Business, Innovation and Skills Committee

Oral evidence: Extractive Industries Sector, HC 832-v

Thursday 5 June 2014

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Witnesses including written evidence where submitted:

At 9.30am:

- Jenny Willott MP, Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs, Department for Business, Innovation and Skills

Watch the meeting

Members present: Mr Adrian Bailey (Chair); Paul Blomfield; Mike Crockart; Ann McKechin; Mr Robin Walker; Nadhim Zahawi

Questions 364-444

Witness: Jenny Willott MP, Parliamentary Under-Secretary of State for Employment Relations and Consumer Affairs, Department for Business, Innovation and Skills gave evidence.

Q364 Chair: Welcome, Minister. Thank you for agreeing to address the Committee on this issue. Obviously, we all know who you are, but for voice transcription purposes, could you introduce yourself?

Jenny Willott: My name is Jenny Willott. I am the Minister for Employment Relations and Consumer Affairs in the Department for Business, Innovation and Skills.

Q365 Chair: Thank you. We will start with what I hope is a fairly soft question; I think this is your first appearance before our Select Committee.

Jenny Willott: It is. I have to say, having spent a number of years on the opposite side, it is quite daunting, knowing how mean I was to Ministers, to now be on the receiving end.

Chair: A classic poacher-turned-gamekeeper situation. *[Interruption.]* I will just let the bell toll—

Jenny Willott: That is not a good sign, is it?

Q366 Chair —for you. Right. On the history of mining, we are obviously in a country with a long heritage of mining. Do you think that is all gone now, that mining was a golden age, if indeed there ever was a golden age, and that we need to move on from it?

Jenny Willott: We certainly have a very rich history of mining in the UK. I come from Cardiff, whose fortunes were based primarily on coal. It is fair to say that the coal industry was enormous and very important economically, and that it has been in decline for a couple of hundred years. We have also seen the peak of oil and gas production, at around the turn of the 21st century. That is now declining, but we still have a lot of oil and gas. It is more difficult and expensive to get it out, but there are still a lot of resources. Companies are also looking at some of the rare earth minerals, of which there are deposits around the UK. I definitely think there will be mining in the UK well into the future.

Q367Chair: Are you actually looking as a Government to grow the sector?

Jenny Willott: We have an industrial strategy for the oil and gas sectors. We have a joint strategy that we have put together with the industry which is designed to maximise the economic production of oil and gas. It is looking as well at the supply chain, skills and so on. That is being worked on by the Government and industry working together. The Government also commissioned the Wood review, which considered this issue and made various recommendations which the Government are now implementing: particularly, for example, setting up a new arm's length body working on the continental shelf and co-ordinating activity there.

In terms of the wider mining sector, there is definitely a role for the mining and quarrying industries to get together and co-ordinate more effectively what they feel the strategy should be. The Government have strong relations with a number of different industries that are important to the UK economy: the creative industries, some of the chemical industries and so on. The way that they have operated is that they have got together as an industry and identified the long-term strategy that they think will be helpful for the future of that industry, and then come to Government with recommendations and issues where they think the Government can help. I think it would be helpful for the quarrying and mining industries to do the same—to identify within the industry what their long-term strategy should be and where the Government may be able to add benefit.

Q368Chair: I was about to ask you whether the Government have done any work on domestic strategy, but you have at least half-answered that question. A theme has emerged from the evidence of our previous witnesses: basically, while the Government have an industrial strategy, they do not really have a mineral strategy which is core to that. What comment would you make on that? In effect, within their overall industrial strategy, they seem to be downgrading or downplaying the role of mineral extraction.

Jenny Willott: I think it is true that we do not have a specific Government-sponsored industrial strategy relating to minerals. We have a strategy relating to oil and gas extraction, but as I said, there are many other ways that the Government can support different sectors and industries. The creative industries, the electronics, composites and so on are quite good examples that the mining sector could follow. They have set up sector councils to co-ordinate across the industry and to bring different people within that sector together, and they have then identified a long-term strategy which has included things that the industry needs to do but also areas where they feel the Government might be able to help. I think that piece of work would be very helpful, and it would be very helpful for the industry itself to co-ordinate and to pull together. If, having looked at a long-term strategy, there are then areas where they feel the Government could help and add benefit, clearly we would be happy to look at that. That is probably the best way forward for that sector.

Q369 Chair: The Committee spoke to Joy Global, and they told us that the UK needed an "energy strategy that protects and hedges…our supply of energy." You have just spoken about gas and oil extraction. Conspicuous in that was the absence of any mention of coal. What role, if any, do you see for coal?

