

**Wednesday  
16 March 2016**

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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Wednesday 16 March 2016**



# House of Commons

*Wednesday 16 March 2016*

*The House met at half-past Eleven o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### INTERNATIONAL DEVELOPMENT

*The Secretary of State was asked—*

#### **Malawi: Development Support**

1. **Richard Arkless** (Dumfries and Galloway) (SNP): What development support her Department plans to provide to Malawi over the current spending review period. [904125]

**The Secretary of State for International Development (Justine Greening):** The UK continues to provide essential support to Malawi in areas including health, education and economic development as well as life-saving humanitarian assistance for food-insecure households. We support increasing access to justice for women and vulnerable groups, increasing accountability and governance reforms.

**Richard Arkless:** Does the Secretary of State agree that domestic resource mobilisation is one of the best ways to ensure that poorer countries can fix their own problems? What conversations has she had with the Chancellor of the Exchequer to ensure that the new tax treaty between Malawi and the UK helps the people of Malawi in that respect?

**Justine Greening:** The hon. Gentleman raises an important point, and the UK helped to establish the Addis tax initiative, which will see our country and many others, including in Africa, stepping up their support to develop tax systems. We do that in conjunction with Her Majesty's Revenue and Customs. One of the first things I did in this role was establish a joint working group between the Department for International Development and HMRC to send HMRC officials out to countries such as Malawi to help with their tax systems. I can assure the hon. Gentleman that we work very closely with the Treasury.

**Stephen Twigg** (Liverpool, West Derby) (Lab/Co-op): On the tax treaty, may I ask the Secretary of State more broadly what role DFID will play as the tax treaty with Malawi is being renegotiated, particularly as regards supporting Malawi in its efforts to reduce poverty and develop more generally?

**Justine Greening:** As the hon. Gentleman will be aware, HMRC leads on these negotiations, but they are progressing well and the House may be interested to know that the Government of Malawi issued a press statement on how they feel the negotiation is going. They talked about

“fruitful discussions to review and modernize the existing agreement” and said that in their view:

“These discussions are progressing very well”.

I can assure the hon. Gentleman that we will continue to work alongside the Treasury to ensure that tax systems in the countries in which DFID works are developed so that in time they can self-fund their own development, releasing the UK from doing that.

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): But the UK's current tax treaty with Malawi severely restricts the ability of the Government of Malawi to tax British firms operating there. Is this not a case of DFID giving with one hand while UK tax policies take away with the other?

**Justine Greening:** I do not agree at all and, perhaps most importantly, neither do the Government of Malawi, who said:

“Whilst the current agreement is admittedly aged, there is no evidence that the agreement has motivated some British investors to deprive the Malawi Government of its revenues. On the contrary, both the Malawi Government and the British Government, as well as the nationals of the two countries, have evidently acted in good faith to ensure that neither party is exploited on the basis of the current agreement.”

**Ms Abbott:** But does the Secretary of State agree that the era of outdated and unscrutinised tax treaties that create opportunities for multinational tax avoidance must come to an end?

**Justine Greening:** It is time that the international tax system worked more effectively so that countries such as Malawi can mobilise their own domestic resources, including tax. The hon. Lady will know that this particular treaty was last updated in 1978. The Government have taken the initiative to work with the Malawi Government to update this relatively old treaty and, as I have set out, those negotiations are going well. Of course, it sits alongside the rest of the work the Government have done on beneficial ownership and improving transparency in tax so that developing countries can get their fair share.

#### **West Bank: Humanitarian Situation**

2. **Ruth Cadbury** (Brentford and Isleworth) (Lab): What recent representations she has made to the Israeli government on the effect of home demolitions in the west bank on the humanitarian situation in that region. [904126]

**The Minister of State, Department for International Development (Mr Desmond Swayne):** Their increase adds to the sum of human misery, undermines any prospect of a peace process and is contrary to international law. I have left the Israeli Government in no doubt about the strength of our disapproval; our embassy continues to do so.

**Ruth Cadbury:** I thank the Minister for his response. The latest figures from the UN, from early this month, show that there have been 400 demolitions since the start of the year, more than four times the rate of demolitions last year. The wave of demolitions is depriving Palestinians of their homes and their livelihoods and preventing European taxpayer-funded organisations from providing essential humanitarian support. As the British Government made representations when demolitions trebled, what more effective action or sanction will the Minister impose now that demolitions have quadrupled?

**Mr Swayne:** The hon. Lady is right that the rate of increase is now faster than at any time since calculations began to be made, and it is essential that the occupied territories, and in particular Area C, are governed in accordance with the fourth Geneva protocol. We will continue to make these representations to the Government. I know the hon. Lady wants to push me further, and I entirely understand the strength of her frustration and anger, but jaw jaw is better than war war.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): Will the Minister join me in condemning incitement to violence or glorification of violence on either side?

**Mr Swayne:** Absolutely. We are wholly opposed to incitement, and when instances of incitement are brought to my attention, I go straight to the telephone to raise the matter with the chief executives of those organisations and make absolutely clear our fundamental disapproval, and our requirement that things are put right.

**Tom Brake** (Carshalton and Wallington) (LD): With any prospect of a two-state solution fast disappearing, it is of course right that we recognise Israel's right to self-defence, but is it not also time that we recognised Palestine as a sovereign state?

**Mr Swayne:** We can only recognise Palestine once. It is essential, therefore, that we do so at a moment where we will have maximum impact on any peace process. That is a fine judgment.

**Mr Gregory Campbell** (East Londonderry) (DUP): What recent checks have the Government made in relation to support offered in the west bank to moneys that end up in the coffers of terrorist-supporting groups on the west bank?

**Mr Swayne:** Absolutely none of UK British aid, multilateral or bilateral, ends up in the hands of terrorists.

#### Overseas Development Assistance: Definition

3. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What assessment she has made of the potential effect on the disbursement of UK aid of changes to the definition of overseas development assistance made by the OECD. [904127]

**The Secretary of State for International Development (Justine Greening):** The recent Development Assistance Committee high-level meeting on ODA modernisation was able to agree the first changes in the ODA definition in 40 years and reflect the changing nature of aid delivery. We do not expect a significant shift in the

disbursement of UK aid because these changes align well with the UK's focus on conflict, fragility and economic development.

**Tom Blenkinsop:** Given the changes in definition and the increasing proportion of UK aid spent by Departments other than DFID, how will the Secretary of State ensure that UK aid continues to help the poorest in the world?

**Justine Greening:** The hon. Gentleman will be reassured to know that the modernisation of the ODA definition had to be under consensus by a number of countries involved. In addition, the primary purpose that underpins aid—economic development and improving the welfare of the recipient country—remains in place. This was really about modernising the definition to reflect how aid is delivered today.

**Mr Gary Streeter** (South West Devon) (Con): Given that so much poverty and misery is caused by conflict, is it not about time that the OECD definition of ODA included peacekeeping and anti-terrorist activity at the very least, as that bears down directly on poverty?

**Justine Greening:** I agree with my hon. Friend. In fact, goal 16 of the sustainable development goals agreed in the UN in September 2015 was all about the need to improve not only peace but security. It is nonsensical for us to work so hard on tackling sexual violence in conflict and not be able to use our aid programmes to help work with the military to prevent that.

**Mr Gareth Thomas** (Harrow West) (Lab/Co-op): Given the changes to the definition of overseas development assistance, and given that there are still some 37 million people living worldwide with HIV and AIDS, as well as 2 million new infections each year, can the Secretary of State tell the House whether her Department's spending on HIV and AIDS will be rising or falling over the comprehensive spending review period?

**Justine Greening:** The hon. Gentleman will be aware that we plan to set out the results of our bilateral aid review over the coming weeks, but I can assure him that our support for multilateral mechanisms, such as the Global Fund, that do so much great work on tackling aid, will continue, and he will obviously be aware that HIV and AIDS particularly affect adolescent girls in a growing proportion, so it is important that we stay the course on this.

**Patrick Grady** (Glasgow North) (SNP): It is great to see the Benches so packed for DFID questions. The more money the UK spends on ODA through other Departments, the more pressure there will be on DFID to deliver on its existing commitments. What impact will the changing use of ODA have on staffing numbers and capacity at Abercrombie House in East Kilbride?

**Justine Greening:** As I said to the hon. Member for Harrow West (Mr Thomas), we will set out the results of our bilateral aid review shortly. The point of the new aid strategy is to achieve a cross-Government approach to drive development in the countries that we work with. I did not think it was right that DFID was

carrying out all that work on its own. It is important to get other Departments to work alongside us to tackle extreme poverty.

#### **Global Fund to Fight Aids, Tuberculosis and Malaria**

4. **Dr James Davies** (Vale of Clwyd) (Con): What assessment her Department has made of the effect of cost savings in the Global Fund to Fight Aids, Tuberculosis and Malaria on the work of that fund. [904128]

**The Parliamentary Under-Secretary of State for International Development (Mr Nick Hurd)**: The Global Fund is a fantastic success story. Every pound it saves on costs is a pound that can be put to better use saving lives. For example, a negotiated 38% reduction in the price of insecticide-treated bed nets since 2013 is projected to save \$93 million over two years, equivalent to 40 million additional nets.

**Dr Davies**: Will the Minister join me in congratulating a school in my constituency, Ysgol Esgob Morgan, on becoming the first in Wales to be awarded the Welsh primary geography quality mark gold, thanks in part to the DFID-funded global learning programme? Does he agree that every child growing up in the UK should have the chance to learn about the world around them, the facts of poverty and underdevelopment, and the potential to build a freer and more prosperous world?

**Mr Hurd**: I strongly agree with my hon. Friend. Through him, I congratulate the school in his constituency and the 4,500 schools across the country that participate in the global learning programme, which we are proud to support with funding of £21 million, because we believe strongly in the importance of development education to support school improvement.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): Last week I had the pleasure of meeting Student Stop AIDS activists, who raised with me the crucial issue of access to medicines, in which the Global Fund plays a key role. Will the Minister set out the priorities for the World Health Assembly that is coming up shortly and the work that his Department will be doing to take forward that crucial issue?

**Mr Hurd**: The hon. Gentleman is right to point to the enormous success of the Global Fund in making it easier to access medicines. It is important to note that since 2002 the Global Fund has helped reduce deaths from the big three diseases by 40%—a staggering achievement—but there are still too many people dying unnecessarily from those awful diseases, which is why we look forward to a successful replenishment of that very important fund.

**Jeremy Lefroy** (Stafford) (Con): The all-party group on malaria, which I chair, is extremely concerned about resistance to anti-malarial drugs in south-east Asia. The Global Fund is doing a great deal of work on that. Can the Minister update the House on the progress of that work?

**Mr Hurd**: I congratulate my hon. Friend on his persistent and tireless work in this area. I was with the senior team at the Global Fund the other day in Geneva

to discuss it. I have no doubt about its commitment in the face of that challenge. I hope my hon. Friend takes some pride in the fact that the British Government continue to lead in this area, with the recent refresh of the commitment to spend £500 million a year in the battle against malaria in all its forms.

**Mr Virendra Sharma** (Ealing, Southall) (Lab): TB is the world's leading infectious killer. The Global Fund provides more than three quarters of international finance to fight that epidemic. As we approach World TB Day on 24 March, will the Minister call on all Governments around the world to come together to ensure that the Global Fund's replenishment target of \$13 billion is met as a minimum?

**Mr Hurd**: I thank the hon. Gentleman for throwing a spotlight on a huge killer, on which we are not making enough progress. We are proud that the UK is the third-largest donor to the fund that provides, as he said, 70% of the funding around the world to combat that disease. It is critical, therefore, that the replenishment of that fund is a success and that other countries step up to the mark so that we can bear down on that unacceptable death rate.

#### **Yazidi Communities (Iraq, Turkey and Syria)**

5. **Anne McLaughlin** (Glasgow North East) (SNP): What support her Department is providing to Yazidi communities in Iraq, Turkey and Syria. [904129]

**The Minister of State, Department for International Development (Mr Desmond Swayne)**: Our response to the Syria crisis is a commitment of more than £2.3 billion, with an additional £79.5 million to Iraq. All our aid is distributed according to need, irrespective of creed or ethnicity.

**Anne McLaughlin**: Daesh is systematically targeting Yazidi children, forcing little girls into sexual slavery and conscripting young boys as child soldiers, yet there are reports from Turkey that support is not reaching some of the Yazidi refugee camps near the Syrian border. What steps is the Department taking to help ensure that children rescued from Daesh receive the support they need and that support reaches survivors in those camps?

**Mr Swayne**: The first thing is that we have gone to war with Daesh, and that is a very significant contributor. Equally, we are supporting the UNHCR and a number of organisations that are principally funded through the Iraqi national action plan and the Iraq pooled fund, to which we are the largest contributor.

**Mrs Caroline Spelman** (Meriden) (Con): Some of us met a delegation of Yazidis yesterday who explained the plight of almost 2,000 women still held captive. Would the Minister be willing to meet that delegation to hear at first hand of the difficulty they have in reaching help?

**Mr Swayne**: I have met a number of Yazidi delegations and, indeed, a number of representatives of other religions. I would be delighted to meet my right hon. Friend and her delegation.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): I do not think we have actually had an answer from the Minister. Reports of thousands of Yazidi women being captured by Daesh and sold as slaves, many suffering serious sexual abuse, are harrowing. What measures are the UK Government taking to address that slave trade?

**Mr Swayne:** We are fighting Daesh. We are providing large sums of money to organisations that are delivering aid directly to Yazidi women and to children. I know it is frustrating—terrible things happen—but the hon. Lady cannot always blame Ministers.

**Cat Smith** (Lancaster and Fleetwood) (Lab): What medical and psychological services are the Government able to provide to the women referred to in the previous question, who have been held as sex slaves?

**Mr Swayne:** We have sent a number of experts to the region specifically to deal with violence against women. The pooled fund, to which we are the largest contributor, provides maternal and child healthcare services, protection for women and girls, and livelihoods for female heads of households. The Iraqi national action plan delivers similar services, and we are dealing specifically with the needs of women in Dohuk, Kirkuk and the northern areas through the human rights and democracy fund.

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Would the Minister describe what is happening to the Yazidis as genocide?

**Mr Swayne:** I believe that the decision as to what constitutes genocide is properly a judicial one. The International Criminal Court correspondent, Fatou Bensouda, has decided that, as Daesh is not a state party, this does not yet constitute genocide.

### Topical Questions

T1. [904141] **Mr Jim Cunningham** (Coventry South) (Lab): If she will make a statement on her departmental responsibilities.

**The Secretary of State for International Development (Justine Greening):** This morning I arrived back from heading the UK delegation at the United Nations for the Commission on the Status of Women. I also took part as a member in the first meeting of the Secretary-General's high-level panel on women's economic empowerment. Women's economic empowerment is the best poverty-tackling and global economy-boosting strategy out there.

Yesterday marked the fifth anniversary of the devastating Syria conflict. Since day one, the UK has been at the forefront of the response, and that has included hosting last month's conference. *[Interruption.]*

**Mr Speaker:** Order. I understand the sense of anticipation, but I just gently remind the House that we are discussing policy affecting some of the most vulnerable people on the face of the planet, and I think we owe them some respect.

**Mr Cunningham:** What assessment has the Secretary of State made of the humanitarian situation in Sri Lanka?

**Justine Greening:** As the hon. Gentleman will be aware, the UK has been at the forefront of ensuring that there is humanitarian support in Sri Lanka, where necessary. He will also be aware of the role that the Prime Minister played in tackling the issues faced by Tamil communities in a part of the country where there had been long-standing conflict. Under the new Government, we hope to see Sri Lanka move forward to a more peaceful, democratic future.

T4. [904144] **Tom Pursglove** (Corby) (Con): How much UK aid is currently given to Turkey, and are Ministers having any discussions to increase that figure?

**Justine Greening:** Since February 2012, DFID has allocated £35 million in Turkey. The country hosts about 2 million Syrian refugees, and we are helping it to support them, and indeed other displaced people, with food, education, and skills training. Looking ahead, we shall also contribute our share of the €3 billion EU-Turkey refugee facility.

**Imran Hussain** (Bradford East) (Lab): Efforts that will address education are welcomed by Labour Members. However, to make substantial progress on achieving a good standard of education for all children in developing countries, we must address the barrier of child labour. In June 2015, UNICEF found that 13% of children aged five to 14 in developing countries are involved in child labour. What progress, therefore, is DFID making to help developing countries tackle the use of child labour?

**Justine Greening:** The hon. Gentleman is right to mention the barriers that keep children out of school. DFID is working on many of them, not least female genital mutilation and child marriage. Many of the children he talks about are girls who often do unpaid work at home and on family farms.

T5. [904145] **Fiona Bruce** (Congleton) (Con): Bangladesh is a significant recipient of UK aid, yet last week the Conservative Party Human Rights Commission heard grave concerns about the shrinking civil society space there. What can Ministers do to help address this?

**Justine Greening:** I can assure my hon. Friend that DFID and Foreign Office officials, together with other donors, raise concerns about the space for civil society with Governments, including the Government of Bangladesh. This is an incredibly important area. Non-governmental organisations funded by UK aid are active in negotiating with Governments to protect the space for civil society to operate.

T2. [904142] **Dr Philippa Whitford** (Central Ayrshire) (SNP): Over 150 charities have raised concerns about the supposed anti-lobbying clause attached to new Government grants. Does the Minister not recognise that advocacy is an intrinsic duty of charities in raising issues associated with poverty and ill health across the world?

**Justine Greening:** I do not think these changes prevent charities from doing that, and they are often advocating the very same things as the UK Government in my area of international development. In fact, only yesterday I was at an event at the UN with charities combating child marriage.

T7. [904147] **Bob Blackman** (Harrow East) (Con): Senior Palestinian officials have condemned peace-building initiatives between Israelis and Palestinians, with one condemning football matches between Israeli and Palestinian youths as “normalisation of the Zionist enemy”. What representations has my right hon. Friend made to the Palestinian Authority to condemn these moves, and what moves is she making to build peace between Israel and Palestine?

**Justine Greening:** As my right hon. Friend the Minister set out earlier, we deplore incitement on both sides of the Israeli-Palestinian conflict. We monitor allegations of incitement very closely and raise instances with both leaderships.

T6. [904146] **Mr Ronnie Campbell** (Blyth Valley) (Lab): Has the Secretary of State given, or does she envisage giving, any aid to any country in the European Union?

**Justine Greening:** The hon. Gentleman will be aware that we have played our role in supporting refugees who have fled the Syrian conflict and are now arriving in the European Union, and it is right that we do so. However, he is also perhaps right to say that we should also look to those countries to provide the support that they can, too.

T9. [904149] **Mike Freer** (Finchley and Golders Green) (Con): AIDS remains the No. 1 global killer of women of reproductive age. What more can DIFD Ministers do to ensure that tackling this remains a priority for this Government?

**Justine Greening:** My hon. Friend is right. In fact, in 2013 statistics showed that an adolescent girl gets infected with HIV every two minutes. We very much put the empowerment of girls and women at the heart of our development agenda. We are the second largest funder of HIV prevention, care and treatment, and we have pledged up to £1 billion to the global fund.

T8. [904148] **Margaret Greenwood** (Wirral West) (Lab): At the weekend, we saw pictures of a new-born Syrian baby being washed with just a bottle of water outside a crowded tent in the Idomeni refugee camp in Greece, where more than 14,000 people are trapped as a result of the latest border closures. Will the Government work with other European states to ensure that there are safe and legal routes for refugees to claim asylum?

**Justine Greening:** I assure the hon. Lady that, from an international development perspective, we are working to support people caught up in those situations, and we are, of course, playing our role in resettlement through our vulnerable persons relocation scheme.

## PRIME MINISTER

*The Prime Minister was asked—*

### Engagements

Q1. [904110] **Karen Lumley** (Redditch) (Con): If he will list his official engagements for Wednesday 16 March.

**The Prime Minister (Mr David Cameron):** This morning I had meetings with ministerial colleagues and others, and in addition to my duties in this House I shall have further such meetings later today.

**Karen Lumley:** With unemployment falling by more than 60% and with more than 5,000 new apprenticeships, Redditch is doing well. I will hold my third jobs fair in the next few weeks, with 25 companies taking part. Does my right hon. Friend agree that we have made a good start but that we must not be complacent, and that, through the midlands engine, we must continue to get good quality jobs into our region?

**The Prime Minister:** I very much agree with my hon. Friend. If we look at the west midlands and today's unemployment figures, we see that since 2010 the claimant count there has come down by 91,000 people. I am sure the House would also welcome an update on the unemployment figures out today. Employment in our country is at a new record high of 31.4 million people. Compared with 2010, there are now 2,370,000 more people in work than when I became Prime Minister, and the claimant count today is down 18,000 in the last month—figures that I am sure will be welcomed right across the House.

**Jeremy Corbyn** (Islington North) (Lab): Could the Prime Minister tell the House how many people will die from respiratory disease as a result of air pollution before this country meets its legal obligations on air quality by 2025?

**The Prime Minister:** I do not have those figures to hand, but what I do know is that we need to make progress on air quality. That is why we have the new regulations on diesel engines, which are helping; the steady decarbonisation of our power sector, which will help; and very strong legislation already in place to make sure we have clean air, particularly in our cities.

**Jeremy Corbyn:** May I help the Prime Minister? The sad truth is that 500,000 will die because of this country's failure to comply with international law on air pollution. Perhaps he could answer another question: how much does air pollution cost our economy every year?

**The Prime Minister:** Of course it costs our economy billions, because people are being injured. That is why we have the new clean air zones, and emissions from cars are coming down. If I may give the right hon. Gentleman one example, if we deliver on our carbon reduction plan for electricity generation, we will see roughly an 85% reduction in carbon between 1990 and 2030. That will give us one of the best green records anywhere in the world.

**Jeremy Corbyn:** The Royal College of Physicians estimates that air pollution costs our economy £20 billion a year. The failure to deal with air pollution is killing people. Only a few days ago, London faced a severe smog warning. The Prime Minister's friend the Mayor of London has presided over a legal breach of air quality in the capital every day since 2012, so why cannot the Prime Minister hurry up action to make us comply with international law and, above all, help the health of the people of this country?

**The Prime Minister:** It was the Conservative Governments of the 1950s that passed the clean air Acts, and I am sure that it will be this Conservative Government who will take further action, including the clean air zones that we have and lower car emissions. Why are we able to do that? It is not only because we care about our environment, but because we have an economy that is strong enough to pay for those improvements, as we are just about to hear.

**Jeremy Corbyn:** We all welcome the Clean Air Act 1956, but things have moved on a bit since. The Government are now threatened with being taken to court for their failure to comply with international law on air pollution. The Prime Minister is proposing to spend tens, possibly hundreds, of thousands of pounds of public money defending the indefensible. Why not instead invest that money in cleaner air and better air quality for everyone in this country?

**The Prime Minister:** We are investing money in clean air in our country. For instance, we are phasing out the use of coal-fired power stations far in advance of other European countries and blazing a trail in more renewable energy and the clean nuclear energy that we will be investing in. All those things will make a difference, but let me say again: you can only do this if you have a strong economy able to pay for these things.

**Jeremy Corbyn:** If the Government and the Prime Minister are so keen on renewable and clean energy, can he explain why on Monday the House approved new legislation to allow communities a veto on clean energy projects such as onshore wind? I have a question from Amanda from Lancaster. She asks the Prime Minister this—*[Interruption.]* If I were him, I would listen. Will the Prime Minister offer the same right of veto to her community, and communities like hers across the country, of a veto on fracking?

**The Prime Minister:** We have a proper planning system for deciding these things. If the right hon. Gentleman wants to know what is happening in terms of renewable energy, I point out to him that 99% of the solar panels in this country have been installed since I became Prime Minister. That is the green record that we have. The United Kingdom now has the second largest ultra-low emission vehicle market anywhere in the European Union. We have seen one of the strongest rates of growth in renewable energy.

Is it not remarkable—five questions in, and no welcome for the fall in unemployment? No mention of the 31 million people now in work. No mention of the fact that we have got more women in work and more young people in work, and that more people are bringing home a salary—bringing home a wage—and paying less tax.

Not a word from the party that I thought was meant to be the party of labour. This is the truth: the party of working people, getting people into work, is on this side of the House.

**Jeremy Corbyn:** The Prime Minister once boasted that he led the greenest Government ever—no husky was safe from his cuddles. So will he explain why the Select Committee on Energy and Climate Change has produced a report that is damning when it comes to green energy, saying that major investors describe his policies as “risky” as a result of cuts and changes? Why are the Government so failing the renewable energy sector, clean air, investors, consumers and those who work in that industry?

**The Prime Minister:** Any proper look at the figures will find that the Government have a remarkable record on green energy. Let me take the Climate Action Network, which said that Britain is the second best country in the world for tackling climate change, after Denmark. That is our record. Since 2010, we have reduced greenhouse gases by 14%. We are over-delivering against all our carbon budgets. We secured the first truly global, legally binding agreement to tackle climate change, and we have got annual support for renewables more than doubling to over £10 billion by 2020. On renewable electricity, we are on track to deliver a target of at least 30% from renewable sources by 2020. Almost all of that will have happened under a Conservative-led Government. That is our record, and we are proud of it.

#### West Midlands: Economy and Public Sector

Q2. [904111] **Michael Fabricant** (Lichfield) (Con): What assessment he has made of the (a) performance of the economy and (b) adequacy of provision of public sector services in the west midlands; and if he will make a statement.

**The Prime Minister:** There are some very positive things going on in the west midlands economy, and today's figures show that employment in the region is up by 140,000 since 2010. More than 108,000 businesses were created in the region between 2010 and 2014. Thanks to our long-term economic plan for the midlands engine, we have been able to invest in our public services in the west midlands, helping to build a strong NHS, reform our education system and give our police the resources they need.

**Michael Fabricant:** Unemployment is down again in my beautiful Lichfield! And yesterday was an absolute first for the west midlands, when the whole region co-operated to present 33 investment schemes at an international conference in Cannes, which will create a further 178,000 jobs. What more can the Prime Minister do to support the midlands engine—apart from ensuring, of course, that we never get a Labour Government?

**The Prime Minister:** I am very glad my hon. Friend chose to be here rather than in Cannes. I am very relieved by that. He is right about the 33 schemes. Just last week, we had a £300 million signed between Chinese investors and CAD CAM Automotive that will create 1,000 jobs in Coventry. My right hon. Friend the Business Secretary was in Staffordshire with Nestlé to open a



new coffee factory, bringing 400 jobs. We of course got that historic deal with the west midlands, which will see significant new powers devolved to the combined authority and the directly elected mayor. We are changing the way our country is run—devolving power, building the strength of our great cities—and Birmingham is the second city of our country.

### Engagements

**Angus Robertson** (Moray) (SNP): There is widespread reporting that the UK Government are about to commit to send ground troops to Libya to train Government forces there. Is this true, and why has Parliament not been informed about it?

**The Prime Minister:** If we had any plans to send conventional forces for training in Libya we would of course come to this House and discuss them. What we want to see in Libya is the formation of a unity Government. There is progress with Prime Minister Siraj, who can now lead a Government of national accord. We will want to hear from him what assistance and help should be given in Libya. Countries such as Britain, France, America and Italy will definitely try to help that new Government, because right now Libya is a people smuggling route, which is bad for Europe and bad for us, and we also have the growth of Daesh in Libya, which is bad for us and bad for the rest of Europe. If we have any plans for troop training or troop deployment in a conventional sense we will of course come to the House and discuss them.

**Angus Robertson:** The UK spent 13 times more bombing Libya than it did on securing the peace after the overthrow of the hated Gaddafi regime. The critics of UK policy even include President Obama of the United States. Will the Prime Minister give a commitment to bring to Parliament the issue of any potential Libyan deployment of any British forces for approval before giving the green light for that to happen? Will he give that commitment—yes or no?

**The Prime Minister:** I am very happy to give that commitment, as we always do. I am very clear that it was right to take action to prevent the slaughter that Colonel Gaddafi would have carried out against his people in Benghazi. I believe that was right. Of course, Libya is in a state that is very concerning right now, and everyone has to take their responsibilities for that. What I would say is that after the conflict the British Government did support the training of Libyan troops, we did bring the Libyan Prime Minister to the G8 in Northern Ireland and we went to the United Nations and passed resolutions to help that Government, but so far we have not been able to bring about a Government of national accord that can bring some semblance of stability and peace to that country. Is it in our interest to help the Government do exactly that? Yes, it is, and we should be working with others to try to deliver that.

Q3. [904112] **Byron Davies** (Gower) (Con): My constituency of Gower, which was won for the first time ever by the Conservatives, could be transformed, along with the rest of the region, by the Swansea Bay tidal lagoon. Having signed a £1.2 billion deal for Cardiff yesterday, will the Prime Minister give an absolute

assurance that the Government review of tidal lagoons will do everything to ensure that the wider Swansea Bay tidal lagoon project fits the UK energy strategy, and does he recognise the economic potential it will bring to the Swansea bay region?

**The Prime Minister:** I thank my hon. Friend. I remember visiting his constituency just after his excellent victory last year. I seem to remember that we went to a brewery for a mild celebration. He is right that tidal lagoons do have potential. Last month, we launched an independent review of tidal lagoon power to understand the technology better. We will look carefully at the findings of that review and continue working closely with the developers in order to make a decision on Swansea.

Q4. [904113] **Ian C. Lucas** (Wrexham) (Lab): Wrexham and north Wales is a strong manufacturing and exporting region, but its growth is constrained by lack of access to airports in north-west England. The Office of Rail and Road is currently considering applications for rail paths from north Wales. Will the Prime Minister support a cross-party campaign for fairness for north Wales and for access to airports in north-west England?

**The Prime Minister:** The former Secretary of State for Wales, my right hon. Friend the Member for Clwyd West (Mr Jones), came to see me recently about this. I think there is a very strong argument for how we can better connect north Wales with the north-west of England and make sure we build on the economic strength of both, so I will look very carefully at what the hon. Gentleman says and what my right hon. Friend says about the potential for increasing rail capacity.

Q5. [904114] **Dr James Davies** (Vale of Clwyd) (Con): Last week, a High Court judge ruled in favour of a compulsory purchase order for the grade II\* listed former north Wales hospital in Denbigh. Years of neglect by its offshore company owner resulted in the buildings being brought to the point of collapse. Thanks to groundbreaking work carried out by Denbighshire County Council and the Prince's Regeneration Trust, their future should now be safeguarded. What can the Prime Minister do to prevent buildings such as these, which are deemed national assets, from falling into the hands of those who are not fit and proper guardians, particularly those outside the control of our judicial system?

**The Prime Minister:** My hon. Friend makes an important point. I am aware of this case. While heritage is a devolved matter, it is great news that these buildings—I know how important they are—will be safeguarded. It is my understanding that they were bought way back in 1996 by a company and then left completely abandoned. As he says, that is no way to treat a grade II\* listed building. That is why we have the powers in place for compulsory purchase orders. In this case, I think Denbighshire County Council was absolutely right to use them. Councils should have confidence in being prepared to use these measures when appropriate.

Q6. [904115] **Kevin Barron** (Rother Valley) (Lab): Two weeks ago, in front of the Education Committee, the head of Ofsted, Sir Michael Wilshaw, said that “16-19 education should be done in a school-based environment, not in an FE institution.”

He went on to say that some pupils who head off to a further education institution

“do badly. They get lost, drop out”.

Does the Prime Minister agree with him?

**The Prime Minister:** I think we need a range of settings for A-levels and post-16 study. I would say this: there are a lot of secondary schools that would like to have a sixth form. I think there are great benefits, in particular for 11-year-olds going to secondary school who can look to the top of the school and see what girls and boys are achieving at 16, 17 and 18: what A-level choices they are making and what futures they are thinking of. For many people it is very inspiring to go a school with a sixth form, but let us encourage both. Let us have the choice. This is why the academisation of schools is so important, because it gives schools the ability to make these choices for our children.

Q7. [904116] **Richard Graham** (Gloucester) (Con): In National Apprenticeship Week, I am sure the Prime Minister will join me in thanking employers who have created 6,500 apprenticeships in Gloucester since 2010, the *Gloucester Citizen* for its support, and all the apprentices themselves, including my first apprentice Laura Pearsall, who is now Gloucester's youngest ever city councillor. Looking forward, will my right hon. Friend do all he can to hasten the introduction of associate nurses, who will be higher apprentices? They will make a huge difference to the NHS and our health sector more broadly.

**The Prime Minister:** My hon. Friend is right. The south-west has delivered more than 280,000 apprenticeship starts since 2010, so it is absolutely pulling its weight—and well done to his constituents for doing that. He is also right about the introduction of associate nurses. We are working with Health Education England to offer another route into nursing, which I think will see an expansion of our NHS.

Q8. [904117] **Ronnie Cowan** (Inverclyde) (SNP): According to the statistics provided by the House Library, there are an estimated 280,000 problem gamblers in the United Kingdom. Will the Prime Minister indicate when the Government will take forward the 2010 report prepared for the Department for Culture, Media and Sport? Does he agree that the money from dormant betting accounts should be used to support those whose lives have been destroyed by gambling?

**The Prime Minister:** We will study the report carefully. We did take some action in the previous Parliament in the planning system and on the way fixed odds betting terminals worked to deal with problem gambling. I am very happy to keep examining this issue and to act on the evidence. I will be discussing it with the Secretary of State for Culture, Media and Sport.

Q10. [904119] **Mr Ranil Jayawardena** (North East Hampshire) (Con): The systematic killing of Christians and other minority groups by the so-called Islamic State across the middle east has reached unprecedented proportions, so the action being taken by Her Majesty's Government is just. What more will my right hon. Friend do, working with the international community,

to halt this genocide being committed against Christians by what I would rather call the satanic state?

**The Prime Minister:** My hon. Friend is absolutely right to draw attention to Daesh's persecution of Christians and those of other faiths, including Muslims it disagrees with. We must keep to the plan. We have shrunk the amount of territory it holds in Iraq by about 40% and we are seeing progress in Syria as well, but this will take time, and we must show the patience and persistence to make sure we rid the world of this evil death cult.

Q9. [904118] **Callum McCaig** (Aberdeen South) (SNP): The Prime Minister's energy policy is a complete shambles and wholly dependent on the troubled and eye-wateringly expensive new nuclear plant at Hinkley Point. There is barely a plan A, let alone a plan B. Is the Prime Minister seeking to build the world's most expensive power station or the world's biggest white elephant?

**The Prime Minister:** We are planning to continue with a successful energy policy that is seeing cheaper and lower carbon energy at the same time. The strength of the Hinkley Point deal is that there is no payment unless the power station goes ahead and is built efficiently by EDF. That will be good for our energy supplies because, if we want low-cost, low-carbon energy, we need strong nuclear energy at the heart of the system.

Q11. [904120] **Kevin Hollinrake** (Thirsk and Malton) (Con): Antibiotic Research UK, situated in my constituency, is the world's first charity to tackle antimicrobial resistance, which is a looming global danger of disaster-movie-style proportions. Will the Prime Minister agree to meet me to see how we can fund this vital research, so that this time it is not the Americans who save the world but the British?

**The Prime Minister:** I am very happy to meet my hon. Friend, who is absolutely right to raise this issue. Owing to the growing resistance to antibiotics, which in many cases now do not work, we face a genuine medical emergency around the world. That is why Britain must put this issue squarely on the G20's agenda; why it was a large part of our discussions with the Chinese during their state visit last year; and why we are investing £50 million in an innovation fund, working with the Chinese Government to take it forward. I hope that the organisation in my hon. Friend's constituency can benefit from some of this research.

**Tim Farron** (Westmorland and Lonsdale) (LD): The Prime Minister will know that his Home Secretary is once again trying to deport Afghan interpreters seeking sanctuary in the UK. These brave people risked their lives serving our armed forces, yet they now face being sent back, where they will be at the mercy of the Taliban or have to join hundreds of thousands of people rotting in refugee camps. Is this how Britain should repay those who put their lives on the line for us? Instead, will the Prime Minister do the right thing and do whatever is possible to ensure that they are offered safe haven here?

**The Prime Minister:** The last Government, in which the hon. Gentleman's party played a role, agreed a set of conditions for Afghan interpreters to come to the UK

and be given sanctuary, but we also provided for a scheme so that those who wanted to stay and help rebuild their country could do so. I would still defend that scheme, even if his party has changed its mind.

Q12. [904121] **Andrea Jenkyns** (Morley and Outwood) (Con): My constituent Deborah Reid and her sister watched their mother Joan waste away in hospital due to inadequate care after a fall, as has been admitted by the consultant in charge. Last week, my right hon. Friend the Health Secretary hosted a global summit on patient safety and announced the creation of the new healthcare safety investigation branch. What more can the Government do to ensure that patient safety is at the heart of the NHS and to prevent such instances from occurring in the future?

**The Prime Minister:** My hon. Friend is absolutely right to raise such cases, which are obviously horrendous and should be properly investigated, but, as she said, we then need to learn the lessons from them. I think we have made some progress. The proportion of patients being harmed in the NHS has dropped by over a third in the last two years, and MRSA bloodstream infections have fallen by over half in the last five years. My right hon. Friend the Health Secretary was absolutely right to hold the conference and to examine what other industries and practices have done to ensure a zero-accident safety culture. We have seen it in other walks of life, and it is time we applied it to the NHS.

**Dawn Butler** (Brent Central) (Lab): Just eight days ago, Oliver Tetlow popped to the shops and was brutally shot dead. The community is shocked and saddened by the murder of an innocent young man, and has asked for more community local policing and greater youth engagement. Will the Prime Minister meet me and community champions to discuss how we can make our streets safer?

**The Prime Minister:** The hon. Lady raises a very important point. What we have seen in London is a reduction in gun crime. She refers to a tragic case, and our hearts go out to the family of the person she talked about, but as I say, we have seen a reduction—and more active policing in our communities and better intelligence policing for dealing with gun crimes. We must keep that up. I shall certainly arrange whatever meeting is best to ensure that the voices the hon. Lady mentions are listened to.

Q13. [904122] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): As my right hon. Friend will be aware, Highways England is consulting on a new lower Thames crossing, with the preferred option being so-called option C, which will divert 14% of traffic away from the existing Dartford crossing. Does my right hon. Friend agree that before spending billions on the new crossing, we should sort out the problem at the existing crossing, not only to help a greater number of motorists, but to address illegal levels of poor air quality and restore resilience to the M25 motorway network? Will he meet me to discuss these matters further?

**The Prime Minister:** My hon. Friend makes an important point. As we discussed earlier, we need to tackle congestion and air quality. Stationary traffic is more polluting than

moving traffic, so sorting out the problems at the existing Dartford crossing is important, but I believe we have to look at the options for a new crossing. As I understand it, two locations are now on the table as a result of early detailed work, and these are the best available options. Highways England has looked in detail at both locations, taking into account economic and community impact. We look forward to seeing what it recommends. When it does, I hope we can make progress. This is a vital set of arteries for our country's economy, and we need the traffic to be flowing smoothly.

**Chris Leslie** (Nottingham East) (Lab/Co-op): On reflection, was it wise of the Chancellor to bank on the theory of a £27 billion windfall when it has gone and vanished in the space of only the last three months?

**The Prime Minister:** We will be hearing quite a lot from the Chancellor in a minute or two. What I would say is that we have a fundamentally strong economy that is facing a very difficult set of world circumstances. Here in Britain, with unemployment at 5%, inflation at virtually 0%, unemployment figures showing a fall again today and wages growing at 2%, that is a better record than most other countries in the developed world can boast. A lot of that is down to the very clear plan set out by my right hon. Friend the Chancellor and followed these past six years.

Q14. [904123] **Steve Double** (St Austell and Newquay) (Con): Last week was English tourism week, and I was delighted to welcome an international delegation to the Eden Project to promote Cornwall as a destination for international tourists. Visitor numbers are up in Cornwall, but there is still more we can do to attract overseas visitors out of London and into the regions of our country. What more can the Government do to support the tourist industry and particularly to get more overseas visitors to come to Cornwall?

**The Prime Minister:** My hon. Friend knows that, as far as I am concerned, there is nothing finer than getting out of London and down to Cornwall. There is no better place than Polzeath beach when the sun is setting, the waves are big and my phone is working—and the *Daily Mail* photographer has gone home. That helps. We need to get people who come to our country to visit the wonders of London also to spend some time outside London. That is what some of the new schemes that we have announced—the £40 million Discover England fund, for instance—are all about. I urge the authorities in Cornwall to make the most of it.

**Angela Smith** (Penistone and Stocksbridge) (Lab): In 2014, we exported £12.8 billion-worth of food products, with 73% of the total going to other European states. It is no wonder that 71% of Food and Drink Federation members want us to avoid Brexit. Does the Prime Minister think that our prospect of further improving the export profile of food manufacturing will be strengthened by staying in the European Union?

**The Prime Minister:** The view from food manufacturers, farmers and indeed the wider business community, 81% of which said yesterday that they wanted to stay in a reformed Europe, is very clear. The arguments on food are particularly clear. Our farmers produce some of the

cleanest and best food anywhere in the world, and they know that they have access to a market of 500 million consumers without tariffs, without quotas and without any problems. We should not put that at risk. When we look at some of the alternatives to being a part of the single market—a Canadian-style free trade deal, for example—we can see that there are restrictions. Quotas on beef are one example, and I do not want to see that applying to British farmers who have so much to be proud of.

Q15. [904124] **Sir Simon Burns** (Chelmsford) (Con): Does my right hon. Friend agree that having an inspirational mentor can give young people opportunities from which they would never have benefited before? Can he tell me how the £14 million that the Government will be putting into a new national mentoring scheme will benefit some of the most disadvantaged children in our society?

**The Prime Minister:** I absolutely agree with my right hon. Friend. I think that one of the most important things that our schools can seek to do in the future is encourage mentors from business, the public sector and charities into their schools to give that extra one-on-one help from which young people benefit so much. I visited a Harris academy in Southwark yesterday to see how well that is going. Every child who is studying for GCSEs who wants a mentor can have one, and I think that that makes a huge difference to those children's life chances.

The £14 million that we are putting in should allow an extra 25,000 of the most disadvantaged people in our country to have a mentor, and I urge all schools to consider that. There are so many people in business, the public sector and charities who would love to take part and help young people to achieve their potential.

**Caroline Lucas** (Brighton, Pavilion) (Green): The Prime Minister likes to suggest that he is the champion of localism, but today his Government are seeking to gag local communities with a crass forced academies policy

that will stamp out local consultation and dissent. Can he explain to the vast majority of parents and residents in Brighton and Hove who recently roundly rejected academy status for two local schools why their views will count for nothing in the future?

**The Prime Minister:** I would argue that academy schools represent true devolution, because the parents, the governors and the headteacher end up having full control of the school and are able to make decisions about its future. If that does not convince the hon. Lady, I ask her to look at the results. She will see that primary sponsored academies have better records and are improving faster, and she will see that 88% of converter academy schools have been rated good or outstanding. This is true devolution: making sure that every headteacher is in charge of his or her school and providing the great education that we want for our children.

**Pauline Latham** (Mid Derbyshire) (Con): My constituent Jacci Woodcock has been diagnosed with terminal breast cancer. She has shown outstanding courage in her fight against the disease, but unfortunately she did not receive support or compassion from her employer, who wanted to dismiss her through capability procedures. Now her former partner, Andy Bradley, is trying to have the house that they own together repossessed, leaving her homeless while she is dying. Does the Prime Minister agree that we require better protection for working people who are diagnosed with terminal illnesses, and will he join me, and Jacci, in supporting the changes outlined in the TUC's Dying to Work campaign?

**The Prime Minister:** The points my hon. Friend has made are absolutely right, and I will look very carefully at the case that she has raised. The truth, in all these things, is that as well as clear rules, we need organisations—employers, housing associations, landlords or, indeed, trade unions—to act with genuine compassion, and to think of the person, the human being, at the other end of the telephone.

## Ways and Means

### Financial Statement

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Before I call the Chancellor of the Exchequer, I remind hon. Members that copies of the Budget resolutions will be available to them in the Vote Office at the end of the Chancellor's speech. I also remind them that it is not the norm to intervene on the Chancellor of the Exchequer or the Leader of the Opposition.

12.33 pm

**The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne):** Today I report on an economy set to grow faster than any other major advanced economy in the world. I report on a labour market delivering the highest employment in our history, and I report on a deficit down by two thirds, falling each year, and, I can confirm today, on course for a budget surplus. The British economy is stronger because we confronted our country's problems and took the difficult decisions. The British economy is growing because we did not seek short-term fixes, but pursued a long-term economic plan. The British economy is resilient because, whatever the challenge, however strong the headwinds, we have held to the course we set out.

I must tell the House that we face such a challenge now. Financial markets are turbulent; productivity growth across the west is too low; and the outlook for the global economy is weak. It makes for a dangerous cocktail of risks, but one that Britain is well prepared to handle if we act now so we do not pay later. Britain has learned to its cost what happens when you base your economic policy on the assumption that you have abolished boom and bust. Britain is not immune to slowdowns and shocks, but nor as a nation are we powerless. We have a choice. We can choose to add to the risk and uncertainty, or we can choose to be a force for stability. In this Budget we choose to put stability first. Britain can choose short-term fixes and more stimulus, as others are, or we can lead the world with long-term solutions to long-term problems.

In this Budget we choose the long term. We choose to put the next generation first. We choose, as Conservatives should always choose, sound public finances to deliver security, lower taxes on business and enterprise to create jobs, reform to improve schools, and investment to build homes and infrastructure, because we know that that is the only way to deliver real opportunity and social mobility. And as Conservatives, we know that the best way we can help working people is to help them to save and let them keep more of the money they earn. That is the path we have followed over the past five years, and it has given us one of the strongest economies in the world; and that is the path we will follow in the years ahead. In this Budget we redouble our efforts to make Britain fit for the future.

Let me turn to the economic forecasts. I want to thank Robert Chote and his team at the Office for Budget Responsibility. To make sure that they have available to them the best statistics in the world, I am today accepting all the recommendations of Sir Charlie Bean's excellent report. I also want to take this moment to thank another great public servant, Sir Nicholas

Macpherson. He has served as permanent secretary to the Treasury for 10 years, under three very different Chancellors, and throughout he has always demonstrated the great British civil service values of integrity and impartiality. He is here today to watch the last of the 34 Budgets he has worked on, and on behalf of the House and the dedicated officials in the Treasury, I thank him for his service.

The OBR tells us today that in every year of the forecast, our economy grows and so too does our productivity. But it has revised down growth in the world economy and in world trade. In its words, the outlook is "materially weaker". It points to the turbulence in financial markets, slower growth in emerging economies such as China, and weak growth across the developed world. Around the globe, it notes that monetary policy, instead of normalising this year as expected, has been further loosened. We have seen the Bank of Japan join Sweden, Denmark, Switzerland and the European Central Bank with unprecedented negative interest rates.

The OBR also notes that this reflects concerns across the west about low productivity growth. The secretary-general of the OECD said last month that

"productivity growth...has been decelerating in a vast majority of countries".

As a result, the most significant change the OBR has made since its November forecast is its decision to revise down potential UK productivity growth. The OBR had thought that what it describes as the "drag from the financial crisis"

on our productivity would have eased by now, but the latest data show that it has not. The OBR acknowledges today that this revision is, in its words, a "highly uncertain" judgment call, but I back the OBR 100%. We saw under the last Labour Government what happened when a Chancellor of the Exchequer revised up the trend growth rate, spent money the country did not have and left it to the next generation to pick up the bill. I am not going to let that happen on my watch. These days, thanks to the fact that we have established independent forecasts, our country is confronted with the truth as economic challenges emerge, and can act on them before it is too late. We fix our plans to fit the figures; we do not fix the figures to fit the plans.

The IMF has warned us this month that the global economy is "at a delicate juncture" and faces a growing "risk of economic derailment". Eight years ago, Britain was the worst prepared of any of the major economies for the crisis we then faced. Today, Britain is among the best prepared for whatever challenges may lie ahead. That is what our long-term economic plan has been all about.

When I became Chancellor, we borrowed £1 in every £4 we spent. Next year, it will be £1 in every £14. Our banks have doubled their capital ratios, we have doubled our foreign exchange reserves, and we have a clear, consistent and accountable monetary policy framework, admired around the world.

The hard work of fixing our economy is paying off. In 2014, we were the fastest-growing major advanced economy in the world. In 2015, we were ahead of everyone but America. So let me give the OBR's latest forecasts for our economic growth in the face of the new assessment of productivity and the slowing global economy. Last year, GDP grew by 2.2%. The OBR now

[Mr George Osborne]

forecasts that it will grow by 2% this year, then 2.2% again in 2017, and then 2.1% in each of the three years after that. The House will want to know how this compares to other countries. I can confirm that, in these turbulent times, the latest international forecast expects Britain to grow faster this year than any other major advanced economy in the world.

The OBR is explicit today that its forecasts are predicated on Britain remaining in the European Union. Over the next few months, this country is going to debate the merits of leaving or remaining in the European Union, and I have many colleagues whom I respect greatly on both sides of this argument. The OBR correctly stays out of the political debate and does not assess the long-term costs and benefits of EU membership, but it does say this, and I quote directly:

“A vote to leave in the forthcoming referendum could usher in an extended period of uncertainty regarding the precise terms of the UK’s future relationship with the EU.”

It goes on to say:

“This could have negative implications for activity via business and consumer confidence and might result in greater volatility in financial and other asset markets”.

Citing a number of external reports, the OBR says this:

“There appears to be a greater consensus that a vote to leave would result in a period of potentially disruptive uncertainty while the precise details of the UK’s new relationship with the EU were negotiated.”

The House knows my view. Britain will be stronger, safer and better off inside a reformed European Union. I believe we should not put at risk all the hard work that the British people have done to make our economy strong again. [Interruption.]

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. We all want to hear what the Chancellor has to say. Some people may agree, some may disagree, but I want to hear him, the electorate want to hear him, and this country wants to hear him.

**Mr Osborne:** Let me turn to the OBR forecasts for the labour market. Since the autumn statement just four months ago, the businesses in our economy have created over 150,000 more jobs than the OBR expected. That is 150,000 extra families with the security of work, and that is 150,000 reasons to support our long-term economic plan. This morning, unemployment fell again, employment reached the highest level ever, and the data confirm that we have the lowest proportion of people claiming out-of-work benefits since November 1974.

Now the OBR is forecasting a million more jobs over this Parliament. We remember what our political opponents said in the last Parliament: they claimed 1 million jobs would be lost—instead, 2 million were created. When the jobs started coming, we were told that they were going to be low-skilled, but today we know that almost 90% of the new jobs are in skilled occupations. We were told the jobs were going to be part-time, but three quarters are full-time. We were told the jobs would all be in London, but the unemployment rate is falling fastest in the north-east, youth unemployment is falling fastest in the west midlands and employment is growing

fastest in the north-west. And in today’s forecast, real wages continue to grow and outstrip inflation in each and every year.

The OBR forecasts lower inflation, at 0.7% this year and 1.6% next year. I am today confirming in a letter to the Governor of the Bank of England that the remit for the Monetary Policy Committee remains the symmetric consumer prices index inflation target of 2%. I am also publishing the new remit for the Financial Policy Committee, the body we created to keep an eye on emerging long-term risks in our financial system. I am asking it to be particularly vigilant in the face of current market turbulence, because in this Budget we act now so that we do not pay later.

That brings me to our approach to public spending and the OBR forecasts for our public finances. In every year since 2010, I have been told by the Opposition that now is not the right time to cut Government spending. When the economy is growing, I am told we can afford to spend more. When the economy is not growing, I am told we cannot afford not to. Today, I am publishing new analysis that shows that if we had not taken the action we did in 2010, and had listened instead to our opponents, cumulative borrowing would have been £930 billion more by the end of the decade than it is now forecast to be. If we had taken their advice, Britain would not have been one of the best-prepared economies for the current global uncertainties, we would have been one of the worst-prepared.

Now, the very same people are saying to us that we should spend more again—I reject that dangerous advice. The security of families and businesses depends on Britain living within its means. Last autumn’s spending review delivers a reduction in Government consumption that is judged by the OBR to be the most sustained undertaken in the last 100 years of British history, barring the periods of demobilisation after the first and second world wars. My spending plans in the last Parliament reduced the share of national income taken by the state from the unsustainable 45% we inherited to 40% today. My spending plans in this Parliament will see it fall to 36.9% by the end of this decade. In other words, the country will be spending no more than the country raises in taxes. And we are achieving that while at the same time increasing resources for our NHS and schools, building new infrastructure and increasing our security at home and abroad.

The OBR now tells us that the world has become more uncertain, so we have two options: we can ignore the latest information and spend more than the country can afford—that is precisely the mistake that was made a decade ago—or we can live in the world as it is, and cut our cloth accordingly. I say we act now so we do not pay later. So I am asking my right hon. Friends the Chief Secretary and the Paymaster General to undertake a further drive for efficiency and value for money. The aim is to save a further £3.5 billion in the year 2019-20. At less than half a percent of Government spending in four years’ time, that is more than achievable while maintaining the protections we have set out.

At the same time, we will continue to deliver sensible reforms to keep Britain living within its means. On welfare, last week my right hon. Friend the Secretary of State for Work and Pensions set out changes that will ensure that within the rising disability budget, support is better targeted at those who need it most. Let me

confirm that this means the disability budget will still rise by more than £1 billion, and we will be spending more in real terms supporting disabled people than at any point under the last Labour Government.

On international aid, I am proud to be part of a Government that was the first to honour Britain's commitment to spend 0.7% of national income on development. We will not spend more than that, so the Budget will be readjusted, saving £650 million in 2019-20.

We are also going to keep public sector pensions sustainable. We reformed them in the last Parliament, which will save more than £400 billion in the long term. To ensure that those pensions remain sustainable, we have carried out the regular revaluation of the discount rate, and the public sector employer contributions will rise as a result. This will not affect anyone's pension, and will be affordable within spending plans that are benefiting from the fiscal windfall of lower inflation. Each of these decisions is a demonstration of our determination that the British economy will stay on course. We will not burden our children and grandchildren. This is a Budget for the next generation.

Let me now give the Office for Budget Responsibility's forecasts for the debt and the deficit. The combination of our action to reduce borrowing this year, along with the revisions to our nominal GDP driven by lower inflation, have produced this paradoxical result. In cash terms, the national debt is lower than it was forecast to be in the autumn, but so too is the nominal size of our economy. We measure the fiscal target against debt to GDP, so that while debt as a percentage of GDP is above target and set to be higher in 2015-16 than the year before, compared with the forecast, the actual level of our national debt in cash is £9 billion lower. In the future, debt falls to 82.6% next year, then 81.3% in 2017-18, then 79.9% the year after. In 2019-20, it falls again to 77.2%, then down again the year after to 74.7%.

Let me turn to the forecast for the deficit. When I became Chancellor, the deficit that we inherited was forecast to reach 11.1% of national income—the highest level in the peacetime history of Britain. Thanks to our sustained action, the deficit is forecast to fall next year to just over a quarter of that, at 2.9%. In 2017-18, it falls to 1.9%. Then it falls again to 1% in 2018-19. In cash terms, in 2010, British borrowing was a totally unsustainable £150 billion a year. This year we are expected to borrow less than half that, at £72.2 billion. Indeed, our borrowing this year is actually lower than the OBR forecast at the autumn statement. Borrowing continues to fall—but not by as much as before—to £55.5 billion next year, £38.8 billion the year after, and £21.4 billion in 2018-19.

I know that there has been concern that the challenging economic times mean we would lose our surplus the following year, and that would have been the case if we had not taken further action today to control spending and make savings. But because we have acted decisively, in 2019-20 Britain is set to have a surplus of £10.4 billion. That surplus is then set to rise to £11 billion the year after. That is 0.5% of GDP in both years.

We said that we would take the action necessary to give Britain's families economic security. We said that our country would not repeat the mistakes of the past and instead live within our means. Today, we maintain that commitment to long-term stability in challenging

times. We have taken decisive action to achieve a £10 billion surplus. We act now, so that we do not pay later. We put the next generation first.

In every Budget I have given, action against tax avoidance and evasion has contributed to the repair of our public finances, and this Budget is no different. In the Red Book, we have set out in detail the action that we will take to: shut down disguised remuneration schemes; ensure that UK tax will be paid on UK property development; change the treatment of free plays for remote gaming providers; limit capital gains tax treatment on performance rewards; and cap exempt gains in the employee shareholder status.

Public sector organisations will have a new duty to ensure that those working for them pay the correct tax rather than giving a tax advantage to those who choose to contract their work through personal service companies. Loans to participators will be taxed at 32.5% to prevent tax avoidance, and we will tighten rules around the use of termination payments. Termination payments over £30,000 are already subject to income tax. From 2018, they will also attract employer national insurance. Taken altogether, the further steps in this Budget to stop tax evasion, prevent tax avoidance and tackle imbalances in the system will raise £12 billion for our country over this Parliament.

The Labour party talked about social justice, but left enormous loopholes in our tax system for the very richest to exploit. The independent statistics confirm that, under this Prime Minister, child poverty is down; pensioner poverty is down; inequality is down; and the gender pay gap has never been smaller.

The distributional analysis published today shows that the proportion of welfare and public services going to the poorest has been protected. I can report that the latest figures confirm that the richest 1% paid 28% of all income tax revenue—a higher proportion than in any single year of the previous Labour Government and proof that we are all in this together. *[Interruption.]*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. It is strange that we cannot hear your Chancellor of the Exchequer. I want to hear him, and I am sure that you do as well.

**Mr Osborne:** I can report solid steady growth; more jobs; lower inflation; and an economy on course for a surplus—and all done in a fair way. This is a Britain that is prepared for whatever the world throws at us, because we have stuck to our long-term economic plan.

Credible fiscal policy and effective monetary policy have only ever been part of our plan. A crucial ingredient has always been the lasting structural reforms needed to make our economy fit for the future. With new risks on the horizon, and with all western countries looking for ways to increase living standards, now is not the time to go easy on our structural reforms. It is time to redouble our efforts. My Budgets last year delivered key improvements to productivity, such as the apprenticeship levy, lower corporation tax and the national living wage.

My Budget this year sets out the further bold steps that we need to take: first, fundamental reform of the business tax system, with loopholes closed and reliefs and rates reduced, and the result a huge boost for small business and enterprise; secondly, a radical devolution

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of power so that more of the responsibility and the rewards of economic growth are in the hands of local communities; thirdly, major new commitments to the national infrastructure projects of the future; fourthly, confronting the obstacles that stand in the way of important improvements to education and our children's future; and, fifthly, backing people who work hard and save. In short, this Budget puts the next generation first, and I will take each step in turn.

In the last Parliament I cut corporation tax dramatically, but I also introduced the diverted profits tax to catch those trying to shift profits overseas. As a result, Britain went from one of the least competitive business tax regimes to one of the most competitive—and we raised much more money for our public services. Today, the Financial Secretary and I are publishing a road map to make Britain's business tax system fit for the future. It will deliver a low-tax regime that will attract the multinational businesses that we want to see in Britain, but ensure that they pay taxes here too—something that never happened under a Labour Government. It will level the playing field, which has been tilted against our small firms. The approach that we take is guided by the best practice set out by the OECD. This is work that Britain called for, Britain paid for and Britain will be among the very first to implement.

First, some multinationals deliberately over-borrow in the UK to fund activities abroad, and then deduct the interest bills against their UK profits. From April next year, we will restrict interest deductibility for the largest companies at 30% of UK earnings, while making sure that firms whose activities justify higher borrowing are protected with a group ratio rule.

Next, we are setting new hybrid mismatch rules to stop the complex structures that allow some multinationals to avoid paying any tax anywhere, or to deduct the same expenses in more than one country. Then, we are going to strengthen our withholding tax on the royalty payments that allow some firms to shift money to tax havens, and, lastly, we are going to modernise the way that we treat losses. We are going to allow firms to use losses more flexibly in a way that will help over 70,000 mostly British companies, but, with these new flexibilities in place, we will do what other countries do and restrict the maximum amount of profits that can be offset using past losses to 50%. This will apply only to the less than 1% of firms making profits over £5 million, and the existing rules for historic losses in the banking sector will be tightened to 25%.

We will maintain our plans to align tax payment dates for the largest companies more closely to when profits are earned, but we will give firms longer to adjust to these changes, which will now come into effect in April 2019. All these reforms to corporation tax will help create a modern tax code that better reflects the reality of the global economy. Together, they raise £9 billion in extra revenue for the Exchequer. But our policy is not to raise taxes on business. Our policy is to lower taxes on business. So, everything we collect from the largest firms who are trying to pay no tax will be used to help millions of firms who pay their fair share of tax.

I can confirm today that we are going to reduce the rate of corporation tax even further. That is the rate Britain's profit-making companies, large and small, have to pay, and all the evidence shows that it is one of the

most distortive and unproductive taxes there is. Corporation tax was 28% at the start of the last Parliament and we reduced it to 20% at the start of this one. Last summer, I set out a plan to cut it to 18% in the coming years. Today I am going further. By April 2020, it will fall to 17%. Britain is blazing a trail; let the rest of the world catch up.

Cutting corporation tax is only part of our plan for the future. I also want to address the great unfairness that many small businessmen and women feel when they compete against companies on the internet. Sites such as eBay and Amazon have provided an incredible platform for many new small British start-ups to reach large numbers of customers, but there has been a big rise in overseas suppliers storing goods in Britain and selling them online without paying VAT. That unfairly undercuts British businesses both on the internet and on the high street, and today I can announce that we are taking action to stop it.

That is the first thing we are doing to help our small firms. Secondly, we are going to help the new world of micro-entrepreneurs who sell services online or rent out their homes through the internet. Our tax system should be helping these people so I am introducing two new tax-free allowances, each worth £1,000 a year, for both trading and property income. There will be no forms to fill in, no tax to pay—it is a tax break for the digital age and at least half a million people will benefit.

On top of the two measures comes the biggest tax cut for business in this Budget. Business rates are the fixed cost that weigh down on many small enterprises. At present, small business rate relief is only permanently available to firms with a rateable value of less than £6,000. In the past, I have been able to double it for one year only. Today I am more than doubling it, and more than doubling it permanently. The new threshold for small business rate relief will rise from £6,000 to a maximum threshold of £15,000. I am also going to raise the threshold for the higher rate from £18,000 to £51,000.

Let me explain to the House what that means. From April next year, 600,000 small businesses will pay no business rates at all. That is an annual saving for them of up to nearly £6,000, forever. A further quarter of a million businesses will see their rates cut. In total, half of all British properties will see their business rates fall or be abolished altogether. To support all ratepayers, including larger stores who face tough competition and who employ so many people, we will radically simplify the administration of business rates, and from 2020, switch the uprating from the higher retail prices index to the lower consumer prices index. That is a permanent long-term saving for all businesses in Britain. A typical corner shop in Barnstaple will pay no business rates. A typical hairdresser in Leeds will pay no business rates. A typical newsagents in Nuneaton will pay no business rates.

This is a Budget which gets rid of loopholes for multinationals and gets rid of tax for small businesses. A £7 billion tax cut for our nation of shopkeepers. A tax system that says to the world: we are open for business. This is a Conservative Government that are on your side.

Just over a year ago, I reformed residential stamp duty. We moved from a distortive slab system to a much simpler slice system, and as a result 98% of homebuyers are paying the same or less and revenues from the



expensive properties have risen. The International Monetary Fund welcomed the changes and suggests we do the same to commercial property, so that is what we are going to do, and in a way that helps our small firms. At the moment, a small firm can pay just £1 more for a property and face a tax bill three times as large. That makes no sense. So from now on, commercial stamp duty will have a zero rate band on purchases up to £150,000, a 2% rate on the next £100,000, and a 5% top rate above £250,000. There will also be a new 2% rate for those high-value leases with a net present value above £5 million.

This new tax regime comes into effect from midnight tonight. There are transitional rules for purchasers who have exchanged but not completed contracts before midnight. These reforms raise £500 million a year and while 9% will pay more, more than 90% will see their tax bills cut or stay the same. So, if you buy a pub in the midlands worth, say, £270,000, you would today pay over £8,000 in stamp duty. From tomorrow, you will pay just £3,000. It is a big tax cut for small firms, all in a Budget that backs small business.

Businesses also want a simpler tax system. I have asked Angela Knight and John Whiting at the Office of Tax Simplification to look at what more we can do to make the tax system work better for small firms and I am funding a dramatic improvement in the service that Her Majesty's Revenue and Customs offers them. Many retailers have complained bitterly to me about the complexity of the carbon reduction commitment. It is not a commitment; it is a tax. I can tell the House that we are not going to reform it. Instead, I have decided to abolish it altogether. To make good the lost revenue, the climate change levy will rise from 2019. The most energy intensive industries, such as steel, remain completely protected, and I am extending the climate change agreements that help many others.

The Secretary of State for Energy and Climate Change and I are announcing £730 million in further auctions to back renewable technologies, and we are now inviting bids to help develop the next generation of small modular reactors. We are also going to help one of the most important and valued industries in our United Kingdom, which has been severely affected by global events. The oil and gas sector employs hundreds of thousands of people in Scotland and around our country. In my Budget a year ago, I made major reductions to its taxes but the oil price has continued to fall, so we need to act now for the long term. I am today cutting in half the supplementary charge on oil and gas from 20% to 10% and I am effectively abolishing petroleum revenue tax too, backing this key Scottish industry and supporting jobs right across Britain—*[Interruption.]*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Mr Ellis, Mr Shelbrooke, just relax. There is more to come.

**Mr Osborne:** Both those major tax cuts will be backdated so that they are effective from 1 January this year and my hon. Friend the Exchequer Secretary will work with the industry to give them our full support.

We are only able to provide this kind of support to our oil and gas industry because of the broad shoulders of the United Kingdom. None of this support would have been remotely affordable if, in just eight days' time, Scotland had broken away from the rest of the UK, as

the nationalists wanted. Their own audit of Scotland's public finances confirms that they would have struggled from the start with a fiscal crisis under the burden of the highest budget deficit in the western world. Thankfully, the Scottish people decided that we are better together in one United Kingdom.

