

**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**(Reference: Review of Auditor-General's Report No 9 of 2003:  
Annual Management Report for the Year Ended 30 June 2003)**

**Members:**

**MR B SMYTH (The Chair)  
MS K MacDONALD (The Deputy Chair)  
MS K TUCKER**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**FRIDAY, 21 NOVEMBER 2003**

**Secretary to the committee:  
Ms S Mikac (Ph: 6205 0136)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents relevant to this inquiry which have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

**The committee met at 9.38 am.**

**BERNIE SHEVILLE**

**ROD NICHOLAS** and

**MALCOLM PRENTICE**

were called.

**THE CHAIR:** You should understand that these hearings, which are legal proceedings of the Legislative Assembly, are protected by parliamentary privilege. That gives you certain protections but it also places on you certain responsibilities. It means that you are protected from certain legal action such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. The Assembly will treat as a serious matter the giving of false or misleading evidence. Would you like to make an opening statement?

**Mr Sheville:** No. I believe that the general management report pretty much encapsulates what we need to say about results to 30 June.

**THE CHAIR:** Thank you for your report. We have previously discussed with you and with the former Auditor-General the question of training, your ability to do more and whether you have adequate resources. I know that we could discuss for some time how long is a piece of string, but I am particularly concerned about some of the provisions in the act. You have the ability to perform financial audits and performance audits and you take into account environmental and social concerns. Will you update the committee on the progress that has been made?

**MS TUCKER:** I have a follow-up question. On page 10, paragraph 2.23 you state:

Similarly the focus of performance auditing is to ensure all audit work is of sound professional quality ... A focus will be to achieve a reasonable coverage of performance audits ...

Is that your assessment of those audits? To what are you referring in that paragraph? I repeat that you state in that paragraph:

A focus will be to achieve a reasonable coverage of performance audits across ministerial portfolios and significant government activities ...

I am having trouble understanding that statement. Are you saying that you want to cover a number of areas and conduct performance audits but that you want to be mindful of other matters, such as potential audit impacts and risks to good management and materiality? I do not understand what that means.

**Mr Sheville:** We operate a small formal sort of function. Only three or four people are involved so we have to target our audits in a way that achieves maximum possible

coverage with the resources that we have. That means that in every audit we do we have to take into account what the risks might be.

**MS TUCKER:** What do mean when you refer to risks?

**Mr Sheville:** We might find that an area of activity is not being managed effectively or efficiently. We also determine the size of materiality, not just in financial terms but also in other terms.

**MS TUCKER:** What is meant by “materiality”?

**Mr Sheville:** It is the significance of the issue. It is probably more of an accounting term. It refers to financial materiality. An area can be material simply because of the significance of a function, for example, the emergency services department at a hospital.

**MS TUCKER:** Is it jargon that is used by auditors, or is it plain English that I have just never understood? Do you know what it means?

**THE CHAIR:** I will buy you a dictionary as a farewell gift.

**MS TUCKER:** Thanks but I have one, smart arse.

**THE CHAIR:** Ms Tucker, withdraw that comment.

**MS TUCKER:** I withdraw. My question is a follow-up question to the question that was asked earlier by the Chair. Why do you not, in future directions, refer to the requirement for auditors conducting performance audits to look more broadly at issues such as the environment? Why do you not report on that?

**Mr Sheville:** I believe that question has been asked previously. We have sent a number of our auditors on further training.

**MS TUCKER:** I am interested to know why you have not reported on it?

**Mr Sheville:** On the environment?

**MS TUCKER:** No. If I understand your report correctly, this paragraph refers to what you do and what you need to do. Why do you not refer in performance audits to this challenge? It is an issue that we have raised on a number of occasions but it still has not been reflected in your report. You could state, “We have opportunity to undertake in performance audits an analysis on the impact on the environment but we have not done it”, for whatever reason, or “We are working on it”, or, “We are training people.” You could tell us that in the report.

**Mr Sheville:** Yes. It is mentioned on page 44 of the report. The Auditor-General is required to take environmental issues into account, where appropriate. He also has to have regard to those principles when conducting an audit. So if you are conducting an audit and there is a logical connection between the audit and the environment that would be picked up in the process.

