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Speakers:	David Purchon, Chairman Paul Griffiths (District Auditor)

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CHAIRMAN: We all perhaps have a different understanding of the District Audit Service. I though it would probably be best to invite Mr Griffiths to say to us what the role of the District Audit Service is, and then I have ten questions that I have prepared, and that he has had notice of and I think many of you have got copies of them so that you can follow the interchange.

So Mr Griffiths can you tell us briefly about the role, purpose and powers of the District Audit Service? Thank you.

PAUL GRIFFITHS: Certainly. Good afternoon ladies and gentlemen. Just by way of background I will just say a little bit about where I come from, in light of the previous speakers from the former Council so you understand exactly where I fit into this.

My name is Paul Griffiths, I am the District Auditor, appointed by the Audit Commission. I was appointed in November 1988. Prior to that I was the District Auditor in the North West of England for five or six years, around the Liverpool area, Manchester, Lancashire and so on. I am appointed by the Audit Commission who are the regulators of Public Audit in the Country. I not only look after the external audit of the Council, I am also responsible for vale of Glamorgan, Cardiff City Council South Wales Police, Gwent Police, South Wales Fire Service, UHW, Health Services in Cardiff, Landough Health Services, and Velindre and so on. So we really do have a fairly wide range of responsibilities which covers a number of public bodies in the South Wales central area.

The work that we carry out at every public body is far more wide ranging than it is in the private sector. Most private sector auditors would come along and check the accounts and that is more or less it. In the public sector the external audit remit is far wider, and the work we carry out is actually governed by the Code of Practice which is approved by Parliament every five years. That Code can be broken down into a number of distinct areas. The first area is where I am responsible for carrying out the audit of the actual accounts of the local authority. The second area, we make sure that the financial systems are operating as intended. The third area, we make sure that the Council acts legally, or try to make sure they try to act legally. The fourth we carry out work on fraud and corruption. The fifth area we look at is the financial standing of the local authority, and the sixth area is where we carry out specific so called value for money studies into certain areas of service provided by the local authority. Two other areas are worth mentioning . We are also required to audit and certify the accuracy of grant claims. So whenever a local authority receives a grant from a Government department, they have to submit a grant claim which we then certify as correct or not, as the case may be. Last but not least we also receive questions and concerns from members of the general public about the running of a local authority. And I know a number of you have actually come and spoken to me over the last eighteen months or so about concerns you have had about certain activities in Rhondda Cynon Taff. That is a very important right that the public has.

Now in terms of waste disposal, we do not specifically do work necessarily on waste disposal every year. If it happens to come up during the audit we would carry out some work, as we did eighteen months ago into the Nantygwydden tip. We have done quite a bit of work on environmental type issues, but as far as I can establish we have not looked specifically at the tip and have not carried out value for money work specifically on the landfill site.

One final point I will make. Although Rhondda Cynon Taff has superseded the Borough Council, our role and our responsibilities are exactly the same, the only difference being we are now dealing with a much larger organisation than the one we had before.

CHAIRMAN: Thank you. Just to pursue the issue of grant claims, would that include the EU grants, the ERDF(?), the European Social Fund, that sort of thing?

PAUL GRIFFITHS: Yes European Department Fund grants are audited and certified by us. As far as I can establish there were two grant clauses for this particular landfill site. One goes back many, many years, probably to 1990-1991 and I am having difficulty locating that one. The second phase which is for a grant of over 40% on £1.9 million. I do have a copy of that grant claim available. That is the second phase. And although that was made out in 1991-1992 it was only audited in 1998.

CHAIRMAN: Yes. Thank you, that was just on that particular point.

PAUL GRIFFITHS: Okay.

CHAIRMAN: To some extent you have answered question one, because I asked you to summarise the role of District Auditor in respect to the planning, which we have not mentioned, waste management regulation, and environment health functions around the Borough Council and how they differed and altered with the advent of Rhondda Cynon Taff Council. So you have mentioned some of that in your introductory remarks. Could you cover the rest?

PAUL GRIFFITHS: As I said the planning waste management regulations and environmental health functions, we would not necessarily audit each year. Although we would audit the accounts each year of the local authority we would pick that up as part of a much larger job. What we may do though, from time to time, is carry out a specific value for money review of a individual service. It might be planning, it might be refuse collection, it could be education and so on. But as far as I can establish we have not actually done any value for money study of waste disposal.

CHAIRMAN: And have you done the other functions, planning --

PAUL GRIFFITHS: We will have done planning, and I think we have done environmental stewardship which is a much more wide ranging study than just waste disposal.

CHAIRMAN: And are those reports available?

PAUL GRIFFITHS: They are not public reports but I have no reason to believe that Rhondda Cynon Taff would not give you or rather give me permission to let you have copies of these. I know you already have a copy of the Nantygwydden report that I produced. I see no reason why the other reports can not be made available to you as well. Strictly speaking I can not release them to you until I have had their permission to do so.

CHAIRMAN: Yes I understand. They have undertaken to co-operate fully with the National Assembly, so perhaps if you were now to ask them, we could almost take their consent to be granted. So I would be pleased if you would do so for us. And I think you mentioned there has really been no change between what you do with Rhondda Cynon Taff and what you used to do with Rhondda Borough Council. So the statutory role and the practical role has been changed. So I think we have now covered question two, because that was -- at least to some extend you have covered it in value for money studies. Do you give an annual audit report?

PAUL GRIFFITHS: We issue an annual audit letter, previously it was called a management letter which summaries the results of all the work that has been carried out during the course of the year. And in theory what it does, is take the conclusions from each individual report and puts it together in a summarised report for the benefit of members which in Rhondda Cynon Taff's case they actually take to a public meeting. And those management letters if again asked should be available for your inspection.

CHAIRMAN: On the record. Yeah. Thank you for that. Was it the practice of Rhondda Borough Council, so far as you can recall, to deal with those management letters in a similar way, report it to an opening meeting and …

PAUL GRIFFITHS: As far as I can ascertain it was because that is the practice in the majority of local authorities in this part of the world. So unless anybody has got any evidence to suggest otherwise I suspect that they were submitted to the actual Council meeting. Although what I do not know is how much debate or discussion was then had on them. Quite often I think even going back three or four years, some of the smaller local authorities actually just took the letter and just noted it without debate or discussion.

CHAIRMAN: Yes. As the bulk of reports from the days of Rhondda Borough Council have disappeared, would it be possible for the investigation to have back copies of the management letters to Rhondda Borough Council, from your records?

