

THE SENATE DEBATES

(OFFICIAL REPORT)

SECOND SESSION OF 1981-86

THE SENATE

Wednesday, November 13, 1985.

The Senate met in the Senate Chamber, Public Buildings on Wednesday, November 13, 1985, at 11.10 a.m. today.

PRESENT

His Honour Senator J. C. W. Wickham, M.B.E.,
(Deputy President)

Senator the Hon. C. A. Griffith, (Minister of State
(Planning) Prime Minister's Office) (Leader of the
Senate);

Senator the Hon. N. A. Barrow, (Minister of Foreign
Affairs and International Trade)

Senator the Hon. O'Brien Trotman, (Minister of
Health)

Senator J. E. D. Williams, (Parliamentary Secretary
to the Prime Minister's Office)

Senator H. R. Linton

Senator Mrs. E. M. Lynch, G.C.M.

Senator Miss J. Clarke

Senator Mrs. M. O. Reece

Senator E. E. Greaves

Senator A. W. A. McClean

Senator C. D. Seale

Senator the Rev. Cannon I. McK. Jones

Senator L. A. Ward, G.C.M.

Senator C. Jemmott, B.S.S., J.P.

Senator J. E. Jordan

Senator H. E. Yearwood

Prayers were led by Rev. Canon I. McK. Jones.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR-GENERAL

Mr. DEPUTY PRESIDENT: Honourable Senators,
I have two Messages from His Excellency The Governor-
General. The first one is His Excellency The Acting
Governor-General to the Honourable The Senate:—

His Excellency the Acting Governor-General has the
honour to inform The Honourable The Senate that, in
accordance with the advice of the Prime Minister Mr.
John Frederick Haynes Nicholls has been appointed to be
a member of The Senate under section 36(2) of the
Constitution, with effect from the 5th November, 1985.

A. S. CATO

Acting Governor-General.

November 7, 1985.

Mr. DEPUTY PRESIDENT: I invite Senator
Haynes Nicholls to take his seat.

*SENATOR NICHOLLS entered the Chamber and
was escorted to his place.*

Mr. DEPUTY PRESIDENT: Senator Nicholls, I
have great pleasure in welcoming you to this Senate. I
have been informed you have been sworn in. I now invite
you to take your seat, in the hope that you will honour
the traditions of this Honourable House and make your
contributions to its debates and its work with honour and
respect for its traditions.

I now invite you to take your seat.

SENATOR NICHOLLS took his seat.

SENATOR J. F. H. NICHOLLS: Thank you very
much, Mr. President, for your very kind words of wel-
come and your invitation, and let me assure you that the
time that I will be part of this very august Chamber, I
have every intention of pursuing matters in the Chamber
in the very highest standards which I have been exposed
to in my years of training, both at home and under
several very eminent Barbadians whom I had the
pleasure of being taught by.

As you are aware, for the last year and some months
I have had the opportunity of being involved in matters
of the country as they relate to the young people of the

country, and I have every intention of pursuing these matters at this level and putting forward very strong cases in areas where I think we need to make a number of improvements. Of course, that would not be the only particular area that I will be addressing my remarks to, because I have a particularly keen interest in what happens in the development of Barbados, and shall be making contributions wherever necessary to matters that affect the development of my country.

Once again, Sir, I would like to thank you and give you that sincerest assurance that, while I will be frank and I intend to be forceful, I intend to keep within the rules and Standing Orders of the Chamber.

Thank you very much.

Applause.

Mr. DEPUTY PRESIDENT: I have another Message from the Governor-General. It is dated October 30, 1985 and it reads as follows:

Dear Mr. Deputy President,

I will be away from the island on private business in the United Kingdom from 30 October to 1 November, 1985 and thereafter on a short holiday until 24 November, 1985.

Senator The Hon. Sir Arnott Cato, KCMG, has been designated by Her Majesty The Queen, under Section 29(1)(a) of the Constitution, to perform the functions of the office of Governor-General during the period of my absence.

As The Honourable The Senate will not be meeting before my departure, it will not be possible for the usual formal Message to be sent to your Chamber. Will you therefore please bring my absence formally to the attention of The Honourable The Senate when next it meets.

I have the honour to be,
Yours faithfully,

HUGH W. SPRINGER
GOVERNOR-GENERAL

PRESENTATION OF PAPERS

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, I am commanded to lay the following:

The Annual Report on the Immigration and Passport Department for the year ended 31st December, 1984.

Statements showing Net Customs and Excise Receipts for the months of July and August, 1985.
11.20 a.m.

The 7th Annual Report and Statement of Accounts of the National Sports Council for the year April 1984 to March 1985.

The Annual Report of the Commissioner of Police for the year 1983.

Statement of the Return of output of Locally Produced Spirits during quarter ending September, 1985.

Instruments adopted at the 71st Session of the International Labour Conference held in Geneva in June 1985.

MATTERS RELATING TO PUBLIC BUSINESS

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, on the Order Paper today there are four items, two Bills and two Resolutions. Now I would like first to give the order of debate upon these matters. Item No. 4 will be dealt with by Senator the Honourable N.A. Barrow, and there is a change in the order. Order No. 3 becomes No. 2; No. 1 becomes No. 3 and No. 2 becomes No. 4. The first Order will be item No. 4.

Because there are two Bills for the first reading, I beg to move that Standing Order No. 45(1) and (2) be suspended for the remainder of today's sitting.

Mr. PRESIDENT: Let Items Nos. 1 and 2 be regarded as being read a first time.

The question that Standing Order No. 45(1) and (2) be suspended for the remainder of today's sitting was put to the Senate and agreed to.

PUBLIC BUSINESS

GUARANTEE BY GOVERNMENT OF A LOAN BY THE BANK OF NOVA SCOTIA TO CARIBBEAN BROADCASTING CORPORATION

Order No. 1 was called — To move the passing of a Resolution to approve the guarantee by Government of a loan of \$14 500 000 by the Bank of Nova Scotia to the Caribbean Broadcasting Corporation for the purpose of financing a redevelopment programme; and to cancel Resolution No. 31/1985.

SENATOR THE HON. N. A. BARROW: Mr. Deputy President, this item has been before us already during this calendar year. Indeed during the month, I

think, of April, this Chamber gave its approval to a Resolution for the guarantee of the loan by the Bank of Nova Scotia to the CBC. However, since then, it has been discovered that the Resolution which came before Parliament was defective in the following particulars: in the first instance, Sir, it made no provision for fluctuating rates of interest for the duration of the loan, and the other point is that it did not make any provision for a dual rate of interest on the loan.