Believing in our United Kingdom is not the same as believing that every decision should be taken here in Westminster and Whitehall, and that is the next step in this Budget's plan to make Britain fit for the future. Because as Conservatives we know that if we want local communities to take responsibility for local growth, they have to be able to reap the rewards. This Government are delivering the most radical devolution of power in modern British history. We are devolving power to our nations. The Secretary of State for Scotland and I have agreed the new fiscal framework with the Scottish Government. We are also opening negotiations on a city deal with Edinburgh; we back the new V&A museum in Dundee; and in response to the powerful case made to me by Ruth Davidson we are providing new community facilities for local people in Helensburgh and the Royal Navy personnel nearby at Faslane, paid for by our LIBOR fines.

In Wales, we are committed to devolving new powers to the Assembly and yesterday the Secretary of State for Wales and the Chief Secretary to the Treasury signed a new billion-pound deal for the Cardiff region. We are opening a discussion on a city deal for Swansea and a growth deal for north Wales, so it is better connected to our northern powerhouse. I have listened to the case made by Welsh Conservative colleagues and I can announce today that from 2018 we are going to halve the price of the tolls on the Severn crossings.

The Secretary of State for Northern Ireland and I are working towards the devolution of corporation tax. I am also extending enhanced capital allowances to the enterprise zone in Coleraine and we will use over £4 million from LIBOR fines to help establish the first air ambulance service for Northern Ireland.

In this Budget we make major further advances in the devolution of power within England too. It was less than two years ago that I called for the creation of strong elected Mayors to help us build a northern powerhouse. Since then, powerful elected Mayors have been agreed for Manchester, Liverpool, Tees Valley, Newcastle and Sheffield. Over half the population of the northern powerhouse will be able to elect a Mayor accountable to them next year. We will have an elected Mayor for the West Midlands too.

These new devolution arrangements evolve and grow stronger. Today I can tell the House that the Secretary of State for Justice and I are transferring new powers over the criminal justice system to Greater Manchester. This is the kind of progressive social policy that this Government are proud to pioneer. I can also announce to the House that today, for the first time, we have reached agreement to establish new elected Mayors in our English counties and southern cities too. I want to thank my right hon. Friend the Secretary of State for Communities and Local Government and my Treasury colleague Jim O'Neill for their superhuman efforts. We have agreed a single powerful East Anglia combined authority, headed up by an elected Mayor and almost a billion pounds of new investment. We have also agreed a new West of England mayoral authority—and they

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too will see almost a billion pounds invested locally. The authorities of Greater Lincolnshire will have new powers, new funding and a new Mayor. North, south, east and west—the devolution revolution is taking hold.

When I became Chancellor, 80% of local government funding came in largely ring-fenced grants from central Government. It was the illusion of local democracy. By the end of this Parliament, 100% of local government resources will come from local government—raised locally, spent locally, invested locally. Our great capital city wants to lead the way. My friend the Mayor of London and my hon. Friend the Member for Richmond Park (Zac Goldsmith) passionately argue for the devolution of business rates. I can confirm today that the Greater London Authority will move towards full retention of its business rates from next April, three years early. Michael Heseltine has accepted our invitation to lead a Thames estuary growth commission and he will report to me with its ideas next year.

In every international survey of our country, our failure for a generation to build new housing and new transport has been identified as a major problem. But in this Government we are the builders. So today we are setting out measures to speed up our planning system, zone housing development and prepare the country for the arrival of 5G technology. My right hon. Friend the Business Secretary will be bringing forward our innovation proposals. And because we make savings in day-to-day spending we can accelerate capital investment and increase it as a share of GDP. All these are things that a country focused on its long-term future should be doing.

Our new stamp duty rates on additional properties will come into effect next month. I have listened to colleagues and the rates will apply to larger investors too. We are going to use receipts to support community housing trusts, including £20 million to help young families on to the housing ladder in the south-west of England. This is a brilliant idea from my hon. Friend the Member for Truro and Falmouth (Sarah Newton) and many other colleagues. And it is proof that when the south-west votes blue, their voice is heard loud here in Westminster.

Because under this Government we are not prepared to let people be left behind, I am also announcing a major new package of support worth over £115 million to support those who are homeless and to reduce rough sleeping.

Last year, I established a new National Infrastructure Commission to advise us all on the big long-term decisions we need to boost our productivity. I am sure everyone in the House will want to thank Andrew Adonis and his fellow commissioners for getting off to such a strong start. They have already produced three impressive reports. They recommend much stronger links across northern England. So we are giving the green light to High Speed 3 between Manchester and Leeds; we are finding new money to create a four-lane M62; and we will develop the case for a new tunnelled road from Manchester to Sheffield. My hon. Friends the Members for Carlisle (John Stevenson), for Penrith and The Border (Rory Stewart) and for Hexham (Guy Opperman) have told us not to neglect the north Pennines. So we will upgrade the A66 and the A69 too.

I said we would build the northern powerhouse. We have put in place the Mayors. We are building the roads. We are laying the track. We are making the northern powerhouse a reality and rebalancing our country.

I am also accepting the National Infrastructure Commission's recommendations on energy and on London transport. The Government who are delivering Crossrail 1 will now commission Crossrail 2. I know this commitment to Crossrail 2 will be warmly welcomed by the Leader of the Opposition, the right hon. Member for Islington North (Jeremy Corbyn). It could have been designed just for him, because it is good for all those who live in north London and are heading south.

Across Britain this Budget invests in infrastructure—from a more resilient train line in the south-west, to the crossings at Ipswich and Lowestoft in the east that we promised—we are making our country stronger.

To respond to the increasing extreme weather events our country is facing I am today proposing further substantial increases in flood defences. That would not be affordable within existing budgets. So I am going to increase the standard rate of insurance premium tax by just half a per cent., and commit all the extra money we raise to flood defence spending. That is a £700 million boost to our resilience and flood defences. The urgent review already under way by the Secretary of State for Environment, Food and Rural Affairs and the Chancellor of the Duchy of Lancaster will determine how the money is best spent. But we can get started now. I have had many representations from colleagues across the House, including my hon. Friends the Members for Morley and Outwood (Andrea Jenkyns) and for Calder Valley (Craig Whittaker). So we are giving the go-ahead to the schemes for York, Leeds, Calder Valley, Carlisle and across Cumbria.

In this Budget we invest in our physical infrastructure and we invest in our cultural infrastructure too. I am supporting specific projects from the Hall for Cornwall in Truro, to £13 million for Hull to make a success as city of culture. Our cathedral repairs fund has been enormously successful so I am extending it with an additional £20 million, because there is one thing that is pretty clear these days—the Conservative party is a broad church. In the 400th anniversary of the great playwright's death, I have heard the sonnets from the right hon. Member for Knowsley (Mr Howarth) and we commit to a new Shakespeare North theatre, on the site of the first indoor theatre outside our capital. My hon. Friend the Member for Newark (Robert Jenrick) has proposed that we introduce a new tax break for museums that develop exhibitions and take those exhibitions on tour. It is a great idea and we add that to our collection today.

We cut taxes for business. We devolve power. We develop our infrastructure. The next part of our plan to make Britain fit for the future is to improve the quality of our children's education. Providing great schooling is the single most important thing we can do to help any child from a disadvantaged background succeed. It is also the single most important thing we can do to boost the long-term productivity of our economy, because our nation's productivity is no more and no less than the combined talents and efforts of the people of these islands. That is why education reform has been so central to our mission since we came to office five years ago. Today we take these further steps.

First, I can announce that we are going to complete the task of setting schools free from local education bureaucracy, and we are going to do it in this Parliament. I am today providing extra funding so that by 2020 every primary and secondary school in England will be, or be in the process of becoming, an academy. Secondly, we are going to focus on the performance of schools in the north, where results have not been as strong as we would like. London's school system has been turned around; we can do the same in the northern powerhouse and I have asked the outstanding Bradford headteacher, Sir Nick Weller, to provide us with a plan. Thirdly, we are going to look at teaching maths to 18 for all pupils.

Fourthly, we are going to introduce a fair national funding formula, and I am today committing £500 million to speed up its introduction. We will consult, and our objective is to get over 90% of the schools that will benefit on to the new formula by the end of this Parliament. The Conservative Government are delivering on their promise of fair funding for our schools. Tomorrow my right hon. Friend the Education Secretary will publish a White Paper setting out further improvements that we will make to the quality of education, because we will put the next generation first.

Doing the right thing for the next generation is what this Government and this Budget are about, no matter how difficult and controversial that is. We cannot have a long-term plan for the country unless we have a long-term plan for our children's healthcare. Here are the facts that we know: five-year-old children are consuming their body weight in sugar every year. Experts predict that within a generation more than half of all boys and 70% of girls could be overweight or obese. Here is another fact that we all know: obesity drives disease. It increases the risk of cancer, diabetes and heart disease, and it costs our economy £27 billion a year. That is more than half the entire NHS pay-bill.

Here is another truth we all know: one of the biggest contributors to childhood obesity is sugary drinks. A can of cola typically has nine teaspoons of sugar in it. Some popular drinks have as many as 13 teaspoons. That can be more than double a child's recommended added sugar intake. Let me give credit where credit is due. Many in the soft drinks industry recognise that there is a problem and have started to reformulate their products. Robinsons recently removed added sugar from many of its cordials and squashes. Sainsbury's, Tesco and the Co-op have all committed to reduce sugar across their ranges. So industry can act, and with the right incentives I am sure it will.

I am not prepared to look back at my time here in this Parliament, doing this job, and say to my children's generation, "I'm sorry. We knew there was a problem with sugary drinks. We knew it caused disease, but we ducked the difficult decisions and we did nothing." So today I can announce that we will introduce a new sugar levy on the soft drinks industry. Let me explain how it will work. It will be levied on the companies. It will be introduced in two years' time to give companies plenty of space to change their product mix. It will be assessed on the volume of the sugar-sweetened drinks they produce or import. There will be two bands—one for total sugar content above 5 grams per 100 millilitres, and a second, higher band for the most sugary drinks with more than 8 grams per 100 millilitres. Pure fruit

juices and milk-based drinks will be excluded, and we will ensure that the smallest producers are kept out of scope.

We will, of course, consult on implementation. We are introducing the levy on the industry which means that companies can reduce the sugar content of their products, as many already do. It means that they can promote low-sugar or no-sugar brands, as many already are. They can take these perfectly reasonable steps to help with children's health. Of course, some may choose to pass the price on to consumers, and that will be their decision, and this would have an impact on consumption too. We as Conservatives understand that tax affects behaviour. So let us tax the things we want to reduce, not the things we want to encourage. The Office for Budget Responsibility estimates that this levy will raise £520 million, and that is tied directly to the second thing we are going to do today to help children's health and wellbeing.

We are going to use the money from this new levy to double the amount of funding we dedicate to sport in every primary school. For secondary schools, we are going to fund longer school days for those that want to offer their pupils a wider range of activities, including extra sport. It will be voluntary for schools but compulsory for the pupils. There will be enough resources for a quarter of secondary schools to take part, but that is just the start. The devolved Administrations will receive equivalent funding through the Barnett formula and I hope they spend it on the next generation too.

I am also using the LIBOR funds specifically to help with children's hospital services. Members across the House have asked for resources for children's care in Manchester, Sheffield, Birmingham and Southampton, and we provide those funds today. We have a determination to improve the health of our children, a new levy on excessive sugar in soft drinks, the money used to double sport in our schools—a Britain fit for the future, a Government not afraid to put the next generation first.

Let me now turn to indirect taxes. Last autumn I said that we would use all the VAT we collect from sanitary products to support women's charities. I want to thank the many Members here on all sides, in all parties, for the impressive proposals they have put forward. Today we allocate £12 million from the tampon tax to these charities across the UK, from Breast Cancer Care to the White Ribbon Campaign and many other causes. We will make substantial donations to the Rosa fund and to Comic Relief so that we reach many more grassroots causes.

I now turn to excise duties. When we took office, we inherited plans that would have seen fuel duty rise above inflation every year and cost motorists 18p extra a litre. We wholeheartedly rejected those plans and instead we took action to help working people. We froze fuel duty throughout the last Parliament—a tax cut worth nearly £7 billion a year. In the past 12 months, petrol prices have plummeted. That is why we pencilled in an inflation rise. But I know that fuel costs still make up a significant part of household budgets and weigh heavily on small firms. Families paid the cost when oil prices rocketed; they should not be penalised when oil prices fall. We are the party for working people, so I can announce that fuel duty will be frozen for the sixth year

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in a row. That is a saving of £75 a year to the average driver and £270 a year to a small business with a van. It is the tax boost that keeps Britain on the move.

Tobacco duty will continue to rise, as set out in previous Budgets, by 2% above inflation from 6 pm tonight and hand-rolling tobacco will rise by an additional 3%. To continue our drive to improve public health, we will reform our tobacco regime to introduce an effective floor on the price of cigarettes and consult on increased sanctions for fraud.

I have always been clear that I want to support responsible drinkers and our nation's pubs. Five years ago we inherited tax plans that would have ruined that industry. Instead, prompted by my hon. Friend the Member for Burton (Andrew Griffiths) and others, the action we took in the last Parliament on beer duty saved hundreds of pubs and thousands of jobs. Today I back our pubs again. I am freezing beer duty, and cider duty too. Scotch whisky accounts for a fifth of all the UK's food and drink exports. So we back Scotland and back that vital industry too, with a freeze on whisky and other spirits duty this year. All other alcohol duties will rise by inflation, as planned.

There are some final measures that we need to take to boost enterprise, back the next generation, and help working people keep more of the money they earn. All these have been themes of this Budget. Let me start with enterprise. We Conservatives know that when it comes to growing the economy, alongside good infrastructure and great education we need to light the fires of enterprise, and our tax system can do more. To help the self-employed I am going to fulfil the manifesto commitment we made, and from 2018 abolish class 2 national insurance contributions altogether. That is a simpler tax system and a tax cut of over £130 for each of Britain's 3 million-strong army of the self-employed.

Next, we want to help people to invest in our businesses and help them to create jobs. The best way to encourage that is to let them keep more of the rewards when that investment is successful. Our capital gains tax is now one of the highest in the developed world, when we want our taxes to be among the lowest. The headline rate of capital gains tax currently stands at 28%. Today I am cutting it to 20%. and I am cutting the capital gains tax paid by basic rate taxpayers from 18% to just 10%. The rates will come into effect in just three weeks' time. The old rates will be kept in place for gains on residential property and carried interest. I am also introducing a brand-new 10% rate on long-term external investment in unlisted companies, up to a separate maximum £10 million of lifetime gains. In this Budget, we are putting rocket boosters on the backs of enterprise and productive investment.

In this Budget, I also want to help the next generation build up assets and save. The fundamental problem is that far too many young people in their 20s and 30s have no pension and few savings. Ask them and they will tell you why. It is because they find pensions too complicated and inflexible, and most young people face an agonising choice of either saving to buy a home or saving for their retirement. We can help by providing people with more information about the multiple pensions

many have, and providing more tax relief on financial advice, and the Economic Secretary and I do both today.

We can also help those on the lowest incomes to save, and the Prime Minister announced our Help to Save plan on Monday. Over the past year, we have consulted widely on whether we should make compulsory changes to the pension tax system. But it was clear that there was no consensus. Indeed, the former Pensions Minister, the Liberal Democrat Steve Webb, said I was trying to abolish the lump sum. Instead, we are going to keep the lump sum and abolish the Liberal Democrats. [Laughter.] I am tempted to say it will take effect from midnight tonight.

My pension reforms have always been about giving people more—[Interruption.]

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Mr Opperman, you may have been an amateur jockey, but I do not want you to fall short on this Budget.

**Mr Osborne:** My pension reforms have always been about giving people more freedom and more choice. So, faced with the truth that young people are not saving enough, I am today providing a different answer to the same problem. We know people like ISAs—because they are simple. You save out of taxed income, everything you earn on your savings is tax-free, and it is tax-free when you withdraw it too. From April next year, I am going to increase the ISA limit from just over £15,000 to £20,000 a year for everyone.

For those under 40, many of whom have not had such a good deal from the pension system, I am introducing a completely new, flexible way for the next generation to save. It is called the lifetime ISA. Young people can put money in, get a Government bonus, and use it to either buy their first home or save for their retirement.

Here is how it will work. From April 2017, anyone under the age of 40 will be able to open a lifetime ISA and save up to £4,000 each year. For every £4 you save, the Government will give you £1. So put in £4,000 and the Government will give you £1,000. Every year. Until you are 50. You do not have to choose between saving for your first home or saving for your retirement. With the new lifetime ISA, the Government are giving you money to do both.

For the basic rate taxpayer, that is the equivalent of tax-free savings into a pension, and unlike a pension, you will not pay tax when you come to take the money out in retirement. For the self-employed, it is the kind of support they simply cannot get from the pensions system today.

Unlike a pension, you can access your money anytime without the bonus and with a small charge. And we are going to consult the industry on whether, like the American 401(k), you can return the money to the account to reclaim the bonus—so it is both generous and completely flexible. Those who have already taken out our enormously popular Help to Buy ISA will be able to roll it into the new lifetime ISA—and keep the Government match. A £20,000 ISA limit for everyone. A new lifetime ISA. A Budget that puts the next generation first.

I turn now to my final measures. This Government were elected to back working people. The best way to help working people is to let them keep more of the

money they earn. When I became Chancellor, the tax-free personal allowance was less than £6,500. In two weeks' time, it will rise to £11,000. We committed in our manifesto that it would reach £12,500 by the end of this Parliament. Today we take a major step towards that goal. From April next year, I am raising the tax-free personal allowance to £11,500. That is a tax cut for 31 million people. It means a typical basic rate taxpayer will be paying over £1,000 less income tax than when we came into government five years ago. And it means another 1.3 million of the lowest paid taken out of tax altogether—social justice delivered by Conservative means.

We made another commitment in our manifesto, and that was to increase the threshold at which people pay the higher rate of tax. That threshold stands at £42,385 today. I can tell the House that from April next year I am going to increase the higher rate threshold to £45,000. That is a tax cut of over £400 a year. It is going to lift over half a million people who should never have been paying the higher rate out of that higher rate band altogether. It is the biggest above-inflation cash increase since Nigel Lawson introduced the 40p rate over 30 years ago. A personal tax free allowance of £11,500. No one paying the 40p rate under £45,000. We were elected as a Government for working people. And we have delivered a Budget for working people.

Five years ago, we set out a long-term plan because we wanted to make sure that Britain never again was powerless in the face of global storms. We said then that we would do the hard work to take control of our destiny and put our own house in order. Five years later, our economy is strong, but the storm clouds are gathering again. Our response to this new challenge is clear. We act now so we do not pay later.

This is our Conservative Budget. One that reaches a surplus so the next generation does not have to pay our debts. One that reforms our tax system so the next

generation inherits a strong economy. One that takes the imaginative steps so the next generation is better educated. One that takes bold decisions so that our children grow up fit and healthy.

This is a Budget that gets the investors investing, savers saving, businesses doing business, so that we build for working people a low-tax, enterprise Britain, secure at home, strong in the world. I commend to the House a Budget that puts the next generation first.

**Hon. Members:** Hear, hear.

### PROVISIONAL COLLECTION OF TAXES

*Motion made, and Question put forthwith (Standing order No. 51(2)),*

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Stamp duty land tax (calculating tax on non-residential and mixed transactions) (Motion no. 45.)
- (b) Tobacco products duty (rates) (Motion no. 62.)
- (c) Alcoholic liquor duties (rates) (Motion no. 63.)—  
(*Mr Osborne.*)

*Question agreed to.*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I shall now call upon the Chancellor of the Exchequer to move the motion entitled “Amendment of the Law”, and it is on this motion that the debate will take place today and on succeeding days. The Questions on this motion, and on the remaining motions, will be put at the end of Budget debate, on Tuesday 22 March.

## Budget Resolutions and Economic Situation

### AMENDMENT OF THE LAW

*Motion made, and Question proposed,*

That,—

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—(*Mr Osborne.*)

1.39 pm

**Jeremy Corbyn** (Islington North) (Lab): The Budget the Chancellor has just delivered is actually the culmination of six years of his failures. It is a Budget—[*Interruption.*]

**Mr Deputy Speaker (Mr Lindsay Hoyle)**: Order. This corner of the Chamber by the Chair is not some kind of fairground attraction. We expect courtesy from both sides of the House whoever is speaking. I want to hear the Leader of the Opposition and, as I said before, I know that the public in this country want to hear what the Opposition have to say as well.

**Jeremy Corbyn**: Thank you, Mr Deputy Speaker.

It is a recovery built on sand and a Budget of failure. The Chancellor has failed on the budget deficit, failed on debt, failed on investment, failed on productivity, failed on the trade deficit, failed on the welfare cap and failed to tackle inequality in this country. Today he has announced that growth is revised down last year, this year and every year he has forecast. Business investment is revised down and Government investment is revised down. It is a very good thing that the Chancellor is blaming the last Government—he was the Chancellor in the last Government.

This Budget has unfairness at its very core, paid for by those who can least afford it. The Chancellor could not have made his priorities clearer. While half a million people with disabilities are losing over £1 billion in personal independence payments, corporation tax is being cut and billions handed out in tax cuts to the very wealthy.

The Chancellor has said that he has to be judged on his record and by the tests he set himself. Six years ago, he promised a balanced structural current budget by 2015. It is now 2016—there is still no balanced budget. In 2010, he and the Prime Minister claimed, “We’re all in it together.” The Chancellor promised this House that the richest would

“pay more than the poorest, not just in terms of cash but as a proportion of income as well.”—[*Official Report*, 22 June 2010; Vol. 512, c. 179.]

So let me tell him how that has turned out. The Institute for Fiscal Studies—an independent organisation—found

that “the poorest have” suffered “the greatest proportionate losses.” The Prime Minister told us recently that he was delivering “a strong economy” and “a sound plan”—but strong for who? Strong to support who, and sound for who, when 80% of the public spending cuts have fallen on women in our society? This Budget could have been a chance to demonstrate a real commitment to fairness and equality; yet again, the Chancellor has failed.

Five years ago—they were great words—the Chancellor promised

“a Britain carried aloft by the march of the makers”—[*Official Report*, 22 March 2011; Vol. 525, c. 966.]

Soaring rhetoric, yet despite the resilience, ingenuity and hard work of manufacturers, the manufacturing sector is now smaller that it was eight years ago. Last year, he told the Conservative conference, “We are the builders”, but ever since then the construction industry has been stagnating. This is the record of a Conservative Chancellor who has failed to balance the books, failed to balance out the pain and failed to rebalance our economy. It is no wonder that his close friend, the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith), is complaining that

“we were told for the next seven years things were looking great. Within one month of that forecast, we’re now being told that things are difficult”.

The gulf between what the Conservative Government expect from the wealthiest and what they demand from ordinary British taxpayers could not be greater. The “mate’s rates” deals for big corporations on tax deals is something they will be for ever remembered for. This is a Chancellor who has produced a Budget for hedge fund managers more than for small businesses. This is a Government—[*Interruption.*]

**Mr Deputy Speaker**: Mr Williamson—I do not know what it is but you always want to catch my attention. Let me assure you—you have got my attention, so let us make sure you do not get it again.

**Jeremy Corbyn**: Thank you, Mr Deputy Speaker.

This is a Government who stood by as the steel industry bled. Skills, output and thousands of very skilled jobs have been lost, and communities ruined and damaged, by the inaction of the Government. The Chancellor set himself a £1 trillion export target; it is going to be missed by a lot more than a country mile. Instead of trade fuelling growth, as he promised, it is now holding back growth. He talked of the northern powerhouse. We now discover that 97% of the senior staff in the northern powerhouse have been outsourced to London—to the south. For all his talk of the northern powerhouse, the north-east accounts for less than 1% of Government infrastructure pipeline projects in construction. For all his rhetoric, there has been systematic underinvestment in the north.

Across the country, local authorities—councils—are facing massive problems, with a 79% cut in their funding. Every library that has been closed, every elderly person left without proper care, and every swimming pool with reduced opening hours or closed altogether is a direct result of the Government underfunding our local authorities and councils.

Far from presiding over good-quality employment, he is the Chancellor who has presided over underemployment and insecurity, with nearly—[*Interruption.*]

**Mr Deputy Speaker:** Order. Certain people are testing my patience, so just think what your constituents are thinking out there as well. I want to hear the Leader of the Opposition and I expect you to hear the Leader of the Opposition. If you do not want to hear him, I am sure the Tea Room awaits. Perhaps there will be a phone call for Mr Hoare if he keeps shouting.

**Jeremy Corbyn:** Thank you, Mr Deputy Speaker.

Security comes from knowing what your income is and knowing where your job is. If you are one of those nearly 1 million people on a zero-hours contract, you do not know what your income is: you do not have that security. We have the highest levels of in-work poverty on record and the largest number of people without security. They need regular wages that can end poverty and can bring about real security in their lives. Logically, low-paid jobs do not bring in the tax revenues that the Chancellor tells us he needs to balance his books. Household borrowing is once again being relied on to drive growth. Risky unsecured lending is growing at its fastest rate for the past eight years, and that is clearly not sustainable.

The renewables industry is vital to the future of our economy and our planet—indeed, our whole existence. It has been targeted for cuts, with thousands of jobs lost in the solar panel production industry. The Prime Minister, as we discussed earlier at Prime Minister's Question Time, promised “the greenest Government ever”—here again, an abject failure. Science spending is also down, by £1 billion compared with 2010.

Home ownership is down under this Conservative Government. A whole generation is locked out of any prospect of owning their own home. This is the Chancellor who believes that a starter home costing £450,000 is affordable. It might be for some of his friends and for some Conservative Members, but not for those people who are trying to save for a deposit because they cannot get any other kind of house.

We have heard promises of garden cities before. Two years ago, the Chancellor pledged a garden city of 15,000 homes in Ebbsfleet, and many cheered that. His Ministers have been very busy ever since then—they have made 30 Ebbsfleet announcements, and they have managed to build 368 homes in Ebbsfleet. That is 12 homes for every press release. We obviously need a vast increase in press releases in order to get any homes built in Ebbsfleet, or indeed anywhere else.

While we welcome the money that will be put forward to tackle homelessness, it is the product of under-investment, underfunding of local authorities, not building enough council housing and not regulating the private rented sector. That is what has led to this crisis. We need to tackle the issue of homelessness by saying that everybody in our society deserves a safe roof over their head.

Child poverty is forecast to rise every year in this Parliament. What a damning indictment of this Government, and what a contrast to the last Labour Government, who managed to lift almost 1 million children out of poverty.

Eighty-one per cent of the tax increases and benefit cuts are falling on women, and the 19% gender pay gap persists. Despite the Chancellor's protestations, it is a serious indictment that women are generally paid less than men for doing broadly similar work. It will require a Labour Government to address that.

The Government's own social mobility commissioner said that

“there is a growing sense...that Britain's best days are behind us rather than ahead”,

as the next generation expects to be worse off than the last. The Chancellor might have said a great deal about young people, but he failed to say anything about the debt levels that so many former students have; the high rents that young people have to pay; the lower levels of wages that young people get; and the sense of injustice and insecurity that so many young people in this country face and feel every day. It will again require a Labour Government to harness the enthusiasms, talent and energy of the young people of this country.

Investing in public services is vital to people's wellbeing—I think we are all agreed on that, or at least I hope we are—yet every time the Chancellor fails, he cuts services, cuts jobs, sells assets and further privatises. That was very clear when we looked at the effects of the floods last year. Flood defences were cut by 27%. People's homes in Yorkshire, Lancashire and Cumbria were ruined because of his Government's neglect of river basin management and the flood defences that are so necessary.

Obviously, we welcome any money that is now going into flood defences, but I hope that that money will also be accompanied by a reversal of the cuts in the fire service that make it so difficult for our brilliant firefighters to protect people in their homes, and a reversal of the cuts in the Environment Agency that make it so hard for those brilliant engineers to protect our towns and cities, and for those local government workers who performed so brilliantly during the crisis in December and January in those areas that were flooded.

Our education service invests in people. It is a vital motor for the future wealth of this country, so why has there been a 35% drop in the adult skills budget under this Government? People surely need the opportunity to learn, and they should not have to go into debt in order to develop skills from which we as a community entirely benefit.

On the Chancellor's announcement yesterday, there is not a shred of evidence to suggest that turning schools into academies boosts performance. There is nothing in the Budget to deal with the real issues of teacher shortages, the school place crisis and ballooning class sizes.

The Chancellor spoke at length about the issue of ill health among young children and the way in which sugar is consumed at such grotesque levels in society. I agree with him and welcome what he said. I am sure he will join me in welcoming the work done by many Members, including my right hon. Friend the Member for Leicester East (Keith Vaz), and by Jamie Oliver in helping to deal with the dreadful situation with children's health. If we as a society cannot protect our children from high levels of sugar and all that goes with that, including later health crises of cancer and diabetes, we as a House will have failed the nation. I support the Chancellor's proposals on sugar, and I hope all other Members do, too.

There is an issue, however, that faces the national health service: the deficit has widened to its highest level on record, waiting times are up and the NHS is in a critical condition. Hospital after hospital faces serious

[Jeremy Corbyn]

financial problems and is working out what to sell in order to balance its books. Our NHS should have the resources to concentrate on the health needs of the people; it should not have to get rid of resources in order to survive. The Public Accounts Committee reported only yesterday that NHS finances have “deteriorated at a severe and rapid pace”.

I did not detect much in this Budget that is going to do much to resolve that crisis. The Chancellor has also cut public health budgets, mental health budgets and adult social care.

Earlier this month the Government forced through a £30 per week cut to disabled employment and support allowance claimants—[*Interruption.*]

**Mr Deputy Speaker:** Order. There are people having conversations on the Front Bench. If you need to have a conversation, I am sure there is plenty of room in the Tea Room for you.

**Jeremy Corbyn:** Last week we learned that 500,000 people will lose up to £150 per week due to cuts to personal independence payments. I simply ask the Chancellor: if he can finance his Budget giveaways to different sectors, why can he not fund the need for dignity for the disabled people of this country?

The Chancellor said in the autumn statement that he had protected police budgets, but Sir Andrew Dilnot confirms that there has been a decrease in the police grant, while 18,000 police officers have lost their jobs. As my hon. Friend the Member for Brent Central (Dawn Butler) pointed out in her question to the Prime Minister earlier, in order to cut down on dangerous crime against vulnerable individuals we need community policing and community police officers. Eighteen thousand of them losing their jobs does not help. This Government have failed on the police, the national health service, social care, housing and education.

Public investment lays the foundations for future growth, as the OECD, the International Monetary Fund and the G20 all recognise. The CBI and the TUC are crying out for more infrastructure investment. It is Labour that will invest in the future—in a high-technology, high-skill, high-wage economy.

The investment commitments that the Chancellor has made today are, of course, welcome, but they are belated and nowhere near the scale this country needs. People will rightly fear that this is just another press release on the road to the non-delivery of crucial projects.

The chronic under-investment—both public and private—presided over by this Chancellor means that the productivity gap between Britain and the rest of the G7 is the widest it has been for a generation. Without productivity growth, which has been revised down further today, we cannot hope to improve living standards. The Labour party backs a strategic state that understands that businesses, public services, innovators and workers combine together to create wealth and drive sustainable growth.

The Chancellor adopted a counter productive fiscal rule. The Treasury Committee responded by saying that it was

“not convinced that the surplus rule is credible”,

and it is right. The Chancellor is locking Britain into an even deeper cycle of low investment, low productivity and low ambition. We will be making the positive case for Britain to remain in the European Union and all the solidarity that can bring.

Over the past six years, the Chancellor has set targets on the deficit, on debt, on productivity, on manufacturing and construction, and on exports. He has failed them all and he is failing Britain.

There are huge opportunities for this country to build on the talent and efforts of everyone, but the Chancellor is more concerned about protecting vested interests. The price of failure is being borne by some of the most vulnerable in our society. The disabled are being robbed of up to £150 a week. Those are not the actions of a responsible statesperson; they are the actions of a cruel and callous Government who side with the wrong people and punish the most vulnerable and the poorest in our society.

The Chancellor was defeated when he tried to make tax credit cuts from next month by the House opposing them, and by Labour Members and Cross Benchers in the Lords. The continuation of austerity that he has confirmed today, particularly in the area of local government spending, is a political choice, not an economic necessity. It locks us into a continued cycle of economic failure and personal misery. The Labour party will not stand by while more poverty and inequality blight this country. We will oppose those damaging choices and make the case for an economy in which prosperity is shared by all.

Let us harness the optimism, the enthusiasm, the hope and the energy of young people. Let us not burden them with debts and unaffordable housing, low-wage jobs and zero-hours contracts, but instead act in an intergenerational way to give young people the opportunities and the chances they want to build a better, freer, more equal and more content Britain. The Chancellor has proved that he is utterly incapable of doing so with his Budget today.

2.1 pm

**Mr Andrew Tyrie** (Chichester) (Con): The Leader of the Opposition has made the most difficult speech of the parliamentary year. He is responding to a Budget that he has not seen. I have not seen it either, as a matter of fact. I would be interested to know whether he feels that that was the speech of a democratic socialist; I think it was. It was certainly spoken with great sincerity, but I wonder whether—he can nod and tell me whether he agrees or disagrees—he now accepts, as John Smith and Tony Blair did, that a capitalist economy, properly regulated, is the most powerful source of prosperity and growth yet invented.

**Mark Garnier** (Wyre Forest) (Con): Feel free to nod.

**Mr Tyrie:** I am not going to put the right hon. Gentleman under any pressure.

The Chancellor deserves a great deal of credit for the recovery, and I have said so before; so does the Prime Minister—he has just slipped out of the Chamber—who has backed the Chancellor, I think, for the most part. The last six years have been extremely difficult at times, and it is a defining achievement for the Government



that they have led the country out of the worst crisis in modern history and that they are now stabilising the public finances, which looked, and indeed were, completely out of control in 2010. We should not forget the scale of the challenge that beset the then coalition Government.

The Chancellor has talked about storm clouds gathering. I think he called it a “cocktail of risks”, coming particularly from abroad. He is certainly right about that. Emerging markets are slowing down, capital markets are faltering and the eurozone is edging back towards a serious crisis. If all that is sustained, the UK economy is going to take a hit. Of course, as the Office for Budget Responsibility has pointed out, the uncertainty in the short term about the EU referendum will not help either. We have seen all that reflected in the OBR’s forecasts, particularly on productivity. The Chancellor is right to be extremely cautious.

If I get time, I will say something briefly about the fiscal rules, and their merits or otherwise; there are some problems with the fiscal rules. I will also say whether fiscal policy should be so frequently adjusted to take account of forecasts as a consequence. I might say something, if I get time, about the way in which Budget measures are advertised so far in advance, which I am not sure is at all helpful.

First, I want to answer one central criticism of the recovery that is now under way—we did not hear so much of that from the Leader of the Opposition, although there were hints of it from time to time—and that is the assertion that the UK is in the grip of an unsustainable debt-driven, consumption-led recovery. Frankly, the statistics do not support that. Of course, one might say that the statistics are not worth much, because they have come from the Office for National Statistics and other sources, and we have discovered that they are of very little merit. Sir Charlie Bean is trying to improve statistics. They are the only figures we have got, however, and on the basis of the figures we have got, that claim, which is certainly widely made, does not hold up.

Investment has contributed a third of the total growth since the depths of the recession in the middle of 2009, despite accounting for only one seventh of GDP in recent years; that is the figure for the past five years. Debt as a proportion of household income has remained well below crisis levels, and recently productivity and real wage growth, which are the hallmarks of a sustainable recovery, are also showing signs of a pick up—something that the Chancellor did not emphasise in his speech—so I do not think that that argument holds up. Even if it were true that the recovery was very uneven as a consequence, that is what I would expect. The bigger the shock—this was a very big shock, the biggest in modern economic history—the more uneven the recovery is likely to be. Growth returns only a result of a fundamental reallocation of capital after a major crisis and more efficient use of that capital in the places to which it goes.

That process, this time, has been made particularly difficult by a profound weakness of the banking system. Firms, especially small and medium-sized enterprises, appear unable to obtain the capital they need to invest and grow even now. Again, that is something that the Chancellor did not emphasise. Although it is true that the average rate of interest for new advances is not very high—around 4%—the total stock of outstanding loans to SMEs tells its own story. It is falling, and has been falling pretty steadily for several years, even though the

economy is recovering. That suggests that SMEs are not able, perhaps because of some form of rationing, to get the money that they need to grow and to sustain economic activity. That is a question that we need to come back to in the context of banking reform. Above all, we need desperately to get much more banking competition into the SME market and into the retail banking market.

I said that I would query the fiscal rules, and I am going to do so, as indeed has the Treasury Committee in an earlier report. The Chancellor was able to show a good deal of flexibility when it mattered in the last Parliament. His fiscal rules provided him with a good deal of leeway to adjust policy in response to the euro crisis, which was a heck of a shock to adjust to. He recently imposed three new restrictions on himself. First, there is this new surplus rule. Then there is the ring-fencing of three quarters of public spending. Now we also have the tax lock, which prevents rises in VAT, national insurance and income tax, which collectively account for three quarters of tax revenue.

Making fiscal rules all began with the efforts of Tony Blair and the former right hon. Member for Kirkcaldy and Cowdenbeath to restore credibility to Labour’s economic policy in the 1990s. Since 1997—I have taken a look at the fiscal rules and if somebody wants me to go through them all, I will, but that will only delay the House—I have worked out that we have had six, so the average life of those fiscal rules has been three and a half years. I am afraid that the record of this Government and the coalition Government is no better than that of their predecessors; actually, it is somewhat worse. There is some merit in the Government’s giving guidance to markets and the public about their intentions, particularly their long-term and strategic intentions, but the rules have been presented, as their names suggest, as something far more permanent. They are called guarantees, rules, mandates, charters or pledges. Of course, as each one has been broken, it has not done much for the quality of politics and political discourse, and it has not done anything for economic credibility. The Government’s fiscal credibility does not derive from the rules or the mandates; it comes from the fact that they have tackled the deficit and have got it down from 10% to about 3% or a bit more.

Parties on both sides of the House now have fiscal rules. The new Labour shadow Chancellor—I do not think he is new Labour himself, but he is the recently appointed shadow Chancellor—has recently come up with one of his own. Both parties are at it, but I do not think the rules of either of them are offering much.

**John Redwood (Wokingham) (Con):** Is not one of the problems faced by any Government the fact that the so-called independent forecasts by the OBR and the Bank of England are always wrong and that they are always changing them? Those forecasts can have more of an impact on the Budget than common-sense judgments about where the economy is going, because we are always dealing with the errors of the OBR.

**Mr Tyrie:** That is exactly the point I was coming on to make. We have just seen that the Chancellor has been forced to adjust his short-term policy to take account of what the OBR is now saying. He has altered his plans of only four months ago, and so long as the rule remains in place, he will have to do so again after the next fiscal

[Mr Tyrie]

event. That is mainly why the Treasury Committee concluded—the Leader of the Opposition did not give the whole quote—that it was

“not convinced that the surplus rule is credible in its current form.”

There is merit in something that can give some guidance, but it must be something less than one of these cast-iron rules that turn out to be so brittle they get smashed the first time there is a problem.

There are the public expenditure rules. On public expenditure, the Government have ring-fenced about three quarters of public spending—health, schools, defence, international aid, pensions and child benefit. That is a heck of a lot. I will give an illustration of the effect of doing that. The Chancellor said that he needs to find only 50p in every £100, which I think he said will come mainly from value-for-money savings across the public spending framework. In fact, of course, three quarters of that framework is ring-fenced, so he really needs to get £2 in every £100 from the quarter from which he can raise it.

Then there is the tax rule. It says that the Government are committed, in law, not to increase VAT, income tax or national insurance contributions, which collectively amount to three quarters of Government revenue. I voted for that piece of declaratory legislation. I am not very keen on declaratory legislation, but I went through the Lobby for it. I must say, speaking personally—not on behalf of the Treasury Committee—that I would much rather have voted for legislation that prohibited Chancellors from tying their hands behind their backs in such a way, and I would like to limit hypothecation at the same time.

I will not detain the House for very much longer, except to say that the Budget measures will need very careful examination by the Treasury Committee. There is certainly quite a bit to examine, as there usually is every year. As the son of a shopkeeper, I cannot be anything but delighted to hear what has been said about class 2 national insurance contributions and small business rate relief. Although I will take a close look at that, it sounds as though that is exactly what is required. The reduction in corporation tax to 17% should not be underestimated. I would not mind betting that we will get some more revenue from that, quite independently of the anti-avoidance measures that are being pushed through.

The sugar tax has been limited to fizzy drinks and soft drinks. Speaking personally, if we are going to have a tax based on sugar, I wonder whether we should not consider widening that base in the longer run. After all, it is not just the sugar in drinks that is held to be harmful. Whether we always want to define tax bases on health grounds is another matter, but that bridge has been crossed now that such a levy has been introduced.

There are the cuts to the capital gains tax rates, the lifetime ISAs—they look very interesting and are certainly worth examining carefully—and of course the changes to income tax thresholds. There are quite a few other things, but those are the main ones for now. There is a lot for the Treasury Committee to examine with all this. We will get at it in the coming weeks and produce a report for consideration during the passage of the Finance Bill. There are quite a number of colleagues from the Committee in the Chamber at the moment.

We will score all the tax measures against whether they make the tax system simpler or more complex. We will reduce that assessment, on the basis of technical advice from the leading authorities in the field, to a number. Simplification is a mantra: everybody says we must have a simpler tax system, and every year Tolley's tax guide expands. We must now, much more rigorously, start to create the conditions in which we can reverse that process. One of them is to flag up just how much more complex the tax system is becoming.

We will look carefully at the distributional impact of the measures. I regret that the Chancellor decided to change the basis of the assessment that the Government agreed to produce on the distributional effects. He originally, and very helpfully, published that in 2010, but he changed it in 2015, which I regret. We will look at that issue. Continuity of method, which he agreed to in evidence to us, is absolutely crucial.

**Wes Streeting** (Ilford North) (Lab): Will the right hon. Gentleman give way?

**Mr Tyrie:** I am about to wind up, but I will give way because the hon. Gentleman is a member of the Treasury Committee.

**Wes Streeting:** I am grateful to the Chairman of my Committee for giving way. He is talking about the distributional impact of the Budget. Does he not see it as a source of regret and deep concern that the biggest revenue raiser in this Red Book will be the cuts to personal independence payments for disabled people?

**Mr Tyrie:** The hon. Gentleman has had a chance to look at the Red Book, but I have not. We will certainly examine the merits or otherwise of that important remark. I will make sure that he gets an opportunity to make his points when we cross-examine witnesses during our evidence sessions.

We will take a close look at the remit letters for the Bank of England. It is often taken for granted, but a very great deal of power has been transferred from the Treasury to the Bank of England on key questions. It is not just about interest rates, but about much more than that, particularly with quantitative easing in place and the financial stability aspect as well. We will examine that very carefully, and it is extremely important that we do so. With that, and of course the work we are doing on the economic and financial costs and benefits of membership of the EU prior to the referendum, there will be a very great deal for the Treasury Committee to do.

**Several hon. Members** *rose*—

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Before I call the SNP Front-Bench spokesman, I should tell everybody that the time limit after his speech will be 10 minutes.

2.17 pm

**Stewart Hosie** (Dundee East) (SNP): As with every Budget, there are some things to welcome. I welcome what the Chancellor said about the European Union. He will not be surprised to get help on that from SNP Members, because we also believe that we are better off

in. I also welcome some of what he said about tax evasion and avoidance, and the abolition of class 2 NICs.

When it comes to the self-employed and contractors—people who, in many cases, are taking their first step in forming a new business—I would make the point that the Red Book suggests that there will be £765 million in extra tax due to travel and subsistence changes. It would have been far better to review that regime entirely rather than simply going ahead and doing that.

I welcome the oil and gas changes. The changes to the supplementary charge and petroleum revenue tax are very welcome. I was slightly disappointed by the lack of strategic direction, with no mention of exploration or production allowances, but I am sure discussions are ongoing. Likewise, I welcome the freeze on whisky duty and the freeze on fuel duty, for which we have been calling.

It is one of the small measures, but may I say that we very much welcome the additional money for school sports? I do not know what the Barnett consequential of that will be, but it provides a useful opportunity for SNP Members to welcome the creation, in the past week, of the 150th school sport hub in Scotland, delivering the necessary additional sport for children.

I have a small point of disagreement with the Chancellor. He prayed in aid the leader of the Scottish branch of the Tory party, to cheers from many Members on his side of the House. It is probably worth noting that, last May, she led the Conservatives to their worst UK election result in 150 years.

The Chancellor rather skipped over his record in the last Parliament on debt, deficit and borrowing. We know he did not meet a single one of his targets. He told us that debt would fall as a share of GDP by 2014-15, that the current account would be in balance this year and that public sector net borrowing would be barely £20 billion. That, of course, did not happen. We warned at the time that debt would not begin to fall as a share of GDP until later, that the current account would not be back in the black until 2017-18, and that public sector net borrowing for this year would be about four times what he promised.

Our judgment is that much of the Chancellor's failure came about because he strangled the lifeblood from the recovery by cutting too much too quickly, with little or no regard to the consequences—an error he set in stone with the fiscal charter, with its requirement to run a permanent surplus almost irrespective of economic conditions or the effect that cutting more than necessary would have on the prospects for the economy. We have had a very quick look, and we listened to what the Chancellor said, and the current account will not now be back in the black until 2018-19. The targets keep getting pushed back—more broken promises. Borrowing will still be higher in four years' time than he promised it would be this year. That is the scale of the failure on the key economic metrics. Even in this Parliament, when he has continually been warned about repeating the mistakes of the past, he has done the same today—in many ways with a vengeance.

Capital expenditure is a mixed bag, and I will come on to that. I do not expect the Chancellor to listen to me, but he should listen to the IMF and the OECD. The IMF said that he had done enough to stabilise the

Government's finances—that is questionable—for them to embark on extra investment spending should GDP growth slow. He should take that advice. Only in February, the OECD told him it was revising down its GDP forecast for this year and recommended a commitment to raising public investment, which would boost demand while remaining on a fiscally sustainable path. We would have expected him to listen. We are glad that there is a very modest rise in capital expenditure over the forecast period, but it is actually marked down this year compared with the forecast we got in the autumn statement last winter. That is not consistent with what needs to be done, or with the advice received from others.

It is not all about broken promises on debt, deficit and borrowing. We now have a Chancellor who has done this many times—he has set about replicating the errors he made with his borrowing figures in his trade and export figures for this Parliament. He said previously that he expected to be able to deliver an almost certainly unachievable doubling of exports by 2020, but the OBR told him last year, at the time of the autumn statement, that he would fall short by £350 billion. We looked at the autumn statement, and the impact of net trade on GDP growth will be negative from 2016 through to 2020, and there will be a deficit in the balance of trade current account for the entire period. I am disappointed, because action can be taken. The impact of net trade on GDP growth is no better or worse in every single year of the new forecast period, and the balance of payments current account is actually worse in every single year, even compared with last autumn's forecast. In the past week or so, we had confirmation of a £92 billion trade deficit and a £125 billion deficit in the trade in goods.

To be fair, those failings are not all the fault of the Chancellor. Some have been embedded in the UK economy for decades, whether on exports, support for innovation and manufacturing, or boosting productivity. They are all inextricably linked. In many ways Labour is the biggest culprit, having lost more than 1 million manufacturing jobs during its time in office—and that was before the recession. But it is the current Government's failure to address those problems that is really troubling. We would have expected concerted action today on innovation, manufacturing, productivity and work with academia—all the things we are falling behind on internationally, which has led to decline. Manufacturing was 30% of the economy in the 1970s, and today it is 10%; it provided more than 20% of all jobs in the 1980s, and today it is 8%; and it went from more than a quarter of all business investment in the 1990s to barely 15% today.

The Chancellor will argue that some of the tax cuts will allow businesses to keep and invest more of their own money, and I hope that is true, but if he were serious, we should have seen an increase in the budget of the Department for Business, Innovation and Skills. Instead, we have seen the Department's budget being marked down every single year. We would have seen an announcement on support for innovation, because we know that since 2010 the science budget has been frozen in cash terms, with a real-terms drop of 10%. By 2012, publicly funded science fell to less than 0.5% of GDP, and we can see nothing today that will take us off the bottom of the G8 heap.

**John Redwood:** Will the hon. Gentleman give way?

**Stewart Hosie:** There are no interventions in this speech.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. The hon. Gentleman is able to give way if he wishes to do so. The rule is for the first two speeches, after which it is up to the Member speaking. It is up to Stewart Hosie whether he gives way.

**Stewart Hosie:** In that case, because it is the right hon. Gentleman, I will happily take the intervention.

**John Redwood:** I am very grateful. Is not the British problem not that we lack great universities, great ideas, great innovation, a large number of patents and a lot of start-ups, but a problem of getting smaller businesses to grow sufficiently and become big businesses that can export to France and Germany? How would the hon. Gentleman tackle that problem?

**Stewart Hosie:** That is indeed one of the substantial issues, which is why our Government in Scotland have delivered the small business pledge. In return for assistance from Scottish Government agencies, the pledge requires those businesses to seek out and take export opportunities, and to innovate. We have delivered a £78 million fund for innovation to encourage 1,000 new inventions and to allow 1,200 businesses to liaise and work directly with academia. There are many practical ways to solve the problem that the right hon. Gentleman rightly identifies.

We will have to check the fine print about businesses that want to export, but in the Blue Book in the autumn, UKTI's budget, after a slight rise for 2016-17, was cut by more than £20 million a year. Between 2018-19 and 2019-20, it will be flatlining in cash terms and falling again in real terms. We need to begin to tackle properly the underlying issue of poor productivity. From our perspective, that means delivering inclusive growth—essentially, a fairer and more equal society. We have seen the numbers, and we understand that it is not enough simply to grow the economy to fund public services. We must squeeze inequality out of the system to get the growth we need in the first place.

The Tories have never believed in that, and Labour failed on it for 13 years, and we have seen some of the mistakes repeated today. In the previous Parliament, discretionary consolidation—the balance of cuts and tax rises—went from a ratio of 4:1 to 9:1. What did we see today? Billions taken from people with disabilities, through changes to the personal independence payment, to fund an above-inflation increase in the 40p threshold. The 40p threshold did need to be addressed—I have said it for years—but to have an above-inflation rise while taking billions from the most disabled people in the country is disgraceful and economically wrong. The UK lost 9% of GDP growth due to rising inequality in the two decades from 1990, and the Chancellor is making the same mistakes again.

Some of the business measures that the Chancellor announced are to be welcomed. It was good that the Chancellor mentioned apprenticeships, but what he did not mention, of course, is that many firms—he should know this by now—already pay a 1.5% levy on payroll to the Engineering Construction Industry Training Board for training. The apprenticeship levy was simply an

additional tax on jobs. I had hoped the Chancellor would reflect on the comments made following its introduction last year.

Likewise, the Chancellor told us last year that he was counting on a windfall of about £31 billion from the sale of banking, financial and commercial assets, but the OBR told us last year that it would be £24 billion, and there has been little change since then. Clearly, the Lloyds stock will still be privatised, and the Red Book refers, I think, to other sales, but there was absolutely nothing about an anticipated windfall, so it will be interesting to see whether he intends to sell off the family silver in a way that has gone unannounced today.

The Scottish Government's ability to re-energise the Scottish economy cannot be hamstrung and hampered by decisions taken here. Before today's statement, we expected that our discretionary budget this Parliament, taking into account the cuts already imposed, would be about £3.9 billion, or 12.5%, lower in real terms than it was in 2010. No matter what has been said, we expected capital spending to be £600 million lower in real terms than in 2010-11, and, based on the autumn statement, we expected that the departmental expenditure limits—DEL—budget would be increased by about 0.7% in cash terms, or a 1% real-terms reduction. We wait with interest to see what the number crunchers tell us the implications of the Budget will be.

This is all about political choices. We said at the election—and we hold to it—that a very modest, 0.5% real-terms increase in expenditure could have released money not just for investment but to make sure that those on benefits did not fall any further behind. That would have been a sensible, humane and productive thing to do, but the Chancellor and the Government have gone against that one more time. He might be able to sell it to some of his Back Benchers, but he has been unable to sell it in Scotland. I fear that that will continue to be the case.

2.31 pm

**Nigel Mills (Amber Valley) (Con):** It is a pleasure to be called so early in the debate. As I am trying to respond to a Budget without having as long to read it as I would normally expect, I now know how the Leader of the Opposition feels.

I welcome the many measures in the Budget that help hard-working people in Amber Valley. The further rise in the personal allowance is a welcome measure for which I have been campaigning for several years. We want someone living on the minimum wage—or the living wage, as it will be—to pay no income tax on their wages. The rise in the 40% tax band is also welcome and will help people who should never have been caught by that band—I think especially of one-earner families. I think we should aspire to increase the band still further.

I am happy about the slightly unexpected freeze in fuel duty. Many of us have been slowing preparing our constituents for a rise. I have been telling mine that perhaps the freezes are coming to an end, that it will have to increase and that this might be the year, so I welcome the freeze being continued, as fuel duty is a significant cost. The freeze will help families and small businesses to meet what is a significant bill.

I also welcome the measures targeted at the east midlands: the aerospace grants worth £15 million for the east midlands, including £7 million for Rolls-Royce

in Derby; the changes to Midlands Connect to place it on a statutory footing; the funding for the M1 improvements so we get a smart motorway right through the east midlands up to Yorkshire; and an investment fund for the midlands of up to £250 million to help small businesses grow. Those welcome measures show that the Government recognise the importance of the midlands and the east midlands to the UK economy. The east midlands had the highest productivity growth throughout the last Parliament.

I also welcome the changes to business rates, especially for small businesses, which will help the high street in my constituency. Business rates are a significant cost for small businesses, and the long-term certainty of a permanent lower rate, rather than the annual uncertainty—“Will this be the last time we benefit from an exemption?”—will really help.

One thing that was not announced in the Budget, of course, was a devolution deal for the east midlands, the north midlands—or whatever we have been calling it in recent weeks. The deals announced today are a model for how the east midlands can go forward. I want to see a powerful voice in the east midlands to ensure we get our fair share of spending investment, to make the case for the east midlands as a great place to invest and to show that we can compete with the west midlands and south Yorkshire. To those disappointed that the deal has not been announced, I say that we should rethink our proposals. It would make for a far better bid, if Nottinghamshire, Leicestershire and Derbyshire could join together and come up with a three-county proposal, much like the East Anglian one. It would be more coherent economically, have a better chance of getting buy-in from people across the east midlands and be more likely to succeed, because the area would be based around the airport and the new HS2 station and would have the M1 running through the middle, and it would fit the great synergies between three big cities and the surrounding areas. I urge those in local government trying to negotiate a deal to rethink what they are asking for and to go for a three-county proposal.

**Mr Mark Prisk** (Hertford and Stortford) (Con): Is my hon. Friend's concern the lack of collaboration—or the weakness of collaboration—between the constituent areas or the lack of ambition? As we have seen in Birmingham and elsewhere, bold decisions are welcomed by Ministers.

**Nigel Mills:** The leaders of Nottinghamshire and Derbyshire have shown ambition in trying to find a deal that works outside the core cities, but there are always challenges, in areas where people do not all look to one city, in working out whether closer working or more competition is the right way forward. I think there is also a lack of trust in Derbyshire and a feeling that a Greater Nottingham bid would centralise too much in Nottinghamshire. A bid that covers three cities and three counties would look less focused on the biggest city and take a more strategic and sensible approach that could help the whole region to compete with neighbouring regions. To be fair, however, there has been a lot of ambition already to bring the counties together. We just need to find a situation that works. That we had to change the name from D2N2 to East Midlands and then to North Midlands suggests we have not got the geography right.

I come to a couple of areas on which major changes have been announced. The first is the pensions system. The Chancellor announced some welcome changes in the Budget. I like the idea of the Help to Save scheme—we appear to have help for everything now—to give people on low incomes a 50% bonus if they can save a certain amount for two years or longer, and I like the idea of the lifetime ISA and making pension saving a bit more flexible so that people can save when they can and then, if they need to—if they want to buy a house or need to do some repairs, or if they fall out of work and want to live on their savings—draw down the money and put it back later. That sort of system is more flexible, is better suited to how people live and can help people to manage the ebbs and flows in their financial situation.

We need to stand back and ask, “What are we trying to do in using taxpayers' money to help people save?” We are in the slightly strange situation of compelling people—generally those on low incomes—to enrol on to a pension scheme, hoping they do not opt out and then giving them roughly a 25% bonus from the Exchequer on what goes into that scheme. We have now produced another savings vehicle—Help to Save—whereby we give them a 50% bonus if they save a certain amount for a certain period. For some people on low incomes, it might be better to be enrolled on to the latter—they would have a more flexible savings pot with a bigger taxpayer-funded bonus—than a pension scheme that locks the money away for a long time, which has high charges and which they cannot use flexibly when they need to.

We ought to consider giving employers the choice of auto-enrolling people on to the lifetime ISA, which might be a more flexible and attractive solution for people on low wages—the ones generally in auto-enrolment—who we are trying to help to save and have the right savings at the right time in their lives. We are going in the right direction, but we need to make sure that what we are strongly encouraging—not compelling—people to do makes sense now that there are different vehicles on the market.

The pensions dashboard, which is hidden away in the Red Book, will be of great use in getting the industry to produce one place where people can go to see what they have in their pensions and savings. It will mean they can see what they can have in their retirement and what more they need. I welcome the move to make that happen. It has long been talked about, and we have to assume it can be done, given how IT is used these days. I look forward to seeing it happen.

I want to make a few remarks about the corporation tax changes. There are some welcome measures here to crack down on tax avoidance and evasion, and I hope they can all be made to work as effectively as they can. We can do more to give the public confidence that our large businesses are complying with tax requirements. My sense is that most of them do, and it is only a small proportion that go in for the aggressive avoidance that we cannot accept. I urge the Government to look at the idea of making large companies publish their corporation tax returns when they file their statutory accounts, so that we can actually see in some high-level way how much tax each company says it owes and how they have got from what is in their accounts to the cash tax bill.

[Nigel Mills]

Given the amount of disclosures of their actual accounts we require from companies, this would not put much sensitive information in the public domain. The principle of taxpayer confidentiality applies to individuals but should not apply to large companies, which might disclose their income in any case. I believe this would bring greater confidence and it would show, I hope, that most of those companies are not doing anything that is not acceptable.

I welcome the changes to try to expand how withholding tax works on royalties. Our rules in that area have been somewhat outdated and they do not apply to all forms of royalty. Extending them to certain other payments and trying to ensure that we actually collect the tax has to make sense. We should be careful to draw this wide enough to ensure that we catch things such as know-how payments or payments for access to recipes or whatever else companies will try to say their payments are. If it is not a payment for a tangible service or product, it probably ought to fall in the royalty regime and the withholding tax ought to apply.

I am not entirely sure how we will get this through our tax treaty network or the EU interest in royalties directive without having to give zero rates to nearly everyone we pay royalties to. I guess the measures announced for how we deal with situations where royalties have flowed through a regime that we would accept into one about which we have concerns, particularly about how to ensure we collect the tax in those situations need to be worked through.

I welcome, too, the proposals to simplify loss release for companies that are having to spread them across a group of companies. Five years ago, I tabled an amendment to the Finance Bill to try to argue that the Government should look at a group tax return so that large groups would file one tax return for all their companies, rather than having to file many dozens. I thought that would

help to tackle tax avoidance by taking away the scope for funding arrangements between those companies that do not have any economic effect. If we are to simplify how companies use losses, it would be easier to let them file one tax return to show their group profit, and have one loss offset, rather than try to find a way for a group to calculate these things in a strange way further confusing HMRC. I think HMRC will benefit from knowing exactly how much profit a group is declaring in one return, so that it can then be compared with real turnover.

The announced interest restrictions are a sensible idea. We have moved past a situation in which we can justify allowing large companies to borrow in the UK, claim tax relief for profits not earned here without paying tax and dividends that come back. We have to be careful to do this right. We have attracted a lot of head offices here by the generous exemption we chose to give. We do not want to lose them all, but we also do not want to make infrastructure spending far more expensive than it needs to be. That can justify high levels of interest; there is generally no income in the early days. I hope we can find an exemption to get right and for the private equity industry as well.

#### ROYAL ASSENT

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I have to notify the House, in accordance with the Royal Assent Act 1967 that Her Majesty has signified her Royal Assent to the following Acts and Measures:

Supply and Appropriation (Anticipation and Adjustments) Act 2016

Charities (Protection of Social Investment) Act 2016  
Childcare Act 2016

Education and Adoption Act 2016

Welfare Reform and Work Act 2016

Safeguarding and Clergy Discipline Measure 2016

Diocesan Stipends Funds (Amendment) Measure 2016

## Budget Resolutions and Economic Situation

*Debate resumed.*

2.43 pm

**Michael Dugher** (Barnsley East) (Lab): We all look forward to poring over the details of today's Budget, particularly to see the distributional analysis and to wait to hear from the IFS. Experience has taught us that, when it comes to this Chancellor, the devil is almost certainly in the detail. The Chancellor spoke a lot in his statement today about his record, on which I would like to focus the majority of my remarks.

I welcome today's overall fall in unemployment—we all do—but unemployment in my Barnsley East constituency is actually going up. It rose again today for the second month in a row, which is a matter of huge concern locally. It highlights the weakness of the economic recovery, the fundamental variations that are taking place in different parts of the country and it shows once again why more jobs are needed in areas such as mine.

In former coalfields, including my own area, there are still not enough jobs. The recent report of the Centre for Regional Economic and Social Research, "The state of the coalfields", highlighted that there are approximately 50 jobs for every 100 residents of working age across the former coalfields. The Government's own figures show that the employment rate in my Barnsley East constituency remains lower than the national average.

Indeed, the picture that the Chancellor painted today about what is happening in our economy will seem like a million miles away from the day-to-day realities of life for very many people, including in my constituency. Despite all the Chancellor's boasts about the employment rate, and for all the palpable nonsense about a "northern powerhouse", there are still huge discrepancies across the country.

According to the Resolution Foundation, in Yorkshire and Humber the employment rate increased by just 0.2% from the financial crash to 2015. That compares with 3.3% in London. Young people have been left behind, with the same figures showing that nationally the employment rate for 18 to 24-year-olds actually decreased by 3.5% over the same period.

What about the jobs that have come? Let us look at the reality behind some of the headline figures. The truth is the jobs that have come are too often insecure and are low paid. The number of zero-hours contracts is now at a record high, with more than 800,000 workers on a zero-hours contract for their main job. In 2010, there were 168,000 people on zero-hours contracts. The percentage of people on a zero-hours contracts with no guaranteed hours is higher in Yorkshire and the Humber than it is across the rest of the UK. Again, young people are hit hardest, with 38% of all 16 to 24-year-olds employed on a zero-hours contract. It is no wonder that this age group is not saving: they cannot get the hours, so they cannot get the money in to pay the bills. They are still struggling. If we look at today's figures, we again find a significant rise in part-time working. How often do we knock on doors or talk to people at our surgeries and hear people saying, "I just cannot get the hours." They are struggling because of that.

**Mr Prisk:** Will the hon. Gentleman give way?

**Michael Dugher:** I would like to make some progress, if the hon. Gentleman does not mind.

If the jobs that have come are more insecure, let us look at what has happened to living standards. According to the Resolution Foundation measure, there was an 8.9% fall in median pay for all employees between 2009 and 2015. For 22 to 29-year-olds, pay has fallen by 12% over the same period. Even using the Government's own ONS figures, gross weekly pay for full-time workers in my constituency has actually fallen to £432.80 in 2015—a wage cut of more than £22 since 2010, and significantly below the national average.

We know that 29% of women earn less than the living wage, and the figure is 18% for male workers. We know that up to today, 81% of the savings made to the Treasury through the Chancellor's tax and benefit changes since 2010 have come from women. According to the IFS analysis of the Chancellor's last autumn statement, we know that when all of the tax and benefit changes are taken into consideration, 2.6 million working families will be on average £1,600 worse off by 2020.

**Mr Prisk:** Will the hon. Gentleman give way?

**Michael Dugher:** No, I am going to make some progress.

It tells us everything we need to know about this Government when they seek to redefine rather than reduce poverty. Three in 10 children in Barnsley East are living in poverty. How does that fit with "putting the next generation first"? Where under the previous Labour Government the number of children living in absolute poverty fell significantly, the number under this Government has risen significantly. That is why local campaigns in Barnsley, such as the one being led by my hon. Friend the Member for Barnsley Central (Dan Jarvis) on tackling child poverty, are so important.

We know that one of the biggest growth industries under this Chancellor has been in food banks. In 2010-11, just over 61,000 three-day emergency food packages were distributed to people in crisis across the country. Under this Chancellor in 2014-15, over 60,000 were distributed just in Yorkshire. The figure for the whole country is more than 1 million.

A bad situation is being made worse by the Chancellor's approach to local government funding in particular. Not only is the Department for Communities and Local Government seen as a soft touch, but cuts for local government are presented as "cuts for town hall bosses". Let me make clear what we are actually talking about. We are talking about cuts in social care, mental health and other vital local services. We are talking about jobs going, about cuts affecting libraries, museums and grassroots sport, and about cuts in support for fantastic organisations such as Barnsley Independent Alzheimers And Dementia Support, the local dementia charity of which I am a patron. We are also talking about cuts in Sure Start: we have lost more than 100 jobs in children's centres in Barnsley because of this Government's cuts.

