

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 122

Topic: Support that the Treasury provides to the European Bank for Reconstruction and Development

Hansard Page: 20 - 21 (Thursday 16 Feb)

Senator Ronaldson asked:

Can you please detail for me the nature of the support that the Treasury provides to the European Bank for Reconstruction and Development.

Mr Colmer: Australia has an executive director on the board of the EBRD—Mr McMullan, who was previously a senator and member of parliament. He has been there since about the middle of last year. Australia has a share of the capital of the EBRD—we provide funding through a paid-in component of around \$1 billion, which was funded from shares. This is the 2010 general capital increase. I do not seem to have the actual total figure of our share in the EBRD.

Senator Ronaldson: Is that \$1 billion in cash or is it a staffing component in there? How is it broken down?

Mr Colmer: The only contribution that we make to the EBRD is to buy shares in the EBRD, and we did that some time ago. The last general capital increase of the EBRD was in May 2010.

Senator Ronaldson: Can I hold you up there and move on. Is there any other funding to the EBRD provided by the Australian government that you are aware of? Is there any other department, or is it all Treasury?

Mr Colmer: Yes. In November last year we pledged a half a million Euro contribution to the EBRD for a technical cooperation fund that they are setting up to work in the southern and eastern Mediterranean. That was a contribution from AusAID.

Senator Ronaldson: Does Foreign Affairs provide any assistance that you are aware of apart from that AusAID amount?

Mr Colmer: Not directly.

Senator Ronaldson: Staffing?

Mr Colmer: No. Mr McMullan's position is as an employee of the bank, and he is paid out of the general bank funding.

Senator Ronaldson: When is his appointment up?

Mr Colmer: I am not sure of the exact date, but it is around the middle of this year.

CHAIR: You are not angling for a job, are you?

Senator Ronaldson: No, I most certainly am not. Are plans underway to look for a replacement?

Mr Colmer: Yes.

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Senator Ronaldson: And what is the selection process for that?

Mr Colmer: It is an appointment by the government. The government makes a selection and nominates that to the EBRD. The EBRD then has to take a vote to appoint the person.

Senator Ronaldson: Is that the Treasurer or the Minister for Foreign Affairs? Who would be making that appointment?

Mr Colmer: It would be primarily managed by the Treasurer, but there may be a broader process around that internally.

Senator Ronaldson: So will that be a straight appointment? Presumably it will not be an advertised position.

Mr Colmer: Probably not, but it may be. We have not had discussions on the actual process for that at this stage.

Senator Ronaldson: Was it advertised before Mr McMullan was given the job?

Mr Colmer: It was not advertised at the time that Mr McMullan was appointed, no.

Senator Ronaldson: What support is provided to Mr McMullan in his role? Do you provide any departmental assistance to him?

Mr Colmer: We provide general advice on issues as they arise, but that is taken from the resources of Treasury. It works in a similar way to how we work with the other international financial institutions.

Senator Ronaldson: Do you provide any secretariat assistance in the context of staffing?

Mr Colmer: No.

Senator Ronaldson: There is no staff at all?

Mr Colmer: There are staff in Treasury in Canberra who have responsibility for working with Mr McMullan as the Executive Director of the EBRD, but they are not specifically working with Mr McMullan alone. They cover a variety of issues and tasks.

Senator Ronaldson: So there is no additional direct staffing provided to Mr McMullan?

Mr Colmer: Not from here, no.

Senator Ronaldson: Where is it provided from?

Mr Colmer: From the EBRD itself.

Senator Ronaldson: And what is the staff support from the EBRD?

Senator Wong: We will take that on notice.

Mr Colmer: I really do not know off the top of my head.

Senator Wong: We will take that on notice. Obviously we are not the EBRD. Just so that we are clear, we are talking about a position that your government appointed Mr Reith to from 2003 to 2009.

Senator Ronaldson: I have made no reflection on Mr McMullan at all.

Senator Wong: No, I just thought you might like to recall that. I am sure he did a sterling job.

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Senator Ronaldson: And I am sure Mr McMullan, for whom I have great respect, is too. Mr Colmer, we were asking questions about what staff is provided by the EBRD.

Senator Wong: And I have taken that on notice.

Senator Ronaldson: Minister, we have just had a discussion about a whole range of things—

Senator Wong: Yes, and I have said we have taken that on notice.

Senator Ronaldson: and you have suddenly come in. Why?

Senator Wong: I have just taken the question on notice.

Senator Ronaldson: But, if Mr Colmer knows, why would you not let him answer the question?

Senator Wong: I have taken the question on notice because we are not the EBRD. I am happy to assist.

Senator Ronaldson: Who makes the decision about staff appointments to Mr McMullan? Is that the EBRD position's salary support? Does Mr McMullan make that decision? Does Treasury make that decision?

Mr Colmer: We have no role in that.

Senator Wong: Yes. We have given evidence that—

Senator Ronaldson: Mr Colmer, you were just about to answer my question and then the minister interrupted.

Senator Wong: Yes, and I am the minister at the table, Senator.

Senator Ronaldson: Is there something to hide here?

Senator Wong: No, not at all, but I do not think it is fair to the witness. He has given evidence that we do not through Treasury provide any staffing to this position—the EBRD does. It is a matter for the EBRD. We are not the EBRD. If you have further questions about staffing arrangements, we have taken that on notice to see if we can assist. Clearly that is a matter for the EBRD. I just do not think it is fair for you to ask the witness the same set of questions, which we have taken on notice for the reasons I have outlined.

Senator Ronaldson: We have talked about Mr McMullan's role. Mr Colmer told me that Mr McMullan is paid for by the EBRD. We have talked about the billion dollars of capital. Now you are saying when I start talking about the staffing to Mr McMullan that that suddenly is not capable of being answered?

Senator Wong: It is not Australian government staffing. That is what I am saying.

Senator Ronaldson: But either it is McMullan—

Senator Wong: This is ridiculous. Would you like to ask me about the IMF too and how they staff?

Senator Ronaldson: But minister—

Senator Cormann: The Treasurer puts press releases out about it.

CHAIR: Senator Ronaldson, you have asked a question. The minister has chosen to intervene. She has directed that the answer will be taken on notice. There will be no

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response to the question from officials. You can move on. We are very close to the end of time.

Answer:

Mr McMullan's office at the EBRD is comprised of four people:

- Mr McMullan (Executive Director – paid for by the EBRD)
- In-Chang Song (Alternative Executive Director for Korea – paid for by the EBRD)
- Nikoo Saffari (administrative support – paid for by the EBRD)
- Yihan Kim (advisor – paid for by Korea)

Australia does not pay for any EBRD staffing.