Jenny Willott: The industry strategy, as you said, is oil and gas. The Government chose the 11 areas where we have industrial strategies on the basis of where, having done some analysis, we feel the Government can add the most and can give the most benefit by focusing on those areas. Oil and gas was one of those areas where, having done the analysis, it was clear to us that the Government could add benefit and make a difference. I think the coal industry is in a slightly different league. I have to confess that most of the area of policy around coal sits with the Department of Energy and Climate Change, so it is not really within my area and I do not know as much about the detail of it.

Q370 Chair: No. It is a cross-departmental area.

Jenny Willott: It is, absolutely. I know that DECC have been working with the sector on identifying what the areas are—they do not want to have a strategy as such, but issues have been identified by the Coal Forum which DECC are now working with them on. There are elements of what I suppose you could possibly term part of an industrial strategy that are being worked on by the Coal Forum and DECC. A lot of that is around early deployment of carbon capture and storage and so on. So there is work which has been identified by the coal industry as really key to their future, and that is something that I know DECC are working on quite closely with them and they are very keen to move on.

Q371 Chair: I do not want the whole issue to be sidetracked by fracking, but I think not to mention it would be an omission. The Government have made their policy quite clear on that and we are having changes designed to enhance companies' ability to explore the fracking potential. Is the BIS Department looking at this issue—the skill levels, infrastructure and whatever the Department might need to do in the event of fracking becoming more widespread?

Jenny Willott: I think the skills needed by a potential fracking industry are very similar to the skills needed in the rest of the extractives industries. I am aware that the skills shortages and skills gaps are something you have had quite a bit of evidence on from various witnesses, and I do not know if it is something you will come back to. But how you identify what shortages we have in the UK, where the gaps are and how we then make sure that we plug those gaps so that the industries more generally have the skills they need to be able to develop and to prosper, is really key. The Government are putting quite a bit of money into various different areas of work on that. The fracking industry probably fits in with the broader programme in terms of trying to identify skill shortages and then plug the gaps through the development of apprenticeships and developing courses and so on and STEM teaching through schools. So it is part of the bigger picture.

Q372 Chair: Let us move on to evidence from the Camborne School of Mines. It says that there is a whole range of minerals in the UK. For example there are coal deposits, which we have spoken about, but also big potash deposits and "lots of other smaller deposits as well". Have the Government any strategy to develop these minerals?

Jenny Willott: What needs to happen is that the sector itself needs to come together more. There are potash reserves in Yorkshire and a number of other deposits, many of which I have never heard of before and struggle to pronounce. There are some interesting things under our feet. The quarrying sector and the mining sector could benefit from coming together and identifying what they think needs to be done in order to be prosperous in the future and to develop those potential areas. If they then come to the Government with areas where they think we can help we will have a look at it.

Mr Walker: You mentioned the York potash deposit which is quite substantial. Joy Global, which came and gave evidence to us, is a business that employs a number of people in my constituency and it has an interest in that. It is keen to see that go ahead. You have said on a number of occasions that you want the industry to come together and come to the Government. Is that an invitation? Are you offering someone to co-ordinate with them in your Department? Who can they come to to have that conversation because you are talking about a lot of disparate companies? You are talking about a lot of disparate investors who are often competing with each other. They are not necessarily all going to sit down round a table and say, "Right, these are the things we need to achieve." There needs to be some forum, some group for them to come to. What can you do to help them to get that case across?

Jenny Willott: There are many sectors where it has been possible to get together and set up a sector council with creatives, electronics and so on. You have competing companies with different interests but they are able to work together to identify areas where they have common cause. To be honest, what they identified as the main issues would determine who in Government would be the most appropriate. If, for example, they identified that their biggest problem was planning, then the Department for Communities and Local Government would be the most appropriate Department to work with them on that. There are different issues. If skills shortages was the No. 1 then it would be BIS. It depends what the biggest problems are for the sector and what they identify as needing the most attention. Then the Government could look at that.

Q373 Chair: Before you go on, Robin, may I just intervene on that point? The Government are looking at adjustments to the planning regime to facilitate the fracking exploration. Would BIS want them to do so in other areas for the extraction of other minerals if it were felt strategic enough?

Jenny Willott: That would probably be an issue for the DCLG rather than me. If the sector got together and identified that planning rules and planning issues were a particular concern for the long-term development, then it might be something that we would look at across Government. But it would still need to be driven by DCLG.

Q374 Chair: I understand that, but obviously if BIS could take up cudgels on behalf of the industry it might move things along rather quicker.

Jenny Willott: It would depend entirely on what the sector identified as their main issues. If they brought them to BIS we would obviously have a look and see what they were concerned about and see whether there was an area where the Government could help.

Q375 Mr Walker: Just to look at the other side of the coin, the UK hosts a lot of international mining companies. Prior to coming to this House, I worked on listing a number of them. What are the key competitive advantages of the UK listing regime compared with the other main jurisdictions for hosting mining companies such as Canada, Australia, South Africa and the US?