**MS TUCKER:** I am interested in this matter as it is part of your future directions section.

**THE CHAIR:** A page in the report deals with ecologically sustainable development. Is there a page on social responsibility? Your act refers not just to financial responsibility; it refers also to social and environmental responsibility. Our expectation of what you do and what we want you to do is high.

**MS TUCKER:** It could be argued that the definition of “environment” in the Commissioner for the Environment Act includes social responsibilities. However, you would need to make that clear when you were using that definition.

**Mr Nicholas:** What we have in paragraph 2.23 is a shorthand version of the sorts of issues that we consider when looking for performance audit topics. It is probably not intended to be a list of every issue that we consider. Certainly environmental matters are one of the considerations. I would be quite happy to reconsider the way in which we have presented them in our report, if that is the point that you are making. It is fair to say that we have not had an enormous focus on environmental issues for a number of reasons, in particular, the skill set, the size of the organisation and our capacity to undertake audits that have a strong environmental focus.

The ecologically sustainable development provisions in the legislation refer more to environmental issues rather than to the social impact of the bill. Perhaps there are other avenues available to the government and to the community to pursue all those social aspects. We are not excluding environmental issues by any means; they are still part of the activities that are conducted now by a team of five people. We have a wide range of activities to examine. Environmental issues pop up from time to time and we deal with them when we are best able to do that.

**THE CHAIR:** Before the last budget was brought down committee members asked you whether or not you had been allocated an adequate amount of money for training. Was a specific amount of money put aside for environmental awareness training? There is no mention on page 39 of your report to any specific training. I know that you are committed to it, but did any further training occur?

**Mr Nicholas:** To an extent the opportunities to train a person on environmental issues and environmental auditing arrangements are fairly limited. A couple of staff members—one of the managers and I—attended a program this financial year that was hosted by the Australasian Council of Auditors-General. Several audit jurisdictions got together and discussed a number of environmental related audit initiatives and practices. One of the attendees at that program was the environmental commissioner from Canada. So we have gone into that role a bit. We are not ignoring that aspect by any means, but our capacity to undertake a significant audit in that area is a little limited.

**Mr Sheville:** Eighty per cent of that \$40,000 is spent on basic training on the methodology used for financial audits. So close to \$30,000 or \$35,000 of that \$40,000 is spent on that training. The funds available in the present budget for significant training in other areas is fairly limited. I do not think there is a serious prospect of putting in massive amounts of resources. Sixty per cent to 70 per cent of the work that the Audit Office does involves issuing audited opinions on financial statements.

**THE CHAIR:** We are not suggesting that you shift away from that basic function. However, I think it would be fair to say that the committee believes your basic function is slightly wider. Committee members will be supportive this year. We certainly were supportive in the lead-up to last year's budget and during budget considerations. I think it would be fair to say that committee members would be supportive this year if there were an extra bid for training to cover environmental and social issues. I appreciate how hard it is and I appreciate that this is new ground. We must start seriously down this path.

**Mr Nicholas:** We have spent some time examining the way in which we can address ESD issues and provisions in the legislation a little more than we did in the past. We have started some work on developing an environmental audit strategy, which is probably not quite the right term. We are examining what our responsibilities are, what our capacity is to meet those responsibilities, and we are thinking a little outside the box, for example, what we can do to liaise more with the Commissioner for the Environment, the Office of Sustainability and that sort of thing. We will see how far we can go in that role.

**THE CHAIR:** When is that likely to occur?

**Mr Nicholas:** We have started some work on it. Within the next few months we should be a bit clearer on that and we might know exactly where it will take us.

**THE CHAIR:** When you are ready to discuss that issue will you come back and tell committee members how it is working?

**Mr Nicholas:** We would like to spend some time talking it through, perhaps informally at first. I would be happy to take on the views of the committee, see just how far we can go and determine what we need to do to meet expectations. Clearly there is an expectation that we should do something. I think we would like to do that in a more responsible way than it has been done in the past.

**THE CHAIR:** Page 11 of your report refers to the operational environment. We all know that the government is considering amendments to the act. The last paragraph on page 11 states:

A copy of the Auditor-General's proposal has been provided to the Standing Committee on Public Accounts.

Did we receive that proposal? We do not seem to have any record of it.