PAUL GRIFFITHS: We go back as far as 1994-1995, because what we tend to do is to keep the records for six years, plus the current year of audit, in accordance with the legislation. Anything older than that we do not tend to keep.

CHAIRMAN: So that would give us three back years then if --

PAUL GRIFFITHS: 1994/5, 1995/6, two years I think.

CHAIRMAN: Yes, so that is only two years.

PAUL GRIFFITHS: And the reason for that is quite simple. During the course of the audit we produce something in the region of one hundred lever arch files of information for one audit. So in the course of six of seven years the files just build and build and build and we have to find some way of keeping them to manageable proportions.

CHAIRMAN: CD Rom might be a system to (overspeaking/inaudible)

PAUL GRIFFITHS: We have moved on to electronic audit now so I do not think that will be a problem in future years. But in those days the technology was less sophisticated than we have to day.

CHAIRMAN: Right. Would it now be possible, because Rhondda Borough Council is no longer in existence, we may have to seek the permission, or you may have to seek the permission of Rhondda Cynon Taff. But if I formally ask you for a copy of those last two years management letters, there is every chance I would receive them you think?

PAUL GRIFFITHS: Yes

CHAIRMAN: Thank you very much.

Now the third question is specific to the Nantygwyden landfill site and I say that it was expensive by Rhondda Borough Council standards of capital investment and I ask was any audit of the expenditure and grant application and payment undertaken, and do you have any record of the total cost of the development? Actually just to add to that we do have copies of the grant claims by the Welsh office, but of course that is just a form that is filled in with, what from my perspective could be a work of imagination and creativity. So I think it is been audited, and if you have any record it would be useful. Because for example it has been mentioned to me that there was a significant grant from the Forestry Commission, but no record of it survives.

PAUL GRIFFITHS: Certainly I can let you have copies of the audited claim that we have in our files and I will look to see if there are any other grant claims relating to the Forestry Commission. What I will do, I will also do an across the board check just in case there are any other further grants that we do not know about which may have a relevance for Nantygwyden.

CHAIRMAN: There also may be the application of practical moneys granted to the local authority for other purposes that at some stage were used on the site and then probably repaid into other pigeon hole funds for future years. But we have simply been unable to get any convincing picture of what the total costs of development were. And I think there is considerable public interest, because it is usually alleged that landfill is the cheapest method of waste disposal, and of course it depends over what period you account for the activities.

PAUL GRIFFITHS: As someone has been trying to audit the accounts of the Rhondda Cynon Taff for the last three or four years, I think I share some of the frustration that you have experienced on this. It has not been straightforward.

CHAIRMAN: Thank you. Now the next question is really about whether you as a service taken an interest in local authority controlled companies, and if so have you taken any interest in the record of Rhondda Waste Disposal Limited, and the way in which control of that company was exercised by the shareholder, which was Rhondda Borough Council, and now Rhondda Cynon Taff.

PAUL GRIFFITHS: Whenever the Local Authority set up a company, we would probably do two or three things. First of all we would make sure it was set up in accordance with legislation. In other words they had the statutory authority to set it up in the first place. Secondly we would want to make sure that the decision that they arrived at was made on the basis of full information, and third and perhaps most importantly we would ensure that there were proper monitoring arrangements put in place so that the local authority or the shareholder could exercise some sort of control, albeit at arms length, over the running of that particular company.

CHAIRMAN: Well that leads me to some supplementaries really, if you are able to take those. Were you satisfied that this company was properly set up?

PAUL GRIFFITHS: Well as I said unfortunately we do not have records that go right back to the time when the company was first set up. Or I have not been able to find them as yet, but I have no reason to believe that we would not have done that, because that is part of our normal audit program whenever a local authority sets up a new company.

CHAIRMAN: And if this was relatively recent and you have been in charge since 1988 --

PAUL GRIFFITHS: 1998.

CHAIRMAN: 1998, sorry, sorry I got 1988 which was causing me to --

PAUL GRIFFITHS: Did I say 1988?

MALE SPEAKER: Yes

PAUL GRIFFITHS: It probably just feels like that. My apologies, 1998.

CHAIRMAN: Yes, I was a little surprised at the time, of the use of the names that have been mentioned to me in despatches as it were. So at this stage then, you can really not answer that from any personal knowledge.

PAUL GRIFFITHS: No.

CHAIRMAN: But so far as you have been able to establish no anxiety was expressed by your service about the way in which that company was established?

PAUL GRIFFITHS: No, and we have on a fairly regular basis since then just satisfied ourselves that there were regular monitoring reports coming through to the Finance Department, that they were being given details of the budget proposals and quarterly expenditure and terms and so on. So we were able to exercise some sort of monitoring role.

CHAIRMAN: The second point you mentioned was perhaps pertinent to my next question which is about full information given to members before the decision was taken. So we could perhaps go onto that and perhaps come back to the issue of control.

PAUL GRIFFITHS: All right.

CHAIRMAN: In looking through quite a sheaf of correspondence about the reasons for forming a (inaudible) as opposed to taking other steps that could have been taken to comply with the Environmental Protection Act 1990, council members were apparently advised, at least the authority was advised, and it was not entirely clear what elected members saw, but the Council were advised and seem to have believed that a significant capital receipt could be forthcoming if they were to transfer their waste disposal function into a company. An this was in addition to any rental or royalty payments by which they may supplement their revenue budgets. In the event there does not appear to have been any capital receipt whatsoever, although this appears to have been a reason for choosing the route that they did. So do you have a view on the advice that appears to have been given to members?

PAUL GRIFFITHS: I have to say I am surprised by that question, because I am not aware of any capital receipt that they could have received. Without seeing the actual report that went to Council, it is difficult for me to comment on but as a general principle I was not aware that they would have received a capital receipt for transferring this asset. Effectively it was a transfer of assets?

CHAIRMAN: Was it the way they chose to do it, it was a transfer of asset to a wholly owned company? Yes, but when the options available to the Council in complying with the Environmental Protection Act were outlined that because they could have simply sold the site, or they could have entered into a joint venture with someone who operated that sort of site, and therefore the carrot of a capital receipt was certainly as far as I can tell dangled before the members. And to someone who worked for a local authority in this period of time, a capital receipt, a proportion of each may have been useable, would have been very attractive.

PAUL GRIFFITHS: Like gold, yes.

CHAIRMAN: An it really does relate to this requirement you mentioned for the members to have full information.

PAUL GRIFFITHS: Yes.

CHAIRMAN: Yet they could have had a capital receipt, and they did not have one, it begged the question why did they transfer their asset in this particular way so that in the event it became a major liability.

PAUL GRIFFITHS: Fair question. As I said as far as I am concerned I can not see how, on the basis of what they did, how they could have expected to have received a capital receipt.

CHAIRMAN: And they had advice from leading chartered accountancy practices in this country saying that they could. I mean I have see the correspondence.

PAUL GRIFFITHS: You have me at a disadvantage there, I have not see it, but I am just surprised, I have to say.

CHAIRMAN: Yes, I think we could perhaps copy that to you then so that you could form an opinion on it.

Going back to this issue of control, which was the third thing you mentioned that you were interested in when an arms length company is established. There does appear to have been virtually no control exercised here at all and quite often local authorities were reminded to at least take the opportunity to have one seat in five on a local authority controlled company. Here the members appear to have been advised that two directors were quite sufficient, even though the Welsh office advised three, and for -- on many occasions there were only two, each of whom had, shall we say, at least potential conflicts of interest. It appear as though control appears to have been entirely lacking I would say.

PAUL GRIFFITHS: I suppose I was coming at it from the perspective of what information was being provided by the company to the local authority. As I have already said that there were regular financial reports being submitted to the Director of Finance of Rhondda Cynon Taff. Certainly Rhondda Cynon Taff. I can not comment on Rhondda Borough Council as I am not as familiar with that as I am with RCT. But certainly with Rhondda Cynon Taff Council there were regular quarterly reports, plus they were given details of the annual budget proposals.

CHAIRMAN: Does not that constitute information rather than control?

PAUL GRIFFITHS: Well it depends what you do with that information then I suppose. As far as I understand the position, the Director of Finance was then advising his local authority on the basis of the financial information that he was being provided with.

CHAIRMAN: But perhaps you could help me here by outlining what the local authority could then have done to control matters.

PAUL GRIFFITHS: Well I do take the point. I suppose it is by way of informal pressure thats the way local authorities operate. Clearly as an arms length company they were in regular dealings with, the waste disposal company, I would have expected the Finance Director to have exerted some sort of pressure. Otherwise why bother having reports in the first place? If you are not going to do anything with the reports then why bother.

CHAIRMAN: Yes. Nothing appears to have been done with them.

PAUL GRIFFITHS: I do not know, I can not comment on that. I think that is something you will have to put to the Finance Director.

CHAIRMAN: But your office is seeking to ensure that control is available and is exercised, is it not?

PAUL GRIFFITHS: Well I think it is more of monitoring the activities of the company to make sure that the investment is suitably protected.

CHAIRMAN: But if the trading performance is as unsatisfactory as it was in this case, the flow of information certainly did not seem to have amounted to anything I would understand to be control.

PAUL GRIFFITHS: But it was only unsatisfactory in that one year, prior to that the financial reports were quite favourable. There was one year when the actual organisation suffered a serious deterioration in its income. And yes you are right, at that stage the alarm bells did start ringing. Did you look at the previous accounts of the company.

CHAIRMAN: Oh I have done. I have done. If we go onto my next question. The book value of that site (several inaudible words) was formally in pounds. The valuation on the shares of Rhondda Waste Disposal at inception was 1.1. So they had a notional reserve, it did not amount to any value, but at least it was in the books as to be -- remain there. The revenue stream from the Council, which I have established, was very significant. I think they had over three million. They also had significant revenue, but I have not been able to establish exactly what it was, from other sources, and they have this for a limited number of period. Yet they exhaust the capital value and any revenue profit and cease trading in a petition for administration, and this was not simply because they were not able to receive waste, they had never traded satisfactorily as I understand those accounts. They made a tiny surplus in one quarter. The rest of the time they were making losses.

PAUL GRIFFITHS: Well if you have a look at the accounts which have been certified by Deloitte & Touche for the year prior to the company going into administration, it gives the appearance of that of a healthy trading position. Admittedly --

CHAIRMAN: Is that because of this almost mythical 2.8 something million in the accounts in the balance sheet?

PAUL GRIFFITHS: Well, what I do not -- no it is nothing to do with the balance sheet and will have nothing to do with the trading operation. What you have to do is divorce the capital and the revenue accounts, and the trading account shows that it was or appeared to be, trading satisfactorily for a number of periods. But then when the tip closed the income dried up dramatically, but the cost remained. Now I do not know what they could have done about those costs because I do not have any access to the accounts of the company. Once that money leaves the hands of the local authority my remit comes to an end. So I can not and it is very difficult for me, to give a view as to why they ran out of money so quickly, because I do not know what they spent it on.

CHAIRMAN: Well it is also difficult for me because I have not got those accounts from the administrator to the company, but on the information available to me we obviously disagree as to whether the company was trading profitably. It never traded profitably. It was simply exhausting the asset vested in it.

PAUL GRIFFITHS: But they were trading at a profit according to the accounts that have been certified by Deloitte and Touche.

CHAIRMAN: And which year were they for?

PAUL GRIFFITHS: 1997-1998, or was it 1996 -- I will have to check that.

CHAIRMAN: Yes, we should compare the accounts that we have got because my understanding of them is…

PAUL GRIFFITHS: Just bear with me I think I may have a copy.

In 1996, before taxation I have to say, before taxation they made a profit of £122,000. For 1997, before taxation they made a profit of £217,000. But then in 1998 they made a loss before taxation of £731,000.

CHAIRMAN: How does tax affect those figures? Because they are very different to the ones I have seen.

PAUL GRIFFITHS: Well clearly once tax is taken and deducted from it then it almost takes away the entire profit.

CHAIRMAN: So what does it become?

PAUL GRIFFITHS: You go back to 1996 and it actually converts to an ensuing deficit situation of 71,000. In 1997 it converts into a profit of 4,000, and in the last year because there was a tax refund then it actually converts that into a loss of 578,000.

CHAIRMAN: Yes. Why do you quote the before tax figures to me to say that they had trade satisfactorily? I mean tax is only normal is not it, like debt?

PAUL GRIFFITHS: Well it is, but clearly you can set your tax in one year against another sometimes, so it is not always necessarily a good idea to look at one year in isolation. And I suppose if you took the 1996 and 1997 years together, the overall position was that it was not particularly healthy, although it was not as alarming as it was in 1998.

CHAIRMAN: But required a tax refund to keep them.