Jenny Willott: One of the advantages goes back to Mr Chairman's first question about the history of mining in the UK. One of our advantages is that we have a very long history, and a number of companies have been here for a long time and are well established in the UK. As a result, a number of side industries have been set up. We have companies that service those companies and have expertise in those areas. The fact that we have large companies based in the UK that have strong histories attracts other companies to come in. As a result, investors who are experienced in the sector have the confidence to invest, which attracts more people to come in. The other thing is that the amount of money mining companies need when they look for investment is significant, and the fact that the City of London is a financial centre is an extremely attractive prospect for a number of them.

The final area is that we have strong corporate governance provision in the UK. Companies want to be seen to be trusted, and they want to operate within a strong framework that has the trust of the public and the financial markets. The UK does that very well. That combination of different things makes us attractive.

Q376 Mr Walker: That last point is very interesting. There is an argument that we should not encourage companies from throughout the world to list in London because there is a reputation risk or because that is a business model that does not benefit the communities in which they work. Do you share my view that bringing companies to London and getting them to sign up to a higher standard of corporate governance is a better way of influencing companies for the better and encouraging them to do good in the communities in which they work?

Jenny Willott: The UK has a really important role to play in leading on transparency. If we expect high standards of companies that are incorporated in the UK, listed in the UK or both, we can drive better behaviour and higher standards in developing countries. Our corporate governance rules are an important part of that. Changes are coming in with the accounting directive and the transparency directive that will increase transparency in the UK and across the EU, and will drive behaviour change in companies that are currently less transparent, because they will have to open up. Hopefully, that will have an impact on the way those companies behave in resource-rich countries whose corporate governance structures are much weaker.

Q377 Mr Walker: Some companies have not yet embraced that approach. Do you see reputational risks for the UK market in continuing to be the main financial centre for listing extractive companies?

Jenny Willott: There have been some changes to the listing rules, following on from some issues with one or two companies. As long as we adapt our listings rules and ensure our corporate governance structure is adequate and strong, we will be able to mitigate those reputational risks. The advantages to getting companies operating in a strong, trusted environment outweigh some of the reputational risks, because we can have a positive impact on the way companies behave in developing countries. The transparency rules that are coming in will play an important role and will mitigate the potential reputational risks, because transparency will change companies' behaviour.

Q378 Mr Walker: I agree with the transparency rules point. I think it is very important. The UK is rightly catching up with the lead that it initially took in introducing those rules. But this is a controversial industry, clearly. There are things that happen. Mining disasters happen from time to time. You have pollution incidents. You have illegal incidents relating to mining companies. Do you think those can affect the reputation of the host country where the companies are listed, and how do we ensure that British-listed companies are seen as safe and responsible entities wherever they are in the world?

Jenny Willott: I guess it could affect the reputation of the UK if we were seen not to do anything in response when issues are identified, but the UK is very good at reacting when issues are raised. A couple of companies are currently being investigated by the Serious Fraud Office. As I said, the listing rules have changed, in response to a couple of incidences, in order to increase protections for minority shareholders where there is a controlling majority shareholder, and I think the UK is actually very good at responding to challenging situations and making sure that the rules adapt as behaviour changes, so that we can maintain our reputation for being a trusted place to operate.

Q379 Paul Blomfield: I shall pursue some of the themes that Robin has started. We had a fairly robust conversation with the FCA over the fact that mineral companies have different admission criteria to other companies—mining companies do not have to demonstrate a track record in order to access premium listing on the FTSE, but can employ a sponsor to vouch for them. Are you satisfied with that arrangement?

Jenny Willott: The listing rules fall under the Treasury, and the Economic Secretary to the Treasury is the Minister who is responsible for that area of policy. As you know, it has been devolved down to the FCA. So I can talk in general terms, but if there are very specific issues, it may be more appropriate to get the Economic Secretary to the Treasury to respond to you directly.

In general terms, there are rules around the behaviour of sponsors, as part of the listing rules. The FCA does work with sponsor companies. It must approve companies if they are to be on the list of those that may act as sponsors. When there are conflicts of interest and so on, it is the responsibility of the sponsor company to have in place appropriate policies to identify when there are potential conflicts of interest, and policies to identify how they would then tackle them, and if they do think there is a conflict of interest it is their responsibility to cease to act as a sponsor. Those are monitored by the FCA reasonably closely, to make sure that companies do have those policies in place and that they are able to act accordingly.

Q380 Paul Blomfield: I wonder whether I might pursue that a little. Listing sponsors are paid substantial fees to carry out due diligence. Are there further steps that you think you could be taking to ensure that sponsors act independently from applicant companies that are paying them, to avoid that conflict of interest that you mentioned?

