

DURING TELEGRAM Department of State

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ACTION: Embassy CANBERRA NLACT 85

REF: Embtal 70, Deptals 66, 76

STATE-DEFENSE MESSAGE

Air Force processing Secretarial determination permitting advance payment of \$25,000 for construction to be done by Dept of Works. Hopeful of favorable action in immediate future. ADVON will work out progress payments or other satisfactory arrangement for paying costs incurred in excess amount covered by advance payment. Naturally, we would expect any unused balance of advance payment to be returned. Re work to be done by private contractors, hope, as Embassy suggests, GOA willing to accept payment by one of methods described final para Deptal 66. Appropriate GOA officials should meet with Cooper, OIC ADVON, ~~soonest~~ ^{soonest} to work out details so construction can begin as soon as SecDef review of project completed, if decision is affirmative.

Considerations

DECLASSIFIED
Dept. of State (WUK-78-414)
By WUK NARS, Date 1/4/80

Drafted by: **G/PM: EdWinfre: gw: 7/30/62**

Telegraphic transmission and classification approved by: **G/PM - George S. [unclear]**

SPA - Mr. Thrasher (draft)
OSD/ISA - Mr. Kelly

SAFCC - Mr. Reynolds

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OFFICE OF THE
COMMISSIONER
OF THE GENERAL INVESTIGATION

Considerations applying to advance payments for construction also applicable to advance payments for procurement done for us by GOA and services provided us by KAAF and other GOA agencies. While we believe GOA and local suppliers have interest in our use of GOA agency for our procurement local supplies and services and this is a convenience for us, it is not essential. USAF prepared to procure directly, using US contracting procedures. However, if GOA willing purchase for us without requiring advance payment USAF prepared work out arrangements for immediate reimbursement to GOA for goods and services procured specifically for us and also for prompt payment for goods purchased from GOA stocks. Also willing arrange to pay suppliers directly for goods or services procured specifically for us by GOA upon GOA certification of bills. Should GOA insist on advance payment for procurement done for us we would prefer to do our own procurement, though would appreciate GOA advice and assistance. Goods purchased from GOA stocks would be paid for at time of purchase.

With respect to "continuing services" there are some special problems. First, we are not clear for what services GOA will require advance payment. For example, will advance payment be required for commercial-type services, such as telephones and electricity, provided

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by government-owned utilities? Would we be required to furnish advance payment for such services if other users are not? Second, we have received no cost estimates for several important services to be obtained from RAAF and informal indications are that none will be developed until several months' operations can be analyzed. Third, amount and cost of services provided can be expected to fluctuate widely, making regular estimation of advance required difficult. Advance payments for services would thus be difficult from practical as well as policy point of view. We strongly hope that GOA will be willing accept payment for services under type of arrangements mentioned above (i.e., progress payments, frequent reimbursement and direct payment to non-governmental sources where feasible) so that operational deadline can be met.

You authorized draw on foregoing in attempting persuade GOA not to require advance payment for goods and services.

END

RUSK

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