**Mr Sheville:** I can follow that up. However, it is my understanding that it was provided to you.

**THE CHAIR:** It is either lost in the quagmire of my desk or it has accidentally been thrown out. Stephanie tells me that we do not have any record of receiving that proposal.

**Mr Sheville:** I will send one to you anyway.

**THE CHAIR:** Do you recall receiving a copy of that proposal, Ms Tucker?

**MS TUCKER:** No, I do not.

**THE CHAIR:** I am not questioning auditors about their financial outcomes, but you had actually budgeted for a surplus of \$116,000. That figure is now down to \$42,000. Is there a significant reason for that, or is it just that things got a bit tight?

**Mr Sheville:** It is. Most of the costs are employee costs. At present we are operating in a buoyant market for qualified audit and accounting professionals—and that is even before we start talking about some of the other skill sets that we need to meet ESD criteria and that sort of thing. Essentially, the market is a seller's market. The attraction and retention of staff are probably the biggest cost issues facing the office at this time.

Our staff turnover is close to 25 to 30 per cent, even though we are matching market salaries. Some of my staff are getting unsolicited offers to go and work in other departments—often for salaries involving \$5,000 to \$15,000 more than they are presently receiving. In that kind of environment we have to decide whether or not to build in some level of retention. Even though we have actually done that we still have fairly high turnovers. It is simply because of the nature of the market we are dealing with at the moment.

In my view the recent round of pay rises in the ACT public sector will make our office even less attractive in comparative terms, as departments will basically be able to offer even more than they were able to offer previously. We are a small office operating in the marketplace. We have the Australian National Audit Office and government departments all competing for skilled resources in the ACT public sector—auditing and accounting skills. That is not likely to change in the foreseeable future.

**THE CHAIR:** Do you have the flexibility to come back to the government and to ask it for additional funds?

**Mr Sheville:** There are two ways in which we can get additional funds. One is by setting audit fees at a higher level. In the past we have only ever indexed audit fees at the consumer price index, even though salaries are increasing far higher than that. I do not think that is sustainable. Even the performance audit appropriation has been indexed at something close to inflation, but it does not represent the reality of the environment in which we are working at this stage.

As a result, the surpluses that we are looking at will not happen next year at the current rate. I already know that and we have done some forward calculations on it. I understand that there is a process to be followed. I need to come back and discuss future finances with the office. I do not think current levels are sustainable at this point.

**THE CHAIR:** It appears as though your employee costs have gone up 5 per cent on the figures that you budgeted for. However, your fees have gone up by less than 1 per cent. Can you blackmail departments into not stealing your staff by threatening to increase their audit fees?

**Mr Sheville:** From time to time we have thought about employing old contract auditors at \$200 an hour. We see the benefit to the whole of government in providing a training

ground for skilled accounting professionals in the ACT. Obviously it will not help to deliver our mandate if departments are ringing up my staff and making them offers.

That is no problem; it is just the nature of the beast. We have to match that and provide an attractive environment. I think we trade significantly on the type of environment that we have in the office. There are certain advantages, for example, satisfaction and that sort of thing, that you can get from working in a small environment. But you can only take that so far. Ultimately, staff members will take the decision that benefits them financially.

By the way, the small increase in audit fees has been generally indexed at CPI. It does not show up in the report, partly because of the changes in the number of audits that we have done. Essentially, the fees have been going up in accordance with the CPI but there is no reasonable prospect of holding salaries to that.

**MS TUCKER:** I would like to look again at the performance audits. I refer to the conversation that we had earlier about social and environmental impacts. There was quite a controversy about the poker machines that are supporting the Belconnen Indoor Aquatic Leisure Centre. That would be an example of where you could have had a look at social impacts. Do you agree with that statement?

**Mr Nicholas:** There is an opportunity for us to look at a number of issues in any audit. In that audit the focus was clearly on the development of the proposal and the funding arrangements. I think there are opportunities for all those things.

**MS TUCKER:** Will you clarify the process for me? Were you looking at the development of the funding proposal?

**Mr Nicholas:** It was something like that. I was not particularly involved in that audit.

**MS TUCKER:** Nothing is referred to you. You chose to do that because it was an interesting issue.

**Mr Nicholas:** For the reasons that we mentioned earlier, there were risks associated with it. It is an issue that has been raised constantly in the Legislative Assembly. A number of those sorts of issues are taken into account when we are deciding on the selection of an audit. In some cases they are referred in a general sense to us.