It is not as if the axe has fallen on local government in a fair or equal way. Under this Chancellor, the idea that we are "all in it together" is just a really, really bad joke. More than one in five neighbourhoods in the Barnsley council area are ranked in the top 10% of the most deprived in England, yet analysis of the Government's

[Michael Dugher]

own local government finance settlements—verified by SIGOMA, the special interest group of municipal authorities, a cross-party body that represents local authorities in urban areas—shows that from 2011-12 to 2016-17, Barnsley council's spending power will be cut by more than 26%, whereas that of the Prime Minister's local authority, Oxfordshire County Council, will be cut by only 10%, and that of the Chancellor's local authority, Cheshire East Council, by only 9%. Why should people in my constituency, an area with greater needs that is only a few miles from the south Yorkshire pit village where I was born, suffer bigger cuts than some of the most affluent areas in the country?

Why should women be hardest hit—women with children, and those who act as carers? Why should young people be held back? That is the reality, regardless of what the Chancellor said today. Does he not understand that every time he lets a young person down by allowing a children's centre to close, it is not just a disaster for those young people and their working parents, but a disaster for the whole country? An opportunity denied to a young person means a talent wasted for the country. But of course the Chancellor does not understand that; if he did, he would have done something about it.

We heard a self-congratulatory victory roll from the Chancellor today, but it is clear that he is completely out of touch. This is a Chancellor who does not understand, or simply does not care about, the impact that his policies have on many people in very many parts of the country. The Chancellor talked a great deal about his record today, so let us be clear about it. His record is one of promises broken, his own targets missed, the lowest-paid working families worse off, the deliberate targeting of disabled people, young people let down, women hit hardest, the poorest parts of the country suffering the most, poverty deepening, and inequality widening. How on earth can that possibly accord with the nonsensical claim that this is a Government for working people?

If the picture that the Chancellor has painted in his Budget today seems a million miles away from the realities that many people face, that is because we have a Chancellor who lives in a world that is a million miles away from the realities that many people face.

2.53 pm

**John Redwood** (Wokingham) (Con): I remind the House that, in the Register of Members' Financial Interests, I have declared that I advise an industrial and an investment company.

I support the main measures in the Budget, and the thrust of the Budget statement. I strongly welcome the tax reductions. I am very pleased that the Chancellor is making progress in implementing our promises to take more people out of income tax altogether, and to take people out of 40% tax when they are on relatively modest incomes in comparison with the costs of housing and living in many parts of the country. The more progress we can make in that regard, the better.

I am delighted that I, and others, made representations on behalf of the North sea oil industry, that those representations have been well heard, and that substantial changes have been made. It is important for us to do all

that we can to give that industry, which has been hit by the very low oil price, some momentum and some hope for the future. I am also very pleased about the capital gains tax changes, because I have campaigned for them for some time. I think we will find that they bring in more revenue, not less.

It is interesting to read the forecast in the Red Book that, by 2019-20, there will be a substantial increase in revenues from CGT at the lower rate, but there will be a period of no increases for two or three years. I find that a surprising profile, and I think it draws attention to an underlying problem. I do not think that the economic models and the tax forecasting system used by the Office for Budget Responsibility are fit for purpose. The OBR was obviously very wrong about the impact of the reduction in the 50p rate to 45p: there was a big surge in revenues which was not in the original forecast figures.

This is the background against which we meet today. Many of the changes that the Chancellor has had to make are simply a result of the OBR changing its mind over the very short period between the autumn statement and today, and deciding that the economic outlook is not as good as it thought it was at the end of last year. We have to ask why it has reached that conclusion.

**John Pugh** (Southport) (LD): Does the right hon. Gentleman think that the OBR has been any better at predicting the economy than the Treasury was before?

**John Redwood:** I do not think that there is very much difference. All economic forecasters experience difficulties in getting their forecasts right, but some of us are more humble about our expectations than these official forecasters. I think that the danger of having an official forecast is that too much credibility is given to it, and big decisions are then made on the back of it. When official forecasters are zinging the forecasts around every three or four months, it becomes difficult for any Chancellor to run a stable medium-term policy involving, for example, important spending items that matter a great deal to our constituents.

I urge the Chancellor to be a little more sceptical about the wisdom and virtue of the OBR forecasts. The one thing of which we can be sure is that, over the period during which we have had the OBR, it has always been wrong, but what is stunning is the degree of the error. The OBR itself kindly points that out to us on page 234 of its very readable book, saying that, on average, it has revised the underlying borrowing forecast by £46 billion for the review period in question on each occasion. Given that the figure is an average, it is clear that the forecast revision has been considerably higher. The OBR tends to make its biggest revisions in autumn statements, but it has given us quite a whopper on this occasion. When a Chancellor must face a £46 billion revision every time he has to do the sums, it makes the task of stable economic management much more difficult. This is one of those instances in which an idea that was intended to produce more stability has proved to be destabilising.

The same can be said, I am afraid, of the current Governor of the Bank of England. The Governor of the Bank of England is meant to provide stability and wisdom, but we have now heard four different mantras from this Governor about when interest rates are going to rise. That is a very important statistic, which informs the forecasts of the OBR.



First of all, the Governor said that interest rates would probably go up when unemployment fell below 7%. When it tumbled rapidly below 7%, the Governor changed his mind. I am glad that he did, but the fact remains that he changed his mind. He then said that when real wages started to go up, interest rates would probably go up as well, and I am pleased to say that almost as soon as he had said it, they started to go up. Then he changed his mind, in that he had apparently not meant what he said.

The Governor then said that the turn of the year, 2015-16, would be a witching hour, when interest rates might have to go up. Well, we roared through the end of the year and the beginning of the new year, and they did not go up. Again, I was pleased about that, because I think it might have been unhelpful if they had. However, that shows that people and institutions who should be good at providing stability can be very destabilising and very misleading, and it is all noise that the Chancellor has to deal with.

The one good thing about all this is that when these ridiculous forecasts are made by the OBR and the Governor of the Bank of England that we would be worse off if we left the European Union, we can completely ignore them. We know that those people are always wrong about the things in which they are meant to specialise, so why should we believe what they say about something that is more important?

**Graham Jones** (Hyndburn) (Lab): Will the right hon. Gentleman illuminate us on the section of the Chancellor's speech that dealt with the European Union? Will he share his thoughts with us?

**John Redwood:** I think that I am doing that now. The Chancellor quoted the OBR, and the one thing that I disagreed with profoundly in a very good Budget was the OBR's forecast on what would happen with Brexit. [*Laughter.*] It is not funny. Labour Members might learn something if they listened. They have obviously closed their ears to any idea that an independent Britain could be rich, prosperous and free, but many of us think that we will be more rich, prosperous and free if we leave the EU.

**Sammy Wilson** (East Antrim) (DUP): Will the right hon. Gentleman give way?

**John Redwood:** I want to develop the argument a little more. As has already been pointed out, the forecast contains very worrying figures about the balance of payments deficit. And of course, were we to leave the EU, we would immediately have £10 billion at our disposal that we would no longer have to send abroad to be spent in rich countries on the continent. That is the net amount that goes to the continent. So our balance of payments would immediately improve by £10 billion a year if we did not have to make those contributions.

To cheer up Opposition Members even more, and to get them to change their vote, I can tell them that we and they would have the pleasure of spending £10 billion a year more in our own country—[*Laughter.*] Why is that funny? Why should not British taxpayers who have to pay £10 billion not have the advantage of spending it on things that they want instead of it being spent on new roads in France or Spain? I think my taxpayers

want it to be spent here. That £10 billion a year could more than banish the austerity that Opposition Members claim has done some damage to our country. Looking at the figures, we can see that real public spending has gone up all the time under the coalition and the Conservative Government, but not by as much as it went up under previous Governments. If we had that £10 billion back to spend in the United Kingdom, we would have a better profile on public spending and on tax reductions.

**Neil Carmichael** (Stroud) (Con): Can my right hon. Friend be sure that any figure he quotes is accurate, given that he has just rubbished the OBR and the Bank of England? Presumably he has a list of other British institutions to which he would give the same treatment.

**John Redwood:** But of course. I have checked the Government's very own net contribution figures, and it is very likely that they have got those figures right, because even the Government can count how much they have spent and how much they have had to give away to the rest of the European Union. That is the damage that is being done.

On the balance of payments, I would urge my right hon. Friends on the Front Bench to do more work on getting the balance of payments deficit down. Obviously, they will not all agree with me about taking the quick easy hit of getting our £10 billion back to make a big reduction in the deficit, but we need to understand that that deficit is entirely the result of an adverse goods trade with the rest of the European Union. We are in profit with the rest of the world and we are in profit in services, but we have a colossal manufacturing deficit with the rest of the EU. Some of that relates to the way in which France and Germany get round the EU rules to make sure that they can buy French or German products, whereas we in Britain apply the EU rules extremely fairly and end up buying a lot of foreign products from the continent.

It is also the case that the very dear energy that European policies require and enforce is doing a lot of damage to our steel industry, our ceramics industry and other high energy-using industries. It is a great tragedy that, despite higher domestic demand for steel, we are still unable always to use British steel in British public sector contracts. Surely we ought to have a fix to create more demand for our own domestic industries.

We also import massive amounts of timber, despite having a big state sector involvement in the timber industry in this country. Why cannot more be done to cut more of the timber we already have as a state resource to meet our domestic demand, along with replanting and extending the planting, given that many people would like more forests? Why cannot we have more managed timber, with the state having an influence over it? We could also do more with the tax system to encourage more private forestry. We have rather good growing conditions here, compared with some of the colder Nordic climates from which we import timber at the moment.

We also import energy, but we have no need to do so. We are an island of coal, oil and gas set in a sea of coal, oil and gas. We also have lots of natural renewables, particularly lots of potential water power. Why cannot we create an energy policy in which we do not need to

[John Redwood]

rely on importing timber from Canada, electricity from France and energy from Norway?

I am pleased that the Budget is starting to tackle the issue of the oil industry offshore through tax changes. We need to do other work on that, and we also need to get on with gas extraction onshore. We will probably find further oil resources when we are prospecting for shale gas in the shale sands. We need to start bridging the gap on energy before it becomes even more damaging to our balance of payments.

**Mr Prisk:** On encouraging greater exports, would my right hon. Friend acknowledge that one of the challenges that small and medium-sized firms face is the availability and pricing of mid-sized capital to enable them to pursue longer-term export plans?

**John Redwood:** I am not sure that the cost of capital is a problem. The Government have already done certain things to try to deal with that through the investment bank and so forth. It is often the case that medium-sized companies probably need equity investment but are reluctant to give away control. That is a cultural issue that we have to deal with. Certainly for bigger companies there is nothing wrong with the long-term cost of borrowing if they have access to the bond market, because we have exceptionally low interest rates at the moment.

I am all in favour of the Government pressing on with large infrastructure projects if they make economic sense. The main ones that we need to reinforce are broadband and extra energy capacity. We are short not only of affordable energy but of energy of any kind. We do not want our economic recovery—which we have rightly been told is the fastest in the advanced world, on the historical and prospective figures—suddenly to come up against the constraint that there is not enough energy available to fuel the recovery.

3.5 pm

**Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): I expect the Chancellor had great hopes for today's Budget announcement, but the backdrop to the Budget has not been good for him, with growth forecasts going down. Today he has set out a Budget that bets the bank on an uplift in 2019. I have not yet had a chance to go through the Red Book, but I bet that there is more hidden pain for many of my constituents in the depths of this Budget.

I want to touch on a couple of the Chancellor's points that I broadly welcome. On tax changes, the Public Accounts Committee, which I chair, has looked closely at the issue of multinational tax avoidance. Only recently, we were looking at the issue of VAT avoidance on marketplace platforms. I therefore welcome the Chancellor's announcement that these issues are finally going to be tackled. He has also announced that he is reducing corporation tax to attract more multinationals to this country. Despite his promises, however, it is not at all clear that multinationals will pay more tax.

What we really need is tax transparency, and I echo the comments by the hon. Member for Amber Valley (Nigel Mills) on that point. I also commend to the Chancellor the 10-minute rule Bill unveiled yesterday

by my right hon. Friend the Member for Don Valley (Caroline Flint). We as citizens and Members of Parliament cannot tell whether we will secure more tax from multinationals unless we have more information. I commend that Bill to the House, not just because the Chancellor should, if he has any sense, be listening to my right hon. Friend, but because the whole of the cross-party Public Accounts Committee has looked into this matter in great detail and supports her proposal. The Bill proposes a small change that would be well worth implementing.

**Mrs Anne-Marie Trevelyan** (Berwick-upon-Tweed) (Con): Does the hon. Lady agree that the Chancellor's decision to reduce the ability for debt interest to be taken off corporation tax bills from 100% to 30%, which is the German level of interest reduction, is a good thing and should help us to make some of our larger multinationals and British companies pay more corporation tax?

**Meg Hillier:** That certainly looks like a step in the right direction, but my point is that we need to be able to see exactly what companies are doing. Transparency is the other side of that coin. I know that the hon. Lady broadly agrees with that position.

One thing that the Chancellor did not mention in his speech today was the national health service, which we know is in financial crisis. Only yesterday, the Public Accounts Committee's report on acute hospital trusts was published, but two other inquiries have taken place since we held that hearing and they show the real deep-seated financial problems in the NHS. There is a £22 billion black hole ahead, and the financing of our health service is all the wrong way round. In our hearing, we uncovered the fact that hospitals are setting their structures, budgets and staffing to meet the financial settlement that is passed down to them by the Department of Health. Then, inevitably, they have to backfill to meet the growing needs of patients by, for example, employing far more temporary staff on higher rates. They are therefore struggling to maintain their budgets.

That is being exacerbated by the push five years ago by the Chancellor—the self-same man who was at the Dispatch Box today—for 4% efficiency savings year on year in the NHS which has now come home to roost. In 2014-15, our acute trusts had a net deficit of £843 million. More than three quarters of our acute trusts are in deficit this year. Great work is being done to try to bring that figure down, but promises that NHS Improvement will bring in efficiencies to resolve the problems within a year are over-optimistic. Even the head of NHS England told our Committee that that was too steep an efficiency saving. He said that around 1% to 2% might be the right amount.

It is time that we had a national conversation and reached an agreement about how we are to fund our NHS. It is not good enough for Chancellors to treat it as a political football. The matter must be resolved. Demand is growing, and yet we are expecting so-called efficiency savings, which are undeliverable. I am unconvinced that the NHS is on a secure footing for the future. My Committee will continue to look rigorously at that and will provide reports to the Chancellor and the Secretary of State for Health so that they get the message. I hope that they take our comments as seriously as we mean them.

On education, we heard in a leak or trail for the Budget, which seems to be the common approach nowadays, that all schools in England will become academies. My borough of Hackney is no stranger to academies. When they were first unveiled, Hackney's schools were among the worst in the country. I pay tribute to the Mayor of Hackney, Jules Pipe, who took what was on offer from the Government and turned it into something that realises the ambitions of Hackney's young people. With the huge work of Hackney's heads and teachers, our schools are now among the very best in the country.

In spite of our embracing academies, among other school models, they are not a simple solution. The structure is not what makes education good. We need good teaching and good leadership. That is what gets results. The constant recent changes to schools—curriculum change, structural change, funding change—mean more upheaval. Academy status is unsustainable in practice for small primary schools, which will force them into chains. That is a concern of not only the Public Accounts Committee, but the chief inspector of schools, Sir Michael Wilshaw, who has warned that academy chains are not a solution to the problem in their own right and can actually mask problems.

The Committee is also concerned about the many risks involved, particularly around accountability. For example, the Durand Academy has become a cause célèbre for how a lack of accountability can lead to bad management of the taxpayer pound. If a chain goes bust, that has a wider ripple effect. Even at this late stage, I ask the Secretary of State for Education to abandon this monolithic approach to school provision. It sounds like freedom of choice, but the Government are imposing a model that will absorb energy and take time away from the real issue: educating children for the future.

The Chancellor paraded his devolution credentials. I started my time in politics believing and have always believed that power should be devolved to and exercised by the most appropriate level. This is another area of concern for the Public Accounts Committee and I offer the Chancellor a word of caution. We need to follow the taxpayers' money to ensure that they and Parliament know how it is being spent. As the money is devolved down the system, unless there are clear accountability frameworks and assurances from Government about how it is spent, that can provide a cover for waste and mismanagement. It can also be a cover for the Government's underfunding of major regions of the country and major policy areas. For example, as health funding is devolved through devo-Manc, how do we know that the Government are giving enough money to Manchester to deliver healthcare for its people? How can we know that in any area of the UK? That is the problem, and it presents a challenge to the National Audit Office, a servant of Parliament, in helping us to do our job.

As for accountability, I visited Bristol with my hon. Friend the Member for Bristol South (Karin Smyth) and met the local enterprise partnership, an interesting body made up of many private sector individuals doing many good things in Bristol. The LEP covers five local authority areas, so if any projects fail in delivery, where does that risk fall? It falls on the council tax payers of each authority, not on the private sector partners who give up their time to try to support economic development in that area. I am not knocking people who want to contribute to the growth of their area, be they from the

private sector, the public sector or wherever, but it is important to remember that taxpayers' money is being spent and that it must be followed and well spent. Risk and accountability must be combined.

That brings me on to infrastructure. Again, the Chancellor paraded several measures, including Crossrail 2, which will be coming to my borough. I welcome the fact that the Hackney to Chelsea line will finally be delivered. However, on 1 January the Major Projects Authority merged with Infrastructure UK to create the Infrastructure and Projects Authority. The Public Accounts Committee has long been a champion of major project management, which is vital in the delivery of our future infrastructure. The MPA began to do a job on that, but if we do not have someone watching how projects are delivered, there is a big risk of waste along the way, particularly with long-running projects that can stretch across many Parliaments. The Public Accounts Committee has expressed its concern about the merger and worries that it represents a downgrading of project management over the importance of infrastructure development. While I want such development, I look to the Chief Secretary to the Treasury and urge him to watch the merger closely, because the MPA was an ally of the Treasury, the taxpayer and those of us with an interest in watching taxpayers' money.

It does not pay to be poor under this Government. I represent one of the most divided authorities in the country. There is some great wealth, but a high level of poverty too. In reality, the Chancellor's jobs growth relates to far too much low-wage, part-time work, which is just not enough to live on in Hackney, where the average house price is £500,000 and where private sector rents are soaring through the roof. Thanks to Government policy, even social housing will be out of the reach of many following the imposition of pay to stay and the bedroom tax on households that may have no financial resilience and uncertain work patterns, meaning that they may be in and out of claiming housing benefit. Such households can suddenly be hit by a tax on their extra bedroom of £14 a week, which can accumulate over time and cause real problems.

On childcare, many local childminders are finding that providing the places that the Government are requiring them to supply is unaffordable on the money that they are paying. Even when the Government say that they are helping, they are not helping many households in my borough.

Returning to education, the national funding review is important, but we must not cut funding to London schools and their pupils because those schools will then decline. We have seen success and must not jeopardise it. Bursaries for nursing students have been lost and we now have loans for further education, so the next rung of the ladder for the aspirant people at the bottom—they are aspirant in Hackney—has been knocked out by the Government, making getting on in life harder to do. The Government must start ruling for the entire nation. It is a tale of two nations and this Budget simply underlines that.

3.17 pm

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): I am delighted to have caught your eye, Madam Deputy Speaker, and to welcome my right hon. Friend the Chancellor's Budget and some of the excellent things it contains. I want to pick out important two statistics.

[Geoffrey Clifton-Brown]

First, as of today, we have a record number of people in employment. Contrary to what is often said, 62.66% of that has come from the high-skilled sector, so we are creating high-skilled jobs in this country. Secondly, I welcome the fact that in this tax year we will again become the highest-growth country of all the world's major economies. That is a significant achievement by my right hon. Friend.

Having spent many hours on the Select Committee on the High Speed Rail (London – West Midlands) Bill over the past year, I have become something of a convert to the Chancellor's way of thinking about the merit of transport infrastructure projects that are good value for money. I welcome to the Front Bench the Minister of State, Department for Transport, my hon. Friend the Member for Scarborough and Whitby (Mr Goodwill), who is in charge of the HS2 project and who will no doubt pilot the Bill through the House in an excellent manner next week.

If this country is to compete in the 21st century, it needs a 21st-century system of transport. Through HS2 and other transport infrastructure projects, such as Crossrail 2, which the hon. Member for Hackney South and Shoreditch (Meg Hillier) mentioned, and the trans-Pennine rail tunnel, we are easing the burden on our congested roads and building some serious national expertise in areas such as tunnelling. That has enabled us to undertake some projects that we would not have been able to do just a year or two ago. As we have seen with the Thames tideway project in London, we have been able to bring the cost of such major projects down considerably. Competitiveness is the key to a successful economy. We are constantly competing in the global marketplace, whether we like it or not, and the economic decisions that the Chancellor has taken today reflect that reality.

I welcome some of the announcements to simplify our tax system, although we could go further. I particularly welcome the measures to abolish class 2 national insurance contributions. However, as income tax and national insurance revenues are slightly larger than the sum required to pay the entire benefits bill, national insurance is still a big burden, particularly for the low-paid. I welcome my right hon. Friend's measures today to accelerate taking the low-paid out of the tax system, moving the threshold from £11,000 to £11,500 and then to our goal of £12,000.

I come to a slightly discordant note, so I hope my colleagues on the Front Bench will bear with me on it. The VAT system that the Government have inherited is overly complicated. We zero-rate flapjacks but not cereal bars. We zero-rate paper books but not e-books. It was considered a productive use of somebody's energy to write into the Government's VAT guidelines—this is true, as hon. Members will see if they go online—that VAT must be applied to gingerbread men covered in chocolate at the standard rate unless

“this amounts to no more than a couple of dots for eyes”.

As some Members in the Chamber will be old enough to recall, the standard rate when VAT was introduced, following the old purchase tax rules, was 8%. It was then increased to 25% for certain items under Denis Healey, and today we find it at 20%. I say to my Front-Bench colleagues that the whole VAT situation needs a thorough

review. The problem is that we are governed by the rules of the EU, believe it or not, and the VAT sixth directive, which makes this very difficult. We need to have a conversation with those in Europe if the British people vote to remain in the EU, which I hope they will not.

I sincerely welcome measures in the Budget to make us more competitive, particularly the fact that the Chancellor is going to accelerate the reduction of corporation tax so that it will be reduced to 17% by 2020. That is a really useful measure. Interestingly, chart 1.11 in the Red Book shows that America's corporation tax is 40%, so it is amazing that its businesses are as competitive as they are. However, it is clear that our corporation tax is not moving quickly enough to keep up with the rapidly changing global nature of modern corporations, and that is leading to perverse outcomes that generate public concern, such as Google's recent announcement that it was paying only £130 million in back tax. I hope that the newly announced diverted profits tax will improve the situation. As has been said, a number of other measures in the Budget are there to improve the tax generated by some of our big corporations, and I hope that my right hon. Friend the Chancellor is right that those measures will generate £9 billion by the end of this Parliament.

We need to invest more to support small and medium-sized enterprises and encourage them to start exporting. The balance of payments figures in the Red Book are worrying. We could rethink how the Government support companies that want to export for the first time, especially given that we are reducing corporation tax. Bearing in mind that it probably costs a minimum of £50,000 for a company to consider exporting to a new market, we could give companies a complete break on corporation tax for any activity that relates to exporting for the first time. We need to rethink the role of UK Trade & Investment, as our approach is clearly not working. We are not getting enough small and medium-sized companies exporting, so we need to rethink its role under the new chief executive. In some years UKTI's budget has increased whereas in other years it has reduced, and we need to give it a stable environment in which to operate.

I welcome the Chancellor's announcement on broadband. The Government plan to invest so that superfast broadband covers 90% of the UK by early 2016 and 95% by December 2017. The trouble is that those are national averages, and rural constituencies such as mine have a disproportionate number of homes and businesses that are not getting a realistic broadband speed to deal with both their business and their leisure in the 21st century.

**Mrs Trevelyan:** We face a challenge on the universal service obligation, which has been committed to but which is currently weakly defined, and those of us who have constituents in very rural parts of England will struggle to see that commitment met. We need to continue to push the Chancellor and the Treasury to understand that a commitment will be required to make sure that every household in the UK has superfast broadband.

**Geoffrey Clifton-Brown:** My hon. Friend has an even more rural constituency than I do, but we both have very rural constituencies, and she is spot on in what she says. We need to make sure that every house and every business gets a reasonable broadband speed as quickly as possible. I was coming on to say that we need to provide support for bespoke solutions, and I am sure

that applies in her constituency, as it does in mine, where the Gigaclear contract, which was the first such contract in the country, will enable another 6,495 homes to have a reasonable broadband speed by 2017.

The Chancellor had a free shot about the EU, so I feel that I, as a humble Back Bencher, am entitled to have one, too. While I am talking about competitiveness, I must briefly mention our EU membership, as the issue has been receiving a small amount of attention lately. As a nation, we face a choice between remaining part of an institution that is fundamentally anti-competitive and is collapsing under the weight of its own bureaucracy, and seizing our own destiny and becoming a great trading nation once again, being fleet of foot, free of excessively burdensome regulation and able to make our own deals around the world.

As my right hon. Friend the Member for Wokingham (John Redwood) said, we will have an additional £10 billion net to spend if we leave. We will be part of a free and fair immigration system that allows us—this country, this Parliament—to attract and retain the best and brightest from countries such as India and China, without having to put in place arbitrary caps and restrictions simply to counteract the number of people coming from Europe, over which we currently have no control. Britain should be a place of equal opportunity for anyone who wants to come here with something to contribute, not simply a place for anyone who happens to reside in the EU. The recent EU deal with Turkey threatens to exacerbate the situation.

We live in uncertain times, as the OBR's growth forecasts clearly show. The Chancellor has said that there are storm clouds gathering, both at home and abroad. The Government are right to push ahead with reducing the deficit. There are naysayers who tell us that a national deficit at 4% of GDP is sustainable, but I say to them that a national debt at 82% of GDP certainly is not. We inherited from the previous Government a rate that was higher than it had been at any time since the 1960s, so I welcome the measures taken in this Budget to reduce it to 74% of GDP by the end of this Parliament. Our debt interest payments alone are equal to the annual budget of the Ministry of Justice and the Home Office combined. Just imagine how much extra we would have to spend, or we could save on taxes, if we did not have to pay that debt. The high level of debt leaves us extremely vulnerable to global shocks that could put up interest rates. Serious efforts to tackle the deficit, so that we can start to bring down our debt, must be accompanied by a sustained effort to continue to reduce regulation, to simplify our outdated tax system, to reduce public expenditure, to get the best possible value for money, and to give us infrastructure fit for the 21st century and for one of the world's best performing economies, if not the best performing.

3.28 pm

**Chris Leslie** (Nottingham East) (Lab/Co-op): I welcome the Chancellor's steps today to discourage child sugar consumption. As there is a cross-party consensus on the need to take measures to prevent ill health, it is important that we welcome those steps.

As the stir in the media begins to dissolve over the next few hours, I suspect that many members of the public will spot some of the uglier measures and scarier facts in the Office for Budget Responsibility's analysis

and in the Red Book. The Chancellor clouded many of his announcements in jargon—he goes a little bit faster over some passages in his Budgets. It is the downgrading of economic growth, though, that will be of the most profound importance to many of those commenting on the Budget today. To downgrade expected growth this year from 2.4% to just 2% is a real blow to the Chancellor's credibility when it comes to delivering economic performance. He has downgraded those figures not only for this year, but for every single year of this Parliament, which has a major effect on a whole series of Budget assumptions.

We already know that the Chancellor took a gamble in the spending review before Christmas. He found £27 billion down the back of a sofa through a series of ONS reclassifications, and he banked on that money, spent a lot of it and committed it in a number of different ways. Now that the money has not materialised, he has had to make a series of adjustments, which we are only just managing to spot in the fine print of the Red Book. I have not had a chance to go through the full details, but it is interesting to make a note of those adjustments.

**The Chief Secretary to the Treasury (Greg Hands):** I thank the former shadow Chancellor for giving way. I wonder whether he is remembering his days as a senior adviser to Gordon Brown. Surely he must know that the forecasts are now all done independently by the OBR. It is only sensible for the Treasury and the Chancellor to react to those independent forecasts, but to try to shoot the forecaster is fundamentally to misunderstand the nature of the Office for Budget Responsibility.

**Chris Leslie:** Oh dear, oh dear—a bad workman always blames his tools. It is interesting that the Chief Secretary to the Treasury does not fess up to the big changes that have been made with the raids on public sector pensions. Some £2 billion will be taken from public service workers across this country—that was not really emphasised in the Chancellor's speech. A whopping £6 billion, or 60% of the £10 billion surplus that the Chancellor is still claiming will be achieved, will go on all sorts of shuffles in when corporation tax is paid. That will potentially be very disruptive to businesses and firms across the country.

On the economic forecast, there is a problem not just with growth but with productivity. Despite the fact that the Chancellor has published productivity plans, it is stark to see how productivity has been significantly downgraded in the OBR document. On page 46, we see that, whereas in 2010 real productivity had 21.9% of potential, it has now fallen to 14.4% of potential—a massive faltering of Britain's performance on productivity. Although the Chancellor has paid lip service to that issue, he has consistently failed to orientate his Budget measures around those economic necessities.

We also need to look at what has been happening to earnings in this country. Again, the growth in average earnings is downgraded not just this year but for every year of this Parliament. Page 91 of the OBR document paints a gory picture of what is happening to average earnings. Of course, that economic outlook has an effect on the numbers in the tax and spending decisions that the Chancellor has to make.

Let us look at what the Chancellor has had to do to try to keep his promises. He is trying his best to stay on course to deliver a surplus at end of this Parliament,

[Chris Leslie]

but he has already had to admit that he has broken his promise on the welfare cap, and today he has admitted that he is breaking his promise on the national debt. Public sector net debt is up every year in the forecast for this Parliament—a theme that runs through the whole Budget statement. The heroic assumption that the Chancellor is still going to get that £10 billion surplus at the end of the Parliament feels implausible not just to me but to many of the economic commentators who are analysing the Budget statement. As I have said, that surplus is predicated on a £2 billion raid on public service pensions and the £6 billion shuffle in when corporation tax will be realised.

Then we get to some of the other changes that the Chancellor has decided to make. He did not really dwell on this very much, but cutting capital gains tax from 28% to 20% is a phenomenal giveaway to the very wealthiest people in this country. It applies not to residential properties but to those who have an accretion of capital wealth. Their tax will come down significantly, with a giveaway next year of £630 million. In the same year, he will take £590 million—from where? From the disabled—from the personal independence payment section of the social security budget. That is a straight transfer from those in most need to the very wealthiest in society—a tycoon tax cut, as I think it will be known as the days go by and people realise what has been announced in the Budget.

There are other spending cuts in the small print of the Red Book. Poor old local government services, particularly in areas where not a lot of Conservative party members reside—you might be surprised at my cynicism, Madam Deputy Speaker. Local government services received £10.8 billion of funding this year, but that will be cut by a third to just £6.2 billion in the last year of this Parliament. Just imagine the effect on libraries, leisure services, housing, social services and social care. Of course the Government will say that local councils can put up council tax, but they should not think that local residents will not place that council tax increase entirely on the Chancellor's shoulders. They are the ones who have to pay the price for the cut in local services.

The transport budget will be cut from £2 billion to £1.8 billion by the end of this Parliament. How on earth will that help with the productivity issues we have to address? I have talked about the clear problems that emerge from the OBR Blue Book, and transport is one of the most important areas of infrastructure spend, ensuring that people can get from A to B and that goods and services can flow to markets. All those obstacles and impediments to business will be made worse by the Chancellor's attitude to transport.

The OBR goes on to say that this era of cuts and Tory austerity will continue not only for this Parliament—never mind the previous Parliament—but will bleed well into the next Parliament. The OBR says that to achieve the surplus they want, the Government need a much bigger cut in current departmental spending of £8.1 billion in 2020-21, compared with the £1.8 billion that they have to cut in 2019-20. There are all sorts of statistical shifts and shuffles going on, all revolving around the Chancellor's target, and what is that about? Not just the Chancellor's European referendum anxieties

but the leadership challenge from the Mayor of London. Everything in this Budget has revolved around the Chancellor's political predicament.

We have a Budget that exposes many of the anxieties people have had about this Chancellor's attitude. It is eminently political, with all sorts of shuffles that do not really have anything to do with the best interests of the economy. With growth down, debt up, productivity faltering, implausible surplus forecasts and a tycoon tax cut—a capital gains tax giveaway paid for by disability independence payments—it is not a Budget of which Government Members should be proud.

3.37 pm

**Andrea Jenkyns** (Morley and Outwood) (Con): With today's Budget, the Chancellor has shown once again that this Government are on the side of the people of the United Kingdom. This is a Budget that puts the next generation first. It is a Budget of opportunity. We are creating a climate that allows our businesses to thrive, our children to have the best education and reach their potential, and people to keep more of their own money and plan for their own future.

The Budget brings excellent news for small businesses, which are the bedrock of our economy and our communities. The businesses in my constituency will be thrilled to hear that we are cutting their taxes. Thanks to the announcements made by the Chancellor this afternoon, small business rate relief has doubled, and the maximum threshold for relief has been increased from £12,000 to £15,000. This means that many businesses in Morley and Outwood will now never pay business rates ever again. The Government will also raise the threshold for the higher rate of business rates from £18,000 to £51,000, meaning that 250,000 small businesses in the UK will get a tax cut on their business rates bill.

We are cutting corporation tax further to 17% from 2020, which will support job creation, benefiting more than 1 million firms across the country, many of which will be located in my constituency. To boost enterprise, we have announced that we are also cutting the basic rate of capital gains tax to 10% and the higher rate to 20%, which will improve investment in business. We are reforming stamp duty on commercial properties, resulting in a tax break for small firms. This will remove the distortions in the property market and make it easier for small firms that want to move to bigger premises. As a result, 90% of transactions will have their tax bill cut or stay the same. It is excellent news that the Chancellor has decided to simplify and modernise business taxes, and that is essential in ensuring that we have a tax system that is competitive but fair. I am certain that my constituents will be pleased to hear that we are also modernising our tax rules, to close loopholes that have allowed far too many international companies to reduce their tax burdens to close to zero.

**Karin Smyth** (Bristol South) (Lab): Will the hon. Lady give way?

**Andrea Jenkyns**: I am sorry; I will move on.

I have worked in schools as a music teacher, so education is very important to me. Improving our schools so that our children get the best education in life is essential, and the opening up of opportunities for young people is a subject that is close to my heart. The reforms announced today are excellent and will give every young

person the chance to succeed. In my constituency we have some excellent academies—Morley, Outwood and Woodkirk, to name but a few. That is why I am delighted to hear that we are providing more money, so that by 2020 every school in England will have become an academy or be in the process of conversion. We are going to shine a particular focus on performance in the north and look at the case for teaching some form of maths to 18 for all pupils. We are introducing a national fair funding formula, from which 90% of schools will benefit, and ensuring that we will see those benefits by the end of this Parliament.

What is important to me is that we will invest £20 million a year into new funding of the northern powerhouse schools strategy. That new funding will ensure that rapid action is taken to tackle unacceptable divides that have seen educational progress in some parts of the north lag behind the rest of the country for too long. In support of that, Sir Nick Weller will lead the preparation of a report into transforming education across the northern powerhouse.

The difficult choices made by this Government mean that we are now able to make decisions that benefit everybody, beginning by raising the tax-free allowance so that more people can keep what they earn. For the sixth consecutive year, drivers will see historically low prices at the pumps maintained, thanks to the Chancellor's decision to continue the freeze on fuel duty, which has done so much to relieve the burden on families and businesses. As the Chancellor said, that landmark decision will save the average motorist £70 a year, which is a significant amount for families. In constituencies like mine, which have seen an historical under-investment in public transport, cars are a vital lifeline. This cut in duty will make it easy for my constituents to get around, to go to work and to shop, and I welcome it wholeheartedly.

For far too long, previous Governments neglected investment in the north. By contrast, under this Government, this Chancellor is making good on his promises to pump investment into the northern powerhouse, which will see historic improvements to our transport links. The M62, which passes through the heart of my constituency, is to be upgraded to a four-lane smart motorway. So often I talk to constituents who get stuck in the horrendous traffic that builds up on the M62, and my team commute down the road every day. I am totally behind the measures to unplug that vital link.

It is not just the roads that are being kick-started. The new High Speed 3 link from Manchester to Leeds will cut journey times for people from my constituency to travel between the two cities. I look forward to seeing more detailed proposals for the route and stations for that link, which will be a welcome boost to the economy in Yorkshire and the north-west. Britain is a nation of builders. The north is the beating heart of Britain's industry and I am proud that the north will be building once more.

The Chancellor is also supporting our communities through the landmark decision to freeze duty on beers, spirits and most ciders. I know that residents in my constituency will welcome that this weekend, when they visit the annual Morley cricket club beer festival. As the Budget document tells us, changes to beer duty have already protected 19,000 jobs, and these further changes will continue to support our brilliant breweries.

That will protect our local pubs, which are so often the heart of the community, and support the Scotch whisky industry.

Whereas some Members on the Opposition side of the House want to divide us along our internal borders, this Government are committed to supporting one nation, with measures that will benefit the whole country.

**Graham Jones:** Will the hon. Lady try to explain or give her version of the section of the Chancellor's speech regarding the EU?

**Andrea Jenkyns:** A very good question. I am very supportive of what the Government have done. After all, it is the first time in 40 years that we are getting this referendum. I think that is all that matters. We have put it in the British public's hands to decide on the future.

The floods over Christmas and at the start of the year were devastating to so many people, homes and businesses across the country. My constituency was lucky; we escaped major damage, with most of the affected areas being farmers' fields. However, I am delighted that the Government have committed more money to our flood defences, including £35 million of new funding for phase 2 of the Leeds flood alleviation scheme. Leeds was hard hit in the recent floods. Many of my residents commute there every day, so that is welcome news. Thanks to our strong economic recovery, we have the tools available to help those affected by the floods.

We found out yesterday that the shadow Chancellor had previously listed his great influences as Marx, Lenin and Trotsky. With a new musical about the Leader of the Opposition coming out next month, I hoped he would not be singing the same tune. Unfortunately, it looks as though the Opposition are more of a tragedy than a comedy. The response from the Leader of the Opposition to the Chancellor's statement confirmed that the Labour party should never be trusted with the nation's finances. He said that we were not on the side of small businesses, yet we delivered tax cuts. He criticised the reduction of corporate tax rates, yet that will help businesses to grow and invest more into the economy, helping working people and the country as a whole and creating more jobs. Where the Government are setting out a clear plan for the future of the British economy, the Opposition are stuck in a Marxist dream-world where economic realities do not apply. They should never be given the opportunity to hold the levers of power again.

This is a Budget of opportunity—[*Interruption.*]

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. There seems to be a lot of noise for no apparent reason. If people are having conversations, they should not be having them here in the Chamber. If they want to intervene on the hon. Lady or challenge her, they should do that. This is about the debate, not about other things.

**Andrea Jenkyns:** Thank you, Madam Deputy Speaker.

This is a Budget of opportunity, giving young people in our schools the opportunity to succeed, and giving businesses the opportunity to grow and prosper. The northern powerhouse and investment in the region will help us provide new jobs. Our planning laws will be reformed, which will give people the opportunity to own their own home. The Conservatives are the right party to take us into a positive future, with a strong

[*Andrea Jenkyns*]

economy and a budget surplus. For the first time in over four decades we are letting the British people decide on our future through the EU referendum. I am proud to be a Conservative and I commend the Chancellor on his Budget.

3.46 pm

**Pat Glass** (North West Durham) (Lab): I want to speak today about tax avoidance and its impact on the UK economy and on the economies of the developing world. In this I follow the hon. Member for Amber Valley (Nigel Mills), who spoke earlier, and my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier). I hope that between us we will be the beginning of a chorus that is so loud that the Chancellor will not be able to ignore it.

I welcome the Chancellor's announcement today about closing tax loopholes for big companies, but without transparency this will make little difference to a tax avoidance industry that is out of control here and across the globe. This Government and other western Governments around the world are presiding over a global economy in which inequality has reached crisis point, and today's Budget will not make that any better. Oxfam's "An Economy For the 1%" report tells us that the richest 1% now have more wealth than the rest of the world combined, that power and privilege are being used to skew the economic system to increase the gap between the richest and the rest, and that a global network of tax havens across the world, including here in the UK and in our Crown dependencies and overseas territories, contributes to the richest being able to hide \$7.6 trillion, which is contributing to cuts in public expenditure here and across the world. Here in the UK that means longer NHS waiting lists, teacher shortages and decreasing levels of care for the elderly and frail, and it means that the poorest living in the developing world see every penny of international development funding wiped out by what is, in effect, stolen from them in tax avoidance.

**Meg Hillier:** Does my hon. Friend think it is an interesting contrast that the US chief executive of Google was paid a salary package of bonuses, shares and so on worth about £130 million, and Google's tax settlement with HMRC for a 10-year period was around the same amount?

**Pat Glass:** Yes, and I doubt whether he even sees the irony. I watched that session of the Select Committee. What I recall is that he could not even tell us what his salary was—it was so large, and it was made up of so many different kinds of dividends and so on, that he had no idea what his salary was.

There are 62 individuals who now have the same wealth as the poorest 3.5 billion people in the world. Those same 62 people have seen their wealth increase by \$542 billion since 2010, while the poorest 3.5 billion people have seen their wealth fall by \$1 trillion over the same period. Those in the poorest 10% of the world's population have seen their income rise by just \$3 a year over five years, whereas 62 of the world's richest people have seen their income rise by \$500 billion over the same period.

As is always the case when we are talking about who is rich or poor, it is women who are at the bottom. Some 53 of the world's richest people are men, and the countries with the largest inequalities have seen the gender gap widen in terms of not only income, but health, education, labour market participation and representation.

The current system of tax havens, with what has become an industry of tax avoidance across the globe, damages our economy in this country and economies across the world, and it needs to be addressed and closed down. It is absolutely clear that trickle-down economics does not work, except for the richest 1%, in which case it works beautifully for them and their mega-rich pals.

The Government's view that low taxes for the richest individuals and for companies are somehow good for the rest of us is just plain wrong. If the Googles of this world, and the Vodafones, Starbucks, Amazons and the rest, paid their taxes properly, like the millions of hard-working people who understand that paying taxes is the cost of living in a civilised society, we could wipe out the deficit in the UK, and the poorest across the world could begin to see improvements in their grindingly poor lives.

Channel 4 revealed this year that Barclays, which had signed up to the banking code on taxation and therefore promised not to engage in tax avoidance, actually employed a range of tax avoidance schemes to dodge an estimated half a billion pounds in tax in the UK alone last year. That is the worst kind of hypocrisy.

When the bank's tax avoidance practices were reported on by Channel 4, Barclays responded that it had "voluntarily disclosed to HMRC in a spirit of...transparency that it had repurchased some of its debt in a tax efficient manner."

Will the Chancellor's announcements today change that? Without transparency in the system, I doubt it. Presumably, Barclays made that declaration fully understanding that its actions would result in fewer doctors, fewer nurses, fewer teachers and cuts for the poorest and most vulnerable in this country.

Boots the chemist, which earns every penny of its income in the UK, moved its headquarters from Nottingham to Zurich to avoid paying any tax in this country. Quite frankly, that should be illegal. I doubt very much whether, without transparency in the system, anything the Chancellor said today will change that, bring the Boots headquarters back to this country or make Boots pay its tax here.

Companies that are household names in the UK now routinely use a technique called transfer pricing, trading goods and services internally—within a network of the same multinational company's subsidiaries, each of which is in a different jurisdiction—to avoid paying tax. Without transparency and routine, mandatory reporting, that will not change, even after what we have seen in today's Budget.

When companies are caught out and their practices are highlighted, as happened recently with Facebook, they simply reach a sweetheart deal with HMRC, paying a tiny, tiny proportion of the tax they owe, while announcing to the world what good citizens they are because they now pay their tax.

Yesterday, Oxfam published a report called "Ending the Era of Tax Havens: Why the UK government must lead the way", which pointed out that tax havens are at the heart of the inequality crisis, enabling corporations and wealthy individuals to dodge paying their share of tax. Oxfam analysed 200 of the world's biggest companies



and found that nine out of 10 have a presence in at least one tax haven, with corporate investment in those tax havens in 2014 almost four times bigger than it was 10 years ago. Tax avoidance in our largest companies has become routine and obscene, and it is growing.

Tax havens are estimated to cost poor countries at least \$170 billion in lost tax revenues every year. They fuel the inequality crisis, leaving poor countries without the funds they need and effectively wiping out the benefits of any international development funding those countries receive. If we are to address that, the Government must require multinational companies to make country-by-country reports publicly available for each country in which they operate. The Government must also support efforts at European and international level to achieve that standard globally. That has not happened in today's Budget.

**Geoffrey Clifton-Brown:** I have great sympathy, as I mentioned in my speech, with the point about the avoidance of corporation tax by large corporations. Does the hon. Lady not agree that the real damage is in poor countries, where these corporations get away with paying no corporation tax whatever, while we are, at the same time, giving these countries foreign aid? We need to tackle this issue internationally, through the OECD, the G7 and the G20, which is exactly what the Chancellor has been trying to do.

**Pat Glass:** I agreed with everything the hon. Gentleman said until he said that this is “exactly what the Chancellor has been trying to do”, because unless there is mandatory reporting, and it is transparent, it will not make any difference.

The Government need to ensure that the mechanisms for public country-by-country reporting benefit developing countries as well as the UK. We did not see that in today's Budget. The Government must require the UK Crown dependencies and overseas territories to set clear timetables for public registries of beneficial ownership. After all, the Prime Minister promised this three years ago at the UK's G7 summit in Lough Erne and has failed to deliver it, and again it is not in today's Budget.

We cannot call ourselves decent people and cannot claim to be a decent country if we stand by and allow the inequalities that exist between the rich and the poor to grow. The British people understand the unfairness of the current situation, and they want it to change. They understand that despite opportunities such as today's Budget to address some of this, the Chancellor has chosen not to do so. This country, and this world, is not short of wealth, and it makes no economic, political or moral sense to allow the current obscene situation to continue. It is wrong that 62 people have more wealth than the poorest 3.5 billion people on this planet, wrong that companies operating in the UK routinely avoid paying the tax they owe, and wrong that the Government and the Chancellor seem content to allow this to continue.

3.56 pm

**Neil Carmichael (Stroud) (Con):** It is a great pleasure to speak in this important debate, not least because it covers two important subjects that I find of great interest—Europe and education. I intend to address them both.

First, let us canter through some of the statistics in the context of the changes that the Chancellor announced. The global economy is going through a very problematic period of adjustment. That has significant impacts on our own performance, and those are driving down some of the more ambitious assumptions made previously. That is why the OBR is so important. My right hon. Friend the Member for Wokingham (John Redwood) said that the OBR had been wrong on a scale of about £45 billion per year on anticipated debt. If we contrast that with the £8.5 billion that we pay to the European Union in net contributions, we see that it is a different scale of issue. However, that does not undermine the function of the OBR because it has to measure changes over a wide variety of different statistics, and does so remarkably well. We should salute that. We should also note that the Office for National Statistics is just as good at making predictions.

The Chancellor mentioned productivity—rightly, because that goes to the heart of the issue. He said that productivity growth is slackening. In this country we need even more productivity growth than we are seeing now because our deficit with other countries who are our competitors is quite significant. For example, the OECD says that we are 28% less productive than the Germans. That makes a difference when we set about exporting. If we are that different from the German economy in terms of productivity, then we are going to struggle with being competitive. We have to stop complaining about UKTI and stop worrying about what people are doing to us, and start recognising that we have to narrow this productivity gap.

The second point about productivity is that it matters in relation to life fulfilment, tackling poverty and so on, because the brutal fact is that if we are more productive through having greater skills and better deployment of training, we will get higher salaries and better wages. Through driving productivity increases in our economy, we will end poverty on the scale that has been mentioned today. That is our challenge, and it is a must-do. I am really pleased that the Chancellor is embedding it in this Budget. He has done so by addressing education, which I will turn to now.

More academies equals better schools. That is something that I believe and, I think, something that we will easily prove.

**Meg Hillier:** As the hon. Gentleman is probably aware, the Public Accounts Committee recently held a hearing on teacher training. We discovered that, after an eight-week course—sometimes it did not even last eight weeks—a staggering number of teachers who had not been qualified to teach certain subjects to a higher level qualified to teach them to our students and young people. Does he not think it is more important to sort out having qualified teachers in the classroom than to force every school into academy status?

**Neil Carmichael:** I could not agree more with my fellow Select Committee Chair. That is obviously a priority, but that does not mean that it is not also important to have good schools that are led well by headteachers who are focused on the right culture, standards and quality staff. We should have more academies and make sure that they operate in a well-structured multi-academy trust.

**Pat Glass** *rose*—

**Neil Carmichael:** I think I have set the cat among the pigeons. Go for it.

**Pat Glass:** The hon. Gentleman knows as well as I do that, when we both sat on the Education Committee, we saw no evidence whatsoever—believe me, we looked for it—that academies improved standards more than maintained schools.

**Neil Carmichael:** That was a year ago, when there were fewer academies. Now, 80% of academies are good or outstanding, which is a really impressive signal. We need to make sure that academies join up in multi-academy trusts.

**Mr Adrian Bailey (West Bromwich West) (Lab/Co-op):** Will the hon. Gentleman give way?

**Neil Carmichael:** No, I will keep going now. I am really excited about the idea of including university technology colleges in MATs, because that will give greater choice. The Government have already allowed sixth-form colleges to be included in MATs. We need economies of scale in sixth-form provision, and increasing the number of MATs will do just that.

It is a scandal that, according to a national mathematics charity, 78% of our adult population do not reach level 2 maths. That is not acceptable and it is absolutely right that maths should be taught as a compulsory subject up to the age of 18. I have frequently said that we should have a national baccalaureate to do just that, and I urge the Government to point out to Sir Adrian Smith that that would be at least one way of making sure that 16 to 18-year-olds are taught maths. I remind the House that we are the only country in the western world in which maths is not a statutory subject up to the age of 18. That is not acceptable.

I know that this is of no interest to the Scottish nationalists, but the Government have rightly decided to make sure that our schools have fairer funding. When I was a member of the all-party parliamentary group on Yorkshire and northern Lincolnshire, I was not surprised that there were concerns about Yorkshire schools and that people wanted a commission to improve them, because there are a large number of coastal and rural schools. Such schools often suffer most with regard to funding, so it is absolutely right for the Government to tackle that.

I salute and welcome the decision taken on sugary drinks. I am also very pleased that the money from that tax will go towards encouraging more sports participation. My Education Committee will look at that in detail.

I want to mention three other issues before I move on to Europe. First, I think that devolution is a really good thing and I am really pleased that so many cities and counties are considering mayoral solutions. I think that is the way forward. Any structure considering devolution must ensure that it has the right accountability and governance system in place. That is what the Government seek to achieve. I hope that my own county of Gloucestershire—the entire county; I do not want anything to be chopped off—will be a successful devolved power with a suitable governance structure. That is the way to harness business, education and other public services, make sure that the planning system is consistent with the overall interests of the county, and deliver for the people. That is how we can really make a difference, and this Budget helps that process.

It is absolutely right that we continue to invest in infrastructure. I think the key thing is to signal a plan for investment that businesses can look to with some certainty and know that it is happening, so that they can start thinking about the people they need to recruit and the resources that they need. A common complaint of organisations such as the Institution of Civil Engineers is that we do not have the planning capacity to make the decisions that we should be making ahead of starting a project. Forward planning in infrastructure projects is absolutely great, and the Budget does that to some extent, although I think that more could be done.

I am really pleased to see that business rates are being changed so that smaller businesses will simply be exempted. That is good news for a constituency such as mine, where we have a large number of small businesses, many of them in the retail sector. Many are starting to develop really interesting technologies that have huge potential and that will get somewhere if they are given a proper chance. The changes in business rates are really very good.

Back to the European Union. We have to accept that the OBR is right to point out that if we leave the world's largest single market at a stroke—that is effectively what article 50 will do—we will cause a huge amount of disruption to investment and trade. If anyone thinks that signing 66 new free trade agreements will be easy, quick or comprehensive, they are wrong. As we saw with the discussion about Canada, if we replicated the position of Canada, our situation would not be helpful in terms of motor cars or financial services. That is not a solution.

We should also remind ourselves that proportionally, Norway pays about the same as we do to be in the single market, with no control over anything and no special dispensation over any aspect of the single market. We complain about paying the same amount, per ratio, as Norway, yet right now we have influence. What does that influence do? It effectively created the single market in the 1980s and has expanded it now, and it will continue to ensure that Britain has a leadership role in the European Union, where we can forge a stronger, better place for trade and extend beyond the European Union. The idea that we are in the European Union and that therefore can go nowhere else is utter nonsense. Germans export to China. The Netherlands beats us when it comes to exports to India. We, not Europe, really have to think about where we export and how we do it, and about the productivity issue that I have raised.

Those are the economic reasons for staying in Europe, and I will largely confine myself to them. I am interested, too, in the fact that Mark Carney, the Governor of the Bank of England, has taken the time to consider the implications if we decide to leave. He has recognised that there would be difficulties in our banking system if that were to be the case, and he has taken pre-emptive action. That is a signal that we are taking a risk by considering leaving the European Union. Instead, we should make up our minds and stay in. From then on, we should use our power in the European Union and beyond to shape a Union that represents our interests, deals with more competition, forges more trade links and gives people in Europe as a whole more security—for their own safety and national safety—and economic opportunities. That is why it is important to remain in the European Union, and that is why the OBR, the Bank of England, the CBI and, plainly, the Chancellor of the Exchequer think that we should do so.

Several hon. Members rose—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. We have plenty of time for this debate, but, to make sure that everyone has a fair chance to speak, I am going to reduce the time limit to nine minutes.

4.9 pm

**Sammy Wilson (East Antrim) (DUP):** May I first welcome a number of measures in the Budget? The rise in income tax thresholds is important for those in work who wish to keep their income and spend it as they, rather than the Government, see fit. The changes for savers are also important, especially for those on lower incomes and perhaps those who are self-employed, given the incentives. I would however point out that although the Government have presented some of the changes as important, especially the lifetime ISAs and the help for low-income savers, many people will still struggle to put aside the money for such initiatives. The change in business rates is important for small businesses that are struggling, especially in town centres, as are the promises to deal with tax avoidance. However, we have heard such promises before, and, very often, nothing has come of them.

**Chris Stephens (Glasgow South West) (SNP):** Is the hon. Gentleman not concerned, as I am, that the whole tax-avoidance strategy is rhetoric, rather than reality, given that HMRC wants to close 90% of its offices, some of which are in Northern Ireland?

**Sammy Wilson:** There has to be a connect between the promises that the Government make and the ability to deliver on them, whether through legislative changes or, indeed, through having the resources to deal with the issues.

The Northern Ireland Executive will benefit, from Barnett consequentials, to the tune of about £220 million over the comprehensive spending review period. Many people will welcome the fact that £5 million has been set aside to establish an air ambulance in Northern Ireland, for which we have called for a long time.

I want to deal with two areas. I will start where the hon. Member for Stroud (Neil Carmichael) finished, with the Chancellor's references to the European Union. I notice that the Chancellor made fairly scant reference to it in his statement. Indeed, I think many people were probably surprised about that, given the way in which the Government have tried to drive this issue. On the other hand, I am not surprised, because what does he really have to say about retaining membership of the EU?

The Chancellor talks about struggling with the budget deficit and with the public finances, yet he is quite happy to give £10 billion a year to the EU. In the EU, the money is often so badly spent that its accounts are qualified every year. Such money goes on fraudulent activities; it disappears into black holes; it goes on vanity projects—*[Interruption.]* I notice that some of the most vociferous supporters of giving public funds to the EU are from the Labour party, while its Members are complaining about cuts in services for their own constituents.

The other point that the Chancellor has to address is that, although he will give £6 billion to companies in corporation tax cuts, he will, over the same period, take £7 billion more off them in environmental levies, most of which are driven by European directives. On the

one hand he is giving money to businesses, and on the other, European directives ensure that he has to take it from them.

The hon. Member for Stroud got it wrong when he mentioned what the OBR has said about leaving the EU. The OBR has not been definite that certain things would happen. Indeed, its report says that leaving the EU “could usher in” uncertainty, “could have negative” impacts and

“might result in greater volatility in financial...markets”.

That is also what the Chancellor said. The ironic thing is that he had no sooner uttered his comments about threatening and slaughtering jobs, investment and everything else than, in his very next sentence, he pointed out that since the autumn statement—we have had all the uncertainty about the referendum and the fact that the United Kingdom might vote to leave the EU—the Government had

“created...150,000 more jobs than the OBR expected.”

There is all this volatility and uncertainty, yet in the face of a referendum businesses are not reflecting uncertainty or fear. Indeed, according to the Chancellor they are creating 150,000 more jobs than the OBR expected.

**Neil Carmichael:** I just wondered whether the hon. Gentleman was aware that 80% of businesses in Northern Ireland want to stay in the European Union.

**Sammy Wilson:** Of course, it depends on what survey we look at. Large firms benefit from the lobbying power they have to restrict innovation and the entry of small firms into markets. Small businesses are buried under regulations and strangled by the red tape that emanates from Europe.

The Chancellor carefully avoided talking too much about our membership of the EU, because there is not a good story to tell on that in budgetary terms. I notice that, so intent is he in ensuring that attention is not drawn to it, EU transactions are included with others in chart 1 of the executive summary—he does not want to highlight the exact amount of money we pay into the EU.

The second issue I want to deal with is inequality across the United Kingdom and across sectors of the population. Growth forecasts have been reduced for a whole range of reasons. Some of those reasons are outside the control of the Chancellor, but some are not. One way to improve growth is to borrow money for infrastructure projects. I find it inconceivable that the Government talk about not letting the level of debt go up when there are good infrastructure projects that would give a good rate of return. They are quite happy for debt to go up to finance consumer spending, which has been the main driver of growth. I would rather see growth driven by spending on infrastructure projects that increase productivity and give a return that generates tax revenues in the future, rather than putting individuals in jeopardy if there happens to be an increase in interest rates.

**Greg Mulholland (Leeds North West) (LD):** Will the hon. Gentleman give way?

**Sammy Wilson:** I will not give way, if the hon. Gentleman does not mind, because I do not think I will get an extra minute.

[Sammy Wilson]

We know from experience that when the growth forecast goes down the regions of the United Kingdom—Northern Ireland, the north-east, the north-west and Scotland—tend to experience the greatest impact. The figures in the Budget statement show growth rates for Northern Ireland to be half of those for London. Indeed, there are only two regions of the United Kingdom that exceeded the average growth in the past four years: London and the south-east. All other areas did not experience the same rate of growth. There is a strong case for saying that infrastructure investment could help to stimulate the economy in those other areas, so I am disappointed that not more infrastructure projects were announced in the Budget.

When funding is made available for research and innovation, I hope places such as Northern Ireland will not be excluded. Belfast's Queen's University's excellent research has been a driver of growth and innovation for many businesses, helping them to get into export markets.

On inequality within income groups, the Government cannot ignore the fact that we are increasingly in danger of becoming a two-nation state. At the bottom of society, there are those without hope. Even the tax cut that means some of them will pay no income tax at all will benefit me as well as lower income groups. There needs to be a greater focus on people who find themselves without the skills, hope or income they need to do the day-to-day things they are required to do.

When I see the resources being devoted to a cut in capital gains tax, as opposed to those being taken away from people who are on, and cannot escape, benefits because of disability and so on, it illustrates to me how the Government have a long way to go and much thinking to do when it comes to dealing with those who are less fortunate and at the lower income end of the spectrum. It is they who need a leg up and more resources devoted to them.

4.20 pm

**David Rutley** (Macclesfield) (Con): It is an honour to follow the hon. Member for East Antrim (Sammy Wilson), who spoke with characteristic passion and commitment to his constituents.

I follow other Members who have welcomed the new sugar levy announced today. I have long campaigned hard to make sure we tackle public health challenges, particularly those facing young people and children. Individuals who get a chance to look at the sugar smart app will see how much sugar is in so many of the products we and our children consume. The levy is a positive step forward.

**Jim Shannon** (Strangford) (DUP): I am pleased to hear that the hon. Gentleman welcomes the sugar tax, as do I. I have long felt we should introduce it. The Chancellor referred to the next generation and the £27 billion we could save. The levy will bring savings to the NHS, change people's attitudes and address levels of obesity. Does the hon. Gentleman agree that if ever there was a good reason for a sugar tax, that is it?

**David Rutley**: I completely agree. The hon. Gentleman and I have been involved in numerous debates about promoting outdoor recreation and physical activity—for older people as well as young people—and the levy is a

positive step further forward. I pay tribute to the Government for taking forward its sport strategy and to the Under-Secretary of State for Health, my hon. Friend the Member for Battersea (Jane Ellison), for her work in taking forward a very proactive public health agenda.

On other areas of the Budget, I felt that the Chancellor set out a clear, strong package of measures to help go on delivering the long-term economic plan and to make Britain the best place in the world to start up and grow a business. I have long talked about the importance of an enterprise economy. To achieve one, we need to focus on some key groups of people who make that happen: the entrepreneurs, the exporters, the employers and, of course, the employees who help put the pieces of that jigsaw together to create the enterprising economy that we want to see in Macclesfield, Cheshire and right across the country.

In recent years, I have also been campaigning hard on behalf of the self-employed. It is fascinating to see how self-employment is moving forward. I have been working with Demos and the RSA on various policy initiatives in this area, and it is clear that there is a long-term trend towards more self-employment—4.6 million, up from about 4 million in 2010. It is clear from the RSA's own work that the pull factor is bringing more people into self-employment; there is not just a push factor. On the back of that, it is important that we welcome the Chancellor's announcement on abolishing class 2 national insurance completely, to simplify the tax system for the self-employed.

The Chancellor also talked a lot about productivity, which the Government are absolutely committed to improving. For decades, the UK's productivity has lagged behind that of other major economies. We need to address that. As a result of the drag from the financial crisis, the OBR has forecast lower productivity in the UK, as the OECD has done in the vast majority of countries. That is why the Chancellor is absolutely right to keep an unrelenting focus on productivity and to take the strong action we need to take to bolster our economy now and for the next generation.

Colleagues should turn to page 61 in the Red Book to see the vast array of activity being taken forward to encourage more investment: lower taxes to boost enterprise, investment in infrastructure, as called for by Opposition Members, and a strong focus on science and innovation, which I believe is vital for the country and certainly for Cheshire.

I join the long list of colleagues on the Government side—and, I hope, Opposition Members, too—who welcome the fact that the Chancellor has set out that business rates will be reduced, which will have a huge impact on many small businesses. Capital gains tax has been cut; corporation tax has been further reduced to 17%. Stamp duty is to be reformed, not just in the residential sector, but in the commercial sector. These are vital steps in ensuring that we improve opportunities for investment. When we drive productivity further forward, it means more jobs and more skilled employment, which, when combined with the national living wage, will lead to higher wages, too.

**Siobhain McDonagh** (Mitcham and Morden) (Lab): Is the hon. Gentleman aware that, as a result of the introduction of the living wage, most high street chains and supermarkets will cut their long-term staff salaries?

**David Rutley:** These are challenging issues. Clearly, there needs to be discussion between the employers and employees. The Government have made it clear that they will name and shame to highlight the organisations that are not going forward with the national living wage. We will have to wait and see, but it is a positive direction that the Government have set out, providing real opportunities to grow wages further beyond the 2% that we have seen in the last year.

The key to the long-term economic plan and the rebalancing of the economy is to ensure that we rebalance geographically as well. This Chancellor and this Conservative Government have set out a very clear narrative for the north—the first in decades. As with the long-standing challenges with productivity, we need to measure our expectations of what can be achieved now, and we should be resolutely ambitious about what can be achieved in the future.

The Treasury analysis of the opportunities from rebalancing the economy and putting more focus on the north suggests an additional £56 billion going into the northern economy over the next 15 years. That is a prize worth having, and a prize in which this Government are willing to invest. Of course the Chancellor and this Government have championed city deals and growth deals across the country, particularly in the northern powerhouse, and they have done the same today. This is a fundamental part of the Government's reform agenda.

Local leaders and local partnerships are creating strategic partnerships, which are empowering a new scale of activity that is required to achieve the growth across the country that we want to see. Ambitious measures are being taken forward. For example, the creation of a northern transport strategy is vital. Within just two years, we have seen a fundamental transformation of our ambitions for the north—not just economically, but in terms of civic renewal.

Transport for the North will be put on a statutory footing, with a £50 million budget to 2020. There will be smart ticketing across rail services in the north, with £150 million promised for faster and more frequent train services with greater capacity. Strategic investment in High Speed 2 will have a huge impact on Crewe and Cheshire East, as well as on the north-west as a whole.

Today we heard more from the Chancellor about better links among the individual cities of the north that need to get better connected. That includes trans-Pennine rail services, better road links and making the M62 a smart motorway. There is talk now of building a case for a trans-Pennine tunnel between Manchester and Sheffield. These are fundamental and ambitious schemes. They are not just about Government funding, because private investment is being leveraged in as well. It is fantastic to know that Manchester airport has now had planning permission to take forward its £1 billion investment in a 10-year transformation programme that will be welcomed across the north-west.

Work is being taken forward to help create this northern powerhouse with the infrastructure and devolution that is required. It will connect northern cities to ensure that the sum is greater than the individual parts. In doing so, we can make sure that we create a globally significant economic entity. We hear of Randstad, Amsterdam, Rotterdam, The Hague and Utrecht working together,

and the same applies to the Rhine and Ruhr, with Köln, Dusseldorf and Dortmund. They are stronger because they are better connected—and we have the same ambition for the north.

Success will not only be about infrastructure or devolution. We must ensure that we back the sectors that can help to drive our economic strength. That is why life sciences are so pivotal—not just in Macclesfield or Cheshire, where we are seeing an emerging life sciences corridor, but in helping the UK to continue to be a world-class centre of excellence in a leading role, creating clusters of high-skilled and high value-added jobs, as we are doing in Cheshire. I hear that clusters are likely to form in some other places down south. Oxford and Cambridge, I understand, also have some claims to be pretty good at science. The fact that we are taking scientific initiatives is critically important.

