



4 September 2008

Dr Kathleen Dermody
Committee Secretary
Senate Standing Committee on
Foreign Affairs, Defence and Trade
Department of the Senate
Parliament House
Canberra ACT 2600
Australia

Dear Dr Dermody

Thank you for the opportunity to provide information to the Committee inquiry into the main economic and security challenges facing Papua New Guinea (PNG) and the Island States of the Southwest Pacific.

Primarily, the Australian National Audit Office's (ANAO's) involvement in the Pacific region is with PNG. The ANAO works with the PNG Auditor-General's Office to facilitate improvements in the performance of their core functions through the deployment of PNG staff to the ANAO and ANAO staff to PNG. This program is funded by the AusAID Papua New Guinea-Australia Audit Offices Twinning Scheme (PAAOTS) and Strongim Gavman Program (SGP) programs.

The ANAO has two senior officers deployed to PNG to work for the PNG Auditor-General under the SGP. These officers are in advisor roles and provide both technical and strategic management advice and support to the Auditor-General and his office. The deployments are generally for a period of two years or more and we have been participating in the program since 2004, initially with one deployee but increasing to two in 2007.

In addition, the ANAO manages PAAOTS. The program is in its second year of operation. This year, in partnership with the NSW Audit Office, we are hosting four PNG officers who are participating in the respective offices' graduate programs. The ANAO retains overall management responsibility and accountability for the program. In addition to the deployment of PNG officers to Australian graduate programs, we have recently commenced short term twinning activities of both PNG officers to Australia and ANAO officers to PNG. These activities are targeted to specific business projects or an identified skill or knowledge gap. Funding for this program is also provided by AusAID.

More broadly, the ANAO is a member of the Pacific Association of Supreme Audit Institutions. Through our membership we contribute to the Association's objectives of encouraging, promoting and advancing co-operation among members in the field of public audit.

The ANAO contributes, to the extent practicable, to activities and programs to develop the professional practices and capacity of our international auditing peers in the Pacific. However, our involvement in any international activity is dependent on our ability to dedicate necessary resources to the activity without adversely affecting our core responsibilities. There have been occasions where we have declined requests for assistance by our peers in the Pacific due to our inability to devote sufficient resources.

I wish you well with the inquiry.

Yours sincerely



Ian McPhee