**MS TUCKER:** So that was an issue about which you were aware as it had been raised in the Assembly?

**Mr Nicholas:** It would have been one of the many issues that we were considering, yes.

**MS TUCKER:** You could have chosen to look at the relationship between poker machines and the funding proposal if you had wanted to do so.

**Mr Nicholas:** The short answer to that question is yes; we could have chosen to do that. The question then would have to be whether the Audit Office had the capacity to examine the social issues of that sort of aspect. It does not mean that we cannot do it merely because we do not have the staff numbers. Obviously we can get in contractors or

consultants to assist in that matter. At the time the Auditor-General would have said, “What is it that we are interested in? What can we make a comment on in an audit sense and on what can we form a firm audit opinion?”

**Mr Sheville:** I have not been significantly involved in the planning that is being done for a lot of those audits. Let us take, for example, the V8 car race annual reporting. In virtually every audit you could build in an environmental social component. You could choose to focus on the costs and benefits of the V8 car race because that was the biggest issue at the time. You could extend that audit to cover it. In relation to the topics that we are auditing now, I have requested the use of section 12 to specifically identify why we are looking at a topic or why we are not. When it is obvious in the report that we have not looked at a topic, we should reflect that fact in the report so that you can see the rationale behind a decision that was made either to include a topic or to exclude it.

**MS TUCKER:** I think that would be helpful. It appears as though you are not asking for additional resources. You are managing within your current budget but you have the potential to do more work. However, you are not conducting expanded performance audits because you do not have the staff to do so. The legislation states that you could perform those audits; it does not state that you have to perform them. On the whole, you have chosen not to perform those audits. However, you conducted an expanded performance audit in relation to the management of urban parks.

If the committee recommends that the Auditor-General is required to perform these expanded audits—and such a recommendation might require changes to the legislation—at least the Auditor-General would be able explain why the Audit Office picked up a specific part of the legislation. You said earlier that you were interested in doing that anyway.

**Mr Sheville:** I have not been involved in the planning process. In the early days a number of audits were conducted under the performance audit program, for example, the lease of FAI House and things like that. I do not think there is any obvious connection between an examination of that issue and the environment and some of the other things in section 12. There are some audits on issues that we pick up that we ought to be looking at.

**MS TUCKER:** If you were required to explain your decision, that could be factored into all future decision making in the Auditor-General’s office. For example, you could say that you thought that FAI House required to be audited. However, you might have to explain why the Audit Office chose not to look at the social and environmental factors. What criteria would be needed to guide you when determining whether or not to look at social and environmental factors?

**Mr Nicholas:** That is largely the sort of thing that we like to cover when we are developing our environmental audit strategies or approach. We are already thinking along those lines.

**MS TUCKER:** Does your definition of “environment” include social factors, or are you talking strictly about the environment?

**Mr Nicholas:** At this stage we are not focusing enormously on the social aspects of it, but we can take them fully into account. It is a matter of what we are required to do under the legislation. What does the office require right now? How do we go about meeting that requirement in a reasonable manner? Where can we take it from there? Those are the sorts of issues that we would like to cover in the audit approach that we discussed earlier. Bernie was right when he said that we need to be more specific about why we choose particular items and why we include or exclude certain matters. Sometimes it appears to be fairly evident to us but perhaps it is not quite so evident to the rest of the community.

**MS TUCKER:** When you prepare reports on those sorts of audits they could be included in the annual report. The Chief Minister could direct the Audit Office to include those sorts of explanations in the annual report. I am sure that the social aspects of any audit would be tricky. When I originally developed legislation to amend these objectives I talked with John who was really uncomfortable with including the social factors. He said, “We have not adequately developed the measures and indicators.” However, that was five or six years ago. The Office of Sustainability is also supposed to be looking at these issues.

If you told this committee that you did not believe the indicators had been sufficiently developed we would obviously take those factors into consideration. In the area of environmental reporting I believe that the indicators are well enough established. The example that I gave earlier concerning the poker machines was an interesting example. You could say, “There is a relationship between this enterprise and increasing access to poker machines in areas where there are families, et cetera.” Those social issues could be taken into account.