We are performing well according to a number of key output measures. We are producing 16% of the top-quality published research findings on the basis of just 3.2% of the world's R and D expenditure. That is a sign of strength in the sector, and it is important for the Government to get behind that sector as part of their ambitions for the northern powerhouse and for our long-term economic plan. They have an important role to play as a champion of science, a funder of science, and a facilitator of scientific endeavour. I welcome recent announcements, in the spending review and confirmed in the Red Book today, that the science budget will be protected in real terms until the end of the decade. As a result, we shall have a £6.9 billion research infrastructure by 2021, which means crucially that our party can deliver on its manifesto commitment to achieve record investment in the country's scientific infrastructure.

Of course, funding and spending are not the only drivers of success. The lesson that we can learn from the last Labour Government is that it is important for Governments to spend well, and to encourage businesses in the private sector to invest too. That does not mean recycling old policies and adding shiny new words. Over the weekend, we heard the shadow Chancellor talk about the “fiscal credibility rule”. Within a matter of minutes, it was deemed by many members of his own party to have a complete lack of credibility, so I am sure that businesses will not be fooled. They recall the size of the deficit that was inherited in 2010, and they recall that corporation tax stood at 28% and national insurance was set to increase. They will not be fooled by the soft words of the hard left which is currently running the Labour party. This Government are absolutely committed to increasing productivity, focusing on science, and rebalancing our economic geography in favour of the north.

4.32 pm

**Chris Evans (Islwyn) (Lab/Co-op):** When the Chancellor of the Exchequer was appointed to his post nearly six years ago, he was faced with several challenges: a record deficit, an increasing number of welfare claimants, and the fallout from a banking crisis of a scale that had not been seen since the 1930s. Along with each of those challenges, the Chancellor was faced with an opportunity. He could have reformed the tax system, changed the terms of welfare forever, and restored confidence to our banking system. However, he wasted each of the opportunities that accompanied those major challenges.

[Chris Evans]

For a start, the Chancellor failed to tackle the deficit by 2015, although in 2010 he had confidently predicted, at the Dispatch Box, that he would. The plan, we were told then, was to start paying off the national debt by the end of the last Parliament. In the emergency Budget statement that he delivered to the House on 22 June, he went so far as to claim:

“The formal mandate we set is that the structural current deficit should be in balance in the final year of the five-year forecast period, which is 2015-16 in this Budget.”—[*Official Report*, 22 June 2010; Vol. 512, c. 167.]

Here we are at the beginning of 2016-17, and the budget deficit stands at £72.2 billion. Now the Chancellor tells us, in all hope, that he will turn that into an absolute surplus of £10.4 billion in 2019-20. It is Cheltenham week, and I wonder who will win the wager that he will achieve that.

The only conclusion that can be reached is that austerity has failed to produce the growth and the tax receipts that we need if we are to end the deficit and begin to pay off the national debt. I believe that there are two solutions. We need tax reform in the short term to ensure that tax is collected efficiently and effectively, and we need to increase radically long-term investment in new and emerging businesses. The Chancellor is intent on cutting public services by £8.1 billion by 2020-21, but what is he doing to ensure that the large multinational companies that do business in our country pay their fair share of tax? Is it fair for a small business to face demands and eventual court action for non-payment of tax while a corporate giant like Google can negotiate with HMRC? Of course it is not.

The cases of Google and Facebook demonstrate that corporation tax has had its day. The UK Government raise about 7% of their revenue from corporation tax, but much of that would be collected as income tax on dividends even if corporation tax did not exist. Taxing companies locally on a fraction of their worldwide income calculated by reference to their domestic activity could be one solution to this issue. Alternatively, the Government could be bold and radical and abolish all tax incentives and other loopholes, making it almost impossible for anyone to avoid paying their fair share of tax.

The Chancellor should look at ways of spreading wealth to the regions that are traditionally reliant on the public sector, such as the north-east, Northern Ireland and, yes, Wales. As someone who travels across the Severn bridge on a weekly basis, it would be churlish of me not to welcome today's announcement of the halving of the Severn bridge toll. However, I must qualify my welcome by saying that I wish the proposal had been for the maintenance-only toll for which my hon. Friend the Member for Newport East (Jessica Morden) has been campaigning for years. We look forward to hearing the details, but I really wish that, rather than the cut being introduced in 2018, businesses could benefit from it this evening or tomorrow.

HMRC estimates that in 2015-16 there are 3,000 additional rate taxpayers in Northern Ireland, 4,000 in the north-east and 5,000 in Wales. In Wales, additional rate taxpayers pay £302 million in income tax. I urge the Government to look at regional tax rates tailored to encourage people to start up businesses in areas such as

Northern Ireland, Wales and the north-east. That would also encourage wealth creators to relocate to those areas.

However, tax reform will go only so far towards paying down the deficit. Whether the Government like it or not, they have to put their money where their mouth is. In the future, we will face challenges ranging from ageing to climate change to antibiotic resistance, and it will be our researchers and innovators who are at the forefront of sustaining our way of life, as the hon. Member for Macclesfield (David Rutley) has just mentioned. We have a responsibility to safeguard both the quality and the productivity of our science base to ensure that we are in a position to meet those challenges. In our increasingly knowledge-based economy, the pursuit of excellence in research and innovation will be at the heart of effective strategies for sustainable growth, increased productivity, competitiveness and the creation of high-value jobs. This is the nation that broke the Enigma code and discovered DNA. Our competitors across the world recognise the value of the knowledge economy and are investing heavily in science, technology, research and education. If we want to remain world leaders in tomorrow's knowledge economy, it will not be enough to ring-fence the science budget. We need to increase it and invest more in it.

I turn now to the final challenge. Despite being given a mandate to reform welfare, the Government have failed to grasp the problem. Focusing on jobseeker's allowance, they have peddled the myth that most of the money goes on unemployment or incapacity benefits. In fact, 47% of UK benefit spending—£74.22 billion a year—goes on vital state pensions, which is more than the £48.2 billion that the UK spends on servicing its debt. That is followed by expenditure on housing benefit of £16.94 billion and on disability living allowance of £12.57 billion. Jobseeker's allowance is actually one of the smaller benefits, with £4.91 billion being spent in 2011-12, an increase of 7.6% on the previous year. We can no longer tinker around the edges of welfare reform. The budget is getting too huge. We need a cross-party report that all the major parties can sign up to—a modern-day Beveridge report, if you will—to seek solutions to how benefits can be delivered in a way that reflects the modern world.

Nothing rouses the anger of the British public more than the banks. Following the financial crash of 2008, banking reform was at the top of the agenda. Sadly, this Government have been found wanting. Just this week, HSBC announced plans to close its local branch in Risca in my constituency. Already, hundreds have signed a petition expressing their anger at the closure. On four occasions over the past five years, HSBC has threatened the Government that it will leave this country, yet it does not even think it important to consult the local community before closing a branch.

The Financial Conduct Authority launched a review into banking culture, but it has now been scrapped, despite the fact that customers and taxpayers are still paying the price for the failed culture in the banking sector that has been widely attributed to be one of the main causes of the crash and the scandals over LIBOR and price fixing. We need to introduce competition into the banking sector to finally challenge the dominance of the big six banks. A start could be made with real-time data sharing to help consumers and promote

competition. It is vital that better and more accurate information is shared more quickly and that banks' current account and credit card account data, which are currently excluded, should be shared if consumers want them to be. Banks have an incentive to stop those improvements. The case is strong for regulation to make safe and effective sharing happen.

As we have seen across the world, such as in the rise of Donald Trump and Bernie Sanders in America, the public desperately want change. The Government's response, which has been the same since they were elected, is business as usual. To people all over the country, business as usual is just not good enough any more. The system has a sense of inherent unfairness. People who are not on benefits or rich enough to pay their way out of the system are fed up with the same old slogans. They are angry and they want change. This Budget is the latest in a long line of wasted opportunities. In the light of all the evidence, it is time for the Government to rip it all up and start again.

4.41 pm

**Mr Jacob Rees-Mogg** (North East Somerset) (Con): In broad terms, the Budget is extremely welcome. It continues the extremely sensible policies that the Chancellor set out as long ago as 2010, the essence of which is on page 127 of the Red Book, which sets out receipts and expenditure as percentages of GDP. Tax receipts will run at 35.7%, 36.3%, 36.9%, 36.9% and 37% of GDP over the next few years, which is in accordance with the normal long-run averages. Only in the highest years of tax receipts, going back to the 1970s, has taxation in this country managed to get as high as 38%. That sets out a limit for public expenditure if there is to be a balance, which it is obviously important to achieve when the economy is going well. We therefore see that public expenditure will be managed in line with the receipts that will come in, so that expenditure will be less than receipts by the end of the period.

That is absolutely what the Chancellor promised all those years ago when he said that he would mend the roof when the sun was shining. A glimmer of sun has come through the clouds of international crisis and the Chancellor has been busy on his ladder fixing the roof with his nails, his hammer and his wood. The process is now nearing completion, for which he deserves a great deal of credit.

Turning to the details of the Budget, the Chancellor also deserves much credit for his reforms of corporate taxation. It was Napoleon who first called us a nation of shopkeepers, and I noticed that the Chancellor quoted Napoleon in his speech. That may say something about his European ambitions, with which I am in less agreement, but we are indeed a nation of shopkeepers. Reducing the burdens of rates, VAT and bureaucracy is only to be welcomed and is thoroughly desirable. Ensuring that multinationals pay taxation according to law is also desirable, but it is always worth remembering that tax avoidance is perfectly legal. If tax is being avoided, it is for this House to change the law so that tax must be paid. It is not some moral virtue to pay more tax than the law requires, so removing loopholes is to be much commended.

I fully support the broad thrust of what the Chancellor is doing. He has got it right, and most of his tax measures are welcome, particularly his changes to personal

taxation, an area in which I would like him to go further. Having made £8 billion from cutting the top rate of income tax from 50p to 45p in the pound, he should go further in an exuberant, Laffer-like fashion and cut it back to the rate at which Gordon Brown had it throughout his period as Chancellor.

The area with which I find the most disagreement is found on page 19 of the Red Book, which sets out the economic opportunities and risks linked to the UK's membership of the European Union. *[Interruption.]* I am delighted that the nationalists, who so crave independence for themselves, none the less wish to be shackled to the European Union—it is one of their idiosyncrasies that many of us find so charming. If I may, I will deal with that extraordinarily tendentious page, strewn with errors, overstatement and over-egging the pudding. Let us start with the very first line, which states:

“Membership of the EU has increased the UK's openness to trade and investment”.

That is entirely disputable. In fact, all our membership has done is put us in a customs union with very high levels of regulation and a high external tariff. The tariff on dairy products coming into this country is 42%, much to the disadvantage of our friends in New Zealand. So EU membership has not made us more open; it has closed us to some areas.

Page 19 continues with the statement:

“The UK's full access to the single market...clearly increases the openness of the British economy”.

There is a word for that, and it is “balderdash”. What access to the single market does is put the dead hand of regulation on the 95% of British businesses that never trade with the continent. They are suffering from that regulation, and their business is made harder to do. This has nothing to do with openness; it is to do with burdens.

Then we get to a bit that I think shows the Chancellor's wonderful and sophisticated sense of humour. He says:

“At the February 2016 European Council, the Prime Minister secured a new settlement for the UK in a reformed EU.”

It has to be said that the EU was most certainly not reformed at that Council, and our settlement in it was so small as to be hardly noticeable. At the same time it gave away our ability to veto any treaty for fiscal union to follow the monetary union. We said we would do nothing to obstruct that, so we gave away our strongest negotiating hand for nothing—for thin gruel.

**Jim Shannon:** It is always a pleasure to listen to the hon. Gentleman's contributions in the House—we enjoy them very much. Does he agree that one thing the Prime Minister did not secure was anything for the fishing sector, and that he also secured very little for the farming community? Does he agree that the Prime Minister should have tried to get a settlement with those two things at the forefront of his agenda, to try to achieve things for those sectors? Those were just two sectors that he neglected.

**Mr Rees-Mogg:** I agree with the hon. Gentleman entirely that fishing and farming—the common fisheries policy and the common agricultural policy—are two of the great disasters of the European Union. The fact that they are not reformed and take so much of the budget—40% in the case of agriculture—is a considerable disgrace.

**Mark Pritchard** (The Wrekin) (Con): I was listening to my hon. Friend and waiting for farming to come up. Is he aware that the National Farmers Union in Shropshire and the NFU nationally want to remain in the EU, believing that being an active member of the EU is actually very good for British farming?

**Mr Rees-Mogg:** Oh the great panjandrum, all with glee, merrily gather to support the Government, in the hope of their knighthoods, their peerages and so on. But when I speak to Somerset farmers, the finest farmers in the land, I see that they value the independence of their nation above a cheap ride from Brussels. Furthermore, we pay into the CAP almost double what we get out, so our farmers could have more money if we were independent.

**Mark Pritchard:** Will my hon. Friend give way?

**Mr Rees-Mogg:** I will not give way again, because I do not get a bonus minute for doing so and I need my minutes in this particular debate.

I want to get on to the third paragraph on page 19 of the Red Book, which talks of the “profound economic shock” that would be created by leaving. There is the over-egging of the pudding to which I was referring. The OBR is characteristically measured, saying that in the timescales with which it deals it is not possible to model any changes from leaving the European Union, but the Red Book says otherwise. It states that there will be years of uncertainty, but that assumes that our partners in Europe will lie and cheat. But they are our friends, or so the Government will have us believe, and article 50 of the treaty on the functioning of the European Union provides for a very straightforward two-year process for extracting ourselves, which my right hon. Friend the Prime Minister has said he will exercise if Brexit is successful. Again, what the Red Book says is exaggerated, wrong and bordering on the hysterical. It then goes on to talk about the single market in services, but that has still not been completed. It was something the Prime Minister was arguing for and did not get in the rather hopeless renegotiation he tried in Brussels not so long ago.

The final paragraph of page 19 states:

“Remaining in a reformed EU will make the UK stronger, safer and better off.”

[*Interruption.*] The Solicitor-General cheers from a sedentary position, as he has cheered these points since he was speaking to Edward Heath many years ago and thought that that was the way forward.

The EU fails in all that it does: it fails in the common agricultural policy; it fails in the common fisheries policy; and it fails in migration policy. The euro has been ruinous for those member states that have joined it. The idea that we are richer and securer with this disastrous project is cloud cuckoo land stuff. It is broad sunlit uplands for the UK economy if we deregulate, if we trade with the rest of the world, and if we look beyond this narrow European focus.

You will remember, Madam Deputy Speaker, that when Gordon Brown was Chancellor of the Exchequer, Conservatives complained that the Red Book, instead of being the austere document that set out the facts of the economy, was used to spin the Government’s view of the world. What a pity it is that this Red Book is following the Gordon Brown model of Red Books, rather than that higher tone that previous Tory Chancellors have followed.

I want to finish with one point on which I disagree with Her Majesty’s Government even more than I do over Europe—[HON. MEMBERS: “Surely not!”] Surely, yes. I am talking about the outrageous proposals to bring my county of Somerset under the yoke of Bristol in this devolved metro Mayor system that none of my constituents want. We admire Bristol. We think Bristol is a fine and fabulous city, but it does not need to have Somerset money to subsidise it. It can live off its own. We tried all this with Avon. What Avon meant was that Somerset paid and Bristol spent. I am glad to say that the unitary authorities of the west of England area—what used to be known as Avon and will be Avon again if the Government have their way—will each individually be able to vote down this proposal. I will urge councillors in north-east Somerset—I know that councillors in north Somerset have previously rejected the same idea—to stand firm and not be bullied by the Government. They should not be seduced by £30 million a year, which is considerably less divided by four than the cuts that they have successfully implemented over the past six years. They must be bold and independent. I want independence for my nation, and I want independence for my county.

**Alison Thewliss** (Glasgow Central) (SNP): Join us!

**Mr Rees-Mogg:** I am not Scottish; otherwise I hate to think what I might be saying in that regard. I am a Briton, and I am for the Union because my country is the United Kingdom. I want freedom for the United Kingdom and freedom for Somerset. I say no to devolution and no to European tyranny.

4.52 pm

**Alison McGovern** (Wirral South) (Lab): A “Just say no” speech then from the hon. Member for North East Somerset (Mr Rees-Mogg)!

I want to begin my comments not from where the hon. Gentleman finished his speech, but from where he began when he read out the figures that will get us to the promised surplus, which, according to the Chancellor ages ago, we should have reached. He said that we will get to the “sunlit uplands”, or, in the words of that great song:

“The sun will come out tomorrow.”

However, there is a pretence. The Chancellor is not the austerity iron Chancellor that we have been led to believe he is. He is a rule-breaking, U-turning, target-missing chancer, who is living on the never-never and who never passes his own tests. That is why I want to make my contribution today not on economics, but on cynicism. I am talking about the cynicism that people in this country will feel when they realise that this is a sham. In fact, my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) made the point quite well, too. She talked about how people had been promised a living wage, but how, in their pocket, there will be nothing of the sort.

That is not the only place in which the Chancellor has said one thing and done another. He told us that he had three targets in the last Parliament and they were all missed except one—the debt target. He said that debt would be falling, not rising, by the end of the last Parliament. Well, it was. Debt was falling, but only because he flogged off some assets to make it so.



**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): The Chancellor opened his Budget speech by telling the House that he is acting now so that we do not pay later. The UK is paying in the region of £37 billion a year in debt interest alone, greater than the entire Scottish block grant. Does the Lady agree that although the Chancellor believes that that deficit will soon be eliminated, he has conveniently ignored the massive public debt that has been racked up?

**Alison McGovern:** I thank the hon. Lady for that intervention. I have asked the Chancellor in this House on a number of occasions whether he believes that he will ever see a surplus, not a deficit, before he leaves the Treasury for the last time. I have never had an answer.

On debt, in the last Parliament we were told that it would be falling by the end of the Parliament and, technically, it was. That was the fig leaf that saved the Chancellor's shame as he sold assets to ensure that the debt fell. In fact, the OBR made it clear in July that this fire sale would make the difference between debt rising and falling as a share of GDP in 2015-16. What we have heard today is the Chancellor's most significant next failure, because it finally removes that fig leaf. He has failed all the tests he set himself.

This is not, as I said, about economics. It has nothing to do with whether I think the Chancellor picked the right debt target. This is about what he promised the British people. I ask Ministers not to deal so lightly with the promises they make to the British people. The British people deserve better than that.

On the deficit, we should be cynical about the Government's claims. They swept to power in 2010, saying that they could easily close the budget gap in one Parliament. It has not taken them one and it looks set to take them two, but here is the detail we can see in the Red Book. My hon. Friend the Member for Nottingham East (Chris Leslie) said earlier that these were heroic assumptions, and they are, because 60% of the surplus the Government say that they can get comes from just changing the timing of corporation tax arrangements. This is a fiddle and a fix and the British people will be deeply cynical of a Government who come to this Dispatch Box and say that they have fixed the roof while the sun shone when they have done nothing of the sort. Why should we ever believe them again? They have breached the welfare cap that they said they would stick to; they lost our credit rating.

I have set out why we should be deeply cynical about what the Chancellor said today. It gives me no great pride to encourage people to be cynical about what politicians say; our democracy is one of the best in the world and people should be able to believe what we say. However, worse than what the Chancellor did say was what he did not say. He left out of today's Budget some profoundly important subjects. First, on banks, would it surprise this House to realise that as we speak important financial institutions such as building societies are still being hammered by the bank levy when they did absolutely nothing to cause the crash and should be the future of financial institutions in this country?

On the Women Against State Pension Inequality campaign, there was nothing at all. Deathly silence for the thousands of women in this country who fought for everything in their time at work and are now being hammered as they retire. There was not a single word

from the Chancellor about the WASPI campaign, despite the fact that my hon. Friend the Member for Pontypridd (Owen Smith), the shadow Secretary of State for Work and Pensions, generously proposed cross-party arrangements for transitional payments to those women.

On the NHS, I am equally worried. There was no mention at all of record deficits in the NHS. We should be worrying about not just the budget deficit that but the deficit in trusts up and down the country that make me fearful about whether we can keep the doors of A&Es open. People believed the Tories when they mounted that NHS campaign. They believed that they had changed. I think we know now that they have not changed at all.

On that subject, the Chancellor made not a single mention of child poverty today. When the Tories backed the Child Poverty Act in 2009 and 2010, did any of us really think that just five years later, they would try to rip it from the statute books? Did any of us think that politicians could be so cynical as to turn their backs on children in poverty—to tell parents they were going to get a national living wage but remove the support, through the social security system, that goes to families that makes sure no child in our country is poor? I really do not think the British people thought that when the Tories told them they had changed, they would so quickly turn their backs.

I believe it is a disgrace that the capital gains tax cut that will hand out money to the rich is worth more than the pledge that the Tories have made on childcare. Even though they came to the country in May and said, "Never mind what the Labour party has done, providing support for childcare for the first time in our country's history; we can better that," at the first opportunity, in their Budget, they are prepared to spend more money on making rich people richer than on helping get families to work. That is a disgrace, and it will make people wonder what they voted for.

I am sorry to make a speech not about the economics, or about whether we should invest, or about what particular part of our economy could improve its productivity. I am sorry not to be here talking about the brilliant opportunities our country has, whether they are in science, or in our young people's learning and the businesses they will run in future. It pains me that our democracy is reduced to this kind of spin. But the Chancellor, unfortunately, has given me no choice. I read that Red Book and I remain very cynical.

5.1 pm

**Mr Alan Mak** (Havant) (Con): I support this Budget. It puts the next generation first, it gets Britain fit for the future and it protects our economy against the numerous economic headwinds in the global economy. It is a Budget that is good for Britain and that is good for the Havant constituency.

This Chancellor has presided over the fastest-growing economy in the developed world. The deficit has been cut by two thirds and we have low and stable inflation and interest rates, and record employment. In my constituency, the number of jobseeker's allowance claimants has fallen by over 50% since 2010. To put it simply, the long-term economic plan is working in this country.

Those strong fundamentals are all the more important in a world where the economic headwinds are facing our country. Asia faces a slowdown, the eurozone suffers from systemic weaknesses and the middle east and

[*Mr Alan Mak*]

north Africa still face elements of turmoil. Those are real and credible threats to our economy, and this Chancellor has presided over a resilient, strong and growing economy.

But at the heart of our economy are not just numbers and statistics, important though they are. What is at the heart of our economic success story since 2010 is people—hard-working individuals, families, entrepreneurs, savers, strivers; all the great people we see in the towns, villages and cities represented across this House. All those groups are helped by the Budget. I particularly welcome the rise in the tax-free personal allowance to £11,500 by April 2017. That is a tax cut for 31 million hard-working people and helps them keep more of the money that they work hard to earn and save.

The higher rate threshold for income tax is also rising to £45,000, which will mean that middle-income earners in the Havant constituency and across the country will benefit. It is actually a £400 tax cut for those taxpayers. I also welcome the fact that fuel duty is frozen for the sixth year in a row, and as Members know from the Chancellor's speech, that is a £270 duty cut for every business and a £75 cut for every driver. That will help the manufacturing businesses, the drivers and the hauliers in my constituency, at Langstone technology park, at New Lane and beyond.

Havant is also home to a wide range of small businesses and entrepreneurs—self-made people, who are the backbone of our local economy. Whether those people are in Hayling, Havant, Emsworth, Bedhampton or any other part of the Havant constituency, the small business reforms in this Budget will help them to make a more secure and prosperous future for themselves.

I declare an interest and refer the House to my entry in the Register of Members' Financial Interests as the founder of two small businesses. I am a passionate supporter of small businesses, both in my constituency and across the country. For that reason, for example, I launched the first-ever Havant small business awards, and I welcome the support that Ministers have given me in doing that.

Small businesses in my constituency and self-employed people in Havant and across the country will benefit from the reforms announced by the Chancellor today. I particularly welcome the fact that corporation tax will be cut to 17%. That will support massive job creation both in my constituency and across the country. I welcome also the permanent doubling of the small business rate relief and the increase in the maximum threshold for relief. That means that 600,000 small business across the country will no longer pay any business rates at all. That is a welcome move for our economy at a critical time in our recovery. I welcome the abolition of national insurance for self-employed people. That is a £130 tax cut for the 3 million self-employed people across our enterprise nation in my constituency and beyond.

All the measures that I have mentioned and all those announced by the Chancellor this afternoon will help to attract new businesses to the Havant constituency. We are very lucky to be going through a period of rapid regeneration in Havant and I look forward to welcoming new businesses to Market Parade, Dunsbury Hill Farm,

the Solent retail park and Langstone technology park. All those areas of strong economic activity will be booming as a result of the Chancellor's Budget today.

Not only will the measures announced in the Budget help my constituency, but they will help this Government reach one of their major targets, which is to get our country into the top five in the world for doing business. We are already up to sixth place in the world in the World Bank's ease of doing business index and in second place in the global innovation index, ahead of our major competitors, Germany, France, Japan, Australia and all the other countries that we are running against in the global race for success. Today's Budget is welcome for small businesses, the self-employed and our country in the global race for success.

Finally, I draw the attention of the House to the measures in the Budget that help young people. This Budget truly puts the next generation first. I wish to highlight three measures in particular—first, the lifetime ISA, which will encourage a new generation of savers. As hon. Members will have heard in the Chancellor's speech, for every £4 that a young saver under 40 deposits in a bank, the Government will top that up with another £1. That is good news for savers under 40, whether they are new graduates, apprentices, young professionals, young entrepreneurs or anyone who has just started a family. That will be a welcome top-up, helping to boost our savings culture across the Havant constituency and across the country.

Secondly, I welcome the Chancellor's commitment to fairer school funding. Hampshire has traditionally been an underfunded local authority. I look forward to responding to the Government's consultation. Many of the schools in Havant have received good Ofsted ratings in the past year, such as Purbrook Park School, Havant College, Havant Academy and Crookhorn College. Those schools will be helped by the increase in funding and I look forward to working with the Government to ensure that we get our fair share in Hampshire. The increased funding for schools in Havant will mean that social mobility is increased. As we run the global race for success, the most important thing we can do for our young people is give them a fantastic education. In the global race for success we cannot afford to leave behind the talents of any young person, and I am delighted that the increased funding that we will receive in Havant for our schools will help our young people achieve their potential.

Finally, I welcome the sugar levy. Before I came to this place, I had the pleasure of being involved as a trustee of one of Britain's leading school breakfast club charities. I know that the hon. Member for Ilford North (Wes Streeting), who is no longer in his place, has supported the same charity. Together we have been working with some of Britain's most deprived communities to try to tackle the obesity issues that some of those communities face. I look forward to the sugar levy playing a role in that. Encouraging more school sport and healthier lifestyles for young people is one of the benefits of this Budget.

In conclusion, this is a Budget that has strengthened Britain's prosperity economy and boosted Britain's opportunity society, helping our country get fit for the future. Because of those tough decisions that the Chancellor has taken, we have strong public finances, a growing economy and an entrepreneurial mindset. These Budget

measures reinforce the success that this country has achieved since 2010. I particularly welcome, as I mentioned, the tax cuts, the lifetime ISA and the fairer school funding for Havant and other communities. I therefore join other hon. Members and the Chancellor in commending this Budget to the House.

5.9 pm

**Tim Farron** (Westmorland and Lonsdale) (LD): My party—the Liberal Democrats, or those of us who are left—still feels very proud of the part it played in getting this country this far. The Chancellor said he wanted to abolish the Liberal Democrats, and given that he has failed to meet every other Budget target, that is the best news I have heard in months. In his more generous moments—I am sure he has some—he will acknowledge that Britain is in a stronger economic position today because of the choices we made.

Britain is now at a crossroads. The structural deficit will be gone next year, so the Chancellor is choosing to make unnecessary cuts to meet an unnecessary target. It is his choice to remove support from people with disabilities. It is his choice to cut universal credit. It is his choice to stand by as child poverty increases. The Liberal Democrats got this country to the crossroads, with the Government now, but the Chancellor has chosen the path into the mire.

An awful lot of what the Chancellor said today we have heard before: big promises from the Dispatch Box that are never met—less long-term plan, more short-term scam. This is a microwave Budget reheated again. We have transport projects delayed and abandoned, and housing projects stalled and unfunded.

Not only are flood-hit communities such as mine left desperately holding out their hands for urgent support, but the Chancellor is asking flood victims to pay, through their premiums, for the defences he should have built in the first place. Actions speak louder than words.

The cost to Cumbria of the infrastructure destruction from the floods in December is £500 million—the Government have given £2 million. The main road that connects the whole Lake District is still closed. Never mind that it costs small businesses and big businesses across the Lake District £1 million every day the A591 is shut—this Government care little about the north. They will make grand announcements, but they will achieve nothing.

Not a penny of the £125 million in EU solidarity funding the Government were dragged kicking and screaming to apply for has been dedicated today to the north or to any of the communities that are reeling and recovering from the floods that hit us in December. There has been no mention at all of fully funding any of the flood relief projects mentioned in the Chancellor's speech.

The Chancellor says that this is a Budget to help young people. He says he wants to increase the length of the school day, but what good is a longer school day when there is no one at the front to teach? Those of us who do not have tens of thousands of pounds to send our children to private schools have more sympathy for those working in the state sector—more sympathy for the teachers who teach our children. I do not want my children's teachers to be put under ever greater pressure. I want more teachers. I want them to be paid a fair wage. I want them to have the time and the space to

create, to inspire and to teach. If the Chancellor wants schools to lengthen the school day, he must give teachers the money they need to do that properly.

This is a repeat of the seven-day-a-week NHS. What the Health Secretary is doing to junior doctors, the Chancellor now wants to do to teachers—teachers who are underpaid, overworked and undervalued by the Government. Every school knows that there is a massive recruitment and retention crisis, which is absolutely and totally ignored by the Chancellor.

**Mr Mark Williams** (Ceredigion) (LD): As a former teacher, I agree very much with what my hon. Friend says. How will the drive towards academies enhance teacher confidence and, indeed, standards in schools?

**Tim Farron:** My hon. Friend makes an excellent point, based on real, first-hand experience. We know that the drive to compulsorily move all schools to academies is about centralisation, not localisation; it is about rearranging the deckchairs, making life harder for headteachers and teachers, and listening to special advisers, rather than teachers. It is hugely damaging for our educational system and our children.

The fundamental problem in schools across the country at the moment is the recruitment and retention crisis, and the Government are today choosing to put teachers under extra pressure. Instead, the Chancellor should pay our teachers more.

Perhaps the Chancellor knows young people who have the ability to save £4,000 a year, but I do not, so let me enlighten him: the lack of an ISA scheme is not the reason young people are not saving; it is the debt and soaring house prices that he is heaping on them.

This Chancellor's ambition is not to devolve power but to devolve debt. His decision on business rates is a good one for business and one that we have been calling for, but he refuses to pay for the devolution of business rates, and that will be disastrous for the communities in which these businesses are located. He is moving his tough decisions on to local government. Social care, local transport and rubbish collections will all be under much greater threat. With his changes to public sector pensions, our schools and hospitals face a further bill of £2 billion. That is a stealth tax on education and health—not a headline for the Chancellor but a massive headache for headteachers, doctors, and nurses.

This is the Chancellor's sweet and sour Budget. He makes bold claims that never materialise, masking real pain. There is no serious immediate investment in transport, broadband, housing or green energy, just far-off plans that exist only on a Whitehall spreadsheet—plans written by political advisers no doubt high-fiving each other in the boardroom over grand announcements that will never actually materialise, ignorant of their impact on real people.

The Chancellor talks about fixing the roof when the sun is shining. There are 0% interest rates. The sun is shining yet he chooses to knock holes in the roof. This would be the moment to be ambitious and to invest in the infrastructure for the long-term economic future of our country. On the one side, we have a Government choosing to attack the very fabric of our communities, and sadly, on the other, an Opposition too focused on themselves to be able to stand up for the real people in

[Tim Farron]

this country. We owe our constituents, and we owe Britain, better than this. It is time that we had a Government who showed a little more respect to the people in this country who care for us, who teach our children, and who keep us safe. Britain deserves better.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Natascha Engel):** Order. Before I call the next speaker I am going to have to drop the time limit on speeches to eight minutes, with immediate effect.

5.16 pm

**Robert Jenrick (Newark) (Con):** I rise to support today's Budget. Early in the life of the previous coalition Government, the Chancellor chose to address four central pillars: first, making addressing the deficit mission-critical to this country; secondly, reducing taxes on businesses and individuals by as much as we can afford, given the poisonous legacy of the previous Labour Government; thirdly, investing in the infrastructure and skills that we need to position the United Kingdom for success in the future; and fourthly, cutting the size of government and repositioning ourselves as a competitive economy driven by the private sector so that all of us, and all our children, can face the future with confidence.

Those principles have served the Chancellor well and served my constituents in Newark and Nottinghamshire well, and we heard him address them again today. Let me deal with each in turn. First, on addressing the deficit, the Chancellor continues to make this difficult task mission-critical to himself and to the Government. I was delighted to hear that he remains committed to producing, and is on target to produce, a surplus at the end of this Parliament. It came as no surprise to me to hear that had a Labour Government won the general election in 2010, we would have been £930 billion more in debt. There would have been £930 billion more cumulative borrowing if we had followed Labour's plans. Though the task ahead remains difficult, we all know what the alternative would have been.

It is rare that I compare the Leader of the Opposition to one of my heroes, Ronald Reagan, but today he reminded me of one of my favourite Reaganisms when the late President said:

"I'm not worried about the deficit—it's big enough to take care of itself."

It is not too large to take care of itself—it has to be the central objective of this and any future Government. I am one of those MPs who would place a deficit or national debt clock on a wall of the House of Commons instead of our current one so that all Members and all Chancellors could remember how important it is. Nevertheless, the deficit is falling.

I strongly welcome further, fairly modest, efficiency savings in Government Departments. Anyone who has worked in a business knows that each and every business, like every Government Department, can and should constantly be looking to make modest and sensible efficiency savings. The Department in which I have a small involvement, the Ministry of Justice, is looking to deliver 50% savings in its back-office functions while delivering—I think to almost universal applause across

the House—an important and, I hope, successful reform agenda in our prisons and justice system. That can and must be done.

We have to remember that we are not primarily reducing the deficit through such savings. By the end of this Parliament, we will be spending more every year than was spent in the last year of the last Parliament, and there was a rise in public sector spending in the last Parliament. The deficit is falling—and it will continue to fall—not primarily through spending cuts, but through increases in tax revenues from a more prosperous and growing economy, which is being delivered by this Government.

When it comes to reducing taxes on business and individuals to the extent we can afford, given the economy we inherited, I strongly welcome the further reductions in corporation tax. In April 2020, it will be extraordinary to have a highly competitive international corporation tax rate of 17%, compared with 28% when the coalition Government took office.

I welcome allowances for new entrepreneurs and those of our constituents who take part in Airbnb, eBay and Uber. They are the vanguard of free enterprise—the hard-working men and women of this country who are going out there, using disruptive technologies, providing good services for consumers and trying to make a living for themselves. They should be, and are being, supported by this Government.

As a Member of Parliament who represents many small market towns, I also welcome changes in small business rate relief. More than 50% of my constituents who are of working age work in small and medium-sized businesses, so that is extremely welcome.

Contrary to comments made by a couple of Opposition Members, I also welcome the reduction in capital gains tax, which was high in this country by international standards. Although it was low for entrepreneurs who made use of, for example, the entrepreneurs' allowance, it needed to be reduced to make this country competitive. That is not a tax cut for the rich; it is a tax cut to drive investment in small, medium and large businesses in this country, to create jobs for all of our constituents. Some of our competitors—this country's real competitors—such as Singapore have 0% capital gains tax. This essential change will make sure that we remain a highly competitive country and back the productive parts of our economy, by which I mean not those people who speculate on buy-to-let properties, but those who use their post-tax income to invest in businesses to create the jobs of the future.

On investing in infrastructure, I welcome further investments to drive the productivity that this country desperately needs. In particular, I welcome the major announcement in the Red Book that the Chancellor will bring forward the feasibility study and planning for a major £150 million bypass around Newark. I cannot imagine why anyone would want to bypass Newark—a surprisingly large number of Members have come to know Newark over the past few years—but that will address the appalling gridlock there and make a huge difference to my community. Investment in flood defences is also very important for us in Nottinghamshire, building on previous investments in the past.

Last week I visited a business in Newark that has 1,400 employees and a turnover of £150 million but only one apprentice, so the apprenticeship levy will

make all the difference. That company is already planning the way in which it can build on its record and create new apprenticeships, which is highly welcome.

I also welcome the tax break for museums; I played a small part in persuading the Chancellor to do that. It is designed not to help the big national museums in the likes of London, but to give them extra resources and incentives to get out of London and take culture to the regions, provinces and rural areas of the United Kingdom where people of all incomes, particularly disadvantaged people, do not have the same access to arts and culture as those who have the privilege of living in central London. That will make a huge difference in creating the cultural powerhouse that we all want the midlands and the north to be in the future.

I strongly support today's Budget. It builds on the Chancellor's very strong track record on the four pillars I have mentioned, and continues to reduce the size of government and to back free enterprise and private businesses to build the jobs and investment of the future.

5.24 pm

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): Diolch yn fawr iawn, Madam Deputy Speaker. It is a pleasure to speak in the debate, and to respond to the Budget on behalf of Plaid Cymru. Of all the commentary I have read in the weeks leading up to the Budget, the piece that by far most struck a chord with me was the article by Paul Mason in *The Guardian*. As we are all aware, the economic skies are darkening, and the Chancellor admitted as much in his statement. In my view, we are in the third stage of the great recession that hit the global economy in 2008. First came the banking crash in 2008, followed by a crisis in the eurozone, and now we face a major slowdown in the emerging economies, which will prove to be a massive headwind for the global economy.

It is no wonder, therefore, that the Chancellor's prognosis is far darker than that in his autumn statement of only a few months ago. If a week is a long time in politics, three months is clearly a very long time in economic forecasting. In the OBR's report, the very first point in the executive summary, point 1.1, states:

"In the short time since our November forecast, economic developments have disappointed and the outlook for the economy and the public finances looks materially weaker."

That sums up this Budget in one small point. The Chancellor's economic strategy since 2010 has been built around monetary expansion by the central bank to counteract his fiscal contraction. The major consequence of that has been a failure to rebalance the economy on a sectoral basis. We are even more reliant on consumer spending than we were before 2008; it accounts for two thirds of UK GDP. We are also facing another obvious bubble in house prices.

What we needed in the Budget was an emphasis on exports and business investment. Exports, according to the BBC in the lead-up to the Budget, are 6% down on 2014. Chart 3.35 of the OBR report forecasts that exports will be 36% lower than the UK Government's aspiration in the 2012 Budget of an increase in their cash value to £1 trillion by 2020. Thirty-six percent below projections is an incredible figure. Business investment, according to the OBR, fell by 2.15% in the last quarter of 2015, and EEF, the manufacturers'

organisation, notes that investment confidence is plummeting. Productivity is chronically low compared with that of G7 competitors, and it is a staggering 18% below pre-recession levels. The trends have again been reversed downwards by the OBR today.

According to Credit Suisse, wealth inequality continues to grow, despite growing evidence that tackling inequality is an economic growth driver.

**Margaret Ferrier:** The Chancellor stated that the richest 1% are paying 28% of all income tax revenue. What he did not mention is that 26 pence in every £1 of wealth created went to the richest 1%, while only 7 pence went to the poorest 50%, or that the richest 1% increased their collective wealth by 79% over the last 15 years. With that in mind, does the hon. Gentleman agree that the Chancellor was talking nonsense when he said "inequality is down"?

**Jonathan Edwards:** I am extremely grateful to the hon. Lady for her intervention. We saw today tax measures that will exacerbate those growth inequalities, as highlighted by the former shadow Chancellor, the hon. Member for Nottingham East (Chris Leslie), in his contribution, which was fantastic, if I may say so. The tycoon tax cut in capital gains tax will exacerbate those differences.

That brings me back to Mr Mason. The Chancellor's biggest crime is that not only has he failed to fix the roof, but he has failed to change the foundations on which the UK economy is built. So much for the rebalancing we were promised. So much for the march of the makers. So much for tackling geographical and individual wealth inequality. The Budget included the much-heralded extra cuts of £3.5 billion in response to the slowdown in projected growth. Those cuts are deemed to be necessary only because of the fiscal mandate and charter, which the Treasury imposed on itself. As we warned at the time, the mandate is a Trojan horse to enforce austerity, and it was very disappointing that Labour party colleagues, even under the current leadership, supported the Tories in the Lobby on that measure. At this point, I should note that even the Institute for Fiscal Studies, in its green budget, was very critical of the mandate and its impact on fiscal policy.

The public continue to be at risk from another catastrophic failure of the banking sector. In my party, we have always maintained that we need to split retail and investment banking. It is interesting that Sir Mervyn King, the former Governor of the Bank of England, and Sir John Vickers, the chair of the Independent Commission on Banking, which was set up following the crash in 2008, have called for greater safeguards and criticised the Treasury for watering down plans to rein in the banks and reduce the risk of a future banking collapse. Given the darkening global economic skies and the possible exposure of London banks to the slowdown in emerging markets, we were very disappointed that there were no measures in the Budget to protect the public from another banking failure.

We are also very disappointed that there was no guarantee in the Budget that Welsh public sector pension assets would be pooled into a Welsh-specific fund for investment in Welsh infrastructure. We have no opposition in principle to the Treasury plans to have five sovereign wealth funds, as it calls them, out of pension assets, but our assets in Wales will clearly be less than the figure

[Jonathan Edwards]

that it has set of £25 billion. Our assets are worth about £16 billion. There are huge dangers for us in Wales if our assets are pooled with an English region, because it would mean a lot of that investment would once again flow out of my country.

The Budget completely failed to secure parity for Wales with Northern Ireland and Scotland on fiscal responsibility. There are full corporation tax powers for Northern Ireland and full income tax powers, as well as powers on airport duty tax, for Scotland. Even Labour in Wales is now calling for the devolution of air passenger duty to my country. On two occasions, I have tried to amend the Finance Bill to devolve the tax, and I will return to that when the Finance Bill is introduced in the House. As we say in Wales, *tri cynnig i Gymro*—three attempts for a Welshman. I hope my Labour colleagues will join me in the Lobby in the next month or so.

The big question is: why does the Treasury continue to treat Wales as a fiscally second-class nation? We need an arm's length body to deal with such major fiscal and funding issues across the UK. I was very glad to see the recommendations, only yesterday, of the Finance Committee of the National Assembly, under the chairmanship of my colleague Jocelyn Davies, calling for such a body to be set up so that the Treasury loses its ability to manage such vital funding decisions.

We are very happy to see the sugar tax policy in the Budget. I might add that it is a long-held Plaid Cymru policy. It was rubbished at the time by the Labour party and the Conservative party in the National Assembly. We are delighted that our project has become a mainstream one. As always, where Plaid Cymru leads, the other parties will follow.

The announcement on the Severn bridges will gain many headlines in Wales. What the Chancellor neglected to tell the House is that the bridges will of course return to public ownership in 2018. He has in effect announced today the political equivalent of taking a fiver out of somebody's back pocket, giving them back some change and expecting them to be grateful.

Our other big demand in the Budget was to increase infrastructure spending sharply to at least pre-recession levels—the equivalent of 1% of GDP—which is about £19 billion extra per annum for the UK and £1 billion extra per annum for Wales. The lead-up to the Budget was heavily trailed with announcements about projects for the north of England—primarily HS3 and the proposed Manchester to Sheffield road tunnel, but also Crossrail 2. These multi-billion projects only go to show the Treasury's failure to ensure fairness for Wales in relation to HS2. The statement of funding policy that came with the comprehensive spending review gave us a 0% rating, whereas Scotland and Northern Ireland both had 100%, which has set a very worrying precedent. I was extremely disappointed that rather than standing up and fighting for our country, the Labour Government in Wales decided to throw in their lot with the Tories on that specific issue, which will come back to haunt us for years to come.

5.34 pm

**James Berry** (Kingston and Surbiton) (Con): There is much in the Budget that I welcome. Before coming to my main point, I will mention four particular things:

measures to reduce childhood obesity; money to tackle homelessness that shames our city and our country; a freezing of fuel duty; and the cutting of taxes for small businesses and corporation tax. I remind Opposition Members, who sometimes make crass political points about corporations being favoured over people, that it is companies that create the jobs our constituents rely on.

I welcome the funding for Crossrail 2. I campaigned in the general election, along with my hon. Friend the Member for Richmond Park (Zac Goldsmith), for Crossrail 2 to come to as many stations as possible in the Royal Borough of Kingston upon Thames. I am delighted that the plans include the intention to come to every station in our borough. Since my election, I have taken every opportunity to make sure this project is realised, but it is certainly not something I or my party have done alone. It has been a cross-party effort, and I pay tribute to the right hon. Member for Tottenham (Mr Lammy), who led the all-party group on Crossrail 2 with real aplomb.

I was delighted last week when the National Infrastructure Commission gave its backing to Crossrail 2. I am even more delighted now that the Chancellor has given it a green light in the Budget. Crossrail 2 asked for two things from the Treasury: funding for the pre-legislative work, and a commitment to introduce a hybrid Bill in this Parliament to allow the project to get off the ground. The Budget has granted £80 million, along with that commitment.

**Simon Hoare** (North Dorset) (Con): As well as the benefits this project will provide to my hon. Friend's constituency and constituents, does he recognise that freeing up potential extra capacity in Waterloo station will be of huge benefit for those coming up from the south-west, particularly from my constituency of North Dorset?

**James Berry**: My hon. Friend is right. This is not just a London project. I heard the cat-calls from Members on the Opposition Benches saying, "What about this or that part of the country?" This is not just a London-centric project. It helps people across the south of England. Anyone coming into Waterloo will see a huge change, with a huge amount of space freed up because trains will be diverted to Victoria. Equally, people living Hertfordshire and Cambridgeshire will see much better connectivity into London. As always, my hon. Friend is right.

**Helen Goodman** (Bishop Auckland) (Lab): A recent ONS study of my constituents found that one third had never even been to London.

**James Berry**: The place my family come from is not far from Bishop Auckland. I hope they take the opportunity, which will be much improved with HS2 and Crossrail 2.

The project is not due to open until 2030. That may seem like a long way off, but we will never get there unless we do this work now. Indeed, for many of my constituents Crossrail 2 cannot come too soon. This morning, if I had not got on the 6.35 am train, I would have been on a packed carriage with many other hard-working local people. They have to pay high train fares to stand in a packed carriage on the way into London. That is just not acceptable. Network Rail's route study shows that peak time trains from my constituency require 20% extra

capacity just to deal with current overcrowding. By 2043, 60% extra capacity will be needed to deal with additional passengers. That would be a challenge on any route, but it is an impossibility on the south-west route into Waterloo. Network Rail's analysis is that no further trains can go into Waterloo at rush hour and other peak times. A new route is needed and, as my hon. Friend the Member for North Dorset (Simon Hoare) said, Crossrail 2 will divert trains from Waterloo, through a tunnel currently planned to be at Wimbledon, to Victoria, Tottenham Court Road, Euston, St Pancras and on to Hertfordshire.

Every station in my constituency will be upgraded to a Crossrail 2 station. Every station will have step-free access, which is important for disabled people, people with buggies and those who find it difficult to walk. There are shockingly few stations in my constituency that currently have that kind of accessibility. Overcrowding will be massively reduced. The proposals are definitely needed and I am pleased that they have been included in the Budget. I am not saying that the plans that Crossrail 2 has laid out so far are perfect. A lot more detail is needed. I submitted a detailed response to Crossrail 2's consultation, as did more than 3,000 of my constituents.

Local concerns needed to be addressed, but the important things today are that that did not hold up the announcement of funding, and that the Chancellor, in the Budget, has backed Crossrail 2 for London and the south with the pre-legislative funding needed and the legislative time to ensure that the project can stay on track and go forward. For that, I thank him.

5.40 pm

**Caroline Flint** (Don Valley) (Lab): What does a Chancellor do when his long-term economic plan is not working? We found out today: he delivers up a spoonful of sugar to help the medicine go down. In reality, growth is down, the debt target has been missed and borrowing is up—and, as for the surplus, who knows? I am not convinced by this Budget that the Chancellor will achieve his £10 billion surplus by 2019-20.

The Chancellor tried to dazzle us with the prospect of more infrastructure projects, when less than 10% of his present list of such developments is being built. It makes me wonder just how many energy projects, roads, rail lines and houses will be built and where the money will come from. It might be a bit innovative, but I would like the Chancellor to come to the House, at least once a year, to take us through the projects on the stocks and report on whether they will be delivered on time and on budget. That would be a worthwhile discussion to have at least once a year, because we all agree, across the House, that infrastructure, if done well, can make a major contribution to the success of our economy, including through the skills that follow on from it.

In January, I asked the Minister of State, Department for Transport, the hon. Member for Scarborough and Whitby (Mr Goodwill), when a decision would be made on the trans-Pennine link—a road tunnel that would create faster east-west travelling between south Yorkshire and Manchester. I am pleased that the Chancellor today announced a feasibility study, but it is fair to question how long that will take. Partners in my region, Doncaster and south Yorkshire, need to know whether there will be a guarantee of funding, a clear timetable and a swift process to confirm the exact route. That will give them the certainty to work together and plan for

the future. We all know that confidence is key when private sector investment falls, as it has done—manufacturing and construction are still delivering less today than before the financial crisis. The economy is still out of balance.

I worry, too, that the stealth taxes on people's insurance policies are just another way in which families doing the right thing are being penalised for the Chancellor's failure to meet his own targets and economic plan.

I would like to offer the Chancellor one suggestion to improve the country's tax take. I am talking about the light or no taxes paid by those who manipulate international tax arrangements to their own advantage but to the detriment of the countries in which they trade. Some of his suggestions are interesting—I will look at them in more detail—and could prove helpful in tackling that problem, but we do not know how a company as large as Google, with thousands of UK staff and five offices and global revenues of \$74 billion in 2015, paid just £130 million in tax after a six-year investigation into what it should have paid over 10 years. The problem is not confined to Google. There is Facebook, AstraZeneca, Vodafone, British American Tobacco—the list of corporate giants with light UK tax bills goes on and on.

We might not like it, but those companies have not acted illegally. They are planning their taxes to pay less by exploiting different tax rules in different countries. Yesterday, I brought in the Multinational Enterprises (Financial Transparency) Bill—a catchy title—to ensure that important information about large companies' revenues and tax planning is published. I am delighted to have the support of every member of the Public Accounts Committee, be they SNP, Labour, Conservative or Liberal Democrat. I have the support of more than 50 MPs from across the parties, as well as that of Fair Tax Mark, the Tax Justice Network, Oxfam, CAFOD, Action Aid and Christian Aid.

The problem that every country is struggling with, but which no one country can solve, is profit shifting by multinationals. A company doing a lot of business in the USA or the UK can transfer profits to a low-tax country, such as Ireland, where corporation tax is 12.5%, or Bermuda, where it is zero. In 2010, the total company profits reported as coming from Bermuda were 1,643% of the size of the country's GDP. If multinationals trading in the UK pay much lower corporation taxes by transferring profits, that gives them an advantage over domestic businesses that pay what is due here. My Bill has been nicknamed the Google Bill, but it is not about Google, and it is not even about online businesses alone, because we know that the problem extends to coffee chains, oil companies, drinks companies and pharmaceuticals. What they all have in common is that they are multinationals.

For many years, development organisations felt that it was an injustice if a firm was mining or producing oil in Africa but paying no tax there. Charities say that developing countries lose more in potential revenue each year owing to corporate tax dodging than the amount given to them annually in overseas aid by all richer countries. That made me stop and think about how much more we could do to enable developing countries to prosper and be more self-sufficient through measures such as my Bill. Aid is vital to poorer nations,

[Caroline Flint]

but just as important is a hand-up rather than a hand-out. This will not happen unless we force companies to come clean.

I welcome and support the Government's action in legislating to ensure that reporting on taxes, revenues and employment, including in other countries, is shared with our own Revenue and Customs. That will affect about 400 companies here in the UK. The Chancellor has said that he supports that information being published, which my Bill would provide for, so why wait for everyone in the G20 to do that? The data are not commercially sensitive; we are not asking for companies' whole tax returns or future business plans. The principle is that publishing means that everyone gets the chance to see the bigger picture. I believe that the tide is turning against secrecy, and organisations such as Fair Tax Mark encourage companies to declare that they have paid their taxes and do not use tax havens. I want every large company to meet that test.

**Kevin Foster** (Torbay) (Con): As a fellow member of the Public Accounts Committee, I am delighted to support the right hon. Lady's Bill. Does she agree that there is a role for our Government, given that many tax havens fly the British flag and subscribe to the same "Her Majesty" as Her Majesty's Revenue and Customs?

**Caroline Flint**: I thank the hon. Gentleman for his intervention and for his support for my Bill as a colleague on the Public Accounts Committee. He is absolutely right; that is shameful and not acceptable. This practice has been going on for too long, and I hope that we can find different ways of attacking it on a cross-party basis. One way is the proposal in my Bill to clamp down on such activity.

I wrote to the Chancellor last week, but clearly he did not see my letter seeking his support for my proposal to go into the Budget. However, he should not worry, as it is not too late. A new Finance Bill will follow the Budget debate, and with cross-party support behind me I will seek to amend it. Alternatively, the Government could adopt the measures that I have outlined. I believe they are in the interests of social justice, fairness and good business. Publication can make a difference and put pressure on companies to play fair and pay up.

Finally, I want to say something about education. I am worried at what I believe is an ill-thought-out plan to force every school to become an academy under the guise of more autonomy for schools. I support tackling failing schools, I supported local community schools in becoming community-run trusts, and I have supported academies in my constituency, but I do not believe this is a policy for local autonomy.

I met parents and teachers at Pennine View School in Conisbrough, a wonderful special school with a good Ofsted rating. It is a community school with committed staff and governors. Why should that school, which does a good job, be forced to become an academy? I do not think the argument is there. What is more sinister is the insistence by regional school inspectors that single academies, often local community schools, must be forced into multi-academy trusts. When academies began, schools in the same pyramid would join as a group and support each other; the model was collaborative. Today,

however, academy chains are becoming huge businesses, with headteachers receiving instructions from a head office 100 miles away.

I was recently at Auckley School, where I met a governor, Keith Scott, who has served that school for 14 years. It is a good school; why should it be forced into a chain? It is well run and well regarded. As more data are collected, we find that previously well regarded academy trusts have failed, and in a number of cases, the test of improved standards and outcomes is not being met. Some have suggested that the growth of academy chains has not helped.

I have never shirked from challenging those whose provision of education is not good enough, and I still will not. As an MP, though, I want to know how this new idea will ensure the accountability that there has to be for whoever is providing education for our children, and how it will help children to achieve. It is a dogmatic policy. Just as there were those who refused to acknowledge when local education authorities were not always doing a good job, the same thing applies now. Two wrongs do not make a right. I hope that the Government will look again at this experiment, as it has been called, and ensure that we do not harm the future education of our children.

**Several hon. Members** rose—

**Madam Deputy Speaker (Natascha Engel)**: Order. I am afraid that the time limit is now down to seven minutes.

5.49 pm

**Yasmin Qureshi** (Bolton South East) (Lab): They say that the first casualty of war is truth, and sadly, that seems to be the default position of the Conservative party. The country, however, has a right not to be misled by this Tory Government and by the previous Con-Dem Government, whose mantra was, to a man and to a woman, that the financial crisis had been created by the Labour party. The Government know full well that it was caused by, among other things, the sub-prime mortgages in the United States of America and the collapse of Lehman Brothers, and that many other countries faced the same financial crisis.

I hear some sighs and moans from Conservative Members. Perhaps I should take them on a trip down memory lane. When Labour came to power in 1997, the ratio of GDP to national debt was 40.4%. By 2007-08, after 10 years of Labour government, it was 36.4%. However, by 2011 it was 60%. In 1997, the total public sector debt was £352 billion. What do Conservative Members think it is now? It is £902 billion. What was the level of Government borrowing in 1997-98? It was £7.8 billion. What do Conservative Members think it is now? It is £145 billion. When Conservative Members tell us how prudent they are with the economy, that is just plain rubbish. The facts do not bear it out.

The Chancellor talks of trying to cut the national debt. It currently stands at £1.5 trillion, which is 82% of GDP. So much for the Government's economic competence. Again in pursuit of a falsehood, the Chancellor said that the United Kingdom had the fastest-growing economy in the world. Absolute rubbish. The IMF has said that the economies of the USA, Spain and Ireland have grown the fastest. One reason why they have grown so



fast is the fact that their Governments invested in their economies. The USA's financial stimulus package is worth £831 billion, so it is not surprising that its economy recovered.

Another missed opportunity in the Budget was the opportunity to help regenerate our economy. The Chancellor cut capital gains tax, but I should have liked him to put money aside for the building of more affordable homes. When Labour came to power in 1997, it inherited millions of derelict homes that were not fit for human habitation. It spent £25 billion on trying to repair those homes, which created jobs—proper, solid jobs that allowed people to pay income tax. Of course, the building of homes does not just provide jobs for labourers; it provides jobs in related sectors supplying cement, pipes, electric wiring, baths and toilets. I suppose the Government could not care less, because to them an affordable home is a home that costs about £450,000. I am not sure that many Labour Members, or many voters in this country, could afford homes of that sort.

The Government could also have taken the opportunity to invest in renewables. So much work was going on, so many companies were producing stuff, and that was creating jobs. But what did the Government do? They scrapped all that. Now they say that there is an energy crisis, and that in order to deal with it, they will start fracking all over the United Kingdom, even though it has been well established that most fracking is dangerous. Lancashire is a beautiful county, but it seems that the Government have overridden local people's and local authorities' objections and granted exploratory licences, so the whole of Lancashire will be wrecked. Moreover, given the geography of the county, there is a real risk that our water will be poisoned. The Government say that they are concerned about energy, but they could have taken steps that would have saved energy, and there would have been no need for the fracking that will ruin and pollute our country. But we know that a Tory politician recently said, "Go and frack in the north, where they don't mind. Just don't do it in my backyard in the south."

It is reprehensible that this Government should take money from the most vulnerable disabled people while giving others tax cuts. It is surprising to see how they really do not care about the ordinary person.

There are many other things that I could say about this Budget, but I shall end with these points. Everyone knows that hundreds of millions of pounds has been wasted on academies in the past few years. Even though there are some fantastic schools, there is no record to show that academies have better standards. Even so, the Government want to force every school to become an academy. At the same time, they talk about wanting to give local people power. They say that they want to give local people a voice in their community, yet at every stage they override the wishes of local people. This hypocrisy—

**James Berry:** Will the hon. Lady give way?

**Yasmin Qureshi:** No, I am sorry; I am coming to the end of my speech.

The other fiction that exists is that of the northern powerhouse. As a north-west MP, I have not seen that. The electrification of our railways has been cancelled or delayed, and I do not see anything else happening. This Budget is all about smoke and mirrors.

5.56 pm

**Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to be called to speak on the first day of the Budget. Every Budget debate in which I have spoken since 2010 has had one overriding theme, which is that the Chancellor has turned up to tell us that he has failed to meet his own targets. He has then had to mask that failure as best he can. This Budget is a particularly vivid example of that. Growth has been downgraded this year, next year and every year. That is the top-line message from this Budget.

Much is always made of the claim from the Chancellor, which is repeated by Conservative Back Benchers, that the UK has the fastest growing economy in western Europe. As my hon. Friend the Member for Bolton South East (Yasmin Qureshi) said, however, the International Monetary Fund tells us that economies of the USA, Spain and Ireland are all forecast to grow faster than ours this year. I know that we are all worried about Donald Trump, but we still have to consider the US a major western economy, at least for now.

Our deficit is just below 4%, or £74 billion a year, and debt is not falling as a percentage of GDP; it is rising. So the Chancellor has broken his fiscal rule on debt almost immediately after we had the row about it. He has done that after already breaking his rule on welfare spending just after we had the row about that. The obvious conclusion is: so what? This surely proves that those rules are fairly absurd. At the very least, it proves that they are all about politics and not much about economics—which, to be honest, is a fairly apt description of the Chancellor himself. From the figures that we have had so far, the Budget appears to add up as a result of a £3.5 billion cut being made to Government Departments by 2020. However, as no details have been given, that is a purely illusory budgeting cut.

The remaining fiscal rule—that we must hit a surplus by 2019-20—seems fairly ludicrous. Indeed, it seems already to have unravelled. The Chancellor appears to be saying that he will borrow £40 billion more until 2018-19 and then, as if by magic, he will borrow £30 billion less the following year. Already it appears that most of that is a result of messing around with the accounting figures relating to the receipts of corporation tax. Frankly, if a Labour Chancellor had made such a claim in a Budget, they would have been destroyed in the papers the following day. This Chancellor deserves no less.

When we are discussing debt and the deficit, I always like to remind Conservative Members—or at least the ones who turn up on the first day of the Budget—that Harold Macmillan, Edward Heath, Margaret Thatcher and many other Conservative Prime Ministers all ran deficits. It is a fallacy that the Conservatives run surpluses while in office. In fact, the surpluses that we have had since the war have usually been under Labour Governments—although frankly that was by chance. There is nothing wrong with the principle of running a deficit so long as our creditworthiness is such that our interest payments are manageable and that the return on our investment is greater than the cost of borrowing.

That brings me to the set of sensible fiscal rules proposed by the shadow Chancellor, which are to balance day-to-day spending over a period of time while retaining the freedom to invest in our economy to make it more prosperous. They do seem like the same fiscal rules we

[Jonathan Reynolds]

had at the election, but let us pass over that. Considering all aspects of our economy, transport and energy in particular, the need for substantial investment in order to sharpen our competitiveness is undeniable. From what I see in my constituency surgeries, the situation regarding funding for social care is as dire as it could be. The cut in employment and support allowance to fund this Budget's giveaways is unconscionable, even for Conservative Members, to tolerate. My local council's budget has essentially halved since 2010, and I cannot believe that the declining percentage of GDP that we are spending on the NHS is sustainable with an ageing population.

It is, however, not all bad. I welcome the Chancellor's pro-EU tone. Looking at the challenges he set out, who on earth would add greater uncertainty in these conditions? The sugar tax is interesting, but it feels like a distraction when compared with the top-line economic news. Small business assistance is also welcome, but, as the income from business rates has already been devolved to local authorities, is that not a further cut in funding for public services? We need more detail on that.

Returning to investment, the Government really do not have an energy policy. They have a project in Hinkley Point C that will never be brought online in time. Nuclear power is essential, but the project will not do us much good because of the incredible underlying economics. The Government have undermined renewables and abolished carbon capture and storage for UK, which is incredibly short-sighted. They should be looking to cut UK energy consumption radically through energy efficiency measures, which are readily available and do not need to be invented and which, frankly, just need Government funding. We could then further protect energy prices for industry to ensure that manufacturing is still strong and to reduce our emissions. We could also reduce bills. It would require a much less burdensome amount of new capacity to be brought online. All that requires investment, which could strengthen our economy and help to reduce debt.

On transport, I like many of the things that the Conservative Government have tried to bring online, but such infrastructure clearly requires funding and fiscal rules to proceed. Under this Government's tenure, infrastructure spending as a proportion of GDP has declined starkly, but I want the projects to go ahead and if the Government are serious too, they must provide the necessary fiscal framework. I am particularly pleased about the money that will allow the trans-Pennine tunnel scoping study to go ahead, because the project would not only massively reduce congestion in my area, but bring about enormous economic benefits by linking greater Manchester with south Yorkshire in a way that is mutually beneficial for both economies.

To conclude, I want a Government who not only believe in public services and public infrastructure and honestly and genuinely care about inequality, poverty and life chances, but understand markets and how to foster innovation and appreciate the contribution that business can make. That would be a real long-term economic plan, but it is clear that it is not available from this Government. I hope that the Opposition will be able to offer the alternative that the country sorely needs.

6.3 pm

**Siobhain McDonagh** (Mitcham and Morden) (Lab): In last year's summer Budget, the Chancellor said that he was committed to a higher wage economy:

"It cannot be right that we go on asking taxpayers to subsidise... the businesses who pay the lowest wages."

When he introduced the national living wage, he said that

"Britain deserves a pay rise and Britain is getting a pay rise."—[*Official Report*, 8 July 2015; Vol. 598, c. 337.]

He promised that the change would have only a fractional effect on jobs. He said the cost to business would be just 1% of corporate profits, a cost which he offset with a cut to corporation tax.

Today, the Chancellor said that he wants to help low-paid workers to save with a savings bonus, but how exactly does the Chancellor think low-paid workers can afford to save anything when thousands nationwide will be taking home less money after the national living wage is introduced next month? National employers are using the introduction of a higher minimum wage to reform their reward structures, which is a euphemism for cutting staff pay. The new £7.20 hourly rate should be boosting people's pay packets but, as the Chancellor knows, the opposite is happening in practice. B&Q has cut staff pay by changing all staff members' contracts, forcing them either to accept the unfavourable new terms and conditions by the end of this month or lose their jobs. The new B&Q contracts are designed to offset the cost of the new national living wage and save the specialist retailer money without touching shareholder pay. The contracts strip low-paid staff of extra pay for Sunday and bank holiday working; eliminate summer and winter bonuses; and cut London weighting right down.

These workers are non-unionised, represented only by B&Q's "national people's forum", which sounds like something that might have existed in the USSR. The so-called "people's forum" had a very brief "consultation" on the proposed changes—there was no real negotiation whatsoever. Subsequently, these workers have no one to speak up for them—I say to this House that it is our job to speak up for them. Worse still, they have been told by B&Q management that they will be sacked if they come forward with their story to the press. B&Q staff will be worse off after the national living wage is introduced, as the specialist retailer saves money. The impact on low-paid workers, particularly loyal, long-standing staff who have worked at B&Q for decades, is devastating. Many cases have been reported to me and I have to be careful not to identify the people involved, because they could be sacked. However, let me give the example of just one of them.