It should be clear from the Resolution before us that these are two important elements of the loan. The loan is in two denominations. That part of the loan that is in Barbados currency has a rate of interest of, I think it is, 11½%, and the part where the currency denominated is US dollars has an interest rate of 1½% over LIBOR.

The Resolution was defective in those two particulars, and therefore the lawyers have advised, and Cabinet has agreed, that the matter should be re-submitted to Parliament, so that the original Resolution would be avoided and therefore of no effect, and this Resolution which is now in the precise, correct terms should therefore take its place.

I beg to move that the Senate concur in this Resolution.

The question was put to the Senate and agreed to.

GUARANTEE OF \$10 MILLION IN BONDS ISSUED BY BSIL

Order No. 2 was called — To move the passing of a Resolution to approve the guarantee by the Minister of Finance of the repayment of the principal and of the interest necessary for the redemption of bonds issued by the Barbados Sugar Factories Ltd. in the sum of \$10 000 000.

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, the Barbados Sugar Industry Limited has agreed to borrow the sum of Bds \$10 million by the issue of bonds for the purpose of augmenting the sugar support price fund which is to be used to finance operations in the processing of sugar cane and to make support payments and loans to sugar cane growers on the 1985 crop. The bonds are to be guaranteed by Government and will be floated by Barbados Sugar Industry Limited early in 1986.

Consultations with officials of the Central Bank have led to the belief that a new issue will bear the same interest rates as the previous series, "C" and "D", issues, with a maximum lifespan of five to seven years, but the proportion of taxable and tax free bonds remains to be finalised after determining the main institutionalised investors.

Government's guarantee of the new bond issue is conditioned on the receipt of satisfactory assurances

from the Barbados Sugar Industry Limited that the annual production levels of sugar and specified non-sugar crops approved by the Ministry of Agriculture and Natural Resources will be adhered to. I would like to point out at this time that indications are that the forthcoming crop yield will be about the same as last year, 100 000 tonnes. The defaulting cane farmers who failed to adhere to the agreed acreages, except in the case of force majeure and natural disasters and what have you, will be liable to have the price payable for their canes adjusted to compensate those growers and millers who would have sustained a loss as a result of the default.

To set the tone for the debate, I would just like to go back to a brief history of the price stabilization exercise which has been undertaken. In the first one, undertaken in 1982, Government guaranteed a bond issue of \$17 million, which was fully subscribed. The greater part of this issue has already been redeemed by the Barbados Sugar Industry Limited and only Bds\$6.88 million is still outstanding, of which not less than \$2.5 million will be redeemed in the first half of 1986 and the rest within the lifespan of this issue, which runs until December 31, 1987.

The second issue of \$10 000 000 was raised to support the price of the 1983 crop. This is due for redemption between January 1, 1987 and December 31, 1990. The third issue of \$15 million, which financed the 1984 crop support programme, is subject to redemption between January 1, 1988 and June 30, 1992. In sum, of the \$42 000 000 raised in Government guarantee sugar industry bonds under the three previous sugar programmes, \$31.88 million is still outstanding at this point, bearing a composite interest rate of 9.54%.

11.30 a.m.

Sir, when one takes a look at the situation *vis-a-vis* sugar — and I hope I can raise some points which are germane to the whole question of the continuation of support for the industry — we have to look at the constraints that affect such an industry, and one of the constraints that one must consider within the context of the Barbadian economy is the whole question of the ecology. When one examines the ecological constraints, since one would note that grasses and trees — and when I mention the word "grass" I hope that I am not conjuring up connotations of its use in the colloquial sense — when I speak of grasses and trees, Sir, I am making reference to that family of plants that have strong roots necessary in the fight against soil erosion and slippage — many crops, as you may appreciate, for example, onions, potatoes and carrots, and so on do not have the root capability to protect the soils as sugar cane and the grass family can. The recent heavy rains would serve to substantiate the point I am making, and the point is that not only do sugar cane, trees, and so on have strong roots, particularly in the case of sugar cane, which can afford permanent ground cover, as the experience of recent heavy rains can attest.

Then, there are the socio-economic constraints, to which we must attach significant considerations. Sugar, as we can all agree, has carved out a grateful and everlasting niche in our social, political and economic history. Before the advance in the tourist industry, the sugar industry was the number one in many aspects of our national life — the major contributor to GDP, the number one earner in foreign exchange earnings and it was the number one generator of employment. It has pride of place in the agricultural setting which was used to change, forever, the political environment in this country.

Some of these factors that made the industry great are still with us today. Therefore, when the Government takes steps to support the industry, several factors inform that decision. The first factor, of course, that I would like to bring to the attention of the Chamber, is the retention of over 5 000 jobs. As you may note, Sir in many sectors of the economy there have been significant layoffs, particularly where the Government has no control. In the semi-conductor industry, companies in this field have been affected by the marketing policies of the Japanese and have been forced to close their doors, affected also by external factors which have brought about an international recession. Those are factors over which we have no control, and hence, in a way, the significant layoffs experienced could not be helped by the Government. In the case of sugar, we have direct input, through our own decision-making, to retain the 5 000 or so jobs in the sugar industry.

The other factor which still informs the decision of the Government, of course, is the earning of hard currency, particularly as it relates to the sale of sugar to extra-regional sources. I have stated many times in this Honourable Chamber, Sir, that a healthy foreign exchange position is germane to the attainment and maintenance of a comfortable standard of living, simply because we import most of what we consume and we have to find the hard currency to pay for it. Therefore, if we accept that as a fact, it is our concern either to earn foreign exchange or save it wherever possible. In the case of sugar, even at the depressed prices on the international market, we are not in a position to write off an industry that earns us \$60 million a year in hard currency.

But one may argue, as has been argued in the past, that we have choices open to us. And we do have choices open to us as far as the sugar industry is concerned. The first choice, which all of us, if we are responsible, would consider unacceptable, is to shut down the industry. But we must look at the consequences of shutting down the industry. The one that will impact greatly on us if the industry were to close will be the adverse economic impact on the 5 000 families who depend on the sugar industry, as I said before — directly affected — and we will be losing an opportunity to earn over \$60 million a year in foreign exchange, which, in the scheme of things today, is virtually irreplaceable. Closing down the industry would also have some impact in an adverse way on many

businesses in Bridgetown, businesses which directly support the industry through the supply of fertilizers herbicides, equipment and maintenance services.

So when we examine all of these factors, certainly shutting down the industry cannot be seen to be the answer. We may have predictions that it may go the way of all flesh in whatever number of years, and while there are people who encourage that we should let it go the way of all flesh, we have to remember that, as a Government, we have to be responsible to our citizens, and indeed to those factors which ensure peace and order in the community. So there is a price to pay.

