the consensus of the Barbados Labour Party in this matter as in other matters. I am sure, therefore, Sir, that to the extent that he raised it, I am in a position to dilate upon it. I really want to say, Mr. Speaker, that as regards the matter of consensus as has been raised by the Minister of Finance...

Mr. SPEAKER: Before you continue, I may be anticipating you. You said in this matter and in other matters. I hope you will deal with this matter and not other matters.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am in a position to respond to a matter in debate. I am debating. I am in a position with your latitude to respond to an issue that has been raised by the Minister of Finance. In a general sense, the health of the economy, Sir, has to deal with the soundness of our banking institutions. One has to discuss the whole question of the soundness of our banking institutions in the context of the soundness of the economy as a whole.

Mr. SPEAKER: That may be too wide in the context of the Bill.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the Barbados Labour Party is going to have to bring to this House a resolution to have the state of the Barbados economy discussed as a matter of urgent public importance. I promise the House that I will have that resolution before the House, Sir, by next sitting. We really are going to have to, because here we are in a situation where the Minister of Finance has called upon us to reach a consensus on this matter and other matters relating to the economy. I am seeking, Sir, your leave to discuss our position on a consensus in relation to that point.

Mr. SPEAKER: I think the Honourable Member still recognises that the Standing Orders of the House still maintain relativity to what you are discussing. Therefore, even though matters may be raised, I still have to make sure that the debate does not go wider than it normally should. That's the only reason why I made that statement, because we are dealing with the Banking Act.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, all I am asking for is your leave to take the position of the Barbados Labour Party. In fact, Mr. Speaker, I am going to say this. The Barbados Labour Party is anxious to collaborate with the Government of Barbados, not only in relation to the Banking Act, Sir, but in relation to the implementation of all policies that have at their core the promotion of the best interests of the Barbadian public. To that extent, therefore, Mr. Speaker, the Barbados Labour Party would give the Government of Barbados 100 per cent support if in the process of negotiating with the IMF, as it has said it is doing, that it manages to bring about a programme without a devaluation, it can be assured that the Barbados Labour Party will stand 100,000 per cent behind it and would give it its full cooperation in that matter.

At the same time, Sir, we want before we can be part of a consensus on other issues to be aware of what the other aspects of any policy measures being agreed to entail. For example, Mr. Speaker, Sir, we will not be part of any secret deal to use massive cuts, not only in the Wage Bill but massive cuts in wages as an alternative to devaluation. I want to make that very clear, the Barbados Labour Party will not be part of any secret deal to agree to any massive cuts in the wage scale of public servants.

Mr. SPEAKER: I am sure the Honourable Member understood what I was saying.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, we are aware that a structural adjustment programme is a package of measures. Barbados is being led to believe that if you have a structural adjustment programme without devaluation...

Mr. SPEAKER: I am not going to permit it. If the Honourable Member does not understand what I said, I will put it a little clearer for him. It must be totally relevant to the aspects of the amendments of this Bill. Any substance that comes up that is not relevant, I will ask to have it struck from the records.

Mr. O. S. ARTHUR: Mr. Speaker, Sir, I am opposed, as I said earlier to the Central Bank of Barbados being given blanket indemnity to pursue acts that it may just feel may be in the public interest. We are aware, Mr. Speaker, that from as early as November last year, the Central Bank of Barbados was required by its Directorate to begin the preparation of data to facilitate to the preparation of a structural adjustment programme for Barbados. We are aware, Sir, that that is the case.

It is our concern, Sir, that the Central Bank of Barbados cannot just proceed to impose a structural adjustment programme on Barbados that may involve the banks of this country; that may involve a change in its relationship to the banks of this country in fundamental ways that will bring hardship upon the people of this country without a broad consensus, not only involving Government and the private sector, but involving Government and the people who are elected by the population of Barbados.

We are of the view, Mr. Speaker, that all aspects of any structural adjustment programme that are devised by the Central Bank will have to be appraised in the same way...

Asides.

Mr. SPEAKER: I am pleading with the Honourable Member. I have always said from time to time there must be a cut-off point to which your argument can go.

Mr. O. S. ARTHUR: Mr. Speaker, I am debating under Section 4(2):

"For the avoidance of doubt it is hereby declared that any action taken by the Central Bank of Barbados in the public interest ...

(b) to ensure the integrity of the banking system in Barbados,

shall be deemed to have been lawfully and validly taken."

am saying that that is too broad a power for us to grant to the Central Bank, Sir, in a circumstance where it can under the guise of a structural adjustment programme take measures that it deems, but not that we deem, to be in the public interest; to present what it regards as the integrity of the banking system of Barbados that this should be lawfully

and validly taken merely because the Central Bank has said that it is so. I am saying that is irrelevant.
11.10 a.m.

Mr. SPEAKER: Yes. It can go as far as that but no further. You will obviously be straying away from the Bill.

Hon. B. M. TAITT: On a point of order, Sir. The Honourable Member necessarily must pay attention to the Rules of the House in regard to the debate. Anything that is in this Bill must relate to the subject matter of the Bill. He cannot use the English words to mean anything. It must be anything in relation to this.

Mr. SPEAKER: I understand the point as well. I think the Honourable Member understands very clearly what I am saying.

Mr. O. S. ARTHUR: Mr. Speaker, I am sure the House will agree that the best protection that the depositors in financial institutions have in the soundness of those institutions is the capacity of those banks to be able to attract deposits from the public upon the basis of the growth in the income of the public at large. To that extent, therefore, the growth in the income of the public of Barbados is relevant to the consideration of whether or not you have a sound banking system.

In that sense, Sir, so far as we are discussing the banking system of Barbados and we have to discuss the growth in deposits, it is mandatory as well that we have to discuss the growth in incomes. In that respect, therefore, Mr. Speaker, any policy that a Government institutes that can affect the growth in income is going to be a consideration that will affect the soundness of the banking system. I am submitting that to the House, Sir. In that capacity, therefore, the policies contemplated to bring about structural adjustments in the Barbados economy will affect growth in incomes and therefore affect changes in deposits in the banking system and are a relevant consideration in a situation where we are discussing the Banking Act.

Our position, Sir, is that we are anxious to support Government in a position that it has taken in relation to the way in which it will protect the incomes of Barbadians by not entering a devaluation. But, we are warning that the Barbados Labour Party Opposition will expect Government to tell the people of this country that merely because a structural adjustment programme does not contain devaluation it does not mean that it is a good programme because there are many awful prices that societies have to pay for having structural adjustment programmes that do not contain a devaluation. We are therefore, Sir, reserving our position on the matter because we want to see the full package and the public of Barbados must be made to understand that a structural adjustment programme is not one measure but is a package of measures.

Mr. SPEAKER: I am going to tell the Honourable Member point blank. I am not accepting any discussion on structural adjustment.

Mr. O. S. ARTHUR: As Mr. Speaker wishes.

Mr. SPEAKER: If the Honourable Member cannot stick within those confines...

Mr. O. S. ARTHUR: Mr. Speaker, I am fully prepared to comply with your request that you will not entertain any discussion of the matter on this side or on that side. I fully respect your view. I would like to let the House know that to facilitate the widest possible discussion on the Barbados economy it is our intention to bring a resolution to this House to have this matter discussed as a matter of public importance.

We feel as well, and I want the Government to hear this point, that it is offensive to the notion of the Government of this country for us to be hearing about consensus involving Government and trade unions and the private sector as if they were elected by anybody to determine a country's economic destiny. I am saying that to the extent that consensus has been raised..

Mr. SPEAKER: May we have some order, please.

Mr. O. S. ARTHUR: Mr. Speaker, I will go so far as to give a friendly warning to the Government. In 1986 certain sections of the private sector of this country not unknown but who shall remain unnamed, anxiously pressed upon the Democratic Labour Party a set of measures which they accepted as being in the best interest of the country. The Democratic Labour Party must know this. We have seen that this same Democratic Labour Party Government has come to repudiate the very measures that were thrust upon it by certain sections of the private sector in 1986. In the context of the public interest and consensus as raised by the Prime Minister in this debate, we reserve our right not to be part of any consensus that we have not seen in advance.

Mr. Speaker, if I can conclude because I can see the embarrassed mood on the other side. I think it is a sad thing that a Government should be so demoralised six months after an election that in a matter concerning banking it is not prepared to entertain a full debate that sets the whole question of...

Mr. SPEAKER: Now, that is a reflection on the Chair because that side does not determine what should be said. I am the one who determines that. I will ask the Honourable Member to be very careful in his wording.

Mr. O. S. ARTHUR: Mr. Speaker, when I look at the other side I am reminded of the words of Benjamin Disraeli when he reflected on a Government on the front bench. His

words were that when he looked at the front bench on the other side he was reminded of a South American cheesecake. He said he beheld a range of exhausted volcanoes. This is what we have in this House a Government running from a debate on the economy at a time when the fundamental destiny of Barbados is going to be in peril.

Hon. B. M. TAITT: On a point of order, Sir. I object to anybody, especially the Honourable Member for St. Peter, referring to me in a manner that is demeaning. The words used by the Honourable Member are words which have been, according to May's, ruled unparliamentary. I ask the Honourable Member to withdraw the remarks, Sir.

Mr. SPEAKER: Usually in circumstances such as these the word "Government" has a very wide meaning at times. If any Honourable Member feels that the reference is made to him and he enquires of the Honourable Member whether the reference is made to him then, surely, saying that a member is a coward is certainly unparliamentary. Therefore, if any Honourable Member feels that the Member has in some way made that comment about him then I will be clear on the ruling.

Mr. O. S. ARTHUR: Mr. Speaker, I withdraw it in relation to the Honourable Member for St. Michael West.

Mr. SPEAKER: I accept your withdrawal. I think one must always be able to encourage Members to speak at a high level. I think the Honourable Member has been making his contribution at a very good level. I would hate to think that the finishing of whatever is his contribution may tend to be diverted.

Mr. O. S. ARTHUR: Mr. Speaker, I can only respond to the matter that has been raised. The Honourable Member for St. Michael West was scrupulous in saying that he did not regard himself as an exhaustive volcano. I do not know how he may regard his other colleagues who might, perhaps, agree with the stricture.

Mr. SPEAKER: Let us get on. I think we have agreed that comment is not worthy of Members of the House so let us get on. As I often remind Members, do not worry about the asides. They are not going to be reported. They are not going to be in Hansard. Nobody will hear about them so do not worry about them.

Mr. O. S. ARTHUR: Mr. Speaker, the Honourable Member for St. Philip South has been seeking to distract the debate.

11.20 a.m.

The essential point of principle that is being established here, Sir – and you all can do what you want to do – but one has to protect the primacy of Parliament in this country in determining matters of fundamental interest to

Barbados – and I am closing in this matter, Sir – whether it pertains to the soundness of the banking institution or it pertains, Sir, to the general soundness of the economic policies that the Government pursues.

