

Question No: 130

Question: Banking Industry

Date: 11/08/92

Member: Mr COLLINS

To: ATTORNEY-GENERAL

1. Under what statutory provision was the State Bank of South Australia authorised to conduct business in the Northern Territory.
2. What returns and/or benefits has the business of the State Bank of South Australia brought to the Northern Territory government.
3. Which minister is responsible for supervising banking business in the Northern Territory.
4. Is the Attorney-General aware of the extent of litigation against the State Bank of South Australia in the Northern Territory.
5. Is the Northern Territory government aware of the effects on Northern Territory businessmen of the insolvent state of the State Bank of South Australia; if so, what measures are proposed to alleviate difficulties on their clients.

ANSWER

1. The State Bank of South Australia (the Bank), conducts business in the Northern Territory by virtue of the State Bank of South Australia Act 1983 (South Australia). Section 19(2) of this act provides that the business of the Bank may be carried on within or outside the state.
2. The Bank pays financial institution duty, payroll tax, cheque duty, electronic debits duty, debits tax and minor amounts from vehicle registration and stamp duty. The specific amounts paid by the State Bank of South Australia, its employees and customers cannot be disclosed because of confidentiality provisions in legislation.
3. The ministers of the Northern Territory do not have an express grant of executive authority over banking in the Northern Territory and there is no express allocation of responsibility for banking in the Administrative Arrangements Order.

All banks operating in the Northern Territory are supervised by other governments or the Reserve Bank which is gradually taking over supervision of State Banks as well as the other major trading banks. The Reserve Bank now informally supervises the State Bank of South Australia.

4. I am aware in general terms of the matter between the Bank and Hawthorn Pty Ltd. The Northern Territory is not a party so does not have the full details available to the parties. I am however, considering how the matter would affect Northern Territory consumers and whatever specific action (if any) is necessary. I am aware of no other action.
5. Depositors' funds in the Bank are guaranteed by the South Australian government under relevant legislation so the Bank is not technically insolvent. Whilst problems are being experienced by the Bank, no complaints appear to have been made by business to NT departments or agencies as a result of these problems

apart from complaints arising out of the State Bank of South Australia v Hawthorn litigation.