ISSUE: POSSIBLE CORRUPTION ALLEGATIONS BEING MADE AGAINST DEFENCE IN RELATION TO DEALINGS WITH RIVERCORP.

SENSITIVITY: Defence has been contacted by media regarding contracts with RiverCorp, specifically between the years 2007 – 2009. Stories about alleged corruption and murder have surfaced in the news in relation to RiverCorp. Media are attempting to find any news worthy issues linking Defence to this scandal. Seven News will be airing a story on this issue and will be mentioning Defence – as per the Seven News promo.

KEY ISSUES:

- Seven News will be broadcasting tonight 25 November 2011 linking Defence to Mr Ron Medich who has been accused of inappropriate dealings with NSW State MP Minister Macdonald and is linked to the

- RiverCorp was established in 1984 offering data communications, electrical and fibre optic solutions.
• RiverCorp was located in Ultimo, NSW.
• Defence have records of business engagements with RiverCorp from 2000.
• It appears that Mr Ron Medich had financial interests in RiverCorp between 2007 and 2009; a period in which the Department continued to have dealings with RiverCorp.
• Mr Lucky Gattellari, an associate of Mr Medich, took control of RiverCorp in December 2008.
• CIOG has no record of any briefings relating to a meeting between the Minister for Defence and RiverCorp.
BACKGROUND:

- Defence payments made to RiverCorp between 2000 and 2010 are:
  - 2001 - $10,642.56 (Inc GST) [contracted in 2000]
  - 2002 - $21,465.04 (Inc GST)
  - 2003 - $3,358.45 (Inc GST)
  - 2004 - $380,193.86 (Inc GST)
  - 2005 - $1,006,657.99 (Inc GST)
  - 2006 - $553,268.17 (Inc GST)
  - 2007 - $367,732.93 (Inc GST)
  - 2008 - $592,468.39 (Inc GST)
  - 2009 - $199,205.42 (Inc GST)
  - 2010 - $15,946.48 (Inc GST)

Total = $3,150,939.29 (Inc GST)
TALKING POINTS:

• MEDIA HAS BEEN REPORTING THAT RIVERCORP IS CURRENTLY IN RECEIVERSHIP WITH APPROXIMATELY 285 CREDITORS OWED $19.5 MILLION.

• DEPARTMENTAL FINANCIAL RECORDS INDICATE THAT APPROXIMATELY 200 PURCHASE ORDERS (CONTRACTS) WERE RAISED TO MAKE PAYMENT TO RIVERCORP BETWEEN 2000 AND 2010.

• RIVERCORP PROVIDED REPAIRS AND FIXES TO IT CABLING AND CABLE TERMINATION EQUIPMENT TO THE DEPARTMENT OF DEFENCE FROM JANUARY 2007 – DECEMBER 2009, TOTALLING $1,159,405.00 (GST INC).

• IN EARLY 2010, RIVERCORP COMPLETED SOME MINOR REPAIRS FOR THE DEPARTMENT THAT WERE NEVER INVOICED BY RIVERCORP. RECEIVERS WERE INFORMED OF THIS, BUT TO DATE NO INVOICES HAVE BEEN RECEIVED BY DEFENCE.
<table>
<thead>
<tr>
<th>Contact Officer:</th>
<th>Mr Clive Lines</th>
<th>W:</th>
<th>M:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised by:</td>
<td>Mrs Anne Brown</td>
<td>W:</td>
<td>M:</td>
</tr>
</tbody>
</table>

Date issued: 25 November 2011

LIMITED DISTRIBUTION NOT TO BE FORWARD

Privacy considerations: