



Environment, Food and Rural Affairs Committee

Oral evidence: [Departmental Annual Report 2012–13](#), HC741

Tuesday 29 October 2013

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Members present: Miss Anne McIntosh (Chair); Richard Drax; Mrs Emma Lewell-Buck; Iain McKenzie; Sheryll Murray; Neil Parish; Ms Margaret Ritchie

Questions 66-132

Witnesses: **Rt Hon Mr Owen Paterson MP**, Secretary of State for Environment, Food and Rural Affairs, **Bronwyn Hill CBE**, Permanent Secretary, **Ian Trenholm**, Chief Operating Officer, and **Peter Unwin**, Director General, Policy Delivery Group, Department for Environment, Food and Rural Affairs, gave evidence.

Q66 Chair: Good afternoon and welcome, Secretary of State. I am delighted to welcome you to the Committee this afternoon for the first of our two evidence sessions, starting off with the Annual Report and Accounts. Would you introduce your team for the benefit of the record?

Mr Paterson: Good afternoon. Thank you very much for inviting us along. I would like to introduce Bronwyn Hill, our Permanent Secretary, Ian Trenholm, Chief Operating Officer and Peter Unwin, Director on Policy.

Q67 Chair: You are all very welcome. I have a couple of general questions to start. Defra has two new Ministers, who have left the Committee, so we obviously look forward to watching their progress in the Department with interest. Do you think this will have an impact on the work of the Department, to integrate two new Ministers at once? What do you think the impact will be?

Mr Paterson: I would like to begin by paying tribute to the two outgoing Ministers, David Heath and Richard Benyon. We got on very well as a team and we set in train a large number of good projects. Richard provided very helpful continuity as he had been Shadow and then the Junior Minister for two years before, and David Heath brought some very helpful experience from the South West. I pay tribute to them for all their hard work and the way we got on.

Things move on, however, and we have two new Ministers with, I am delighted to say, a very strong, rural background and even further concentration from the South West, as they are both from Cornwall. George Eustice will take over mainly agriculture and

fisheries and food; Dan Rogerson will take over, broadly, matters to do with water and the broader countryside. I very much look forward to working with them.

Q68 Chair: Excellent. We look forward to them appearing before the Committee in their new capacity. This is the first Annual Report since the Commission for Rural Communities was disbanded, and it is fair to record that the Committee is disappointed by the Government response from the Department to our report on rural communities. Do you think the Department—not you personally, Secretary of State—underestimates the inequality in funding to rural communities as opposed to urban communities?

Mr Paterson: Absolutely not. When I woke up early this morning, I was happy to hear your voice on *Farming Today*. I am sorry that I did not join you; I only got an invite to do it in the middle of yesterday afternoon, which was rather too short notice. It was a pity our statement was not repeated on the programme as well. I would have to take issue with you. I have been an MP, like you, since 1997. I come from an extremely rural part of the UK and I have been battling with the urban tendency at Government level all the time we were in Opposition. It will take time to swing the juggernaut round. I remember very clearly going to see a very well meaning Minister in the last Government—he is no longer an MP—taking the principal of my further education college, who was very much involved in farming. Neither the Minister nor his civil servants could get their head around the fact that not a single one of the students going to that college arrives by public transport. We do have a real problem getting across to a London-based and centralised political establishment and bureaucracy the complexities of delivering services in a rural area. Therefore, I very much see it as my role to champion the rural cause.

I have had two very good rural Ministers working with me in the last year and I have two new good ones who are very much from a rural background. We emphatically see it as our role to rural-proof Government policy and we have begun to make an impact. Only this morning I was talking to Michael Gove, the Education Secretary. He has made a clear commitment to look at the new funding formula for education and he pointed out to me an example of where our policies are beginning to help rural areas. On Friday, I was in Herefordshire where there is a little C of E school, Dilwyn, with 30 pupils, which thanks to our free schools policy and with some splendid local help, is going to carry on; it would have shut under the previous Government's policies.

I entirely take on board the criticism made by the Committee, but I would wholly refute that we, under my Defra team, do not stand up for the rural cause and really push on every single Government opportunity.

Chair: The Committee will be delighted to hear that. We are not expecting the Department to do this work entirely on its own. The challenge the Department faces is to be the rural champion in the way that you have set out, but there are a number of practical things that Michael Gove could also do, such as allowing more flexibility in funding. If we could use your good offices in that regard that would be most welcome.

Q69 Sheryll Murray: On this point, you mentioned a statement, Secretary of State, which the BBC did not publish or read out. I also did not hear it. Would it be possible, Madam Chair and Secretary of State, if that statement could be made available to members of the Committee?

Mr Paterson: Yes, I am sure. We will get our Press Office to make it available.

Sheryll Murray: Thank you very much.

Q70 Chair: Would it be helpful if you could press for a full hour for departmental questions when we have oral questions before the House? I know it is not within your gift, but we would certainly support you in that regard to allow more scrutiny of the Department's work.

Neil Parish: To make sure we grill you properly.

Mr Paterson: That is a good question. It is not something I have discussed with the Leader of the House, but I would be happy to do so, because I am happy to have every opportunity to get our views and policies across.

Q71 Chair: Could I turn to your risk management and Defra's risk profile, as set out in the Annual Report? We have had two reports—a report from the National Audit Office and the Professor Pat Troop report on the structure, composition and role of the FSA—stating that the response of the FSA to the horsemeat scandal in January this year was entirely as prompt and as effective as it could have been. Rather than order a review, might you move immediately to action to ensure that this sort of thing does not happen again?

Mr Paterson: Do not forget, the FSA was set up by the last Government to be rigorously independent of Ministers. I think we worked very well with them once the scandal had emerged. We took a strong lead in Europe, working closely with the FSA. I was very much involved ringing a number of member states' agriculture ministers who had been closely involved, working with the then President, Simon Coveney and Commissioner Borg, so we had the emergency meeting in Brussels. That was very much led by us working with Simon Coveney. The next day, I went on to see Europol and the FSA had been the first member state agency to make an application there. We had the full support of France and Ireland, and so Europol became involved in its proper role of co-ordinating investigations across Europe. We took a very strong lead. This was a criminal conspiracy to defraud the public. Trying to fob off the public with a product labelled as beef when it contained horse was a straightforward fraud. It is a criminal act and investigations are still going on. It may frustrate us all that we do not yet have a conviction, but there has to be a level of proof.

