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 To: "Paul Lindwall"
 Cc: "Malcolm Turnbull"
 Subject: Estimates: Suggested Questions on SPVs
 Date: Wed, 18 Feb 2009 23:31:56 +1100

Possible Senate Estimates Questions

Paul

As promised and discussed, I have prepared some possible questions for =
 Senate Estimates on the Car Dealer SPV and the Commercial Property SPV =
 (RuddBank).

In light of the revelations today about Rudd's splurge on consultancies =
 - I would strongly suggest Ronaldson or Abe++++ocus on the cost of the =
 consultancies engaged in both of these projects - and the dodgy =
 selection process.

I have copied this to Mr T so that he knows exactly what I am putting to =
 you.

Re the Car Dealer SPV - I am most probably the one who will take the =
 questions - so I will try to be as helpful as possible!

Godwin
 18 February 2009

Car Dealer Special Purpose Vehicle - OzCar

a.. How many car dealers are currently getting assistance under the =
 Car Dealer SPV? (NONE);=20

++++.. How much money is currently sitting in the SPV to support car =
 dealers? (Nothing - despite the fact that the SPV was established on 2 =
 January 2009);=20

c.. Doesn't this mean that the Prime Minister's commitment that the =
 SPV would be operational from 1 January has in all practical purposes =
 failed to materialise? (Yes)=20

d.. How many financiers have actually signed up to the SPV? (None yet) =

e.. How much funding have the major banks promised and actually =
 provided? (They hav++++omised to take up at least 25 per cent of the =
 overall facility - up to \$500 million each. Have not yet contributed =
 anything).=20

f.. Have the banks been genuinely co-operative in putting this thing =
 together? (True answer is definitely not);=20

g.. How large is the SPV expected to be - the Prime Minister and the =
 Treasurer have said it will be around \$2 billion? (It will be =
 significantly less than \$1 billion; because the market worked)=20

h.. Does this mean that the Prime Ministe++++d the Treasurer grossly =
 over reacted - ala the banking guarantees?=20

i.. What does a 'viable' car dealer mean?=20

j.. How many existing GE and GMAC dealers are likely to be denied = finance - either by other providers or the SPV? Where are they mostly = located - regional or urban? (Around 40-50 dealers; mostly in regional = communities);=20

k.. What consultants has Treasury engaged on this issue? (A long = gravy train starting with David Murray and Credit Suisse).=20

l.. How were ++++e consultants engaged? Was it an open and = transparent process? (Direct approach; no market testing at all);=20

m.. What is the role of David Murray? Who engaged him and what is he = costing the taxpayer? (Ken Henry approached him; I engaged him and will = set out the fees; estimated costs etc);=20

n.. How much is Credit Suisse earning in fees on the SPV - noting that = it appears that the SPV is looking like a white elephant? (Final figure = not yet settled; but overall fees exceeding ++++illion are likely);=20

o.. Although the SPV is now going to be much smaller - can you explain = the nature of the Commonwealth Government's exposure? Surely, if the = SPV is to carry the higher risk dealerships, that would mean that the = taxpayer is seriously exposed? (Most definitely is - very high = probability of a call being made);=20

p.. Doesn't this SPV need legislation? Where is it? (Still coming).

Commercial Property SPV - Australian Business Investment Partnership

a.. Who++++st proposed the Commercial Property SPV - the major banks = or the Government? (Major banks);=20

b.. Did Treasury receive any representations from foreign banks saying = that they were looking to pull back from their Australian exposures? = (No);=20

c.. Did Treasury consult with the foreign banks before the SPV = announcement? (Yes);=20

d.. Did the foreign banks inform Treasury that they were looking to = pull out? (All but one said that they had no plans to pull out or scale = back);=20++++e.. Did Treasury consult the RBA about the SPV proposal before the =

Prime Minister announced it? (Not at desk officer level; Ken Henry = claims to have spoken with Stevens);=20

f.. Did Treasury consult APRA about the SPV proposal before the = announcement? (No - APRA were left totally in the dark and are not = happy about it);=20

g.. What modelling did Treasury do to back up the Prime Minister's = claim that the SPV would support around 50,000 construction jobs? (5 = minute back of the en++++pe guess);=20

h.. When was Treasury asked to do the modelling - a week before the = announcement, the day before or on the morning of the announcement = itself? (The morning of the announcement itself - in a made panic)=20

i.. Isn't it therefore the case a bit rich for the Prime Minister and = the Treasurer to claim that the SPV will support 50,000 jobs? (Yes - a = complete furphy);=20

j.. Did the proposal - which involves potentially a \$30 billion = Commonwealth Government exposure - go++++Cabinet for approval? (NO);=20

k.. Who took the decision on such a large exposure? (Rudd and Swan = with Ken Henry)=20

l.. Were other Commonwealth Departments consulted - such as Finance? = Did they provide any co-ordination comments on the proposal? (No and = no)=20

m.. Why was the advice of David Murray totally ignored - especially = when Treasury lacks any genuine expertise and understanding of how banks = work and the intricacies of the commercial property sector?=20

n.. Is Davi++++rray still involved in this work - despite his = opposition to it? (Yes);=20

o.. Why did Treasury and the Prime Minister ignore the concerns of the = banks regarding the exaggerated construction focus of this proposal as = demonstrated in the e mails we saw from the banks?=20

p.. Can you tell us what proportion of projects to be financed by this = facility are likely to involve construction projects as distinct from = existing and tenanted commercial buildings? (Would not have a clue);=20

++++. How can Treasury and the Prime Minister then stand by the totally =
fictitious 50,000 jobs claim? (Another example of the politicisation of =
Treasury);=20

r.. How is Treasury planning to be totally objective in assessing the =
various project proposals - especially given the dominant interests of =
the four major banks?=20

s.. What specific expertise does Treasury have on the commercial =
property sector? (None);=20

t.. Will Treasury be engaging outside experts? If so can you =
guara++++ that the expert will be selected using a fully transparent and =
competitive process?=20

u.. How much is this expected to cost the taxpayer?=20

v.. What is so special about commercial property - what about small =
business lending and consumer credit? Are you planning another SPV for =
this?=20

w.. Why have the regional banks been excluded? Is it not the case =
that the regional banks - such as Suncorp - have significant exposures =
in the commercial property sector?