I am saying, Sir, that what is developing in Barbados, in my view, is sadly so, a situation in which the role of Parliament, Mr. Speaker, as the fundamental place where decisions are taken about the direction of the economy is being undermined. I will hear about in 1982 Tom Adams did not bring an IMF Programme to Parliament, but it was left to the Opposition then and the spokesman on Finance in the Opposition to prevent a situation happening in Barbados, where a country could go into negotiations with the IMF, enter a programme, have the programme in existence and only three months after the programme is in existence, Sir, then begin to talk about it. That was a dereliction of his responsibility. I feel so. It was a reflection on him, Sir, but I feel that in these matters, Sir, Parliament has to be primary and you all, the Government, can do what they want to prevent legitimate discussion on this matter, Sir, but the discussion will continue and you can be sure that the Government of Barbados will not be allowed to enter any structural adjustment programme with any institution without the matter being fully ventilated. The Opposition of this country, Sir, despite what is quite clear, the embarrassed agitation by a person who has been downgraded from Hurricane Rambo to tropical wave Blackie, the embarrassed agitation to prevent us from talking, we will talk about it. I am obliged to you, Sir.

Mr. H. B. St. JOHN: Mr. Speaker, Sir, this is an occasion, Sir, which I am not going to indulge in any partisan approach, Sir, because I feel that it is the duty of all of us, Sir, to take whatever steps that we feel necessary and desirable to ensure that the Barbadian depositors are protected to the maximum.

This question of protection to Barbadian depositors, Sir, in situations such as this, Sir, was one that some time ago, considerable study was given to. I had the honour at that time, Sir, to bring before this House, legislation which I believe would have helped Barbadians who had deposited money in foreign branches of banks operating in Barbados to be fully cognizant or partially cognizant of the financial state of the particular branch operating in Barbados.

We amended, in 1986, legislation which required disclosure by branch banks of the state of their business relating to the Barbados operation. I was the subject of a lot of abuse by banks. I did not mind that because in public life I am one of those who believe that if you have a point of view and the advocacy of that point of view causes you to be abused, that you should not retreat. I am not a retreat. All of the bank managers, in particular the foreign banks were abusing me because I wanted disclosure in Barbados of the state of the operations of those foreign branches in Barbados. Now the lobby, as usual, worked on the

Democratic Labour Party and they found very willing acceptance to the point of view that the business of foreign branches in Barbados was not to be the subject of public disclosure.

In 1987 the then Minister of Finance of the Democratic Labour Party, with the approval of all of the members of the Democratic Labour Party came before this House and repealed that law. The lobby was able to reach the powers and make the decisions in the Democratic Labour Party. That is not surprising. But, I still call, today, on the present Minister of Finance to repeal the law that the former Minister of the Democratic Labour Party passed in relation to this, because if that was the law we would know, and the public would know, what are the assets in Barbados of the Bank and what are the liabilities.

I am shocked, Sir, that we are today, as we approach the twenty-first century, in a position in Barbados in which so-called responsible people could make statements like that which appeared on the front page of some of the papers today. I am not going to mention it, Sir. It is most misleading to say and to suggest that in the evaluation of the present position of Barbadian depositors, that 30 per cent is protected and 70 per cent is likely to be lost. That is exactly what the impression is today and I am shocked too that publications could publish what are the assets, 109 or 110 million dollars without saying what are the liabilities. That shows that we are a backward community. We are supposed to be sophisticated in our understanding of these financial matters and this is what we get, Sir, and I am going to say it, Sir, little help in our education from the statements that come from the Central Bank itself and lo and behold the Minister of Finance, the Prime Minister, in introducing this Bill today has not enlightened us anymore. He has not told us yet what is the position of the underlying financial condition of this Bank. After all, at the time when the law was repealed the then Minister of Finance of the Democratic Labour Party said in 1987, this information is not really necessary because the Central Bank is always on top of the financial condition of every branch in Barbados. I want to know what is the position today, the Central Bank is on top. Tell me what are the liabilities, how many deposits they have in the Bank. I know the National Insurance is a large depositor, but what are the assets. That is what we want to know. You had enough time now to tell the public and to bring back some measure of confidence to the public as to the competence of the Central Bank's inspection. We want to know. Nobody can tell me if a competent job was being done by the Central Bank that they don't know whether this Bank is in a net assets position or not. Why are they concealing it from the public? This has serious implications because, already I know and I hear it everyday since this matter has come to the fore, there are people who are taking actions which are likely to prejudice the viability of other banks in Barbados.

11.30 a.m.

I feel that one of the things that hurts me very much is that in Barbados in a crisis like this that we do not have sophisticated local institutions that by now would have offered to buy out this and make a public statement so as to quiet any fears that the Barbadians may have. If we are saying that we are an independent country, we must understand what we are dealing with. Banking, insurance, and other financial intermediaries are not be a matter of mystery if we are to say that we are fit and proper to manage our own affairs. That is the position that I take. I am disappointed in the paucity of information that came from the Minister of Finance. I am disappointed in it. It is only because we have a supreme understanding in what is a national interest that we are giving support. But the Honourable Minister of Finance has not convinced anybody about the need for anything in this. He has not given you any information on it.

Aside.

Mr. H. B. St. JOHN: I am not saying that. I am saying that from the statements that were made that I would have expected that by now the public would have been taken into confidence and we would have known what is the net asset position in respect of this, Sir. It is a very important point, Sir.

The question of branches is a very serious matter that has to be studied and when you see the publications pursuant to Section 14 which says, Sir:

"That not later than four months after the close of each financial year of each licensed banks, or such longer period as the Minister may, in any particular case, permit, the banks shall publish in the Official Gazette and in a daily newspaper and shall exhibit in its offices and branches in Barbados and forward to the Minister copies of its balance sheet and profit and loss account and full and correct names of the directors of the bank."

When you see the publication of 1986, Sir, we amended that to say, "In respect of its business in the Island." We are not interested in Barclays Bank's worldwide business. We are not interested in the Canadian Imperial Bank's worldwide business. We are not interested in the Bank of Nova Scotia's worldwide business. We want to know what they are doing here. As I said at the time, the National Bank's directors and the public must know how the National Bank and the other indigenous or Caribbean Banks that are incorporated here are doing in relation to their competitors. That is what we want to know so that our financial analysts will be able to do comparative studies. That was too sophisticated for the other side, Sir. It is a great pity.

I hope that one of the first things, Sir, that happens before we end this debate is that the public is taken into

confidence and that some disclosure is made as to the financial position of this bank. If the Central Bank was doing its duty of inspection, we would all know what it is and everybody should know. This is not a matter that should be kept within the confines of the four corners of the walls of the Central Bank. The Central Bank must understand that it has a public duty in relation to these matters and all of its spokesmen including its head must understand that this information must be made public. Because if it is not made public it is going to effect the viability of other institutions in Barbados. That is a point of principle, Sir.

The second point, Sir, is that the Government cannot say that it has been conducting its supervisory jurisdiction and its letters of power in relation to banking in Barbados with any great degree of competence because of the fact that it has allowed at least five years to pass before it has taken action on the Financial Institutions Bill in Barbados.

Sir, there is absolutely no doubt about it that consequent upon the international recession that took place in the 1980's and prior too there have been a lot of bank failures all over the place. The Governments have had to take extraordinary steps to bring their legislation up to date. That is no excuse. I do not know what is the excuse, Sir. I was listening to the Honourable Minister of Finance when he was speaking for some kind of explanation about why the Financial Institutions Bill in Barbados was the subject of a Green Paper, which I understand is a document in this House, Sir. It was in circulation since April 1986. Sir, there has been in circulation a draft Bill relating to financial institutions as long ago as April 1986. There must be dilatoriness in the Ministry of Finance.

A Ministry of Finance must have its priorities straight and you must ride and be all of the time on top of the functionaries in the Ministry of Finance so as to ensure that these important matters are not pigeonholed. As the Honourable Member for St. Peter has said, we have had the experience of a public company accepting deposits in Barbados and the company going under and the depositors losing their money.

Now one of the things that we in Barbados have to settle in our minds is the question of the role of the Government. I am not one of those who believe that in these matters that they can all be left to the private sector. That is a myth that has been exploded in many societies. There has to be some check and control to the activities of unbridled, corrupt, incompetent, and dishonest capitalists in the private sector. There has to be. There is no question about it.

Therefore, all societies have found it necessary that in certain areas of activities to have some kind of regulation and Barbados will be no different. Barbados will be no different from any other society. We will breed crooks and

vagabonds like any other society. That is a fact. We will breed them because that is the nature of human beings that for every hundred that are produced there is going to be a proportion that is going to be deviant. That is a fact. You must accept that as mankind's experience. You must accept that. All of this talk about you must not study the past is a lot of nonsense. Do not harp on it. You had better learn from the experience of the past. You would have known that if you had not succumbed to the blandishments of the lobby that you would have had a proper Bill and you would have known how the National Insurance's money stands of the \$12 million or \$14 million that the National Insurance has in deposits. You would know how it stands now because you would know what the total liabilities are. The paper gave you what the assets are and you would know if the assets are greater than the liabilities. We would have known and the public would have known.

Sir, the position is very clear. On these matters there ought to be a bi-partisan approach. Obviously we are going to support the passage of a Bill that seeks to close any gaps that there are in the existing law to deal with this situation that has come upon us. I have not had the opportunity of studying the full implications of this Bill, because it was only circulated yesterday, but I regard it as a stop gap measure, a temporary measure. I certainly am going to give it my support today on the understanding that if it is deficient in any way it should be regarded as a matter of urgency to be corrected.

11.40 a.m.

It seems to me, Sir, that it fills an immediate gap in giving the power to suspend, because while the existing legislation gives the power to revoke, revocation is a final act, it does not deal with the intermediate period when an examination is going on so as to provide the factual basis for a final decision. Therefore it is necessary to prevent any harm being done to have the power to suspend so as to preserve the *status quo*. Therefore, that is a gap and I understand the reason for that.

I am one of those who believe strongly that as far as the domestic deposits and lending are concerned, this is an area that should only apply to companies and institutions which deem it important enough to incorporate in Barbados. This is an argument which has been going on for a long period of time.

The concept of branching is a very, very serious matter and it presupposes a degree of supervision that is so great that you are able to dissect the branch operations from the totality of the operations.

One of the other problems that arises in respect of this is something which was mentioned by the Honourable Minister of Finance, that is, that the country of incorporation is the Cayman Islands and it appears as though the steps have been taken there to appoint some kind

of receiver. The question then arises as to what powers that receiver would have in Barbados.

These are all problems that our existing legislation does not deal with and therefore it is necessary for us to ensure that whatever the existing law is, it is made abundantly clear that as far as Barbados is concerned no foreign receiver, no foreign liquidator, no foreign person can have any powers in Barbados unless those powers are sanctioned by the courts. That is what we want to get clear. I believe that to be the law, but in order to get it very clear I do not mind if it is put in the legislation in case any person or any group of people feel that that is not the law.

I recall, Sir, when the Trade Confirmers Enquiry was taking place that there was a lot of discussion about the role of a Central Bank or a Supervisor of the financial institutions in circumstances in which a financial institution was operating and that its failure was likely to have an effect upon the general integrity and confidence of financial institutions. There was a lot of talk and examination of what had happened in other countries and there was a comparison made of how the Bank of England in the United Kingdom regards it as its duty to promote operations which ensure that nobody suffers. They are called lifeboat operations and they try to get other banks to buy out. I hope that such efforts are being made in Barbados.