What came out of it was that people talked about food chains, which I think is probably an incorrect use of language. It is actually about food networks, and what we saw rapidly was the extraordinary complexity of the food supply process. Therefore, it is appropriate that we have Professor Chris Elliott doing a full review. Professor Pat Troop came up with conclusions with which I wholeheartedly concur. We do need more intelligence-based operation and you yourself have been pretty critical that someone should have spotted a difference of, I think, about €400 a tonne on this material. Someone should have been looking out for that.

I also think—I have been public on this and am happy to say it again—my gut belief is that the whole European food safety system is based on too much trust in bits of paper. There is too much faith that what is marked on the invoice and what is marked on the pallet manifest all conform. We need more targeted, physical testing and more risk-based assessment as to where that testing should go on. In fairness, we did lead the way in Europe. We had probably more testing done than virtually any other country and, I am pleased to say, there was a tiny, tiny percentage that proved to be negative. We should

wait for Chris Elliott's review, but I would not entirely agree with you. There is a very valuable job to be done assessing all these food networks and how we work and how the FSA works and how we co-ordinate with the Department of Health.

Q72 Chair: The Committee is delighted to see the emphasis the Department is placing on the export of food. Can you update us on how that is going and how much is being exported to the benefit of UK farmers?

Mr Paterson: Yes, I am very happy to. This time last year, I was about to set off for China where we took the largest ever delegation to the largest Chinese food and hospitality show, and I am about to go there again in a couple of weeks' time. Since then, I have taken the largest delegation ever to New York to the biggest American show, the largest delegation ever to Moscow to the biggest Russian show, and a couple of weeks ago, as I was in Cologne, the largest food fair in the world at Anuga. Each time I have taken the largest delegation, so there is real interest. We are giving a lead on this and we are beginning to see some results. It was a tremendous effort by all our vets, led by Nigel Gibbens, working really closely with the Russian authorities to get to the point where I could sign the formal opening up of the Russian market to UK lamb and beef exports for the first time in 18 years. That was a real team effort. That shows the value of a really proactive Ambassador in Moscow, real help from UKTI, tremendous dogged work by our vets, led by Nigel Gibbens and, in fairness, real co-operation on the part of the Russians. On that sort of issue we fully respect the very robust demands of other nation states in wanting to ensure that food sold to their citizens is correctly produced under very robust production systems and, of course, traceable and we have a very good story to tell on that.

This is a huge priority for me, as we want to grow the rural economy. I would like to say that right across the piece we have seen everyone in Defra working with UKTI and our various agencies and embassies, but there is an awful lot to do. Where we can really help is on the paperwork stuff: the health certificates, the import certification problems. At Anuga, I spent three hours at a really good evening reception organised by UKTI just talking solidly to people about paperwork problems. There are countries all around the world where we have trouble on that.

In addition, as a Government, we had the EU-Canadian trade deal opened up last week, which will give us further export opportunities, and we are very keen to push ahead with the US-EU deal. I met with the American Secretary and discussed how there will be sticking points, like GM, hormone beef, et cetera, which could trip up the deal. I am very, very keen that we work closely, as a bit of a bridge, with our partners in the EU and our partners in the States. On volume, we announced at Anuga that we want to increase exports by £1 billion and that is our clear target.

Q73 Ms Ritchie: The Department will lose £400 million from its budget by 2015-2016. Why was Defra's cut so big compared to other Government Departments? How will the Department manage these savings and what will you cut?

Mr Paterson: We came into Government with the nation borrowing £300,000 a minute, and obviously the Labour Government was supported by some other smaller parties. That was a very, very disastrous financial position for the nation to be in, and right across Government we have had to take some extremely difficult positions. What we

have to do is focus exactly on what our core priorities are and my priorities are very simple. I have nailed the immense complexity of Defra down to four key priorities: to grow the rural economy, to improve the environment—I do not want to protect the environment; I want to improve it in line with our White Paper; we want to leave it better than we found it—and, critically, to protect the country from animal disease and plant disease. Therefore, we have a very, very clear focus in Defra on where we are going and I absolutely pay tribute to all those in Defra who have had to live with some of the difficult decisions. I pay real tribute to Bronwyn, who has led them. It has not been an easy time for many people across Government working for all Departments, but people in Defra now have a very clear steer of where we are going. They know where we are concentrating our effort and that is how we will use the reduction in our resources.

Q74 Ms Ritchie: Finally, I do not think you answered this, Secretary of State. What will you cut? You told the Committee about your priorities. As a consequence of that, what specific areas will you cut?

Mr Paterson: We will concentrate on my four priorities, so it is as simple as that. Pretty well every single activity in Defra has to be focused through those four priorities.

Q75 Neil Parish: Good afternoon, Secretary of State. We have talked about the Government needing to cut back on public expenditure. Defra is taking big hits in staffing numbers; the Environment Agency is set to lose 1,700 jobs. Are you confident with CAP reform that the Rural Payments Agency is going to be able to cope with it? As far as the Environment Agency is concerned, how are you farming out to local authorities and local landowners ways of managing floodwaters if there are not so many EA staff available?

Mr Paterson: If we start with RPA, I might ask Ian to go on to the mechanics of the RPA, but I would pay again a real credit to the RPA, who got well over 90% of their money out early in December last year and are on target to do so again. What we are planning is that when the new CAP reform comes in, in 2015, we will be ready. I would remind the Committee the last Government made such a muddle of CAP reform that it has cost the country £600 million in what the European Commission politely calls disallowances—what you and I would call a fine. We are well down the track of making sure that we are absolutely ready and Ian will go into the detail. We are doing pilot runs with some of the stakeholders who will be involved in putting in applications, and I am absolutely clear that we will make our CAP reform simple, easy to understand and it will not cost the country a terrible waste in disallowance. That is an absolute priority.

Your second question is a somewhat different one, about the Environment Agency. I have had it in my own patch in Shropshire, but pretty well all around the country, from the New Forest to Yorkshire to the South West, where you are, there are constant complaints about the poor state of our low-risk rural waterways. I made it very clear at the Oxford Farming Conference in January that I see the purpose of a rural waterway as a means to get water away. That does not have to be incompatible with good environmental objectives. Because very little has been spent on rural waterways, because this has been the nominal responsibility of the Environment Agency, but because the Environment Agency, very sensibly, spent its money on high-risk projects literally to protect life and limb, low-risk rural waterways have been completely neglected. There is no point in pretending that the Environment Agency is ever going to have the money to get to every single small brook, stream and minor river, which always used to be kept clear by the relevant landlords.

We have a number of pilots all around the country where the Environment Agency is going to allow the landlords and local farmers to clear the debris and the willow boughs and the things that are gumming up these brooks and streams, but in a responsible manner. The Environment Agency very much will keep overall oversight of the project, but the work will be done by local farmers. That will be good for the environment, because I have seen cases where because there has been hopeless flooding due to all the blockages, all the amphibians and the fish and everything have been washed away. In fact, some quite serious assets are now at risk, such as small bridges run by the local council. We are doing these pilots and, obviously, if it works I hope this will become the pattern across the country.

There is no point in saying it is an Environment Agency responsibility and then sitting back knowing they will never ever have the money to do it. We had better face reality and go back to the way we were for centuries, where these brooks, streams and ditches were kept open in a responsible manner. I know that has alarmed some, particularly the fishing fraternity. Emphatically we want to do this in an environmentally friendly manner. It is not good for the environment to let these waterways get completely gummed up, all the drains backed up, lose agricultural land and lose the wildlife that lives in the water.

Could I ask Ian to bring us up to date on the technical detail of the new RPA system?

Ian Trenholm: Your point about how the RPA can cope is a good one. I know the Committee met Mr Grimshaw the other day and he will have told you that he had a strategic improvement plan, which set about addressing a number of the issues that he had inherited and had accrued since 2005. To cut a long story short, there are a number of errors that were integral to the processes within RPA, so a number of his team have spent their time fixing them. As those errors have been fixed, the need for more people lessens. When I spoke to you the other day, I pointed out that the number of people applying online had gone from 40% last year to 54% this year and we are hopeful for an increase again. In practical terms, what that does is reduce the number of errors again, so again the RPA is not fixing errors; it is delivering to farmers, and we have seen the practical manifestation of that. When we put the new system in, that will once more reduce the amount of error that is going into the system and will enable farmers to interact much more easily and efficiently with the RPA. Again, that will reduce the need for the number of people. To be clear, what this means is just a reduction in the number of members of staff required to deliver better outcomes for farmers.

Q76 Chair: Just before we leave this subject, Secretary of State, I am a little bit concerned that we have established on the record that there is only £20 million being spent each year in England and Wales on maintaining watercourses. That is a very small amount. I am also slightly concerned that you said landowners will be asked to clear these courses. Landowners are already paying towards the IDBs some substantial amount of money. What the Committee would like to know is if the IDBs can use that budget to agree a course of work and to do the maintenance on these minor watercourses—and I hope that Mr Unwin is nodding in agreement here—rather than going to the landowners to pay out of a separate budget, but to use the budget they are already making into the IDB. Is that going to happen?

Mr Paterson: Yes, sure. Sorry, I did not make it clear. If there are IDBs, I would expect them to do this work, because obviously locals have contributed. I had a meeting with the IDBs only last week and I am very happy for more IDBs to be formed, but there are parts of the country where you just have individual landowners along a watercourse. My view is that we should stop pretending, although we have massively increased the expenditure on flood defences, that this is going to reach low-risk rural waterways. This is going to go on high-risk areas where, as I have said, life and limb are at risk. We had a fright yesterday; the Environment Agency has been involved and we are getting into the season where, sadly, we might see more flooding. We have a very serious programme; we may talk about it later, but we are spending £2.3 billion. Over this Parliament, we will spend more than any previous Parliament. Through the Environment Agency, under very difficult economic circumstances, we have managed to persuade Government colleagues to put extra money in. Everyone has to be realistic. That is going to go to the high-risk areas. I am just being coldly realistic rather than pretending it is going to get to the low-risk rural waterways. No, it is not. We should go back to where we were. It is either the IDBs or the local landowners. That is why we are doing these trials.

Q77 Chair: Just one further clarification: the Environment Agency confirmed that out of its maintenance, its revenue funding, it only spends £20 million a year on maintaining these water channels. In your view, is that sufficient?

Mr Paterson: In an ideal world we would love to have more money, but I repeat what I said to Margaret. When we came in, we were borrowing, as a country, £300,000 a minute and every corner of Government has had a difficult time. In fairness to ourselves, we have done extremely well to get extra money for flood defences, but we have to be realistic: that is going to go on the high-risk areas.

Q78 Chair: We are talking about chalk and cheese. You are talking about flood defences. I am talking about maintenance. You do not intend to ask the Environment Agency to spend more than £20 million on maintaining and dredging watercourses each year in England? You are not minded to instruct them to pay more?

Mr Paterson: They have to live within the money we allocate to them and they also have to allocate the money towards—I repeat this again—the areas where life and limb are at risk. We have to make difficult decisions in Government.

Q79 Sheryll Murray: Secretary of State, you know that my own area suffered tremendously from flooding last year. What local people there were really upset about was that the Environment Agency could not allow them to carry out the maintenance that they wanted to do. Does this mean that through localism we are going to see more volunteers being able to maintain the watercourses as they would wish?

Mr Paterson: Absolutely. That is exactly the purpose of these pilots. I am acknowledging that, however much we would like it, there will never be enough money to go around everywhere. The priority has to be to the high-risk areas, so we had better acknowledge reality and go back to where we were for centuries, where local landowners, either working together in an IDB or co-ordinated on the ground, helped by the Environment Agency, will do the work themselves.

Q80 Neil Parish: I want now to change the subject entirely to the trials of badger culling. The RBCT 10-year trial of badger culling found that killing too few badgers over too long a

period of time caused TB infections to rise. Is there now a real risk of this happening in the cull zones? What is your estimate of what is happening?

Mr Paterson: I just think we should step back and look at the whole picture. In the last 10 years, this country has spent half a billion pounds sending 305,000 otherwise perfectly healthy cattle to slaughter, because the policy until then, almost unique in this country, was only to bear down on disease in one host, which was cattle. Every other sane country has borne down on disease in cattle, but also on disease in wildlife. When I was in Opposition a long time ago, I went to Michigan and saw what they did with the white-tailed deer. It was everything we were doing here—very tight cattle movement controls, some work on biosecurity, which was more effective on deer, testing and rigorous slaughter of reactors—but a very vigorous campaign on the white-tailed deer, which was very contentious in Michigan because the hunting of white-tailed deer is more valuable than the dairy industry.

I have been in touch with Australia, and I went down there this year. They had a 22-year campaign, which is absolutely astonishing, removing TB from cattle. They were about to lose their export status to Germany and America and they had a huge problem in domesticated cattle, in feral cattle and also in water buffalo. You have to really admire what the Australians did. After 22 years they were TB free.

If you look at New Zealand, it was exactly the same as us: TB testing, slaughter of reactors, cattle movement controls, but a very vigorous campaign on the host there, which is the brush-tailed possum, where they have taken the population down from 50 million to 30 million. They are still at it and are on the way to TB-free status.

Everyone says all these examples are irrelevant, but if you look nearer home, in the Republic of Ireland they had a very steadily accelerating progress of TB in cattle, which has been arrested by a new policy of removing diseased badgers about a kilometre around every reactor case when more than three cattle are removed as reactors. They have seen cases go down from about 40,000 a year to 18,500 last year and a further 20% this year. As someone who had pet badgers as a child and wants to see healthy badgers, I am happy to say the average Irish badger is one kilogram heavier.

All we are doing on these two pilots is establishing whether controlled shooting by skilled marksmen is a safe, humane and effective method of removing diseased wildlife. That is all these pilots are about, so I do not think we should get the importance of them out of kilter. This is very early days, when you go back and look at what those other countries have done, so we are not going to be knocked off course on this. Sadly, a badger vaccine does not work on diseased animals. Sadly, we do not have a cattle vaccine. We are well ahead of the field in the rest of Europe—you have seen my letter from Commissioner Borg. That is a 10-year programme, so what we are doing under current circumstances is acknowledging that the previous policy of attempting to remove this bacterium—and that is what it is—by only bearing down on cattle failed. This year up to July a further 20,000 otherwise completely healthy cattle have been slaughtered. That is a very, very stupid way to try to run the cattle industry and, ultimately, we will not have a cattle industry.

Where are we up to? These two pilots have got going. I would really pay tribute to those who have been involved, because they were locally organised. This will all be adjudicated by the independent panel, so my opinions are second to the panel. We will see

what they say, but it seems to me that after the first few weeks in Somerset and Gloucestershire—and I pay tribute to those involved—these trials have proved to be safe and all the reports coming back to me are that they are humane.

Chair: I am sorry to interrupt you, but we have a lot to get through and I already have colleagues wanting to come in on the back of this, so I am going to let Mr Parish finish.

Q81 Neil Parish: Secretary of State, you talk about the cull zones. What is your estimation of why the population in the cull zones seems to have dropped so remarkably? In other areas, such as Woodchester Park, no such drop has been detected, so what has been different about the cull zone areas in terms of badger numbers?

Mr Paterson: I have not seen verified figures on Woodchester Park yet, but this has been bandied around. We genuinely do not know. There are about 1,000 fewer than according to the count last year. This was done by very professional people using the same techniques but, as I have said publicly, these are wild animals subject to the vagaries of the weather, food availability, breeding habits and disease. We genuinely do not know.

Q82 Neil Parish: A final question on this: what assessment have you made of the risk of spreading TB outside the cull area if the target numbers are not met?

Mr Paterson: The Chief Vet has made it clear in his statement that ideally we should get to 70%. It is worth pointing out, though, that in three of the RBCT trial areas, one hit 32%, another 35% and the other 39% at the lowest and they did contribute to disease reduction at the end of the period. This is a four-year programme. We are not going to drop our spades and run away home just after the first few weeks. It is quite clear that we need to pursue this. It is quite clear it would have been better if we had got 70%, but we are learning. These are pilots; we are learning an awful lot from this. What is absolutely not an option is to run away from the bacterium and pretend—the policy of the previous years—that only concentrating on cattle, which has led to this hideous slaughter, will end in anything but disaster. It will end with this country not having a cattle industry.

Q83 Mrs Lewell-Buck: Secretary of State, following on from Neil's comments with regard to the badger culls, as you are aware, the guidance that was issued from Defra to Natural England in respect of these culls repeatedly and specifically stated that the culls must be carried out in six weeks and must cull 70% of the badger population. You have already touched on the fact that that has not happened and has failed. I am curious, in terms of the extensions that are happening in Somerset and Gloucestershire, who is paying for that and will Defra be making a contribution?

Mr Paterson: Yes, the payments will carry on exactly under the arrangements agreed for the six weeks. However, you have missed the point that up to the end of July a further 20,000 completely healthy cattle have been hauled off to slaughter. These are pilots to establish whether this method is safe, humane and effective and we are learning a lot from them already. We have set a target to make England TB free in 25 years time. The Australians did it in 22 years and these are the very, very early days. These are two trial pilots looking to see how we remove diseased wildlife. We have a lot of work going on in badger vaccines, a huge amount of work going on in cattle vaccines and are looking at other controls, but you just have to keep your eye on the bigger picture. It is not an option to carry on, as the last Government did, only addressing this bacterium in cattle. We are unique of all the countries with a serious cattle industry in only addressing disease in cattle. No one else has done it.

Q84 Mrs Lewell-Buck: With all due respect, Secretary of State, the criteria that were set out initially have failed, yet you have sanctioned extension of these culls at the risk of spreading TB. The Chief Veterinary Officer has revealed in leaked documents reported to the press that he has been given the green light to ignore the scientific criteria for these and any future culls. Do you not think this has damaged the credibility of all involved and, perhaps, in some way the public has been misled?

Mr Paterson: No. I am not sure you listened to my earlier statement. In the RBCT, three of those only achieved 32%, 35% and 39%. This is a four-year programme. These are pilots to establish whether this method is safe, humane and effective. In the background, this disease is rampaging on, healthy cattle are being slaughtered and our cattle industry is destined to be destroyed. That is the big picture you have to look at. It would have been much better, I could not agree more, if more had been taken earlier and it would have been ideal if they had got 70% within the six weeks. However, you have to look at what happened under the RBCT when, in some areas, they got off to a slower start, but at the end of the RBCT—and we hope to improve on a lot of conditions set by this with bigger areas, harder boundaries and all that—we will get a reduction in disease. I would ask you to look at the other countries I have mentioned. There is no other country in the world that has attempted to get rid of this disease without addressing it in wildlife.

Q85 Iain McKenzie: Secretary of State, would you agree that the public look upon the evaluation of this process of eliminating TB with a badger cull as more of a focus on the effectiveness of the slaughter rather than the safe and humane method? You have already indicated it took Australia 22 years; are we going to see that length of time of slaughter of badgers to reach TB-free?

