



**Ardele Blignault**

Vice President, Government Relations  
Australia & New Zealand

GE  
Level 14, 255 George Street  
Sydney, New South Wales, 2000  
Australia

T +61 2 8915 6948  
F +61 2 8915 6905  
Ardele.Blignault@ge.com

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

Dear Committee Secretary,

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

General Electric (GE) welcomes the opportunity to make a submission to the Senate Economics Committee Inquiry into the Australian Business Investment Partnership Bill 2009 and the Australian Business Investment Partnership (Consequential Amendment) Bill 2009.

GE has a major concern about the scope of the two bills and has included a recommendation for an amendment that would alleviate concern, in a manner consistent with the original intention of the ABIP.

GE would also like to raise a number of questions for the committee to consider during the course of its deliberations.

***Recommendation : Clause 7 – be deleted from the Bill***

**Scope of the Bill**

The Government's stated original intention was for the ABIP to provide refinancing for loans only relating to commercial property; only where finance relating to those assets is not available from commercial providers and the asset is financially viable.

Yet clause 7 states " . . . ABIP will be able to provide financing in other areas of commercial lending through financing arrangements of a kind agreed to unanimously by all shareholders of the ABIP."

It is this broadening of the scope of the finance that ABIP can provide to include all commercial finance, that is GE's major concern.

Although, Clause 8 supplements clause 7 by setting out limitations on the situations where ABIP may provide finance. Paragraph 8(3)(b) does not provide any real detail of the limitation, other than allowing the ABIP to agree to other kinds of specified financing agreements, as long as this is unanimous and agreed in writing. In such cases, the ABIP may subsequently enter into a financing arrangement that is of the specified kind.

We are not aware of any evidence that supports the need to broaden the scope, to any commercial finance loan. The broadening of the scope has an adverse effect of the Australian market by actively discouraging regional banks that are not part of the ABIP, foreign financial service providers and possible new entrants from competing in the Australian market.

### **Questions for the Committee's consideration**

#### Regulation

How will the ABIP be regulated?

Bearing in mind it is unlikely to take deposits so will not be captured by the regulations that apply to ADIs.

#### Commercial viability

What is the test for "commercially viable"?

At what stage in the project will this test be applied?

#### Fees

Will the fees generated by the refinancing of any project be returned to the taxpayer or to the banks involved?

#### Recognised need

Which, if any foreign banks, that have a commercial property division are likely to pull out of Australia? If so what portions of the market do they currently finance?

If there is any evidence at all that the need for the ABIP exists, is this need alleviated by the Commonwealth Guarantee of State borrowings?

Please contact me with any queries by phone or email as per the details below.

Yours faithfully



Ardele Blignault