As I said first, shutting down the industry is totally unacceptable to the Government. But there is another alternative, another choice, to keep the industry in the present form. That is also unacceptable, because in the present form, if we look back at the last number of years, it would cost us more than we could afford over the long run, and that is a fact of life. So that choice also certainly does not deal with the problem as it stands.

But there is a third choice which lends itself to us, and which seems more attractive and acceptable. This is a choice which we have indicated our support for, by first providing support for the last three years, and now in this present year, 1985, providing an infusion of \$10 million in cash and \$10 million in guarantee of bonds. But, for that kind of support, we must insist on certain standards and conditions, because the industry itself must appreciate that it cannot be supported in the style to which it was accustomed in the past. If we are going to provide millions and millions of dollars in support every year as we did over the last four years, of course, we must have certain conditions, and I am constrained to sound a word of caution, because the industry cannot eat its cake and have it. The industry complains, for instance, that the level of support is not enough, and I suspect that the people in the industry would like to have massive support with no strings attached. But again, as a responsible Government, it is not in our interest just to provide this kind of support without attaching some kind of strings.

11.40 a.m.

We have taken initiatives in this regard, and we have insisted on strings for this kind of support. One, of course, is that the industry must become more efficient. It must increase its productivity and cut costs. One other condition which we have insisted on, and must insist on, is the importance of recognizing the need for agricultural diversification, with sugar cane as one of the key factors in this strategy of agricultural diversification. And we are not just telling the industry you must shut down. We do not insist on agricultural diversification without pointing the way.

We are satisfied on this side, Sir, that if agricultural diversification and the growing of other cash crops are pursued in an effective manner, that will also provide an

opportunity for the plantations themselves — the owners themselves — to obtain significant earnings in these other areas. I myself am satisfied that with proper marketing, marketing intelligence and so on, there is great, great scope for the sale of other cash crops extra-regionally. But the important thing in that regard is the assistance in identifying the markets, in helping the industry market in those areas.

I will say no more at this time, Sir.

I beg to move that the Senate concur in this Resolution.

Mr. DEPUTY PRESIDENT: It is proposed that the Senate concur in this Resolution.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, in rising to support the Resolution, I just want to indicate that the tenor of the Minister's opening remarks is such as to leave one with the impression that Government seems to have been persuaded, once again, that we have to stay very much with sugar if not as it is, not too differently from how it is. Otherwise, I think more time should be spent indicating what we can do about rationalising the situation, rather than extolling the virtues of sugar in terms of its ability to preserve the soil and to earn foreign exchange. We know that other things can preserve the soil, and we know that other things can earn foreign exchange. It is time that we seriously start to address the question of rationalization of the agricultural sector, noting that sugar as it is, and as it has been the last five years or so, has in large measure been somewhat thrown around the neck of this country, and in terms of prospects for the future, it would seem as though it remains very much like that.

The question of the 5 000 jobs — that does not extend to 5 000 families, because, quite evidently, I believe more than one member of a family might be working in the sugar industry. You might have sometimes 3 or 4 people in the same family working in there, so it would not be 5 000 families with 5 000 jobs. This is not insignificant, but we must note that what is happening here is that those 5 000 people are beginning to fall further and further behind in terms of the wages which they can get. Already, they are being paid more than the industry can afford, because the industry cannot afford anything. They are making colossal losses, but they cannot expect not to pay the people. So the people must get increases from time to time, but those increases are such as to cause the workers in the sugar industry to lose ground. And the time will come, if that pattern continues, when there will be no new entrants into the labour force for the harvesting and cultivation of sugar, because the salaries might not be worth working for. You must accept that as a distinct possibility in the not too distant future.

But a more immediate threat to the well-being of this country relates to the indebtedness of the sugar industry

to the banking system. I think the Annual Report and Accounts, 1984, of the Barbados National Bank has been tabled in Parliament, and on page 4 of that document, under the Section 3, dealing with Divisional Operations, it is indicated that, at the end of 1984, the gross loans outstanding to the agricultural sector by the Barbados National Bank were of the order of \$101.6 million. And we know that would be predominantly to the sugar industry, and we know that the National Bank is not the only bank lending money to the sugar industry.

Now, relate that kind of figure plus the loans by other banks. You can find that figure in the statistics published by the Central Bank — I did not bring a copy of the statistics with me today, so I cannot instance what it is — but when you consider the total loans outstanding to the agricultural sector, which is mainly the sugar industry, and compare that with the value of the land and other assets that they have, you will notice that the net worth of the sugar industry is very, very low, and looking at it on a plantation or farm-by-farm basis, it is almost certain that quite a few of those operations have negative net worth. And that is the problem which we have to confront.

The National Bank cannot forever go on forking out money. We were told that last year there was an increase of about 31.4% on the previous outstanding debt. That cannot go on forever. I do not think it cannot go on for another year, without that bank being totally embarrassed in terms of what accords a proper banking practice.

So it is this type of situation that the Government must address, and address most urgently. As I said, I support the Resolution, but at the same time I am still hoping that Government and others will recognize that we have a situation which is especially urgent, and we cannot just simply sidestep it and say that sugar is protecting land so well and earning \$60 million in foreign exchange. It is doing that, and it is doing other things which are highly injurious to this economy.

I thank you.

Mr. DEPUTY PRESIDENT: Senator Ward.

SENATOR L. A. WARD: Thank you, Mr. Deputy President.

I support this Resolution, but in doing so, I must declare an interest.

The Minister, in introducing this Resolution, Sir, said that conditions would be applied, and those conditions, I feel, have been examined by the industry, and the industry has agreed to the conditions. It would be unreasonable to expect this type of support without Government having a say in the operation of the industry.

As regards the question of diversification, we are very cognizant of the need to do this instead of producing

sugar that is being sold around US 5 cents a pound on the market. But, Sir, we have had a long history of searching for crops. There are crops now which we feel justify considerable experiments and that sort of thing, but in each of these crops you can have problems. We have had problems this year with our yams, which is a traditional crop which we grow, and there are a couple of hundred acres that are infected by a disease that we have never experienced before. In our onion crops that we have gone for very heavily in this year, with the very heavy rainfall that we have had, and trying to grow them over a longer period of time, we have suffered another disease which is known as a blast. But, Sir, we are fully aware that these are things that we must do. The agriculturalists in this country are, like any other businessmen, out to grow or do anything that will yield them a profit, so if there is money in diversification we are willing to do so.

11.50 a.m.

The question of the wages that the workers in the industry earn — those 5 000 jobs that were spoken of — in Jamaica, with the weak Jamaican dollar, they earn something like three times the money that the Barbadian industry gets for their committed sugar on their preferential markets. Theirs was six Jamaican dollars to the American dollar, we are two, and the Jamaican wages are below, in Jamaican dollars, the Barbadian wages in Barbadian dollars. Therefore, the Jamaican is working for a lot less than the Barbadian. Although we admit of our wages that if we could pay more, it would be good to do so, yet our wages are not that bad comparing with other sugar industries in the world.