PAUL GRIFFITHS: No in 1998 it was very bad indeed.

CHAIRMAN: Yes.

PAUL GRIFFITHS: What I am saying is --

CHAIRMAN: But prior to that it was a net deficit which they could have offset against the tax.

PAUL GRIFFITHS: No the net profit, sorry the trading profit and taxation actually took away the entire profit. But in overall terms the trading position was not that bad for those two years, the real downswing came in 1998.

CHAIRMAN: Yes, but what would you expect to be a satisfactory return on capital employed for a company of this sort?

PAUL GRIFFITHS: Well I must confess I do not know what profit I would necessarily expect from a waste disposal company, but generally speaking, in local government, the figure that is often bandied about is a 5% rate of return.

CHAIRMAN: I am sure waste disposal companies are working on several times that.

PAUL GRIFFITHS: They may well be.

CHAIRMAN: And I think the directors were probably remunerated accordingly.

PAUL GRIFFITHS: Well this is the difficulty. I do not really know where the money was spent. All I have got the benefit of is exactly what you have the published accounts. I can not go beyond those figures to point out exactly where the money went.

CHAIRMAN: Yes. I think the point of issue is the local authority do not appear to have been able to either. So where was that control?

PAUL GRIFFITHS: Well, arguably the local authority were relying to some extent on the audited accounts provided by the company. If you take 1998 to one side for one moment and there was a set of accounts in 1996 and 1997 signed and approved by a firm of international auditors like Deloitte and Touche, I think you would expect the authority to take some comfort from that.

CHAIRMAN: We only the comfort I might take as a shareholder in the Halifax and (inaudible) as it is called now. I see the audited accounts, I see they are certified as possibly correct by Cooper and Lybrand or whoever. That does not constitute control of any (overspeaking/inaudible).

PAUL GRIFFITHS: I accept that. The trouble is probably you looking for more than I have explained this afternoon.

CHAIRMAN: Yes, but you did say, and this is why I am pursuing it, and I mean I am asking the question on the way in which the authority exercised control. You said your role was to ensure a company was properly set up, that the members (inaudible) council elected members were given full information, and then that the authority could secure control.

PAUL GRIFFITHS: Well perhaps control is the wrong word. It is to safeguard its interests.

CHAIRMAN: Right. Thank you.

The next question is did your office ever consider the contractual arrangement between Rhondda Waste Disposal and Rhondda Borough Council?

PAUL GRIFFITHS: Again, as I say, I can not be absolutely certain but I would have expected us to have satisfied ourselves as to the legality of the arrangement.

CHAIRMAN: Yes, it was not really the legality that I was concerned with. It was really more the value for money that I would have been interested in, and this is one of your roles.

PAUL GRIFFITHS: I would have expected the Council to have protected its interest, yes.

CHAIRMAN: And were those contracts ever examined?

PAUL GRIFFITHS: Well that I can not be certain of, as I say, I have not got the files. So I can not be absolutely certain.

CHAIRMAN: And this would be quite a substantial contract for the authority to enter into, and a new contract because of the Environmental Protection Act. Would you have expected, because it was new and valuable, you would have expected someone to have a look at that?

PAUL GRIFFITHS: Absolutely.

CHAIRMAN: Thank you. The next question. When Rhondda Waste Disposal was unable to meet its commitments Rhondda Cynon Taff invested more by way of share capital. The District Audit Service is reported to have found this beyond the Council's powers, but took no action against members or officers. Can you explain to me why that was?

PAUL GRIFFITHS: The Council made the decision to invest additional sums in the company, on the basis of a report from the Director of Administration. Who in the interim had received Counsels advice to suggest that the Council had the legal authority to do so. I took a different view, I have to say. I do not believe that they necessarily had the legal authority to do so. As a result I concluded that potentially, some of that money which they invested was beyond the Council's powers. It was unlawful.

Now, when I am faced with that situation I have to make a judgment as to what I want to do next. Do I apply to the Courts for a ruling on the matter? Do I apply to the Courts for a ruling to the effect that certain members or officers may be guilty of wilful misconduct? And as such then the money could be recovered from them. In the circumstances I came to the conclusion that there was no case of wilful misconduct, and as such I could see little benefit or little point in going to the Courts, there by incurring more additional cost, simply for the benefit of having a ruling on the matter.

CHAIRMAN: All right, thank you.

The next question I suppose is somewhat similar because from a public point of view it looks sometimes as if good money is thrown after bad in the history of this case, but I ask in view of your involvement in this further investment in a failing company, were you consulted about the proposed acquisition of Nantygwyden as an "asset" by Rhondda Cynon Taff's other lordac, and if so what opinion was offered to the Council?

PAUL GRIFFITHS: We were not formally consulted. But we were aware of the arrangement and in fact we have started to look at the arrangement now. The difficulty we have as the external auditors, we can not be party to the decision that is made, otherwise how can you audit the actual transaction? What we have suggested though, given the sensitivity of the issues involved and the potential unlawful expenditure which the Council had incurred previously, we have written to the Authority and we have suggested that another counsels opinion be obtained to justify the further investment of money for capital works.

CHAIRMAN: The same council or did you advise another one?

PAUL GRIFFITHS: I do not think we did advise them which way they should go. We just suggested that they ought to seek council's opinion, whilst at the same time letting that council have a copy of our report on Nantygwyden, so they could see the line that we were taking.

CHAIRMAN: Thank you. In the light of the experience of the ratepayers in this area, Council tax payers now. I suppose business ratepayers too. In view of the fact that Nantygwyden cost a lost of money to develop, has cost a lot of money because the first lordac's gone insolvent, and another matter of investment and is still shall we say contentious. Do you have a view on the adequacy of financial provision for site aftercare at Nantygwyden by Rhondda Cynon Taff, who not only own the lordac but who own the site?

PAUL GRIFFITHS: Well I understand that this is an arrangement, a relationship between the environmental agency and the company itself, and clearly there needs to be proper provision in there accounts to the satisfaction of the environmental agency to have money available for site aftercare. I take your point. Given that if that company went into administration, as landlords the liability would fall back on Rhondda Cynon Taff, and as such I would expect the Council in no circumstances to get into -- to monitor the position to make sure that remedial action can be taken if such provision is not made available.

CHAIRMAN: Well can I pursue you on that? Are you satisfied they are making adequate financial provision? Some people might say that the costs of aftercare and remediation there could be £10 million, I'll just give you a ballpark figure.