Jenny Willott: I think that would be an issue for the FCA. If they had concerns about the behaviour of a sponsor—if they felt that they were not acting in accordance with the rules, and that they were not identifying properly where there are potential conflicts of interest—I would say that was an issue for the FCA to be able to identify. They need to have confidence that their list is full of approved sponsors, that those sponsors know what the rules are and are behaving in accordance with those rules and behaving appropriately. If the FCA have concerns that they are not, it would be up to them to take action.

Q381 Paul Blomfield: Do the Government have any concerns?

Jenny Willott: You would have to ask the Treasury, I am afraid. I am very happy to ensure that further detail is taken to the Economic Secretary to the Treasury, and that she writes to the Committee with further clarification on that point.

Q382 Ann McKechin: Minister, you do speak on behalf of the Government as well as your own Department. As your Department is the lead Department in charge of corporate governance, is your Department satisfied that the changes that have been made to the listing requirements on companies are now offering adequate protection on the issues of corruption and transparency?

Jenny Willott: In terms of conflict of interest and in terms of the changes that have been made around protection for minority shareholders, those are very recent rule changes, so I think we have to give them time to bed down. But yes, I am satisfied that those changes are appropriate. In terms of corporate governance and transparency more broadly, that is an area that sits in my portfolio under BIS—

Q383 Ann McKechin: We will come on to that later, but this is about the listing requirements. Has your Department had any discussion with the Economic Secretary, who you said has a direct responsibility, about this issue of listing requirements?

Jenny Willott: Yes. We discuss with the Treasury all the time. The point I wanted to make about corporate governance more generally is that the listing rules fit in with a much broader remit around corporate governance and the transparency rules. It is important that they are not taken in isolation, so that companies incorporated in the UK have to comply with a whole range of other rules. Even if information is not required specifically by the listing rules, information is required more broadly.

Ann McKechin: That is why I asked the question on the degree of your Department's engagement in that discussion. Thank you.

Q384 Paul Blomfield: If I may pursue another of Robin's themes—one of the potential advantages of listing on the London Stock Exchange is a lighter regulatory regime, for example, than the Johannesburg Stock Exchange for extractives. When we were in South Africa, we were told that if the UK introduced a mineral code for London-listed extractive companies, it would benefit communities not only there but across the world. Have you considered introducing such a code for consideration when listing mineral companies on the London Stock Exchange?

Jenny Willott: Our approach is to look at transparency through the broader corporate governance. It is very important to look at this in the context of the information required through the Companies Acts and through changes we have made to narrative reporting requirements which, as of last year, require detail to be provided about the mitigation of risks, where the company is headed, and what action the company is taking around due diligence with human rights, environmental issues and so on. Our corporate governance is very strong and I think that is a more appropriate way to ensure that companies have to be transparent and have to provide the information that investors, the public and shareholders need.

Q385 Paul Blomfield: I take that point, Minister, but clearly narrative reporting is not the same as a code of conduct. The Johannesburg Stock Exchange, for example, has a code of conduct in relation to extractives. Representatives of mineworkers in South Africa suggested that that sort of code applied in London, which could include health and safety standards, use of migrant casual labour and literacy issues, would have a really significant impact. Are the British Government interested in those elements of the activities of extractives companies, or are they just focused on financial performance?

Jenny Willott: The requirements under the Companies Acts and for narrative reporting is much broader than just the financial requirements, and that is what I was saying. We do require companies to provide information about human rights, greenhouse gas emissions, environmental impact of their activities and so on. As of October 2013, we have requirements for companies to provide much more detailed information about their activities and the impact of their activities than just financial information.

Q386 Paul Blomfield: But do you accept that requiring the provision of information is different from a code of conduct which sets a regulatory standard?

Jenny Willott: We expect British companies to comply with the law—both British and international law—as it relates to human rights abuses, environmental impact and things like that. You have different operating environments in South Africa to the UK, and different company legislation; it is set up in a different way. Our corporate governance structure is very strong and leads the way in many areas. With the changes that will be coming in with the accounting directive and the transparency directive, the amount of information that companies will be required to publish—they will have to comply with new rules about what information they must provide—will make a difference to how accountable they are to shareholders and the public.

Q387 Paul Blomfield: If there is a Government interest in all those other factors, why is the FCA empowered to consider only financial background when a company decides to list? Should it not also have the power to consider the business's social and environmental performance?

Jenny Willott: That is not the way the FCA is set up; it is set up as a regulator, and it manages the listing rules. In the UK, the information on the broader issues you just highlighted is tackled through the corporate governance rules rather than the listing rules, so it is set up in a different way. There is a requirement for information about risk and that sort of behaviour to be identified; it is just in a different format.

Q388 Paul Blomfield: But that is not the case in every other stock exchange. Would it not be a positive step to take a different approach?

Jenny Willott: I think it would be a real change to the way the FCA operates. Different countries have different regimes, with different bodies responsible for different things. The way it is set up in the UK is that the listing rules are administered by the FCA, but the broader issues of human rights and environmental impact are not covered by the listing rules; they are covered by the corporate governance rules.