Talking about comparing with other sugar industries in the world, Sir, in Barbados, if you look at the sugar industry in itself, you are tempted to talk — and it has been said — about the inefficiency of the industry, and looking at it in isolation in Barbados, it would appear to be so. But then, Sir, in the same way, if you were to look at the Barbadian economy, you would say that the Barbadian economy, with us approaching perhaps \$1 000 million in public debt, is not well managed. But when you look at the Barbadian economy in comparison with other countries of the world, you come to the conclusion that the Barbadian economy is not doing that badly, and it is doing a lot better than most.

And so, Sir, let us look similarly at our Barbadian industry in relation to other industries. Do not let us look at it just in relation to making shirts in Barbados. If you look at the Jamaican industry, I have already said that they get three times our money, and they are in serious trouble. They have taken in the past some of their estates and put them into co-operatives which, as far as we gather, was a disaster. They have approached, we understand, Tate and Lyle to see if they would come back and manage the industry for them in Jamaica.

We hear nothing about Guyana, Mr. Deputy President, but they are also in serious trouble, up to the

last time I heard. I think the figure quoted for the last year I heard was that they had lost something like \$90 million.

Then, if you come a little nearer home, Sir, and you talk about Trinidad, in the *Advocate-News* of November 2 it was reported that the main loss maker in Trinidad was the big labour intensive sugar company, Caroni, which chalked up losses amounting to \$219 million after receiving \$293.2 million in financial support from the Government. Mr. Deputy President, that is \$583.2 million, and that is not the whole thing. They produce around 80 000 tonnes of sugar, and by my calculation that is about \$7 200 to \$7 300 a tonne of sugar. Comparing us with those same statistics, we are looking at \$10 million in a support loan and we are looking at \$10 million, I see on the Order Paper, as a grant, which is \$20 million, and we expect to lose a similar sum of money on top of that, which is about \$40 million, and we produce 100 000 tonnes of sugar. So you are looking at a comparative figure with Trinidad. We are looking at about \$400 a tonne against Trinidad's \$7 200 a tonne, comparing like with like.

It has been said that Barbados cannot continue to subsidise its industry. I cannot dispute that — I do not know if Barbados can afford to continue to support it or not — but as the Minister said in introducing this Resolution, what will it cost if we do not continue to subsidise the industry until it gets out of this trouble that it is in? How much is it going to cost us if the industry folds up? How much is it going to cost this country? This is something that I would not be able to determine. I think that would be a matter for Government to determine, whether they can continue to support it until it gets out of its problems.

The industry, Sir, must also be compared not only with these Caribbean countries. The Australian industry, which is the other side of the globe, is always held up to us — when I say "us" I am no longer an active producer of sugar, but I cannot get away from the fact that I spent my life in it, so I refer to it as "us" — but the Australian industry has been quoted to us over and over again, and I am confident that a lot of people know that the Australian industry is also in trouble. At the Annual Conference for Cane Growers, the Chairman of the Council, Fred Loper, warned that by the end of 1986 there would be no Australian sugar industry in its present form without assistance from the Government. He spoke of the collapse of the industry and the loss of 200 000 jobs.

Mr. Deputy President, I am not saying that there is not room for improvement in the industry. Nothing is perfect on this earth, and I suppose in most things you can go and find that you can improve management. I feel sure that the management in the Barbadian industry can be improved, but I also feel sure that the industry is not inefficiently run. There are examples with which you can compare this industry, other industries across the world,

and if you can point out to me that any industry that is not getting support is not in trouble, I would like to know which it is.

12.00 noon.

So, Sir, with those few remarks I would like to support this Resolution, and I would like to assure Government that the industry is very grateful for this support that it is receiving.

Thank you.

SENATOR J. E. D. WILLIAMS: Mr. Deputy President, I join the debate basically to put a few things in perspective. I really was looking forward to some other contributions, which, I am not quite sure are, indeed, forthcoming.

I believe that we need to look at Government's approach to the sugar industry and, indeed, to agriculture over the last few years. But with specific reference to the sugar industry, we recognize that, since 1972, the industry has been ailing, and Government, indeed, came to the assistance of the sugar industry in no small way. Our objective then was to bring back sugar production levels to that point where we believe they would have been more in line with the scale of plant that we have operating in the sugar industry itself.

You would be aware, Mr. Deputy President, that the plant in the sugar industry is geared for some 150 000 tonnes of sugar. But it is recognised that with prevailing economic conditions, it would be less than prudent on the part of Government — or, for that matter, persons in the sugar industry — to try to reach such targets, and the level of production which is considered optimal under prevailing conditions is in the region of 100 000 tonnes. Therefore, since 1982, we have been trying to get the industry to reach such figures, and I think it is only fair to say that we have, indeed, been successful as far as that is concerned, and I think Government has to be congratulated for so timely coming to the assistance of the industry.

But, over and beyond production levels, we recognize that in looking at agriculture on the whole, there needs to be diversification within the industry itself, and in the past, our efforts in assisting the sugar industry were with this in mind. We also have been able, over the last few years, to redeem some of the bond issues.

Therefore, it is true to say that Government's philosophy recognizes the importance of the sugar industry component in the overall development of agriculture in Barbados. But we also recognize that the industry itself has to diversify while, at the same time, it must become more cost efficient and competitive. And I really want to stress the point that we cannot continue to pump money into the sugar industry *ad infinitum*, because if the industry continues to be run in the old

parochial way, no amount of money will in itself result in any improvement whatsoever in the industry.

We recognize that the industry has to make money. It must, by extension, get involved in those kinds of crops that also are foreign exchange generators. I believe that I do not have to stress the point that a rum shop does not just sell rum and what is particularly important is the viability of the rum shop. The sugar industry cannot and I repeat cannot — be sustained at the expense of the public forever.

I believe a nice way to encapsulate what has taken place is that since 1982 the sugar industry has been placed in the intensive care unit. We recognize that it had reached a critical stage, and the price support mechanism at that time did nothing more than to keep it alive. What persons in the industry must understand is that after a while and you are in the intensive care, you become accustomed to that kind of environment. The persons in the sugar industry have to understand that they have now to go into the general ward and get acclimatized to the hostile environment out there in which they operate. I must admit, though, that the environment is even more hostile than when the industry first went into the intensive care unit.