PAUL GRIFFITHS: Well I am relying on the advice of the environmental agency . I don't know what the site aftercare costs are likely to be. Clearly the environment agency are looking at it. They seem satisfied from what I understand the position to be, and until such time until we suggest there is insufficient provision I think I am reasonably content.

CHAIRMAN: But can I put it to you that they may be content because Rhondda Cynon Taff stands behind the lordac of the land owners. Why would the environment agency be concerned?

PAUL GRIFFITHS: Because that is the relationship. The relationship is between the company and the environment agency. This is an arms length company.

CHAIRMAN: But we've seen what happened before when the company went into administration. Is there any reason to believe it would be different next time?

PAUL GRIFFITHS: There is a responsibility I believe on the environment agency to ensure that there is proper provision within the accounts of the lordac for after site and care costs.

CHAIRMAN: Are you satisfied with that?

PAUL GRIFFITHS: Well now you draw my attention to it, I will have to double check what the arrangements are in RCT for monitoring the position. Because clearly, I take the point you make, if the company goes to the wall ultimate liability would rest with the Council. So they would just need to satisfy themselves that the provision is sufficient and exists.

CHAIRMAN: Thank you very much Mr Griffiths for answering my questions and I look forward to receiving further information.

The way we proceed in this investigation is now to give members of the public the opportunity to make observations. As you saw as you arrived Mr Privett was also giving evidence this afternoon, and there is an opportunity for you if you so wish, and if you feed prepared to comment on any of the observations that are made.

So Mr Privett would you like to come forward too in case any of the observations pertain to the information you were able to give us.

We have now got the wandering microphone available, would anyone like to make an observation to -- via me of course. Mrs. Long first please. Mrs Long, holding the piece of paper.

AUDREY LONG: Mr Privett said that no councillors ever retired because it was such a lucrative business being a county councillor. But if they did wrong and abstained from voting the Labour Party (several inaudible words) anyway which happened to (inaudible). So don't say they don't retire. They are asked to retire. But I must say was a neighbour of the gentleman that he courted and he was a good honest Christian man but whatever avenue he went down there was always that wall that stopped him going any further. You know? So I can understand what you were up against and what he was up against but they did retire. Be it forcibly.

CHAIRMAN: Yes. (inaudible)

BRIAN PRIVETT: I think in all fairness. I think it was a full member of what I would call the Labour Party. But the so called Labour Party (several inaudible words) are the members of the Labour Party. They have been members of what I call the socialist self interest party. Right, they get themselves in, right, and they were there. (several inaudible words) council. (several inaudible words) they would be there as long as they could. I wasn't fighting it because I did mention to (inaudible back ground noise) say about this elected dictatorship. There has been an elected dictatorship. (several inaudible words) recently now. Somebody was 35 years. So the Labour Party could do what they liked when they liked. And one can argue, right? In that position all of the officers including the chief officers, that's Waylands(?) and the others I have mention, they were shattered. If they stepped out of line, and the time would come (several inaudible words) they would be fixed and sacked. So there was one or two of them, one in particular right? "Well you know if I am in this position, I do not want to be sacked and loose my (several inaudible words) job. If had the opportunity of making this now, all right." That is exactly what he said.

CHAIRMAN: Thank you, next observation please Mr Owen.

GARROD OWEN First point is to the District Auditor. In my submission to you a few weeks ago I made quite some lengthy comments and questions that I thought may have been put when the District Auditor returned. From memory, and I must admit it is from memory now, none if any at all have come forward into this question session that you have produced this afternoon with Mr Paul Griffiths. Is there a time that he is going to return to face the possible questioning that I have put to you, or points that I have put to you, that should be raised as questions to the District Auditor. They were quite lengthy and quite pertinent as I thought at the time.

CHAIRMAN: Well I am sure Mr Griffiths might be persuaded to come back. I can’t recall in detail what those were. So we might have to review them. If you would help me review those questions, by extracting them from your evidence.

GARROD OWEN: Most certainly I will do that. I will extract that.

CHAIRMAN: I appreciate that.

GARROD OWEN: Because I really feel that there are many questions and they are really searching questions that should be addressed to the District Auditor. And when I said to the District Auditor, I referred to the series of District Auditors that we have had in the Authority, and Mr Privett referred to the two previous, or two of the previous predecessors of Mr Griffiths and Rheon Thomas who was the original District Auditor when we spoke with him at great length on the subject of possible discrepancies with the landfill site operation and the set up and with members of the Authority. This when he was -- I think he left the District Audit and went to work for a firm of consultant accountants. Then Janet Jones took over his former duties, but I was under the impression that Janet Jones was the head of the department and just took under her wing those points. We met with her on a number of occasions, and we had promises from her that certain things were going to be looked at and were going to be done. And we met with Mr Griffiths when he took over from Janet Jones. Janet Jones I understand was side-tracked to, still within the same department, but in a different sort of office or discipline. And we certainly had promises from Mr Griffiths then, and one of those promises that were made in the meeting with him he -- after he wrote to our secretary and gave certain answers to her. But as I said there have been a great number of follow up questions that I put through to you, which I will follow up with. Now if I could just make an observation on Mr Privett’s very lengthy and informative display this afternoon. What I think that he lacked in giving the information -- what information he lacked in it there, and it is an oversight I think on his part with it. He has referred to the influence of the Council officers from Gwyn Evans downwards, I think by omission he has left out the names, if he is aware of them, probably he may not be aware of them, of the members who may have prompted those decisions and things being made by Gwyn Evans, because at least the Chief Executive wouldn’t have come up with this sort of a thought off his own bat. I might be wrong on that but I would have thought, and rumours that have come back to myself and other members of our group, that there was a great deal of member involvement in this and I think that it came basically from a member from Crumm Park(?), who is since deceased. But that was Miss Alice Boxall(?) who was the Labour Member for the Crumm Park and (inaudible) area. And I think a comment that was passed by her which may well be relevant is that it would be over her dead body that the site would be -- that the landfill site would be provided at Crumm Park. There maybe a lot of other council members who made the same sort of threats and promises about their demise if the landfill site went into the area here. I don't know if Mr Privett can help us on that.

CHAIRMAN: Well Mr Privett (several inaudible words)

You mentioned Miss Alice Boxall amongst all that, I think I made a note of it. But that was in relation to Crumm Park.