However, that is not within your area of expertise. Would it be useful if the office spent an amount of money to get someone from the ANU—which now has a research facility—to look at the impact of gambling and to inform you in your work? That sort of information might be interesting. It might prove to be a ridiculously expensive and fairly vague exercise, but then again it might not be. When you conducted an audit could you alert the Assembly and the community if social implications were involved that required communication with experts in the field, such as the ANU or the Australian Institute of Gambling Studies in Sydney? At least in that way you could alert the Assembly and the community to the fact that some work needed to be done. Is that something that you could do?

**Mr Sheville:** If the funds were available I would see no problem in engaging appropriately skilled people. I have no feel for how much that might be. I suspect that, depending on which audit you looked at, the cost could vary quite wildly. When you are selecting your topics or whatever, you might not be fully aware of the extent of the environmental considerations. It would be like the development of any new process—you would be feeling your way into it. We have engaged experts, but not frequently. We used them to do the economic study on the V8 car race and things like that. So we are familiar with using people to do these things—people who have skill sets outside our own.

I see no problem with doing that, or with engaging people to assist in the development of a strategy. I am a chartered accountant and Rod has a CPA background, so we are

probably not the best guys to be developing strategies. However, there is no reason why we could not develop a strategy to do those sorts of things if we had the resources to do so. The only barrier that I would see is obviously the issue of funding. I do not have a strong handle on how much that might be.

**Mr Nicholas:** To an extent it would depend also on the purpose of the audit and the objectives of the task—what we were actually looking at. Let us take, for example, the Belconnen pool issue. The area that you would be talking about when considering social issues would require an audit focused on advice that was going to government relating to the decision-making process rather than to financial aspects of the development. We changed the focus of that audit quite considerably. There would be scope for us in that sort of area to say, “Have you considered all these issues, including the social and economic issues?” In that way we could establish whether they have or have not been adequately covered. We could do it in that context.

The Auditor-General decides the audit objectives. As you know, he is the person who makes the decision regarding what he wants to investigate or review, which covers a range of issues. You could start with the advice that led to the policy decision to establish the pool and you could go right through to the contracting arrangements that resulted in the establishment of the pool, who paid for it and all sorts of things in between. It is really then a question of saying, “Okay, we have identified as our topic the Belconnen pool. Now we should develop the objectives.”

Perhaps it is then a question of discussing the issue in a wider context with stakeholders or people interested in trying to refine the objective. A number of issues are involved. We are talking about slightly different liaison arrangements between the office and the committee and the office and the departments. The answer to your question is yes. We can do that sort of thing, but it depends on the focus that you want to take.

**THE CHAIR:** We have skirted around this issue for the last few years. I know that it is awkward because it is new. I think it is fair to say that the committee has a strong interest in making this work. We want to see the legislation doing what it was intended to do. So we look forward to seeing your strategy when it is available. We would like to see that strategy in your budget next year. We await your strategy with interest.

**MS TUCKER:** We can make recommendations to government about it.

**THE CHAIR:** I suspect that you will see your recommendations in our report.

**Mr Nicholas:** We would like an opportunity to talk to individual members, perhaps not as members of the committee, about the approach that we can take and about the sorts of things that you have in mind to guide us in the development of this strategy. Can we take that up as well?

**MS TUCKER:** Yes, you can, although I do not claim to be an expert. I have general goals and aims to bring about the notion of triple bottom-line accounting. I would be happy to talk to you but you should not have unrealistic expectations about my expertise. I know what you are saying. I would have thought the Office of Sustainability would have been really useful in this area, as that is where the expertise lies.

Someone like Joe Baker or Helen Simms would be a fantastic source of information as they have the expertise in this area. They know how to measure these environmental impacts as they prepare state of the environment reports and so on. It would be really good if you were able to talk to them.

**Mr Nicholas:** We have several tiers. The Audit Office is largely responsible for financial aspects and accountability issues. We also have the Office of Sustainability and the Commissioner for the Environment. So there are several ways of dealing with one issue. The challenge then would be for us all to work together in a way that satisfies community expectation.

**MS TUCKER:** That is right. I am disappointed that you have not worked much more closely with those bodies. I am not accusing you at all but you have not been brought into the process, as was the expert group that supported the development of the Office of Sustainability. You could have been included in that group as you have an important reporting role. We are working with the legislation that we have to try to improve environmental and social performance reporting. However, perhaps we should not be doing that.