It should also be noted that the price support mechanism has been in itself successful, but you find in the industry that we come across three different kinds of problems. One is that some persons in the industry continue to say that Government is not doing enough. It is always very easy to lay the charge at Government and suggest that Government can do more. I believe as I go on I will point out the importance of Government's support in terms of actual dollars and cents.

Also — and I know it might not go down too well with some individuals — there is the social club mentality which still continues within the industry itself.

But what I consider even more important is the fact that persons in the industry continue to lack the kind of initiative that is necessary for the industry to go forward. I still think that they depend too much on Government, and, maybe, there is a reason for this. Because if, for instance, government suggests to the industry that it should plant onions — and I believe that Senator Ward already alluded to the fact that we had difficulties with the onion crop this year simply because of weather conditions — it will never be a case where somebody will be able to say to those officials in the industry: "You decided to plant onions and you see what happened," and, therefore, they would have to carry the blame. I think they sit back and wait for Government to make all the suggestions — of course, believing that if anything should go wrong then it is Government that should carry the blame — and I think it is fair to say that the individuals in the industry must — and I repeat must — take greater initiative and make sure

that they put their own house in order, and, indeed, put the industry back on a strong footing.

Government must, in itself, guard against telling the industry what to grow. This is why I suggested earlier that there must be initiative on the part of the industry. In more centrally-planned economies, the Government of those countries actually tell the producers how much they should produce and how much they should sell. I believe that in Barbados the industry must understand Government's broad macro-economic framework, and what Government should do is to guide the industry in the right direction, rather than say you have to do this or you have to do that. I think those persons operating in the industry at the highest level must understand what Government's policies are with respect to agriculture and agricultural diversification.

12.10 p.m.

Government has a responsibility to do a number of things. Government has certainly to be involved in export promotion. We do not expect that it should be left up to those persons in the industry to take charge of it and for it to be their total responsibility. Government should also ensure that it assists by way of agricultural research, and again Government does not shirk its responsibility in this respect. I believe it is recognised that Government has to put in place the necessary market mechanisms so that the industry can go forward and diversify, knowing full well that when they plant a particular crop, there is a market, whether it be inside Barbados, within the region or outside the region. That indeed will be Government's responsibility.

All of this, Mr. Deputy President, suggests a partnership. A partnership must exist between those persons in the sugar industry and Government, and there is mutual respect on both sides as far as a partnership is concerned, and I know that those persons who are business people understand a lot of vagaries of a partnership, because we have, of course, to recognise how fragile partnerships really are. But we simply cannot put the sugar industry on permanent welfare. I think we would be doing a disservice, not only to those persons in the industry, because complacency then would creep in, but we would also be doing a greater disservice to the taxpayers of Barbados, because ultimately it is the taxpayers who are going to pay this money. We have by way of price support a \$10 million budget grant, and also a bond issue of another \$10 million, which of course is guaranteed by Government — it is actually floated through the Barbados Sugar Industry Limited — but we must clearly understand that these bonds are redeemed through increases in the price of sugar, and therefore ultimately Barbadians are paying for the assistance that we are giving to the sugar industry.

I believe that Barbadians will feel particularly happy that their money is well spent if a number of things happen, because if indeed you do not see 5 000 or 6 000 people losing their jobs — and when I talk about 5 000 to 6 000 people I know that Senator McClean was quick to

point out that it might not be 5 000 families but if I could even divide it by 2 and say 2 500 — as a matter of fact, if indeed it is only 1 000 families — you cannot fail to recognise the importance. Sometimes it may be one person in a household working, and therefore, to my mind, the effect is obviously tenfold. I think the point is also taken about direct jobs, but there are other indirect jobs as a result of the industry itself. Again, the public would feel particularly satisfied that the money is well spent if we continue to earn that much-needed exchange as well as the fact that the industry continues to develop — I am talking about the entire industry — over time, and therefore I believe Barbadians will be particularly satisfied that the money is well spent. What Government has to do is to ensure that that does take place.

I think Senator Ward made the point, and it is a point which we on this side continue to take, that in as much as we are paid in ECU units for sugar, if indeed Barbados had decided to devalue its currency, the difficulty which the industry faces now could easily have been wiped out, simply because they might have been getting twice as much for each tonne of sugar. I believe that they should be getting as much as BDS\$1 200, but, you see, you cannot deal with a sectoral problem in any way but sectorally, which is what Government has decided to do, because over time you will find that the lag will also catch up with the revenue side, and our imports will eventually become more expensive, and even more, we will find the effects of any devaluation within the entire economy itself.

Government has taken the stance not to devalue for the sake of the sugar industry. It would be better to deal with the sugar industry as a separate problem and deal with it sectorally rather than to devalue *per se*. So I want Senator Ward to understand clearly that the point about the revenue is one that did not miss me.

The industry, I must admit, continues to operate in a sheltered environment, and along with the fact that the industry has a fairly good market and they do not have any competition also forms part of the total problems which plague the industry itself. I believe that once the efforts of Government continue to manifest themselves in terms of the security of jobs for people and to maintain the viability of the agricultural sector, generally speaking, we could be happy and we can rest assured that Government will continue to support the industry. But we cannot continue to prop up the industry without good cause and good reason. At this point in time we are satisfied in our minds that there is justification for supporting it. I am therefore suggesting that the industry itself has to become more efficient in terms of its management. I believe that Senator Ward may be satisfied in his mind that they are as efficient as they can be. I think it is also true to say that where his argument falls down is that there are a number of farmers operating in less favourable areas who are more efficient than some farmers who are operating in more favourable areas. When you look at the trend line, there is a large dispersion with farmers in terms of efficiency, and we are

satisfied that the industry itself can become more efficient.

Some persons in the industry have opted for mechanisation, but at the same time you will find that it is also true to say that labour costs have not changed, therefore almost 90 percent of the expenses in the industry are made up by mechanical expenses, interest expenses and labour costs. We are not suggesting there should be a reduction in labour *per se*, but if you diversify, then you can take those same workers and they can be used in other areas. But as far as the sugar industry is concerned, I am saying that there has not been an associated reduction in the level of cost of labour, while at the same time there has been a significant increase in mechanisation.
12.20 p.m.

I believe, Mr. Deputy President, that those are indeed some of the problems of the sugar industry, and I want the public to understand that \$20 million is no small figure, because, for a population of 250 000 persons, if you are going to pump \$20 million, or for that matter US\$10 million, into the sugar industry, it means that to make a commensurate injection, say in the United States, of Bds\$20 million, they would have to put something like \$9.2 billion. So we are not talking per capita of any small figure of money when you give the sugar industry \$20 million every year. Provided, of course, Mr. Deputy President, that we see the results, there is every reason why Government should continue to support the industry and, indeed, we look forward to results. Results are what Government is looking forward to.

