



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 given to the Senate Legislation Committee 2006-07 budget estimates hearing on 30th May 2006 concerning the reporting of debt relief to Iraq as a part of the 2006-07 aid program.

In answering questions from Senator Hogg (page FAD&T 42 and 43) on the total amount of debt relief to Iraq, the Proof Committee Hansard shows that I confirmed Senator Hogg's statement that \$886.72 million represented the total bilateral debt forgiven for Iraq.

I wish to clarify my responses to be as follows:

- a) the total bilateral debt forgiven for Iraq should be \$890.72 million and;
- b) this amount is the component of debt relief provided to Iraq that is eligible for classification as Official Development Assistance (ODA) and hence reportable as part of the aid program.

In response to question from Senator Hogg on whether any of the debt was retired in the current financial year, the Proof Committee Hansard shows that Alan March gave the figure \$330 million. (page FAD&T 42)

I wish to clarify the Hansard record to reflect the fact that the correct figure for the financial year 2005-06 should be \$334 million.

I also enclose an attachment that sets out the breakdown of the tranches of Iraq debt to be forgiven.

I apologise for any misunderstanding that may have arisen.

Paul Lehmann
Assistant Director General
Resources

11/07/06

Cc: Alan March
Assistant Director General
Humanitarian Coordination & Public Affairs

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Iraq Debt Relief

AUD\$
(millions)

Total debt owed to Aust Govt

1,113.62

This excludes commercial debt also forgiven.

Schedule of debt retirement

First Tranche	30%	334.00	Forgiven upon signing of MOU - May 2006
Second Tranche	30%	334.00	Iraq satisfied the conditions for second reduction on 23 December 2005
Final Tranche	20%	222.72	Three years after Second Tranche (2008)
Total		890.72	80% of debt forgiven