



Australian Government

AusAID

Dr Kathleen Dermody
Secretary
Senate Legislation Committee on Foreign Affairs
Defence and Trade
Department of the Senate
Parliament House
CANBERRA ACT 2600

Dear Dr Dermody

I write to clarify evidence that I gave to the Senate Legislation Committee 2005-06 budget additional estimates hearing on 16 February 2006 concerning the role of Australian contractors in the aid program.

In answer to a question from Senator John Hogg (page FAD&T 76 of Proof Hansard 16 February 2006), I stated that 80 per cent or 90 per cent plus (by number) of AusAID contracts went to Australian contractors. This figure would only apply to contracts let through AusAID's Contract Services Group in the Canberra Head Office. If all the contracts let from our various posts overseas were to be included, the actual percentage would in fact be considerably lower (as outlined in previous responses, AusAID's current information management system does not allow accurate figures for this break-up to be collected).

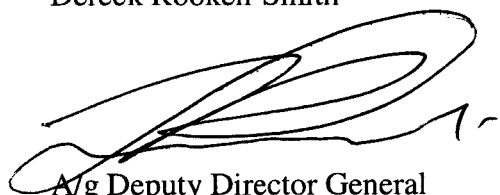
In answer to a subsequent question from Senator Hogg (page FAD&T 77 of Proof Hansard 16 February 2006), I noted that I couldn't remember the figures relating to the quantum of local subcontracting in our PNG program. Some figures on local subcontracting are as follows:

- In 2003-04 approximately 85 per cent of the PNG transport and infrastructure program (which accounts for one quarter of AusAID's PNG program expenditure) went to local firms
- The \$20 million National Road and Bridge Maintenance Program contracts over 95% of activity funds through local firms
- The Central Public Health Laboratory activity (which provided a fully functional health laboratory in PNG) saw almost all expenditure in 2003-04 made through local firms
- Similarly, over 90% of the money spent on phase 2 of the Correctional Services Activity in 2003-04 was through PNG agencies and firms.

Similar figures apply in other AusAID programs. For example, to date over 1400 Australian aid-funded construction, procurement or logistics-related sub-contracts have been awarded in Aceh and Nias, with much of the work going to local businesses, trades and community groups who work alongside Australian engineers, advisers and other contractors.

I apologise for any misunderstanding that may have arisen.

Dereck Rooker-Smith

A handwritten signature in black ink, appearing to read 'Dereck Rooker-Smith', written over a horizontal line.

A/g Deputy Director General
Corporate Governance and Review