Mr Paterson: I have set a target of 25 years and have been criticised by some saying it is too short and others saying it is too long. I think it is realistic, because I have taken the progress made in the countries I have cited. The NFU had quite an interesting poll in June, which showed that a bit less than a third supported what we were doing, more than a third were vigorously opposed and a further third were neutral, i.e. they did not know, they were not interested or had no strong opinion.

Q86 Iain McKenzie: That would still be the majority who are not buying into the culling.

Mr Paterson: No, there is a balance out there and there is very little understanding. A year ago, I was very much criticised for not deploying vaccination. There was a binary choice presented to the public by those who opposed the cull saying we could have vaccinated. Sadly, we do not have a cattle vaccine. Obviously, we vaccinate for all sorts of other diseases. It would be ideal if we had one and we would deploy it. The badger vaccine, sadly, will not work on diseased animals, so the idea that I was just being pigheaded and was going purely for culling when there was a vaccination option was incorrect. What we have done in the succeeding months is we have got the message across that there is, sadly, no valid vaccine that will work and that we have to follow the methods used in every other serious country with a problem of bovine tuberculosis in cattle and in wildlife.

Q87 Sheryll Murray: Very quickly, Secretary of State, we know that there are an increasing number of cases of this disease in domestic animals, like domestic cats. If we did not take this action would you see this increasing, do you think?

Mr Paterson: I would not want to be alarmist, but obviously if this disease got out of hand there is a risk of it getting into other hosts. The Germans have a problem in deer; the French have a problem in deer.

Q88 Sheryll Murray: Has there been an increase in cases in domestically kept pets?

Mr Paterson: I have seen reports of a small number. I could not give you the exact number; perhaps we can get back to you on that. Perhaps that is something for the Department of Health. However, we should respect the fact that this is a zoonosis and before pasteurisation, before the War, it killed 2,500 to 3,000 people a year. This is a serious disease that we have to treat with respect.

Q89 Richard Drax: The numbers are not as high as you wanted, Secretary of State, and you are learning from the pilots. What are you learning? What is there to learn? Why are the numbers so low? What is going wrong, if that is the right way of phrasing it?

Mr Paterson: Let us wait until we get the evaluation by the independent panel, but the most obvious thing is that six weeks is not long enough. That was just an arbitrary time period.

Q90 Richard Drax: It was a slightly overambitious target, perhaps.

Mr Paterson: Of course, the details were all set up before I arrived as Secretary of State last year and I have just taken on and gone through a rigorous administrative and legal process, but the first lesson is that six weeks is obviously not long enough. There will be other lessons we will learn when we get the evaluation from the independent panel.

Q91 Chair: On a general point, Secretary of State, when a species is given protected status, does the Department review this policy? Apparently, pine martens are eradicating capercaillie in Scotland. Within the Department, do we have a policy of reviewing wildlife that is given protected status after a period of years?

Mr Paterson: We are looking at the whole of wildlife law—we and the Commission look at that—but we have no plans at all, certainly not in the foreseeable future, to change the current arrangements. It is worth pointing out that the Protection of Badgers Act was set up to stop the disgusting practice of badger baiting, which is really horrible. However, at the time, I do not think it was ever intended that it should be a blanket protection. Section 10(2)(a) always allowed you to issue licences to remove badgers for the purpose of prevention of disease. The Act has been abused and, of course, if measures had been taken to stop the spread in the wildlife population, we would not be in the mess we are now.

Q92 Mrs Lewell-Buck: On a totally different topic, Secretary of State, with regard to environment and climate change and the comments made by the Secretary of State for Climate Change regarding the IPCC report, that only a deeply irresponsible Government would do nothing, how would your Department respond to these comments and the IPCC report's conclusions?

Mr Paterson: Our role is adaptation and the biggest evidence of what we are doing is the very significant extra money we are spending on flood defences. Sadly, we have seen this increase in flood events in recent years and getting the extra £2.3 billion and getting the partnership money, which is terribly important, so a whole lot of schemes that never quite made the cut before are now going through, is really significant. We may go on to this, I do not know, but what we are doing in the Water Bill is bringing in an insurance mechanism to protect some of our most vulnerable houses, after negotiation

with the ABI. That is all predicated on very significant Government investment in flood defences, and we have a programme going right up to 2020, which is very significant. That gives real reassurance that over a period of time we would like to have the vast majority of flood-vulnerable, high-value areas protected. That is the most obvious manifestation of what our Department does to react to climate change.

Q93 Mrs Lewell-Buck: What about cutting greenhouse gas emissions? What are the Department's plans for that?

Mr Paterson: You are quite right that that is a role for this Department and we do liaise carefully with the Department for Transport and others, and of course we do have responsibility for agriculture, which is responsible for significant emissions.

Q94 Mrs Lewell-Buck: Sorry, Secretary of State, I am not sure I understood. What is it that you are going to be doing about that specific issue of cutting gas emissions?

Mr Paterson: We do not decide transport policy, but we do liaise with the Department for Transport on emissions and vehicle standards.

Chair: For example, though, trees presumably take out the bad stuff.

Mr Paterson: Absolutely, you are quite right.

Q95 Mrs Lewell-Buck: Surely your Department gets involved in some way; I am just curious in what way.

Mr Paterson: We are very keen to reinvigorate our whole forest industry. That is very much a real priority for us. It is part of our second priority: improve the environment.

Q96 Chair: How many trees have we planted in the last year?

Mr Paterson: I will get back to you on the exact number of trees. Is that in the public estates or the private?

Chair: Out of the Department's budget.

Mr Paterson: We will get back to you with an approximate number. I would not like to guarantee we will count every one.

Mr Unwin: We work with the agricultural industry on reducing greenhouse gas emissions on everything across the livestock sector and through the use of fertilisers, and a lot of the things that we do help the industry to save money in its own right. Using less fertiliser is good for the bottom line and reduces greenhouse gas emissions.

Q97 Mrs Lewell-Buck: One final question from me, Secretary of State: why is the pursuit of a green economy being dropped in favour of improving the environment from the Department priorities in your business plan?

Mr Paterson: A very important difference from the last Government is I do not see my two priorities as being mutually exclusive. That is a really important point. You have to grow the rural economy and you have to improve the environment, and you cannot improve the environment if you do not improve the economy. The two are absolutely not mutually exclusive, so I phrase it slightly differently. We all want to end up in the same place, but it is very important that we get both.

