

26 March 2009

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam

**Re: Inquiry into the
Australian Business Investment Partnership Bill 2009 and the
Australian Business Investment Partnership (Consequential Amendment) Bill 2009**

The Urban Taskforce is a non-profit organisation representing Australia's most prominent property developers and equity financiers. We provide a forum for people involved in the development and planning of the urban environment to engage in constructive dialogue with both government and the community.

We ask the Committee and the Senate to give the legislation establishing the Australian Business Investment Partnership (ABIP) its strong support.

The scheme would allow up to \$30 billion in loans to be extended to the commercial property sector, where financiers, particularly foreign banks, attempt to reduce their exposure to viable Australian businesses. Foreign banks account for a quarter of the commercial property exposures in Australia. Many of these banks are now owned by foreign governments.

There is a risk that the banks' new owners will force them to walk away from their Australian loan portfolios and concentrate on their home markets. The ABIP is a crucial insurance policy to safeguard the economy. The absence of alternative credit may force distressed asset sales - artificially depressing commercial property prices. The economy will pay a heavy price if this legislation is blocked. Without this legislation we may see a further reduction in confidence, a deeper economic downturn and a postponed economic recovery.

Australia will need the property development and construction sector to lead it out of the current economic slowdown. For every \$1 million in construction expenditure, 27 jobs are created throughout the broader economy. The construction activity made possible by property developers contributes \$69 billion to the national economy each year and creates 709,000 direct jobs. The construction industry is Australia's third largest source of employment.

We have also asked the Federal Government to consider widening the Australian Business Investment Partnership, or create an additional parallel scheme, to embrace new private sector residential development. While the proposed ABIP does not embrace the residential sector we do not support any delay to the passage of the legislation.

We would welcome the opportunity to appear before the committee to discuss these issues further.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in black ink that reads "Aaron Gadiel". The signature is written in a cursive style with a long horizontal stroke at the bottom.

Aaron Gadiel
Chief Executive Officer