I am not going to tell the Government that its Directors of the National Bank should look at it, because I am one of those who believe that Government should not give directions to the National Bank except of a general nature, not specific directions, but I would hope that some of the indigenous institutions in the Caribbean would have a look at this and use this as an opportunity to consolidate or expand their operations. I am one of those who believe that on banking and insurance our only hope is to have it conducted on a regional basis. That is my view. Regional ownership is essential to have viable institutions.

Now, Sir, the other point on principle that was mentioned has already been mentioned by the spokesman for finance, the question of the Central Bank and its eligibility for being a custodian. I really feel that the Government should accede to the suggestion that the Bill be amended to make the Central Bank ineligible of being a permanent custodian. I do not think that the Central Bank should perform that role, having regard to the fact that in its position as supervisor its supervision ought to be so good that an institution should not reach the stage of having to go for compulsory winding up order without it knowing. While I have no quarrel with the Central Bank as an initiator of the process of the winding up, I have difficulty in the Central Bank being both an initiator and then the person to do the winding up. It is like saying that if you have a creditor in a company and the company is bankrupt, that that particular creditor is to be appointed the person who is in charge of the liquidation. I do not think that is right. I think in the

interest of the Central Bank itself, while it should fight strenuously for its powers to initiate and its advisory powers to the Minister, it should not want to do the final function of being a custodian.

If you look at section 17 of the Act, you will see what the powers of a custodian are. A custodian, in respect of a licensed bank for which he has been appointed, has the exclusive power and duty to manage and control the affairs of that bank. So that to me for a Central Bank to be appointed custodian means that the Central Bank would have to exercise that power.

11.50 a.m.

If you look at subsection (2) of that, it then spells out in detail some of the specific powers, including a power to employ staff, to execute an instrument in its name and things like that. That really is a function for liquidators, receivers, the chartered accountants and other people who do that day to day. If the Central Bank gets itself in the position of having to employ staff and to conduct things of that kind, I don't feel that that is right, Sir.

I hope, Sir, that the wisdom of disentangling the Central Bank from that detailed day to day management is appreciated. I think that in the long term interest of the Central Bank they should withdraw.

Mr. SPEAKER: The Honourable Member has one minute to go.

Mr. H. B. St. JOHN: The last point, Sir, that I will deal with, is the so-called bill of indemnity as is contained in sub-section (2) on page 7. I am not going to support that in any way, Sir. Subject to those caveats, I am willing to deal in committee with the details of the Bill and I will give the Bill my general support.

Hon. D. J. H. THOMPSON: Mr. Speaker, I rise to give support to this amendment bill to the Banking Act. I wish to commence, Sir, by saying that the provisions of this proposed legislation are in keeping with a philosophy that calls upon the state to intervene in the free market, so-called, to ensure the integrity of the banking system, the flow of financial resources in the private sector and also, in this case, to protect and preserve some of its own resources and to protect the rights of depositors and to enforce the responsibilities of those who hold money in trust for depositors.

This legislation seeks to augment existing legislation and the legislation which presently exists has the aim of providing a regulatory framework. It comes at an important time, because we have had a very critical – I don't want to call it concession – but philosophical point of view put forward by the Honourable Member for Christ Church South that he believes in even greater regulation. In relation to my personal view, that is consonant with what I consider

to be necessary at this time. It comes at a time when there are people, particularly learned Barbadians who have had the opportunity to study overseas and return to the university, who are given the opportunity to speak on call-in shows every night and to impress us with their knowledge of the wonders of the free market. It comes at a time when those people are suggesting a complete breakdown in this regulatory framework and have been as wild as to suggest that the reserve requirement should be reduced by 50 per cent on condition that \$70 million is put aside for small business. This is the kind of debate.

People talk about not wanting to face the economic debate but as politicians we face it every day. What people may be talking about is that they want an opportunity to look you in the eye, toe-to-toe and to harp, as if they were frozen in liquid nitrogen, which is a process which apparently preserves you, and then they unfreeze the liquid nitrogen and give you a lash on your heart and wake you up and you act as though nothing has happened in that time. They basically want to spend some time going back to 1986. Particularly 1986, because there are some people who believe that half of 1985 and half of 1986 were the wonder years in this country. I have no problem with that. That is the romanticism to which politicians are entitled from time to time. I accept that you want to say something to us about the economy. Okay, we accept that in the context of the House of the Assembly, and you may have that opportunity whenever the Speaker and the agenda of Parliament permits it.

On the outside, there are people every day who are making statements about our economic relationship in Barbados, about the wonders of the free market system, about the power of the private sector, about the ability of the private sector on its own, not only to rescue the Barbadian economy, but in fact to take over the responsibilities of the State, and if you give them the opportunity, to negotiate with international, multilateral, banking institutions like the IMF.

We are living in strange times, so there is an economic debate. Let us not fool ourselves and anybody, whether they are a public commentator in the newspaper or elected representative of the people of this country who are sworn to uphold the sovereignty of Barbados, whatever their station in life, they have to understand that an economic debate takes place in Barbados every day. We are not hiding from it. We listen to it. We hear the twenty-one points of view that would save this country. A couple of years ago, we heard the former Governor of the Central Bank addressing a party convention somewhere in Barbados, facing toe-to-toe with the people who had a right to accuse him of complete incompetence. He faced them off toe-to-toe in Queen's Park or some other public fora. He addressed them on what would save the Barbadian economy.

Mr. SPEAKER: I am sure the Honourable Member knows that I would intervene at this point in time. I would give some room, but...

Hon. D. J. H. THOMPSON: So, we have that debate out in the public domain every day and everybody has their own suggestion. All of the suggestions out there seem to be to dismantle the regulations, dismantle the state machinery in the economy, dismantle all aspects of state intervention. This seems...

Asides.

Hon. D. J. H. THOMPSON: I am going to get to that. This is to do with regulation by the State. I am talking about what some Members of the academia and the intelligentsia seek to pass off as the vital economic plan of action – dismantle State intervention. We are saying no, that it is necessary by this legislation to augment the existing legislation which gives the Minister of Finance powers in relation to a bank operating within the banking system and gives the Central Bank or the Government, or the Central Bank on the advice of the Government, and other functionaries the power to intervene swiftly and to take certain intermediary courses of action.

Now, I am not one of those persons who believe at the same time that having regulations on the Statute Books make any difference. There have been occasions when the Central Bank has had all kinds of powers which it never exercised. So, when I hear the comment that the removal of the requirement of disclosure suddenly meant that you did not know what the bank was doing – I don't think that is necessarily a fair comment. There are people who would have looked at that balance sheet published by the Bank or the disclosure of that information as they look at any other piece of information that comes before them and may have acted no swifter in alerting us to the situation in relation to BCCI. What a government needs in relation to its intervention in these matters is access to information. This information can come in several ways. You can have the information beforehand, which the provision, as I understand it, was in the Act before. That may be an attractive approach, but I haven't thought about it. Or, you can have information that arises out of inspections which is usually after the fact, or when you have a suspicion, or you can act on rumours, some of which are sometimes true and in a small country like Barbados invariably there is some truth to the rumour. Except the rumours that emanate from certain people on that side – the Shadow Minister of "Rumours" is not always correct.

Hon. B. M. TAITT: Mr. Speaker, on a point of order. I am not aware that there is anybody in here shadowing rumours. I think the Honourable Member has a duty to explain to the House who is the Shadow Minister of "Rumour".

Mr. SPEAKER: That is no point of order.
12.00 noon.

Hon. D. J. H. THOMPSON: The point is, Sir, that the Government needs access to this information and you have to determine how best it must have this access. Must it say to the banks, provide this information up front in quarterly periods or must it say to the banks we will simply inspect when we feel it necessary to inspect. It is a question of determining which method is most important and which method is efficacious to the integrity of the Barbadian banking system to the international banks.

The second thing that the Government needs in relation to these matters is competent advice. That advice has to come from those persons who are charged with the responsibility of analysing the information which comes to the Government's attention by way of the legislation that exists.

The third thing, and this is what this legislation seeks to augment, is speedy measures to preserve some form of credibility in the banking system, and also to protect depositors whose case is going to be made out in relation to this matter more vociferously than anybody else's. The protection of depositors is a vital and serious matter which this legislation and our debate in this Chamber have to consider carefully.

I support the legislation on those grounds. I support any measures by the Minister of Finance who I believe is in possession of relevant information. I have no reason to doubt that the information is available. I support any measures which seek to protect deposits of person who are doing business in Barbados which is beneficial to Barbadians. The lesson of BCCI is probably a lesson that we have to be conscious of in relation to the granting of licences to banks.

The Honourable Member for St. Peter started by saying that the very provisions which the Democratic Labour Party criticised in relation to the Offshore Banking Act are, in fact, now being called upon in aid of a scenario in relation to the domestic banking system and the protection of depositors. That argument really is irrelevant to the circumstances of this debate because we accept that provisions which are even more stringent or more regulatory or require more openness from the banking system are necessary. In other words, at the end of the day provisions that will be necessary for financial institutions or a banking act should, in fact, go further than those of the present Offshore Banking legislation in relation to local banks. Those criticisms are irrelevant. Those criticisms may have been relevant in relation to offshore banking. I do not know.

Mr. D. A. C. SIMMONS: On a point of order. The Honourable Member has, by implication, suggested that

Your Honour allowed the Honourable Member for St. Peter to be in breach of the Rules in parading before the House a set of irrelevancies. That is a terrible reflection on the Chair, Sir, coming from a Member of Cabinet. I wish to draw to Your Honour's attention that it could not be irrelevant. Therefore, to that extent, the Honourable Member is misleading himself and the House because the Honourable Member for St. Peter pointed out that the Offshore Banking provisions were incorporated in this Act wholesale so it could not be irrelevant if they were brought from one Act and put into the very Act that we are dealing with. They are very relevant.

Mr. SPEAKER: I would think the point you have raised is one which I would consider in view of the fact that I never allow irrelevancies to persist in Parliament. Therefore the Honourable Member would easily withdraw that since it is not my custom to allow such. I think he will withdraw if that is a problem.

Hon. D. J. H. THOMPSON: I abide by your ruling, Sir. I was speaking merely to the argument, I was not speaking to the issue itself. I am not saying the issue he raised is irrelevant. In fact, I am saying it is very relevant because it pointed me to consider what kind of provisions would be necessary in relation to our local banking system. If he is saying his speech was irrelevant I would even apologise to him in that regard because I accept the point he is making.

I am saying the point made that the criticism of the provisions of the Offshore legislation were too severe or were unnecessary was, in fact, irrelevant to this debate. That was my view point. But I understand you are saying you would not allow irrelevant matters into the debate. In that regard I know what kind of latitude you allow because if it were strictly enforced a lot of Members would never get up and enter into any debate in this matter but I would, nevertheless, accept your ruling.

All I am saying is I do not think that point is relevant. I think all of us understand that there is a need for a regulatory framework that is sound and that this is Barbados. We must set our own standards and requirements in relation to what we require for the local banking system. But, of course, that must be in consonance with international banking approaches because our banking system is largely subscribed by local branches of overseas banks. I understand that.