BRIAN PRIVETT: That's right. I think that Garrod is absolutely right in what he says. What I give, I give (several inaudible words). But the management team would never make a decision and go back. (inaudible) was what he had. I do not say this that I was, during this time that I was one of the very few officers that actually asked you, I'd forgotten clean about this, to (several inaudible words) auditor's office. There was two of us, myself, Ann (inaudible) who was working alongside me earlier on, were the only two officers to attended in this chamber as it was then the council (inaudible). In other words council meetings would be on a Wednesday night, the (inaudible) would be on Tuesday night (several inaudible words) that they couldn't really remit, as happened in this particular case, they actually got us in here to give them first hand information. Now reading down from that you are what you would call the group officers. That was the party leader, deputy leader, party secretary, there was party president. That was four, there were only four. And what would happen on an exercise of this type, you would have the four chief officers, you would have the four leading councillors, they would hold a meeting in the inner sanctum, say on a Monday. What we would think was the best value to take be it legal or illegal shall we say, would then be related to the group meeting on the Tuesday night to be ratified by Council on the Wednesday. Now what you would find continually, you would get Counsellors, for all their bad points, they realised that if they openly and knowingly voted for something that was extremely bad shall we say, to be positioned in their ward then they could say the possibility was there that the local voters would vote them out. So you have this parochial attitude on the bad points and the good points. On the good points if they are getting it then we want a share as well. So it was a kudos for them. But if it was a bad thing it would go (inaudible) over my dead body, right? I have no doubts that in respect of (several inaudible words) there (several inaudible words) would have come up as set exactly the same. So earlier on, thinking back on it this was one of the considerations, in other words, that kept up going to go somewhere. If possible was not going to create a problem for anyone. And then they came up with a decision to put it on top of a mountain on promontory that sticks out where you do not have to be a genius to see I will not work out there. But of course (several inaudible words). It is your say. Call it what you like. Look, during that time someone could (several inaudible words) of counsellors. If I had the committee in front of me, from my experience I could tick off and say that he is involved, she is involved. These are the ones that were regularly making money out of things that were being done in Rhondda. You know you have got to state the facts. It was very-- it is a big thing this and somebody somewhere is going to have to face it. That is why I am staying (inaudible).

CHAIRMAN: Yes. So in response to the main instigators there is no further information.

BRIAN PRIVETT: (overspeaking/inaudible)

CHAIRMAN: Yes. But I think that was the way the system worked, it is probably impossible to go beyond that. On the question of more questions to the District Auditor, I can not recall as I said here, exactly what Mr Owen's questions were, but can I take it that if we are able to put more questions to you, you will attempt to answer them. And some of them may be perfectly well answered in writing. Mr Owen may also want to pursue other questions that are not necessarily all that pertinent to my investigation. But we may have to lead in to pursue those subsequently with you.

PAUL GRIFFITHS: If I could just come back on one point. Just for the record for accuracy. Rheon Thomas was the Audit Manager.

CHAIRMAN: Right.

PAUL GRIFFITHS: And he was answerable to Janet Jones. Janet Jones was the District Auditor so Rheon Thomas worked for her.

MALE SPEAKER: (overspeaking/inaudible)

CHAIRMAN: Well I wasn't quite clear, so that clarifies that.

PAUL GRIFFITHS: And when Janet moved, not necessarily because she was found to be ineffective or anything like that. Auditors are only allowed to audit for so many years any one particular body. After so many years they have to move.

CHAIRMAN: In case they go native.

PAUL GRIFFITHS: In case they go native. And Janet's time was up. She had to move. So that was the reason.

CHAIRMAN: I think independent investigators are the same. Yes people are worried about them going native. Thank you.

Mr Bill Thomas

BILL THOMAS: When there was a change of council, statements appeared or came out afterwards, I think some appeared in papers, that £27 million of reserve money had virtually been whittled away to a half a million. We were led to understand that had the school gone up in flames, or an old peoples home, the Council would have been bankrupt. Have you any ideas where the £27 million of reserve money did get whittled away.

CHAIRMAN: Mr Thomas that is a very interesting question for you as a ratepayer, I struggle to see any direct relevance to my investigation. Because it is of public interest and I have enquired about the adequacy of financial provision generally, for site aftercare. I could invite Mr Griffiths to respond, so you see how indulgent I can be at times.

BILL THOMAS: I think it would be of interest to us members of rank because without that money being available there is every possibility that the new council will have closed the tip.

CHAIRMAN: Yes I understand the relevance now you have clarified it.

PAUL GRIFFITHS: I think you are absolutely right. It did inherit £27 million worth of balances on reorganisation and within a period of two to three years that had been whittled away to practically nothing. And the reason for it was they were simply spending more money than they actually had coming in, and the only way they could have actually balanced the books was to make use of these balances I am not talking out the school now, because that has been covered fairly extensively in the annual audit letters that have been produced over the last couple of years. So if you had got access to those you would see exactly why we have been so concerned about the financial position of Rhondda Cynon Taff.

CHAIRMAN: Thank you. Interesting background for us all.

BILL THOMAS: Can I continue with another --

CHAIRMAN: Just wait for the microphone Mr Thomas.

BILL THOMAS: Can I continue with another. I have the front pages of the Echo. It says "Row Over Tip Rescue" "Funds for Tip Illegal". Now I find it rather strange that one person can decide the outcome of an illegal act. I mean half a million pound was involved. The people who committed this illegal act were officers of the council and councillors themselves. These were the same people that took some of our compatriots to the high court. They thought they could take them for the sum of £1 million. And here you are now, you have excused, you were mindful you said that if you had gone to court yourself it would have cost more. It would have cost the ratepayers more, not you. Now.

PAUL GRIFFITHS: I accept that.

BILL THOMAS: My compatriots here are my colleagues who have been taken to the court for £1 million and yet you have excused these same people for the sum of half a million pounds. Now can I ask you a direct question – where does tolerance stop? At half a million, at a million, two million or where?

MR GRIFFITHS: It is not the level of the money that necessarily bothered me as to why I didn't go to court. The only people that can actually give a ruling on this are the courts themselves. I certainly can't. All I have done is offer my view. I believe it was unlawful and I have to ask myself if I went to court and incurred additional costs which, you are quite right, would have fallen back on Council Taxpayers not on me. What would have been the outcome. Would you have got that money back and the answer is no you would not have because there wasn't any evidence to suggest that those members or officers were actually guilty of wilful misconduct. Now in order to prove that in court, the burden of proof is huge and there was just not sufficient information because we were acting on a report from the Council's Director of Administration, who in turn had a leading councillor's opinion to back him up. There isn't a court in the land, in my view, who would have found any member or officer guilty of wilful misconduct and that is why I decided there seemed little point in throwing good money after bad and taking this to court just to establish a legal principal.