Q98 Sheryll Murray: Can we turn to food waste? Both supermarkets and consumers accept that the consumer problem is often that promotions by supermarkets encourage people to buy

more than they need. We are still throwing away a significant amount of food regularly, though. Could you tell me whether your Department is taking any action or has taken any action over the last year to tackle food waste?

Mr Paterson: We throw away an appalling amount of food—15 million tonnes a year—and one of my enthusiasms is to see that that does not go to landfill but is processed in some way. I am a very strong supporter of anaerobic digestion using waste, and this is an issue we are working closely on with our colleagues in DECC, to see how we can encourage more anaerobic digestion plants based on waste.

Q99 Iain McKenzie: On food waste, we have seen recently that Tesco has announced an initiative to give away surplus food to charities, et cetera. What steps are you taking to advise Tesco on their speeding up of the ripening process of many of their fruits, which obviously contributes to them ending up being discarded? Tesco ripen artificially their bananas, because they see that green bananas will not sell but yellow bananas will. That ripening process does not stop when you remove it from the shelf, but continues and contributes to the speed of that product reaching the bin before it is consumed.

Mr Paterson: We have talked to the supermarkets, partly about aesthetics. Because of the intense interest in television and the media, with chefs becoming very high profile, there is this extraordinary thing about the aesthetic of vegetables, which partly answers your question. We have gone very much on the record saying that ugly vegetables are just as nutritious as perfectly formed vegetables. That is one of the things we have done. WRAP has been working with the supermarkets on a whole range of these issues to try to discourage waste. Some of the figures that have come out recently are really shocking, and the total figure, which I have just cited, is 15 million tonnes. That is really bad and can be reduced with a bit of public education.

Q100 Iain McKenzie: This is interfering with food before it reaches the shelf for the consumer. This is speeding up the process. This is adding chemicals so that a particular fruit will ripen faster, which contributes to that fruit not only reaching the bin quicker but also to customers having to go back on a regular basis. We are trying to encourage people to eat more healthily, and if they have to make frequent trips to the supermarket and so on, how does that all fit in with your policy on food waste?

Mr Paterson: You make an interesting point about the colour of bananas, which no one has raised with me before. I have raised the issue of ugly bananas, ugly fruit and ugly vegetables, where I think we are probably talking the same language. The fact is that it is shocking in this day and age that good, nutritious food is thrown away partly out of ignorance and partly out of aesthetics and we can do something together to influence that. If you could write to me with evidence about the coloured Tesco banana, I will happily take it up.

Chair: We look forward to the response.

Q101 Neil Parish: Secretary of State, I share your enthusiasm for GM foods, but why do you believe they would be such a good thing?

Mr Paterson: As we speak this afternoon, we have 1 billion people in the world who are hungry, and we are heading to add another 2 billion. The current state of play with GM is that 17 million farmers are cultivating 170 million hectares in about 28 countries. That is 12% of the world's arable area, which is seven times the surface area of the UK and, as I see it, this is now an established technology producing safe, nutritious

food. I am unaware of any single health case attributed to GM. This is a technology that is well established in other parts of the world. I talked to the Brazilian Agriculture Minister in Berlin earlier in the year, and well over 90% of his soya is now GM. We have seen leading supermarkets acknowledge a few months ago that they could not guarantee to their customers that meat sold on their shelves did not come from animals that, at some stage, might have eaten GM. Obviously, there is nothing to be traced; if an animal has eaten GM or conventional, you cannot tell any difference. It is a technology that we should be looking at. It is not the only answer to our food problems, but there are some very interesting developments.

When I gave the speech at Rothamsted, you were looking at aphid-resistant wheat, where there is a very small modification in the wheat that will drive aphids away. That would lead to a dramatic reduction in spraying. Not this summer, but last summer, I was talking to a big farmer not far from me and he said, “You have just got to get on with GM. It is awful how much we are spraying”, because it was a very wet summer and they had to spray and spray. We are using huge amounts of strong chemicals. The figures in Canada, for instance, are that you see a dramatic reduction in diesel consumption, there is less compaction of the soil. As I see it, there are tremendous environmental gains.

Chair: Could you keep the answers a little bit shorter, because we do have other questions?

Mr Paterson: Okay, but on the environment, this is a very important point. I talked to a guy who farms in the South West, not far from you, and farms in North Carolina. On his North Carolina farm he had got rid of all his spraying machines. This is an interesting technology. It is not the only one, but with the need to increase food production—I was in Germany not long ago looking at how we can increase wheat yields by 20%—it might be conventional, it might be cisgenic, which is moving a gene around within a single plant, or it might be GM. I do think the technology is moving on such that the whole debate about GM is going to become a bit sterile, because it will be all about cisgenic.

Q102 Neil Parish: Just one final part of this question: what was the outcome of the consultation on agritech measures to increase the efficiency of British farms? How much support was there for increased use of GM crops?

Mr Paterson: I was pleased that my speech at Rothamsted was very widely welcomed across the farming community and from the world of agritech. The other side to this that I would like to see is for the UK to be the leading European centre for development of new technology in agriculture. David Willetts and I worked on the agritech strategy and we have set out very clearly that we would like to have these centres that take abstruse academic ideas and get them into practical application to help our own farming community, but also this is a massive export. I would just love it if we were the absolutely key European centre for development of new agriculture technologies, and I do fear at the moment, with some other member states so hostile to technology, that we could become a backwater of world farming.

Q103 Chair: Are you concerned about the possible superweed proving resistant?

Mr Paterson: It is all about management. It is the same problem with conventional. That is something that needs to be managed.

Q104 Chair: You think it can be managed. You are not wary of the criticisms that are being levelled at the incidence of superweeds.

Mr Paterson: I am aware of the criticisms, but the reality is that with proper management this is a technology that can lead to big environmental gains. It has to be managed and used responsibly.

Q105 Ms Ritchie: Secretary of State, given that in September the Government announced that a five pence charge for plastic bags would be introduced in 2015, why did it take so long for the Department to agree to introduce a charge for single use plastic carrier bags in England?

Mr Paterson: We were just being cautious and looking to see the results elsewhere. I am also very taken by the idea of a genuinely biodegradable bag. We have looked at all the current technologies and, sadly, at the moment we do not think we have genuine technology that breaks down to the molecule. It breaks down to particles, which in the marine environment would lead to real damage. You can partly blame me for this; I was really hoping that if we scoured the world we would find this technology.