Q389 Paul Blomfield: You are describing what is. I am asking whether you think it would be better if it were extended so those broader issues are a part of it.

Jenny Willott: I am saying that I do not think the FCA is the appropriate body to do that because it would be very different from its role in other ways. Our rules on corporate governance and transparency, and the increasing transparency we will have following the implementation of the transparency directive and the accounting directive, will mean that the information that is out there for members of the public, civil society organisations, shareholders and so on will be much better. Members of the public and organisations will be in a much better position to challenge companies and Governments.

Q390 Ann McKechin: On that point, surely it would be better to prevent a bad apple from being listed on the FTSE 100—the international gold standard—in the first place, rather than trying to chase it after it has been listed.

Jenny Willott: It is the role of sponsors to identify companies that should not be listed.

Q391 Ann McKechin: So do you think sponsors should be talking about health and safety, environmental standards and the things Mr Blomfield has been talking about? Should that be part of the report, in terms of the due diligence?

Jenny Willott: The fine detail of what should be available is an issue for the Treasury and the FCA.

Q392 Ann McKechin: So that is a matter for the listing rules.

Jenny Willott: No, in terms of what is in the report.

Q393 Ann McKechin: May I clarify that, Minister, because I am not clear what you are referring to? We are referring to the listing requirements and the fact that the sponsor has to carry out due diligence. Are you saying that the sponsor should now do due diligence on issues of health and safety, environmental standards and human rights records in the report, or do you think the current reports are inadequate in those areas, and that they are not currently a requirement of the reports?

Jenny Willott: No, I am saying that the content of the report and what is included in the reports is a decision for the Treasury. The listing rules are administered by the FCA. In the Government's view, the FCA is not the right body to look at human rights abuses, environmental impact and so on. The way that we ensure that information is made available publicly so companies can be held to account for their activities is through the corporate governance rules, which are going to be extended.

Q394 Ann McKechin: They oppose the listings? My point is that we should prevent those companies from being listed in the first place to stop the reputational risk to the United Kingdom of having bad apples—if I may put it that way—registered on our FTSE exchange.

Jenny Willott: Companies that are incorporated in the UK, whether they are listed or not, have to comply with the Companies Act, with the corporate governance rules and with transparency requirements. The transparency directive will apply to all listed companies, regardless of size, so the extractive industries will have to provide information about their operations overseas and publish all the tax that they pay and so on. That will apply to all listed companies, regardless of size.

Ann McKechin: Ones that are listed.

Jenny Willott: Yes, all listed companies, regardless of size. The accounting directive applies to companies that are incorporated in the UK.

Q395 Ann McKechin: But you will appreciate the concerns of this Committee's inquiry: it is actually about the issue of listing in the first place, and prevention is better than cure.

Jenny Willott: That is why, as I was saying, the accounting directive applies to all companies that are incorporated in the UK. Because it is an EU directive, clearly it applies across the whole of the EU, so all companies that are incorporated across the EU will also have to provide that information, whether they are listed or not. I completely understand the concerns that the Committee has. What I am saying is that under the British set-up, the social impact, the environmental impact, human rights and so on are covered through the corporate governance side of things rather than through the listing rules. We feel that that provides the transparency and the information that is needed to be able to hold those companies to account.

Q396 Chair: May I just pick this up, before I ask Paul to go on to his other questions? On this particular issue, you have had Bumi and ENRC. Without going into too great depth about the issues surrounding them, I think it is fair to say that there has been a huge amount of controversy about them, which has not enhanced the reputation of the industry at all. Both were listed, so they both went through the sponsorship regime. Does your Department not have a view about the effectiveness of that sponsorship regime in view of what has happened with these two companies?

Jenny Willott: My understanding is that ENRC is being investigated by the Serious Fraud Office, so I have to be quite careful what I say.

Q397 Chair: Yes, and that is why I have been fairly circumspect. I think the point is that even with, shall we say, the restrictions that are imposed by this investigation, it is legitimate to point out the controversy that has surrounded them, and to ask whether your Department has a view, not necessarily on the accusations that have been made, but on the process that allowed them to be listed.

Jenny Willott: The FCA has made a change to the rules—I think it was last month—in a number of different areas in response to the concerns that have been raised as a result, particularly, of the ENRC case. They do take into account cases where issues are raised around the way in which the rules operate. They have taken that into account and as a result they have changed the rules. It is looked at to make sure that the rules we have are appropriate and fit for purpose.

Q398 Chair: And are you confident that there will be no repeat of this?

Jenny Willott: The FCA are satisfied that the rule changes that they have made would tackle the issues that were identified as part of the ENRC case.

Q399 Chair: But your Department does not have a view on this.