Mr Jones, as we shall call him, works at a B&Q store in the south-east, where he has been employed for more than 15 years. He has a family—two children—and is the sole wage earner in his household. He works hard, but works part-time because he is disabled. He works every Sunday he can, as well as all the unsociable hours on offer. But from April, under the new contract he has been coerced into signing, he is going to earn £1,000 less—and he is not alone. If I had the time, I would tell the House about workers—

**The Minister for Small Business, Industry and Enterprise (Anna Soubry):** Will the hon. Lady agree to meet me, in confidence, in relation to all these people? As the Minister responsible for retail, I undertake to take this up directly

with B&Q. May I ask that she also speaks to the right hon. Member for Doncaster Central (Ms Winterton) about this, because I think that between us we could do something about it?

**Siobhain McDonagh:** I would be delighted to accept that offer, and I will show my right hon. Friend all the emails I have received about people in desperate situations. These people are the ones who political parties say they are there for: the hard workers—the people who believe it is their job to support their families and who just get on with it. But they are not able to get on with the living wage because their pay is going to be cut.

I was going to come here and say today, “Look it doesn’t have to be this way. Some of these companies just need to pass on a hit to their shareholders. Some of them need to improve productivity and staff training.” But I did not know then that what the Chancellor was going to announce was a further cut in corporation tax. He has given these companies the opportunity to get out of these appalling contracts and give people £7.20 an hour, on top of the benefits they already get. I ask the Chancellor and his Government to make it unquestionably clear that they expect, and we expect, that the honour of the national living wage will be a reality. We are not talking about small companies living on the margins; these are some of the most famous names on our high street. They are currently getting away with murder, and they can because these people have nobody to speak for them.

I may just be a lowly Opposition Back Bencher, but if I can help any of those staff get a decent result on what should rightfully be theirs—this is not because they do not try; it is because of their direct effort—I will be doing my job. I ask everybody in the House to join me in standing up to these companies and saying, “Put the money you’ve got in today’s Budget in the hands of those people who have worked longest and hardest for you.”

6.9 pm

**Tom Elliott** (Fermanagh and South Tyrone) (UUP): It is interesting to witness the Budget unfolding in the Chamber today, because, in years past, I have watched the Chancellor deliver his speech from the comfort of my own home, or read about it in the papers the next morning. There is almost a sense of anti-climax this afternoon. I remember huge controversies around the Budget, particularly some years ago when there were huge increases in income tax, but I do not see that so much now, as we seem to have a slightly more settled economy. We have seen much less controversy in the Budget not just for this year, but for the last number of years, and if we look at some of the empty Benches in the Chamber, we can see that perhaps there is something in that. Like all financial statements, there are some good parts and some bad parts, and that has been recognised even on the Opposition Benches.

First, let me highlight some of the significant investments that are going into the English regions. I guess that much of that will not be a huge benefit to Northern Ireland, or indeed to Scotland or Wales. Of course, those regions are getting some of their own financial benefits as well.

One aspect that I have been looking at is the £700 million that has gone into flood defences in England. I just wonder whether there will be Barnett consequentials around that for Northern Ireland, or indeed for Scotland or Wales, as those regions have suffered significantly

from flooding as well. In my constituency of Fermanagh and South Tyrone, one person sadly lost their life in the flooding this winter. Many people in my constituency were severely affected by the flooding, and I am sure that it was equally as bad in other areas. I am keen to know whether there will be Barnett consequentials around that £700 million that will come to the Northern Ireland Executive.

**Mr Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP): The hon. Gentleman raises a good point. The Barnett consequentials are a consequence of a need in England. If there is a need in Northern Ireland, Wales or Scotland, the Treasury does not react to that need. We have to wait until there is a need somewhere else before we get the money. It is our taxes as well. When we have a need, we should get the money. If there is a need in Northern Ireland, the consequentials should follow to the other nations, but that never happens. It is always about need in England, and the rest will take what comes of that.

**Tom Elliott:** I appreciate the hon. Gentleman’s intervention. Perhaps he is explaining some of the Treasury’s rationale on this. I do not know whether there has been any co-operation on this, but he does seem to be offering some kind of explanation.

The devolution of corporation tax to Northern Ireland has been a live issue for at least eight years, perhaps even longer. I assume that the proposal for a reduction in corporation tax to 17% in the UK, will mean that, with our 12.5% rate in Northern Ireland, we will have a lower overall reduction in our block grant. Some argue that if the UK decides to leave the European Union in the forthcoming referendum there may not be any reduction at all in the Northern Ireland block grant to reflect the fact that our corporation tax is devolved, simply because the Azores ruling does not come into effect. I am interested to hear the debate about that, because it is an issue that we have already raised with the Prime Minister.

One measure that I really welcome for Northern Ireland is the £4 million investment in an air ambulance. I have personally lobbied for that for quite a long time. Northern Ireland is the one region in the United Kingdom that does not have an air ambulance and that support mechanism. I thank the Treasury for that. It will be a great memorial for the family of the late Dr John Hinds who lost his life campaigning for an air ambulance. He was a great motorcycle enthusiast, and his campaign will hopefully now come to fruition. It is also good news for those currently involved in the air ambulance campaign, including my constituent, Mr Rodney Connor, who has been a great campaigner in that respect.

**Pat Glass:** It is really good that there will be an air ambulance supported by Government money in Northern Ireland, but does he not agree that the same should apply to all other regions? In my area, the north-east, the air ambulance service is funded entirely by charity.

**Tom Elliott:** Perhaps we in Northern Ireland have done a better job of lobbying the Government than the north-east has, and it is entirely up to the hon. Lady to take up that challenge. I am proud of what we have done in Northern Ireland and I thank the Government for that.

[Tom Elliott]

I also welcome the freeze in fuel duty, which affects Northern Ireland greatly. I know that there has been an argument for some years about the devolution of corporation tax levies in Northern Ireland, but I believe that an equally important duty that we could have devolved to Northern Ireland is that on fuel, for a number of reasons. As we have a land border with another European nation, the Republic of Ireland, a huge amount of fuel is purchased in the Republic and the UK Treasury and Government lose that tax because it is not coming into our economy. The second and more important point is the level of fuel laundering in Northern Ireland in the border regions. The fuel that is laundered is sold at a much cheaper rate, and sometimes even at the same rate, as proper fuel. That is having a huge impact on our vehicles and our economy and also means a huge loss to the Treasury.

I want to see more effort, particularly from HMRC. We received a response to a freedom of information request that showed that in a short period almost 500 fuel filling stations in Northern Ireland were found to be selling illegal fuel. Not one of those filling stations has been named, not one has been charged or convicted of any offence, but if some poor person has bought some of that fuel and is found to be carrying it, they will be fined immediately. There are on-the-spot fines. A huge wrong is being committed and I want the Government to take that up. I have tried earnestly in Northern Ireland to rectify the situation through HMRC, but there appears to be a reluctance to deal with it. Decommissioned laundering stations have been found many times, but they have been operational for many years and it seems that as soon as they are reported, they are decommissioned. HMRC cannot get to the bottom of that. That is one point on which I would appeal and it is why it is important that fuel duty in Northern Ireland has not been increased.

I welcome the opportunity to speak in the debate and genuinely and earnestly thank the Government for their support on the few issues I have described, but I want them to consider the Barnett consequential to support Northern Ireland and the other regions as they are supporting the English regions.

6.17 pm

**Wes Streeting** (Ilford North) (Lab): It is a privilege to speak on the first day of the Budget debate. This has been a fascinating journey, following the Chancellor as he has brought us to this point. Following the Chancellor on the economy has been a bit like following a drunk driver on the road, swerving all over the place as his description of the state of our economy has moved from the sunny uplands that lie ahead to the stormy weather of the global economy. Instead of focusing on the long road ahead to our national recovery, he seems to be more interested in the short walk next door to No. 10. So keen is he to avoid any focus on his record as Chancellor for the past six years that we have been reduced this afternoon to talking about fizzy drinks. Like the very worst fizzy drinks, this is full of fizz and leaves us with a bad aftertaste.

Let us start with the Chancellor's own performance. Who would have thought that six years into his term as Chancellor, growth would be being revised down,

national debt would be continuing to rise and he would have failed to meet his targets for deficit reductions once again?

**Mr MacNeil:** The hon. Gentleman talks about growth, and it is interesting that the Chancellor has talked about major advanced economies as though that was a very narrow club. Our neighbours in Ireland have growth treble that of the UK and those in Iceland have double that growth, so the Chancellor is not performing well at all, even by his own measurements.

**Wes Streeting:** I certainly agree with that assessment. This year, growth has been revised down from 2.4% to 2%. It will be down next year, the year after that, the year after that and the year after that. We were promised that he would eliminate the deficit during the course of a single Parliament, but he is doing nothing of the sort. In fact, it is very hard to imagine how we will eliminate the deficit by the end of this Parliament. A close look at the figures produced by the Chancellor in his Red Book shows that in order to achieve his forecast surplus in 2019-20, he would rely on moving from a £21.4 billion deficit in one year to a £10.4 billion surplus the next. These are fantasy figures, which possibly explains why he has failed to meet them every other year—debt revised up every year during the course of this Parliament; £40 billion more borrowing over the course of this Parliament.

On productivity, once again the outlook has been revised down, and productivity is still below pre-crisis levels. The Chancellor has been in office for six years—what on earth has he been doing? Maybe we should start looking at his productivity to explain why the productivity of the economy is still so weak.

I welcome the investment in Crossrail 2, but net public investment will fall during the course of this Parliament to £32 billion by the end of the decade, when we would be investing if this were genuinely a long-term economic plan. Exports are falling and nowhere near hitting the Chancellor's £1 trillion target. Although he prides himself on being the low-tax Chancellor, the tax burden, at 36.3% of GDP, is higher than at any point during the last Labour Government. So it seems we cannot even rely on the Tories to cut tax any more.

I very much welcome what the Chancellor said about Britain's membership of the European Union and all the benefits it brings, but the Chancellor has a problem because, right as he is on that issue, he cannot carry his party with him. In fact, even as the Governor of the Bank of England has remarked that leaving the European Union is Britain's single biggest domestic risk, of the Tories that have bothered to turn up this afternoon—they have run out of speakers to talk up the Chancellor's Budget—many have turned up to trash the Chancellor on Europe. [HON. MEMBERS: "Where are they?"] Indeed, where are the Conservatives flocking to defend the Chancellor's position on Europe? In fact, to borrow a phrase, the fact that the majority of the Conservative party would take us out of the European Union makes them a threat to our economic security, our national security and "your family's security".

Let us look at the impact on households. Almost half of the gains from income tax cuts in this Budget will go to the richest fifth of households. The amount that the Chancellor is cutting in capital gains tax would offset the cuts that he is imposing on disabled people in this very Budget.

The Chancellor claims to be helping the next generation. This is a Chancellor who trebled university tuition fees, abolished the education maintenance allowance, cut student grants, imposed tuition fees for student nurses and midwives, and proposes to scrap the NHS bursary, and look at the state of careers education in our schools. Even with the measures in this Budget to encourage saving and home ownership, we should listen to Brian Berry, the chief executive of the Federation of Master Builders, who says:

“We are nearly 12 months into the current Parliament and the Government is already falling well behind on its targets”

to build new homes. He also says that,

“these announcements are limited in scope and won’t signal the...change...we need to see.”

In fact, the Office for Budget Responsibility has revised its forecasts to show an increase in house prices as a result of the introduction of the new lifetime ISA, which will fuel demand, but it has lowered its estimate lower projected investment in new builds because of the impact of Budget measures on housing associations. I think it is cruel to encourage people to want to own their own homes but not provide the investment, the support and the economic plan to ensure that those homes are in plentiful supply, and that people from ordinary backgrounds can get on the housing ladder, rather than Conservative MPs who are using the Help to Buy ISA not only to buy their first home but also, it seems, to buy extra homes for members of the family as well.

Finally, I want to talk about the Budget’s impact on local government. For the past six years, local government has been absolutely clobbered. These are not just any services; they are front-line services. The majority of my council’s public funding from central Government has been lost. When the Conservatives talk about a tax on sugar to encourage fitness, they should explain why they have cut public health funding in-year and time and again. If they want a healthier nation, they must invest in tomorrow today.

We should look at the other services that are being cut and the tax rises that are being imposed by the Chancellor, such as the new social care precept. As my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) pointed out, even an increase in social care funding through the precept will barely cover the cost of introducing the national living wage and certainly will not meet the social care crisis. That is why so many councils are struggling and so many councillors have to vote to put up council tax. Even in Labour-run Redbridge, the Conservative Redbridge opposition voted in favour of a 2% increase in council tax through the social care precept, and also for an increase of just under 2% in council tax, because they understand the pressure that this Government are piling on to local authorities. The Government went even further today by cutting business rates, knowing full well that that will not be the Chancellor’s headache—it will be the job once more of local councillors to balance the books because we are paying the price of his failure.

So I am not impressed by today’s Budget. It is nothing like a long-term economic plan. It is long-term fantasy figures from what will prove to be a short-term Chancellor, and I certainly will not be supporting it.

6.26 pm

**Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): We have got used to missed targets and U-turns in the Chancellor’s Budgets. I fear that this may be the quickest

U-turn ever. This could well be known as the lame duck Budget. The Chancellor let the cat out of the bag when he was expressing his support for the EU, which I thoroughly share. All the predictions on which the Budget is based assume our continued membership of the EU. I marvel at the Government’s sheer lack of leadership in projecting their long-term economic plan and basing successive Budgets on it, then subjecting the core of their future economic strategy to a political process that puts it in jeopardy and exists only to satisfy the internal politics of the Conservative Government.

I support what the Chancellor said, but what he referred to has not just occurred over the past month or so. It has been the case for years. Had there been the necessary leadership from the Government, the issue would not be the subject of debate now and we would not risk the damage that the outcome could do to our economy and our future economic projections, and we would not potentially be facing another Budget in a far more pessimistic economic scenario in a few months.

Many speakers have pointed out the Chancellor’s missed targets and the failure to deliver on his early promises. The march of the makers has been talked about at great length. Sometimes when I look at Government policies and manufacturing production, I think it should have been called the ides of the march of the makers. This is the source of all the Government’s current difficulties. Our failure to invest in manufacturing has resulted in the current very low levels of productivity, which are undermining our economic growth and our export performance. Until we have Budgets which put this at the centre of Government policy, the problems outlined in every Budget, and re-addressed because of the failure to deal with them in previous Budgets, will continue.

I would like to have seen in this Budget measures on business rates. We have the most incoherent business rate regime imaginable. The Chancellor spoke today about reducing corporation tax. That may be an element that business favours, and it may help business. On the other hand, what happens under the business rate regime to a manufacturing company that invests in new machinery so that it can increase productivity and export? The business rate goes up, and the company gets penalised. In the context of business policy, it is no good looking at one element of the taxation regime without looking at the others. The Government need to look at the whole package if businesses are to have a basis on which they can invest without being penalised, producing all the economic benefits that will play such an important part in the future growth of our economy. The Government have signally failed to do that, and we might say that some of their measures amount to just trying to mend the roof while the rain is pouring.

I would briefly mention two other elements of productivity the Government have failed to address: skills and construction infrastructure. We have had boasts of millions of pounds being invested in apprenticeships and the academisation of schools, but the outcome is that there are still acute skills shortages in science, technology, engineering and maths-based subjects, which are central to the capability of our manufacturing industry to develop, grow and export. Something is going wrong somewhere, and I saw nothing in the Budget that would address that.

[Mr Adrian Bailey]

The other issue is infrastructure. I welcome the proposed infrastructure projects, but I would have more faith in their ability to impact on our productivity if infrastructure investment had not dropped by nearly half over the last five years. The Government have started to deliver on only 9% of the projects they have in the pipeline, and those projects that there are are heavily concentrated in London and the south-east. I am not knocking any particular programme there, but the fact is that London and the south-east have had higher economic growth, than the rest of the country.

**Mike Wood** (Dudley South) (Con): Will the hon. Gentleman give way?

**Mr Bailey:** No, I will not give way, because I respect the ability of others to have time to make their points as well.

The Government have simply moved from a short-term, politically expedient solution, subjected it to political window dressing and then had to explain its failure in a subsequent Budget. This is a Government of missed targets, U-turns, incoherence and, quite frankly, incompetence.

6.32 pm

**Callum McCaig** (Aberdeen South) (SNP): It is a pleasure to speak in this Budget debate. After close to a year of asking for action on oil and gas, it would be churlish of me not to welcome what the Chancellor has announced today. However, it is important to take that in context: we have seen significant movement, but essentially we are back to what Oil and Gas UK says is the tax level from 2003.

There is positive movement on the supplementary charge, but to suggest that the tax has been cut in half is a bit of the smoke and mirrors that we are used to. Although it has been cut in half, from 20% to 10%, oil and gas fields will still pay 40%. If we compare that with the announcement of 17% for corporation tax, we see there is a stark contrast.

The effective abolition of petroleum revenue tax is perhaps more welcome. It will affect fewer fields, but by virtue of their age and their important infrastructure, those fields are vital to ensuring the continuing success of the North sea. If they lose out and that infrastructure is decommissioned, the potential domino effect could drastically reduce the profitability of the North sea.

I welcome the proposed manoeuvring of decommissioning allowances, allowing changes between the companies that would and would not have the decommissioning liability. That is fundamental. The Red Book talks about encouraging new entrants into the industry. It is very important for the future of the industry to have new capital, new expertise and, above all, new ideas and new ingenuity coming in and not to be burdened by artificial barriers in relation to decommissioning. What has been announced is very helpful, but in and of itself, it is not enough. This will not be the end of the requests from industry, from trade unions, and from me and the SNP, for further action to support this vital industry.

We have missed out on anything relating to fiscal support for exploration. The support for seismic surveys is welcome, but beyond that more action needs to be taken. There is also nothing in terms of—

**Mr Speaker:** Order. I am extremely grateful to the hon. Gentleman for his contribution. I think Mr Tommy Sheppard wishes to speak. No?

**Tommy Sheppard** (Edinburgh East) (SNP): The clock has not been working, Mr Speaker.

**Callum McCaig:** The clock did not start, Mr Speaker.

**Mr Speaker:** Well, continue to orate, man.

**Callum McCaig:** I will continue to orate, and I will be as brief as I can to allow my hon. Friend the Member for Edinburgh East (Tommy Sheppard) to get in.

There is nothing on exploration, beyond seismic. There is nothing about removing the fiscal barriers for enhanced oil recovery. The activity of enhanced oil recovery will count as operational expenditure; it does not count towards the tax allowance that can be offset against income. Such a simple fiscal measure would allow these activities to happen to a far greater extent, and then everyone would be a winner.

On the effective tax rebate rate for onshore oil and gas, tax allowances for that sector are 75%, whereas the effective rate for offshore oil and gas is 62.5%. I see no reason why there should be such a difference in the investment allowance. The North sea is a far more harsh environment in which to carry out this kind of exploration activity, and I do not see why it should be penalised vis-à-vis onshore oil and gas.

There has been nothing on loan guarantees for the oil and gas sector. The Prime Minister has talked about building the bridge to the future of oil and gas. Access to finance is vital in this regard. Companies are being turned away by banks, which see the industry as something they do not wish to invest in. I hope that the measures announced today will go some way towards allaying the concerns about finance, but more can and should be done. Lots of companies have the ability, expertise and imagination to drive the innovation that the oil and gas industry will require. If they cannot access the funding and finance that is required to develop these ideas, it will be incredibly difficult for them to bring their skills and expertise to the marketplace to benefit the industry and secure the innovation and cost reductions that it has been pursuing.

While this is a welcome step, it cannot, in and of itself, be the last thing that the Government do to support the oil and gas industry. The industry has produced £300 billion in tax revenue; it contributes immensely to the UK's balance of payments. We may not be seeing the astronomical tax revenues from oil and gas that we did before, but we cannot overestimate the importance of the role that the industry has to play for the United Kingdom and my neck of the woods in particular, in future.

6.38 pm

**Tommy Sheppard** (Edinburgh East) (SNP): I would like to start on a positive note by welcoming the Chancellor's statement on the sugar tax. He may well want to consider

whether he needs to wait a full two years to bring it in, but none the less it is a welcome start, and I commend him for it.

I am afraid that is where my generosity towards the Chancellor, his Treasury team and this Budget must end, because I see the rest of it in exceptionally negative terms. This is a Chancellor, after all, who is making a career out of failure. He has failed every one of the macroeconomic targets that he has set for himself. If we were to score him on a report card, we would have no option but to give him an F-minus. I think that when he began to prepare this Budget he was looking at failing in his final objective, which was to create a budget surplus by 2019. I would like to pause to ask what that is actually about, because a surplus in Government finances is quite a strange thing. It means that the Government are spending less on this country's public services than they are taking in taxes from the people who depend on them. That is a strange thing to aim for.

I wonder why the Chancellor is so concerned to have a £10 billion nest egg in 2019-20. It would not have anything to do, would it, with the proximity of the 2020 general election and a Chancellor who is determined to see a longer career for himself in this House, perhaps in a different position? In fact, I wonder whether the Chancellor has less of a long-term economic plan for the country and more of a long-term political plan for himself. In order to get the £10 billion surplus, he has decided that he has to have another range of cuts, with £3.5 billion being taken out of non-protected Departments. I dread to think what that will mean when we work through the detail.

We have to ask ourselves: is there no alternative to this austerity being piled on top of austerity? There is an alternative. We said during discussions on last year's Budget—and we will say it again this year—that rather than cut back on public spending, a prudent Government should have a slow, sustained increase over the lifetime of this Parliament in order to use the public sector as an engine for economic growth to raise revenues, eradicate the deficit and drill down on the debt. That is received economic wisdom in most of the world, including most of our competitor countries, most of the members of the European Union and the United States of America. It is only the City of London and the United Kingdom Treasury that are blinkered to that very obvious approach.

This is also a Budget for inequality. If we look at the middle income range, we will see that someone who earns £35,000 will benefit by about £180 a year from the increase in the threshold for the basic rate of income tax. However, someone who earns £45,000 will benefit by £580 a year—more than three times as much. In what parallel universe could that approach be described as removing inequality in our country?

And that is only if people are lucky enough to be earning enough wages to be taxed in the first place. Even with the Chancellor's pretendy national minimum wage, if someone is earning £7.20 an hour over 30 hours a week, they will not meet that basic income tax threshold. This Budget does nothing for the millions of people who are in that position. It does nothing for the people who are on fixed or low incomes, or for those who, because of their situation, have to rely on state benefits.

Is not the cruellest thing of all that, while tax breaks will be given to people who can afford to pay their taxes, there will be miserly and parsimonious cuts to the

benefits of the most vulnerable in our community? The Department for Work and Pensions is preparing for a £1.2 billion cut in the personal independence payment programme. That will involve assessing 640,000 claimants, 200,000 of whom will be removed from the benefit altogether, while the rest will have their benefits reduced from £85 to £55 a week. What a miserly, mean-spirited, mean-minded approach to providing a welfare system.

The Chancellor has made much of this being a Budget for business. Before I came to this House, I started and ran a successful small business. I welcomed the day that it did well enough to pay corporation tax, because it took a few years to get there. The Chancellor talks about this being a nation of shopkeepers, but there are plenty of shopkeepers in my constituency who are less worried about the rate of corporation tax than they are about whether enough people are coming through the shop door with enough money to buy their products and to keep them and their employees afloat. Rather than tinkering, it would be better to consider a programme for economic growth and regeneration.

Let us not kid ourselves that it is small businesses that will benefit from the one-size-fits-all business tax approach. A business that makes a £20,000 profit pays the same rate of tax as a business that makes a £20 million profit. That means that most of the £15 billion that is being given back in the business tax cuts is being given back to large multinational corporations that are the friends of the Conservative party and of the Chancellor.

**David Morris** (Morecambe and Lunesdale) (Con): Will the hon. Gentleman give way?

**Tommy Sheppard:** I will not give way, because I have a minute left and others want to come in. I say to the small businesspeople of this country: "Be very wary about what is being done in your name. This is not the way to make your business successful; it is a tiny little bribe."

I am out of time, but I want to finish on the Chancellor's suggestion that this is a Budget for the next generation. God help us if he really believes that. The next generation have just had the remaining grants for education removed from them. They are faced with living with their parents well into their 30s and 40s because their housing options have gone, and they are now being told that they may have to work until they are 80 years old. I do not think that those people will thank the Chancellor for this Budget. They will expect the Government to do an awful lot more to provide them with the future that they require.

6.45 pm

**Helen Goodman** (Bishop Auckland) (Lab): I am pleased to follow the hon. Member for Edinburgh East (Tommy Sheppard), and I agreed with much of what he said about equality. Everybody understands that the Chancellor was in a tight spot when he came to construct the Budget, but it is difficult to feel very sympathetic towards him, because he has constructed that tight spot. He drew up fiscal rules to bring the budget into balance without taking account of the economy's need to invest in capital infrastructure, and that is why he is in a tight spot. The Treasury Committee took evidence from a whole range of economists, and we did not find one who agreed with the Chancellor's approach to fiscal policy.

[Helen Goodman]

Another problem is that the Chancellor's focus has been very short-term, and he has failed to do the things that need to be done for the long term. He boasted that unemployment in the north-east had fallen rapidly recently, but that has to be set in the context of the fact that it is the highest in the country.

Many hon. Members have talked about the productivity problem. Productivity fell in all the major economies when we had the big crash in 2008, but whereas in America and the other G7 countries it is back above where it was before the crash, we are still just about reaching that level. The Chancellor highlighted the economic headwinds coming from the international economy. However, the downgrading of productivity, which is why his growth forecasts are down, is solely due to domestic factors. We cannot blame other countries if we have not invested enough in our infrastructure and skilled our workforce adequately. Those are the things that we need to do more of.

I have a couple of questions for the Exchequer Secretary to the Treasury, and I hope that I will get answers to them.

**Mr Speaker:** Order. It is very important that our proceedings should be intelligible to all those who follow them, and I just remind the hon. Lady that there are no Front-Bench wind-up speeches tonight. Answers may or may not be forthcoming, but they will not be forthcoming from the Dispatch Box this evening. I am sure that the hon. Lady is a notably patient person.

**Helen Goodman:** I do not mind whether I get the answers today, next week or even in a letter from the Treasury. One of my questions is about infrastructure in the north. The increase in spending on that infrastructure is only £300 million. We see in the Budget:

“£75m to fast-track development of major new road schemes including...the...A66”.

When is the A66 going to be widened? I am not talking about getting some little feasibility study done. When will we actually get a change to the infrastructure, which is so essential for people who make things in the north-east and sell them to the rest of the country?

**David Morris:** Will the hon. Lady give way?

**Helen Goodman:** I would rather not take another intervention, because I am running out of time.

On the skills gap, there is no evidence that changing the governance status of our schools will make any difference to their effectiveness. In four academies in my constituency, GCSE scores have fallen in the past three years. At one point they achieved a figure of 66% of children getting five A to C grades, but last year they were down to 50%. There has been no analysis of such falls.

It is regrettable that the Chancellor has not produced any distributional analysis along the lines of what we on the Treasury Committee have repeatedly asked for—in other words, an analysis of the impact by decile of tax and benefit changes in this Budget. It is absurd that we have to wait for the IFS because the Treasury is trying to hide the impact of the measures in the Budget.

Many hon. Members have pointed to the unfairness of the measures that will give people £700 million through cuts to capital gains tax and give higher rate taxpayers £400 million, but take £1.2 billion from disabled people. This is not only about fairness, but about economic efficiency. The OECD has looked at all economies and has found that more equal societies grow faster. Giving money to the bottom half of the income distribution raises the growth rate by 0.4% for every 1% redistributed, whereas giving money to the rich hinders growth and slows it down.

There are a number of hidden things in what the Chancellor is trying to do. Table 2.1 in the Red Book sets out the £3.5 billion of cuts that he needs to make to hit his fiscal target in 2019, but it does not specify which Departments those cuts will come from. We would like Ministers to explain that.

The Chancellor flunked the tax reforms on pensions, because he is concerned to maintain support in the run-up to the referendum.

**David Morris:** I am waiting to hear what the hon. Lady will say about pensions, but does she not agree that setting up a young people's ISA so that they can put in £4,000 every year if they are under 40 years of age, with the Government putting in £1,000, will put them in a better position in their old age?

**Helen Goodman:** If I may say so, what the hon. Gentleman says is somewhat unrealistic and optimistic. Even the Treasury's own figures on Help to Save, which were published this week, suggest that only one person in six will use the new scheme. People's incomes have been cut, so they do not have the money to set aside large amounts for savings.

On tax reforms, my hon. Friend the Member for West Bromwich West (Mr Bailey) gave a thorough critique of the changes to business rates. We need to change business rates, and I was feeling quite optimistic about that until he spoke. There are questions for the Treasury to which everybody would like answers: what will be the impact on local authorities? What will the distributional impact be—where in this country will the changes to business rates have the most significant effect? Will such changes tip some local authorities into having even more serious financial problems than they have already?

It would be churlish not to welcome the new sugar tax on fizzy drinks and the measures on tax avoidance. The Treasury Committee is doing an inquiry on tax avoidance, and we will look at those measures in more detail.

As hon. Members may know, people who have been advised to have music therapy can go to or listen to operas that deal with their particular problems. At the moment, the Royal Opera House has an opera on about a regent who is trying to become the tsar, but he has to do some rather unpleasant things to achieve his ultimate ambition. I thought it would be ideal for the Chancellor to go to until I discovered that it was called “Boris Godunov”.

6.54 pm

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): Last night, I had the great honour of attending an Adjournment debate secured by my hon. Friend the



Member for West Dunbartonshire (Martin Docherty-Hughes) in honour of all those who died and were affected by the Clydebank blitz. His was a quite remarkable speech.

Today, we turn to a much more miserable statement by the Chancellor of the Exchequer, heralding yet another attack on some of the most vulnerable in our society. People will be asking themselves what is going on in this society of ours, when a £1.2 billion cut can be made to some of the most vulnerable people in our society at the same time as yet more largesse is thrown before some of the richest in our society.

This Chancellor can be relied upon for two things: to cut, cut and cut again the investment in the ordinary people of this country; and to pile failure upon failure upon failure to achieve any of his targets, whether they be on debt, exports or even, as in this Budget statement, a significant downgrading of growth in our economy. Indeed, listening to the Chancellor I recalled the dictum of Albert Einstein that insanity is doing the same thing over and over again and expecting a different result. If ever we had a Chancellor who exhibited insanity, it must be this one.

The economy faces great challenges, including a lack of investment in key areas such as research and development, a lack of a coherent plan to tackle the problem of productivity in the economy, and a complete failure to address problems of extreme inequality, which are harming our economy. I was keen to listen to the hon. Member for Newark (Robert Jenrick), who I do not think is in his place, when he said that Ronald Reagan was his great hero. If Ronald Reagan was associated with the idea of trickle-down economics, this Chancellor has become synonymous with trickle-up economics. The poor and vulnerable are being asked to sacrifice themselves to feather the nests of the rich, the powerful and the undeserving in our society.

The hon. Member for East Antrim (Sammy Wilson) spoke wisely about the problems of inequality in our society. Growing inequality seems to be the only target this Government are capable of achieving, but it is not a target that anyone in a civilised society should be proud of. The right hon. Member for Don Valley (Caroline Flint) made a welcome speech about the initiatives she is taking, which I hope the whole House will be able to support, to make the tax affairs of large multinational tax corporations much more transparent. Much more needs to be done about how transfer pricing and the transferring of profits is undertaken. It does no one in our society any good to featherbed those who simply want to move their tax affairs to the most convenient location to avoid making their contribution to society.

I was pleased to see in the Red Book that some progress was being made on a possible city deal for Edinburgh and the Lothians, which affects my own area. There is also recognition that some progress is being made with regard to Inverness. I have to say, however, that the Government's record in supporting potential city deals in Scotland is nothing short of shameful. Progress is far too slow and far too modest.

The Chancellor has also missed some of the great opportunities he has been presented with in recent weeks. Perhaps the greatest opportunity he missed was to address the problem of 1950s-born women, who are facing an attack on their pensions and retirement age. Surely, given all the money that can be found for the

rich and famous, the Government could have done something for the people in our society whose retirement is being pushed back and back, with insufficient notice and consultation.

On growth, the Science and Technology Committee has noted that the European Council, as far back as 2002, adopted a target of 3% of GDP being spent on public—

7 pm

*The debate stood adjourned (Standing Order No. 9(3)).*

*Ordered, That the debate be resumed tomorrow.*

## Business without Debate

### DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### ELECTRICITY

That the draft Renewables Obligation Closure Etc. (Amendment) Order 2016, which was laid before this House on 25 January, be approved.—(*Charlie Elphicke.*)

*The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 23 March (Standing Order No. 41A).*

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### PUBLIC SERVICE PENSIONS

That the draft Public Service Pensions Revaluation (Prices) Order 2016, which was laid before this House on 1 February, be approved.—(*Charlie Elphicke.*)

*The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 23 March (Standing Order No. 41A).*

**Mr Speaker:** With the leave of the House, I propose to take motions 4 to 9 together.

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### ENVIRONMENTAL PROTECTION

That the draft Environmental Permitting (England and Wales) (Amendment) (No.2) Regulations 2016, which were laid before this House on 2 February, be approved.

#### NUCLEAR INSTALLATIONS

That the draft Nuclear Installations (Liability for Damage) Order 2016, which was laid before this House on 22 February, be approved.

#### CORPORATION TAX

That the draft Income Tax (Construction Industry Scheme) (Amendment of Schedule 11 to the Finance Act 2004) Order 2016, which was laid before this House on 8 February, be approved.

#### CONSTITUTIONAL LAW

That the draft Disabled Persons Parking Badges (Scotland) Act 2014 (Consequential Provisions) Order 2016, which was laid before this House on 22 February, be approved.

#### LOCAL GOVERNMENT

That the draft Tees Valley Combined Authority Order 2016, which was laid before this House on 11 February, be approved.

## FINANCIAL ASSISTANCE TO INDUSTRY

That this House authorises the Secretary of State to undertake to pay, and to pay by way of financial assistance under section 8 of the Industrial Development Act 1982, in respect of compensation of Renewables Obligation and Small Scale Feed in Tariffs (RO/FiT), a sum exceeding £10 million and up to a cumulative total of £371 million maximum.—(*Charlie Elphicke.*)

*Question agreed to.*

**Commonwealth Games: Wales**

*Motion made, and Question proposed,* That this House do now adjourn.—(*Charlie Elphicke.*)

7.1 pm

**Craig Williams** (Cardiff North) (Con): It is a pleasure to have secured this Adjournment debate today—a day that has been excellent for Wales—and I am delighted to see the Minister in his rightful place, after hotfooting it from the significant announcement earlier. That announcement, on the Severn bridge tolls, is tied to this debate and will be extremely welcome come 2026 and, more importantly, 2018.

I rise to talk about the Commonwealth games bid for 2026, around which many of the investments announced today will come to fruition. Over time, the Welsh Government's feasibility study into the games has changed significantly. I will touch later on the Cardiff city deal and the Chancellor's openness to the Swansea city deal and what that means for the bid, but there has been a continuing dialogue about the games for several years. On the feasibility study, it has been a bit like the hokey-cokey with some parties and Governments: they support it, they don't support it.

I hope today to bring some consensus to the Chamber around a vision for a Commonwealth games that Welsh civic society, the Welsh Government and the UK Government need to get behind. It would be good for Cardiff, south Wales, Wales and the United Kingdom.

**Mr Mark Williams** (Ceredigion) (LD) *rose*—

**Craig Williams:** I see our first hope for a consensus from the Welsh Liberal Democrats.

**Mr Mark Williams:** I congratulate the hon. Gentleman on how he has called for that cross-party approach. In the spirit of Welsh unity, may I encourage him—although I do not think he needs much encouragement—to talk about the huge benefits that would accrue to the whole country, north, south, east and west, urban and rural, were our campaign to be successful?

**Craig Williams:** The hon. Gentleman—hon. Friend, I think, on this issue—hits the nail on the head: this would be a Welsh bid. That is why I named this Adjournment debate not “The Commonwealth Games for Cardiff”, as you might have expected me unabashedly to do, Mr Speaker, but “The Commonwealth Games for Wales”.

**Jessica Morden** (Newport East) (Lab) *rose*—

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC) *rose*—

**Craig Williams:** In the spirit of consensus, I will take one more intervention, from the hon. Lady, and then make some progress.

**Jessica Morden:** Newport kindly shared the NATO summit with Cardiff. Does the hon. Gentleman agree that there would be huge potential for Cardiff to share the games with Newport, given our excellent facilities and expertise in planning this type of event?

**Craig Williams:** I know that the hon. Lady—again my hon. Friend on this issue—is very proud of the velodrome and other cycling facilities in Newport and its other arenas. The games would be for Cardiff, for south Wales, for the whole of Wales; it is a Welsh bid, and I champion it. I also acknowledge that Newport graciously hosted the NATO summit with Cardiff.

**Albert Owen** (Ynys Môn) (Lab) *rose*—

**Craig Williams:** I will make some progress, but everyone who hopes to get in, in this very short debate, will.

Of course, Cardiff has hosted the Commonwealth games before, but that was in 1958, which was a little before my time in the House and on this planet. The Commonwealth games is the only multi-sport event in which Wales competes as a nation, and it is an important opportunity for many athletes to brandish the Welsh brand and represent their country. We have had a proud historic involvement in the Commonwealth games, first appearing in 1930 in Hamilton, Canada, and we are one of only six nations to have taken part in every games since 1930.

The first Commonwealth medal—this is where competition can emerge in Wales—was won by Valerie Davies, a Cardiff local winning two silver medals in our first games. That was not too surprising to many Welsh Members. We also do spectacularly well in weight-lifting; it is one of our most successful sports. The Commonwealth games podiums of the past have seen the likes of Lynn Davies, Nicole Cooke, Colin Jackson, David Davies, David Roberts, Kelly Morgan—now Baroness Grey-Thompson—and Dai Greene flying that flag for Wales.

At Glasgow, in the not-too-distant past, we were represented by athletes from all corners of our country, and we returned a record-breaking 36 medals, including five golds. Frankie Jones became the first-ever Welsh athlete to claim six medals in one Commonwealth games, winning one gold and five silvers. Just imagine what we could achieve with a home crowd; I think we could break the record we established in Glasgow.

**Chris Davies** (Brecon and Radnorshire) (Con): I thank my hon. Friend for bringing the Adjournment debate forward. I would like to add to the list. Natalie Powell, who won a judo gold medal in the Commonwealth games of 2014 came from Builth Wells in my constituency. I suggest that mid-Wales would certainly benefit from the Cardiff Commonwealth games. A legacy would be left for the whole of Wales, as my hon. Friend rightly says.

**Craig Williams:** My hon. Friend touches on what others have said on this subject. There could be a Welsh bid, and it is something that hon. Members from the UK or the Welsh Government could really get behind and deliver a legacy for the whole country—north, mid, west, south.

**Albert Owen:** I congratulate the hon. Gentleman on securing this important debate, which gives confidence. Wales already has a strong record of hosting international events. Indeed, my own constituency was the start of the “tour de Britain” only last year. Anglesey has bid for another important games—the Island games in 2025. That could be a showcase for 2026 or even 2030 if it were successful further on. Does the hon. Gentleman agree that the whole of Wales needs to get behind the

Island games? We are the only island in Wales that can really qualify for this, but we could share the benefits with the rest of Wales.

**Craig Williams:** I wholeheartedly support that bid. What a fantastic couple of years it would be if we achieved that and then we achieved the Commonwealth games. That really does cover the breath of our country—from top to bottom.

Let me explain why I think Wales is best placed to deliver in 2026. The UK has had a fantastic record, with Manchester’s Commonwealth games, and then there were the Olympics, in which we all played a part across the UK. Most recently of all, there were the Glasgow games.

**Jim Shannon** (Strangford) (DUP): I, too, thank the hon. Gentleman for bringing the debate forward. The Wales bid for the Commonwealth games is one that I would fully support. We would see economic benefits for the whole of the United Kingdom of Great Britain and Northern Ireland. The Commonwealth games in Scotland, for example, brought benefits for Northern Ireland and particularly from the teams who trained beforehand. Does the hon. Gentleman accept that we should do more? Let us do more with the Northern Ireland Assembly and local councils as well. Then we can all reap the benefit of the Commonwealth games in Wales.

**Craig Williams:** The hon. Gentleman is exactly right. I was just about to touch on the legacy effects across the United Kingdom that the games would bring. Let us look at some cold, hard numbers. I appreciate that the Welsh Government need to carry out the feasibility studies, but they will take us only so far. We need the gut political instinct that makes us say, “We are proud of our nation and our country; we would like to host international, global stages, and we must do that.” I think we are at that juncture now.

Following the Manchester games of 2002, we have had some time to do some economic studies. The chief executive of Manchester city council, reflecting 10 years on, said:

“The Games accelerated regeneration and economic growth in the city by 20 years or more and the ten-year anniversary puts in to perspective how much the City of Manchester has grown and changed over the past decade.”

Looking closer in time to Glasgow, there has been a £52 million boost to Scotland’s economy, and 1,000 jobs in each of the past six years have resulted from the building and revamping of Glasgow up to the competition, and then after with the athletes village.

**Jonathan Edwards:** I congratulate the hon. Gentleman on securing this debate. What consideration has he given to the extra infrastructure that will be required in Cardiff and across the country to host the games? Glasgow had the SSE arena with a capacity of over 15,000, and it hosted about six of the disciplines, but we do not yet have that sort of facility in Wales.

**Craig Williams:** The key word is “yet”. Sir Terry Matthews has ideas for the promotion of an arena, and Cardiff Council also has some excellent ideas involving regeneration and the building of an arena.

[Craig Williams]

The plans are there, but a catalyst is needed. At the beginning of my speech, I mentioned the Cardiff city deal and the infrastructure that the south Wales metro will provide. If Glasgow and Manchester had benefited from the kind of infrastructure investment that has been announced in the Budget today, it would have made the games much more achievable. We may talk about new arenas, but this is about having a vision for Wales and going for it. Our capital city certainly needs more hotel capacity, Newport needs more grade A hotel capacity, and Swansea needs its arenas and conference facilities. These are things that we lack as a country, and I am not just talking about the Commonwealth games; the legacy effect extends further.

The building and refurbishment of games venues and the athletes village in Glasgow has produced an estimated 1,000 jobs and £52 million for Scotland's economy. There are 5,000 games-related training and job opportunities on national legacy programmes throughout Scotland, which are not focusing on a single city. An average of about 200 jobs and a £10 million economic boost were created during the six years that led up to the games, via the multi-partnership urban regeneration firm Clyde Gateway URC. The firm initially invested £100 million to help create a regenerated, well-designed community. All the new and refurbished games sporting facilities are already open to the public: schools, clubs and sports bodies. The legacy in Scotland is fantastic, and we could have the same in Wales.

There has also been an expansion of the major events industry in Scotland. As I said earlier, we need international conference facilities in Wales, but we cannot currently do that because of our chronic lack of hotel capacity, and the lack of capacity in the areas where we host conferences. The games would serve as a catalyst in that respect.

Let me say something about the legacy and economic benefits for our country. Sarah Powell, chief executive of Sport Wales, has said:

“Wales’ global reputation for staging world leading sporting events would be further enhanced by hosting the Commonwealth Games. We should be proud of our reputation around major events as it projects the image that we want the world to see—a strong confident nation comfortable with our place in the world and increasingly treating success as not a surprise, but an expectation.”

Throughout our nation is a wealth of world-class sporting venues. It will not surprise Members that I mention first the Millennium stadium in our capital city, which has now been renamed the Principality stadium, but Wales also has the Liberty stadium in Swansea and the velodrome in Newport. The Commonwealth games would not just bring benefits to south Wales; north Wales could host sailing and other events. The National Sports Centre in Cardiff regularly hosts international competitions, training camps and athlete training, and a number of international competitions already take place throughout the year at the centre.

Any Commonwealth games bid would have a positive regeneration impact in terms of infrastructure development, as well as adding to the already increasing levels of sporting participation. Given the indoor arena that is planned for Cardiff, and the 5,000-seater Wales International Convention Centre at the Celtic Manor resort, the building of new sporting venues may be completed well

before 2026. Those are arenas that we already want to build. Any feasibility study would find that we are well on our way to pulling all this together—and, of course, we already have many rugby and football stadiums, and provision for the other sports in which we do so well in Wales.

**Mike Wood** (Dudley South) (Con): Commonwealth games athletes from all the nations of the United Kingdom train at the Judo Centre of Excellence in the black country. Does my hon. Friend agree that a Commonwealth games in Wales would benefit the whole United Kingdom?

**Craig Williams:** My hon. Friend is quite right. What a happy Union we would be if another Commonwealth games were secured in the UK. I know of no bigger fan of the black country, and no bigger supporter, than my hon. Friend.

Let me list a number of events that we have already hosted on the world stage. At the turn of the millennium, there was the 1999 rugby world cup in Cardiff. Who could forget Max Boyce going on to the pitch and singing hymns and arias to a stadium full of people?

**Jim Shannon** *rose*—

**Craig Williams:** Of course I will give way to the hon. Gentleman if he wants to do a Max Boyce, but I do not know whether he is allowed to sing hymns and arias.

**Jim Shannon:** The advantage of having teams from other Commonwealth countries in your area is that it gets the local people involved. Examples from the Glasgow games included cycling and fencing. This is not just about the economic boost; it is about the community boost as well.

**Craig Williams:** Absolutely. However, some of the main criticisms of the proposals for the games being held in Wales are economic, so I am putting those to the test at the moment. The cultural and legacy aspects of the games are immense, and their role in encouraging young people into sport is terrific. I shall say more about that in a moment. I thank the hon. Gentleman for bringing that point up.

At the turn of the millennium we in Cardiff did our bit for England's World cup. We did our bit in the match as well as hosting some games. We did our bit for the FA cup, the Ryder cup, the Olympic and Paralympic games. We also did our bit for the Ashes in 2009 and 2015, the rugby league world cup in 2013, Rally GB, the Community shield and the British speedway grand prix. We also host premier league football fixtures, although sadly they take place further down the M4 these days. I am sure that they will be coming back to Cardiff before long.

Of course we also host international rugby matches, including the six nations and the Heineken cup, and international football matches. The Volvo ocean race is coming to Cardiff bay, and we are about to host the UEFA Champions league final. The world half-marathon is also coming to Cardiff soon. The benefits to Wales from hosting an event that stands so large on the international stage as the Commonwealth games would be innumerable. Anyone who had an unlimited budget to publicise their country and cities would go for events such as those. Wales does not have an unlimited budget, yet we secure them.

Let us also consider the legacy products and the potential surge in Welsh national pride. I say to my colleague from Plaid Cymru, the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards), that that does not equate to Welsh independence. I am talking about Welsh national pride. The Commonwealth games would be a perfect opportunity not only to bring benefits to Wales but to showcase our beautiful nation. That can bring legacy benefits to tourism and culture. We are indeed better and stronger together.

It is estimated that for every £1 of national lottery funding invested in major sporting events, an average of £4.90 of additional direct economic impact is generated for the host city and region. Staging the Ashes cricket at Cardiff SWALEC stadium brought in an estimated £24 million to the region, according to Cardiff Metropolitan University. An economic study of the 2011 Champions league final in London estimated that the windfall for that city was about £43 million. A recent report carried out by Econactive for the Welsh Rugby Union showed that the Millennium stadium—now the Principality stadium—generates over £130 million a year for Cardiff and sustains more than 2,500 jobs. From 2006 to 2016, spectators who attended events at the stadium spent £848.6 million. The overall economic impact of the venue is estimated to be £130 million a year.

The 2010 Ryder cup hosted in Newport generated a total economic impact for Wales of £82.4 million and had a direct economic impact of £53.9 million for south Wales. On the legacy aspect, Golf Union Wales said that in the 12 months following the Ryder cup, 40% more boys and 60% more girls under the age of 18 started to participate in the sport. We can only imagine what the multitude of sports represented in the Commonwealth games could do to encourage the young people of our nation.

**Tom Elliott** (Fermanagh and South Tyrone) (UUP): The hon. Gentleman is talking about young people. Is he aware that the Commonwealth Youth games are coming to Northern Ireland and to Belfast in 2021? They should give a great boost not only to the young people of the United Kingdom and the rest of the Commonwealth but also, I hope, to the hon. Gentleman's bid for Wales.

**Craig Williams:** Absolutely. I cannot see why the games should not start in Northern Ireland and go over to Anglesey before coming down to Cardiff, the host city, and across Wales as the consensus develops for this project.

Sport can have a lasting and positive impact on the people of Wales, on our health and wellbeing, on our place in our communities and on our national pride. Sporting success is important to Wales because it makes a statement about our heritage, our culture, our achievements and our ambition for our nation. There is a definite link between successful, high-profile sporting role models and children taking up healthy activity and sport. Sport participation is crucial for children and young people for many reasons. An active child is more likely to become an active adult, and being part of a team gives children a sense of belonging, challenges them to work in a group and encourages them to develop social and other essential skills.

In south Wales, the infrastructure developments, the changes that the Government are making in other programmes, and investment in young people and the

next generation represent a real coming together for 2026. I look forward to hearing in the Minister's reply what support we can offer to the Welsh Government and Welsh civic society, but tonight's debate has shown that parties across Wales and across the United Kingdom support the need for us to at least bid for the 2026 games. Wales is an ambitious nation and we have an immense opportunity, but we sometimes lack a little confidence. If Welsh civic society and everyone else get behind the bid, if it is the only bid from the United Kingdom and if we get support from the UK Government, there is no reason why we cannot rejuvenate the economy, get more young people into sport and win an even greater number of medals for Wales come 2026.

7.20 pm

**The Parliamentary Under-Secretary of State for Wales (Alun Cairns):** I am grateful to my hon. Friend the Member for Cardiff North (Craig Williams) for not only the way in which he introduced the debate, but his recognition of the role that Cardiff can play in supporting the whole of Wales. I am also grateful to you, Mr Speaker, for enabling the debate to take place in the same week as Commonwealth Day, because it presents a great opportunity to discuss how a Welsh bid for the Commonwealth games could once more showcase Wales to the world and provide a welcome boost to our economy.

As my hon. Friend mentioned, what a day this has been. It is shaping up to be a fantastic week for Wales. I was delighted yesterday that we signed a £1.2 billion city region deal for Cardiff, a transformational opportunity, which the UK and Welsh Governments, along with local authorities, have worked together for some time to create. I pay tribute to my hon. Friend for spearheading the campaign from the outset. There is no stronger champion of the city deal and its benefits for Cardiff. The Budget has of course delivered some significant outcomes for Wales. The north Wales growth deal offers great prospects for north Wales, and the Swansea bay city deal offers excellent opportunities. The changes to the Severn tolls demonstrate that Wales is open not only to business, but to tourists. Dare I say that Wales is also open to major sporting events? It is good to see the hon. Member for Newport East (Jessica Morden), who has championed the need for changes to the Severn tolls for some time.

My hon. Friend the Member for Cardiff North will know that the Wales Office hosted a reception in January to celebrate Welsh sporting success, and I said then that I would like Wales to develop a bid for the 2026 Commonwealth games. That remains my ambition, so I am pleased to have the opportunity to discuss that further today and am grateful to see cross-party and even cross-nation support from across the United Kingdom.

Wales is well known for its sporting achievements. We achieved our best result in history at the 2014 Commonwealth games, finishing 13th in the overall medal table having secured 36 medals. We know that Wales can punch well above its weight. For example, we develop 6.5% of the UK's Olympic and Paralympic athletes, despite having under 5% of the UK's population. We are committed to showing our continued support for Welsh elite athletes, and it is a priority of this Government to provide the right conditions to produce the sports stars that will continue to shine at such events in the future.

[Alun Cairns]

Bringing the Commonwealth games to Wales would put us on the world stage once again, just like when we hosted the NATO conference in 2014, which was referred to by Opposition Members and my hon. Friend. We also hosted Olympic events as part of London 2012 and hosted the Ryder cup in 2010. At the 2012 Olympic games, the world saw what we have always known: the UK is an unbeatable venue for world-class sporting events. The world also saw what Wales has to offer when we hosted the very first event—Great Britain's women took on New Zealand in the football competition in Cardiff.

We know that as well as reinforcing the Wales brand, sport can make huge economic contributions to Wales. Much has been said about how the Principality stadium is among the best stadiums, and it generates more than £130 million a year for the Welsh economy and sustains more than 2,500 jobs. In its first decade, the then Millennium stadium boosted the Welsh economy by more than £1 billion. The 2015 rugby world cup played a significant part in boosting the economy of south-east Wales. Cricket is another sport that we have managed to celebrate and derive significant economic success from, with the Ashes at Sophia Gardens giving a £19 million boost to the capital region economy in one year.

Wales is continuing to grow in this area, as it can look forward to hosting an exciting range of sporting events in the next few years, some of which were mentioned by my hon. Friend the Member for Cardiff North. These include: the world half-marathon championships; the UEFA champions league final; velothon Wales; and the international Snowdon race. But there is no reason why we should cap our ambitions at just those events. With Wales riding high on a sporting wave of success, there is surely no better time to identify how we can attract more global sporting occasions to our shores—occasions such as the Commonwealth games.

**Jonathan Edwards:** The Minister mentioned the national rugby stadium in his remarks. Although it is probably the best stadium in the world, UEFA was not going to allow us to hold a champions league final in that stadium because Cardiff airport is not designated as being up to a sufficient standard. One way of moving forward on that airport would be by devolving airport duty tax, especially in respect of long haul flights, to allow the airport to develop. Let the UK Government show some ambition and devolve that tax.

**Alun Cairns:** The hon. gentleman knows that the Treasury is actively looking at that area of policy, but this is a debate about the Commonwealth games and Cardiff airport will rightly play its role in hosting the visitors from the nations involved in the champions league final. As the airport lies in my constituency, I certainly hope to play a part in welcoming some of those superstars from around Europe and elsewhere when they visit Cardiff and Wales.

The opportunities to host such events in Wales should know no bounds. Not only can they pump millions of pounds into our economy and create thousands of jobs, but they can leave a lasting legacy and inspire youngsters from every corner of Wales to get hooked on sport. The 2014 Commonwealth games were the largest multi-sport event ever held in Scotland and a spectacular display of world-class sporting success. The enthusiasm of competitors

and the public, the excellent organisation and of course the economic contribution came together to ensure lasting legacy from those 11 days of sport. From the Scottish Government and Glasgow City Council's capital investment of about £425 million, topped up with ticket sales and revenue from commercial sources totalling £118 million, came a return of £740 million to boost the economy of Scotland and of Glasgow in particular. Hosting such a games can therefore be seen as an investment. That return included £390 million for Glasgow's economy, and support for an average of 2,100 jobs each year between 2007 and 2014, including 1,200, on average, in Glasgow. The games attracted 690,000 unique visitors, whose net spending contributed £73 million to the economy over those 11 days alone.

Those figures demonstrate the investment and the opportunity; this is something Wales can hope to emulate. A bid team would, however, rightly need to look at the figures in more detail. Let us be clear about the challenges ahead of us. We have some of the best facilities. We have the Wales national velodrome in Newport and the national pool in Swansea. We have no shortage of mountains in Snowdonia for mountain biking. We have fantastic facilities in Bala for canoeing. Those facilities demonstrate that a bid from Cardiff could really be a bid from Wales, which we would welcome, but they are widely spread and we need to take that into account. Additional facilities are also needed. One pool is insufficient, so we would need a practice pool. One velodrome is insufficient and it will be 20 years old by the time of the games, so we need practice and warm-up facilities. That demonstrates the planning and construction challenges that exist. Over the next week or so, I am meeting one of the individuals who was responsible for planning the 2012 games in London to establish what Wales would practically need to achieve.

**Chris Davies:** *rose—*

**Alun Cairns:** I will give way in the very brief time that I have left.

**Chris Davies:** May I remind my hon. Friend that not far away from Cardiff is the Brecon Beacons National Park where we have mountains on which to compete and practise?

**Alun Cairns:** My hon. Friend is a true champion of his constituency, and he uses every opportunity to promote it, and rightly so.

For Wales to host major events, there are challenges to which we must respond positively. There needs to be a team approach, and the Wales Office stands ready and willing to co-ordinate and bring together all the issues ranging from transport problems right the way through to immigration and security issues.

As we look to the next decade, there are few opportunities to host major international sporting events here in the UK. We will not have the Olympics or the rugby world cup, and it does not appear that we will get the football World cup. I truly hope that, as a result of the initiative being pursued by my hon. Friend the Member for Cardiff North, all Members of Parliament here, and the UK Government, we will host the Commonwealth games in 2026.

*Question put and agreed to.*

7.30 pm

*House adjourned.*

# Westminster Hall

Wednesday 16 March 2016

[MR DAVID CRAUSBY *in the Chair*]

## UNHCR: Admission Pathways for Syrian Refugees

9.30 am

**Caroline Lucas** (Brighton, Pavilion) (Green): I beg to move,

That this House has considered the UNHCR and pathways for admission of Syrian refugees.

It is a pleasure to serve under your chairship, Mr Crausby. I am pleased to have secured this debate ahead of the high-level meeting on 30 March in Geneva, which was called for by the United Nations High Commissioner for Refugees. The purpose of that meeting is to secure pledges for increased opportunities for admission of Syrian refugees, and I want to urge the Government to play their full part in that process.

This week marks the fifth anniversary of the Syrian conflict. On this day five years ago, the Assad regime arrested dozens of Syrians who had defied a ban on demonstrations and had protested in Damascus. The Arab spring had reached Syria and so had half a decade of violence that precipitated the rise of Daesh. The sheer scale of the human cost of the conflict is almost beyond comprehension. More than a quarter of a million Syrians have been killed, the majority of whom have lost their lives at the hands of Assad. As a result of that violence, 4.8 million Syrians have fled their country seeking refuge elsewhere. A further 6.5 million are displaced within Syria, many living in absolutely desperate conditions.

The Syrian refugee crisis must be considered in the context of the wider global situation. It is often said that, with almost 20 million refugees worldwide, the world is currently facing the worst global refugee crisis since the second world war. The impact of that crisis, however, is distinctly un-global. Figures from the UNHCR show that 86% of the world's refugees are hosted by developing countries. That the responsibility for supporting refugees currently rests on a minority is evident when looking at where Syrian refugees are being supported. The vast majority are being hosted by countries in the region.

Turkey alone is home to 2.5 million Syrian refugees, with more people seeking to cross the border each day. Lebanon, a country half the size of Wales, is host to more than 1 million Syrian refugees, meaning that one in four of the population of Lebanon is Syrian. Our country should be humbled by the way in which Lebanon continues to welcome Syrian refugees, particularly given that the Lebanese also host 450,000 Palestinian refugees.

**Mr Gregory Campbell** (East Londonderry) (DUP): I congratulate the hon. Lady on securing the debate. She talks about neighbouring countries, a number of which have been exceptionally generous with their land, people and resources in taking in refugees. Does she agree that the one stark exception to that has been Saudi Arabia—a considerably large country with a relatively small population—which has taken a grand total of no refugees?

**Caroline Lucas:** I agree with the hon. Gentleman. It is shameful that a country with such a huge amount of resources locally is not taking its fair share of refugees. Elsewhere, in comparison, Jordan is hosting more than 600,000 Syrians, while Iraq and Egypt are supporting 245,000 and 118,000 refugees from the conflict respectively.

**Jim Shannon** (Strangford) (DUP): As a member of the Select Committee on Defence, I have had the opportunity in the last few months to go to Jordan, which has an interesting system of integrating people. They are not in refugee camps; they are integrated into society. Jordan should be an example to the rest of the world of how to look after refugees.

**Caroline Lucas:** That sounds like an interesting model. I am grateful to the hon. Gentleman for interjecting that into the debate, and I would be interested to look at it in more detail.

The point is that, despite the continuing hospitality of those countries and the considerable financial support that has been provided by other countries—and, to be fair, that does include the UK—as the conflict has escalated and the number of people fleeing has increased, the living conditions for refugees have come under ever more pressure. As a result, as we know, some Syrians are seeking safety in Europe. About half of the 1.1 million people who put their lives in the hands of smugglers attempting to cross the Mediterranean last year were Syrian.

The high-level meeting on 30 March has been arranged at the request of Ban Ki-moon, the Secretary-General of the UN, with the aim of securing pledges from countries around the world to create so-called pathways for admission—safe and legal routes—for Syrian refugees. The creation of those safe and legal routes for refugees to reach safety is a vital part of the response to the Syrian crisis. It is precisely the lack of such routes that forces refugees to risk their lives trying to reach Europe and that creates the demand for the unscrupulous people smugglers.

I believe that the answer categorically does not lie in attempts to contain the crisis in those countries that are already providing some kind of refuge to refugees, the vast majority of whom are Syrians. Yet, sadly, I would say that that is exactly what is being attempted through the proposed EU-Turkey deal. The apparent one in, one out element of that deal has been described by the European Council on Refugees and Exiles as being “as Kafkaesque as it is legally and morally wrong”.

I agree with that assessment.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): I agree with the hon. Lady about the design flaws that are baked into the EU-Turkey deal. Beyond that, does she share my concern that there is evidence from Human Rights Watch and other organisations that there has been a programme of returns from Turkey to Syria, so Turkey cannot be regarded as a safe place to be sending people back to?

**Caroline Lucas:** The right hon. Gentleman is absolutely right. The evidence he has cited underlines the real flaws and dangers to human life in that programme. That is what makes it morally right that the UK should take greater responsibility for those fleeing the Syrian conflict.

**Mark Field** (Cities of London and Westminster) (Con): I am glad that the hon. Lady has given the UK Government some credit. Our aid contribution and our leadership should be admired to a great degree. The one thing she has not touched on—maybe she will do so later in her speech—is where she sees the medium term for Syria. Does she see it as being a united state—which I know is still the position of Her Majesty's Government—or does she see it as being divided? In other words, does she see the displacement of huge numbers of Syrians as a medium to long-term phenomenon, or can it be solved more quickly, if the international community has the will and can provide safe havens within the country that we currently call Syria?

**Caroline Lucas:** Well, if anybody knew the answer to that question, they would be a very much wiser person than many of us here, and certainly very much wiser than I am. I would love to think that there is a solution in the shorter term. All countries need to redouble their efforts on the peace process. In reality, a solution is more likely in the medium term. I do not know whether that will be through splitting the country or keeping it coherent. I would certainly favour the latter, if it could be done in a safe way. Essentially, that decision needs to be made by the Syrian people. They need to make that decision in a democratic way, and we need to ensure that they are able to come to that kind of decision-making process in a safe and legal way.

**Mark Field:** It is important that we give some consideration to that. I accept that it is not our decision to make here in the UK: it will be a decision of the international community. To be brutally honest, if large numbers of Syrians are relocated—maybe hundreds of thousands, or millions—the danger is that they will tend to be the more educated people. It will be the very people who could make a real difference to Syria's future who will essentially have no stake in it if they end up living in the United States, Canada or western Europe, yet they are the very people who would be needed to provide the backbone for a future sustainable Syria into the decades ahead.

**Caroline Lucas:** I agree with the right hon. Gentleman's point, but the priority right now—the overwhelming priority for all of us—must be ensuring that those people are kept safe so that they can go back, and I think the vast majority will want to go back: it is their home, where they have their roots, histories and cultures.

**Seema Kennedy** (South Ribble) (Con): Will the hon. Lady give way?

**Caroline Lucas:** Let me make a little more progress, if I may.

I have paid tribute to the Government regarding the finance, as the right hon. Member for Cities of London and Westminster (Mark Field) acknowledged, but I do want to make some criticism, I am afraid, of the numbers that the UK is taking responsibility for. The UK should be taking a greater responsibility for those fleeing the Syria conflict. Despite what some people would have us believe, the number of Syrians being protected by the UK is pitiful. Since the conflict began, just over 7,000 Syrians have either been granted asylum in the UK or have been resettled here under the vulnerable

persons relocation scheme—that is 7,000 out of nearly 5 million Syrian refugees—which means that the UK has provided protection to just 0.15% of all those who have fled Syria due to the violence.

The UK's response to the Syrian conflict should have been to provide routes for Syrians to reach safety, but what has actually happened is that the UK has taken active steps to prevent Syrians from claiming asylum here, with the success rate for visa applications plummeting and the introduction of new restrictions on transiting through the UK. The aim of those changes is clear. When the Government introduced new restrictions on Syrians transiting through the UK on their way to the US, they did so without the usual 21 days' notice. The reason for that lack of notice, according to the statement of changes, was precisely to prevent the potential for a significant influx of Syrian citizens and nationals travelling to the UK during the notice period to claim asylum.

Claiming asylum is a right, and we should not be trying to prevent people from doing so. The UK Government are rightly praised for their leadership in providing humanitarian aid to countries affected by the Syrian conflict. This morning we are calling for that same level of leadership on providing sanctuary to refugees fleeing the violence.

**Paul Blomfield** (Sheffield Central) (Lab): I congratulate the hon. Lady on securing this important debate. She has been generous with her time. I represent the city of Sheffield, which was the country's first city of sanctuary, making a positive statement that we welcome those fleeing persecution and war. That network has now spread across many towns and cities. Does she accept that the Government are out of sync with public opinion on this issue? Although there are genuine concerns about migration that need to be addressed, the public are in a different place on the refugee crisis caused by the Syrian civil war. We should be increasing the numbers currently settled under the vulnerable persons relocation scheme. Although the Prime Minister is right to focus on those on the frontline to avoid the necessity for them to make terrible journeys across Europe, we should also bear some responsibility for all those who have already made that journey.

**Caroline Lucas:** I wholeheartedly agree with the hon. Gentleman. There is a discrepancy between the compassion being shown by the British public and the way in which the Government have responded so far—they are underestimating people's willingness to make room for more refugees in their homes and communities. I salute what Sheffield has done. I am happy to say that Brighton and Hove is also a city of sanctuary, which demonstrates the willingness and commitment of ordinary people to welcome people into their homes.