I do not think, therefore, that it would be correct to call upon anybody in here to apologise for the position taken then because one of the things that have been attractive about the domicile of Barbados as an offshore centre of financial activity has been so far its purity or the fact that there are some countries, particularly the Canadians, who are attracted to Barbados not only because of what it offers in relation to the offshore sector by way of

incentives but because there is a feeling about doing business in this country with Barbadians. I am not saying that is a credit to any legislation. The offshore sector when it was introduced was new and required close and careful scrutiny at the time. Obviously that might have accounted for the criticisms of the legislation as it was then passed. But that is not relevant to the present scenario in Barbados now.

The second point is that the Honourable Member felt that the Minister of Finance should not have the power to suspend the operation.

Aside.

Hon. D. J. H. THOMPSON: Fair enough. You felt uncomfortable with the implications of giving the Minister of Finance the power to suspend. I think that matter was addressed by the Honourable Member for Christ Church South in the sense that it seems to be an interim scenario. One would hope that in all circumstances it would be based on sound advice.

12.10 p.m.

But in any event, if a Minister acts capriciously, if a Minister acts in any manner that does not conform to the principles of administrative law and good business practices, well then there are remedies open to the persons who are offended or whose rights have been infringed in relation to the legislation.

That brings me to another point. One Honourable Member has made pretty heavy weather about this indemnity as he called it. I would not consider section 4 to be anything that should trouble the Honourable Member. We have had legislation in here like the Tenancies Freehold Purchase Act which introduced a new and interesting concept of amendment by implication. In relation to this, Sir, this has no force of law. I do not think... Let us be realistic, which Judge is going to rule that a Central Bank acting outside of any jurisdiction given to it by any existing legislation is deemed to have been lawfully and validly taken.

The Central Bank has to act ...

Aside.

Hon. D. J. H. THOMPSON: Do you wish me to rephrase it to make it sound more attractive? By being in legislation it has force of law but the fact that it is part of an Act does not mean that anybody could simply, or the Central Bank could raise as a defence to an action which it does not have the right to take or which does not arise in legislation, it could not go the court and say, well it has been taken in the interest of depositors. It is not like the Freehold Purchase Act where any action you take, so long as it is taken within the context of the spirit of the

legislation amends any existing law in Barbados, including the Constitution. That is not the interpretation of the Banking (Amendment) Bill. So let us be frank about its implication and the Honourable Member for St. Peter should not be unduly worried that this is going to vest in the Central Bank any rights that it would not have under the legislation. In fact it may assist them in carrying out their responsibilities. In fact a central banker reading this should now feel confident that the Parliament of this country is now giving it the opportunity to carry out the responsibilities which it in some cases was not carrying out for decades. On reading this, this may be like a catalyst or this may be an incentive for the Central Bank to honour some of the responsibilities that it has in relation to existing legislation. So, do not worry about any indemnity in relation to the actions of the Central Bank. This section is not seeking to do that.

The question of depositors and what they will get back is a matter for speculation. I don't know the answer to that now, nor do you know the answer. There is nobody who can say they will definitely get back more than thirty per cent and I suspect that anybody who says they will get back exactly thirty cents, may like me be shooting in the dark even though one would think that is what the present regulatory framework guarantees. The present framework guarantees that but that does not necessarily mean that is what they will get back. We understand that, that is not Columbus' so-called discovery of the New World. We understand that and it is a matter of speculation what they will get back. That is what I am saying. The point is, there is no guarantee of thirty cents. There is no guarantee of any fixed figure and we, as a Parliament cannot speculate until the relevant information is available to us. The question of getting back the money quickly is also a matter that never arises because in these scenarios, because of the litigation, because of the delays in the appointment of persons to act, because of a whole range of other things, it is also speculative, the time frame in which depositors, or person, affected by the closure or suspension of these operations, would receive any benefit. So it is no point speculating or making any firm statements from here.

The most firm statement that can be made is that the Democratic Labour Party Government is interested in ensuring that depositors in the banking system in this country are protected by the existing law and by any augmentation that is necessary to the existing law.

Now, we were referred to a Green Paper on financial institutions but the Honourable Member for St. Peter also indicated that he did not feel that Green Paper went far enough, so it would not have made sense to rush bringing a draft Bill down here on financial institutions, based on a Green Paper that did not go far enough. Let us be reasonable. The point is this, as I understand it, the Green Paper recommends preventive forms of protection, capital adequacy, monitoring and supervision. Those are all that

the Honourable Member said. We now have to look for other ways and means of providing protection for depositors and I am saying to the Attorney General that it does not make sense bringing down any draft Financial Institutions Bill based on old methods which are incapable of implementation given the existing resources which are incapable of satisfying depositors and which when implemented only lead to scenarios like this. And, it will be a difficult task for the Attorney General's Department to come up with alternatives but it is something that we need to do. We have to consider all of the options that are available to us and we have to consider the costs of those options, because that is a very important thing. It is okay for the Honourable Member for St. Peter to say those options are not enough, but I suspect that any other options may have costs attached to them which are substantial, whether by way of insurance or whatever in relation to depositors.

We do not wish to delay this matter. It is a very important piece of legislation which is critical. This particular amendment, and in due course, as I understand it, the draft Financial Institutions Bill will come before the House and we will have another opportunity to place on record and in the laws of this country, even more, or a larger regulatory framework and I hope that those members of the intelligencia and the academia who are out there spreading the hope, the great white or blue or grey or black or whatever hope of capitalism or even the lucozade hope of capitalism, giving the public of Barbados the impression that there is some answer in Government dismantling all of the regulations that apply in relation to financial institutions and so on, they could as well abandon that particular task, because the Democratic Labour Party will not be pursuing it. We believe that the State has a role to play in these things and the State has as its ultimate objective the protection of the financial and other resources of its citizens.

With those few words, Sir, I wish to end this particular contribution, but I just want to make one point to the Honourable Member for St. Peter, he quoted quite lucidly from a speech made by Benjamin Disraeli to the British Parliament, but I think he also forgot to say that when Mr. Disraeli was sitting on the Government benches he looked over at the Opposition and he said, "When I look over there, I can now understand why the Egyptians worshipped an insect." I think he forgot that particular caveat. The humour of Benjamin Disraeli is outstanding and worthy of quote and repetition, but it works both ways, because he was in an out and you know when you are one side it works for you and when you are on the other it works against you. But, I appreciated adding that to the collection of parliamentary contributions in this regard. It was a useful one which shall be used again in generations to come. Thank you, Sir.
12.20 p.m.

Hon. M. A. KING: Mr. Speaker, there are a number of points which I would like to address on this Bill and I

would like to start first by dealing with Clause 4 about which a number of Honourable Members have spoken. The marginal note says, "Commencement and validation." It states:

"(2) For the avoidance of doubt it is hereby declared that any action taken by the Central Bank of Barbados in the public interest prior to the commencement of this Act

- (a) to protect the interests of depositors and other creditors of a licensed bank; or
- (b) to ensure the integrity of the banking system in Barbados, shall be deemed to have been lawfully and validly taken."

I got the impression, Mr. Speaker, as I heard the presentations in relation to this issue that the assumption was that this clause would give the Central Bank some sort of *carte blanche* from hereon in that any action which it took would be deemed to have been validly taken. I think what the clause seeks to convey is that anything which has been done by the Central Bank in the public interest prior to the commencement of this legislation today shall be deemed to have been validly taken and done. That is what is intended. It is not a *carte blanche* to give the Central Bank the right to take any action from hereon.

Aside.

Hon. M. A. KING: Well, that is not what was intended. Perhaps we could clarify it by inserting the words "prior to the commencement of this Act". It is clearly not intended that there is a blanket cover for anything that the Central Bank does from hereon. It is only intended to relate to anything which has taken place prior to the commencement of this legislation.

Aside.

Hon. M. A. KING: In Committee, we can deal with that. Yes, we can do that in Committee so that there needs to be no concern about what powers the Central Bank might take in relation to this. There have been a number of criticisms which have been made by Honourable Members in the course of the debate. I think the Honourable Member for St. Peter started with the point relating to Section 17E where the High Court may provide that the Central Bank or some other person may be appointed custodian under Section 1. There was some concern expressed by the Honourable Member for St. Peter that the Central Bank which is in essence a regulatory and supervisory institution should not be placed in a position where it was required to supervise the day to day management of a process such as winding up or reorganisation.

If one looks at Section 17E(2) which says:

"The Central Bank or other suitable person may be appointed as the custodian under subsection (1)."

It was not intended, Mr. Speaker, that the Central Bank should for all time be the custodian. I think what is really anticipated is that any participation by the Central Bank would be purely as a temporary measure until a suitable custodian is found and appointed. The point is understood about a regulatory and supervisory institution involving itself in the day to day management of an institution which by law it is required to regulate and supervise. That point is understood. The ideal situation would be that some other appropriate body or person would be the person appointed custodian and the provision is in the Act for the Court to make that appointment. But in the interim if no person is readily available, the Central Bank could appropriately fill that place at the discretion of the Court. The Central Bank can act as an interim custodian until an appropriate custodian is found. I believe that in other jurisdictions that there are other institutions which can perform that kind of function. Our problem might be that we do not have an appropriate institution in this country at the moment. But those are issues which clearly have to be addressed in the long term.

Now let me just turn for a brief moment, Mr. Speaker, to some of the comments of the Honourable Member for Christ Church South. He was very critical in his strictures of the Minister of Finance in suggesting that the Minister did not give adequate and appropriate information to the House on this matter. He was critical of the Central Bank in indicating that if the Central Bank had information that it was not to keep that information within the four walls of the Central Bank and has a duty to disclose it to the public.

I believe that the Central Bank Act does prevent the Central Bank from disclosing the financial position of individual banks. I am not sure if the Honourable Member for Christ Church South was making the point that the Central Bank should just ignore the law which governs it and go ahead and publish to the public all financial information which it had in relation to individual banks. That would certainly be contrary to the law regulating it. It could, in fact, also breach the principle to some extent of confidentiality of banking relations.

The Minister of Finance in the course of his opening did give some information on the state of affairs of the Bank. The Central Bank has duties and responsibilities under the Act and I believe that it was a little unfair of Honourable Members to criticize the Central Bank in the way in which they did. Now the point has been made by Honourable Members on all sides that the important point about this legislation is to ensure that a regime is put in place that would provide for the adequate protection of depositors and creditors in Barbados. One of the problems about institutions which are multinational institutions and which have branches here is that the global position in

relation to the institutions may be made known and published for the information of the public.
12.30 p.m.

However, that in many cases is not the type of information that can be useful in a situation of the kind with which we are currently dealing with. The Honourable Member for Christ Church South made the point that this issue of branches has to be studied and addressed carefully and an appropriate regime needs to be put in place to deal with the problems that branches of international institutions can create by virtue of the fact that they are only part of a larger whole.