It is still an interesting discussion. Having thought about these issues and, as a result of what you have said, the question that has to be asked is: What are we doing here? A review is being conducted of the office of the Commissioner for the Environment. The Office of Sustainability is in embryonic form. Those bodies and your office should work together on these issues. Would it be useful if we gave the Audit Office a lot more work?

**Mr Nicholas:** Because of the relationship we have we do not have the same sort of connection with environmental issues as would the office of Auditor-General in Canada. The Commissioner for the Environment comes basically within that office, which does a substantial amount of work. It focuses only on environmental issues and a number of people are involved in that activity.

**MS TUCKER:** I ask the Commissioner for the Environment and the Office of Sustainability to take into account the issues that we are addressing now.

**THE CHAIR:** I have a question relating to staff. Are the staff members who were involved in three motor vehicle accidents all right?

**Mr Sheville:** Yes. Those accidents were not the fault of any staff member. They are on the road to recovery. All those accidents happened in one year. I have never seen anything like it. The staff members are okay.

**THE CHAIR:** That is good. You said that it affected your financial statements and that the number of audit hours on financial statements went down by 13 per cent. However, you appear to have got through the work. What percentage of your time is devoted to financial statement audits?

**Mr Sheville:** I estimate it to be about 60 per cent.

**Mr Prentice:** I think the percentages are 58 per cent for financial and 42 per cent for performance.

**Mr Sheville:** It is about 60:40. One of the staff members involved was in administration. When that person was off work for months that work was done by auditors.

**THE CHAIR:** There are problems in small organisations.

**Mr Sheville:** Yes.

**Mr Nicholas:** We have one financial auditor and one performance auditor, so we share the problems in three office areas.

**MS TUCKER:** Multiskilling?

**Mr Nicholas:** Yes.

**THE CHAIR:** But you got through the work anyway.

**Mr Sheville:** Yes.

**MS TUCKER:** Does that mean that if someone goes off sick you do not have the capacity to replace that person?

**Mr Sheville:** There are difficulties involved in workers compensation cases. With hindsight you realise that you should have replaced a person, but you do not know how long that injured person is going to be off work. It appeared as though some people were going to get better so we decided not to replace them. They were on reduced hours and things like that; it was not a case of them being off work for the whole time.

If people were off work for two to three weeks you would not really do anything about that. Then, of course, some people come back to work on reduced hours. All the assessments are coming back through that process. Six months later you look back on it and say, "We should have brought someone in." Looking forward you have no real idea about how quick someone's recovery will be. One person who almost achieved full recovery went off work again. So you do not really have a strong sense about how long those people are going to be off work.

**THE CHAIR:** When you have only two administrative officers it would be disastrous if you lost one.

**Mr Sheville:** Yes.

**Mr Nicholas:** It is very difficult.

**THE CHAIR:** Looking at your staff profiles it is nice to see that you have a good gender balance. You also employ people from a non-English speaking background. Is there a shortage of senior female auditors in Australia generally? I know that these are difficult questions to answer as you have a staff of only 25. Is there a shortage of senior female auditors in the trade?

**Mr Sheville:** If you put an advertisement in the paper for a manager I imagine that eight or nine of the 10 people that applied would be men. I do not know what the situation is generally, but if you put an advertisement in the paper 80 to 90 per cent of applicants would be men. I do not know whether that is consistent with Rod's experience.

**Mr Nicholas:** Pretty much.

**THE CHAIR:** That is what I assumed. The other question to which I would like an answer is when the auditor will be replaced. Is the government keeping that information tight to its chest?

**Mr Sheville:** I have no idea about the replacement. We are playing it by ear. I have heard positive noises from time to time, but that was about three or four months ago. We will know that it is about to happen when people are being interviewed. I believe that people have been short-listed. It is my understanding that those people are not going back out again. There is a risk that the whole thing will go stale if people go out in March and they are replaced 12 months later. It is my understanding that they are going to stay in the field and that something will happen eventually. I expect something to happen only after Christmas.

**THE CHAIR:** Gentlemen, thank you very much.

**The committee adjourned at 10.16 am.**