The meeting on 30 March offers an opportunity for Ministers to step up a gear. Among the pathways being called for by the UNHCR is an increase in the number of refugees being resettled, and the Government reluctantly agreed to settle 20,000 Syrian refugees via the vulnerable persons relocation scheme by the end of this Parliament. The Minister with responsibility for Syrian refugees should be congratulated on managing to secure the resettlement of 1,000 refugees through the programme by the end of 2015, but the current commitment is equal to each parliamentary constituency providing a



home to just six Syrians each year. We can and must do better. Twenty-thousand refugees should just be a starting point. There has to be much more urgency: the crisis is happening now; people are risking their lives now; the need for safety is now.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): There are an estimated 26,000 unaccompanied child refugees in Europe. Although it is welcome that the Prime Minister has said that the UK will accept some of those children, it goes nowhere near what is needed. Will the hon. Lady join me in calling on the UK Government to be a responsible global citizen and proactively seek out refugee children in Europe with family connections in the UK so as to speed up the process of reunification?

**Caroline Lucas:** I agree with the hon. Lady that the problems of unaccompanied children are particularly urgent. If those children are offered status here, we must also make it possible for them to sponsor their parents, if they are later found, or other family members to come and join them. Right now, the UK is one of the few countries that do not let that happen.

Let me put the numbers in context. During the Hungarian revolution of 1956, Britain, to its credit, welcomed 20,000 Hungarian refugees over just one winter. We need a co-ordinated and increased resettlement programme that works in solidarity with EU member states and our global partners. Like the British Government, I agree that people should not be making dangerous journeys to get to the UK, but our agreement departs at that point. It is not enough to say that people should not be making such journeys; we must ensure that they do not need to make those journeys.

If the Government take on board and implement the UNHCR's suggestions, we could provide legitimate and safe access to the UK across international borders. For example, the UNHCR is calling for the flexible use of refugee family reunion rules. The current rules mean that refugee families are kept apart. For example, the rules mean that a Syrian father granted asylum in the UK would be allowed to bring his wife and younger children, who may have previously been sleeping several families to a house in Lebanon, to join him, yet his eldest child, if she happens to be over 18, would not ordinarily be allowed to come. We are arbitrarily splitting up such families. Her parents would be faced with the choice of either leaving her behind or seeking to pay smugglers to bring her to the UK. She would be at huge risk in either scenario, and it simply makes no sense under any definition of compassion or humanitarianism to be deliberately splitting up families.

I saw that at our border with France just last week, when I visited the camps at Calais and Dunkirk with the wonderful Brighton-based Hummingbird Project. I would need another whole debate to discuss how deeply the British and French authorities have failed the refugees at those camps, but I note that one of the things that came over in all our discussions with the refugees is how many of them have relatives already here in the UK. I spoke to a 22-year-old man whose wife is a British citizen. He has been at the Calais camp for five months, and he cannot join her. Similarly, another young man had half his family, including his father and brother, living in Birmingham, but again he is stuck in the limbo

of the camps. Under the Government's current rules, neither can apply for family reunification. Instead, they face an indefinite period of trying to navigate the complexities of the British and French asylum systems, often without financial or legal support.

The criteria for refugee family reunion should be extended to allow refugees in the UK to be reunited with their parents, siblings, adult children, grandparents and other family members where there is a dependency relationship. The rules should also be expanded to allow British citizens, and those with indefinite leave to remain, to sponsor relatives abroad. We now have a crazy situation where someone who becomes naturalised, who becomes a British citizen, has fewer rights to access the rest of their family. That has been a concern in my constituency, where I have spoken to several Syrian refugees who no longer have the right to family reunification, as they have now become British citizens, yet who have family who remain in desperate situations.

While we are discussing family reunification, let me quickly address, as the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) did, the 3,000 unaccompanied refugee children. The UK is one of the very few EU countries that do not allow unaccompanied refugee children to sponsor their parents in order to be safely and finally reunited. The UK has opted out of EU directive 2003/86/EC, which allows unaccompanied refugee children to sponsor applications. I cannot see in whose interest that opt-out is operating. The Government need to rectify that as a matter of urgency. It is surely in the best interest of child refugees to be reunited with family members. I hope the Minister will specifically address that point.

Finally, the UK should also heed the UNHCR's call to introduce humanitarian visas, following in the footsteps of Argentina, Brazil, France, Italy and Switzerland. The UK Government have never before implemented a humanitarian visa programme, but such a programme would allow Syrians and others with valid asylum claims to travel to the UK to claim asylum without having to take dangerous journeys to get here. On a wider point, the meeting on 30 March is one of a number of initiatives aimed at addressing the Syrian crisis, but we must not forget that it will also allow us to develop efficient and safe processes for any other large-scale movements of refugees. Oxfam has noted that 400 people have already died or gone missing trying to reach Europe this year.

Many refugees, including children, continue to be vulnerable as they embark on what can only be described as a march of misery through Europe. Unless European Governments offer refugees safe and legal routes to travel, we will continue to see the death toll rising and people left with little choice but to put their lives in the hands of smugglers and traffickers, which puts women and children at particular risk of exploitation, trafficking and abuse. We need to ensure that we are providing refugees with real solutions, rather than barriers. There is no simple, easy solution to this humanitarian crisis—there are no silver bullets—but we cannot continue to watch over a crisis of this magnitude without sharing a greater sense of responsibility.

Can the Minister assure us that the Government will take a strong leadership role at the meeting on 30 March? Will the Government ensure that we play our full part in providing safe and legal routes of access for refugees? I have outlined three particular demands. It is about

[Caroline Lucas]

giving refugee children the same right as adult refugees to be with their family; it is about widening the rules to allow adult refugees to be reunited with their parents, siblings and adult children in the UK; and it is about affording British citizens and those with indefinite leave to remain the right to bring to the UK their family members with international protection needs. The Government pride themselves on standing up for the family, but that has to be all families, not just some. I look forward to the Minister's response.

**Several hon. Members** *rose*—

**Mr David Crausby (in the Chair):** Order. I intend to call the three Front-Bench spokespersons at about 10.30 am. If Members can keep their contributions to around six or seven minutes, we should get everyone in.

9.49 am

**Liz Saville Roberts (Dwyfor Meirionnydd) (PC):** Diolch yn fawr iawn Mr Cadeirydd; it is a pleasure to serve under your chairship, Mr Crausby. I thank the hon. Member for Brighton, Pavilion (Caroline Lucas) for securing this timely debate, given, of course, that the meeting she referred to is due to be held at the end of this month. I will speak briefly, because a number of people want to contribute to the debate.

As I am sure everyone in the Chamber would agree, the increasing number of refugees and migrants requires a global and high-level response. This is the most serious challenge of our time—it is a moral, practical and political challenge. It is deceptively simple in debate but it is immense in its implications for those millions of people who have been cast adrift.

First, I will mark my respect for Cefnogi Ffoaduriaid Meirionnydd Dwyfor, or Refugee Solidarity, which has urged me to draw attention to the situation whereby refugees with family members in the UK—that is, people who would be accepted on this side of the channel—are in no way enabled to travel from Calais. The hon. Member for Brighton, Pavilion described many such incidents, which is the reality of many migrants' experience. As I say, these are people who would be accepted if they were to arrive in these islands.

There is a grim irony in people having to take such risks to arrive in a country where asylum will be granted to them, but only if they run a dangerous gauntlet before arrival. The channel may be a convenient barrier, but it cannot be acceptable to condone quietly the risks associated with an illegitimate sea crossing by boat, container or tunnel as a matter of policy. We are fortunate to be an island, but that does not absolve us of moral responsibilities.

Secondly, I take this opportunity to draw attention to the ongoing plight of the Yazidi community in Syria. The world noticed them—briefly—two years ago, when Daesh attacked the region and city of Shingal. Over 60,000 Yazidis were stranded in a state of siege on the mountains as they attempted to flee. They had been given the option by Daesh of converting to Islam or the men would be killed and the women sold as chattel—as sex slaves. The Yazidis' status as a minority is particularly

vulnerable as they are not Muslims and in Daesh's world view it is not considered rape to force Yazidi women to have sex.

In total, 35 mass graves have been identified in the Shingal region. It is believed that 3,100 Yazidis, mostly women and children, were kidnapped by Daesh in 2014. Some of those women will not return because they have been sold on again, sometimes to Saudi Arabia, or have borne children with Daesh fathers, but it is estimated that 2,000 could be rescued relatively easily by means of being "bought back". I understand that the average cost of buying a woman her freedom is around \$7,000.

Yazidi survivors such as Salwa Khalaf Rasho have recently travelled to London to tell their stories. Many of them have come from Germany, where the state of Baden-Württemberg is providing a two-year programme of therapy for the survivors of Daesh kidnapping and abuse. The community is seeking international support for redress to the atrocity—it verges on genocide—that they suffered in August 2014 and in the years since. Yazidi leaders and supporters have come to Britain with a list of 11 recommendations, which warrant an international response.

I understand that the 2012 recommendations by the United Nations High Commissioner included the need to do more to protect refugee and migrant women, and that members of the Council of Europe should sign and adopt its convention on preventing and combating violence against women and domestic violence. I further note that the convention has been signed but not ratified by the UK.

Of course, I support the calls that the hon. Member for Brighton, Pavilion has made to the Government and I take this opportunity to request that the Under-Secretary of State for Refugees agrees to meet Salwa Khalaf Rasho to hear her story. Individual voices, particularly women's voices, are drowned out in the cacophony of war. I urge him to play a part by at least listening to her experience.

9.54 am

**Mrs Caroline Spelman (Meriden) (Con):** It is a pleasure to serve under your chairmanship, Mr Crausby, and I congratulate the hon. Member for Brighton, Pavilion (Caroline Lucas) on securing this debate.

I commend the work of the United Nations High Commissioner for Refugees. As with other aid and relief organisations that are working in this most troubled region, the UNHCR has an incredibly difficult task. Its work is invaluable and I fear that the current crisis would be much worse if the UNHCR were not on the ground trying to co-ordinate the agencies' relief efforts in very difficult circumstances.

One particular issue that is being a bit neglected within this humanitarian response is that of religion. I speak in my capacity as the Second Church Estates Commissioner. This conflict is one in which issues of religion are central, and religion is also central to how we deal with the crisis. There is evidence that suggests religious minorities may be avoiding the refugee camps in Jordan, Lebanon or Turkey. I do not undermine in any way the incredible efforts that those host countries have made in trying to protect the vulnerable, but it is the members of religious minorities who often do not find their way to the camps. Consequently, the camps

may fail to house the full demographic of vulnerable Syrian refugees and therefore they may not truly represent the percentage of the vulnerable minorities in the wider population of Syria. We do not see in the camps a balance of the Syrian population similar to the one that existed in Syria before the crisis began.

It is hard to determine exactly why that is the case. It may be because of fear of persecution in the refugee camps, or that individuals do not wish to stop in the camps but wish to progress further, due to a fear that the persecution they faced in Syria will spread to other parts of the region. There is anecdotal evidence from those who are travelling towards Europe that that is one of the reasons why members of religious minorities do not want to go to the camps.

**Mr David Burrowes** (Enfield, Southgate) (Con): I thank the hon. Member for Brighton, Pavilion (Caroline Lucas) for raising the concerns that some religious groups, particularly Christians, have not entered the registration process with the UNHCR—the International Development Committee has also raised those concerns. I welcomed the Minister's commitment at the last debate we had on this subject, when he said that efforts would be made to ensure that there was appropriate registration, so I look forward to hearing from him an update on the progress in that regard.

**Mrs Spelman:** My hon. Friend makes a very important point. I think a number of us have challenged a number of Ministers about this issue, asking, first, what is the cause of the under-registration of religious minorities in the camps and, secondly, how do we go out and find the people who are not in the camps? That is the exam question.

I am not in any way knocking what I think was an inspired decision by the Prime Minister to focus on the safe retrieval of people from refugee camps to deter people from making the very dangerous journey across the Mediterranean. That was a very good initiative, but it is not sufficient to deal with some of the most vulnerable refugees.

I call on the Government to work with their partners in the region to promote a strategy whereby we are not content to allow groups fleeing from persecution to slip through the net of the humanitarian effort. Aid must reach all groups, and we must not, even inadvertently, let one religious group be privileged over another.

**Mark Field:** I am not for one moment suggesting that we should go down the route that is prevalent in places such as Hungary or Poland, whereby we would look to give preferential treatment to Christians. However, my right hon. Friend makes an incredibly important point about religion and the fact that religious minorities and Christian minorities in the region are perhaps being under-reported.

To be absolutely candid, I also think that a policy of helping refugees would get broader support—beyond central London, Brighton and Hove, and Sheffield—if the case were being made that there are significant numbers of fellow religionists, as well as others, who are being brought here. As I say, that is not to give preferential treatment to any group. None the less, it would be good if the British public were made well aware of the depth

of this problem for Christian communities, some of whom have been in the region since the very birth of Christianity.

**Mrs Spelman:** My right hon. Friend makes a very important point. My very last remark before his intervention was to say that we must be careful that one religious group is not privileged over another.

Religious literacy is incredibly important in this discussion. In a moment, I will speak about another minority—a non-Christian minority, the Yazidis—as the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) did before me.

In addition, it is crucial that we refrain from considering the refugee crisis just in terms of the immediate political response. Alongside considering the humanitarian action and the most effective way that it can be delivered, the Government must consider the long-term stability and prosperity of the middle east, and work hard to find the short to medium-term solution for Syria itself.

Freedom of religion or belief is enshrined in article 18 of the universal declaration of human rights. It is a fundamental right and one that is integral to the good functioning of any society. Evidence suggests that there is a correlation between freedom of religion or belief and security and economic prosperity. The freedom to practice one's belief or religion in openness and safety is the hallmark of a society where there is understanding and tolerance between individuals and communities, and with that comes stability, community cohesion and an environment in which civil society, business and all other facets of a free society can flourish.

In conjunction with a number of other parliamentarians, I, too, met with the young Yazidi lady who came to Parliament yesterday. Her first-hand account was harrowing. As a female and a mother, I was concerned about the mental cost to this young woman of having to retell her story to us and other MPs over and over again. It is a disturbing story. She explained how she had been studying peacefully alongside other Arab groups in the city where she lived when suddenly her whole community was forced to flee into the mountains. She did not make it, however, and together with hundreds of women, she was turned back, kidnapped and taken by Daesh to Mosul, where she was sold into slavery and horrifically abused. She escaped only through chance. One member of the group had a mobile phone. In a brief moment of opportunity, she was able to give her father a call. He essentially paid the ransom to the people who smuggled her out of the country.

It is an appalling tale, and another 2,000 Yazidi women are still stuck in that position. They are the most vulnerable of the vulnerable in the region, and they are not on any pathway out of it. Sadly, they are not on the pathway that we have already commended the Government for creating, and the exam question for the Government is: how do we reach the most vulnerable women? That is a most urgent question. As we stand here, those young women are being beaten, raped and abused. Some are taking their own lives because of the misery that they are having to endure.

That is a difficult question, and I do not underestimate that, but one suggestion has been made on finding a way to get them out. The German Government made a commitment to do that and saved 1,000 of those young

[Mrs Spelman]

women. We have to try to think collectively of a way to achieve that together with UNHCR. It has a number of recommendations, and I urge the Minister to take them back to the Government. We need to gain recognition at the UN level for the genocide that the Yazidis have suffered, so that the criminals eventually can be brought to the International Criminal Court for their war crimes. As a civilised nation, we should be willing to support that perfectly reasonable request. Finding ways to repatriate these families—ultimately, it is what remains of their families, as so many have died—is going to be crucial in the recovery of the victims of the terrible genocide of their community. There is no doubt that this is a crisis of extreme complexity—no one would wish to oversimplify it—but as a lack of freedom of religion or belief is part of the problem, it must also be seen and considered as part of the solution.

10.3 am

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): I congratulate the hon. Member for Brighton, Pavilion (Caroline Lucas) on securing this most important debate, which is timely given the meetings that are coming up at the end of the month. I hope that the debate, in its own small way, will help inform the Government's thinking on their approach to the international discussions.

Like others, I commend the Government for the work they are doing in the region. They have shown commendable leadership, and I would like to see more countries follow that example. What pains me is that we seem to insist that that work is an alternative to helping people inside our own country. I see no reason why the two should be regarded as mutually exclusive. In fact, the efforts to bring people here and to offer them humanitarian, safe and legal routes to the United Kingdom would if anything strengthen the arguments that we must be making to other countries that they should be doing the same as us in the region.

The hon. Lady made reference to the countries in the region, particularly Lebanon, which has a long history of offering help and shelter to refugees. The Palestinian refugee camps in Lebanon have been running for decades. In fact, when we go to the refugee camps in Lebanon or Gaza or elsewhere, we realise that to call them refugee camps is something of a misnomer. They are neighbourhoods and housing estates that are built with a permanency that is depressing to see.

Other countries—Turkey, Jordan, Iraq and Egypt—have all stood up to the plate, sometimes under very difficult circumstances. I certainly take the point about the failure of Saudi Arabia to contribute to the effort. Saudi Arabia is a country with which we have warmer relations than I sometimes feel comfortable with, if I can put it like that, but we should be taking advantage of that to make it contribute. The point is—this picks up on the last point made by the hon. Member for Meriden (Mrs Spelman)—that the situation is immensely complex, nuanced and difficult.

I was struck by the response from the hon. Member for Brighton, Pavilion to the right hon. Member for Cities of London and Westminster (Mark Field) about what will happen in the medium term. We would all love to know that. The only thing that I can say with

certainty is that, looking at how these sectarian conflicts have developed in other parts of the world, it will be at least 20 to 25 years before we see anything like stability in Syria. We should not think that it will be a problem this year and next year, and then we will be able to move on; we may have to deal with it for a generation.

The question of the EU-Turkey deal and how that develops causes me significant concern. The lack of leadership shown in reaching that deal is significant and severely disappointing. One in, one out is no basis on which to approach a subject as morally and politically challenging as this. The impression that it leaves is of a man trying to bale water out of a boat without first stopping it coming in. It makes me feel that we and the EU are engaging not because we necessarily care for the suffering of these people, but simply because we care more about the potential impact the issue will have on our own countries.

We have spoken a lot about leadership, and I place on record my appreciation for the leadership given by a number of people outside Parliament and in particular the Refugee Council, which does tremendous work every day. I think it may have significantly informed the speech of the hon. Member for Brighton, Pavilion, and there was little in her contribution that I disagreed with. In the time available, I place on record my continued support for the campaign being run by the Refugee Council, particularly in terms of the need to increase the numbers who can be resettled under the vulnerable persons relocation scheme. Twenty thousand over five years is not to be sneezed at, but it can only be seen as a start. If nothing else, it also needs to be front-loaded, because the crisis is in the here and now. Trying to guess where it will all need to go in five years' time and limiting the options is unrealistic and unworthy.

We need to make it easier for Syrian refugees to be reunited with those of their family who are already in the United Kingdom. The hon. Member for Brighton, Pavilion made reference to the perverse way in which the rules can often operate in that regard. Finally, and most significantly of all, we need the introduction of a humanitarian or asylum visa. As has already been pointed out, that would allow people to travel safely to a country to obtain access to the asylum system there. In the background note to the 30 March meeting, the UNHCR says that Argentina, Brazil, France, Italy and Switzerland have all introduced humanitarian visas to allow Syrian refugees to travel safely and legally. That is what we want here. We should not be forcing people to put their lives into the hands of people smugglers and traffickers. There are ways in which safe, legal and regulated routes can be ensured and help given to those who need it.

10.10 am

**Mr David Burrowes** (Enfield, Southgate) (Con): It is a pleasure to take part in this debate, Mr Crausby. I welcome the Minister and his commitment and work in this area, and indeed his response to my parliamentary question to confirm his attendance on 30 March.

There is a widespread scheme that leads to the deliberate relocation of thousands of migrants and refugees. It involves thousands of adults and hundreds of children. The arrangements are made for relocation, and the promise is a home in the United Kingdom, where it is

safe. Many will have a family relation in the United Kingdom. Europol informed the Home Affairs Committee that at least 90% use this particular scheme. It is not operated by the UNHCR, by the Government's VPR scheme or by the European Union; it is run by people smugglers and it is exploited by traffickers. The people smugglers are the main beneficiaries of the flight and plight of individuals fleeing conflict and persecution. We in the international community who will meet under the auspices of the UNHCR on 30 March must do better.

Children are the most vulnerable. The independent anti-slavery commissioner told me that in the camps, such as those in Lebanon, they know about 80% of the unaccompanied children and 20% are effectively missing. As soon as they make that perilous journey into Europe, the stats switch to 20% known and 80% unknown—missing. In Europe we have perhaps 10,000 unaccompanied children who are missing, as Europol has said, and 5,000 are missing in Italy, despite the so-called hotspot for processing refugees, which is at risk of becoming a hotspot for trafficking. We must do better.

I saw a snapshot of the desperate situation facing these people when I visited Calais and Dunkirk a couple of weeks ago. It shamed and appalled me that on our European doorstep families were living in deplorable, inhumane conditions that were far worse than those I have seen in other camps, not least in the border areas of Kachin state in brutal Burma. We have a brutal situation on our doorstep in France. What I saw is repeated in Macedonia in the Idomeni camp, and it is even worse now with the bad weather.

Kurdish families from Iraq told me that they were smuggled by lorries via Turkey and that they paid to come to the UK. "Why the UK?", I asked. "Because that's where it is safe." Such a view is only firmed up by French riot police, tear gas, rubber bullets and the like. The dispersal of people will lead to some going through a formal asylum process, which is welcome, in the new so-called reflection centres across France, but others going into the hands of people smugglers and traffickers, particularly when the last bus has already gone and the riot police are still doing their work. We simply must do better.

As Europe puts up its fences and borders, the migrants and refugees get more desperate, their journeys get more irregular, and the price for being smuggled goes up. Sadly, European countries are in a race to the bottom to be as unwelcoming as possible so that an application for asylum is not made in their country. It is sad that Denmark, for example, which has a proud history of providing refuge for Jewish people, is now trying to pass laws to seize refugees' assets to pay for the costs of their refuge. Those who find their way to Calais or Dunkirk will try and hold out for the smugglers to get them into the UK before they eventually claim asylum. We really must do better than that.

So there is a market for refugees seeking sanctuary, but it is the smugglers and traffickers on the frontline who are the beneficiaries and who are doing the main trade. Rather than refugees or smugglers choosing their destination, host countries should have to do the choosing—we all need to step up—before they get to Europe. That is the point of the meeting on 30 March. We need safe and legal routes as the only legal game in the region, rather than the current game of either obstacle courses set by European Union countries or

snakes and ladders, as it could be described, full of smuggler vipers and few ladders, which become a matter of life or death. Sadly, for many risking their lives trying to cross the Aegean, it is more like Russian roulette.

Therefore, I very much welcome the opportunity of the UNHCR meeting for countries to take the initiative and take it away from the people smugglers and traffickers.

**Peter Kyle (Hove) (Lab):** From my experience, albeit dated, of working in the field as an aid worker, I found the UNHCR to be under-resourced and overstretched. Does the hon. Gentleman agree that we need the Government to make sure that the UNHCR, which we are asking to do an awful lot on behalf of this country, has the right resources to do the job?

**Mr Burrows:** I agree. We will hear from the Minister directly on that. The international community has accepted a responsibility in relation to involvement in the conflicts that have contributed to the current situation. We must accept a financial responsibility. Our great leading role in international aid must also involve the proper resourcing of the UNHCR.

Responsible nations, including our own, need to set out clearly in advance their likely threshold for refugees and their safe and legal routes. I say that we must do better, but in many ways this country has. Our international aid is the second highest, and other European countries need to step up to the plate in that regard. The VPR scheme, which is welcome, has increased to 20,000, which I see as a minimum. It should still be based on vulnerability rather than an arbitrary number. Whether it is one that comes from a campaign group or from the Government's response to campaigns, it should be based on vulnerability.

I welcome the Government's commitment on 28 January to provide safety for unaccompanied minors—Save the Children has said it could involve thousands of children, whether in the region, in the camps or in Europe—and to increase family reunions. The Government have made that commitment and I look forward to further details on it. We have resettled 1,337 Syrians in the United Kingdom. That is welcome, and it is far more than the European Union has managed to do, despite their being committed to a relocation scheme. The Government should take credit for that, but they should also see that as the minimum. It is important to recognise that these relocations are taking place not only in camps, but around the region. I look forward to the Minister's response in relation to how particularly vulnerable people, such as Christians and Yazidis, are getting the help and processing they need.

It is important to recognise that there are other safe and legal routes. The humanitarian visa approach from Argentina, Brazil, France, Italy and Switzerland has a role to play. It is also worth recognising organisations such as the Barnabas Fund and Operation Safe Havens, which are working with churches, not least in eastern Europe, to provide relocation for vulnerable Christians. We should look at how we can work to facilitate and support that, in other countries as well as in our own, where there are churches and communities willing to provide sponsorship and support.

Whether it is VPR, humanitarian visas, family reunion, or a combination of all three, it is important that we and other countries set out up front those safe legal routes and provide incentives to use them. We should

[Mr Burrowes]

give priority to the most vulnerable: the children, the unaccompanied, and groups such as the young women referred to by my right hon. Friend the Member for Meriden (Mrs Spelman).

As the hon. Member for Brighton, Pavilion (Caroline Lucas) mentioned, we should also look at the criteria for refugee family reunion. We should look at extending the criteria and focus, in particular, on the dependency relationship—whatever the dependency relationship is, there needs to be an extension around it—as well as allowing children with refugee status in the United Kingdom to sponsor their parents to join them. The ability to reunite with family members must be a fundamental right of a refugee. As a matter of urgency, the Home Office needs to amend the rules for unaccompanied children so that they are in line with adults who are granted refugee status or humanitarian protection.

We must focus on vulnerability when providing refuge. That is where we need to go. Our Parliament should take a role in providing the appropriate authorisation for the threshold for safe and legal routes so that we can reduce the demand for smuggling and trafficking and increase our confidence in accepting refugees and providing managed integration.

10.19 am

**Stuart Blair Donaldson** (West Aberdeenshire and Kincardine) (SNP): It is a pleasure to serve under your chairship, Mr Crausby. I congratulate the hon. Member for Brighton, Pavilion (Caroline Lucas) on securing this debate. She has spoken in detail about the excellent work of the UNHCR with regard to the resettlement of Syrian refugees and why the high-level meeting later this month on pathways to resettlement will be important for refocusing states on both the short-term humanitarian needs of refugees and their long-term integration. It is also important to recognise, as hon. Members have mentioned, the vital work that the UNHCR is doing on the ground in Syria, in utterly chaotic and hugely distressing circumstances. It is doing all it can in terrible conditions to ensure that victims of conflict have access to shelter, food and safety.

Family reunification will clearly be a prominent topic at the upcoming meeting. As my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) said, it is estimated that there are currently 26,000 unaccompanied child refugees in Europe. Our response as a country must be to ask how much we can do to help, rather than how little can we get away with doing. That is why I am particularly proud that in Scotland, people, charities and government at every level are doing everything they can to make Syrian refugees feel as welcome as possible.

Scotland has so far taken at least 400 refugees, with half of Scotland's local authorities having welcomed individuals and families to their areas. The first Syrian families offered asylum in the north-east of Scotland arrived on the first day of this month—10 families arrived, with more to follow this summer. My home local authority, Aberdeenshire Council, has committed to sheltering 50 families. It has been working with community groups, faith groups, credit unions, universities

and colleges to ensure that these vulnerable people are able to transition and settle as smoothly as possible. The proudly international city of Aberdeen has committed to taking 5% of the 2,000 refugees coming to Scotland over the next five years.

To further support refugees coming to Scotland, a refugee taskforce, chaired by the Scottish Minister for Europe and International Development, is overseeing arrangements for their arrival. That includes taking care of their immediate practical needs, such as arranging for them to obtain biometric residence permits and to open bank accounts, along with dealing with longer-term issues to facilitate integration, such as English language support. The Scottish Government have also recently announced amendments to existing legislation to enable Syrian refugees to benefit from student support in Scotland. I am proud that my former university, the University of Glasgow, along with other educational establishments in Scotland, is providing a variety of scholarships and fee waivers for Syrian refugees who come to Scotland.

Asylum seekers are particularly vulnerable and we must ensure that they are treated with dignity and respect at every stage of the asylum process. I have outlined, briefly, how Scotland is a caring and compassionate country. We welcome people seeking refuge from war and persecution, and we recognise the importance of supporting them to rebuild their lives and integrate into our diverse communities.

**Margaret Ferrier:** As my hon. Friend said, it is hugely important that refugees are welcomed into the UK and helped to integrate into our society and culture. Will he join me in congratulating the Scottish Government and the Scottish Book Trust on donating children's books and toys to refugee families throughout Scotland, and in congratulating any similar initiatives throughout the UK as a whole?

**Stuart Blair Donaldson:** I will. My hon. Friend is completely right. Many groups are doing fantastic work like that. Charities in Scotland have been overwhelmed with offers of support from the public. If my email inbox is anything to go by, thousands of people across Scotland have offered their time and friendship to men, women and children who are desperately in need of compassion and solidarity.

10.23 am

**Jim Shannon** (Strangford) (DUP): It is a pleasure to speak in this debate, Mr Crausby. I thank the hon. Member for Brighton, Pavilion (Caroline Lucas) for securing this timely and important debate. What with Russia withdrawing her troops just yesterday, on the fifth anniversary of the first unrest in Syria, massive gains for the anti-immigration Alternative für Deutschland in Germany off the back of Angela Merkel's asylum policy, and thousands of people still stranded at borders throughout Europe, it is most appropriate that we have the opportunity to discuss these issues today in Westminster Hall.

The Syrian refugee crisis was without doubt one of the defining issues of 2015, and it continues to dominate the news in 2016. As the right hon. Member for Orkney and Shetland (Mr Carmichael) said, it will dominate the agenda for the next 20-odd years, whether we like it

or not. Even with the peace talks and the Russian withdrawal, the abhorrent Islamic State, al-Nusra and other jihadist groups have no regard for such a process and continue their genocidal campaigns. Just yesterday, the US House of Representatives voted to condemn ISIL's campaign of genocide by 392 votes to zero. I think that sums up the feelings of many of us.

We need to find the best way of getting a peaceful resolution between the Syrian Government and opposition. However, although desirable, even that would not stabilise the region. If we want a peaceful solution, it has to be found in Syria. Peace must come from there, for the sake of the refugees. We have all seen the images of what ISIS do: they behead, rape, murder and pillage. It is not hard to understand why any human being would want to get as far away as possible from such abhorrent things. More than 14 million Syrians in the country are in need of help, 7 million of whom are internally displaced. Nearly 5 million have fled abroad, including the hundreds of thousands making their way across Europe. Six-hundred thousand Christians have left Syria because of the "convert or die" ultimatum they have been given. Christians are clearly an ethnic and religious minority that has been targeted by Daesh, and that concerns us greatly. It would be remiss of me not to come to this Chamber and make the plea for my Christian brothers and sisters in Syria.

The hon. Member for Brighton, Pavilion referred in her speech to Lebanon and Jordan, which, as I have said, I had the opportunity to visit as a member of the Defence Committee. With a few exceptions, Jordan has managed to integrate some 1.5 million refugees. Lebanon has taken in 1.2 million, on top of the Palestinians who are already in camps there. The pressure is on those countries, so we need an internal solution to come very clearly out of Syria.

The right hon. Member for Meriden (Mrs Spelman) and the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) mentioned the Yazidis in their speeches. All those who met the Yazidi woman yesterday could not fail to be physically and emotionally moved by the incredible stories we heard. Daesh kill all the men and young boys. They kill some of the children. They kidnap and imprison the ladies and young girls and use them as—there is no other way to say it—sexual slaves. They pass them around. We could not see any of the physical scars on the Yazidi woman who told her story yesterday, but we could feel the emotional scars.

I make a plea to the Minister. As those of us who sat through those stories yesterday will know, we need to do two things. The only people who helped the Yazidis when they were in trouble were the Kurds. They gave them physical help, food, medical help and aid, while we in the west—I say this of us all—did nothing. So, first, we need to ensure that the aid that goes into the Kurdish camps and areas under Kurdish control gets to the Yazidis. Turkey has to play its part in that as well. Secondly, as the right hon. Member for Meriden said, we need to follow the example set by Germany when it saved 1,000 Yazidi women.

In January the European Commission's chief spokesman stated that some 60% of those arriving in the EU as part of the movement of people were indeed economic migrants. We have to recognise that some are economic

migrants and some are genuine refugees. I want to put on the record that a leading NATO commander in Europe stated that more than 8,000 ISIL fighters are in the EU. We need to develop a system that can root out the potential criminal elements. If we do not, I am afraid that we have seen what can happen in today's news about events in Brussels.

As serious as the concerns I have mentioned are, there are success stories. In Northern Ireland we have offered free English lessons to help vulnerable people. The Northern Ireland Assembly has set aside some £20,000 a year for that. In Sweden there are what are referred to as social instruction classes, which educate refugees and help them to understand better what is taking place. That might go some way towards improving integration and ensuring that we do not have another Cologne. It is important that we differentiate between economic migrants and asylum seekers.

We have to help as best we can. We have to look after the Christians and ethnic minorities. We have to look into settling the real problem in Syria, because that is where the solution is. There are examples of where the resettling and integration of refugees has taken place and been done really well, such as in Jordan. I pay tribute to the United Kingdom Government, who, through the Department for International Development and the Minister, have tried very hard to address these issues.

Immanuel Kant said:

"All our knowledge begins with the senses, proceeds then to the understanding, and ends with reason. There is nothing higher than reason."

Let us do our best to help those who need help.

10.30 am

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): It is a pleasure to serve under your chairship, Mr Crausby, and to follow the hon. Member for Strangford (Jim Shannon). I, too, congratulate the hon. Member for Brighton, Pavilion (Caroline Lucas) on securing this debate, to which there have been lots of excellent contributions. Like others, I was pleased to co-sponsor her early-day motion, the text of which powerfully explains the case for expanding safe, legal routes and makes a series of points about what we all agree is the greatest refugee crisis since the end of the second world war.

As the hon. Lady said, there is no silver bullet to this crisis, but key measures can make a significant difference. As other hon. Members said, it is beyond dispute that the UK Government have led the way in Europe in providing financial contributions to tackle the crisis in the region. They deserve credit for that, but it is regrettable that their leadership on funding is sometimes portrayed as a silver bullet, as the right hon. Member for Orkney and Shetland (Mr Carmichael) said, as though providing aid to the region means that we have done our bit and there is nothing more that the UK can and should do. Providing aid is simply not enough.

As the right hon. Member for Meriden (Mrs Spelman) said, although the countries neighbouring Syria deserve great credit for their efforts in sheltering refugees, life for refugees in Jordan, Lebanon and Syria is incredibly difficult. That applies not only to religious minorities—a number of hon. Members spoke about the challenges they face. Ninety per cent of Syrians in those countries

[Stuart C. McDonald]

are outside UN camps. The UN reports that they are more vulnerable than ever and have to take increased risks to survive and resort to dangerous survival strategies, such as child labour, early marriage or sexual exploitation.

As Filippo Grandi, the UN high commissioner for refugees, said yesterday:

“A tragedy of this scale demands solidarity beyond funding. Put simply, we need more countries to share the load by taking a greater share of refugees from what has become the biggest displacement crisis of a generation.”

Solidarity beyond funding and sharing the load is precisely what the EDM tabled by the hon. Member for Brighton, Pavilion demands and what several hon. Members have spoken about today.

We have argued repeatedly that the UK should share the load by taking part in an EU relocation scheme, which would mean sharing the responsibility for refugees who have already made it to Europe fairly around the continent. The hon. Member for Sheffield Central (Paul Blomfield) made a similar, if not identical, point. We stand by that call. The disaster that is unfolding in Greece as we speak illustrates exactly why it is absolutely essential. Greece needs solidarity from its European allies, and not in the form of unilateral border closures.

Those refugees have already had to make horrendous journeys. However, relocation saves many of them from horrendous journeys within Europe, including to the dreadful camps at Calais and Dunkirk, which the hon. Member for Enfield, Southgate (Mr Burrows) spoke about. My hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) spoke powerfully on behalf of the children. Taking those two strands together, I want to dwell for a second on a recent decision of the Immigration and Asylum Tribunal, which ordered the UK Government to allow a small group of teenagers who have family here but were suffering in those dreadful camps to enter the UK. The Government appealed the principle behind that decision so that they do not have to admit others in the same situation. Citizens UK estimates that only about 150 teenagers would benefit if the Government simply abided by the principle behind that decision. It is outrageous that the Government have not done that. Rather than spending money on legal fees, they could send out a team to find those 150 children. It will be useful to hear how the Minister justifies the Government's position.

This debate is about how we can help as many people as possible to avoid making journeys, including into Europe, and provide safe, legal routes or pathways. Those pathways, as the hon. Member for Brighton, Pavilion said, are principally in the form of resettlement, or expanded family reunion or humanitarian visas.

We welcome the expansion of the vulnerable persons resettlement scheme to accommodate 20,000 refugees during this Parliament. Good progress has been made, and I am always keen to praise the Minister for his work on ensuring that the scheme proceeds as smoothly as possible. The lives of the people resettled will be transformed, and they will not have to make hazardous journeys. My hon. Friend the Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) gave examples of schemes that are helping to transform people's lives.

We share the concern, which was raised by a number of hon. Members, that 20,000 over five years is just not a fair share. As the hon. Member for Brighton, Pavilion remarked, it is pitiful. An Oxfam analysis shows that if just 10% of the refugees currently registered in the countries neighbouring Syria were resettled or offered other forms of admission to developed nations, the United Kingdom would receive about 24,000 refugees each year. The Government's commitment is to less than a quarter of that. We will continue to push for the resettlement of greater numbers. That can be through alternative pathways, which I have referred to briefly.

We have heard a little about family reunion. Everybody would agree that those with family members in the UK will be determined to get to here, regardless of the route. As the hon. Member for Enfield, Southgate said, we have a choice: will we make them go through people smugglers or will we give them a safe, legal route?

The restrictive family reunion rules that the Government apply mean that even a 19-year-old young woman living alone in Lebanon or stranded in Turkey would not be able to apply to reunite with, for example, a father who had managed to make it to the United Kingdom. I think everybody would agree that that is not a sensible solution. Will the Government look again at how the family reunion rules have been applied during this crisis? That argument has been made forcefully by the Refugee Council, the Scottish Refugee Council, the Red Cross and so many others.

The hon. Member for Brighton, Pavilion made some strong points about citizenship, which can reduce people's family reunion rights, and about the lack of rights for unaccompanied asylum-seeking children. It will be interesting to hear the Minister respond to those points. The right hon. Member for Orkney and Shetland and the hon. Member for Enfield, Southgate spoke about humanitarian visas, which other countries such as Argentina, Brazil, France, Italy and Switzerland have introduced. It would be good to hear whether the United Kingdom Government are interested in exploring that option.

We also need to look at what further steps can be taken to provide practical support for those who make family reunion applications, even under the currently restrictive scheme. When I speak to solicitors and non-governmental organisations that work for families here, they regularly speak of the impossible bureaucracy that those who approach UK embassies face, and the problems that families have here, such as a lack of basic support and the financial costs.

The hon. Member for Brighton, Pavilion and the right hon. Member for Orkney and Shetland both highlighted huge flaws in the proposed EU deal with Turkey. The refugee convention for Syrians is little applied in Turkey, and it does not apply at all to Eritreans. It is utterly bizarre that there can be a safe, legal route for some Syrian refugees only if other Syrian refugees take a completely unsafe, irregular route to Europe.

Just as the London conference aimed to deliver a step change in funding to tackle the crisis, the Geneva conference on 30 March is a pivotal opportunity to deliver a step change in the provision of safe, legal routes and pathways to safety. We ask the Government to show the leadership there that they did in London to ensure solidarity beyond funding.



10.38 am

**Keir Starmer** (Holborn and St Pancras) (Lab): It is a pleasure to serve under you, Mr Crausby. I also thank the hon. Member for Brighton, Pavilion (Caroline Lucas) for bringing this issue before Westminster Hall. She spoke powerfully in support of the motion, as did many other Members. I pay tribute to those who contributed to this debate. Not all debates in Westminster Hall are of high quality, but the contributions today really were—particularly the points about the plight of the Yazidi women. Like others, I hope the points made today will influence the approach the Minister takes in the meeting in two weeks' time. That would be the best outcome of this debate.

The nature of the challenge is clear. Many hon. Members have already spoken of the figures, but it is worth reminding ourselves that 13.5 million Syrians are in need of help in-country, 6.6 million are internally displaced and 4.6 million or so have fled abroad. These are huge numbers and the UNHCR has made clear asks in response to them. Initially, it asked states to help 30,000 people to be relocated by the end of 2014. Then it asked for an additional 100,000 to be helped by the end of 2016, and in two weeks, the number is likely to go up, not down. Furthermore, to be clear, the UNHCR is asking for help with those individuals for whom there is no durable solution—those for whom voluntary repatriation and local integration are not possible: the most vulnerable, with nowhere else to go.

Against the scale of that challenge, the UK response has been slow, reluctant and limited. Just to remind ourselves, back in 2013 and 2014 the initial response of the UK was simply to provide aid to Syria's neighbours, not to take any refugees ourselves. That was our starting position: assistance, but not receiving refugees.

**Mrs Spelman:** Unfortunately, the hon. Member for Hove (Peter Kyle), who was an aid worker, is no longer present to support this point, but professional aid agencies will always say that in the first instance it is better to give aid in the region where the disaster has occurred, because people are then more likely to go back to their homes and to help to rebuild their country. I am sure that was the rationale that drove the Government's initial response.

**Keir Starmer:** I accept that proposition—that has been the UNHCR position for many years—but I am now plotting the response to the UNHCR ask. It was asking specifically about individuals who cannot be dealt with locally—those who cannot be repatriated or locally integrated. I made that point before I came to the response, because it is only one thing to assist in-region, in the way the UNHCR has suggested; what we are discussing today is the response to the ask for countries to do something about those who cannot be dealt with in that way.

That was the initial response; early in 2014, the Syrian vulnerable person resettlement programme was set up, but it was limited and focused only on victims of sexual violence and torture. It was only extended in 2015—that was the next step—when the Government agreed to take 20,000 Syrians over five years, but none of them from Europe. There was another extension

earlier this year, in January, when the Government agreed to look more carefully at unaccompanied children, but again not from Europe.

That is why I say that the UK response has been slow, reluctant and limited. We have been around this block before. I know that the Minister will say, "Well, that shows we're listening," but when we look back, we see that the changes in response have usually been a reaction to pressure inside and outside this House on particular issues.

**Mr Burrowes:** I do not want to limit the Government's commitment of 20 January. It was a commitment to unaccompanied children in the region in conflict zones, but also in Europe, to provide safety, whether in the camp areas or through resettlement in this country.

**Keir Starmer:** I looked carefully at what was said in January, and I have followed it up since. I think it is fair to say that at the moment no scheme or plan is in place for taking unaccompanied children from Europe. I hope that is the next development and, if it is, I would welcome it.

Having criticised the Government's response for being too slow, too reluctant and too limited, may I add this? Two weeks ago, I was up in Glasgow, where I met Paul Morrison, who heads up the Syrian resettlement programme, and two of the Syrian families who have been relocated. The work going on in Glasgow under the resettlement scheme is first class. The Government are to be praised for the scheme as far as those who have been relocated here are concerned. It is well run, children have been integrated into schools, the families have been found doctors, they have proper support in the community and the people of Glasgow have been welcoming and supportive. Where the scheme is operating, it operates well, and I pay tribute to the Minister and those working with him for that.

**Margaret Ferrier:** Does the hon. and learned Gentleman share my concern, however, about reports of substandard housing and inhumane treatment of asylum seekers in Glasgow? Will he join me in urging the Home Office to commission an urgent, independent inquiry into that?

**Keir Starmer:** I am grateful for that intervention, which anticipates my next point. Of growing concern is the sense of that there is a two-tier system. Those who are being relocated under the voluntary Syrian resettlement programme are being treated well and properly, and I commend that. On the other hand, I have met unaccompanied children, again in Glasgow, who had made their own way to this country and surfaced in Scotland, and their experience was very different. Initially they really struggled to prove their age—one was even detained—and then to obtain housing.

On a separate visit, to Oldham, I met a 26-year-old Syrian woman architect who had made her own way to this country. Although she has refugee status, she was struggling to get support for housing, so this is one for the future for the Government. The scheme itself is working well, but there is a two-tier system, because the conditions that others coming here to seek asylum have to endure are very different. That is worthy of another debate in due course.

[Keir Starmer]

March obviously offers an opportunity for the Government to go further. Of course the long-term solution is a reduction in the conflict in Syria—we must never lose sight of that. Today, we are debating what we do about the consequences of that conflict. In March, the Government can go further in four particular areas. First, there is growing pressure for us to take more than the 20,000 pledged so far. I agree with the comments about the Government being out of sync with the public mood on that. The public accept that we should be doing more for vulnerable refugees.

While we are on the subject of numbers, I also think it is wrong to have a fixed 20,000 over five years, because that does not allow flexibility for a changing situation. There is already a need to take more, and the position should be reviewed year on year, rather than committing to a five-year programme, which simply does not fit with the nature of a conflict such as that in Syria.

Secondly, it is time to move on the almost universal bar against anyone having reached Europe. The idea that if refugees reach Europe, they are a problem for Europe and we should not take them as refugees is wrong in principle. We must review that. There should not be a hard block on anyone who has reached Europe.

Thirdly, much more work is needed to reunite families. That has been touched on by a number of hon. Members in the debate. I, too, have been to Calais and to Dunkirk, and Dunkirk is even more distressing than Calais. The implementation of family reunification rules, even if theoretically available under international law, is simply not working on the ground. I have made the point before, and I will continue to make it. In Calais and Dunkirk I saw volunteers trying their level best to keep people alive, safe and well in trying conditions. By their own admission, they were unable to help with the reunification process, which is complicated and difficult, so it is not working on the ground and needs to be looked at again urgently.

The fourth area is of course unaccompanied children. In Calais, the volunteers have a sense of the number of unaccompanied children, but in Dunkirk the volunteers told me that they cannot even count them, because they do not have the resources to work out who the children are. Children there desperately need help. More work needs to be done on unaccompanied children in Europe.

Finally, there is the bigger picture, which is about safe and legal routes. I join with those saying that there is an exam question in relation to certain groups—the Yazidi women would be one. How do we provide safe and legal passage for very vulnerable people to find safety in Europe?

I hope that the Minister takes everything in the right spirit. The debate is intended to influence the position that he may take—it is a nudge, pull and influence situation. The Government have made moves; more would be very welcome.

10.49 am

**The Parliamentary Under-Secretary of State for Refugees (Richard Harrington):** It is a pleasure to serve under your chairmanship, Mr Crausby. I commend the hon. Member for Brighton, Pavilion (Caroline Lucas) for

bringing about the debate and everyone for their contributions. I appreciate the compliments about what the Government have done, and I listened to every single item said about what more the Government should do.

Those hon. Members who know me will know that, since I took on this job last September, we have been trying carefully to listen to everybody. Clearly, there is not a person in the country, let alone in the House, who could not fail to be moved by the plight of Syrians, both those trapped in the appalling conditions there and those who have been forced to leave home. That is not just clichés and platitudes; that is so obvious. For those of us involved in politics, if that is not part of why we are involved, we should not be in it.

I am proud of what the Government have done. In the same spirit as the comments were made, which was not negative, I will criticise hon. Members' comments that the Government have done all of this stuff reluctantly because we were forced to. I will say, as everyone would expect, that that is not the case. I also stress that this cannot be viewed in any way other than in the round. Hon. Members have said, "It is one thing giving money—fine, thank you very much and well done UK Government—but there is a lot more to it than that: it is what we do here."

Hon. Members talk about camps, but comparatively few people are in camps. The point has been made that people are in everything from what I would describe as the top-end, which are basically large corrugated iron buildings, down to tents in fields and crammed into rooms in apartments and houses. They are registered with UNHCR, which is how we make our distinction rather than the accommodation.

It is not just a question of giving money and the UK has done a lot more than that. We see a number of British non-governmental organisations working there, and young people who in their civil service careers probably could have chosen a comfortable job sitting in Whitehall are there, living in very difficult situations and doing a great job. The commitment of the Government and of the British people is very much more than just the financial side.

The resettlement bit—the narrowest part of the programme—for the most vulnerable families is important and I would not underestimate it. It is important, but it must be viewed as just part of the whole programme. Local authorities in England, Scotland, Wales and Northern Ireland have been excellent. That is a good example of us working with the Scottish Government, the Home Office and Scottish local authorities—no one is playing political games. The hon. Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) made a good point. His area is a good example, but so are Brighton, Sheffield and all of the other places. The Government have done a lot of work on the voluntary scheme to try to persuade local authorities, some of which do not have the experience of those places of taking refugees, to take them. Many communities are doing it for the first time.

I will try to make progress—I realise I have little time—and try to answer some of the specific questions raised. My right hon. Friend the Member for Meriden (Mrs Spelman) and my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) talked about the Yazidis. In answer to the hon. Member for Dwyfor

Meirionnydd (Liz Saville Roberts), I will be happy to meet with Salwa Khalaf Rasho—I hope she will excuse my pronunciation of the name and of the Welsh. However, I would like to put on record and make it clear that the UK has not done nothing about the Yazidis. Our aid has been reaching a lot of vulnerable women and girls across Iraq, including many Yazidis. For example, we funded the establishment of three centres in the Kurdistan region of Iraq that provide psychosocial and legal support for Yazidis and, through the Iraq humanitarian pooled fund, of which we are leaders, we are providing life-saving healthcare for women and children, child protection services and specialist support for those victims of Daesh terror. I will be happy to meet with Members to go into detail on that, but I did not want them to think that we were doing absolutely nothing. The Yazidi community are internally displaced people, so, unlike all the other refugees we are involved with, that work is not through UNHCR.

As far as the Christian and other minority communities are concerned, I say to my right hon. Friend the Member for Meriden that I have spoken to the Archbishop of Canterbury, the Bishop of Durham, the Catholic bishop and the Coptic bishop. We want examples. I have asked them and I will ask hon. Members to come to us with examples of communities that UNHCR cannot reach, because we will fund the UNHCR to go out to those people. I made that point to the Bishop of Durham last week. There is a lot of talk of stories that I am sure are valid, but we need to find those people. I would however like to say that Patrick Lynch, the representative of the Catholic community in this field, noted recently that there has been some improvement in the amount of registration of Christians in Jordan.

**Mrs Spelman:** Will the Minister give way?

**Richard Harrington:** I am very sorry but I cannot because I have a very short period and lots to say. I will be happy to discuss this at any time, as my right hon. Friend knows.

I will move on to points made about unaccompanied children. The Government made a statement through the Minister for Immigration on 28 January that we are considering how best to provide protection for them. We have asked UNHCR for a comprehensive report on that. As far as UNHCR is concerned, the hon. Member for Hove (Peter Kyle), who is not in his place, said that, from his experience it was under-resourced. We are making it our business to ensure that it is not under-resourced for this project—I hope that things have moved on since his time. We have had roundtables with the Refugee Council and others, but we cannot have a knee-jerk reaction on these children. As hon. Members

have mentioned, UNHCR's main policy is to resettle unaccompanied children in the region with greater families, because it feels that that is better for them.

The Government are providing further resources to the European Asylum Support Office at border hotspots to help to identify and register children at risk when they first come into the EU. Kevin Hyland, the Children's Commissioner, is going on behalf of the Home Secretary to investigate the position.

**Caroline Lucas:** Will the Minister give way on that point?

**Richard Harrington:** I am so sorry but I cannot. I have only two minutes to go and I have things I would like to cover. Again, I am very happy to discuss that on any other occasion.

On the children in France who have been spoken about, there have been many representations to the Government to expand the family reunification scheme. Children can be resettled here under family reunification in different ways. The UNHCR vulnerability criteria, which are one of the seven parts of the Syrian resettlement scheme, are one such way.

The Dublin convention allows for children to be given asylum. The example of France was given, and we are shortening the time between children getting advice on and applying for asylum and coming here under family reunification. I was advised by officials yesterday that that is down to four weeks—four weeks from registering in France, with proof of family reunion, they can come here. Things are happening on that.

I accept that many valid points were made and the Government are always looking at ways of improving the situation. What we cannot do is provide a vehicle for the people smugglers and traffickers to get children as far as France, then into this country as unaccompanied children and then produce parents. The people who produce those children are ruthless, and the refugees are vulnerable and desperate. I am sure hon. Members will agree that we cannot allow children to be used as a way of getting families here when we do have good schemes in place to get families over here.

Community sponsorship has been mentioned and we are finalising the details of that. The Government are focused on providing a wide response. We know that there are people who cannot be supported sufficiently in the region and it is those vulnerable people whom we are bringing to the UK.

*Question put and agreed to.*

*Resolved,*

That this House has considered the UNHCR and pathways for admission of Syrian refugees.

## EU Referendum: Northern Ireland

11 am

**Ms Margaret Ritchie** (South Down) (SDLP): I beg to move,

That this House has considered the effect of the UK leaving the EU on Northern Ireland.

I am glad to serve under your chairmanship today, Mr Crausby, and pleased to see the Minister in his place. I am grateful to have this opportunity to highlight in brief the effect that the UK's leaving the EU would have on Northern Ireland. I believe that all of Britain and Northern Ireland benefit from being part of the EU, but there are special circumstances in Northern Ireland that require thorough consideration before the vote in June. To put it simply, Northern Ireland uniquely benefits from our membership of the EU, and would be uniquely hurt by leaving.

The most obvious issue, for which there is no parallel in Britain, is the land border that we share with the south of Ireland. Anyone who lives in a border county will know for themselves that talk of a hard border in Ireland is not an abstract, scary story, but a living memory. I was reminded of that last week when I attended the launch of the Irish4Europe campaign in London. It is a campaign group set up to encourage Irish people living in Britain to engage with the referendum. During the questions and answers, someone told us about growing up in Quigley's Point in Donegal, and an attempt to smuggle 4 lb of Northern Irish butter into Donegal. It was foiled by the honesty of his grandmother, who when asked by the guard whether there was anything to declare lifted her coat off the back seat and revealed the 4 lb of butter. We laughed but the story is less funny in the light of an official report from the Cabinet Office that says:

"Northern Ireland would be confronted with difficult issues about the relationship with Ireland. Outside the EU's Customs Union, it would be necessary to impose customs checks on the movement of goods across the border."

To be clear, that warning comes not from me or my party but directly from the Cabinet Office. The same report says:

"Questions would also need to be answered about the Common Travel Area which covers the movement of people."

**Jim Shannon** (Strangford) (DUP): I thank the hon. Lady for giving way. She will understand that I come from a different point of view. The Stormont Public Accounts Committee recently concluded that Brexit would have little effect or impact on the Northern Ireland economy. Secondly, the hon. Lady will know that the fishing industry in Portavogie, Ardglass and Kilkeel is clear that it wants a viable fishing industry free from EU red tape, the quota system, days at sea and EU legislation. They want to be able to fish the seas round their area—

**Mr David Crausby (in the Chair)**: Order. Mr Shannon, interventions should be short.

**Jim Shannon**: I just ask the hon. Lady whether she accepts that.

**Ms Ritchie**: Needless to say, I do not accept that proposition—for a simple reason. I understand and appreciate people in the fishing industry because I

represent fishermen from two of those ports, but I also understand that it would be possible to argue better for reform of the common fisheries policy by continued membership of the EU. There are people in the fishing industry, and senior people particularly, who have told me that fishermen have asked public representatives to be particularly cautious. Many of the regulations about discards and the landing ban originated in London, in Whitehall, and not in Brussels. People must be careful about that point.

**Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): Will the hon. Lady give way?

**Ms Ritchie**: I will, and then I want to make progress.

**Tom Blenkinsop**: The hon. Lady is making excellent progress in her prosecution of the argument for remaining in the European Union. Upstairs, the Select Committee on Northern Ireland Affairs is conducting an investigation of Brexit. We have just heard from the Ulster Farmers Union about why, for them, the case for Brexit has not been made. Its members have worries about the potential for 40% of their trade to the continental European beef and dairy market to be damaged by a Brexit scenario.

**Ms Ritchie**: That was a very helpful intervention, and that story has been articulated to me by farmers, and the farming community and its representatives, including the Ulster Farmers Union. They are concerned about the free movement of products, produce and people across the island of Ireland. The north's greatest export market is the south of Ireland. It is also here in Britain, and the wider common market of the 27 countries. We all know how long it takes for an export certification to be processed. It can take several years. Just look what has happened in China. We are still awaiting a certificate in respect of Taiwan. As for the export of poultry products to China, that has not yet been resolved. The nonsense being perpetrated by the no campaign should stop, because it is scaremongering to farmers, farming communities, and particularly those whom I represent.

To go back to the Cabinet Office report, I stress that it does not say that either the British or Irish Government would want to impose custom points. It simply says that it would become necessary. It highlights how, outside the European Union, managing the border could quickly fall outside either Government's control. No matter what the wishes of the two Governments were, the border would become a victim of differing policies between the Common Market and the exited UK.

**Mark Durkan** (Foyle) (SDLP): My hon. Friend touches on an important point, because borderism would become inevitable. We are not free of it at the minute, even within the current EU context, as wedding car businesses in my constituency can testify. Once those pressures or issues arise, border controls and border differences are emphasised, and that has an impact on trade.

**Ms Ritchie**: I thank my hon. Friend for a helpful and informed intervention. His constituency has a clear border with County Donegal, and he articulates a particular fear: our concern that customs posts will immediately be put up, and will carry with them a major impediment to and restrictions on trade and people's betterment. Far from improving control of our borders, leaving the

EU would make it harder for the UK to manage the only land border that it has with the Common Market. That is a risk that we cannot afford to take.

We must remember that the south of Ireland is by far the north's biggest export market. The latest regional trade statistics produced by Her Majesty's Revenue and Customs, released at the beginning of the month, show that a third of all exports from the north went to the south of Ireland, at a value of more than £2 billion. In the decades before the European Union made an open border possible, the hard border prevented north-south trade developing naturally, to the detriment of all communities in the north. By helping to open up the border, the European Union has enabled businesses to begin building a mature all-island economy that benefits and enriches everyone in the region.

**Mr Gregory Campbell** (East Londonderry) (DUP): I congratulate the hon. Lady on obtaining what is obviously a timely debate. She talked about reform being necessary, and I have heard her and her colleagues mention that before. Does she agree that, whatever negotiations the Prime Minister has done, and whatever reforms have been agreed, the deal will be that we have got what we have got and will have to accept it, with all its problems and faults, or else leave? She cannot have her cake and eat it—talking about reform after the debate has concluded and the referendum has been held.

**Ms Ritchie:** The Social Democratic and Labour party and I strongly believe that we should remain in the European Union. If Britain were to exit, it would cause immense economic, social and political damage to Northern Ireland. Our political and peace processes were modelled on the European Union, when countries came together in a post-conflict situation. The European Union is good for political, economic and social cohesion. Already, we have had reforms to the common fisheries policy through regionalisation. There is nothing to prevent further discussions from taking place within the European Union, to enable even better deals on that specific issue.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): I thank the hon. Lady for securing this debate. In the past two years, the Northern Ireland Department of Agriculture and Rural Development has received £635 million in EU funding, mainly due to single farm payments. Given the huge contribution of agriculture to the Northern Ireland economy, does she agree that that should be fully addressed by the Government before asking people to vote in the upcoming referendum?

**Ms Ritchie:** I thank the hon. Lady for her helpful intervention. That is what farmers have been saying to me consistently. They want to remain within the European Union because there is certainty with the direct payments that they currently receive. There is absolutely no certainty in an exit about the type, form and nature of the moneys that those farmers would receive, because the UK is currently going down the road of austerity and cuts—we will probably hear about that later, in the Budget. I do not want to see the farmers whom I represent in South Down, nor those of my colleagues, subjected to such cuts.

**Stephen Pound** (Ealing North) (Lab) *rose*—

**Ms Ritchie:** I will take one final intervention.

**Stephen Pound:** I am grateful to the hon. Lady for giving way. Before she moved on to agriculture, she was talking about the political process. Does she agree that the cross-community support for peace won, and the role of the EU in the peace process in Northern Ireland, were essential in, and continue in subsequent programmes to be an essential component of, the peace process? The European Union has been positive for the peace process in Northern Ireland.

**Ms Ritchie:** I thank the hon. Gentleman for his helpful intervention. All the moneys that have come out of the peace programme have brought people together, right across communities; they helped to build that peace and political process and that delicate, intricate network of relationships.

The same has happened with the Interreg programme. I look at those cross-border programmes. I look at what has happened up in the north-west, in the constituency of my hon. Friend the Member for Foyle (Mark Durkan), with district councils along the border there between Derry and Donegal; down between Fermanagh, Cavan and Monaghan; and also in my own area—the east border region—with the constituency of the hon. Member for Strangford (Jim Shannon), my own constituency, Armagh, Banbridge and Craigavon, with Louth and Monaghan. Those relationships have borne money for many types of cross-border project and have allowed people to grow together in mutual understanding, through the benefit of the European Union. I wish others who think differently would stop being naysayers in this debate.

Much has been said about the impact on farm subsidies. It is an area where our economy is hugely reliant on our ability to export to and work with the south. Farming makes up a bigger proportion of our economy in Northern Ireland than it does in England, Scotland or Wales, and our smaller population means that we have no other option but to export. That means Northern Irish farmers are especially reliant on access to EU markets, including the south, and farmers in Northern Ireland receive more than £230 million a year in support from the European Union.

The Ulster Farmers Union has made it clear—it has probably already said so this morning in the Northern Ireland Affairs Committee—that that support has been vital in keeping our sector sustainable through tough times. I am certain that £230 million a year is more support than we would ever be able to secure from the British Government, should we vote to leave the EU. My certainty on that comes from the years that I and my colleagues before me have spent fighting for the interests of farmers in South Down and other constituencies.

Both the Department for Environment, Food and Rural Affairs and the Cabinet Office have made it clear that there are no serious contingency plans in place for how support for farmers would be replaced should we leave the EU. Every penny would have to be fought for, in competition with all of Scotland, England and Wales. For others to suggest the contrary is totally spurious. No matter what they claim, the only way we can be certain that the support for farmers will continue is to vote to remain this June. Of course, we have already heard some politicians promise that their good relations

[*Ms Ritchie*]

with the British Government will enable them to secure even more support for Northern Ireland should we leave the EU. I ask those politicians: where have you been for the past five years, as we have seen cut after cut to services in Northern Ireland?

The damage to agriculture will come not only from the loss of subsidies, but from the instability and confusion that transitioning away from the common agricultural policy would cause. One need only look at the massive problems caused for farmers by the ongoing delays in getting payments out in the basic payment scheme. Delays in the payment of European support have pushed many farmers into debt and hugely undermined the sector. Imagine how much greater damage would be caused by the wholesale loss of European support. In contrast to the instability and uncertainty we would face outside the EU, if we work with our neighbours in the south and with the greater Common Market—to which we can export our products, and which could be fractured if there were an exit—we can build an outward-looking, sustainable agricultural sector.

I would like to conclude with a few words on the founding purpose of the European Union and what it means to us in the north. The European Union was founded to bring peace to a continent that had been torn apart by war and conflict, and to enshrine respect for human rights throughout the continent. The duty to build a lasting peace may seem far removed in the UK-wide debate, where the memories and sacrifices of the second world war grow more distant by the year, but it is something that we in Northern Ireland understand all too well. For us in Northern Ireland, the EU's principles of co-operation, integration and reconciliation are as relevant today as they were 40 years ago.

The EU has been a practical as well as a symbolic partner for us. We should not take for granted the money that comes to us when we look at the peace programme and at the funding from Interreg. Our membership of the European Union also helps to guarantee the human rights protections that made the Good Friday agreement possible. Those protections have since been further embedded, post-Lisbon, through the EU charter of fundamental rights, made binding on all member states since 2009. I therefore regret the decision of the British Government to scrap the Human Rights Act.

The EU might not be perfect, and we do not claim it is. We want more democracy, more accountability and more engagement, but voting leave will not get us any of that. Ultimately, voting leave would send a message to the world that we are more interested in looking inward than engaging with our neighbours. It would send a message that we have lost faith in building a better Europe and a better Northern Ireland within an island of Ireland. That would be a disaster for us. I still believe that dialogue, openness and integration are the only means to a better society, both in Northern Ireland and throughout Europe. Those, for me, are the principles of the European Union. That is why I will be voting to remain this June and why my party and I will be encouraging others to do the same—not out of fear, but out of hope and anticipation for the future that we can build together.

11.18 am

**The Parliamentary Under-Secretary of State for Northern Ireland (Mr Ben Wallace):** It is a pleasure to serve under your chairmanship, Mr Crausby. I congratulate the hon. Member for South Down (*Ms Ritchie*) on securing this important debate. We can probably all agree that this will be a once-in-a-lifetime referendum. I certainly welcome the chance for the people of the United Kingdom hopefully to reaffirm their commitment to this country being a member of the European Union. I have always supported our membership, and the Government's efforts and the reforms we have achieved mean that we can make a strong case for remaining within the European Union.

Since the general election last May, the Government have pursued an agenda of reform and re-negotiation to deliver change in our relationship with the European Union. Following months of negotiations, we ended up with a new settlement that gives the UK a special status within the EU, as well as setting the EU as a whole on the path to long-term reform. We have protected the UK's rights as a country within the single market but outside the eurozone to keep our economy and financial system secure and to protect UK businesses from unfair discrimination.

Our new settlement confirms that the regulatory burden on businesses, and particularly small businesses, will be reduced and there will be a new focus on extending the single market to bring down the remaining barriers to trade within the EU. We have secured agreement that the treaties will be changed in future, so that the UK is carved out of ever closer union, and we have established a mechanism for decision making to return from Brussels to the UK. We have secured new powers to tackle the abuse of free movement and to reduce the unnatural draw of our benefits system in order to meet our aim of reducing immigration by creating fairer rules, while protecting our open economy. Our new settlement resets the balance in our relationship with the EU. It reinforces the clear economic and security benefits of EU membership, while making it clear that we cannot be required to take part in any further political integration.