The amendments to the amending bill which have been circulated this morning, Mr. Speaker, try to clarify and put in fair perspective the fact that a branch in Barbados can be dealt with in the process of reorganisation and compulsory winding up by the Court as if it were in fact a separate institution. What we are seeking to do is to put in place a separate regime to deal with branches and with the assets of branches in Barbados. What we are saying is that the assets of the branch in Barbados and those which derive solely from the banking business in Barbados, that is, from the deposits which are taken in by the bank, whether they be fixed deposits, whether they be deposits on saving accounts, on current accounts or otherwise, once that business is derived from the business which the bank conducts in Barbados, banking business as defined by the Banking Act, then those assets in any process of reorganisation or winding up should be available for distribution in accordance with the priorities which we have clearly set out in clauses 4, 5 and 6.

In the amendment which has been circulated, just as a matter of information at this time, in clause 17G it will be seen that reference is made to the priorities set out in subsections 5, 6 and 7. Those should properly be subsections 4, 5 and 6. The priorities which we wish to indicate are set out in 4, 5 and 6. These priorities which we have indicated adjust to some extent the priorities which have been set out and identified in the Offshore Banking Act and in other legislation. So, these priorities are specifically set out to apply to the kinds of situations which exist in relation to the problems which this current legislation seeks to address.

Mention has been made of situations where other institutions in this country have created problems for depositors – the name Trade Confirmers was mentioned. A similar situation exists in relation to this bank where depositors and creditors of the bank are terribly concerned about what they can recover from the bank. What this perhaps does indicate, Mr. Speaker, is that in all areas of this kind – and we are no exception – there can be problems. We know of the terrible problems which resulted in the United States with the problems which the savings and loans institutions have had. One lesson we perhaps need to learn from this is that we need to have some requirement

for deposit insurance so that depositors and the creditors of institutions which take money on deposit can have their interest insured and so that in the final analysis they may not suffer total losses of funds for which they may have worked hard for so long.

The purpose of the Bill, Mr. Speaker, which has been agreed on by all sides as being necessary in the public interest seeks to ensure that the adequate legislative framework is there for the Minister of Finance and the Central Bank to take the appropriate action, where necessary, to ensure that the interests of persons who deposit money with the bank, that the interests of creditors of the bank and the integrity of the entire banking system of the country is protected. The legislation is not perfect. Any legislation which has to be brought so quickly is unlikely to be a perfect piece of work, but surely as time goes by and the matter is reviewed any adjustments which need to be made can be made.

One understands that an Opposition in Parliament would need to make political capital and will make political capital out of an issue of this kind. That is to be expected. I suggest that the contributions of the Opposition have to be viewed against this background. I am saying, Mr. Speaker, I have the greatest possible pleasure in supporting this Bill and urge total support for it as a matter of urgency.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I would like to put this debate now in the perspective, not so much of philosophy, but of realism and to deal with the situation that is affecting the investors in the Bank, the depositors and indeed, the creditors.

First of all, I have to declare an interest, Sir. I have a small piece of change in there, the BCCI, and a company...

Asides.

Mr. D. A. C. SIMMONS: Frank Alleyne could find out all these things. So, you'll soon see it in the newspaper.

Hon. B. M. TAITT: Sir, on a point of order. First of all, I think that since the Honourable Member is declaring an interest it is not unreasonable for him to indicate the interest, but that is neither here nor there. I think, Sir, that the mentioning of a name is improper in the circumstances and it should be withdrawn and struck from the records.

Mr. D. A. C. SIMMONS: Yes, Sir, I have a small account in my own name and a company of which I am Chairman also has an account there. It was a bit more than I had. But, having declared my interest, I am not going to allow my interest or my company's interest to be prejudiced or to be the focus for anything that I have to say in this debate, because I think the matter transcends interests larger than my own personal or corporate interests.

What is the position with Barbadians today who have accounts at the BCCI, Sir?
12.40 p.m.

The Prime Minister has refused to tell us, for example, that the National Insurance Scheme is a major depositor with the BCCI to the tune of almost \$20 million. Cabinet should know that.

Secondly, we have been concerned about a potential conflict of interest with the Central Bank being appointed a custodian in circumstances like these because there are high ranking officials of the Central Bank who have accounts at BCCI. That would put in a stark way the reason for being concerned about the potentiality of conflicts of interest.

Thirdly, the Prime Minister and Minister of Finance has not told us, and he must know, that the Central Bank has an overdraft facility with the same BCCI and borrows from it periodically. I think it is in the region of about \$5 million. The arrangement is that the Central Bank borrows through BCCI's International Division and the funds are then advanced to the Central Bank locally. Those last two are very important considerations in my submission why, perhaps, in the provision of the Bill allowing for the appointment of a custodian that the Central Bank should be taken out. We should rewrite it to say that some suitable person or persons in the Court's opinion who are suitable should be appointed as custodian and delete the Central Bank because a member of the Central Bank is free like anybody else to have an account at any branch in Barbados over which he may have investigatory or supervisory powers. If something goes wrong with that bank it may be difficult, because we are dealing with money, for him to give a balanced and dispassionate judgement where his own personal interest might be concerned. I would prefer to see the Central Bank not being liable to be appointed a custodian.

Now, Sir, I have to make some representations about the lawyers. The situation is – I have a sample from people ringing me or my ringing them – that a number of lawyers have clients' accounts placed with BCCI quite legitimately. The position is that under the Attorneys-at-law Accounts Rules we are obligated, if you are holding clients' funds for longer than three months, to place those funds on an account that will accrue interest. You have a legal duty to do it. One of the problems is that some lawyers in excess of a dozen have accounts with that branch. There is going to be some difficulty with clients' accounts funds over which the lawyers have no control now unless this whole business is sorted out reasonably quickly to the satisfaction of all concerned.

The Central Bank Governor – I have given you notice, Sir, that I wanted to mention his name in my contribution – last night said that Barbados is a casualty of a global situation, that BCCI, Broad Street, is, as far as he could

ascertain up to yesterday, in a sound financial position. Now, I want the Government to consider in the light of that statement which I am sure must have been a considered statement based on the information coming back from his officials who have been dealing with the bank since Friday, that the Government and the Central Bank must not allow themselves to be forced into a position by the Receiver in the Cayman Islands who has Robert Bourque in Barbados as his agent to do anything that is detrimental to the interest of the Barbadian investors in the Bank.

The Bank in Barbados, as I understand it, is a separate legal entity registered under the Companies Act as what we would now call an external company. It is in law a separate entity. It has problems which necessarily do not sound as though it is bankrupt but it has problems because its business has been suspended in Barbados. The fact that it is a subsidiary of a Cayman company does not necessarily mean that the Receiver in the Cayman can direct his agent, Mr. Bourque, in Barbados to transfer any assets out of Barbados because they would still have to get the permission of the Central Bank to remit those funds.

I am putting the case, Sir, that the Government and the Central Bank must ensure that there is no remittance of funds from the branch here to its subsidiary until the local depositors are properly looked after. That is all I am saying because it is a separate entity in law. The private international rules of law will apply and the law of Barbados will govern the situation because *lex situs* will govern it. If somebody tells me about the domicile, the Honourable Minister of "Sweet Cakes".

Aside.

Mr. D. A. C. SIMMONS: "*Lex situs*" means the Law of Position. I am expecting the Government and the Central Bank...

Mr. SPEAKER: I took a little time to follow your statement – the Minister of "Sweet Cakes." Are you talking about a Minister of cloth or are you talking about...

Mr. D. A. C. SIMMONS: I said the Minister of "Sweet Cakes." I will withdraw the Minister of "Sweet Cakes" in here.

Mr. SPEAKER: I am not suggesting that you withdraw.

Mr. D. A. C. SIMMONS: No. He was not a Minister of Cloth today. I withdraw it. That was only a little playful thing between the Minister and myself, Sir.

I suppose one of the questions is what will happen now that the Bank's business has been suspended? I think the Government could consider if the portfolio, according to the Governor, is sound, perhaps, letting the Barbados

National Bank take it over. The Barbados National Bank took over the portfolio of the Bank of America in the late 1970's. I do not, from what I remember, think that the portfolio of the Bank of America was in the condition that we are led to believe BCCI's is. Indeed, it is my understanding that if the National Bank were to take over BCCI, this is from information I received this morning, the total loss, if there is going to be a loss, to the Barbadian depositors and investors would be in the vicinity of Bds. \$12 million. If it is not taken over by the National Bank, it will be something more substantial.

Aside.

Mr. D. A. C. SIMMONS: That is because there is a person who is substantially indebted to the National Bank. I cannot call his name here. I understand if that is done by the BNB the loss to the depositors will be in the vicinity of \$12 million because of the involvement of a large creditor to the BNB who also has substantial debts in BCCI.
12.50 p.m.

I am told, Sir, that the Bank itself expects that depositors are likely to get back in excess of 50 per cent of their deposits, so I am getting two different signals, one that tells me, from the Governor, that it is sound but he is being careful, (of course last night) and the other signal is telling me that we may not get more than fifty per cent. But the Government, Sir, has to pay very careful attention to this, Sir, because the Government itself has been a substantial borrower from this bank, and in the present situation in Barbados, as I say the Government has to be very careful because the Government is so broke now it can hardly pay attention, Sir, far less pay its bills. The Government has to be very careful in its dealings with the Bank.

There are Members on both sides who have spoken in relation to the appointment of a custodian. I have a recommendation in the appointment of a custodian since Government is moving ahead to make certain appointments now, it could consider the appointment of the banker who is going to London as the High Commissioner, as custodian.

Hon. B. M. TAITT: On a point of order, Sir, the Honourable Member is misleading the House because the legislation says that the High Court may appoint, it does not say anything about the Government appointing, so the Honourable Member must not mislead the House. He takes up the legislation, looks at it, and deliberately misreads it, Sir, so that he can make a point. Sir, he must not do that.

Mr. SPEAKER: Even if you are just saying that I would still say that it is not fair to make that assumption.

Hon. B. M. TAITT: I am saying, Sir, that he must not misread the legislation.

Mr. D. A. C. SIMMONS: I am grateful to the Honourable Member for correcting me to say that the power of appointment of custodian is vested in the High Court. It does not derogate from the point I was making, because the High Court would still have to consider under Section 17, a person who has the skill and competence and I am saying, Sir, that a bank manager, present bank manager, that the bank manager who is slated to go to London as High Commissioner would be the kind of person that should be appointed.

Aside.

Mr. D. A. C. SIMMONS: I am not any Minister of rumours, if I were Minister of rumours I would not say that Sir William Douglas is being brought back to Barbados and that his replacement is going to be a doctor who is a motivator. I would never say that if I were Minister of rumours.

Sir, I just want to finish because I was told one o'clock. I want to finish on the relationship between section 17K and 4(2), Sir. I think it is now agreed that under section 4(2) we would include words to the effect "For the avoidance of doubt it is hereby declared that any action taken by the Central Bank of Barbados in the public interest, prior to the commencement of this Act" – we will include those words – will perhaps remove the doubt that this section was itself purporting to remove, but left clouded. But, I don't know why you need that, Sir, as well as section 17K which is similar because it says that neither the Governor nor any officer of the Central Bank should be liable in damages for anything done or omitted in the discharge or purported discharge of his functions under the Act. You can't sue them for negligence for which they were properly liable in relation to Trade Confirmers, clearly. So you are trying to exempt them from liability for negligence and then you have got to prove that their negligence was done in bad faith. But, why should the Central Bank be exempt from negligence, and why must a burden be cast on somebody to prove that they were acting in bad faith? They are either guilty of negligence or they are not. If they are guilty of negligence anybody is liable for negligence, the Crown itself is liable for negligence and can be sued every day for negligence. Why Central Bank, you mean they are big McGuffies. I think it is a bad precedent, Sir.

