



PRIME MINISTER

FOR MEDIA

4 OCTOBER 1979

JOINT STATEMENT BY THE PRIME MINISTER AND THE PREMIER OF SOUTH AUSTRALIA.

THE BANK OF ADELAIDE

The Premier of South Australia, Mr David Tonkin, called on the Prime Minister and Mr Philip Lynch, Minister for Industry and Commerce, representing the Acting Treasurer, in Melbourne today to clarify the position of the Bank of Adelaide with regard to Commonwealth Government policies.

The Prime Minister and the Premier noted that the commercial arrangement between the Bank of Adelaide and the Australia and New Zealand Banking Group Limited had been entered into after full consultation with the Commonwealth Treasurer, the then South Australian Premier, Mr Corcoran, and the Reserve Bank of Australia. Those arrangements included the provision of massive financial support to the Bank of Adelaide by the major trading banks and the Reserve Bank and an understanding that the Bank of Adelaide would seek a merger with a larger Australian trading bank. They were entered into against the background of long-standing Government policy in respect of the overseas ownership of banks operating in Australia. The arrangements successfully stabilised the position of the Bank of Adelaide and ensured that it remained in a position to meet fully its commitments.

The Prime Minister said that the policy with regard to foreign ownership of Australian banks was undoubtedly a matter that would be examined carefully by the Committee of Inquiry into the Australian financial system. It would be inadvisable for the Government to make an ad hoc change in that long-standing policy before receipt of the Committee's report and the Government's detailed examination of any recommendations that might be made in this area. The Commonwealth Government therefore has concluded that the current policy relating to overseas ownership of Australian banks should be followed.

Against the background of the existing commercial arrangements between the Bank of Adelaide and the Australia and New Zealand Banking Group Limited and the long-standing policy with regard to foreign ownership of Australian banks, the Prime Minister said that, as foreshadowed by the Treasurer in his statement of 9 June 1979, arrangements are in train for the necessary consents and authorisations under Commonwealth legislation to be obtained so that the proposed merger arrangement between the Bank of Adelaide and the Australia and New Zealand Group Limited could proceed.