Thank you.

Mr. DEPUTY PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: I was really anticipating a very serious, serious debate, but I got the debate from this side. I just want to make a few points that I thought would be useful in the whole question of the industry itself.

I think that one of the things that we ought to look at seriously is the whole question of a long term marketing strategy. I am one who believes strongly in the whole question of marketing, not just selling, the whole question of developing a marketing strategy for any kind of product you are going to have, because it is essential to note that you cannot just manufacture and sell or produce and sell — you have to have an environment in which to operate.

As I said many times before, I feel very strongly that support must be given to all sectors, not only just the sugar sector, for promotion and sale of products or produce in the extra-regional markets. I note, for instance that with the Barbados Agricultural Society and the Sugar Industry Limited there is talk about a merger. I am satisfied that with the emphasis on diversification and production of cash crops, on that score, you need to look at the whole question of marketing and seek technical assistance. As a

matter of fact, I have been discussing with the people in my Ministry the need to seek technical assistance in the extra-regional markets.

Another point that ought to be made is that we in the Caribbean are in a very unfortunate position, as developing nations dependent on agriculture for survival in large measure, that we still see that, despite all the attractions of the CBI, we find our quotas to the United States market cut back. We are in the unenviable position of having to face quotas and cut-backs from the CBI, the big giant to the north, and developed countries like Canada, South Africa and Australia have the benefit of — and these are developed countries, countries that are highly industrialized — selling in the US market. I think that it behoves us to try to put more pressure on the Americans really to remove the restrictions that we have on entry to the US market.

But a small point before I sit down, Sir, on the whole question of the Caribbean and Jamaica. I really do not want to see comparisons made between Barbados and Jamaica — I mean, they are very unfortunate — even Guyana. We know that the Guyanese, for instance, have been making an offer to resolve their difficulties in the CARICOM Multilateral Clearing Facility by having their sugar placed at the disposal of other CARICOM importing countries. This offer has not been taken up in the past because our CARICOM neighbours, operating in their best interest, of course, will want to buy sugar at the world market prices when it is beneficial for them to do so and not at the kind of prices that the Guyanese might have been offering, and when the tables turn, then they would want to return to the Guyanese producers. But the most important thing is that, again, if we can get some rationalized behaviour from our CARICOM neighbours, I am sure that would be one way of starting the CMCF through sugar.

Thank you, Sir.

The question that the Resolution be concurred in was put to the Senate and agreed to.

INSURANCE (AMENDMENT) ACT, 1985

Order No. 3 was called — To move the Second Reading of a Bill to amend the Insurance Act, Cap. 310.

Mr. DEPUTY PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, Sir, very briefly, this is an enabling amendment to the Insurance Act arising from the Budgetary Proposals that were presented by the Minister of Finance in May of this year. At the time, the Minister of Finance stated that it was necessary to streamline the administrative control of the insurance industry by bringing all persons who solicit applications for insurance within the scope of the Act. The persons contemplated were salesmen employed by brokers who, un-

like salesmen employed by companies, agents and sub-agents, were not required to register and pay a fee annually. Salesmen who were working in brokerage were getting away scot-free, and the effect of the amendment is to bring them within the net. So that the fourteen brokers registered to conduct business in Barbados would have to register and pay a fee.

There is subsidiary legislation which will be proclaimed through regulations to make it so that the salesmen pay \$60 for application and \$200 for registration.

I beg to move, Sir, that this Bill be read a second time.

The question that the Bill be read a second time was put to the Senate and agreed to.

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, Sir, before we go into Committee, I beg to nominate that Senator Hutson Linton take the Chair in Committee, Sir.

The question that SENATOR LINTON be appointed to act as Chairman for this Session was put to the Senate and agreed to.

On the motion of Senator the Hon. C. A. GRIFFITH, Mr. DEPUTY PRESIDENT left the Chair and the Senate resolved itself into Committee on the Bill, SENATOR H. R. LINTON in the Chair.

Clauses 1 to 3 inclusive were called and passed.

On the motion of Senator the Hon. C. A. GRIFFITH, the Senate was resumed and the Bill was reported as having passed the Committee without amendment, Mr. DEPUTY PRESIDENT in the chair. 12.30 p.m.

On separate motions of Senator the Hon. C. A. GRIFFITH, the Bill was read a third time forthwith and passed.

BARBADOS NATIONAL BANK (AMENDMENT) ACT, 1985

Order No. 4 — To move the Second Reading of a Bill to amend the Barbados National Bank Act, Cap. 322A.

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, Sir, in this Bill the Government proposes to make two amendments. One is to delete the specified maximum period of 5 years as the term of employment in the appointment of the Managing Director, and the second is to reduce the number of Directors needed to properly constitute the Board of Directors.

As it stands, Sir, in the law in relation to the appointment of a Managing Director, there is provision that the appointment is for a period not exceeding 5 years, the current law, but that the appointee — or incumbent, if you will — will be eligible for re-appointment. Now what has happened in this regard is that the bank has recently been advertising for a Managing Director and has had difficulty in attracting certain quality people who would otherwise be interested in such a position. But the reality is that nobody would want to leave a job where there is a certain permanence and come into a contract situation where at the end of 5 years they may have to renegotiate the contract, or, for some reason or other, they may not be kept on.

So the question is one of guaranteeing employment if you want the best person. Hence, the bank has seen the retention of the present section of the law as an impediment in securing the best type of person for the position. The Government has agreed with this position and, therefore, we have proposed to amend the Act so that the specified term of 5 years for the appointment will be deleted. What, in essence, the new position in the amended Act would reflect, is that there is no limitation placed on the period of appointment.

The other item that we are considering for amendment is the question of the number of Directors needed to properly constitute the Board. As it presently stands, the Act calls for the appointment of 12 members on the Board of Directors, and if for whatever reason the Minister of Finance fails to appoint 12 people to manage the business of the bank, it simply means that the Board is not properly constituted, and the decisions taken in the interim would have to be ratified by the Board at a later date. What the amendment is supposed to do is to allow flexibility so that there will be arrangement for the appointment of not more than a specified number of Directors; in essence, a suggestion that a quorum of the Board could make the decisions that would be binding on the operations of the bank.

These two problems, Sir, as I have said before, would be addressed by the amendments.

I beg to move that the Bill be read a second time.

Mr. DEPUTY PRESIDENT: It is proposed that this Bill be read a second time. Senator Seale.

SENATOR C. D. SEALE: Thank you, Mr. Deputy President.

Sir, I support the amendment to the Act. I think it will be borne out that anybody wishing to take a position as Managing Director of a bank would deem it as a career position and not just a stop-gap type of a position.