Jenny Willott: The FCA is satisfied and the Treasury is satisfied, and therefore the Government are satisfied.

Q400 Chair: I will bring you in in a minute, Paul, but I want to tease out another issue, going back to the corporate social responsibility points that Paul and others have made. When we were in South Africa, it came as a bit of a surprise to the Committee to learn that in fact the Johannesburg Stock Exchange had a higher level of requirement through this code of conduct than did the London Stock Exchange. A further surprise came when it was revealed that if a company mining in South Africa was listed on the London Stock Exchange, it did not have to adhere to the Johannesburg Stock Exchange code of conduct. Effectively, listing on the London Stock Exchange was a loophole for companies to have a lower standard of corporate social responsibility mining in South Africa than they would have if they had listed on the Johannesburg Stock Exchange. Do you not think there is a case for beefing up the CSR agenda for mining companies to remedy that loophole? Yes, it might be the responsibility of another Department and so on, but the question has to be asked. If it can be done in South Africa, according to their structures, why can it not be done in the UK?

Jenny Willott: The introduction of the transparency directive, which will apply to all listed companies wherever they are incorporated, will make a difference to the accountability of companies, even if they are South African companies listed in London. When that is implemented, they will have to provide far more information than they do currently about their operations on an annual basis.

Q401 Chair: If I may intervene, the companies will have to provide more information and the directive might make things more transparent, but it does not place an obligation on it to change.

Jenny Willott: Sorry?

Chair: The directive does not place an obligation on the company to change its policy.

Jenny Willott: No, but one of the reasons why companies list in the UK is the point that Robin was making earlier. We have investors in the UK who are very knowledgeable in this sector and who have the expertise to know what they are looking at. If companies are not complying with the rules or their behaviour is not deemed to be appropriate or investors have concerns about them, it will make it much more difficult for those companies to access finance in the UK.

Q402 Chair: With respect, Minister, the concerns of investors are not necessarily the same as those of the host countries or employees in the host countries. The measure will not necessarily address the issue.

Jenny Willott: No, but one of the reasons why companies list in the UK is the access to finance they can get here. If they cannot access finance in the UK because of issues with their corporate behaviour, that would undermine why they are here in the first place.

Q403 Chair: What I am saying is that the measure may not necessarily block access to finance.

Jenny Willott: We would have to see. The other thing that I wanted to flag up is that earlier this week, the London Stock Exchange announced that it has joined the UN sustainable stock exchanges initiative. That is designed to get stock exchanges working together to encourage sustainable development and enhanced corporate responsibility. That is a new initiative that the London Stock Exchange has signed up to. It may well be that some of the issues that the Committee is concerned about would be tackled by that as well.

Q404 Chair: Again, you say "may well be", and it is all a bit vague. That initiative looks like a potential route by which the London Stock Exchange could bring its procedures in line with the Johannesburg Stock Exchange. In the event of that possibility, do you think that BIS should be making some representations to encourage that process?

Jenny Willott: It is only this week that the London Stock Exchange signed up, so it is early days. I want to see what comes out of that.

Q405 Chair: Hopefully you will look at our Report and perhaps incorporate that into the future of this process.

Jenny Willott: Indeed, I will read your Report in great detail.

Chair: Paul, you have been very patient and I will bring you back in.

Q406 Paul Blomfield: Thank you, Chair. On a slightly different, but related area, you have talked about transparency a great deal. You will know that Christian Aid recently released a report into transparency on the FTSE.

Jenny Willott: Yes.

Q407 Paul Blomfield: That report found that 19% of mining companies listed had subsidiaries "in highly secretive jurisdictions." You are presumably not satisfied with that. How do you propose to address that?

Jenny Willott: That will be tackled by the accounting directive and the transparency directive. Through the requirements that will be brought in by the combination of those two directives, companies will have to provide details on a project-by-project basis of the money that is paid in their subsidiaries as well as the parent company.

Q408 Paul Blomfield: Do you think that that will be sufficient to ensure that extractive companies are not hiding anything from us by channelling money through tax havens?

Jenny Willott: For each country where they have extractive operations—so long as they pass the threshold, which is quite low—and for each of their subsidiaries, they will have to provide details of all payments to all levels of Government and state-owned organisations on a project-by-project basis. They will have to provide a lot of detail and I think it will make a real difference. There are no exemptions on that and it must be provided for all the countries in which they operate. That will make a difference to the information that is available and will improve transparency.

Q409 Paul Blomfield: What is the Government's understanding of the level of this tax gap—the difference between what you might expect as tax yield and the actual tax collected—in the extractives sector? How does that compare with the economy as a whole?