MR THOMAS: So when you gave your list of duties initially you omitted to include that you had the power to decide legal issues then.

MR GRIFFITHS: I haven't got the power. What I can do is offer a view and what I have done in that report is offer a view. In my opinion. No more than that.

MR THOMAS: That view could have been substantiated one way or another if it had gone to court and --

MR GRIFFITHS: I –

MR THOMAS: --perhaps (inaudible). Nothing is ever established regarding (inaudible) it is either unlikely or possibly, nothing is cast in stone.

MR GRIFFITHS: No but the difficulty is you would have incurred substantial legal costs and what would we have got out of it at the end of the day.

MR THOMAS: We would have had a result.

MR GRIFFITHS: You would have just had a legal ruling.

MR THOMAS: We would have had a legal ruling and a result.

MR GRIFFITHS: Well obviously I had to make a judgement on this and I made a judgement that it was not worth spending a lot more money to get a ruling on it.

CHAIRMAN: I think Mr Thomas you just have to agree to differ on this. I think Mr Griffiths' view given a cogent explanation on his decision. He knows it is not popular with members present here but he has the power to make a complaint to the court very much as other officers do and he has given an explanation of why he did what he did. I think we have to accept that. So if it is a different point, yes, I just don't want you to plug away on the same point.

MRS JONES: It is a different one.

CHAIRMAN: Well as long as it is different one.

MRS JONES: I want to know is it possible.

CHAIRMAN: I must remind you to use the microphone and to limit yourself to observations.

MRS JONES: I will. It is my observation that the auditor didn't see it necessary to take them to court but thought it necessary to take seven people to court which was quite expensive.

CHAIRMAN: Mrs Jones this is the same point isn't it? --

MRS JONES: Yes I know.

CHAIRMAN: and you said that it wasn't so I must reprimand you for misleading me.

Would anyone like to raise a fresh point?

MR THOMAS: Yeah I would.

(laughter)

CHAIRMAN: We will just have while you gain your composure Mr Thomas that's all right we will go to Mr Long.

MR LONG: I'd like to go back to the district order there. When they took council advice about the extra 1.1 million for shares in the company and you interpreted it differently to the advice given and the same old (inaudible) Mr Griffiths the decision was made but it was made in good faith. That is the only observation I have got to make. You know you can go back to a hundred other things that they did which was done in good faith but after listening to Mr Privett there was more than good faith involved in a lot of the decisions taken by the council.

Thank you.

CHAIRMAN: Now I think essentially that was the same point. Expressed slightly differently. Mr Skace.

MR SKACE: I have listened to Mr Privett saying about (inaudible) the big five

CHAIRMAN: I got it to four.

(laughter)

MR SKACE: Well. I was in a council meeting to (inaudible) district auditor in the council chambers where each represented the same problem. A few months ago when you did an audit with the five, the unknown five as we know it now, and they denied it, the Labour Party denied it but in everything it did say it did interview (inaudible) you know we are up against the (inaudible) a lot in this (inaudible) council but up until it was thrown out I mean can you make a comment on that please.

MR GRIFFITHS: Yes well it is about the political process essentially. I am happy to do so, we are talking about an informal group of senior labour members who used to meet on a fairly regular basis to discuss issues of importance of the day and one of the real big issues at that time was the landfill site and the question was did that group have any legal authority to make decisions and my view again was that it had no legal authority because the group itself had no status. Whilst one or two people did claim in that council chamber that they were not part of the group, the vast majority—everyone that I interviewed said yes we were members of that group, bar one, who could not recollect being a member of the group--

(inaudible – several people talking)

but every other member I interviewed came clean and said yes I was a member of that group.

CHAIRMAN: Thank you.

MR SKACE: Did they see (inaudible) that it was going on then in the sense and it was still going on when you took over the audit, that's –

MR GRIFFITHS: Yes.

CHAIRMAN: I think that it is very common in authorities led by all parties that there is a group of office bearers who take extra responsibility, have extra influence so it is quite common.

MR SKACE: The point that I want to make as well though is that nitrogen is such an environmental disaster that it doesn't only affect a few people in that, that (inaudible) it is affecting all around the region. There are so many people involved in it that it is a disaster.

CHAIRMAN: Yes and the key point is that although these people get together they have no authority to act in the name of council. There may be a very subtle distinction there but nevertheless they don't have any legal power. I think it is now Mr Thomas again.

(inaudible)

MR THOMAS: Yeah of course it is

CHAIRMAN: What are you thinking about it.

MR THOMAS: I am just recalling the notes that I made when Mr Griffith was speaking and he was talking about certifying grant claims and what I would like to understand is where they financial or general procedures with certifications that they were carrying out at that time. Because they have, one of the functions I believe of the district audit or of the audit, whether it is district or whether it is local, is that they carry out procedural audits to find that the working practices that are being carried out are in effect the best way of working and the second point - I have got three little points, little observations - and as far as I could understand what Mr Griffiths said there was never any value for money exercises carried out on Nantygwyddon and the final one he referred to a planning report and I just wonder, you have asked for a copy of it but I wonder if you can recall the date when that report on that planning application was carried out whether it was on the original planning application or whether it was on one of the following planning applications.

CHAIRMAN: Yes so that is a certain amount of clarification isn't it. So if you wouldn't mind.

MR GRIFFITHS: I think I am only going to confuse you on the third one so I will come back to that. In terms of grant claims the audit commission and the claim department, in this case European Regional Development Organisation, whatever they may be called, come together and they agreed a form of grant certification that they have to carry out and auditors are provided with a checklist of things that we have to do and we worked through that checklist checking that the expenditure was used for proper purpose etc. Essentially it is an audit of the expenditure rather than the process. OK so the grant claim that they certified which I said was for 1.9 million pounds, that was for phase 2, on which they would have attracted 40% grant aid. We would have satisfied ourselves that the 1.9 million pounds that they set out in the expenditure has been properly incurred for the reason that they had stated. Once we had met all the checklist criteria we would then send that off to the claim department. One of the reasons we had so much difficulty in signing off the grant claims is because the supporting documentation was not what it should be and when you consider that and a lot of these grant claims actually related to Rhondda Borough Council it is hardly surprising I suppose that we couldn't find any of the basic documentation and it has given us great difficulty in satisfying ourselves as to the accuracy of these claims. So where it has been spent in accordance with the grant instruction we would then report accordingly to the claim department and they would deal with it as they see fit thereafter.