I will allow this to pass today because the Minister of Finance wants the Bill, perhaps I should not say that, I think Barbados wants the legislation in a hurry so we are not going to do anything to unnecessarily retard the progress of the thing, but at the same time I think we have to consider the implications of this and the principle of law that is being offended here. So you are giving them an exemption or an indemnity and in the next section you are also doing the same thing virtually. You are saying that you cannot get any kind of action, civil, criminal, contractual or tortious, under section 4(2) and then you are giving immunity under

section 17K. I just think it is unhappy but I am not going to call for any substantial amendment today because I presume that later on when they bring the Financial Institutions Bill some of this will be incorporated in that and they may repeal this and have one composite bit of legislation.

Sir, I think that I am also obliged to say that the BCCI as I understand it, the International Banking Organisation, has been one that one could virtually say was stateless, never properly had a Central Bank behind it and unfortunately it has been surrounded, particularly in the last year by a lot of gossip and innuendo, made worse of course by the guilty plea last year to being involved in money laundering and the laundering of drug related money.

I hope, Sir, on my parting shot that the depositors in Barbados will recover substantially, they will have to follow behind the expenses of the custodian, the salaries and wages of the employees of the Bank, no problem with that, and moneys owed to Government or Statutory Corporations, such as the NIS, but I hope that there will be enough left. I think in London the one hundred and twenty thousand accounts that BCCI has in London are assured of, I think the minimum return or distribution is something like fifteen thousand pounds for depositors, they are assured of that under the legislation that they have in operation in London since 1979.

1.00 p.m.

Sir, those are my submissions on the Bill. I do not think that there is anything else for me to say. I will give it my support.

SUSPENSION

Hon. B. M. TAITT: Mr. Speaker, Sir, it is now 1.04 p.m. I believe that respite is necessary and I beg to move that we suspend the sitting for one hour and resume at 2.00 p.m.

Hon. D. J. H. THOMPSON: I beg to second that, Sir.

The question that this sitting be now suspended until 2.00 p.m. was put and resolved in the affirmative, and Mr. SPEAKER suspended the sitting accordingly.
1.04 p.m.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Hon. H. deB. FORDE: Mr. Speaker, Sir, it has been clearly indicated to the House in the speech made by the shadow Minister of Finance that the Opposition will be supporting this legislation but with certain reservations. Most of those reservations have already been stated in the debate which ensued and certainly by the three persons who have spoken on our side. I, therefore, am not going to spend

the time allotted to me in this debate in repeating either those reservations or the strictures which have been properly made about the Government's conduct in relation to financial institutions. Sir, instead I wish to give a new dimension to the debate and to look at the historical factors which have led to the collapse of perhaps the first major Third World bank with a whole international dimension. Although this legislation is wider than legislation necessary to deal with the Bank of Credit and Commerce International Overseas Limited, yet it is well known that the events which have led to the necessity for bringing this legislation today surrounds the BCCI.

As long ago as 1988, information has surfaced that the affairs of BCCI, SA which is the parent company incorporated in Luxembourg have been under scrutiny of banking officials in various jurisdictions and the principal causes for the scrutiny of the parent company were three – allegations of internal irregularities, allegations of fraud in a wider sense and, thirdly allegations of money laundering. The first submission which I make to this House is that those allegations should have put all regulatory bodies the world over on notice that in carrying out their legitimate inspection of the Bank and its branches and subsidiaries that they had to do so with the greatest care and caution. Those allegations, whether well founded or not, have been repeated in subsequent years of 1989 and particularly in 1990 and came to some head when the Florida subsidiary of the parent company pleaded guilty to the laundering of money.

I would have imagined that the Central Bank's authorities, certainly in Barbados, have had a long time to have been considering just this possibility that has occurred and that at sometime one of the regulatory institutions of the parent company, if not of its major subsidiaries, would have taken some steps which would have a ricocheting effect on the branch of the Cayman Island's subsidiary which was operating in Barbados. I cannot say that the strictures are necessarily all well founded. For instance, in the United Kingdom, part of the reason for the Bank of England acting is the allegation that the Bank was facilitating the bypassing of legislation dealing with Value Added Tax and its collection by allowing Asian depositors to place their money in such a way as not to pay the VAT. That is the type of allegation that is made about internal irregularities. I do not know how well founded that is but obviously the Bank of England has taken that into consideration in acting in relation to the company in so far as it operated within the United Kingdom.

The second submission that I make is that I believe that the Central Bank could have avoided the need for haste here if its regular annual inspections were being carried out with the seriousness which one would expect. I have looked at the last Annual Report of the Central Bank for 1990 which has been laid in this House and the Central Bank's Supervision Department has reported at Page 30 that the

Department continued on sight inspections of a number of financial institutions and they were all found to be operating satisfactorily and within the guidelines of the Central Bank and Banking Acts.

Now this Report was laid recently. If that Report is telling the truth, certainly the Report is saying that up to the end of 1990 there was nothing wrong with the operation of this local branch.
2.05 p.m.

In fact, I, myself, am still not satisfied that there are any serious strictures which can be made against the operation in Barbados. The fact that the Central Bank has given us no evidence this is so. I believe I overheard a comment from the Governor of the Central Bank which seems to support the view which I take that a local branch operation was sanitised away from whatever criticisms there may have been about the other operations outside of Barbados.

I go back to the point I am making. Having regard to what was happening outside, a Central Bank that was performing its task properly and advising the Minister properly should have put in place, ahead of time, the necessary protection for all persons in Barbados dealing with the Bank. We couldn't help but know, not only here, but of some of the matters taking place outside our jurisdiction. So, I hope that when the Minister replies, that he will inform the House whether there was anything in the periodic inspections by the Central Bank under section 34 of the Central Bank Act, which would have placed the Government itself, on notice that it was necessary to have this legislation in place.

I believe that if there is one criticism that is justified about the way in which this matter is handled is the criticism that we did nothing when there were signs warning us that things ought to have taken place.

The second point I wanted to make about the circumstances leading to the need for this legislation is that I certainly am not satisfied from the information available to me that the actions of the Central Bank, such actions as it took, were as important as the Bank itself is making us believe. Mr. Speaker, Sir, the Barbados branch is a branch of the Bank of Credit and Commerce International Overseas Limited which is incorporated in the Cayman Islands, that is, a subsidiary of the Luxembourg company. However, it is an independent body operating out of the Cayman Islands which has re-registered in Barbados under the Companies Act as an external company to carry on business.

It is my information – and if I am incorrect... Of course the Minister would have the timing of these matters within his portfolio more than I – that the appointment of Mr. Ian White of Touche Ross and Company was made by Governor Scott of the Cayman Islands under the Bank and

Trust Companies Law of 1989 on the 5th of July and that that appointment was notified to all authorities and that Mr. Ameer Sadeeki who was the overseer of the Cayman Islands company out of Abu Dhabi informed the manager here, Mr. Ahmed, that he was immediately to call on the Central Bank, fully apprise the Central Bank of the situation and give them a copy of the letter received from the Cayman Governor. He was to do more. He was to close the business and if the Central Bank told him to open the doors of the business, he was to say to the Central Bank, only on a Central Bank guarantee.

I have recited the facts as known to me. It is my understanding that despite whatever information the Central Bank may have received from the Bank of England, that certainly in relation to the Cayman Islands branch that those were the steps that led to the closure of the Bank. I say this, because if those are the steps, it is not necessary to give the Central Bank, in the context of this legislation, any protection by way of a broad indemnity clause which was introduced in section 4 of this Bill. It really is a blanket indemnity, about which other Members have spoken.

It is obvious to me that even if the Central Bank reacted in those circumstances, or had preempted those circumstances, there is no circumstance that would justify the Central Bank suffering by way of an action and there is no need to talk about the avoidance of doubt. What bothers me, therefore, is to have a wider section of the Act which in the future, in the draft in which it came down here, can be relied on. It may well be that it sounded good for the Central Bank to say that it was taking all sorts of steps, but the branch of the Bank itself intended to close its doors, because the effect of the action taken in Luxembourg as well as in the Cayman Islands would have exposed its directors and its officers worldwide to fines and imprisonment. Therefore, the main stockholders in Abu Dhabi determined in their mind that they would close all branches, including the branch in Barbados and that that information has been made available to the Ministry as well as to the Central Bank. So, I am raising that particular point to emphasise what I am saying, Sir. We must not therefore, react with legislation that is necessarily too wide to deal with a situation that is unnecessary and can in the long run have very serious effects for how we maintain the Constitution of this Island.

There are some other aspects of this, Sir, as a matter of policy, that bothers me. I have to say that the depositors in Barbados are at present greatly inconvenienced. It is not only the fear of losing their money and that is the ultimate fear that most of the depositors would have, but it is the fact that in the meantime many of them have no access to the funds available and they are doubtful, even under the amendments that we are making, how soon they will have access to those funds.

One of the things that we must do is to speed up procedures, whatever steps we are taking, to ensure that depositors can have some access to their funds, because you are affecting their day to day functioning and in the case of people who are employing other persons, you may as well be affecting employment. I think the Minister will be aware that in Jamaica, for instance, the matter was approached a bit differently. Such directions as have been given have been directions to allow some withdrawals to take place in order to allow normal business functioning to continue.

The second policy consideration – a practical matter that concerns me – is the deposit protection which is given to depositors. Under the Central Bank Act, one of the functions of the Central Bank and one of its powers is certainly to carry deposit insurance. I think it is section 40 of the Central Bank Act. Once again, we have waited until circumstances have broken around us to recognise that that has not been taken very seriously. I am not going to repeat the strictures which Honourable Members have made about the leading official, the Governor of the Central Bank, giving us to understand that people may get as little as 30 per cent of their funds back. Instead, I am going to make a very constructive criticism, that as a matter of urgency, we must have in place adequate legislation to protect deposits, whether those deposits are being held in banking institutions or in non-financial institutions, or non-banking institutions and that the time is ripe when deposit protection legislation should be in place.

2.15 p.m.

Pending overall legislation dealing with the matter, it is my submission that the Central Bank legislation permits the Central Bank to take the initiative in this regard as part of its regulatory function and to have a satisfactory scheme in place.

In the United Kingdom because there is such legislation and such a scheme operating for both banking and non-banking financial institutions the view is that depositors there would get at least 75% of their deposit funds back. Unless this Bank is adequately covered in assets in relation *vis-a-vis* its liabilities, even under the legislation that we are passing now and we have not heard the balance sheet figures, there is a possibility, and I will say no more, that depositors could find themselves squeezed out. When we come to deal with the legislation I will show you how that is so, Sir.