Jenny Willott: HMRC publishes the Government revenues from oil and gas production and the Office for Budget Responsibility publishes its annual forecasts, so we have the forecast figure and the actual figure. They are actually remarkably close together. The gap is not very big. In 2011-12, the OBR forecast £11.2 billion and we collected £10.9 billion. In 2012-13, the OBR forecast £6.5 billion and we collected £6.1 billion. The industry is very volatile, so it is a challenging area to forecast, but the forecast and the actual revenue are pretty close together.

Q410 Paul Blomfield: And you think that that is an accurate reflection of the tax gap.

Jenny Willott: Those are the figures that are published, so they are as accurate as you are going to get. The gap between them is remarkably small. I think they are a pretty accurate reflection.

Q411 Mr Walker: I want to ask you some questions about the Extractive Industries Transparency Initiative. You have mentioned the transparency directive a number of times and before that was the EITI, which was a British initiative in the first place. DFID first put it forward as an idea a long time ago. When we were talking to the management of the EITI, Mr Rich told us how it had taken 11 years for the UK Government to sign up to it. I appreciate that you were not personally responsible, but why do you think that there was such a long delay in the UK signing up to it?

Jenny Willott: I think when it was originally set up it was intended to be for resource-rich developing countries for their companies to sign up to. The UK has, as you said, felt very strongly that it is an important area and has been really pushing it over the years. The Government came to the conclusion that we would be much more effective by taking a lead and signing up to it and that would help us to be able to encourage other countries to sign up, which is why we have now decided to sign up. Developed countries are now increasingly signing up to show that it is truly a global standard and that it is appropriate and possible for all countries to sign up to it.

Q412 Mr Walker: It makes absolute sense. I think it was Norway that actually took the lead in the UK's playing catch-up, and I know that the hon. Member for Falkirk (Eric Joyce) campaigned on this issue. It seems surprising that it took the UK so long to realise that that was the case. When we were in South Africa recently, we heard evidence from officials and Ministers in South Africa, who were saying that they felt that the EITI was labelled as a scheme for bad countries or for ones who had not got their act together and that, because more developed countries had not signed up in the first place, it seemed to have some stigma among those countries for whom it was very much appropriate. Is there any element of regret that the UK was not out there, signing up to it and demonstrating that it was for everyone earlier on?

Jenny Willott: I think the original intention was that it was for resource-rich countries who would—

Q413 Mr Walker: We are a resource-rich country. We have North sea oil.

Jenny Willott: We do, but I think it was originally intended for resource-rich countries where there was less transparency. You are absolutely right, however, that what ended up happening was that countries did not want to be seen as needing to sign up to it. That is why it is really important that countries like Norway and the UK—at a previous multi-stakeholder group meeting discussing this we had a representative from Germany looking at the process and so on. So it is important that Western countries also sign up to it, to make it clear that it is not about naughty countries having to sign up while good ones do not. It is a global standard and it is appropriate for all countries to sign up, because that transparency benefits all of us.

Q414 Mr Walker: Absolutely. The point you made earlier regarding the transparency directive and subsidiaries is crucial as well. If the companies that are listed here report their subsidiaries' activities transparently and demonstrate what they are doing in other countries, that can help everyone to clarify the tax position.

Jenny Willott: Yes.

Q415 Mr Walker: In terms of the EITI implementation, the all-party group on anti-corruption wrote to us and said that the EITI must be implemented "in a way that truly benefits our domestic extractive industries." How much flexibility is there within the initiative, and the directive, to allow the Government to adapt how they implement the principles?

Jenny Willott: The EITI is being implemented through a multi-stakeholder group and I have attended a number of its meetings. It involves representatives from across Government and the Scottish Government as well as representatives from civil society organisations and from the extractives sector. The idea is that the group comes to an agreed position and deals with all the different challenging debates about what will be published, how that will be published and so on.

It is a really valuable part of the EITI that it is done through this multi-stakeholder group, because we can get all the different participants involved in the negotiating. Part of the purpose of the EITI is to get a greater understanding among members of the public of what extractives companies are doing and what the Government's role is in that. The involvement of civil society organisations in that process is really valuable in ensuring that that public engagement angle is done well as well. We have numerous different organisations involved in that. There is some flexibility in the way that the EITI is being implemented in the UK, within a framework. The MSG is able to negotiate and work between us to identify the most appropriate way for the UK.

Q416 Mr Walker: I hear what you are saying about the importance of engaging those stakeholders outside the industry, but do you think that there is a gradual move towards a global reporting standard? How do you reconcile the need for that flexibility within individual countries, with multi-stakeholder groups looking at their particular circumstances, with the drive towards global transparency and global standards?

Jenny Willott: There will always need to be some flexibility, because countries' corporate structures are set up in such different ways and that needs to be taken into account. With the global standards that are laid out in the EITI, there is a baseline that everyone will need to conform to, but there needs to be an element of flexibility that can take into account each country's individual circumstances. That is why it is important to involve both sides—the industry and civil society—to identify the most appropriate way.