We have gone for the charge, which has led to remarkable reductions in Wales and in Northern Ireland as well, because we do import astonishing numbers of polyethylene bags mainly from China and the Far East, and they are a real blight. They are a blight on land and they are certainly a blight when they get into any waterway or into the sea. Down the road, I would like to see if we could use the price mechanism to encourage people to, firstly, develop and then deploy a genuinely biodegradable bag that is compostable. That is the real goal for me. That is where I would like to be. Through your offices, I will very happily publicise the fact that the race is on. We would like someone to develop this. We think we could develop a whole new industry in this country.

Q106 Ms Ritchie: So that is the main obstacle to you and your Department introducing the charge earlier for plastic bags.

Mr Paterson: Yes, but we were also prudent to see how this developed in other parts of the UK. We have to respect the fact that hardworking people are having a tough time in recent years and it is a charge, it is an extra cost, so we were cautious about introducing it before seeing if it worked.

Q107 Ms Ritchie: Well, we know, Secretary of State, that in Northern Ireland it has brought in benefits of something like 80%, in Wales 75%, so surely that is a very good evidence base upon which you could move.

Mr Paterson: Absolutely and that is why we have moved.

Q108 Ms Ritchie: What progress have you made in terms of moving towards the technology to bring forward the biodegradable bag? You have given us some description and some narrative around that.

Mr Paterson: We have been talking to the industry and now we have gone public that we are very keen to see an open competition develop amongst those who could develop this possible technology.

Q109 Ms Ritchie: What information have you received from that?

Mr Paterson: The information is we have some developing to do; we do not have an off-the-shelf technology that we could grab.

Q110 Sheryll Murray: Corn bags have been available in certain areas for quite a long time. I know they are not as good as the ones that are not biodegradable, because they stretch and are a little bit susceptible to liquid. Do you accept that this is a good step forward, though? This has been happening over the last five years.

Mr Paterson: Yes. These have been sold in some other countries, but we want to go a stage further because they do not absolutely break down to the molecule, which is what they need to do.

Q111 Richard Drax: Defra has withdrawn funding for three major waste projects in Merseyside, North Yorkshire and Bradford and Calderdale. Bradford and Calderdale is within a few months of starting construction; all have spent considerable sums of money. Why has the PFI project funding been withdrawn at such a late stage, when so many costs have already been incurred?

Mr Paterson: We have clear commitments to meet European targets on reducing waste to landfill and, I am pleased to say, we have done extremely well on this. A number of these projects were superfluous to us meeting that target; some of them had gone over the legal requirements, and we are under pressure as a Department. One of them is going to go ahead without us. We have spent a large amount of money, £3.5 billion, on 28 different projects. It is not that we have held back, but we have done enough to meet those European targets and with the pressure the Department is under financially, if some of the projects had gone past their time or out of kilter legally, we have decided to withdraw. That does not mean to say the projects cannot go ahead.

Q112 Richard Drax: How are they going to go ahead if the money is withdrawn from Defra?

Mr Paterson: These are substantial organisations in local government. They have their own sources of finance. It is up to them to—

Richard Drax: Local governments are in a terribly parlous state, rather like you were saying the country is.

Q113 Chair: May I just intervene, Secretary of State? North Yorkshire has committed millions of pounds to this project already and has proceeded to advanced full planning permission, so there is already a cost to the residents of North Yorkshire whether we proceed any further or not. I am not quite sure, and I think Mr Drax is on the same page as me, which budget North Yorkshire County Council is meant to take this additional—

Mr Paterson: Merseyside is going to go ahead without us, so it is possible for these projects to go ahead. When you are in Government and you inherit a position where we are borrowing £300,000 a minute, you have to make some difficult decisions and that is one of the difficult decisions we had to make.

Q114 Chair: Mr Unwin, do you want to respond?

Mr Unwin: That is the point I was going to make. Merseyside is going ahead without central Government support.

Q115 Chair: However, I understand there is a judicial review or two for the others.

Mr Unwin: That is from some of the other authorities, yes. It is for each authority to decide, obviously, according to their own finances. Merseyside can speak for themselves, but I think they worked out that it was still in their financial interest to proceed with this project without Government support.

Mr Paterson: We are investing £3.5 billion in 28 different projects. That is a very substantial amount of public money at a very difficult time for the public finances. Sadly, we cannot afford to pay for everything.

Chair: The record will show that the Chancellor of the Exchequer confirmed that the credits would go ahead in July-September 2010, on which basis North Yorkshire proceeded.

Q116 Richard Drax: While the EU's 2020 landfill targets may be met on a national level, what is the impact of the withdrawal of funds for long-term waste solutions in these local areas?

Mr Paterson: That is for those local authorities, who have the responsibility to decide for themselves according to local circumstances. There are other ways of dealing with waste apart from, some of them, quite substantial incineration schemes. We cannot micromanage every single local authority. We have put in a substantial sum of money at a difficult time publicly, which we will stand by, but given our own circumstances, we have had to make some reductions.

Q117 Chair: To be clear, has the Department decided not to proceed with these three projects because they are meeting the landfill requirements on the existing basis?

Mr Paterson: No. We believe that we have committed enough to achieve the EU target and we have to make savings in certain areas.

Chair: We will see what happens in the judicial review.

Q118 Mrs Lewell-Buck: Secretary of State, how many pilot schemes with regards to biodiversity offsetting have there been in the UK and how successful have they been in enhancing biodiversity and ecological networks?

Mr Paterson: I have been to see one in Warwick. There are four going on. They are not yet completed so we cannot draw too many conclusions from them.

Q119 Mrs Lewell-Buck: Where are those four?

Bronwyn Hill: We had better check. There may have been slightly more than four, but they are still going ahead.

Peter Unwin: I think there may be six. We will send you the number. I think it might have been six.

Mr Paterson: I was trying to see them all but I have got to only one so far. The problem is that they are voluntary. We are consulting at the moment on the issue of biodiversity-offsetting. We did this for the other Committee last week. There will be lessons to be learned from the pilots but I think we need to see them through.

Q120 Mrs Lewell-Buck: You do not know how successful they have been yet.

Mr Paterson: No. I went to see the one in Warwick and it was rather early days. I have been to see biodiversity-offsetting in Australia, which was more fruitful because they are further down the road. It is mandatory in one of the states I went to and it is voluntary in New South Wales.

Q121 Mrs Lewell-Buck: Just touching on the point you made there, where you said you visited one in Australia, a lot of the proposals around biodiversity-offsetting are based on initiatives that have happened in places like Australia and the United States of America, but these countries have a lot less pressure on land use than the UK, so are they really useful examples for us to be following?