We have to take concrete steps beyond the immediate exigencies of these circumstances. We must get within this House in a short period of time overall legislation to booster our people who are going more and more into trusting institutions with their money. That goes not only as I said for banks but it goes for the non-banking institutions like places in Bridgetown that take money on deposits, the insurance companies and the credit unions. I am a very strong supporter of the cooperative movement and the

credit unions in Barbados, but we must not believe that although we are enfranchising our own people that it must not be without the adequate safeguard to protect those other persons whose funds are being made available. We must therefore have adequate information in place.

The third point I want to make as a matter of policy is that whatever happens and how much pay out and pay back depositors and other creditors of the Bank may get, each one of us should use our public positions now and I would wish to hear the Government, in particular the Minister of Finance, also appeal to the other banks to deal sympathetically with former customers of the BCCI Overseas Limited. Some of these customers employ a lot of our citizens.

The Honourable Member for St. Thomas has spoken about the position where some members of the legal profession, as many as 12 he says, have clients' funds, not their own personal funds, within the banking system and, obviously, that belong to a whole range of people including very small people. I would certainly use my own voice to appeal to the other banks in Barbados as a matter of not only sympathy but as a matter of their moral and bounding duty in these circumstances to come to the rescue of former customers and to deal with them in a very sympathetic manner. That goes as much for the National Bank as it does for the other banking institutions.

I want to look at another dimension of this matter which has worried me. I said there are some lessons for us to draw nearer home for ourselves and how we are prepared for such eventualities because if Barbados is aiming to be a sophisticated financial centre what the circumstances have shown is that we must fully put in place the necessary protective and other regulatory provisions and legislation which must go alongside to make us a financial centre of excellence and of first-rate attraction for other persons. I consider this is a matter of priority. It is the sort of legislation that both sides of the House would be willing to support but it is legislation that should come in a hurry.

I also must focus on the international implications of what has happened to BCCI and what it means for Third World countries. The way forward for Third World countries who are hoping to challenge and to compete with other major international trans-national organisations and companies from the First World is not going to be an easy way. This is a great tragedy, in my view, for Third World financial institutions that the Bank was not able within its own operations to have operated above board and be even above all scrutiny and suspicion. It is a set-back for those of us in the Third World who are hoping that our fledgling institutions will be able to regionalise and then globalise and that we would have some say in the world financial markets.

I want to throw out a warning here to all of our companies in the financial business. They must begin to regionalise. It is not enough for us to have little insurance companies, credit and banking institutions operating on their own because there is no strength and no future, in my view, in the competitive world for that sort of thing. We must draw the lessons from this Bank and move on from there to deal with the problems of how we can give our people a sensible stake in the world's financial market. It is not going to be easy for us.

I have a sneaky suspicion. I do not believe the whole story has been told yet. We react to the Bank of England but I am sure that some of the First World banking institutions also are happy about what has happened because they have one less competitor. Third World institutions have to learn that they must not make the mistake that this Bank has made if we are to survive.

Aside.

Hon. H. deB. FORDE: It is not only about people's dishonesty because some branches of the Bank have operated within the laws. It is also, in this case, about the hard world in which we must operate, the hard world in which an institution coming to challenge existing institutions from the First World will have to operate. Make no mistake about it. We must therefore be prepared. We must conduct ourselves properly, even more properly than some of the institutions from the First World.

Aside.

Hon. H. deB. FORDE: Do not say that because what about the bank which the Papal establishment had established, Ambrosia. What about them?

Aside.

Hon. H. deB. FORDE: He was hanging from a bridge in London but I can bet you the banks were not closing down in the same way this Bank has found itself being closed.

I want as well, Sir, to look at the existing legislation and deal with the position of depositors. It is not completely true that there was not some protection within existing legislation for some of the classes of persons now being protected under the new section 17G. Our difficulty is that the legislation is very difficult to interpret. The Bank is an external company and for the purpose of the Companies Act of Barbados, is an unregistered body although it has been registered as an external company.

2.25 p.m.

When it is being wound up the question of priority is determined under the bankruptcy laws of Barbados and the particular section of the Bankruptcy Act gives priority to a

whole list of persons. The submission I am making, is that even this Bill robs of that protection some of the people who now have protection, Sir. One of those persons who may consider the appointment of a Receiver as tantamount to severance and therefore will be entitled to severance payment under existing legislation.

Under the legislation we have made no mention of them, of their severance rights. They will now get their wages and salaries due three months immediately preceding a seizure. Under existing legislation they have a priority for four months, under the Bankruptcy Act. So we are taking away a month from any worker if their salary had accrued for four months previously and they had not been paid. And, not only BCCI, this is in future, so I am talking about it. Sir, they are not being made better off, they are being made worse off, and under existing legislation, if a Receiver is appointed, which constitutes their severance, then those persons normally would have ranked for their severance payment ahead of even, I believe, the Government itself, and the Government's institutions. So they too are going to be a little worse off by this legislation. That is a fact, Sir.

Under the existing Bankruptcy Act as well, Sir, (I am talking about where the Receiver is well appointed) because what happens is that the legislation deems the external company which is unregistered, as a debtor within the meaning of the Bankruptcy Act and applies section 3(2) of the Bankruptcy Act immediately, the whole provisions of the Bankruptcy Act in those situations.

Now, Sir, the other category of persons is the depositor. This legislation will in one respect make the depositor better off, because even under the existing legislation, the depositor who is an unsecured depositor will come very low down after severance payment, after national insurance, after rates and taxes for a year and a whole list of persons and he or she then comes in afterwards. So, to this extent the depositor is given some improved protection subject however to this qualification, Sir, and I raised it in particular with the Honourable Attorney General the Honourable Member for Christ Church West Central. Where there are not adequate funds, existing legislation allows it to be pro-rated among classes and essentially there are two classes. There are the classes of employees and there are the classes of the statutory board who are owed money, like the National Insurance Fund and there are the classes of depositors, people like that who are pro-rated among themselves where there is a shortfall and when there is a residue. And I will suggest to the Government in Committee to look at that provision in the Bankruptcy Act and give depositors an opportunity to share with the Government and the statutory corporation in case there is a short fall. And, I am bothered about this, the Honourable Member for Christ Church South said that the Minister has not stated what is the overall asset position in this Bank and what is its liability.

Both Honourable Members for St. Peter and St. Thomas indicated that there have been varying stories as to the percentage people will take, whether it is 30 per cent to some depositors, whatever percentage it is, but the new section 17(4) said this, "The following claims have priority, firstly the necessary and reasonable expenses incurred by the custodian in carrying out the Act."

Aside.

Hon. H. deB. FORDE: That is right. Let me deal with that, Sir. If the Bank or any bank in the future has a little bit of money, the custodian, whoever he is gets his first. The Central Bank can also pay that under section 17, but he gets his cut first. Nobody else can get anything but the custodian has to come first, so he comes first. The second person who comes out is the salaries of employees and officers only for three months, they lose a month. The next person who comes out is any money owing to the Government of Barbados or any Statutory Corporation, so if they have eaten up all there is none for anybody afterwards and we have to understand what we are talking about. I want to make this statement, Sir, we have it in the Offshore Legislation and we have amended during our time as well, the legislation.

I want to tell the House this, Barbados and New South Wales are the only two places in the whole Commonwealth that in a liquidation or a receivership or a winding up allows the Government to get everything that is owed to it before anybody else and if you read any modern text book on winding up, bankruptcy and what not, you will see that this is shunned. Policy makers don't believe in that. Government, when things go sour and Government institutions must share with certain categories of people as well. It should be given no overall preferred place to the exclusion of its citizens, particularly those who have taken similar risks to the Government. That is a fact, Sir. If the Minister wishes I will send him some of my textbooks so that they can have a look and see what I am saying it is, but that is the state of law.

Aside.

Hon. H. deB. FORDE: I know it is in the Offshore Legislation for different reasons. Let me tell the Honourable Member I have argued the point myself very frequently ... But we have to be very careful. I know there has always been the pressure, certainly when I was a Minister of Government I received the same pressure from the Government institutions, particularly Rates and Taxes and everyone for this protection but whether it is done now or whether we look in the future we must make sure that we revise our thinking in this area. We must revise the thinking – maybe the emergency situation does not allow us to do it. To be in this modern thinking, the Government shares – in some countries it is a year's taxes, in others it is longer – particularly in an insolvency situation. If the company is

solvent nobody loses, there is no problem. It is where you get an insolvency and you exclude all other creditors who might even have had protection under a floating charge or whatever you like and you then give yourself a statutory protection which seems to me not to be the way to do it.

I would like the Minister, as well, when he responds to tell us whether the information available to us is right or not. I am very concerned about it. I don't know what taxes are owed to the Government, but it is my understanding there is about \$26 million in National Insurance funds that have been deposited.

Mr. SPEAKER: I think the Honourable Member, if he takes a look at the clock would see that I have already given him
2.35 p.m.

Hon. H. deB. FORDE: Sir, one is not arguing about the principle of protection. I am asking for information as to whether the information is correct and the second point that I have made is a wider point that protection is usually given. But if there is a shortfall then that protection is given to satisfy other people as well. In this case, in my view, the depositors should share if there is a shortfall in whatever funds there are available to the Bank.

Sir, you have told me that I have run out of time so I will take the other point in Committee. But I want to say, Sir, that there are some serious lessons for us to draw from these circumstances and I hope now that the Ministry of Finance in particular will let us have in the House as soon as possible all of the necessary legislation which will make Barbados secure as a financial centre so that the integrity of our banking and non-banking financial institutions will be maintained in our existing legislation.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, if I may reply quite briefly to this debate, I would like to make the point, Sir, that inasmuch as the Leader of the Opposition is calling for speedy action on these matters because the depositors have fear in their minds not only about their funds but when and how soon that they will be able to utilize these funds, I would like to submit, Sir, that every additional minute that is spent on this particular matter that is before us is, in fact, preventing the Leader of the Opposition in his own terms from satisfying the just fears of the depositors and others who may wish to be satisfied. I believe therefore, Sir, and I urge it upon this Honourable Chamber to pass this measure as soon as possible so that the actions, as I said when I was introducing the matter, necessary to be taken in order to rectify the situation or to prevent deterioration in the situation could be taken as speedily as possible.

I really do not understand all of this talk about the Financial Institutions legislation. That action has been promised. It is one of the manifesto proposals which were

made by the Democratic Labour Party in the 1991 election and I believe by the Barbados Labour Party also. I think that they had a peep at our manifesto, Sir. This is a matter on which, I believe, both sides are agreed that there is need for additional legislation in this regard. I can promise you, Sir, and I can promise the country that this Government will be a reforming Government as far as legislation in the area of financial institutions and the whole financial regime is concerned. I know that I can count on the Member for St. Peter for understanding and support in this area.

We are looking at the entire financial system and, wherever there is need for legislation to be put on the statute book in order to make Barbados an even better financial centre, we will take those steps, Sir, and we will consult with the Opposition on them. But we will not allow them to delay our actions unduly in this particular regard.

