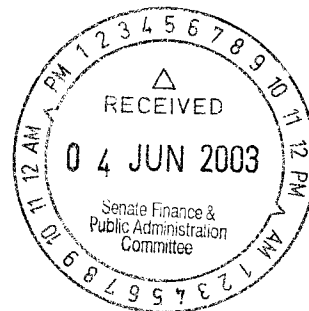


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June 4 . 2003

To Mr Alistair Sands
Fx 62775809
From Mr Greg Malavey
Fx 44740945



DRAP corrections from Greg Malavey

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Thursday, 8 May 2003 Senate—References F&PA 89
FINANCE AND PUBLIC ADMINISTRATION

Senator O'BRIEN—You say in your opening statement that you were shocked to learn that

the committee thinks the Eurobodalla Shire Council had a role in this process and, in your words, you say it had absolutely no role, yet the original submission lodged in July 2001 says:

The grant funds will be paid to Eurobodalla Shire Council.

You signed that off, didn't you?

Mr Malavey—I did.

Senator O'BRIEN—Didn't you shock yourself when you signed that off?

Mr Malavey—No.

Senator O'BRIEN—So they had no role in the process; they were just going to get the money?

Mr Malavey—You are talking about the original submission.

Senator O'BRIEN—Yes.

Mr Malavey—When a private organisation makes an initial application for funding they have

to meet a certain set of criteria and filters, one coming through the ACC, which initially takes on

an expression of interest. We look at it with the experts in our organisation. We had an executive

officer and, at that time, two fellows who were experts in funding. Our organisation looks at the

EOI and assesses whether there is potential to go on to a full-blown submission. When a fullblown

submission comes in, we take the submission as an offer in terms that there has been advertising put in the press or some other media release that informs people that funding is

available. We normally then take, as a response to that, phone calls or whatever and we do an

EOI. When the funding role starts, we assess it based on the outcomes. The whole role of the

Dairy RAP funding was to create employment and to stimulate economic activity. I believe that

funding activity in the first application met all of those guidelines.

Senator O'BRIEN—And the money was going to the council.

Mr Malavey—Based on the fact that the money was going to the council for the development

of a sewerage line out to North Moruya.

Senator O'BRIEN—That is what the application was all about as far as ACC was concerned.

Mr Malavey—It was all about employment, not about sewerage.

Senator O'BRIEN—It was going to fund a sewerage project.

Mr Malavey—No, it was about employment and employment opportunities; whether that

funding was going to create economic stimulus that would create employment.

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F&PA 90 Senate—*References* Thursday, 8 May 2003

FINANCE AND PUBLIC ADMINISTRATION

Senator O'BRIEN—You knew at that time the company could fund a building but it needed money to fund the sewerage works?

Mr Malavey—I had no idea about the company's capacity to fund the building in the short term, but I had no doubt in the long term that the building might have been well managed by the company.

Senator O'BRIEN—How did Mordek come to the ACC's attention? What officer was involved in the early development of the project and when did those discussions begin?

Mr Malavey—The first time I was given a prod from the local community was via a Chamber of Commerce meeting. The chamber had had discussions about the benefit to Moruya of having the Moruya industrial centre in a position to expand. We live in a very small community here in terms of our shire; there are only 30,000 people. There are a lot of networks there that funnel information in to me as an individual and also as the chairman of the ACC. The initial contact to me came via the Chamber of Commerce.

Senator O'BRIEN—Who was directly involved with Mordek, if anyone, from ACC?

Mr Malavey—My records and the records of the ACC show that in June 2001 there was a meeting between the Dairy RAP officer Brad Pym, who operated through the ACC administrative centre, and Phil Herrick and Greg Bowman, to discuss opportunities with regard to Dairy RAP. This was a regular meeting that would have taken place. I have had a lot to do with Phil Herrick and Greg Bowman in their present roles. Anybody who works in economic stimulation that does not have some sort of regular contact with the shire's business development officer would probably not be doing their job.

Senator O'BRIEN—You heard about it from the council. Your first discussion of this—when you met Mordek—was with the council. Is that what you are saying?

Mr Malavey—No. I said it was through the Chamber of Commerce.

Senator O'BRIEN—Yes, you heard about it. You are telling me about Mr Herrick and Mr Bowman. I asked you when you first were involved with Mordek, the company.

Mr Malavey—As a proponent?

Senator O'BRIEN—Yes.

Mr Malavey—I have just said to you, Senator, that it was in June 2001.

Senator O'BRIEN—With the council.

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Mr Malavey—It was a discussion between the council officers—people who were holding positions there to deal with business development—and the Dairy RAP officer, **Bradley Pym**.

Senator O'BRIEN—Who set that meeting up?

Bradley
Braddon

F&PA 96 Senate—References Thursday, 8 May 2003
FINANCE AND PUBLIC ADMINISTRATION

Would you agree that as a body with the obligation to endorse suitable project proposals, the South-East New South Wales Area Consultative Committee is required to understand this rule when considering project proposals?

Mr Malavey—Yes, as much as we possibly can.

Senator O'BRIEN—Part 5 of the guidelines says:

Project proposals will not be approved in areas where Commonwealth funding through Dairy RAP is or could be perceived as substituting or duplicating funding through the responsible Commonwealth, state, territory or local government agency.

How do you understand that rule?

Mr Malavey—I would have to really take that question on notice and answer it.

Senator O'BRIEN—Clearly the original application was to fund sewerage works.

Mr Malavey—No, it was not. Sewerage works were part of it.

Senator O'BRIEN—The original application that was signed off? You are saying it was not about funding sewerage works?

Mr Malavey—It was. It was part of a complete application, that is correct.

Senator O'BRIEN—You actually saw what was signed off on on 12 July?

Mr Malavey—I have the project summary. The description I have here is:

The company wishes to expand its Moruya operations by constructing a new building, installing additional machinery, including machinery of a type not yet used in Moruya, and increasing both the quantity and variety of products. The suggested site at North Moruya is not yet sealed. The grant applied for will be paid as a contribution to the Eurobodalla Shire, who have undertaken to install the sewer as soon as possible. Without the sewer in place, the company will almost certainly have to locate the new equipment in Canberra.

Senator O'BRIEN—The key words there are, of course:

The grant applied for will be paid as a contribution to the Eurobodalla Shire Council, who have undertaken to install the sewer as soon as possible.

There could not be any clearer connection that the funding was going towards the cost of a sewer, could there?

Mr Malavey—Senator, I did not see the application in the same frame as you have. I saw it as

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an application by a local business to broadly expand their business opportunities in the area and create employment, but that involved also involvement in the sewerage development and was fine by me.

Answer to questions

1. F&PA91

One meeting held at the Old Mordek Factory

One meeting held at an office in Malua Bay

All other meetings/contacts were by phone

2. F&PA94

13 Feb 2002

3. F&PA

DRAP funding was aimed at economic stimulus or at replacing or duplicating existing

Government Funding