

Get the FIRB out of here, says Precision boss

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Precision Group's Shaun Bonett thinks foreign banks should be free to lend without approval from the Foreign Investment Review Board.

Matthew Cranston

Precision Group chief executive Shaun Bonett has just refinanced a \$90 million office tower in Brisbane with the Bank of China.

He is now asking for foreign investment rules to be changed in order to encourage greater lending from offshore banks in Australia.

The office tower, at 144 Edward Street, was previously on the market but after seeing a significant reduction in borrowing costs Mr Bonett took the asset off the market.

Mr Bonett, who is understood to have completed in the order of \$500 million of borrowing transactions with the Bank of China, said this new deal was completed with long-term tenure on a competitive rate.

In the Precision Group transaction, the Bank of China had to comply with the federal government requirement that foreign banks seek Foreign Investment Review Board approval for lending transactions.

"I do not believe it is commercially fair or necessary that FIRB is requiring foreign banks to have to seek FIRB approval for lending transactions," Mr Bonett said. "On the one hand Australia is encouraging foreign banks to do business here but creating regulations that provide an uncompetitive landscape.

"It is like inviting someone to lunch and then asking them not to start eating until everyone else has finished their meal," Mr Bonett said.

Many Asian lenders are serious about increasing their presence in Australia, with the Agricultural Bank of China believed to be seeking a banking licence.

Australian Bankers Association chief executive Steven Munchenberg said he had noticed a growing trend by Asian-based banks looking to plug the gaps left by European banks in Australia but that the issue of FIRB approval for lending had not been raised yet.

"If it is secured lending that involves the acquisition of interests in property then that is probably why FIRB is involved," Mr Munchenberg said.

The Australian Financial Review understands that the federal Treasurer is not considering any changes on this issue. State-owned banks are also more likely to attract attention by FIRB. However, Mr Bonett said that standard commercial lending undertaken by international banks was "not a matter that FIRB should be monitoring in the national interest".

“Bank of China takes a long-term perspective in their assessment process and have an incredibly broad knowledge of the commercial world and a positive view of where Australia sits in it,” Mr Bonett said.

Last year Bank of China refinanced Precision Group’s flagship shopping centres, Adelaide Central Plaza where David Jones is the anchor tenant, and MacArthur Central in Brisbane.

Mr Bonett said he expected the four major Chinese banks to show an increased appetite for lending.

“Over the course of the last five years, there has been significant growth in [Asian based banks] lending in Australia. However Australia has made it very restrictive to do this.”

The Australian Financial Review



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