The UK is stronger, safer and better off in the EU. It is better off, because Northern Ireland and its businesses need access to 500 million consumers to which they can sell their goods; consumers who can afford to buy our goods and who can trade their business or supply our businesses in Northern Ireland. It is better off because being part of the European Union puts us in pole position to negotiate free trade agreements around the world with other large trading blocs and other large economies.

I am probably one of the few people in this House who took part in the negotiations for the UK-US defence trade co-operation treaty back in 2006—it is an individual treaty between the UK and the US—which involved very long graft. Ask anyone in aerospace what actual concessions we got from the United States and they will say it was a bare minimum. I was also part of the EU-US trade treaty negotiations in the early part of the previous Government, when I worked for the then Lord Chancellor. It was clear at that stage that the United States was only interested in a free trade agreement with the European Union. That is where the game is;

that is where free trade agreements are made. We are therefore better off being part of the EU, so that we can collectively negotiate at that position.

**Deidre Brock** (Edinburgh North and Leith) (SNP): Does the Minister agree that the EU is about not just economic union, but social union? It is a Union that has delivered many valuable social and employment protections across Europe for its members.

**Mr Wallace:** The EU is a whole range of things, but I think that at its heart it is about trade. The freedom to trade is the greatest driver of reform and of other people's freedoms and rights across the world. Originally, the concept of the European Union, or its predecessors, revolved around trade. I believe that for Northern Ireland businesses, access to regulation-free, tariff-free trade with its neighbour in the Republic of Ireland or elsewhere in Europe is absolutely one of the benefits and is at the heart of why we should remain members of the European Union.

**Jim Shannon:** When the Prime Minister went to secure concessions from the European Union, he was unable to secure anything for the fishing industry or the agricultural sector directly. Remembering that we put some £19.7 billion into the EU and receive £15 billion in return, we are better off out of the Union; the fishermen will have control of their industry, as will the farmers, and the extra £4 billion that we will have can be used directly for those sectors.

**Mr Wallace:** I am afraid that I do not agree with the hon. Gentleman, and nor do many in the Ulster Farmers Union whom I have met to discuss the issue. In this modern world our farmers need access to markets and access to consumers. One reason why farmers in the Republic have a higher milk price is the efforts of the Irish Government to forge new export markets for their milk products. That is not about leaving the European Union; it is about helping our farmers, whether in England or Northern Ireland, to access new markets and new consumers. We have to remember that the consumers have to be able to afford the products. It is all very well trying to push products outside the European Union, but how many people in the rest of the world will be able to afford European products? There are a few in developing countries, but the idea that our farmers will get easier access to markets if we leave the European Union is just pie in the sky.

**Mark Durkan:** We have heard a number of interventions this morning, and clearly some people seem to believe that if the UK leaves the EU suddenly all the money that the UK sends into Europe will make its way to Northern Ireland instead, for the benefit of farmers and fishermen there. Does the Minister's right hon. Friend the Secretary of State share the belief that there is a crock of gold for Northern Ireland at the end of the Brexit rainbow?

**Mr Wallace:** We are all grown-ups, I hope, in this House. We all know the pressures that every Department across Whitehall gets on an annual basis from Treasury Ministers and other Ministers alike. Our farmers, with their direct payments from Europe, are often in a position to resist pressures from other Whitehall Departments.

Take the idea, for example, that we would have let previous Labour Secretaries of State responsible for agriculture to get hold of that money en route to farmers. How long would it have lasted? This Government will continue to support our farmers, but I cannot guarantee that that would happen if Members from other parties in this House got into government.

The Government believe that being a member of the European Union makes us safer. Co-operation on security is at the heart of a successful security policy. We all remember the days of wrangling with Irish courts about deportation and bringing people back to the United Kingdom for trial. Not so long ago I recalled someone under licence, and they will be brought back under a European arrest warrant. It was straightforward. There is no more of the long wrangling that often saw people walk free. The co-operation that we have around the table in Europe on security issues creates trust, and at the heart of a good security policy is trust. I believe that remaining part of the European Union will allow us to develop that trust and build on it, and I also believe that we will be stronger. We are part of the European Union, and we are part of NATO, the G8 and the G20. All those organisations—all those unions and groupings—allow the United Kingdom to amplify its voice across the world stage. They allow us not to stand alone on many issues, which is very important.

The hon. Member for South Down mentioned the border. It is a fact that if we vote to leave the European Union, we will be outside the customs union. If we are outside it, the EU will require the remaining member states to make sure that there are safeguards to protect that customs union. That will inevitably be some form of barrier to trade, to small and large businesses in Northern Ireland. I met some small businesses in north Belfast only a few days ago. They effortlessly trade and grow their business across the border, and they effortlessly make sure that they have new markets in the Republic of Ireland. I do not think that the whole border will be shut if we leave, but I certainly believe that there will be extra barriers to trade that we do not need or that are unhelpful.

I will make a final point. People will hear the debate about guaranteeing our borders and sovereignty. It is obviously true that within the European Union we have arrangements with regard to our borders, but let us not forget that we are members of the UN. We have obligations under a succession of treaties—the 1951 Geneva convention relating to the status of refugees, the 1967 protocol relating to the status of refugees, the 1948 universal declaration of human rights, the 1984 UN convention against torture, which prevents us from deporting people to countries where torture or harsh punishment exist, and the 1989 UN convention on the rights of the child. All that means that were we to leave the European Union, we would still be obliged to take into this country a huge range of people under our UN obligations. That is an example of where our sovereignty does not 100% lie. Are we saying that we will then leave the UN? Is that the next thing—“Stop the world, we want to get off”?

We should remember that were we to leave the European Union, our borders would not be as easy for trade as we may like, and they would not be as open to the hundreds of thousands of tourists that come to Northern Ireland every year. Our borders would also not be so easy for

[Mr Wallace]

our air flights to and from Northern Ireland, so that people can arrive in the south, travel up through for tourism and fly out of Northern Ireland. All that is incredibly important to remember.

I have to say to the hon. Members for Strangford (Jim Shannon) and for Edinburgh North and Leith (Deidre Brock) that I am a Unionist. Many of the reasons for belonging to the United Kingdom are the same as the reasons for belonging to the European Union. I do not say that the reasons are all the same, but the freedom to trade, the shared culture and the removal of barriers are things that, in my heart, make me a Unionist. I do not understand the Democratic Unionist party's view that by putting in a new border we will somehow guarantee ourselves all those investments and good trade practices that are important, and also the ability to be stronger in Europe, rather than weaker on the outside.

**Ms Ritchie:** Does the Minister agree that there has been so much financial benefit in terms of tourism, economic development and investment, and that we must not imperil those by an exit?

**Mr Wallace** *rose*—

**Mr David Crausby (in the Chair):** Order.  
*Motion lapsed (Standing Order No. 10(6)).*

11.30 am

*Sitting suspended.*

## Govia Thameslink and Network Rail

[MR PHILIP HOLLOBONE *in the Chair*]

2.30 pm

**Jeremy Quin (Horsham) (Con):** I beg to move,

That this House has considered the performance of Govia Thameslink Railway and Network Rail.

It is a great pleasure to serve under your chairmanship, Mr Hollobone. I hope that hon. Members will forgive me for saying that my heart sinks as I look around the Chamber. That is not an indictment on any hon. Member, but I have a horrible sense of *déjà vu* that here we are again to address an issue that causes such misery to so many of our constituents. Having said that, it is a pleasure to see the Minister in her place. I know that she is on the side of passengers and that she is acutely aware of the issues that will be aired in this debate. I am aware of her personal initiatives in trying to sort out the problems and the high priority and she and her Department attach to their resolution.

Notwithstanding the Minister's hard work and the entreaties from many MPs, we still seem incapable of securing the service for which our constituents pay so much, and which they have every right to expect. Many colleagues wish to contribute to the debate, so I will not run through every email I have received from my constituents on the subject—that would take some time—but I hope you will allow me to mention just a few, Mr Hollobone.

A 23-year-old female constituent was left stranded with no money when the last train to Horsham terminated unannounced at Three Bridges. Another constituent has calculated that if his train service continues for the rest of the year as it has to date this year, he will have spent the equivalent of an entire working week on or waiting for delayed trains. Another constituent wrote—I assume with tongue in cheek—that he no longer minds the late running of his usual train on the grounds that earlier trains are routinely so late that he can always catch one of those.

My constituents' correspondence is supported by hard numbers. Average performance targets across the country are for 89.3% of trains to arrive within five minutes of schedule. I appreciate that the southern region is complex. It has 180 million passengers and the trains go into London Bridge station, which is in the midst of a complex and welcome redevelopment, but that was presumably baked into the woefully low target of 80.2% that it set itself in February 2015. Alas, that low baseline has been consistently missed.

A public performance measure of 83% back in the third quarter of 2010 fell to 76% in the third quarter of last year. Across the national rail network, there is a two-thirds probability of a train arriving within a minute of the scheduled time. For Govia Thameslink Railway that falls to one in two, but for my constituents recently it has been as low as 30% and currently under 40% of trains arrive as scheduled.

For my constituents using the Brighton main line from Balcombe, which in 2014 was the worst service in the country, with one service arriving late every day during the year, there has been nothing like a sufficient improvement. Perhaps the Minister will comment on



the practicalities. We hear a lot about 24 trains a day running through Thameslink and to the north, which is a wonderful aspiration, but if these practices continue, I do not know how practical it will be to achieve that.

Many constituents believe that trains are cancelled to meet punctuality targets. I do not know whether that is true, but it is shocking that over the past year one in 20 of all Thameslink, Southern and Great Northern trains were either 30 minutes late or cancelled. It is a regular refrain for all of us to hear about constituents stranded or left with long waits to complete their journey home. I will return to that theme, but I note that passenger satisfaction with how delays are handled was the worst in the country when measured last autumn.

I have tracked specific action points set out by the operators and Network Rail to improve the service since May 2015 and identified 40 individual points. In discussions with the operators and Network Rail, it seems that 31 have been achieved and a further five are in progress and getting there. It is bewildering that, despite a 90% success rate, there has apparently been so little impact on customer experience on the ground. I know that 84 drivers were recruited for Southern and 38 for Thameslink in 2015. I know that 286 drivers are to be recruited across GTR in 2016 and that 251 are currently in training. I know that the class 700 is coming in, which I am sure will be a great success. I know that engineering work continues on the line and that London Bridge station is being rebuilt, at a cost of £6 billion, which is all good news. What I do not know, and what none of us knows, is when all this positive activity will ever improve the service that our constituents experience.

**Sir Nicholas Soames** (Mid Sussex) (Con): I congratulate my hon. Friend on securing this debate. Does he agree that despite the great efforts of the company and Network Rail to carry out improvements—we all know how complex they are—there remains a real industrial relations problem? In some depots, the standards of modern manpower management are not nearly good enough. Does my hon. Friend also agree that the company needs to confront these issues and deal with them? If very highly paid drivers will not act in the interests of passengers, that is another reason why the company needs to get its act together.

**Jeremy Quin:** I am grateful to my right hon. Friend for his intervention. He raises an interesting point. I am not in the habit of blaming staff for the failings of management, but we need to know where the problems lie. I have quoted statistics about how many drivers are coming in and how many are going through training. I appreciate that the class 700 requires drivers to be taken out for more training and so on, but ultimately our constituents do not mind how many drivers there are. They mind about being able to get home. If the contracts mean that they cannot have a reliable service throughout the Christmas period and at other peak travelling times, that is a problem for our constituents.

It is not for the Chamber or the Minister to micromanage what the companies should be doing, but we need answers that work. The thrust of my point is that we hear so much about improvements and I believe that they are being made, but we do not see the evidence on the ground and the service continues to be far too poor.

My constituents have a sense of wonderment in a couple of directions. They wonder what can have possessed the train companies to think that now is a good time to close ticket offices outside peak times. The ticket machines at Horsham station are slow, difficult to navigate and do not contain the range of tickets that can be purchased over the counter. In the words of one constituent:

“As a Southern customer I receive a large number of delay repay vouchers. These cannot be used in the machines.”

Take that as you will. Another writes:

“why are Southern’s machine’s so difficult. I struggle with the complex menu navigation”.

That constituent professionally trains people in how to navigate complex software.

Too often, passengers realise that they have accidentally paid more than necessary for fares on the machines, but I suspect that more often they pay too much but are not aware of it.

**Tom Tugendhat** (Tonbridge and Malling) (Con): My hon. Friend is making a powerful point about tickets, and perhaps he will forgive me if I am pre-empting him. A major problem on Southern’s Uckfield line is that there has never been a ticket office open anyway. We can rely only on the machines. Would it not be much more sensible, rather than having complex ticketing that no one can get the right ticket from, to have electronic ticketing so that people get the right ticket according to the journey they have made and, more importantly, are refunded when companies run their trains so late, so that they do not need to have a voucher or to put paper into the machine?

**Jeremy Quin:** It is always a pleasure to be pre-empted by my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat). He raises a valuable point that I hope the Minister will respond to, particularly in the context of delay repay. There must be a simpler way in this modern age for people to get their money back for journeys for which they bought a service but did not receive it. I am sure my hon. Friend is well ahead of me with the technical means for dealing with such things. There must be better ways of delivering that service.

I speak for a number of hon. Members here when asking those responsible for ticket offices to think again long and hard before proceeding with these closures, which I believe should not take place. In particular, I ask them, in the current environment of huge uncertainty faced by passengers and a poor service, how on earth reducing customer interface can possibly be in the interests of either passengers or the companies.

I will mention another sense of wonderment shared by my constituents. They look at the performance of our operators and Network Rail. They experience at first hand the chaos of what is the first step in a number of improvements that need to be made to the lines. They all too often stand cheek by jowl with other passengers on trains going through the deepest cutting anywhere in western Europe on their way to London. And they ask themselves in what parallel universe anyone could believe that the public infrastructure laid out in the 19th century to serve rural towns and commuters could possibly support Gatwick airport were it to double in size with a new runway to take the same number of passengers as Heathrow and were a far greater number of workers forced to commute from far afield to service the new

[Jeremy Quin]

facility. In fairness, I do not expect the Minister to respond to that point today, but I raise it to share with the Government the frustrations felt by my constituents. If anyone imagines that the existing infrastructure could cope with a minimum of an extra 90,000 passenger journeys a day, that shows a complete failure to understand the sheer inadequacy of the current service.

**Henry Smith (Crawley) (Con):** My hon. Friend makes a powerful point. With regard to Gatwick airport, he is absolutely right that the existing rail infrastructure can barely cope as it is, let alone were there to be an additional runway. Although I welcome the more than £50 million-worth of investment in upgrading the Gatwick station, in terms of line capacity Gatwick has not offered any assistance, and my hon. Friend is absolutely right to say that that means Gatwick is absolutely the wrong choice for runway expansion in London and the south-east.

**Jeremy Quin:** I thank my hon. Friend for that point. He is absolutely right. If one looks at a possible alternative to Gatwick, one sees four or five main railway lines, Crossrail coming in and a potential spur to High Speed 2, as well as the tube network, faster journey times into London and a large number of would-be employees who are looking for employment absolutely on their doorstep, but we will not dwell on that; we will dwell on the subject at hand. I raised it purely because of the frustration that many of our constituents feel that their problems cannot be being taken seriously if people are seriously considering that they can throw all these extra passengers on to the same line.

I know that the Minister has put a huge personal investment of time and energy into sorting out the problems in this area. She has referred in the past to the massive productivity gain that could be gleaned were the problem to be solved, and she is absolutely right. We heard more in the Budget speech today about the productivity gains that could be had from transport. This is the basic work that needs to be put together to get real productivity gains for our economy. I know that the Minister is aware of that and of the human misery that entails from the problems on this line. May I offer three comments by way of conclusion?

First, we are all far too familiar with long and complex lists of the factors that need to be got right to improve the service. I have no doubt that those are provided in genuine good faith by committed managers, but they are simply inadequate for either solving the issues or reassuring passengers. Can we please hear less about the inputs and more about committed outputs that are deliverable and can be delivered on time? As part of that, I would like to see Network Rail, which seems a very distant organisation—according to the statistics, it is probably responsible for 57% of the delays on my line—far more customer-focused in the way it approaches its problems, and anything that the Minister can do to bring it closer to the reality of what its service entails would be welcome.

Secondly, I know that the Minister is a great advocate of more efficient, simpler and more generous refunds through delay repay, as so eloquently said by my hon. Friend the Member for Tonbridge and Malling. I would very much like to hear anything more that she can share

with us on that. It is a way of concentrating the minds of the train companies, as well as providing what are only the just deserts for passengers who have been affected.

My last comment relates to the structure of the service. I do not believe that nationalisation or stripping commercial firms of franchises is a panacea. However, this is by far the largest and most complex task to get right in the network. I hope that if the Minister decides that its sheer scale and complexity requires the attention of smaller and more nimble spheres of operation, she will not be afraid to start that process.

**Several hon. Members rose—**

**Mr Philip Hollobone (in the Chair):** Order. Unlike some Thameslink services, this debate has started on time and will finish on time. I am determined that everyone should be able to speak, so I will impose from the first Back-Bench speech a time limit of five minutes. If hon. Members are sparing with interventions, everyone should have that amount of time. Very generously, the Scottish National party spokesman and the Labour spokesman have said that they do not need to take their full allocation. I know that the Minister will want to use any extra time at the end to answer points. I hope to start calling the Front Benchers at 3.34 pm, and then Mr Quin gets another three minutes at the end to sum up the debate.

2.45 pm

**Joan Ryan (Enfield North) (Lab):** It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Horsham (Jeremy Quin) on securing this timely debate. We are discussing Govia and the Thameslink, Southern and Great Northern franchise. I am sure that the hon. Gentleman's constituents will not be too surprised to learn that many of the problems they face on the Southern railway are shared by commuters using the Great Northern routes in Enfield. It is quite an indictment of Govia that across the franchise, in both the south-east and the north of London and beyond, the service is totally unacceptable.

The stations that Govia serves in Enfield, on the Hertford loop, are Crews Hill, Gordon Hill and Enfield Chase. According to the rail regulator, there were 180,000 entries and exits at Crews Hill last year. There were 1.3 million entries and exits at Gordon Hill and 1.4 million at Enfield Chase. Those stations experienced a 9% and 5% increase in usage respectively between 2013-14 and 2014-15. With such a significant rise in numbers in the course of one year, the need for a reliable service becomes ever more important, and indeed that is exactly what Govia told us we could expect and it would provide.

In 2014, when the Department for Transport awarded Govia the Thameslink, Southern and Great Northern franchise, David Brown, chief executive of the Go-Ahead Group, which is the lead partner behind the Govia venture, said that the

“bid for the franchise was focused on improving customers' experience”.

Well, if my mailbag and my own difficulties as I travel on the line day in, day out during the week are anything to go by, the performance is completely inadequate. I am almost wary of going on to the train platform. I do not know about the hon. Member for Horsham, but I could run an advice surgery on the train service while I am waiting for the train.

Trains run consistently late. On Monday 14 March, only half of Great Northern trains arrived at their destination at their scheduled time, with almost 20% arriving more than five minutes late. That is a little better than the experience of Southern, but by no means acceptable. Yesterday, four out of every 10 trains did not arrive when they were supposed to. Today, Enfield commuters had to travel into London by other forms of transport because of delays and train faults affecting services from Enfield Chase. They were not impressed by the lack of information provided by Govia. Sadly, that is typical of its distinct lack of customer service. Constituents have regularly reported trains running through stations and not stopping as scheduled, causing headaches for passengers who then have to travel further, and often via other means, to get home. And there are far too many instances of three-carriage trains being used, even in peak hours. Packing commuters into carriages with very little room to stand, let alone sit, is certainly not an example of the improved customer experience that they were promised.

I have also been approached by constituents who have raised concerns about Govia's consultation on ticket office closures, which will affect Gordon Hill and Enfield Chase as much as the commuters on Southern. The consultation was poorly advertised, with little publicity about the proposals at the stations concerned. The residents who contacted me about the matter found out about the consultation not from Govia, but from leaflets handed out by those campaigning against the measure. Govia needs to be absolutely clear with passengers about what its plans might mean. Will commuters still be able to arrange season ticket sales, railcards, photocards, advanced discount fares and refunds at a station without a ticket office? How many job losses in Enfield and elsewhere will result if ticket office closures go ahead as planned?

I understand that Network Rail is responsible for almost 60% of delays on Govia, but Govia is therefore responsible for four in 10 delayed trains. I would suggest that to serve the commuters in my constituency and elsewhere properly, and to give them the fair deal that they deserve, Govia Thameslink Railway really needs to get its act together as fast as possible.

2.50 pm

**Tim Loughton** (East Worthing and Shoreham) (Con): I pay tribute to my hon. Friend the Member for Horsham (Jeremy Quin) for securing the debate and agree with him that this really is déjà vu all over again. For all of us here, the issue is one of the single biggest annoyances in our constituencies at the moment. I get daily emails with progress or lack-of-progress reports from constituents, tweets and other social media. I have taken to having a "Trainwatch" section on my website, where I post, three times a day, the performance or lack-of-performance charts from Govia Thameslink Railway, which are usually a mass of red and yellow showing lateness.

On Monday, I visited the Three Bridges operation centre, so that I could see at first hand how it was dealing with all the problems. It is a very impressive facility where Network Rail works alongside Southern rail. I was taken around by the chief executive, Charles Houghton, and I am grateful to him for the time he took to show me around. However, it is very clear that GTR is still nowhere like on top of the problems.

We were shown charts that were not just red, but pink, which is when it is in complete meltdown. The very morning that I was there, the whole signalling structure was outed for some 10 minutes, causing absolute chaos.

I then travelled in the cab with the chief executive up to London Victoria. Again, it was good to see at first hand some of the challenges faced by GTR. Fortunately, the train arrived into Victoria only 10 minutes late. I recognise the problems and challenges of the infrastructure going back to the 1930s, and we heard all about that at the heated meeting with the management and the Minister back on 18 January. We recognise that the responsibility for the problems is something like a 60:40 split, with Network Rail responsible for 60%. However, on the day I visited, it was quite clear that there were problems that were Southern rail's own making.

I got an email just that morning from a constituent saying that they had just been told that the 7.31 am from Shoreham had been cancelled. At 7.35 am, they saw it shoot through Shoreham station. Later in the day, I found out that, in fact, the train had not been cancelled. There was a problem with the train crew at source. Southern had then chosen to shoot through some stations to try to make up that time, so, effectively, it had lied to consumers. It is no wonder that our constituents are getting cynical about the reasons for some of the delays. I said to GTR that it needs to be honest with passengers. Passengers will understand when major structural problems cause delays, but they need to be told the truth. If trains are to shoot through stations, passengers need to be given good warning of that and told exactly the reason why.

Some of the charts that I have posted on my website are quite appalling. One day, only 51 of 114 Gatwick Express trains actually arrived on time, and 30 were more than 30 minutes late or cancelled. Only two thirds of trains on the Brighton main line arrived on time that day. For people coming into Gatwick and getting on to the Gatwick Express, this is the "Welcome to Britain" sign, and that sort of inconvenience and hassle does not give a good impression of the services in this country.

I praise the social media that GTR is using to try to communicate more, but it needs to be much more transparent about the problems. The issue is having an impact on students in my constituency, who are arriving late at lessons as trains are overshooting their stops. Commuters are saying that they are going to move back to London.

In such a backdrop, the ticket office closures add insult to injury, with closures of the majority of 84 station ticket offices across the south-east. In Shoreham and Lancing, the ticket offices will close. At Worthing, it will be there for peak time only. The closures are supposedly based on a survey of ticket office usage. Nobody knows when that survey happened or how many people were involved. In fact, in Shoreham, the ticket office has been closed on many occasions because of staff illness. That information is not available for the three-week-only consultation that is closing this week. There will then be a week for Transport Focus to decide what recommendation to make but, in any case, it has no veto over GTR's intentions.

I have had lots of emails, and some 2,300 people have signed a petition in 10 days. Tomorrow evening, I will be holding a meeting with Southern rail. Southern rail managers are coming down to Shoreham where constituents

[*Tim Loughton*]

can see them at first hand and get the answers to why we have a shoddy service and why they have this ridiculous idea, in the interests of enhanced passenger experience, to do away with those station ticket offices and replace them with station hosts. Station hosts are there to tell people why the ticket machine is not working, and to deal with the trains coming into the station, and with maintenance and security. If people are lucky, hosts will have some time to advise them on how to buy their ticket.

Finally, there is the issue of the continued closure of the underpass at Shoreham station where, just last week, a 20-year old man was fatally hit by a train. We need to do more to be much more responsive to public need.

2.55 pm

**Kelvin Hopkins** (Luton North) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. It is also a pleasure to address the railways Minister, who I know is genuinely committed to our railways and is a railway enthusiast. With her in place, I hope we will solve some problems.

I congratulate the hon. Member for Horsham (Jeremy Quin) on securing the debate, but I should say something first about my entry in the Register of Members' Financial Interests. I am chair of the ASLEF group of MPs. ASLEF, as hon. Members know, is the union for train drivers. In their defence, in my experience, drivers are unflinching in their politeness and very helpful in keeping passengers informed when things go wrong. Things go wrong quite often, but that is not their fault.

I have travelled on the Luton to London line every day of my working life since 1969—some 47 years—so I have quite a bit of experience. Govia, despite having newer and longer trains available, is probably the worst operator during all my years of travelling. It does not appear to appreciate the number of staff it needs to operate a train service effectively, and I receive regular complaints from my constituents, especially those using Leagrave station in my constituency. The current customer satisfaction rating shows that fewer than three out of four passengers are satisfied with the service, and that is among the lowest of all the franchises.

Govia is currently proposing to close ticket offices, which is just the latest attempt to cut costs and drive up profits. In my view, a public service should reinvest surpluses and not simply distribute them to shareholders. I am grateful to one of my constituents for making some helpful comments on the changes proposed to Leagrave station. She said that the proposals are “clearly cost-cutting” and will be “detrimental to passenger service.” Some 947,000 passengers use Leagrave every year, which is slightly under 1 million, but there are not enough ticket machines for the current demand and there are no proposals to increase the number. Some are out of date and do not accept current credit or debit cards. Not all types of tickets are available and sometimes faults say that even some basic tickets are “not available.”

I detest machines and much prefer purchasing my ticket from a person. I am very fortunate that I use Luton station, which has a well-staffed booking office with some helpful and charming booking staff. I am not alone in buying my ticket every day—30% of people buy tickets from ticket offices every day and they should

be available to all. Not all passengers can use a machine because of disabilities or medical reasons. Govia has a legal duty to ensure equality of access, particularly for people with visual impairments, dyslexia or learning difficulties—I am chair of the all-party parliamentary group on dyslexia and other specific learning difficulties, so I am aware of those problems—and mental health difficulties.

When the ticket office is open at Leagrave, my constituent says that there are nearly always queues, presumably because people prefer not to use a machine, or because they have a query or their ticket is not available from the machines, and they get a better service from a person. I do not know the responsibilities of the hosts proposed by Govia but, presumably, they will also be staffing barriers and dealing with other issues for passengers, or even issuing penalties, which is time consuming in itself.

There are two entrances to Leagrave station so Leagrave will have two “hosts”. How does Govia intend to comply with health and safety requirements if only one person is on duty and not behind a glass screen? What passed for a waiting room at Leagrave, at one entrance only, was recently converted for barriers only, so I am not sure where the hosts are supposed to operate from. Shelter on the platforms is also minimal.

I use the internet infrequently, but my constituent tells me that the Govia Thameslink website is “totally inadequate” for obtaining accurate information or booking tickets reliably. I am told that not all types of ticket are available on the website and that railcard options are not integrated into ordinary purchases. Govia has not supplied sufficient information to enable people to respond meaningfully to the consultation. Govia says that

“some ticket offices issue less than 12 tickets per hour”,

but there is no way of comparing that figure with other stations or other times of the day. I have tabled an early-day motion on the subject and urge the Minister to review Govia's franchise with the view to taking it within her Department.

Finally, on punctuality, if I have to get to a meeting in Westminster on time, I go for an earlier train than normal just in case the train is late, as the trains so often are—not missing meetings, and indeed votes, at Westminster is important to Members of Parliament. There are other things that are not Govia's fault, one of which is sometimes the state of the track. Between St Pancras and the Elstree and Borehamwood tunnel, the track in some places is not good. Almost every day one hears the stops being hit as we go over rough bits of track. Network Rail has something to answer for, too.

3.1 pm

**Nick Herbert** (Arundel and South Downs) (Con): I congratulate my hon. Friend the Member for Horsham (Jeremy Quin) on securing this debate. I agree with every word he said. The performance of the franchise simply is not good enough. It is a matter of deep regret and enormous frustration that Members have had to come back to this Chamber again to raise concerns about its performance. The figures speak for themselves. In 2011, 78% of Southern passengers were satisfied with train punctuality and reliability. In spring 2015 the figure had fallen to just over half, 56%, and in the autumn it had risen to 65%—fewer than two thirds of passengers were satisfied. Last year, Southern was effectively voted by passengers the worst franchise in the country.

That is unacceptable when, one year ago, thanks to the Minister's sterling efforts, the industry gathered together and agreed a performance improvement plan for the franchise that, as my hon. Friend the Member for Horsham said, set a benchmark for performance that was already far lower than that in the rest of the industry. What do we see one year later? In the past three months, the franchise has consistently fallen below the standard set by its own benchmark, which was already low. That is simply not acceptable. Indeed, in the original performance improvement plan, the industry said:

"You will notice real improvements from now onwards in the punctuality and reliability of our trains."

That promise has been broken. It will evince nothing more than a hollow laugh from passengers, who are absolutely fed up. Day after day we hear the franchise's excuses on its trains, including a shortage of rolling stock. What happened to the rolling stock? How can a train be missed? Why are there inadequate amounts of rolling stock? Another excuse is that drivers are not available. That is not necessarily because, as has been pointed out to me, drivers are failing to turn up, but simply because an inadequate number of drivers are employed by the company. An airline would not run things like that, so why should we accept it from the rail industry?

Where is the accountability for this lamentable performance? Who is being held accountable, and how, for the complete failure to deliver by the franchise's own standards and the promises that it made? The franchise said a year ago that it would deliver improvements, and those improvements have not been delivered. What penalty will be exacted against it? Have senior managers been held accountable in any way? Have they had their pay frozen or their salaries cut? I hope there have been no performance-related bonuses. There could not possibly have been because the performance has been so bad. Perhaps there should be performance-related penalties. Where is there accountability in the system that will drive better performance? The public are fairly asking those questions.

When the franchise was first awarded in May 2014—I am sorry to have to remind the Minister of this—the Department for Transport's press notice said:

"Demanding contractual obligations on the operator will deliver cleaner and more spacious trains and improve passenger satisfaction. Tough new benchmarks for performance, train and station cleanliness and customer service information have also been agreed."

The impression that was created was that the service would get better; it has got worse. Where is the accountability? How will this service be held to account?

None of us has any complaint about how the Minister has approached the issue—far from it. She has arraigned the companies concerned in front of Members and required the companies to meet us to account for themselves. She drove the introduction of the performance improvement plan, and she has done her level best to insist on greater performance, but we cannot find ourselves arriving in this Chamber in one year's time having experienced the same level of delays and lack of passenger satisfaction as we have now. The service simply must improve. If it will not improve rapidly, we have to consider more radical action to address the problem. The lack of performance is undermining faith in the entire policy of engaging the private sector to deliver public services. In that respect, it is very damaging to the Government and

to the reputation of the whole industry. It is simply not good enough, it must improve and there must be accountability on the part of the franchisee to deliver better performance.

3.6 pm

**Crispin Blunt (Reigate) (Con):** I congratulate my hon. Friend the Member for Horsham (Jeremy Quin) on securing this debate. There is almost nothing in what has been said with which I do not wholeheartedly agree.

Listening to my right hon. Friend the Member for Arundel and South Downs (Nick Herbert), I recognise the trap that the Minister is in. In one of the meetings that she arranged for us to be briefed by her director of franchising, it was made perfectly clear that the option exists to remove the franchise from Govia, but colleagues will recall his extremely strong advice that placing the management of this railway back in the hands of the Department for Transport and the public sector is almost certainly against the interests of our constituents. There are limitations on the levers available to the Minister to improve the performance of both Govia and Network Rail. Of course, in the terms of the franchise, she inherited the fare income and is paying a management fee to Govia for running the service, which I hope is an area in which her imagination and energy can begin to address the fundamental issue of unfairness for our constituents. They are getting a rotten service, and they are being inadequately served and inadequately advised about the service they are getting. As my right hon. Friend said, who is accountable? We have to work hard to try to address the issue of perceived unfairness.

The Minister knows that I feel that particularly strongly because the part of the network that I represent catches the full trains and the highest fares per mile into London—being just outside the London area, my constituents pay £1,000 a year more than for the equivalent ticket just inside zone 6. That is why I am particularly attracted to the suggestion that my hon. Friends the Members for Horsham and for Tonbridge and Malling (Tom Tugendhat) made about electronic ticketing. I strongly invite the Minister to go beyond her commitment to reducing the delay repayment threshold from 30 to 15 minutes and to use her energy and imagination to get tucked into electronic ticketing. I do not see why, in this day and age, we cannot hold out to our constituents a fair system that automatically adjusts for services that do not happen, for services that are late and for the number of services that people take, and that reflects their experience on the trains. Even simply the prospect of introducing such a system would begin to win back the trust of those who use the service, as they would know there will at least be fairness at the end of the line.

I note the remarks of Transport Focus in its latest letter to me on 28 January 2016:

"We are calling for the industry to restore trust, especially among commuters, with credible promises, backed by sustained, improved performance....A fare reduction for badly affected passengers would also help."

That is within my hon. Friend's gift to a degree, although I recognise the financial pressure that the Department remains under, as does the rest of the Government.

On Gatwick, I want to reinforce a point made by my hon. Friends about the ticket offices. This has been raised with me by constituents using Merstham and

[*Crispin Blunt*]

Reigate stations. I agree with my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton), who said that if people have to stand out the front and explain why the machine is not working, that will not help much either.

Finally, if anyone thinks for a moment that this is an appropriate line on which to support Gatwick with a second runway, they need their head examining. On Gatwick's own numbers, there will be a 69% growth in predicted traffic if we go from one to two runways in 2040, which will actually mean a massive increase in the use of the railway for Gatwick passengers. It is totally unsustainable as an option, and I hope the rail Minister will make the position very clear in the assessment of the options.

3.11 pm

**Henry Smith** (Crawley) (Con): It is always a pleasure to serve under your chairmanship, Mr Hollobone. I am in complete agreement with all the hon. and right hon. Friends and Members who have spoken so far.

I want to start by mentioning some positives. In the previous Parliament, I was very grateful when Three Bridges station received £26 million in upgrade funding. I am proud of the fact that the new Southern area control centre, a state-of-the-art facility, is based at Three Bridges rail yard. In this Parliament, I have been grateful for the fact that the new Thameslink train care facility is located also at Three Bridges rail yard. It was good to see the Transport Secretary there last year for its opening. It is a very impressive facility indeed and will go a long way to helping to service the longer and more state-of-the-art Thameslink trains that are coming along, we hope, later this year and I am sure will improve the customer experience.

As smart ticketing has been mentioned, I want to welcome the extension of the Oyster zone to Gatwick airport. Like my hon. Friends the Members for Tonbridge and Malling (Tom Tugendhat), for Horsham (Jeremy Quin) and for Reigate (Crispin Blunt), I would like to see smart metering throughout the network. It is a much more efficient way of running services and also an aid in terms of refunds. The issue of refunds, as hon. and right hon. Friends have mentioned, needs to be better addressed.

However, I also recognise what the hon. Member for Luton North (Kelvin Hopkins) said about the importance of there still being a human presence at ticket offices. It is extremely important. He is a very distinguished chair of the all-party group on dyslexia, and what he said about disability access was absolutely right as well. My constituents have been telling me about what they believe is the folly of ticket office closures. Of course we can have a more efficient system, and there will be some stations where ticket offices, perhaps with new technology, are a thing of the past, but at the moment it is not appropriate to go forward with such a programme.

A lot of investment has benefited my constituency in recent years, but the experience, as the hon. Member for Luton North said, has been unacceptable. I commute daily to Westminster. Like the hon. Gentleman, I have now allowed myself an extra hour to get into this place, which is ridiculous. I should be able to rely on the train

timetable with a degree of certainty. When I stand, all too often at peak times, with my fellow commuter constituents from Three Bridges, the level of service and the slowness of the services is simply not acceptable. Little things might seem quite minor, such as a train coming in from Brighton on the way into London and the announcement on the train or at the station that the train is going in the opposite direction, which occurs too often. The vast majority of people who get on that train every morning know that yet again a mistake has been made, but for a visitor to this country coming into Gatwick airport, for example, that could be a major problem. Also, it does huge reputational damage to the railways. People can be seen rolling their eyes and saying, "They've messed up again." Indeed they have. Such a poor level of service really cannot be tolerated.

I congratulate my hon. Friend the Member for Horsham on securing this debate. I very much hope that it will be another effort that will encourage better service delivery as we go forward. I add my voice in thanking the rail Minister for all the effort she has put in over recent months.

3.16 pm

**Dr Matthew Offord** (Hendon) (Con): It is a pleasure to speak under your chairmanship, Mr Hollobone. I, too, congratulate my hon. Friend the Member for Horsham (Jeremy Quin) on securing this debate.

It is disappointing that we are having this debate, because the Government have a proud record on investment in rail services, particularly in Thameslink. In the previous Parliament, a £6.5 billion investment programme was secured. This was welcomed by many of my constituents who use the line, alighting at Mill Hill Broadway and Hendon. As part of the programme, the station at Farringdon has been rebuilt, a new station has been constructed at Blackfriars bridge and redevelopment is currently taking place at London Bridge, so the benefits for passengers from my constituency are set to continue. The Thameslink line will have its own dedicated track from Bedford to Brighton, which will ensure that trains are not delayed at London Bridge. It will allow for more trains, and new, longer rolling stock will create much needed extra capacity.

Within my constituency, there is a new ticket office at Mill Hill Broadway station. I successfully sought the abolition of cash machine charges at the station, saving passengers £1.80 per transaction. That was welcomed by my constituents, and I was very pleased to have been able to contribute as the local MP. However, I want further improvements at Mill Hill Broadway, including a lift installed, so that the elderly and disabled, people with suitcases, and parents with children and buggies will be able to access the station more easily. That project is progressing through a consortium of stakeholders, and I hope to be able to inform my constituents of further progress soon.

However, it is the Thameslink line itself—both the train operating company and Network Rail—that gives my constituents most cause for concern. Like other Members, I receive emails from constituents pretty much on a daily basis outlining their experiences. I received one yesterday from a constituent who said:

"The line has further deteriorated in the last 6-9 months. The reliability issues with rolling stock, signals, rails has been further exacerbated by shortages of driver/crews."

However, what is really damaging customer satisfaction is the apparent unwillingness of GTR to do anything to alleviate the pain and suffering of my constituents.

GTR continues to put four-car trains on the slow part of the line in rush hours. When there is a service interruption, it refuses to stop the fast trains at intervening stations, such as Mill Hill Broadway, which is equipped for 12-car trains. This is an experience echoed by other Members. The fast trains pass through, often half full, and passengers can be expected to wait up to an hour before a slow train is provided. This is totally unacceptable on what is a metro service where people have to get to and from work in central London. Half-empty trains not stopping at overcrowded stations in the event of a service breakdown is, at best, frustrating and annoying. I have asked Govia if it can exert more flexibility in such circumstances and, although I accept that the train company and Network Rail have to bear in mind the knock-on effect on other service timetables, I share my constituents' belief that Govia demonstrates an unwillingness to vary its operating procedures in the interests of customer services.

I understand that the other morning a 12-car fast train was stopped at a signal in Mill Hill Broadway station, but the driver would not open the doors, even though his train was half full and there were hundreds of people waiting for a train standing on the station. I believe that GTR's customer service statistics, low as they are, are about to get a whole lot worse as passenger feelings rise at its apparent contempt for people who have to travel on the line.

One of my constituents commented that the "train arrived on time (no problem on the line) and was so full between 5-10 people per door couldn't get on. Overcrowded doesn't begin to describe it. Running 4 or 5 (all stations) trains per hour at rush hour is hopeless. I tried to board but just couldn't squeeze on."

Another said:

"In the carriages seats seem designed for children—facing seats are intimately close. The passageway is not wide enough for a passenger leaving to squeeze past a standing passenger without squashing them."

Yet another said:

"In the evenings—when operating on schedule—there are 3 or 4 all stations trains per hour and some are only 4 (not 8) carriages. Another wait and squeeze."

I have received many such emails, and it is frankly embarrassing, when we have the new franchise and new opportunities for rolling stock are coming forward, that we appear to be let down by the train operating company and, indeed, Network Rail. Network Rail is a cause of some of the problems, but that is not being effectively communicated to my constituents and others.

I concur with comments that have been made about ticket offices. Many of my residents who are elderly or who have problems getting access to the ticket machines would find the removal of ticket offices a great burden. I will conclude by mentioning that I am a former chairman of the all-party group on Thameslink, but had to resign when I was made a Parliamentary Private Secretary. I suggest that we resurrect the group with the Members here today.

3.21 pm

**Nusrat Ghani** (Wealden) (Con): I congratulate my hon. Friend the Member for Horsham (Jeremy Quin) on securing the debate, and agree about being rather tired of seeing each other's faces in these circumstances—so sorry.

Despite all the recent talk and excuses, my constituents across Wealden, who commute on the misery line previously known as the Uckfield line, still have to put up with delays, timetable changes, short-formed trains, extended engineering works, overcrowding, unsatisfactory compensation processes, nonsensical bus replacements, poor communication and—the latest nail in the coffin—potential ticket office closures. I want to take this opportunity to ask my right hon. and hon. Friends to join me in writing to the Transport Committee. I first wrote to the Committee in July asking for an inquiry into the performance of Southern. I wrote again six months later, in January, asking it to consider an inquiry again, because of the constant and continued failure of the service. We need proper answers and accountability. I do not believe that GTR and Network Rail understand the impact of the disruption on individual passengers—but also on their families, jobs, and the rural economy in places such as Wealden.

**Chris Philp** (Croydon South) (Con): I completely agree with my hon. Friend and will certainly sign her letter. The service is shocking. Does she agree that if it does not improve within a reasonable time, we should look at the franchise itself?

**Nusrat Ghani**: I wholeheartedly agree. I want to describe the events on the network in an average week, which Southern itself later admitted in an email was "particularly disruptive for passengers"—for which I read "failing to deliver a service". Southern cited

"a series of incidents affecting the service each day."

For that, I read "complete and utter management failure". We had signalling failures at Norwood, Bognor and London Bridge, a power supply failure at Littlehaven, a major signalling failure at Purley, a train at Coulsdon with door problems, a Horsham-bound service with power issues, a broken-down train at Clapham Junction and, once again, crew shortages. All of that has a knock-on effect on the Uckfield line. Southern has failed on its own baseline public performance measure. I would like to know how the management is being held to account and what the penalties are.

Last year, Southern decided to publish a fantasy timetable—a bit like a fantasy football team, I believe, because it had no bearing on the experiences of the passengers on the line. On 5 January, a rail replacement bus service missed a connection at Crowborough and the train that London commuters had to get instead terminated at Oxted. There were so many passengers waiting that people struggled to disembark from the terminated train because there was literally no room on the platform. Figures from the Office of Rail Regulation just last week showed that the number of stops skipped by Govia has increased to 6,732 and that as many as 200 people are regularly turfed out at Crowborough so that the train going up to London can be on time.

The situation is not just dire; it is unsafe. My constituent Alistair, from Crowborough, wrote last week that

"if a serious incident took place, it would be physically impossible to move to a neighbouring carriage, such is the level of overcrowding in Standard Class."

We all get regular correspondence on the issue, and the local radio station for Uckfield has a more or less regular slot on constituents' frustrations with travelling on the Uckfield line. I had to share with my constituents,

[*Nusrat Ghani*]

after a recent summit meeting with GTR executives, the appalling news that the horizon for improvements was to be pushed back again by six months, to 18 months. Wealden would like to know when this journey from hell will end, and I hope that hon. and right hon. Members will join me in calling on the Transport Committee to enter the fray.

**Mr Philip Hollobone (in the Chair):** Last, but certainly not least, I call Huw Merriman.

3.25 pm

**Huw Merriman (Bexhill and Battle) (Con):** Thank you, Mr Hollobone; you are very kind. It is a pleasure to serve under your chairmanship. I congratulate my hon. Friend the Member for Horsham (Jeremy Quin) on securing the debate and opening it with such gusto. I also thank my right hon. Friend the Member for Arundel and South Downs (Nick Herbert) for alerting his Sussex colleagues to the opportunity to attend the debate this afternoon.

I feel that I have earned a testimonial for this subject, having used Southern services to commute from my home in east Sussex to London for the past 10 years. As a member of the Transport Committee, I have a passion for the rail industry and regard it as one of the great success stories of recent years. Since 1997 passenger numbers have doubled and we now have the fastest growing network in Europe. I welcome the Government's commitment, with £39 billion of capital investment, to making the railways even better.

The Southern and Govia franchise is undoubtedly an immense operation. As we were told last year, 175,000 people travel on it every day. As many passengers go through Southern's stations as go through Heathrow. London Bridge station is the subject of immense development, and the track is being untangled and lines extended, while trains still run above the building site. Track work south of Croydon has not had any investment since the 1930s. The challenge is simultaneously to upgrade our ageing infrastructure and to allow passengers to continue to travel. That challenge has not been successfully met at all times and commuters have faced considerable disruption as a result.

I have shared the frustration and anger that my constituents feel when they are unable to get to see their child's play at school or get to pick-up on time, and when they are forced to stand uncomfortably in cramped conditions for long periods. In saying that there is an urgent need for performance to improve on Southern's lines, I am not saying anything that has not already been said by Network Rail, Southern or the rail Minister, who has been a constant champion for my constituents, and without whom things would be much worse.

I have some specific asks for my constituents. Rightly there has been much focus on the London commuter lines, but I also have a coastal line, which runs from Brighton through to Ashford using diesel trains. It is vital as it connects Bexhill to London Victoria. The public performance measure on this line is currently a poor 65%. Even when services are running to time, it currently takes approximately two hours to make that journey. A similar distance, from London to Milton Keynes, can be travelled in just over 30 minutes. My constituency

neighbour, my right hon. Friend the Member for Hastings and Rye (Amber Rudd)—the Secretary of State for Energy and Climate Change—and I are campaigning to extend High Speed 1 from Ashford down to Hastings and Bexhill. That would reduce the Bexhill to London journey time to 78 minutes and unlock the economic growth that we need locally if we are to become self-reliant with respect to business rates.

We very much hope that Network Rail will build on the Government's commitment to deliver that line and include electrification in the next control period. Until such time, we are looking for Southern to take advantage of new technology to expand the carriages from the present two-car train. We understand that there is a lack of diesel rolling stock, but we also believe that there is now technology that allows mobile batteries to be put under trains, which would allow some excess electric stock to be added to the diesel stock until proper electrification occurs. Passengers are suffering from over-cramped conditions, so rather than taking what should be a scenic route along the coast to get to work or school, or to enjoy recreation, they are using their cars instead. All that this new technology needs is a delivery order. We hope that Southern and the Department for Transport will work together to permit an order to be made.

My second ask is to get better transparency to show how much of the money generated by Southern goes back into its rail network. This franchise is required to pay all its fares to the Department for Transport. With passenger growth being such a success and with 23% of all UK rail traffic operating on this franchise, the receipts have been coming in. In England, the Government subsidy on rail is £1.88 per passenger journey; in Wales it is £9.18. As it is our constituents who suffer the consequences of overcrowding that rail growth has delivered, it would be more tolerable for them to know how much their lines will receive in order to deliver a more comfortable and reliable journey.

My final ask is for an update on the continuous liaison that Network Rail and Southern undertake to avoid or mitigate infrastructure failure.

**Crispin Blunt:** On my hon. Friend's point about subsidy, my understanding is that this particular line is a negative subsidy area, meaning that it subsidises other passengers in England. The figure that he should be quoting is a negative one, which obviously adds to the frustration and unfairness that all our constituents feel.

**Huw Merriman:** I thank my hon. Friend for that intervention. The figure I gave was for England as a whole, but his intervention encapsulates the point that our constituents have felt the pain caused by rail growth and it would be good to see them get the upside from future investment. It is also important that our constituents can see these data, so that they can believe that better times are around the corner.

The rail Minister has championed the cause that I have just outlined, and I am grateful for the manner in which she has sought to bring these organisations together. However, the recent ice on the lines issue appeared to suggest a breakdown of communication between Network Rail and our rail operators on 12 February. It would be helpful for Network Rail to deliver a post-mortem for that day to show that lessons have been learned to reduce the impact of major one-off incidents.



In conclusion, I recognise the challenges that Southern faces. Some of them are a result of the huge Government investment in engineering and station redevelopment work. However, the constituents in Sussex must receive the better travelling environment that their forbearance deserves.

**Mr Philip Hollobone (in the Chair):** All nine Back-Bench speeches were within the five-minute time limit, which is an example that any good train operator would want to follow.

3.31 pm

**Stewart Malcolm McDonald (Glasgow South) (SNP):** It is a pleasure to serve under your chairmanship, Mr Hollobone.

Right hon. and hon. Members will be correct in thinking that nobody has contacted me about this issue. *[Laughter.]* Actually, that is not true. The only people who have contacted me about it are in this room, and they did so because I am a member of the Transport Committee.

When I was asked to sum up for the Scottish National party on this issue, aside from thinking, “Be still this beating heart”, I had a look through our party’s conference minutes over decades and decades, and I could find no policy on the performance of Govia Thameslink, so I will not take up too much time today.

My predecessor as the Member for Glasgow South, Tom Harris, who is a former rail Minister and a transport enthusiast, once told me that the current rail Minister has the best job in Government. However, having listened to all these complaints about this service today, I am yet to be convinced that that is the case.

I invite all Members who have taken part in this debate to come to my constituency to see the fantastic Cathcart circle, which is much loved, not only by Mr Harris but by another of my predecessors, Sir Teddy Taylor, who I understand opened Cathcart station when it was refurbished.

The final thing I will do today is congratulate the hon. Member for Horsham (Jeremy Quin) on raising this issue. I have heard much about the problems with this line since I became a Member of Parliament. He has championed his constituents’ interests, as indeed have all Members who have spoken today.

I will end by doing something I never thought I would do, which is thanking Tony Blair for the fact that the railways are devolved in Scotland.

3.33 pm

**Andy McDonald (Middlesbrough) (Lab):** It is indeed an honour to serve under your chairmanship, Mr Hollobone. I, too, congratulate the hon. Member for Horsham (Jeremy Quin) on securing this important debate, and I also congratulate hon. Members from all parties on articulating their case so well. This railway line has been described as the “misery line” and “the line from hell”, and given hon. Members’ accounts of it one can readily understand why.

The question of railway performance and effective working relationships between railway operators and Network Rail is very much the order of the day. Indeed, this very day we will digest the long-awaited Shaw report

into the future of Network Rail. I must confess that my journeys into London from 250 miles away sound a lot more efficient and comfortable than the journeys endured by hon. Members from all parties in the House. It has been said that what Network Rail needs are the right people with the right plan. Hopefully they will start to emerge, but then it is about the delivery of what passengers want, as opposed to ripping things up and starting again. We await the recommendations of the Shaw report with great interest.

Today, however, we are dealing with the current very sorry state of affairs on the biggest franchise that has ever been let, which is the combined Thameslink, Southern and Great Northern, or TSGN, franchise. It covers an enormous territory, centring as it does on our ever-growing capital city, and ranging from King’s Lynn in the far north-east—it is all relative, if that is the “far north-east” for this franchise—to Milton Keynes in the north-west, to Southampton and Portsmouth in the south-west, through to Horsham and to Hastings and Maidstone in the south-east. It takes in the connections to Gatwick airport and, ultimately, converges on central London and some of our very busiest mainline stations, including London Bridge, which has been the focus of such significant complaints in recent times.

I will get straight to it and say that this was undoubtedly an ambitious franchise when it was let in 2014. Although I do not wish to diminish by one jot the considerable concerns that Members have, a very significant amount of disruption was always going to be involved with such a major project. One of the major concerns that have arisen—I hope that the Minister will address it—is the extent to which there has been sufficient honesty with the travelling public about the correctly predicted diminution in the standards of service for the duration of the works, and whether that assessment has been made and properly communicated to passengers. We have heard of people being, on the face of it, deliberately misled.

There has to be a degree of accuracy and honesty about what is achievable. Failing to highlight adequately the difficulties that such major undertakings present, and not communicating all of that to the travelling public, serves only to increase dissatisfaction and dash high hopes and expectations. In addition, given the performance issues that have arisen since the franchise was let, questions arise about whether those performance issues ought to have been better identified before the start of the franchise. I therefore ask the Minister to set out what measures are being taken to address those matters and to say what lessons can be learned, especially in the context of the equally ambitious plans for Waterloo station and Euston, which are a consequence of our decision to proceed with High Speed 2. In short, we do not want to see a repeat of the difficulties encountered at London Bridge at other major rail hubs.

I say the franchise was rightly ambitious, because at its heart was a major infrastructure scheme to vastly improve capacity and performance. To that end, London Bridge is undergoing a major reconstruction and transformation, and I believe that work is expected to be completed by 2018. Among many other things, those works will facilitate 12-car Thameslink trains and a new station concourse to improve passenger circulation, which is currently very badly disrupted.

The network is characterised by increased passenger numbers and overcrowding, and significant safety concerns have been outlined, which should alarm us all.

[*Andy McDonald*]

However, the outfall in addressing these issues cannot be underestimated. TSGN's ability to get trains running to timetable is not good. The percentage of franchise trains arriving at their destination on time stands at 81.7%, compared with the industry average of 89.3%. While that is an improvement from 76% and 79% in the previous two years, it still means that nearly one in every five trains do not arrive on time. Judging from the accounts of hon. Members today, it sounds as if those late trains can be clustered together in much higher ratios.

The "right time performance measure" measures arrival time against trains arriving early or within 59 seconds of schedule. Network Rail says that it is not an entirely reliable measure, but in any event it currently tells the sorry story of a compliance rate of only 52.6%, against the industry average of 64.8%. That means that nearly half of TSGN trains do not arrive within 59 seconds of schedule. Given the experiences that have been outlined today, that proportion of late trains may be significantly more than 59 seconds out of its schedule. Similarly, the record on cancellations and significant lateness is 5.3%, against an industry average of 3%. That is a poor reflection, and that feeds through into customer satisfaction.

It is perhaps no surprise that the common factor in the low passenger satisfaction rates in the three bottom-ranked operators—Thameslink, Southern and Southeastern—is the shared line into London Bridge. It seems that passenger flows in and around London Bridge station may not have been correctly predicted. Does the Minister agree with that observation? Can any lessons be learned on the modelling of such matters? Will she comment on the specific measures that might be taken to improve the flow of passengers, given the establishment of the rail reparation fund for TSGN passengers? That was set up in December 2015 and is worth £4.1 million.

In August 2015 serious weaknesses were found by the regulator in the data used to settle new timetables. Network Rail was found to have overestimated the impact of those timetable changes on performance. It seems that there has been insufficient communication between Network Rail and the operators to accurately identify just what impact the new timetables would have. Will the Minister consider whether and how that process might have been better managed and look into additional mitigating measures that could be taken to ameliorate the adverse impacts? There have been issues surrounding the numbers of train drivers, and we have heard that it is not simply that people are failing to turn up—insufficient numbers have been recruited. There is an issue about platform availability during the major works. Will she comment on that?

Efforts are being made to address to some degree the concerns expressed this afternoon, but I look forward to securing some assurances from the Minister that steps will be taken as a matter of urgency to improve the passenger experience in the franchise ahead of what will, I hope, be an entirely happier story come the completion of the works and the introduction of new services in 2018.

A point was made about the sanctions that might be applied to the operator if it fails to abide by the terms of the franchise. Will the Minister give some assurance that, notwithstanding the change to the structure of

Directly Operated Railways, the Department for Transport retains the capability to step in through that office in the event of chronic failure?

**Kelvin Hopkins:** Of course, when the east coast main line was returned to the public sector for five years, it made a surplus of something like £1 billion for the Treasury, and during that time it ran a very good service.

**Andy McDonald:** My hon. Friend makes a good point. While that was an excellent turnaround from a pretty dire situation, if this particular franchise is, as Members have outlined, so poor that it demands intervention, my concern is that we should still retain the capacity to do that. Given the recent changes to the DOR—it is no longer in the same form—I am concerned that it would not assist at all. Will the Minister address that point?

Will the Minister also address the pertinent issue of electronic ticketing? Members have correctly identified and highlighted the benefits that could be secured from an intelligent roll-out of electronic ticketing. Those benefits relate to access not only to fair fares, but to refunds. I understand that although several tens of millions of pounds was spent trying to progress that agenda, it has come to a shuddering halt and has simply been handed over to the operators.

**The Parliamentary Under-Secretary of State for Transport (Claire Perry)** *indicated dissent.*

**Andy McDonald:** The Minister disagrees. I am enquiring, so perhaps she can enlighten and correct me. A number of Members have clearly made that reasonable demand on electronic ticketing, and it seems eminently sensible. We want to know what happened to that investment and how it will be progressed.

Finally, I was heartened to hear many Members from across the territory express, on behalf of their constituents, the need for proper staffing levels to be maintained in our railway stations. Many people spoke about difficulties in accessing ticket machines and computer systems. Often that was beyond their capabilities, whether because of information technology illiteracy, learning difficulties or other issues. That strong message came from Members' contributions today. Will the Minister comment on how we can secure those reassurances that all members of the travelling public need? They need to see that human interface, and sadly it is clearly lacking in the operation of the franchise.

**Mr Philip Hollobone (in the Chair):** If the Minister is kind enough to conclude her remarks no later than 3.57, that will allow Mr Quin three minutes to sum up before I put the motion to the House.

3.45 pm

**The Parliamentary Under-Secretary of State for Transport (Claire Perry):** It is a pleasure to serve under your chairmanship, Mr Hollobone. You are always a fount of rail-related humour. I join in congratulating my hon. Friend the Member for Horsham (Jeremy Quin) on securing a very important debate, which we must not shy away from continuing. Members have been very kind about what my Department and I are doing, but we are simply reflecting the concerns of Members and the constituents they serve. It is imperative that we sort

the issue out. As the hon. Member for Middlesbrough (Andy McDonald) said, with many more investment projects to happen, we have to learn lessons and ensure that this level of disruption does not happen again.

There was very little that I disagree with in what was said today. We know that performance on this part of the network in the franchise—it carries almost a quarter of all rail passengers every day—is simply not good enough, whether in punctuality, reliability, customer satisfaction or the way people feel they are being treated. A lot of points have been raised today, and I will try to address as many as possible in my closing remarks, but if I do not get to everyone's, please be assured that I have instructed my officials to take notes and to write specifically in response. It is important, on Budget day no less, to have so many hon. and right hon. Members prepared to come to Westminster Hall to make passionate and compelling cases. We need to keep working collectively on this issue.

I will step through the three root causes of problems on the lines, which I think Members know, and then I will talk a little about what is changing and where more needs to be done. The first root cause—my hon. Friend the Member for Hendon (Dr Offord) made the point compellingly—is that there is a very big improvement project going on with Thameslink and what that entails and the London Bridge reconstruction. It is not just London Bridge, though; Blackfriars is a beautiful station and a wonderful addition to our landscape, and it opened almost without fanfare. We will be unpicking the north-south lines through London and under the Thames so that the constituents of my hon. Friend the Member for Horsham will be able to take a direct train straight through to Peterborough or points in between and access other train journeys. Moreover, they will be able to do so on a brand new fleet of trains, which will start to roll out in the next few months.

I was delighted to welcome the first of the new fleet of Gatwick Express trains. They are purpose-built for people travelling to and from the airport. The first is in operation, and the others will be up and running by the summer. That is tangible evidence of improvement. It is a big package of untangling lines that have not been touched properly in many years, putting in new stations, driving new train paths and providing customers with a much better travelling environment. That is a prize worth having. When London Bridge is open, all the platforms are returned to full capacity and we have many more trains with the ability to take many more passengers, some of the immediate issues will undoubtedly be solved.

**Tim Loughton:** The Minister mentioned Gatwick Express. I saw the brand new trains, which are fitted with wi-fi. I gather that she is in negotiations with Govia Thameslink Railway about upgrading existing rolling stock with wi-fi so that at least our commuting constituents stuck on trains going nowhere can get on with some work while they are delayed. Will she ensure that that happens as a matter of urgency?

**Claire Perry:** I am happy to confirm again that I have committed to roll out free wi-fi in all classes of train travel across England by 2018. Trains coming on to the franchises will be fitted with wi-fi as a matter of course, and trains that are already running will be retrofitted.

I hope constituents who are not stuck on trains for longer than their train times will also be able to do some productive work. Wi-fi is an important addition to the landscape.

We always knew it would be tough with London Bridge and Thameslink. Despite what some might say is long-term disruption on the line and fare changes, we have seen incredible amounts of growth on the railway. In fact, travel from Horsham, for example, is up 40% in the past 10 years, so more and more people are getting on trains right across the country. Frankly, successive Governments have neglected to invest in infrastructure. We have all ducked our collective responsibility to invest in trains to get people moving effectively and efficiently around the country. It is vital that we keep the investment programmes growing, because we are now seeing some of the problems associated with passenger growth on lines that have not been invested in.

Underlying all that is a problem that is a little more sinister: even when Thameslink is running—when all the trains are rolling, the system looks great and the stations are open—we still have persistent, daily failures of the infrastructure the trains are running over. Our constituents do not care whose fault it is, and nor should they—that is my job, or at least my Department's—but around 60% of delays are the result of infrastructure failures such as points failing, signals failing or other things going wrong. That is intolerable. Not only is it intolerable on a daily basis, but the Thameslink programme, which will deliver 24 trains an hour through the centre of London, north to south, will not be able to operate unless those infrastructure problems are sorted out.

The focus for my Department has been working together with Network Rail and the operators, including Southeastern, but I am afraid there is no magic bullet. There is no one thing we can all do. It is about a relentless focus on the day-to-day details of running a railway; and ensuring that, in the morning, trains come out of the depot on time to the second, and that, if there is a problem, it is fixed in the minimum amount of time. People may ask, "Surely that's just railway 101—why hasn't it happened?" Of course, it has happened, but the problem is that, under both public and private ownership, the customers have not mattered enough.

Members might be surprised to hear that no measure of lost customer time has ever existed on our railways, other than briefly on the London underground. That is inexcusable. My hon. Friend the Member for Horsham made the valid point that it is the human cost of failure that is so hard, as well as the productivity loss of making millions of people late, day in, day out. We have a record programme of investment in transport infrastructure—it was added to in the Budget today, which I welcome—and it is being done to drive up the productivity of the country, but nobody has ever captured the productivity loss from not running the trains on time. Members will be pleased to hear that I am devoting considerable time to that. I want the volume of people being carried on that part of the railway to really count, so that when infrastructure programmes need to be sorted out, there is even more emphasis on sorting them out. We are absolutely committed to doing that collectively.

Many Members raised driver shortages, which is a historical problem for the franchise. It has been run on a shoestring, with the number of drivers about 6% or 7% below what was required. That sounds like a small

[*Claire Perry*]

difference, but, on a very busy railway, if one driver is not there to run one train, there is an infection of delay right across the network. On its current recruitment plans, which are the biggest in the country, GTR will reach the minimum level—the operational level—in August this year. We have asked it to go further than that by recruiting more so that there is resilience in the system, and it is on track to do that. That is vital.

Several Members made important points about ticketing offices and smart ticketing. A consultation on ticket office changes is going on. Nothing can happen without the Department's say-so. The future of travel in this country is not orange bits of paper but digital ticketing information being delivered to us through whatever device we choose. In some cases, that might be a bar code printed out on a piece of paper, although as the hon. Member for Luton North (Kelvin Hopkins) said, many customers like to buy a ticket from a person, or at least have some interaction.

We have already invested more than £30 million in the south-east flexible ticketing programme, and there are tens of millions of pounds of further commitment to come. That money has been invested to ensure that the franchises, of which GTR is the flagship, can implement the technology, have the back office and gate their stations so that the Key card—the smart card system—can work. If the Key card system were working, there might be an argument for getting people out from behind ticket office counters and on to the front lines, but I will commit today to having a deep-dive conversation with my officials and the franchise so that we can get to grips with where it is on the roll-out of the Key card and how that relates to ticket office closing hours. If we are going to do smart ticketing, let us do it right.

**Mr Chuka Umunna (Streatham) (Lab):** I congratulate the hon. Member for Horsham (Jeremy Quin) on securing this debate. The Minister is right that the Budget debate is ongoing; I want to take this opportunity to say that we in Streatham welcome the green light being given to Crossrail 2, but we want it to come to Streatham.

On ticket offices, it is totally and utterly unacceptable that the three stations in my constituency affected by the franchise will be losing more than 13 staff. It is all well and good telling people to go to the machine, but the problem is that the machines are not giving people the best prices that they are entitled to.

**Claire Perry:** To be clear to the hon. Gentleman, the proposal is to do what Transport for London has done very successfully: train us all to use a reliable alternative system and then take people out and put them on the gate lines to help us. That is 21st century travel and I support it, and I hope he does too. I am afraid he will have to join the queue for lobbying on Crossrail locations.

**Nick Herbert:** In the two minutes my hon. Friend the Minister has remaining, will she say how the franchise is going to be held to account for its failure to deliver the performance expected?