MR THOMAS: Can I come back on that one point before we leave it. Doesn't there ever appear a time limit on getting this information back from these various authorities because we were talking about an authority that ceased existence many years ago.

CHAIRMAN: Well of course if there was a time limit it would operate to the disadvantage of the tax payers wouldn't it?

MR GRIFFITHS: If I could come in here just to help. There hasn't been a time limit unfortunately and I think that that is a great pity. I will be honest with you. Some grant claims have a deadline attached to them. If you don't get the grant in by the deadline you lose the grant so it is in their interest to get the paperwork right and get it in on time. Unfortunately some of the grants that we are talking about do not have any deadline although having said that I heard only this week that ERDS claims and WDA claims which initially haven't had deadlines are now to have deadlines enforced on them because of these sorts of problems. That is the first question. The second question is value for money. I think it ties into the third on planning. The value for money work that we have carried out in the past is generally based on a national study carried out by the Audit Commission. They will do research, lets for argument sake say on planning, all over the country and then they will come up with an audit guide that we would apply to local circumstances and in that guide it will be set out how a good planning department ought to operate and we would measure the local authority against that good practice yardstick. When I said we had done some work on planning I suspect it is nothing to do with the planning application, it won't be anything to do with the planning application on Nantygwyddon. It will be to do with how the planning department actually operates. How it organises itself, how it uses its planning applications, how quickly they process the planning application and so on. So it is not as specific as you had in mind and I apologise if I misled you there but it is more to do with the general planning operations.

CHAIRMAN: Well I just wonder in that instance why it was ever brought up because the investigation is into Nantygwyddon and not into general planning operations.

MR THOMAS: Well no it was me asking for a summary of the role and then if there were relevant audit reports to the functions. So Mr Griffiths was answering questions and I was hoping to go from the general to the particular on occasions and haven't been able to. For example, if we were to deal with a complaint of nuisance. If the authority decides not to pursue that complaint, much as Mr Griffiths decided not to pursue the matter of a ruling on the investment and the fixed asset that wasn't, then there was a way in which citizens can challenge a decision of the authority on nuisance. On the audit issue there probably is no system and then we could perhaps just pursue that. If you are not minded to pursue a ruling in the court, for example, on this investment and fixed asset does anyone else have any power to pursue what they may perceive to be misapplication of funds.

MR GRIFFITHS: Well members of the public are entitled to first of all raise questions with the auditor. If the members of the public then ask the auditor to take action or to surcharge individuals or members of the public decide to make a formal objection to the accounts it is then up to the auditor to respond in some way. Now if you don't like the way we respond formally to that objection, you have the right then to challenge myself and I would have to give you a statement of reasons as to why I have taken the action that I have taken. If you were still not happy with those statement of reasons you could , at that stage go to the courts and apply for some sort of judicial review of my reasoning behind my decision. So there is a way out. So I am not the final arbiter on these matters and I will try to help you as much as I can before accepting any objection and I would hope that by discussion I could explain to you carefully why I have come to that decision. But after that stage if you are still not satisfied you could still then go to the courts.

MR THOMAS: And would there be any financial assistance available for an individual. Could they apply for legal aid if they qualified?

MR GRIFFITHS: I don't (inaudible) I am not aware of that.

MR THOMAS: No.

(inaudible)

CHAIRMAN: Judicial review is not usually a remedy open to a simple council tax payer.

MR GRIFFITHS: There is another route perhaps not quite so controversial as going to court. If you were dissatisfied with the way that the auditor performed his or her duties you are entitled to make an official complaint first of all to the Regional Director of Wales and finally to the Audit Commissioner direct because, as I say, they are the regulator of public audit and if an auditor hasn't done his or her job they have the power to remove that auditor. There is quite an elaborate complaints process for you to follow if you chose to do so.

CHAIRMAN: Thank you for that information. I think Mr Thomas had another observation.

MR THOMAS: I just want to stress that very early in our complaint, in our campaign, we did inform the District Audit of our suspicion that the company were not as financially sound as we were led to believe. If I was a shopkeeper and one of my assistants turned around and told me Mrs Jones is coming in she owes a lot debt (inaudible) don't serve her. The only way I will serve her is if she puts her money on the counter and I think in all fairness that the District Auditor should have investigated the financial stability of the company after they were informed that we had those suspicions.

MR GRIFFITHS: I will just come back very quickly on that. One of the difficulties I have in this whole business is that I can't get access to what goes on within the company. It is a private company, it is audited by their own auditors, my remit does not go beyond the local authority so I can't get in. We talked today about the accounts of the company. I would dearly like to know what is in those accounts but I can't go behind the figures.

MR THOMAS: Couldn't you apply to the courts?

MR GRIFFITHS: No I could not. Because it is a private company I have got no (inaudible) in the matter. That is one of the difficulties and one of the concerns that auditors up and down the country have expressed about so called "following the money right through" because whenever there is a company set up by a local authority we come to, not necessarily a brick wall, but we come to a pretty large obstacle and we just can't follow the money.

MR THOMAS: Wouldn't the council officials in the finance department have some privy to the accounts?

MR GRIFFITHS: Well they will have, as we talked about, they will have regular monitoring reports. Whether they have got access to the detailed records which underpin those accounts, I don't know.

CHAIRMAN: We do, Mr Thomas, have a matter of national significance here that will be drawn to the attention of the National Assembly because as more functions of local authorities are privatised in some way, shape or form so the District Auditors are likely to be less effective in protecting the interests of the tax payers and limited liability companies as we have seen in this case are a particular problem. The administrator enjoys the protection of the court and has a tremendous discretion as to what he will make available to the shareholders, certainly to the District Auditor, to myself and indeed to the Assembly because, as I think I may have mentioned, the chair of the EPT Committee has written to Mr Clark asking him to co-operate and so far, although he has now agreed to accept a list of questions from me, has not agreed to answer them and so we have a creeping problem here. It may have started with the Environment Protection Act and the Formation of Lord Acts but we could find the bulk of your public services provided by private companies very soon especially as both of the larger national political parties seem to be committed to involving the private sector more and more in the provision of public services and without transparency of the type we would dearly like here the system, the auditing systems and the control systems are simply not effective.

MR THOMAS: I thought the Iron Curtain had come down and probably it hasn’t.

CHAIRMAN: Any further observations ladies and gentlemen?