Let me warn, Sir, that I believe that contrary to what may be felt and in spite of all of the talk of deregulation that one of the most regulated financial sectors is to be found in the United States of America – highly regulated, Sir, with all of the deposit legislation that you can think of which forms a model for other countries. Yet, in spite of that, Sir, you have all kinds of irregularities and malpractices which start either with insider activities and trading or whatever else which are not only brought about by the prevailing economic circumstances. These are things, Sir, that one cannot legislate for or legislate against. It is human nature that we are dealing with and I am not sure what kind of stance the Leader of the Opposition was trying to put himself into when he was talking about First World and Third World in this particular case. There is nothing called First World fraud and Third World fraud. Fraud is fraud. If there is malpractice, there is malpractice and I would not like to feel guilty because there is some fraud detected in what he calls a Third World institution in this particular regard. I am not really following that particular line. We must always act from the highest springs of action. I believe this is what we should be doing, Sir.

Sir, as far as the indemnity to the Central Bank is concerned, what I am urging upon this House is that this legislation in the interest of acting expeditiously should be passed. I have given the House the assurance that substantially we will have another opportunity to look at these particular matters because when we come with the Financial Institutions legislation clauses to this effect will be included in there and we can debate it at length when we have more time within which to do so. No one is saying that this is perfect legislation. I believe that all legislation from time to time has to be looked at not only in terms of any oversights that there may be but in terms of change in circumstances. I would certainly urge that we can look at this legislation again or similar legislation when we come to deal with the Financial Institutions Bill. As I have said, that will be coming within four months and will be before this Honourable Chamber for consideration.

I do not propose to get into any further details on this matter.

2.45 p.m.

I do not believe either, Sir, that I should start disclosing – even if I had the information – the internal workings of the Bank of Credit and Commerce International Barbados operations.

Asides.

Rt. Hon. L. E. SANDIFORD: That is a proper forum for it to be disclosed, where it will be disclosed; but I don't think at the political level that it is the right principle that we should get up here reading out who are the creditors and who are the debtors and things like that.

Asides.

Rt. Hon. L. E. SANDIFORD: I am saying when I have that information authoritatively I am prepared to do so. I do not have it now and I am not churning out any hearsay figures or anything like that. As Minister of Finance, I am a very cautious person. So, I am not proposing to give that information at this stage.

Mr. Speaker, with those few words, I think those are my words in reply to the debate. I have already moved that the legislation should pass.

The question that the Bill be read a second time was put and resolved in the affirmative without division.

COMMITTEE

On the motion of Rt. Hon. L. E. SANDIFORD seconded by Hon. M. A. KING, Mr. SPEAKER left the Chair and the House went into committee on the Bill, Mr. L. L. BRATHWAITE in the Chair.

Clause 1 was called.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, in moving clause 1, may I state that it is my understanding that the final draft including all of the amendments so far made have been incorporated into the Bill as circulated and therefore when the clauses are called, these would include the amendments.

Clause 1 was passed.

Clause 2 as amended was called and passed.

Clause 3 as amended was called.

Mr. H. B. St. JOHN: Yes, Sir, this is the section. Dealing with the question of priorities – the bottom of pages 5 and 6. Clause 17G(4). Here, Sir, we would like to

the attention of the Government, the Attorney-General in particular, there appears to us to be a conflict between (c) and (e). While we understand quite clearly under the offshore regime that it would be necessary to give the Government of Barbados and any statutory corporation wholly owned by the Government of Barbados priority over others, because of the fact that in the offshore regime there is supposed to be no local trading.

If one takes the case of a bank, I would understand that an offshore bank would owe the Government taxes. I would understand that it is possible that it could owe National Insurance, because they are statutory claims. However, where you are trying to translate that to a situation at the domestic level, one finds there is a conflict, because the Government of Barbados could well be a depositor. So, too, a statutory corporation could be a depositor. Under (c) you say "monies owing to the Government of Barbados". Now, is that owing by virtue of being a depositor? Because then we say under (e) "money received from the public on current account, deposit account or other similar account". It seems to me that if you are going to leave it as it is, you are going to have a position in which the Government as a depositor is a preferred depositor to other people. I am not going to draught on my feet, but what we want to suggest in principle is that (c) could be left but you must make it clear that it is monies owing to the Government of Barbados – a statutory claim. Otherwise as money received on current account, deposit account or similar account; so that the taxes get the priority. However, I feel it is hard if a statutory corporation deposits money and I deposit money – we are all depositors – why should the fact that you are a government or a statutory corporation depositor give you a greater claim than me.

Asides:

Mr. D. A. C. SIMMONS: On a point of order, Sir. That is especially relevant because the Government has shown their facility and capacity to print, which an individual cannot.

Mr. CHAIRMAN: No point of order.

Asides.

Mr. CHAIRMAN: Can we have some order.

Mr. H. B. St. JOHN: You can't translate wholesale. It is a point, because if you leave it as it is now, there is going to be an argument that those monies owing to the Government of Barbados in its capacity as a depositor, whether that should not come to (e). So, you should make it clear. You don't want to pass legislation... We are dealing with an instant case and in all probability the facts are that there could be some statutory corporation wholly owned by the Government. So this is a matter of principle, and I think that while we would preserve the priority in relation to the

statutory claims, we can't give them any special priority in a normal debtor/creditor relationship that arises from being a depositor.

Asides.

Mr. H. B. St. JOHN: Yes, Sir. We have another interesting point that has arisen. The Barbados National Bank could be regarded as a statutory corporation wholly owned by the Government. So, if they have money on deposit, they are going to get priority over an ordinary depositor. They are the same depositors. Their judgment is the same as my judgment in putting money in there. I accept very clearly, that National Insurance there are dues and all of that, but this is a very serious thing and I feel that consideration should be given to that, Sir.

I am not going to draft it. Once the principles are agreed, the draftsman will draft it. We want all the deposits treated equally, whether you are a Government depositor or otherwise. That is a matter of principle that I feel we should deal with.

The question that clause 3 stand part was put and resolved in the affirmative without division.
2.55 p.m.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, I beg to move that Clause 4, as amended, stand part.

Hon. M. A. KING: I beg to second that.

Hon. H. deB. FORDE: I hope the Government is satisfied that it is not going to run into a problem from a retroactive nature of the legislation. I wonder if the Honourable Member for Christ Church West Central as Attorney General will tell us that he is pretty satisfied that the fact that the operation of the Bill is now being back-dated to July 1, 1991 may not create the problem that a depositor says that his vested right was taken away. You may well get that argument. If that comes up as an argument he has the ways of dealing with it now in the Committee.

Mr. D. A. C. SIMMONS: Mr. Chairman, one final point I want to raise. Insofar as we are providing in this Bill for the seizure of property, to that extent we may be on a liberal interpretation depriving a bank of property within the provisions of the Constitution. I wonder, Sir, if we ought not to put on to this Bill the special provision to make it pass in accordance with the Constitution. I cannot remember the form of words that we use – something like "notwithstanding"....

In the Tenancies Freehold Purchase Act, for example, we had to show that the Bill passed in accordance with the Constitution. This will get more than two-thirds majority. There is no problem with the majority in this case but I

think before somebody challenges the passage of this Bill as being unconstitutional, we ought to be careful to ensure that the text of the Bill has met the satisfaction of Members of the House to comply with the Constitution. We are doing it in a hurry, Sir, and everybody has not had the time fully to address their minds to the particular ramifications but that is one that I think stands out clearly when we look at the implications of the Bill. It provides for a deprivation of property in certain circumstances.

I would like to have the assurance that the Attorney General has himself addressed his mind to that particular question or if not, could we, even if it meant out of an abundance of caution that we suspend for 15 minutes to put in the form of words, or read them in so that when it goes to the Other Place this afternoon they will have it. I would prefer to err on the side of caution in this regard.

Rt. Hon. L. E. SANDIFORD: Mr. Chairman, my amendment is of a slightly different nature. I am looking at clause 4(2) those words at the end of (2) "prior to the commencement of this Act". I just raised the question so that the Committee could give a little further consideration to this because what is really intended is that the actions taken by the Central Bank, let us say on Friday last, should be protected up to today. I think we want to be sure that these words which are in here which say "prior to the commencement of the Act" would do that.

In 4(1) the clause says "This Act shall be deemed to have come into operation on the 1st day of July, 1991". It appears to me therefore this would not do what we really wish it to do. I am wondering if we should not put in prior to today's date. If I may use the words of the Honourable Member for Christ Church South, I would not like to draft on my feet, Sir. My understanding is that some of the best law in Barbados has been drafted by non lawyers. The amendment, if we can agree on this is that those words "prior to the commencement of this Act" should be changed to "prior to the 10th day of July, 1991".

Hon. M. A. KING: I would support that amendment, Sir, in relation to 4(2).

Mr. CHAIRMAN: The question is that Clause 4, as amended, stand part.
3.05 p.m.

Pause.

Hon. M. A. KING: After some consultations on Clause 4, I am going to move that we separate Clause 4 and that what is now clause 4(2) should become clause 4 and that would read –

"For the avoidance of doubt it is hereby declared that any action taken by the Central Bank of Barbados in the public interest prior to the 11th day of July 1991 "

and then the (a) and (b) remains

"shall be deemed to have been lawfully and validly taken."

So, with that amendment I move that that be the new Clause 4, and what we are going to propose is that Clause 4(1) becomes Clause 5.

3.15 p.m.

Hon. M. A. KING: So that the instant motion is that Clause 4 as amended stand part.

Hon. D. J. H. THOMPSON: I beg to second that, Sir.

The question that Clause 4 as amended stand part was put and resolved in the affirmative without division.

Rt. Hon. L. E. SANDIFORD: I beg to move that the new Clause 5 stand part.

Hon. M. A. KING: I beg to second that, Sir.

The question that the new Clause 5 stand part was put and resolved in the affirmative without division.

On the motion of Rt. Hon. L. E. SANDIFORD, seconded by Hon. M. A. KING, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Rt. Hon. L. E. SANDIFORD, seconded by Hon. M. A. KING, the Bill was read a third time and passed.

ADJOURNMENT

Hon. M. A. KING: Mr. Speaker, I move that the House be adjourned until Tuesday, July 23, 1991 at 12 o'clock noon.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, speaking on the adjournment and in seconding that motion, I would merely wish to state that under Clause 72 of the Standing Orders of this House and to acquaint the House of the fact too – I believe you have been so acquainted – that the Member for St. Michael North and Leader of the House will be absent from the House due to illness. He is in London to undergo surgery and I am sure all of us would wish him well and that the surgery will be completely successful. I would like to indicate that during his absence from the House that the Honourable Member for St. Michael West will be acting Leader of the House. So that there will not be any possibility of any problems arising later on behalf of the Member for St. Michael North, I would like to request leave to the Honourable Member for a period of three months, Sir.

Mr. SPEAKER: I would just like to add that the Honourable Member has also informed me of his absence and I, too, would like to wish him a speedy recovery.

Hon. H. deB. FORDE: Mr. Speaker, that reflects the sentiments on both sides.

The question that this sitting be adjourned until Tuesday, July 23, 1991 at 12 o'clock noon was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the sitting accordingly.
3.25 p.m.

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FRANKLIN, Hon. W. O. (St. Philip North)
GREAVES, Hon. E. E. (St. Lucy)
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