**Claire Perry:** I was just about to address some of the specific questions. The franchise has been fined more than £2 million for cancellations and the short formations

that it has put on the service. That money will be spent on passenger-facing benefits. I am very keen that the money that comes in—the hon. Member for Middlesbrough mentioned the £4.1 million of reparations—is spent to directly benefit customers on this line. Additional proposals on that will be forthcoming.

I was asked at what point we do something radically different. Do we take the franchise back? Do we change? The truth is that this is an exceptionally busy, very difficult franchise to run. In my view, nobody out there could do a better job than the current management team, but we have to ensure that there is a relentless focus on the customer. It is inexcusable that the wrong communications are given. It is inexcusable that delays happen or trains are going in the wrong direction. That is customer relationship management 101. We expect the private sector to deliver on that.

In closing, I will always happily welcome debates on this matter, because they strengthen the resolve of us all in getting to grips with some of the underlying problems of running a franchise in the busiest part of the country. Our debates are helping to inform wider changes throughout the industry, such as the relentless focus on customers. With this Government's record level of investment in transport, we will have to have these conversations in future, whether about Euston or Manchester's stations.

**Jeremy Quin** *rose*—

**Mr Philip Hollobone (in the Chair):** Order. If Mr Quin will allow me 30 seconds at the end, I will be able to put the motion to the House.

3.57 pm

**Jeremy Quin:** I welcome my hon. Friend the Minister's remarks about a relentless focus on the customer. As my hon. Friends the Members for Reigate (Crispin Blunt) and for Bexhill and Battle (Huw Merriman) teased out, the lines we are discussing subsidise the rest of the national network. It is right that there should be a relentless focus on customers throughout the network, but the service on this franchise is particularly galling. When I mentioned to one of my hon. Friends that I had secured this debate, he said it was good because it would enable him to let off some steam on the grounds that he had simply run out of adjectives to describe to his constituents the performance of the franchise.

I am grateful to the Minister for saying that she will not shy away from more debates on this matter, although it is our sincere hope that this will be the last debate we need on it. My right hon. Friend the Member for Arundel and South Downs (Nick Herbert) quoted the performance improvement plan of a year ago, which said:

“You will notice real improvements from now onwards”.

That is what we want to see, and I know that the Minister does too.

I recognise the huge increase in the number of passengers, and the huge increase in investment in the line to cope with it. We need that relentless focus on customers, and I welcome the fact that the Minister is looking into a measure of lost customer time and lost productivity. It is extraordinary that one has never existed. In my opening speech, I asked for Network Rail to be genuinely held to account for passengers' experience. I welcome

the fact that the Minister is clearly trying to achieve exactly that. I also welcome what she said about increasing driver numbers, but, as ever, as so many Members said, we want to see the outcomes, not the inputs, as she knows.

My hon. Friends the Members for Hendon (Dr Offord) and for Crawley (Henry Smith), along with the hon. Member for Luton North (Kelvin Hopkins), made eloquent points about ticket office closures, which I believe are wrong and hasty. The consultation process has been too short. I implore those responsible to think again.

I welcome what the Minister said about a deep dive with her officials on the subject of electronic ticketing, which was mentioned by my hon. Friends the Members for Reigate and for Tonbridge and Malling (Tom Tugendhat). We need to work out what can be taken from electronic ticketing. Above all, we must make certain that there is accountability on the service. That was the Minister's theme, and I am grateful to have heard it. I look forward to her continuing to pressure these companies in the months ahead.

*Motion lapsed (Standing Order No. 10(6)).*

## Three-tier Education

[SIR ROGER GALE *in the Chair*]

4 pm

**Nigel Huddleston** (Mid Worcestershire) (Con): I beg to move,

That this House has considered three-tier education.

It is a pleasure to serve under your chairmanship, Sir Roger. I would also like to express my gratitude to Mr Speaker for granting this debate.

I called for this debate because, since being elected last May, I have been contacted by many parents asking for my advice and guidance on the advantages and disadvantages of middle schools; by parents lobbying either for or against their local first school's attempt to change its age range; and by teachers and headteachers of middle schools concerned about the long-term viability of their own schools, especially if feeder first schools are adding years. There is a lot of confusion about the value and long-term viability of the three-tier system.

I hope to use this debate, first, to raise those issues and to seek the Minister's guidance on the Government's position on whether a two-tier or three-tier system is best for our children. Secondly, if an area or individual school wishes to move away from a three-tier to a two-tier system, I seek guidance on how that can best be achieved and to confirm what processes and consultations are considered best practice, based on the experience of transitions elsewhere in the country. I should clarify that by "three-tier system", I mean a system that contains first schools, middle schools and high schools, and by "two-tier system", I mean one that contains primary and secondary schools.

By way of background, middle schools in the United Kingdom have had something of a chequered history. Until 1964, education authorities were required to provide for just primary and secondary schools, with a transfer at the age of 11. The Education Act 1964 changed that and made provision for schools to allow for different ages of transfer, which led to the creation of middle schools. Although the Government did not specifically encourage the introduction of middle schools, they did not discourage them either. The schools appeared in a variety of forms, as suited each authority. By 1981, more than 1,800 middle schools were open in nearly 50 local education authorities, from Devon to Northumberland. The patchy way in which the schools developed led to the variety of provision that exists today.

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): I congratulate the hon. Gentleman on securing this debate. He is making an interesting speech. He mentioned 1964 and 1981. When I asked the House of Commons Library for background on this issue, it said that there is virtually nothing. Is he aware of the 1967 Plowden report? That was the one source that the Library found for me, and it is inconclusive. I congratulate him on clarifying this matter, as it is a mystery to us all.

**Nigel Huddleston**: I, too, reached out to the Library when researching for the debate. There is not a huge amount of information. The hon. Lady is right. One of the issues that we face is whether the three-tier or the two-tier system is better. The evidence is inconclusive, which is one of the reasons why I called for this debate.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): I am grateful to my hon. Friend for securing this important debate. He asked for examples. Purbeck in Dorset moved from a three-tier to a two-tier system 18 months to two years ago, and Broadstone in Poole is the one borough left in my constituency that still has middle schools. Elsewhere in Dorset, there are thriving middle schools. Indeed, pupils from Lockyer's Middle School are coming to Parliament this coming week. Would he, like me, welcome guidance from the Minister about the support that can be given to those middle schools, and on whether there is a preferred model?

**Nigel Huddleston:** I could not agree more. Some middle schools are thriving—there are raving fans of middle schools up and down the country—but their long-term viability is in question. There is also the issue of transfers into secondary schools. Again, I hope the Minister can provide guidance on that.

The confusion that I mentioned earlier led to the development of all sorts of middle schools with different age ranges. There are currently six different types of middle schools based on age range alone. During the past two decades, there has been a clear move away from middle schools towards a two-tier system, and the number of middle schools has fallen from more than 1,800 in 1981 to under 200 in recent years. Today, there are not 50 but 17 education authorities that have middle schools, including my county of Worcestershire. The first middle schools in Worcestershire opened in 1969, and there are still 20 in the county. That is the third highest number of middle schools of any local education authority in the country; only Northumberland and Central Bedfordshire have more. There are 14 local authority maintained middle schools and six middle school academies in Worcestershire, including five in my constituency.

There is also a two-tier system of Catholic primary and secondary schools, which serve Droitwich, Evesham and Pershore. I should declare that my own children attend a local Catholic state school—St Marys in Evesham, which is a great school. It is a primary, rather than a first school, which feeds into a secondary school, so I am familiar with this system. I went through a two-tier system in Lincolnshire and attended a local primary school before going on to the local comprehensive. Although I am personally a product of a two-tier state system—a system that served me well—I am not biased one way or the other. Academic and other reports extol the virtues of both the two-tier and three-tier systems.

Since moving to and representing Worcestershire, I have met many raving fans of both the two-tier and the three-tier systems, and many parents express great affection for the middle schools in my constituency. Many went to middle schools themselves and are enjoying their own children's experience at the very same schools. Many say that it was a more comfortable segue into secondary education, because it was less intimidating and more friendly than the otherwise potentially intimidating jump to a large secondary school with more than a thousand pupils. Most middle schools have just a few hundred pupils and benefit from nearly everyone—both pupils and teachers—knowing one another.

The National Middle Schools' Forum said:

“Middle Schools occupy the formative central ground in the education process. They are uniquely placed with their opportunities

for creative flexibility of organisation to meet the needs of pupils through a time of considerable and wide ranging intellectual, physical and emotional development.”

On results, it said:

“A distinctive and valuable feature of Middle Schools is that they span Key Stages Two and Three. This way of organising children's education is unique in that the assessments at the end of Key Stage Two and the work which follows them all take place within one school, rather than at the point of transfer.”

That is another valid point.

**Dr Huq:** In an adjournment debate in 2009, my hon. Friend the Member for Hartlepool (Mr Wright) stated that there is no clear link between a particular school organisational arrangement and educational attainment. It might be useful to note that in our quest to find the best model.

**Nigel Huddleston:** Again, I could not agree more. I seek additional guidance from the Minister. After all, one of the Department for Education's responsibilities is to give guidance on the best options for our children's educational outcomes. The academic and other research is confusing for Members of Parliament, including me and the hon. Lady, and also for parents.

I have talked about the advantages of middle schools, but some parents in my constituency told me that they are concerned that transferring schools during key stages can be disruptive. In particular, transferring as late as 13 to a high school leaves less time to make informed GCSE decisions. Other parents told me straightforwardly of the logistical challenges of having to drop their children of different ages off at two or three different schools that are often quite far apart. There are clearly many arguments for and against a three-tier system, and one's personal experience comes into play. I would appreciate it if the Minister can clarify the Government's current preference.

There is also discussion about transitions. The issue of whether a two or three-tier system is best has come up again recently in my constituency, specifically because of moves by some first schools to add a year 6. The first schools have perfectly rational reasons for wishing to expand and do that, but an inevitable, if unintended, consequence of such moves is to undermine the long-term viability of the middle schools, as their pupil head count will inevitably fall. I would therefore ask for the Minister's guidance on the Government's recommendations on how best to manage any transitional process. If the head count at the remaining middle schools falls, they may seek to convert to a secondary school, so I would also seek the Minister's guidance on how the Government will support such moves, both financially and otherwise.

In areas where some schools are maintained schools, controlled by the local authority, and others are more independent academies, that mix of statuses and processes can sometimes add to the confusion in the debate about adding years and converting. From talking to parliamentary colleagues, the consensus seems to be that an open debate, proper co-ordination between schools in and across pyramids, and good consultation, engaging parents and teachers from all impacted schools, are all key elements of any successful transition.

In Worcestershire, we are currently not having a full and open debate on the long-term viability of the two-tier system versus the three-tier system. Perhaps we

should be, because I fear that more and more piecemeal changes may lead to some middle schools closing without us having a proper debate about whether that was intended.

I am aware that the Government publish advice and guidance for schools that wish to expand or change their age ranges, and that a full business case is required for significant changes, such as changing the age range of a school by three years or more. I understand that the processes are slightly different for academies versus maintained schools, and that the guidance for maintained schools is currently being reviewed. I am very interested to hear from the Minister what changes may be made as a result of that review. Given the Government's announcement in today's Budget of the academisation of all schools, I also suspect that further guidance may well be forthcoming.

As part of the review, however, I would respectfully ask the Minister to consider the protocols on consultations carefully, particularly when an area contains a mix of both academy and grant-maintained schools. I am keen that the wishes of parents of children in schools both directly and indirectly impacted by any changes are considered. At the end of the day, the wishes of local parents should play the key role in deciding on significant changes.

**Michael Tomlinson:** My hon. Friend is right to say that the role of parents should be key. Would it not also be helpful to have some independent evidence—not just subjective, but objective evidence—on which is the best system? In my previous intervention, I mentioned two schools, but I must mention two others, or they will feel left out: St Michael's Middle School in Colehill and Allenbourn Middle School in Wimborne, both of which are excellent schools. One has been to visit Westminster and another, I know, wants to as well, but doubtless those parents would also want to see some objective, independent evidence on which is the preferred model.

**Nigel Huddleston:** I again thank my hon. Friend for that intervention. He has almost stolen my conclusion with the point he has made, which gave him an excellent opportunity to namedrop those schools.

At the end of the day, I wish to be very respectful to the views of people on both sides of this debate. My key ask of the Minister and the Government, however, is that they do everything they can to provide clear guidance and ensure that any unintended consequences during any transition—should a school or system decide to go from a three-tier to a two-tier system—are minimised. We all want to work together to ensure that all our children achieve the great education that they deserve and that parents could and should rightly expect.

4.13 pm

**The Minister for Schools (Mr Nick Gibb):** It is a pleasure to serve under your chairmanship again, Sir Roger. I congratulate my hon. Friend the Member for Mid Worcestershire (Nigel Huddleston) on securing this debate on an issue that is clearly of concern to a large number of his constituents. To answer his question straight away, the Department and Ministers have no plans to remove the three-tier education system. Our clear position remains that the organisation of maintained schools is an issue for local authorities and for individual schools, but in close consultation with parents.

**Dr Huq:** In the Budget just now, we heard about devolution. The Minister says there is a role for local authorities, but if I understood correctly, schools are going to become academies, which seems to contradict the principle of devolution. Perhaps he can help me understand this better.

**Mr Gibb:** Yes, of course. The announcement today in the Budget—we will be saying more about this tomorrow in the White Paper—is that all schools will become academies, or be in the process of becoming academies, by 2020. Until then, a large number of schools will still be maintained schools, and if the hon. Lady can be a little patient, I will come to the position regarding academies in a moment. None the less, we still need guidance about the position of three-tier systems when a number or some of those schools are maintained schools.

Where organisational change is proposed, we expect the local authority to agree with schools how any changes will be funded. The Department's role is to hold schools accountable for the quality of education they provide and not to mandate any particular configuration of tiers. Supporting local authorities to create sufficient school places remains one of the Government's top priorities. Local authorities are responsible for ensuring that there are enough school places for children in their area. We are spending £23 billion on school buildings in this Parliament to create 600,000 new school places—we created nearly 500,000 in the last Parliament—and we intend to open 500 new free schools and to address essential maintenance needs with that money. That delivers on our manifesto commitment to invest a further £7 billion to create new school places between 2015 and 2021.

Through the free schools programme, we are creating greater local choice by allowing existing schools and other groups to be able to establish new schools, in particular where additional high-quality places are needed. Those include not only traditional primary and secondary schools, but 55 university technical colleges, 72 all-through schools and 25 16-19 free schools that are either open or in the pipeline.

The three-tier system—in which school provision is organised into lower, middle and upper schools rather than the primary and secondary model—has been established, as my hon. Friend said, in areas of the country such as Worcestershire for many years. The number of groups operating the three-tier system has reduced in recent times, mainly because local authorities have restructured their provision as need dictates. There are still, however, over 68,000 children currently being educated in middle schools in England.

The Secretary of State only has a role in decisions to change the age range of a school when that is proposed for an academy. She will only make such a decision at the request of an academy trust.

When a local authority decides to move from a three-tier to a two-tier structure, it is important that careful plans are in place to minimise any negative impact on the performance and viability of other schools in the area, which is something that my hon. Friend the Member for Mid Worcestershire expressed concern about. Local authorities proposing such a change must follow the established statutory process set out in schedule 3 of the School Organisation (Prescribed Alterations to

[Mr Gibb]

Maintained Schools) (England) Regulations 2013. In practice, an authority-wide reorganisation often involves months of informal consultation and research before the formal statutory process is undertaken. That process ensures that such decisions are widely consulted on and the views of stakeholders and others are valued.

There are four separate stages of the statutory process. First, local authorities are required to publish their proposals in a local newspaper and at the school site. Secondly, a period of formal consultation has to take place for at least four weeks. Thirdly, a decision is usually made by the local authority. Only after those three steps have been taken can the proposal be implemented.

**Michael Tomlinson:** The Minister makes an important point, but for people who live close to the edges of boundaries between local authorities, the catchment areas can be different. I am thinking, in particular, of Dorset, the borders of Poole and Dorset County Council. Within the points that he has made, is there a duty on local education authorities to consult one another—neighbouring authorities—to ensure that there is a fair system for all pupils in an area?

**Mr Gibb:** The duty is to consult stakeholders, which will include parents. That includes parents who are likely to go beyond the local authority boundary to send their children to a school.

The consultation stage gives people who may be affected by the proposed change, including children, parents and teachers, a chance to express their views. The local authority is under a statutory duty to take into account all objections raised when reaching its final decision. In cases where objections have been raised, the local authority has a two-month window in which to make a final decision. If the process takes longer than two months, the schools adjudicator will take on the role of decision maker. I stress that changing the age range of local authority-maintained schools is a local decision. The Department nationally has no formal role in the process or the final decision. As my hon. Friend the Member for Mid Worcestershire mentioned, we are reviewing our schools organisation guidance to local authorities and maintained schools, and we intend to publish that shortly.

Where an individual academy seeks to change its age range, the process is different, but it still maintains the

requirement for effective consultation and adherence to the principles of public law. The relevant regional schools commissioner is the decision maker for applications from academy trusts. They will ensure that any local issues are identified and addressed before a decision can be made and will draw on the advice and knowledge of their headteacher board. The guidance to support that process requires academy trusts to discuss their proposals with the local authority to ensure that the proposed change is aligned with local pupil place plans and will not have a negative impact on education standards at the academy or at other local schools or colleges. If objections are raised locally about a proposed change, the regional schools commissioner will require the trust to provide a full business case, including details of the steps it has taken to address objections raised through consultation.

My hon. Friend asked whether the Department had any strategies in place to prevent issues arising from any transition to a two-tier system. The guidance requires that schools undergoing any reorganisation work together to ensure an appropriate, co-ordinated implementation and that decisions on any individual proposals will be made in that context.

I refer my hon. Friend to “Making significant changes to an existing academy”, the guidance that the Department published this month. The guidance says on page 9:

“Where proposals are likely to have a significant impact on other local provision a full business case will...be required...Where local provision is organised in three tiers and the aim is to move to two tier age range, the department expects schools to work together to ensure an appropriate co-ordinated implementation, and will only approve any individual proposal in that context.”

Unless the proposers can demonstrate that they have engaged in those kinds of co-ordination arrangements and that their proposals will not adversely impact maintained schools, other schools or parents in the area, the regional schools commissioner simply will not approve the proposal.

I hope that my hon. Friend is reassured that the Department is not looking to remove the three-tier school system. The process for reorganisation and changing the age range of local authority maintained schools rests with local authorities, and for academies it rests with trusts and regional schools commissioners.

*Question put and agreed to.*

4.23 pm

*Sitting suspended.*



## West Highland Way

4.29 pm

**Steven Paterson** (Stirling) (SNP): I beg to move,

That this House has considered the contribution of the West Highland Way to the economy in Scotland.

I am extremely pleased to be able to bring this matter to the House today, so that we can consider the remarkable, positive impact of the West Highland Way economically and celebrate Scotland's magnificent natural resources and the promotion of healthy lifestyles. I am sure that this debate will result in a great deal of cross-party consensus. I certainly hope we can consider what is necessary to continue maintaining, supporting and promoting the West Highland Way and to develop it as a resource for future generations.

I completed the West Highland Way in 2010, immediately after the general election of that year. If my Scottish National party colleagues cast their minds back to 2010 and the general election result we had, they might understand why I appreciated taking a bit of time off and going to Scotland's unspoilt wilderness, far away from television, news, emails and mobile phones. It was an extremely appealing prospect. Perhaps hills and glens along the West Highland Way have been awash with ousted politicians from other parties in the past year. I thoroughly enjoyed the experience of taking on and completing the West Highland Way, and I thoroughly recommend that hon. Members consider it when a break from the rigours of this place is required. It is a good way of recharging the batteries.

Scotland is proud to boast some of the most beautiful landscapes and most popular attractions on these isles, attracting millions of tourists from across the United Kingdom each year, as well as more travelling from North America, Europe and the rest of the world. Those visitors help to contribute to Scotland's diverse and dynamic economy, directly and indirectly supporting jobs. Indeed, we celebrate the latest OECD figures that demonstrate strong growth in visitor numbers to Scotland.

The current VisitScotland campaign, entitled "Spirit of Scotland", encourages all those enjoying the great tourist sector in Scotland to share their experiences on social media with the hashtag #ScotSpirit. I encourage everyone to do so. Tourism generates billions of pounds each year and is responsible for sustaining hundreds of thousands of jobs for the people of Scotland. Indeed, today's debate falls at an important time in the calendar year: this week, from 11 to 18 March, is Scottish Tourism Week, which is being marked through a wide range of events across Scotland, engaging businesses within the tourism industry and celebrating the sector's success.

At this juncture, it is worth reflecting on the history of the West Highland Way, before I look in some detail at its current contribution to Scotland's economy and offer some thoughts on how we can develop it further in future. The West Highland Way opened officially in 1980, its route winding from the town centre of Milngavie in East Dunbartonshire to the ancient highland settlement of Fort William in the constituency of Ross, Skye and Lochaber.

The way was the brainchild of Tom Hunter, a keen walker and community volunteer, who I was saddened to hear passed away only last month. It is perhaps fitting that this House can today consider Tom's legacy

through this debate on the great path he created for our enjoyment. We owe Tom a great deal of thanks for creating this iconic and enduring resource.

The way boasts some of Scotland's most impressive views, as it winds across the west highlands of Scotland through ancient roads and paths, over a distance of 96 miles. From its inauguration in 1980, the way quickly became a favourite for serious walkers and leisurely strollers alike. It has grown in popularity and renown since its inception, and, as well as becoming a favourite with the people who experience it, the way has picked up numerous awards celebrating its popularity. Most recently, it was voted one of the top 10 outdoor attractions in the world by National Geographic.

The numbers of people walking or cycling the way have grown substantially in the years since its inception, with around 35,000 people estimated to complete the entire route each year and more than 60,000 completing smaller sections of it. As part of its silver jubilee celebrations in 2005, the way was completed by a relay comprising 1,000 children and young people. On Saturday 18 June this year, the 32nd annual West Highland Way race will take place. Quite astoundingly, last year the course record was broken by Paul Giblin, who took an incredible time of 14 hours, 14 minutes and 44 seconds to complete the 96-mile course—he just beat some of my hon. Friends.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): I congratulate my hon. Friend on securing this debate. He has highlighted how fantastic the West Highland Way is. I have walked it a couple of times, although I took somewhat longer than 14 hours, I must say. He has illustrated how well used it is. Personally, I enjoyed the scenery, the signage, how welcoming everybody is and how businesses welcome walkers and tourists. The West Highland Way has spawned many imitation walks, including the River Ayr Way in my constituency, which is the only source-to-sea walk in Scotland. Unfortunately, in the neighbouring South Ayrshire Council area, a large section of the route is still on-road, rather than off-road, and many areas are shut, which means people have to divert. Does my hon. Friend agree that full signage and proper off-road routes are needed to make that walk more attractive?

**Sir Roger Gale (in the Chair):** Order. The hon. Gentleman chided one of his friends earlier for making long speeches. I have to say that he gets a prize for his long intervention.

**Steven Paterson:** I agree with the sentiments my hon. Friend has just expressed. In the interests of promoting health and wellbeing generally, these kinds of walk are fantastic. We should look at linking them up with others, to encourage this as a pastime and a hobby.

My constituency of Stirling is home to a large section of the West Highland Way—indeed, the most spectacular and beautiful section. Tourism is crucial to the livelihoods of many individuals and families in my constituency. In my maiden speech in the House of Commons, I said that I wanted to promote the tourist industry both locally and nationally. I look forward to meeting with industry stakeholders from many of these attractions in the coming months and years, fulfilling the role I have in this place, and I encourage my hon. Friends to consider spending some time over the summer recess in Stirling, to enjoy the wonderful tourist experience to be had there.

[Steven Paterson]

Over recent months, my colleague Bruce Crawford—the Member of the Scottish Parliament for Stirling—representatives of Stirling Council and I have been pushing hard to increase and expand broadband coverage in the rural part of the constituency where the West Highland Way is, with some success. I am confident that that work will go on. I very much welcome the First Minister's announcement on Saturday that superfast broadband for businesses will be completed in 100% of premises in Scotland. That is a fantastic promise and I look forward to working on it.

During my research for this debate, I spoke to various organisations to determine the actual reach of the West Highland Way in terms of its value to the Scottish economy. Loch Lomond and the Trossachs national park authority informed me that the impact on the rural economy along the route is most likely significantly underrated. Its conservative estimates are of a direct spend contributing £28 million to the Scottish economy. On top of that, there is additional indirect spending and an even greater economic impact through attracting people to Scotland to stay longer than the time they spend tackling the West Highland Way.

It is also worth noting that the national park authority's estimates show that more than 2,000 jobs in the national park area depend directly on tourism, which in itself demonstrates the economic importance of the sector to areas such as the west of my constituency. The John Muir economic impact survey estimated that more than £12 million was contributed by walkers who complete the route, and millions more were contributed by the many thousands of visitors who enjoy walking smaller sections of the way.

The West Highland Way brings people to Scotland to experience one of the best walks in the world, but it also allows them to experience Scottish hospitality and some of our excellent local restaurants, hotels, B and Bs and pubs. Along the route, walkers will find many fine local businesses where they can relax after a hard day's walking and enjoy some of Scotland's celebrated food and drink. For example, the Oak Tree Inn in Balmaha on the shores of Loch Lomond is a family-owned business established in 1997, and I stayed there during my walk in 2010. It has 70 employees and numerous awards to its name—most recently, it was named Scotland's best independent pub in 2015. The Oak Tree Inn is a fine example of a local business that benefits from the passing trade brought to it by the West Highland Way and is an important local employer within its small rural community. From my personal experience in 2010, other places such as the Beech Tree Inn in Dumgoyne and the Crianlarich Hotel offer fantastic pit stops along the route, although I managed to avoid the temptation to visit the Glengoyne distillery—excellent as its produce is.

I hope that, through this debate, we can focus minds at all levels of Government and throughout the various businesses and organisations with an interest on the further development of the West Highland Way as a resource for the people of Scotland and as a draw for tourism.

**Martin Docherty-Hughes** (West Dunbartonshire) (SNP): Does my hon. Friend agree that while the West Highland Way does not criss-cross the entire nation of Scotland,

it has a profound impact on the social and economic wellbeing of our country? Given that the West Highland Way headquarters are based in my own constituency, in Balloch, I am sure he understands that the economic impact is far reaching, across the whole of Scotland.

**Steven Paterson:** I accept that, and I congratulate my hon. Friend on his ingenuity in getting his own nearby constituency into the debate—well done indeed.

With the sentiment being to expand and develop the West Highland Way and sustain it for the future, I have a few ideas to put on the table for other Members' consideration. First, I am pleased that control of air passenger duty is being devolved and that the Scottish Government are consulting on their plan to halve the rate and remove the tax altogether in time. It is a tourist tax, and we can really benefit from that policy. However, perhaps there are other measures to support the tourism industry, such as reducing the rate of VAT that accommodation providers have to pay. I appreciate that it is unsurprising that the businesses I have spoken to are in favour of the idea—what business would not like to pay less tax? However, there are serious arguments as to why the unique challenges faced by the tourism sector, and in particular accommodation providers, make a strong case for a targeted solution.

Accommodation providers tell me that they can be fully booked in the high season, but that the low demand in winter months makes for a hard time for them. Many businesses are basically hanging on in the winter months and, if any go under, the effects are felt much further than on that individual business. Some of our competitor countries in Europe support their tourism companies and accommodation providers in that way. One accommodation provider told me that a reduction in VAT from 20% to 15% would undoubtedly allow him to expand his business more rapidly and to employ more staff. By coincidence, however, we are debating this matter just hours after the Government's Budget statement, so I will leave the issue of VAT rates there for today, but I hope we can consider it in the future.

In summing up, I have some questions for the Government. How do the UK Government contribute to efforts to promote the tourism industry in Scotland in general, and the West Highland Way in particular, in conjunction with the Scottish Government and other stakeholders? Is there an opportunity to do more? What links are being made with European institutions to encourage those tourism opportunities? Is there an opportunity for further marketing and promotion of the West Highland Way with the Scottish Government and other stakeholders, alongside the promotion of other walking routes and sport in general, as alluded to by my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown)? Finally, may I extend an invitation to all right hon. and hon. colleagues to join me on a parliamentary delegation to walk the West Highland Way this summer? I will be taking names at the end of the debate.

4.41 pm

**Brendan O'Hara** (Argyll and Bute) (SNP): I congratulate my hon. Friend the Member for Stirling (Steven Paterson) on securing the debate. It not only celebrates one of the most scenic walking routes in the world, but recognises

the economic importance of the West Highland Way to so many businesses and individuals in so many of our constituencies.

My hon. Friend has made an excellent and compelling case for the economic importance of the West Highland Way. I would argue that of equal importance is its social and cultural role, because for tens of thousands of young Scotsmen and women, particularly those from west-central Scotland and the industrial belt, discovering the west highlands was a transformational experience. When they discovered what was on their doorstep, it changed their lives entirely.

Two examples of people who experienced that are the renowned outdoorsman and adventurer Cameron McNeish and the actor David Hayman, with whom I had the pleasure of making my last ever television series for Scottish Television before coming to this place, which was about David following in the footsteps of that other great hillwalker and rambler, Tom Weir. Both Cameron and David were born and raised in Glasgow, but just one taste of the west highlands of Scotland and their lives were changed forever. They are not unique—far from it. Tens of thousands of urban-dwelling Scots have discovered a love of our outstanding natural environment since the West Highland Way was opened.

I, too, pay tribute to the late Tom Hunter, who, as my hon. Friend said, died only last month. He had the vision and tenacity to make the West Highland Way a reality, and his wonderful legacy will, I am sure, be a great comfort to his family.

I am fortunate to have walked the West Highland Way on a number of occasions, as has my hon. Friend. Despite following exactly the same path, each walk has been a vastly different experience from the one before. I have been washed away in May and burnt to a crisp in October. Equally, I have been burnt to a crisp in May and washed away in October—but braving the Scottish weather is part of the fun and adventure of the West Highland Way. It being Scotland, of course, we have no idea what weather will be coming over the mountains at us.

As I said, I have made the 96-mile trek a number of times but, as with most things in life, it is the first time we do something that we remember most fondly. Having been born in Glasgow in the 1960s and growing up in the 1970s, the West Highland Way was for my generation almost a rite of passage. I would love to think that it still is. It was something we had to do. We wanted to stand with our peer group and say, “I have done it.” I remember the first time I did it, and the circumstances will be familiar to many.

I ask people to picture the scene: the pub, the idea, the dismissal of the idea, the Guinness, the re-emergence of the idea, the Guinness, the solemn vow that we will all do it together, the announcement to everyone in earshot that this time next week we were doing the West Highland Way, the cheers, the slaps on the back, the good wishes and more Guinness. The following morning, the realisation of what I had agreed to and knowing that there was no way to back out—the fear!

Within a week, however, we were ready to go—I say “ready”, but only according to a very rough definition of the word. I had a borrowed tent, a sleeping bag, a rucksack that might have been waterproof when it came back from the desert campaign in 1945, a pair of

Dunlop Green Flash sannies—for the benefit of *Hansard*, some might call those plimsolls—a cagoule, a spare pair of Wrangler denims and, just in case a disco was happening when we reached Fort William, a clean shirt. Add to that half a dozen individually tinfoil-wrapped cheese rolls and a glass bottle of Irn-Bru, which was actually heavier than the tent, all packed into a Fine Fare bag, and we were ready to head off on our great adventure.

What an adventure it was—but, sadly, I can say no more, because a strict *omertà* is in place. Hon. Members will have to go and experience the adventure for themselves. What I can say is that for a young man who grew up in the east end of Glasgow, it was my window on the world. We could not afford to go on foreign holidays, but on the West Highland Way the world came to us.

The path takes us north along the side of Loch Lomond, through the Trossachs, over the bridge of Orchy, across the Rannoch moor, skirting round the majestic Buachaille Etive Mòr, through Glencoe and up the never more appropriately named Devil’s Staircase over to Kinlochleven, and then down into the final leg to Fort William at the foot of Ben Nevis.

**Steven Paterson:** My hon. Friend reminded me that after coming over the Devil’s Staircase and back down the other side—a big, long descent—at the bottom there in Kinlochleven was the tastiest pint of lager I have ever had. Perhaps he will be speaking about something similar.

**Brendan O’Hara:** I should be saying to my hon. Friend that my stupidity in drinking Guinness and agreeing to do the walk put me off alcohol forever—but, yes, I share a memory of the King’s House hotel in Kinlochleven, at the foot there.

On the way, one would meet so many different nationalities: Dutch, Germans, Swedes, Australians, Canadians, Americans and many more. As I said, it is where the world came to us. Believe me, the sense of achievement when sitting exhausted at Fort William bus station waiting for the bus back to Glasgow is something that I will never forget—but, for the record, sadly, there was no disco for my clean shirt.

I do not have a single unhappy memory of the West Highland Way, even though in the weeks that I was on it I was soaked to the skin, burned to a crisp and eaten alive by midgies, and I had blistered feet and the occasional hangover.

**Martin Docherty-Hughes:** My hon. Friend is telling us about the great pest known as the midge. Will he advise the House whether he used Skin So Soft or just drank whisky to get through it?

**Brendan O’Hara:** Probably the best advice that I can give is to use a potent mixture of both.

I remember lying in a tent with rain coming down like stair rods and only my hands poking out, trying to cook rice on a wee gas stove. If even eating half-cooked savoury rice in a nylon tent in the pitch dark in the middle of a monsoon does not register as a bad memory, that should give people an idea of what a wonderful experience it was.

[Brendan O'Hara]

As I said, the West Highland Way was and, I sincerely hope, still is a rite of passage for young men and women, particularly those from west-central Scotland. I urge everyone to get out and discover what an incredible country we have and are lucky enough to live in. We should challenge ourselves to do the things that we did not think we could do, and to meet people of other nationalities and cultures whom we would otherwise never meet. Do it. It is on our doorstep. And with any luck, just like Cameron McNeish and David Hayman, you, too, will become addicted to it.

**Sir Roger Gale (in the Chair):** Mr Blackford, you have a hard act to follow, and I reckon that you have about five minutes to do it in.

4.49 pm

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): Thank you, Sir Roger, and it is a pleasure once again to serve under your chairmanship. I thank my hon. Friend the Member for Stirling (Steven Paterson) for securing the debate.

Let us picture the scene: we have just walked for 96 miles from Milngavie right into the heart of Lochaber, which is situated in the most beautiful and awe-inspiring constituency in the country, Ross, Skye and Lochaber. We may have been tired, but we have been invigorated by the experience. We came through the splendour and awe-inspiring Glencoe and at our journey's end, in Fort William, rises the impressive form of Ben Nevis. Having come this far, it is worth capping it off with an ascent of Scotland's most majestic peak. As the Member for Ross, Skye and Lochaber, I look forward with my hon. Friend to welcoming the parliamentary delegation and making sure that they complete that epic journey up Scotland's highest mountain.

A walk on the West Highland Way is a fulfilling experience, and the journey's end is Scotland's outdoor capital: the great theatre of outdoor life that is Fort William and Lochaber. The West Highland Way is listed by National Geographic as the world's great trail, and it is easy to understand why. The benefit to the tourist economy has been mentioned, but another is promotion of a healthy lifestyle, which is integral to the wellbeing of all our citizens. The west highlands are a place to enjoy, relax and walk in and to engage in many other activities, and that is an important part of the desire we all have to promote healthy living.

The many communities close to the West Highland Way are very much engaged with the route's success. Just this week, young pupils from Kinlochleven High School were down in London representing Scotland in a UK competition with a project based on a litter campaign for the West Highland Way. Having won a Scotland-wide competition, the pupils were showcasing their initiative to encourage walkers to dispose of litter in bins, using apps and digital connectivity to get their message across.

The success of the West Highland Way has been the catalyst for the establishment of more long-distance routes. It is very much an industry that is being created out of the experiences of the West Highland Way. Today there are 28 long-distance routes across Scotland,

known as Scotland's great trails, and in total they provide 1,700 miles of managed paths. It really is possible to do as the Proclaimers say:

"I would walk 500 miles. And I would walk 500 more."

According to an online survey and counter data information, the direct impact is that an estimated 39,500 walkers complete the whole route each year with a walker spend of as much as £6 million, rising to more than £11.5 million when we add in as many as 120,000 people who complete part of the walk. The respected John Muir Trust suggests that the impact provides a boost of more than £20 million to the highland economy. It is a challenge to arrive at a complete picture given the length of the walk and the size of the area, but it is clearly a considerable boost to the local economy in the west highlands. Although we still have an industrial economy, particularly in Fort William, tourism is very much an anchor for the overall success of the economy.

The west highlands are stunningly beautiful, but what really makes the place special is its people. I was interested to see that the official West Highland Way website even has a section called "Characters Gallery". Perhaps I should say that it is the characters, more than anything else, that make the west highlands. I was interested that the first person mentioned in the section was described as Scotland's most famous rogue. That is not my hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil), but Rob Roy MacGregor, who has been immortalised throughout the nation's history for his cattle rustling and his feud against the Duke of Montrose. Perhaps that does sound like my hon. Friend the Member for Na h-Eileanan an Iar.

Folk should come and experience the West Highland Way to enjoy the natural beauty of our landscape and to meet our current-day characters, but we need to do more to boost the tourist economy. Of the 28 EU member states, 25 have reduced tourism VAT. Only Denmark and Slovenia have higher rates than the UK. Another opportunity to address that was lost in today's Budget. Will the Minister ask the Treasury to undertake a study of the matter and the potential beneficial effects on the tourist industry of a VAT reduction? Ireland brought down VAT on tourism from 13.5% to 9% in May 2011, initially as a temporary measure, but it has been sustained. A reduction in tourist VAT would help to grow the tourist economy and would be central to delivering jobs and growth in fragile economic areas, something that is particularly relevant in my rural constituency.

4.54 pm

**Patrick Grady** (Glasgow North) (SNP): It is a pleasure to serve under your chairmanship, Sir Roger. I congratulate my hon. Friend the Member for Stirling (Steven Paterson) on securing this debate. Many of the key and general points have been made, but I would like to offer a few reflections on the economic impact of the West Highland Way and, more generally, the benefits that walking brings to our economy and society. If time allows, I will offer a couple of personal reflections and experiences.

I echo the tributes to the late Tom Hunter and the important work that he and others did in establishing the route. It was officially created in October 1980, so it is just a bit younger than I am, as I was born in February 1980. The West Highland Way does not exist in a vacuum. As my hon. Friend the Member for Ross,

Skye and Lochaber (Ian Blackford) said, it is one of 28 national trails and it connects with a range of other designated walking routes. It is possible to walk from my constituency through the Kelvin walkway, following the route of the Clyde, the Kelvin and the Allander to Milngavie and then to Fort William and up the Great Glen Way to my original home town of Inverness. When looking at possible pub crawls, one can start with the great Lios Mor on Dumbarton Road, about which I have spoken in this Chamber before, and finish with all the hostelries that Inverness has to offer, but sadly not the Whitebridge Hotel on the south side of Loch Ness, where I am originally from, because the Great Glen Way goes up the north route. If anyone accepts the invitation to take in the West Highland Way from Ben Nevis all the way to Inverness, I would certainly recommend a visit and some refreshment there.

The economic benefit of outdoor tourism as a whole has been estimated at £2.6 billion. A range of industries and services benefit from camp sites to classy hotels, from wayside cafés to full-blown restaurants, and including the Glen Boyne distillery. I was interested to hear that the chair of the all-party group on Scotch whisky has been teetotal since his experience on the West Highland Way, but that may not be news to the Chamber.

Not only do the West Highland Way and the walking routes in general have an economic benefit to the communities they traverse, but that benefit is also felt in ancillary and support opportunities. As my hon. Friend the Member for Ross, Skye and Lochaber knows, Fort William is the outdoor capital, full of stores with walking and outdoor clothing and various equipment. The same sort of equipment can be purchased in Glasgow, contributing to the economy in my constituency and the wider area. The ancillary economic impact ripples out from one path to others.

As my hon. Friend the Member for Argyll and Bute (Brendan O'Hara) so eloquently described, very few people do the West Highland Way once and then stop walking as a form of recreation. If anything, they get the bug and do it again and again. They need not do it in only one direction; they can go backwards and forwards. I do not know whether walking from Fort William to Glasgow makes it the "Way Highland West", but there are different opportunities and economic impacts.

That brings me to the importance of walking as a form of transport, exercise and recreation. I once worked for the Ramblers Association, and that experience brought home to me the huge importance of walking to address a range of challenges facing society. Half of all car trips in Scotland are under 5 km. If people had active travel options for those journeys, there would be a considerable benefit for society's physical wellbeing and that would not only benefit people themselves, but save the health service money. It would be a preventive form of health care. Physical inactivity is estimated to kill seven people a day in Scotland—a statistic that shames us all.

Walking is an inexpensive and accessible form of recreation and a great social leveller, and it provides an opportunity not just to experience the outdoors in all its beauty and magnificence, but to meet and interact with all sorts of people from all over the world who might be walking the same route. To that end, I echo the calls for further support, especially a cut in tourism VAT.

I completed the West Highland Way in 2004. I was fundraising for a trip to Malawi. It is estimated that over £12 million has been generated for charitable causes

by people undertaking the walk as a sponsored activity. It is a way to experience Scotland in the raw, not least when the weather really makes its presence felt. Certainly the stretch between Tyndrum and Bridge of Orchy brought home to me, as the rain lashed down—it had no discernible impact on the highland cattle, but plenty on the walkers—how in some ways the landscape has barely changed; that we, as human beings, are passing through not only in the literal sense of taking the walk, but in the broader sweep of history; that our ancestors and their communities lived in those lands and had to put up with that kind of weather for many hundreds if not thousands of years, and certainly without the benefit of Gore-Tex or even a Fine Fare plastic bag. Perhaps nothing brings that home more than the train journey back, when days of strenuous exercise flash by. That in itself gives us a certain perspective and shows why it is important to cherish our landscape and access to the outdoors. There is an economic benefit from the West Highland Way, but it is important not just for the sake of that, but for the benefit to broader society and, we hope, future generations.

5 pm

**John Nicolson** (East Dunbartonshire) (SNP): I join my colleagues in thanking our hon. Friend the Member for Stirling (Steven Paterson) for calling this debate. Although my contribution comes towards the end of it, I would like to begin by talking about the start of the West Highland Way—both its origins as Scotland's first long-distance walking route more than 35 years ago and the town of Milngavie in my constituency of East Dunbartonshire, which is the official beginning of the walk.

While walking on the slopes of Ben Lomond after the second world war, the creator of the West Highland Way, Tom Hunter, noted the building developments on the western shores of Loch Lomond and thought of ways to limit the same thing happening on the loch's eastern shores. As we have heard, Tom was a keen walker himself, loved the outdoors and, together with his wife, Margaret, and their walking companions, decided to design a long-distance walking route from Glasgow to Fort William. The idea of this long-distance, signposted route was not universally supported at the time. It is hard to imagine that now, but there was significant opposition from landowners—quelle surprise, some might say—and the Countryside Commission. However, Tom persevered and the West Highland Way was officially opened on 6 October 1980.

As we have heard, Tom sadly passed away last month at the age of 90. My local paper, the *Milngavie & Bearsden Herald*, wrote that he was

"a modest man whose achievements were far from ordinary."

It is evident from this debate that his legacy has benefited the Scottish economy, the Scottish environment and the Scottish people.

Of course, the West Highland Way is traditionally walked south to north. That not only helps to keep the scorching Scottish sun from one's eyes, but allows walkers to enjoy their time in Milngavie. As many people will know, Milngavie marks the northernmost point of the Roman empire. Having conquered Gaul, Hispania and of course Anglia, the Romans were halted in their tracks by the douce charms of the locals and built the Antonine wall—some say to keep the locals out.

[John Nicolson]

These days, visitors can appreciate the town's charms and history, relax in cafés and restaurants in Milngavie precinct and of course stock up on supplies before beginning their own adventure. It is an adventure, it has to be said, that many begin in some discomfort. The Romans may have instituted indoor water closets—"cludgie-orums", as they were known locally in Latin—but the East Dunbartonshire Labour, Lib Dem and Conservative council has yet to catch up on Roman plumbing, refusing, despite an active local campaign, to provide a lavatory for the thousands who pass through the town without being able to pass, literally—not so much spending a penny, but council penny-pinching.

**Patrick Grady:** Hear, hear.

**John Nicolson:** I thank my hon. Friend very much. I recognise a fellow MP's pain when I hear it.

The West Highland Way plays a significant role in Milngavie's economy and those of other towns and villages along the route to Fort William. Some 39,500 walkers each year complete the route, along with many thousands of others who walk part of the trail. As we have heard, that generates £5.5 million of tourism revenue and directly supports approximately 200 businesses.

In a wider Scottish context, walking is clearly the most popular nature-based activity for UK residents holidaying in Scotland, with 47% of total UK visitor trips involving some form of walking activity. Studies have shown that long-distance route users are twice as likely to use accommodation, and spend twice as much on food and drink, as the average holidaymaker—although possibly not the average Member of Parliament from Scotland. That provides a huge financial contribution to the hotels, bed and breakfasts and shops in Milngavie and along the route. Many businesses simply would not exist without the West Highland Way. That includes the unique and innovative Travel-Lite, which for 21 years has transported the luggage of walkers from Milngavie to various points along the route for those who do not want to carry their own body weight in spare clothing and equipment.

Conveniently connected to Glasgow city centre through rail, bus and road links, Milngavie also prospers from day visitors who come to walk part of the route on weekends and during holidays. It is not uncommon for many visitors to walk just a wee bit of the route in the morning and to return in the afternoon, spending and contributing to the economy of the beautiful town that I am so fond of, Milngavie, in my constituency.

One of the key factors that led to the inclusion of specific routes in a recent review by *Country Walking* magazine of Britain's 50 greatest walks was sufficient variety along a route to maintain interest. One of the most popular routes—possibly the most popular—is the West Highland Way. Within 30 minutes of starting the way, walkers will leave my constituency. They will be able to look out over Glasgow and Strathclyde and look forward to the castles, mountains and distilleries not far in the distance. They will be entering the countryside towards the highlands, having left the bustling city, with busy streets and planes overhead from Europe, North America and the middle east delivering the next cohort of walkers ready to tackle the way.

There is a significant international dimension to the West Highland Way, because it attracts people from all over the world. It is estimated that the Scottish Government's proposal to reduce air passenger duty will create nearly 4,000 jobs and add £1 billion to the Scottish economy by 2020. That would surely benefit the West Highland Way, among other places in Scotland. However, out of 28 European Union countries, only Denmark and Slovenia have higher VAT rates than the UK. As we have heard, the Republic of Ireland has significantly reduced VAT on tourism, and the Treasury must explore the possibility of reducing VAT to support tourism in Scotland.

We can all agree, I hope, that the West Highland Way is a national icon and its name is immediately recognisable worldwide as being Scottish. It harnesses some of Scotland's greatest assets—our biggest city, our largest loch, the last remaining Roman wall north of the border and our tallest mountains—and it delivers significant benefits to our economy, environment and society. Its contribution, locally and nationally, is vast.

5.8 pm

**Wayne David** (Caerphilly) (Lab): It is a pleasure to serve under your chairmanship, Sir Roger. I congratulate the hon. Member for Stirling (Steven Paterson) and the other hon. Members on informative and colourful speeches. I thank them very much. I have certainly learnt a heck of a lot, and my appetite has been whetted, shall I say?

**John Nicolson:** Come with us!

**Wayne David:** I am sorely tempted and I may well take the hon. Gentleman up on that offer before too long.

**Alan Brown:** The hon. Gentleman says that his appetite has been whetted. Another memory has come back to me, and I will give him a tip: do not camp in the middle of Rannoch moor. There is no running water and only 2 million midges for company. That is a tip before he plans his walk on the West Highland Way.

**Wayne David:** I shall bear that information in mind. I thank the hon. Gentleman very much.

Tourism is clearly of fundamental importance to Scotland. I understand that tourism contributes some £4 billion to the Scottish economy annually. Some 200,000 people, in one way or another, are employed in the tourism industry, and many of those jobs are of benefit to Scotland's rural areas. One of the key and growing attractions is, as we have heard, the West Highland Way.

There is no doubt at all that there is an increasing realisation that walking is a good form of exercise. Dare I say that I was, believe it or not, one and a half stones heavier than I am now? That is mainly because I have lost some weight walking. I am well known in my constituency for walking with my fiancée and her dog, Alice, and we are keen to embark upon the Wales coastal path, which goes around the whole coast of Wales. It is not as long and, perhaps, not as spectacular as the West Highland Way. Nevertheless, I am told that it is a route worth taking. After successfully doing that, I hope to go to Scotland and experience the joys of the West Highland Way as 39,500 other people do each year.

The West Highland Way is one of the longest footpaths in the whole UK at some 96 miles, which is quite a trek by any standards, and I understand that it has had an interesting history. It opened in October 1980 and is increasingly well renowned throughout the UK. If this debate has done nothing else, it has certainly reinforced how important the West Highland Way is to Scotland and what a great tourist attraction it is for the rest of us who live in the UK.

Walking is of tremendous importance because it brings home to us not only the need for physical fitness, but a great appreciation of our countryside and culture. I take note of all the marvellous attractions that one can encounter en route, and I take on board the concern expressed about midges. I dare say that people have to take preparations to guard themselves against those midges. Nevertheless, I am convinced that the precautions are certainly worth while.

It was my great pleasure to be in Scotland a few weeks ago. I visited a number of distilleries and sampled—in small quantities, of course—the elixir that is produced in them. From personal experience, I can bear testimony to what a wonderful product Scotch whisky is. There has been a modest recognition of that today in the Budget.

**Patrick Grady:** As the hon. Gentleman is being so generous to the cause of Scotch whisky, it is only fair to recognise the impression that the Welsh whisky, Penderyn, has made on the palates of members of the all-party group on Scotch whisky.

**Wayne David:** That is very kind of the hon. Gentleman. I did not like to mention it myself but, of course, the Scotch Whisky Association has acknowledged the worth of that Welsh whisky and I hope that it will not be too long before it is recognised as one of the great drinks alongside the many great Scotch whiskies.

I mention Scotch whisky because it is a good way not only to extend and reinforce the British and Scottish economy, but to demonstrate what a unique place Scotland is and what tremendous opportunities there are in Scotland. I believe that the West Highland Way is an equal example, in a smaller sort of way and in a different way, of how Scotland can extend itself and show the world what a wonderful country it is. I would certainly like to reinforce my experience with Scotch whisky and visit Scotland again in the not-too-distant future, guarding against midges. Hopefully, my fiancée—I hope she will shortly be my wife—and I can enjoy the wonderful experience of the West Highland Way. I thank the Scottish National party Members very much indeed for bringing the matter to the attention of the House.

5.13 pm

**The Deputy Leader of the House of Commons (Dr Thérèse Coffey):** It is a pleasure to serve under your chairmanship, Sir Roger. I congratulate the hon. Member for Stirling (Steven Paterson) on securing today's important debate on the contribution of the West Highland Way to the economy in Scotland. It is a long time since I holidayed in Arisaig—not too far away from the top end of the path—and beheld that magnificent scenery. More recently, I have enjoyed holidays in and around the Trossachs but I confess that I have not yet walked the West Highland Way, unlike the hon. Gentlemen who described their

journeys. However, I assure them that, having prepared for the debate, looked at stuff on YouTube and heard other hon. Members' contributions, the West Highland Way is now on my to-do list for a potential future visit. I must admit that I am not keen on the midges either, so I may have to rely somewhat on the picture painted by the hon. Member for Argyll and Bute (Brendan O'Hara), who gave us a tour that provoked such a wonderful vision.

The hon. Member for Ross, Skye and Lochaber (Ian Blackford) talked about Ben Nevis. Well, I would like to point out that my hon. Friend the Member for Milton Keynes South (Iain Stewart) has climbed it although, admittedly, when he got to the top, it was a bit of a white-out, so he was not able to see all the beautiful scenery of which hon. Members eloquently painted a picture.

**Ian Blackford:** One thing that I am very keen to point out to those who want to come and visit the most wonderful Lochaber part of my constituency is that we have all sorts of facilities for all people, depending on their aptitude and climbing ability. For some people, Ben Nevis is a little bit of a challenge to get up, but Aonach Mòr is next to it and there are gondolas to take people up there for those who would like to have a pleasant day out among the mountains of Scotland. We can cater for people in all sorts of ways so that they can enjoy the splendour of the mountains of the Lochaber area, and still enjoy the food and whisky when they come down in the evening.

**Sir Roger Gale (in the Chair):** We do not normally have commercial breaks during ministerial speeches, but it is an interesting idea.

**Dr Coffey:** I give way to the hon. Member for Kilmarnock and Loudoun (Alan Brown).

**Alan Brown:** I hope that this is not seen as a commercial. Once people have climbed Ben Nevis and finished the West Highland Way, something else that I can recommend from experience is taking the West Highland line from Fort William to Mallaig. It is fantastic scenery and one of the great railways of the world to complement one of the great walks of the world.

**Dr Coffey:** Sir Roger, as you say, it has been an elegant commercial break. It sounds as if we should have more debates on this matter.

Coming from a constituency such as mine—Suffolk Coastal—where tourism and outdoor leisure activities play such an important role in the everyday lives of people who work in businesses and tourism, I share the view of the hon. Member for Glasgow North (Patrick Grady) that helping people to enjoy the natural environment in an easy, pleasant way is mutually beneficial for people's health and wellbeing, and for the local economy. He was right to stress the benefits of walking more generally.

The debate is particularly timely as we celebrate Scottish Tourism Week. Scotland is revered around the world for its outstanding and varied scenery, so it should come as no surprise to learn that the country's natural environment is increasingly being developed as a key tourism asset. In the case of the West Highland

[*Dr Thérèse Coffey*]

Way, I have seen a report from Scottish Natural Heritage that suggests that up to 30,000 people—we have heard about potentially more—complete the whole route each year and a further 60,000 people walk a part of it. Another report suggests that the West Highland Way generates an economic benefit of £7.5 million, although we have heard contributions suggesting that it is even greater than that.

The West Highland Way is 96 miles long, and stretches from Milngavie to Fort William, skirting the shores of Loch Lomond en route. It is managed by a partnership of councils and the national park authority for Loch Lomond and the Trossachs, and I pay tribute to them for keeping up this wonderful, great route. I also want to praise the groups of volunteers who help to keep the West Highland Way so special. The Conservation Volunteers from Stirling made improvements to the paths in December. There are volunteer rangers right along the trail and, of course, there are other voluntary groups such as the Lomond Mountain Rescue Team in Drymen, which is there to try to help people when they get into difficulty. Volunteers help with the many events that use the West Highland Way, whether it is raising money for charity or events such as the Caledonian Challenge, which is a particularly interesting use of the route that I expect will bring more people to the area and support the tourist economy.

More broadly, nature-based tourism makes a significant contribution to the wider Scottish tourism sector and economy. The main findings from a recent study by Scottish Natural Heritage indicates that nature-based tourism is worth £1.4 billion a year to Scotland's economy. Some 9,000 full-time equivalent jobs are reliant on it and tourist spending on nature-based activities is worth nearly 40% of all tourism spending in Scotland. Furthermore, recent figures from VisitScotland show that more than 720,000 trips were made by residents of Great Britain to Scotland's national parks, accounting for 6% of all Great British overnight trips in Scotland and a visitor expenditure of more than £140 million.

On that note, tourism in Scotland is, by and large, a devolved matter for the Scottish Government. The hon. Member for Stirling referred to his hon. Friends in the Scottish Parliament and the work they have done to promote the West Highland Way. Tourism is vital to Scotland's economy and showcases the country's culture and heritage to the world. However, the UK Government are very interested in what happens in Scotland. In the 2014 autumn statement, the Chancellor of the Exchequer recognised another Scottish natural icon when he announced £2 million of funding over four years for VisitBritain to promote Loch Ness and the surrounding area to international markets.

We have heard that "Spirit of Scotland" is a theme for tourism week and, as has already been said, anyone who walks the West Highland Way can be fortified along the route at the Glengoyne, Loch Lomond and Ben Nevis distilleries. As they march along, we have heard that they may be listening to the Proclaimers and thinking of the 500 miles—fortunately, the path is only 96 miles—that they need to walk. I would have thought that the hon. Member for Ross, Skye and Lochaber might have wanted to promote Runrig as an alternative, given the former career of the hon. Member for Perth

and North Perthshire (Pete Wishart). In today's Budget, the tax duty on whisky was frozen, which I hope is another contribution to the benefits along the route.

Scotland's tourism success does not happen in isolation. The UK's domestic markets remain Scotland's biggest, and Scotland is able to benefit from wider UK activities and support to attract more tourists across its border. Recent figures from VisitScotland show that, in 2014, more than 15.5 million overnight tourism trips were taken in Scotland, for which visitor expenditure totalled £4.8 billion. People from within the UK account for the majority of tourism volume and value in Scotland, with 12.5 million tourism trips in 2014, worth £2.9 billion.

At home, Scotland benefits from strong activity by the national tourism body, VisitScotland, to promote Scotland. Abroad, VisitBritain is responsible for promoting Scotland as part of Britain's joined-up offer to international markets, but that is a two-way process, with VisitScotland and the other devolved nations' national tourism agencies having access to VisitBritain's overseas network to support their own campaigns and messages.

The Government recently launched their five-point plan for tourism in the UK, which is designed to boost growth, tap potential and encourage visitors beyond London to other parts of the UK, as has been mentioned. As part of the five-point plan the UK Government have committed to working more closely with the devolved Administrations in Scotland, Wales and, where appropriate, Northern Ireland to enhance collaboration between their respective tourism bodies. We also want to ensure that stretching targets are set for VisitBritain to bring increased numbers of international visitors to all the nations and regions of the UK.

**Ian Blackford:** I am interested in what the Minister is saying, and I applaud her remarks. It is important that the Governments here in Westminster and in Edinburgh work together on such matters. Although we have been talking about some of the industry's attractions not only in the highlands but elsewhere, there are two things that concern me to which we must give a higher degree of importance. One is connectivity in all its forms—transport connectivity and digital connectivity. We must ensure that we are world leading in connectivity. It is important that we recognise that we are part of a global marketplace and that people have a choice in where they go. We must also invest in the service culture to ensure that we are world leading in all these things. Connectivity and services are important in ensuring that we demonstrate, and can advance, our leadership in the tourist economy. The two Governments need to work together in order to do that.

**Dr Coffey:** The Government are committed to investing in infrastructure and transport connectivity. The High Speed Rail (London – West Midlands) Bill is still going through the House and, in time, HS2 will improve journey times to western Scotland. As has been mentioned, the Scottish Government intend to halve air passenger duty by 2021, and Scotland will be given that power through the Scotland Bill, which will hopefully soon become the Scotland Act.

Another important area of promotion is the Government's "GREAT campaign," which is a cross-Government initiative to promote the UK internationally as a great place to visit, study and do business. It is the



Government's most ambitious marketing campaign ever, and it aims to showcase the very best of what Britain has to offer the world under a single brand. Scotland features prominently in the campaign, with many varied images of aspects of Scotland to capture the imagination of potential overseas visitors and investors. From the great outdoors to the Edinburgh military tattoo; from Scotch whisky distillers to high-tech producers and universities; constructions new and old, such as the Kelpies, the Glenfinnan viaduct and the Forth railway bridge; the set of "Harry Potter" and wider film production; extreme sports; fashion; and fine dining.

Members have asked a number of questions. VAT on tourism came up several times, with reference to the experience in the Republic of Ireland, which cut VAT on tourism in 2011. At the moment, the Chancellor is unconvinced the measure would work here, but we are interested in doing some research into the benefits of Ireland's experience, and I understand that the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), who has responsibility for tourism, has written to the Chancellor to request further research. On European links, many visitors to the West Highland Way are essentially domestic, but the VisitBritain campaigns are targeting Germany, France and the Netherlands.

Broadband was mentioned earlier, and I understand that the First Minister committed at a conference last weekend to get fast broadband to all. The Prime Minister has committed to a universal service obligation for broadband, recognising the importance of connectivity, and the UK Government have already committed more than £120 million to the roll-out of superfast broadband in Scotland.

I am afraid that there is little we can do to help the hon. Member for East Dunbartonshire (John Nicolson) with his campaign for a lavatory in Milngavie, but I wish him well on that matter.

The words of VisitScotland's tourism prospectus from 2007 still stand:

"Visitors to Scotland come for an experience that is rooted in our hills and glens, our castles and towns, our history, our culture, our way of life and our people. Visitors participate in any number of activities, pursue many different interests, see many different places but they do so against a distinctive backdrop that is the country of Scotland."

The West Highland Way epitomises that description, which could also be said of other long-distance walking routes across Scotland. Such routes are increasingly

popular and, as has been mentioned, attract thousands of visitors to the UK each year. In isolation, the economic benefits derived from people walking the West Highland Way may be modest. Nevertheless, such activity represents just one aspect of the

"distinctive backdrop that is the country of Scotland."

The sum total of that tourism spend is worth some £5 billion to the Scottish economy annually.

Such debates bring to light the diversity of the tourism sector, not only in Scotland but in the British Isles. Of course, I encourage people to visit Suffolk—I am sure, Sir Roger, that you encourage people to visit your part of Kent. However, I also encourage visitors to travel extensively across the UK, whether that be to the Pembrokeshire coast, the Lake district or North Berwick, on the east coast of Scotland, which I particularly recommend after holidaying there in 2014, and which I learned today is the home town of one of the civil servants who helped me to prepare for this debate.

As part of the UK, tourism in Scotland benefits from the "best of both worlds", with dedicated support from the Scottish Government and VisitScotland at home, as well as benefiting from the work of the UK's wide-reaching embassy network and VisitBritain in promoting the UK abroad.

Before I finish, I add my tribute to the person who came up with the idea for the West Highland Way, Tom Hunter. Sadly, as has already been said, Mr Hunter passed away last month at the age of 90, which—dare I say it?—is a testament to the healthy lifestyle that he obviously enjoyed. A keen walker with his wife, Margaret, his love for the natural environment combined with his walking. Without his passion, the route would not be what it is today. Prospective walkers may be interested in his book, "A Guide to the West Highland Way". We can all thank him for his vision and for leaving a fine legacy.

This has been a good debate to celebrate the West Highland Way and its importance to tourism and the economy in Scotland, and I look forward to my visit there.

*Question put and agreed to.*

*Resolved,*

That this House has considered the contribution of the West Highland Way to the economy in Scotland.

5.28 pm

*Sitting adjourned.*



# Written Statements

Wednesday 16 March 2016

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### March Environment Council

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart):** I attended the EU Environment Council in Brussels on 4 March along with the Parliamentary Under-Secretary of State for Climate Change, Lord Bourne. The Scottish Minister for Environment, Climate Change and Land Reform, Dr Aileen McLeod MSP, also attended Council. I would like to update the House on the matters discussed.

#### *Follow-up to COP 21 (climate change)*

The Council welcomed the presidency's summary of the implications of the Paris agreement with a number of member states criticising the Commission's communication for lacking sufficient positive messages to maintain the momentum of Paris. The UK, supported by other member states, emphasised the importance of 2020 as a moment for raising global ambition. A number of other member states expressed their support for the EU increasing its ambition in light of Paris. However, some member states noted this was not the time to discuss raising the EU's mitigation ambition. In response the Commission confirmed their view that the EU needed to focus now on the implementation of existing commitments.

#### *Endocrine disruptors*

The Council gave unanimous support for the presidency's draft statement on the General Court's ruling on the Commission's failure to adopt delegated acts setting out the criteria for endocrine disruptors.

#### *Circular economy*

The Council debated the EU action plan for the circular economy. The UK highlighted work that had been done domestically, expressed support for elements of the action plan such as industrial symbiosis, and expressed overarching concerns for the proposed waste targets, stressing the need to pay close attention to the costs and benefits. Most member states wanted reassurance that a joined up approach was being taken by the Commission. The presidency stated that they will aim for Council conclusions on the action plan to be agreed at June Environment Council.

#### *European semester/annual growth survey 2016*

The presidency introduced the discussion of the contribution of the environment to jobs and growth. The UK emphasised that the semester and EU 2020 should continue to be focused on jobs and growth.

#### *Any other business: international wildlife trafficking*

The Commission introduced the recently released EU action plan on wildlife trafficking. This was welcomed by several member states. The UK highlighted the valuable nature of member states working on issues such as an import/export ban on raw ivory. The UK encouraged other member states to follow the UK's move to an importation ban on lion trophies in 2017 if a sustainable approach could not be found.

#### *Any other business: real driving emissions*

France provided a paper calling for greater political transparency regarding the third and fourth real driving emission packages and for using the ordinary legislative procedure for the adoption of conformity factors in the future. The UK welcomed the agreement of the second real driving emissions package as a major step forward in tackling air quality issues in member states. In support of the Commission's approach, the UK and other member states warned against changes to the current process for determining the test procedure and requirements through the technical committee, which would risk delaying agreement of the remaining legislative packages and implementation of this important regulation.

#### *Any other business: further points*

The Council noted the information from Austria of the desire to hold a discussion on energy transition.

The Council noted the information from Belgium for further action and speeding up of the implementation of the 7th environmental action plan. The Commission announced the first review date would be in 2018.

The Council noted the information provided by the Commission on the ratification of the Minamata convention (mercury regulation).

The Commission introduced a paper on innovation deals and noted recent initiatives such as the international green deal on the North sea resources roundabout which was formally agreed the day before Council by the Netherlands, France, the UK and Flanders.

#### *Lunchtime discussion*

Over lunch, Ministers discussed the ratification of the Paris agreement where the UK confirmed that ratification would only be possible following completion of the negotiations on effort sharing.

[HCWS622]

## PRIME MINISTER

### Machinery of Government

**The Prime Minister (Mr David Cameron):** This written statement confirms that responsibility for the regulation of claims management companies will transfer from the Ministry of Justice to the Financial Conduct Authority. The date for the transfer will be announced in due course.

[HCWS623]



# ORAL ANSWERS

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