Mr Paterson: I think so. You are quite right: the landscape is very different in certain parts of Australia, but this is being pursued in quite a number of countries now, with beneficial results. From the point of view of the developers, you get away from this sterile debate that it is either the economic project or it is the environmental asset. Quite clearly, you only deploy this at the end, once you have been through the whole mitigation process. It is very important: it does not replace the mitigation process. One of the interesting lessons that I learned in Australia was that, for instance, on grassland, it has shifted applications. There has been an 80% reduction in application on grassland, because there is a cost immediately. Because it is mandatory in the state where I was, everybody recognises the metric and everybody can assess what the cost would be.

It has definitely changed behaviour, but what I would like to see is that this is possibly a mechanism for enhancing the environment. You could get a really good, long-term programme going, which could benefit local people. There will be some projects where, sadly, there will be environmental damage. At the moment, it is fairly unsatisfactory. There might be a bit of token green development within a housing estate or whatever, whereas I think this could lead to money being put in trust for a long-term programme of development.

I was up in North Yorkshire the other day, where there was a potential project for the Duke of Burgundy butterfly. There are little pockets in the National Park. What would be really good would be offsetting within a nearby range, and the geographical area is incredibly important in this. You could say that any money locally would go into this long-term project over 25 years to help enhance the habitat for that particular butterfly. I saw the NIA in Northampton, Bedford and Cambridgeshire the other day around the water system around the River Nene. Again, you have 25 different voluntary organisations there, all working very hard and doing tremendous work to improve the environment. You could say that, if offsets were required because of building development, road schemes or industrial development, that money from the offsets could all go to a real, long-term plan to enhance the environment. That would be something that is well worth at looking at, but you are absolutely right that we have to be careful not to draw direct

parallels from Australia, which is a bit more homogenous and where it is mainly gum trees or grassland.

Q122 Mrs Lewell-Buck: Just finally, one comment, which I think you touched on there in your answer: would you consider prescribing a radius or an area within which the offsetting would be permitted or are you just going to leave it open?

Mr Paterson: No, that is the key question. You are spot on: that is the really difficult question. You will not have public support if an environment asset is lost and the offset is too far away. It has to be within reasonable distance, so that local people get an advantage. The Nene area is the area between Northampton and Peterborough. It was an interesting example where there was an ecosystem which could be enhanced, and the whole of it was in reasonable range of people who might be affected. For us in this country—and you are quite right—with a denser population, that is the absolute key decider, which we are consulting on to make it work. It is generally a really interesting idea, which could help us get away from this terribly sterile debate, the endless delays and the awful legal battles. There are some areas where you just have to do the economic project. If you cannot mitigate, you say, “Fine, there is a substantial environmental gain from a long-term programme helping an ecosystem.”

Peter Unwin: I can answer your question about where the projects are, by the way. There are six pilot projects, and they are in Devon, Doncaster, Essex, Greater Norwich, Nottinghamshire and Warwickshire.

Q123 Chair: What progress is being made on the payment for ecosystem services?

Mr Paterson: Paying for ecosystem services?

Chair: Yes. It is in the natural white paper that we are looking to establish payment.

Mr Paterson: We have set up the Natural Capital Committee, which came from that white paper.

Q124 Chair: Which bits are coming from the private sector and who is stepping forward?

Mr Paterson: That provides the metric that we need to make offsetting work. They are meeting on a regular basis and are big supporters of this. This was also something that came out of the Ecosystem Markets Task Force.

Q125 Chair: Do we have any concrete projects on payment for ecosystem services?

Peter Unwin: One of the main recommendations of the Ecosystem Markets Task Force, which was set up after the white paper, was on biodiversity-offsetting, and that has led to the green paper that the Secretary of State has spoken about.

Mr Paterson: It was their number one recommendation, but it does not work until we get a metric. The two really key things to make it work are getting a proper metric—

Chair: So we now have a metric.

Mr Paterson: —but also, to Emma’s question, the really tricky one is getting the geographical area. That is the one where we really need to work very closely and consult.

Q126 Neil Parish: Just going back to additional capital funding for flood defences, this is good news, but how will the upkeep of these new flood defences be paid for when the

maintenance flood budget has been falling steadily since 2010 and is set to continue? As an aside, are you passing over some of that maintenance to the drainage boards, where they exist?

Chair: I think we have explored that. We will turn to Post Office privatisation, unless there is anything the Secretary of State would like to add to the answer we have had already.

Mr Paterson: We have an extra £5 million for maintenance to cover these new assets we are going to have. The Environment Agency, like every other Department, has had to make efficiencies, and it has made 33% efficiencies on the back office.

Q127 Neil Parish: My particular issue is how we are going to make sure, in the long run, that the capital schemes are properly maintained. If the Environment Agency do not have the funds, are you looking at ways in which the landlords or the internal drainage boards can manage them? This is a real issue.

Mr Paterson: I have just said that, in the extra assets we are investing, there will be an extra £5 million for maintenance. I think we covered this in the earlier question. What I am proposing, if the pilots work out successfully, is that, on low-risk rural waterways, the work should be done by local landowners and farmers, with overall supervision by the Environment Agency.

Q128 Sheryll Murray: Could we turn to the new rural-proofing policy, specifically in relation to the Post Office privatisation? Despite the assurances that Parliament would have to take the decision if there was any cut in the daily delivery service, there are a lot of people out there who are sceptical. Could you just tell me whether the decision to privatise the Post Office was rural-proofed or subject to the new rural-proofing?

Mr Paterson: Universal delivery is a very clear commitment.

Q129 Sheryll Murray: Absolutely, but they are still sceptical.

Mr Paterson: I think the person to address the detailed question to is Mr Fallon.

Q130 Sheryll Murray: I have to pay attention to my brief, and there is some scepticism there. I know that and you know that.

Mr Paterson: We are happy to persuade you. There is a clear commitment that universal delivery must continue.

Q131 Sheryll Murray: Thank you very much. Was it rural-proofed?

Mr Paterson: Yes. It is an absolutely classic issue where we would be involved.

Sheryll Murray: Absolutely. Thank you very much.

Chair: Secretary of State, we were going to have a pause but, as there is going to be a vote, we think, probably in the next half hour, if you are happy we will proceed to the next stage.

Mr Paterson: No, crack on. Fine.

Chair: Those of us who have to vote twice will have to do so over that time. Thank you very much to the outgoing officials and welcome to the incoming officials.