The extension of the directorate, that can be sometimes good and can be sometimes bad. When you get a Board that is too large, you may have some procrastinators and the work of the bank may well be held up. Nevertheless, Sir, it is a national bank and I think that, as it is Government owned, Government has to reflect that the Board is representative of many sections of the community. So in this case, I have no objection to the size.

Sir, the Barbados National Bank has been under public siege, much criticism, sometimes fair and sometimes unfair. However, I believe that one of the criticisms of the bank coming from its customers is that it really does not have a social conscience, and this perhaps is because of the lead that it has taken from other commercial banks that are operating in Barbados.

Sir, the commercial banks operating in Barbados are all foreign owned and are merely branches of very large organisations, where faceless men in head offices sit and direct Branch Managers to do certain things, and, therefore, they are more ruthless. However, a national bank should approach its business in a little different way. I would have been happy today, Sir, to see that in the 1984 accounts, if there were an additional million dollars in loss at the National Bank, if in the report it could have shown where the National Bank had employed 5, 10, 15, or 20 consultants to assist their customers, and had paid those consultants so as to bring them out of the problems they are in. I think it has been too easy for the National Bank's managers to sit and basically close down businesses without really helping them. And this is the problem that, really and truly, the public perceives as the problem of the National Bank, as it being not very helpful.

Sir, we have had the instances here in Barbados of two commercial banks putting in receivers and closing down two reasonably large organisations. I think last October we knew about one, and I think about 400 or 500 people lost their jobs. Shareholders lost their shares, their money. Depositors lost their money, creditors lost. But, however, the commercial bank did not lose one cent, not one single cent, Sir. The accountants made plenty money. Receivers got heavy fees. Legal people got heavy fees, Sir. But if that commercial bank had had a social conscience and had brought from outside a couple of expatriate managers to help that company, that 500 people would probably be working today, Sir, and these are the problems.

I think that here in Barbados in the last couple of years we have been through a recession that we have never seen the likes of. A chairman of the very largest company said that in Barbados we do not have managers who can manage in times of a recession, and I tend to agree with him, because the type of management that we have to do with now is unheard of. Therefore, I think that commercial banks owe it to this country for the profits

that they have been making to assist their clients, and I believe that the Barbados National Bank should take that lead and come forward and help, and bring in people, not just to merely pass over the bad accounts to receivers and to legal people and close down the businesses.

12.40 p.m.

Sir, credit in Barbados is what we have been living on. There is not one of us in here who has advanced unless we have been able to get credit, and that is the hallmark. We had it in the 1970s where the importers in this country received credit from the banks and the overseas suppliers. They in turn gave credit to the wholesalers. The wholesalers in turn gave credit to the retailers, and the retailers, through the several hundreds of shops, gave credit to the consumers. That is how we lived. But all of a sudden a lot of changes came into this island between 1971 and perhaps 1976 whereby we had a whole host of controls coming in, and what happened? The wholesaler, instead of being a wholesaler any longer, became a middle man. He was a dirty man, so you got rid of the middle men, you got rid of all these people. But then the credit had to go to the banks, so that those people who helped other small businesses to come up, to get going, now found that there was no help they could give, you must go now to the bank. That is why I get back to the position where the National Bank in Barbados must have a social conscience.

I am proud to say that the Barbados Development Bank has placed no one in receivership in the last three years through the recession, Sir. We have placed many consultants, we have a lot of people holding cheque books belonging to customers at the moment, but they are not called receivers, they are out there helping. We can point to many of these customers becoming profitable again by the assistance we have given them.

Furthermore, only on Monday the Directors decided that we are going to take a mission to Atlanta, Georgia, this coming November 24, for three days, because we are going out there to find investors who are willing to come and provide markets, who are willing to assist, so we are going to do something new in the hotel industry unheard of. We are going to try and take the small hotels and lump them together as 10 or 12 units and have a marketing company in the United States market them as their hotel, because they cannot live unless they have guests, they cannot live unless the hotel is reasonably full. We have to take the small people, because any hotel in this country with 27 or 30 rooms has no funds for marketing. It has nothing, it cannot even buy two ads in the *Nation*. That is a fact, because the revenue coming in does not permit them to take overseas tours three, four and five times a year, so they must have their representatives out there in the U.S., and we are going to try and find some marketing company. We are using Atlanta because we have done our research and we believe Atlanta is the place to go. Hopefully, we might come back. We

are going to take along people in industry as well, and we are going to take along even small businessmen, because we have a social conscience at the Barbados Development Bank and we want to help those companies.

Also, Sir, I believe that Senator Nicholls would be most pleased to know, too, that we have also decided that very shortly we are going to have a couple of these companies that are in problems run by youth, run by young people in ages say 18 or 19 to 25, whereby we will have consultants and whereby we will also have a Board of Directors to guide them, because we think there are a lot of young people out there with a certain number of skills. They have gone through the programme of the Barbados Chamber of Commerce — Junior Achievement — they have learnt to do a little bit of business, but they cannot express it because they do not have any company. So we are going to see if we can put a number of youths in sort of responsible positions in companies and guide them, and have a shot at seeing if we can return the companies to profitability through this way and at the same time teach the young people of Barbados that it is not easy to run a business, that you must have discipline and you must have an ability to run it too.

Sir, there are a number of other points that perhaps could be made on the National Bank, but I think I will make one plea to our newspapers. I was appalled a couple of months ago when I took up a popular Sunday newspaper and saw four people dismissed and the names of these officers being plastered across the whole country, thrown out, officers with great integrity, because perhaps they have had problems with a Board or something, and a number of other things, and have lost their jobs. Nevertheless, I do not think it was fair that newspapers in this country should damage their names like this, and I will make a plea to them to leave the National Bank out. I have never yet read where Barclays Bank has fired a Manager and his name is placed in the newspaper. I have never seen it for the Royal Bank. We at the Barbados Development Bank, in my time, I believe, have dismissed about three officers and it never made the newspapers, because they are not so. However, it has been a hobby horse to play up the National Bank in a very bad way. I am going to appeal to them, in closing, to look better at their own bank with their own nationals running it and give it a chance.

Thank you, Sir.

SENATOR A. W. A. McCLEAN: Mr. Deputy President, the particular Bill before us is not particularly controversial one way or the other. The question of removing the stipulation that a contract should be for not more than five years could in certain circumstances lead to the attraction of some persons who might not otherwise be interested, but that can cut both ways. It is entirely possible that an incompetent person who has been able to persuade people without any real understanding of such matters that they are competent, and who is aware that their incompetence would be revealed in the

fullness of time, would not want to risk it to go in there on a five year appointment, fully aware that, not because any particular outside pressure, but the said people who thought they were competent would discover that they are no longer competent and will not renew the contract. So that it is entirely possible that the first fruits of this type of exercise could very well lead us into a situation where you get not the best person, but the worst. Be that as it may, the essential point is that the absence of a specific period for a contract, where you have an indefinite tenure, does not mean that you cannot get rid of people. That is quite clear.

Getting beyond the specifics of the Act to certain comments made by Senator Seale, I do agree that the National Bank must have a social conscience, but I do not think it should operate in the way Senator Seale was suggesting it should operate. Quite evidently, the objective function of the National Bank ought to be different from the objective functions of a private commercial bank. The private commercial bank is essentially there to make a profit, and that is all. The National Bank is not there to make losses, it should make profits too, but at the same time it is there to relate to other developmental goals within the country. But this requires the National Bank, if anything, to be rather more careful in its banking practices than the other guy, because they will be venturing a bit further, and in doing so they have to be particularly careful that they venture on reasonable ground and do not expose the bank to failure. So they still have to adhere to proper banking practices.

The National Bank is, first and foremost, a commercial bank, and it has to adhere to banking practices because it is going to be audited along the lines of a commercial bank. If the Barbados National Bank had the precise portfolio that the Barbados Development Bank has now, the auditors would tell you that the Barbados National Bank had negative net worth. Put another way, the Barbados Development Bank was audited on the same basis as a commercial bank, the loan losses that that would have to provide would completely wipe out the equity. The reason why you can apply different standards to a development bank is because the sources of funding are different. They do not have deposits from the public who can come out any time and say they want to withdraw the deposits. They get long term loans and grants and that kind of thing.

If you look at the financial statements of the BNB, they do not have any provision for loan losses. This is not to say that they do not incur loan losses. So you cannot compare a development bank with a commercial bank, and the Barbados National Bank is a commercial bank. At the same time, however, I do agree that there is considerable room for improvement.

Before I go any further, I should indicate that I have no specific interest any more, but I had an interest not so long ago, I used to be a member of the Board. I should reveal that I am no longer a member of the Board for

reasons I am not too sure of, but, whatever they were, the reasons could hardly be very well founded.

Anyway, in terms of the performances of the bank, I do not think I can agree with Senator Seale that I would be happy if I saw that the bank had made another million dollars in losses and had employed some people to advise customers. The Bank does get involved, as all banks would have to, in advising customers, but this must be within reasonable limits. They cannot function as the overall business consultants to the firm. The firm should seek such arrangements elsewhere, and there are other places in Barbados where you can get advice on the management of a business. So you cannot throw the whole burden on the Barbados National Bank, especially when it is carrying such large burdens as the sugar industry already, among other things. So that I cannot agree that the losses are neither here or there, and, indeed, I look forward to the day in the not too distant future when, hopefully, those losses can be reversed.
12.50 p.m.

There was a time, not so long ago — shortly before I left the Board — when I really thought that we were reversing the losses with steam and we had everything under control. But the people who felt they had things under control were shaken out. I do not know how things are now, but this report would have related to the time when I was there anyway. As I said, the report of the National Bank has been tabled and it provides information on the performance of the bank.

Now, it has been indicated in statements, which seem to have been attributed to officials of the bank, that the direction in which they are going to search for improved financial performance is in terms of cutting down on wages' costs and things of that order. I want to suggest, based on my experience in the situation, that this is not an appropriate direction.

If you look at these financial statements here, on page 22 — this is the Income Statement — you will notice that the provision for loan losses is \$5 026 000 for 1984, and that is to be compared with a net loss of \$1 148 000. Now, if that loan loss provision was anywhere half the size, you would notice that the bank would have made a profit.

When you look at the salaries and wages — this is Schedule 1 on page 36 for 1984 — you have Salaries, Wages and Allowances — \$6 955 000. I do not think that there is a lot of room for reducing that figure, for economies in that direction. Any strenuous effort in that direction would probably result in reduced efficiency within the bank.

I notice, too, that it was felt that something could be achieved by closing down certain branches, in particular, the university branch. Again, I cannot see the particular wisdom in that, because if at all there is any saving, it is

trivial, and, indeed, on a certain calculus — I would not elaborate — one would wonder if there is any saving at all, even in the present circumstances. But that was a small and growing branch, and even if it was not exactly making a net contribution to the bank in 1984, and possibly not 1985, it would most definitely have in the future, and decisions such as those seem to be a bit shortsighted.

There are many other areas in which the National Bank can seek to improve itself, but I think, most importantly, without reflecting on the members of the Board here present, that one of the things the Government must do is to make sure that they appoint the right people to the Board. It seems in recent years to be quite adept at dismissing people from Boards — maybe the right ones, maybe the wrong ones — but they have to make sure, whoever they dismiss, that they retain the right people, that they appoint the right people. And quite evidently, the right persons for a Board of a commercial bank, among them must be numbered some people who know something about it, who know something in detail about it, and I am not so sure that that type of consideration has been entirely uppermost in the minds of Government in their recent rationalisation of the Board, because, with all due respect, I think the people who did something about it were the ones who were dismissed, and the ones who were retained are the people who do not know anything about it. So Government has to be a bit more responsible in this direction.

I do not know what kind of objective would have informed that kind of decision. But, quite evidently, if you put the best construction on the decision that Government is trying to do its best for the country and for the bank, it would have made, quite evidently, the wrong decision, and that wrong decision, I would say, has been compounded by utterances made in the Other Place by the Prime Minister. Most of those utterances were inaccurate. Some of them extended to me, and I wrote the Prime Minister on the occasion indicating that he had made certain statements in the House of Assembly which related to me which were not accurate, and I gave him the details, and I am looking forward to his correcting the statement in the process of time. I say no more on that particular matter.

I thank you.

The question that the Bill be read a second time was put to the Senate and agreed to.

On the motion of Senator the Hon. C. A. GRIFFITH, Mr. DEPUTY PRESIDENT left the Chair and the Senate resolved itself into Committee on the Bill, Senator H. R. LINTON in the Chair.

Clauses 1-3 inclusive were called and passed.

On the motion of Senator the Hon. C. A. GRIFFITH, the Senate was resumed and the Bill reported as having been passed in Committee without amendment, and Mr. DEPUTY PRESIDENT resumed the Chair and reported accordingly.

On separate motions of Senator the Hon. C. A. GRIFFITH, the Bill was read a third time and passed.
1.00 p.m.

THE ADJOURNMENT

SENATOR THE HON. C. A. GRIFFITH: Mr. Deputy President, there being no further Government Business, I beg to move that the Senate do now adjourn *sine die*.

The question was put to the Senate and agreed to, and Mr. Deputy President adjourned the Senate accordingly.
1.02 p.m.

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