It is not only for the companies to be able to provide the information. It is also about looking at Government information and how it is provided, because that is an important part of the process. There is also the buy-in of civil society so that it is satisfied with the information provided, knows how it will be available and can then use it afterwards when it has been published. Ensuring that it is used to enhance transparency and accountability is an important part of the process. Just publishing the information to suit companies but having nobody use it would undermine the process. It is important that everybody agrees.

Q417 Mr Walker: In terms of the international approach to this, I mentioned that the EITI was originally put forward by the Department for International Development. How much engagement is there from your Department or the UK Government as a whole in reaching out to our international friends and allies, encouraging them to buy into this type of approach?

Jenny Willott: DFID is doing quite a lot of work on this. It has several programmes, one of which works specifically to try to reform mining in developing countries. That is providing assistance and capacity building and so on to try to help modernise the mining industry in a number of countries. They are also talking to Governments about signing up to the EITI when it would be appropriate in various different countries around the world. It is something that DFID is very keen on, has put resources into and is working on.

Q418 Chair: Before we go on, and to approach this from a slightly different perspective, we were told by the Confederation of UK Coal Producers that "there has been no contact to involve coal mining companies in discussion of the possibility of signing up to the EITI." Obviously, they feel that this is a burden to them. They were not consulted. Why not?

Jenny Willott: I confess it was before my time that it was decided who was on the multi-stakeholder group and who was involved so I honestly do not know the answer to who and why different people were involved. It does create work for the industry to provide this information and there is a cost to the extractive industries but I think that the value to civil society of being able to have access to this, and the value to the industry of that transparency, outweighs the cost of providing and gathering that information. My view is that, in the long run, it is better for the industry to do it, despite the cost.

Q419 Chair: I think the Committee would probably agree. However, we do need to explore every angle.

Jenny Willott: I am happy to write to you with further details if that is okay.

Q420 Chair: Could you write to us? I recognise that you were not in charge at the time but could you just give the context of what consultation took place and what the outcomes were?

Jenny Willott: Of course.

Chair: Thank you.

Q421 Ann McKechin: I wonder if I could ask you a few questions about the European transparency directive, which you will be aware of. Your consultation closed on 16 May. Could you briefly outline the features of the two options you have given for implementation of that directive?

Jenny Willott: The accounting directive and the transparency directive have identical measures in them but obviously apply to different companies. The accounting directive is the responsibility of BIS. The transparency directive is the accountability of Her Majesty's Treasury. It is a little confusing. In terms of the implementation plan for BIS for the accounting directive, the consultation has just closed. At the moment we are looking at the responses we have had to the issues of detail and so on and our plan is that we will have implemented it by the end of the year so that payments that are made in 2015 would be covered by the first report.

Q422 Ann McKechin: Okay. Is that still your intention?

Jenny Willott: That is our intention.

Q423 Ann McKechin: There has been some concern raised to members of the Committee by Christian Aid this week about a submission made by Shell and Exxon to the Securities and Exchange Commission that said that the UK Government might be willing to defer implementation.

Jenny Willott: No, that is not our plan. I think the process in America is separate. I hope that what they come up with is very similar to the EU proposals so that companies get covered by the equivalent clause so that they do not have to report twice.

Q424 Ann McKechin: In both jurisdictions.

Jenny Willott: Exactly. Our intention is still to implement by the end of the year.

Q425 Ann McKechin: Okay. Thank you for that reassurance. Your impact assessment of the directive estimates it will cost companies transition costs of £35.5 million and ongoing costs of £12.4 million. How are you justifying that cost to businesses and why have you decided to implement this directive earlier than the requirement period made by the EU?

Jenny Willott: On transparency, the benefit to society and to companies outweighs the cost. Opening up the company so that people can see how much is paid in different countries and for the subsidiaries and so on is a very important part of it. Christian Aid, as was mentioned earlier, has looked at how difficult it can be to get information about subsidiaries of mining companies and extractive companies. Opening that up to public scrutiny is an extremely powerful tool. It is definitely worth paying for.

Q426 Ann McKechin: You also highlighted that complying with this measure would place UK companies at a competitive disadvantage. What has been the reaction of the extractive industries to this proposal? Have they expressed disappointment or do they accept your view that corporate governance will ultimately be improved?

Jenny Willott: Most of them accept that it is a good thing ultimately. As part of the consultation a number of specific points have been raised with us, issues of concern but specific issues rather than about the generality of the directive. We are looking at the precise points that have been raised to see whether there are things that we need to do in terms of the draft regulations that we published. We are looking at those points, but I have not heard companies saying that they think that the whole thing is a bad idea.

Q427 Ann McKechin: In the introduction to the consultation you say that many countries rich in oil, gas and mineral sources are plagued by a lack of transparency and corrupt practices. Does responsibility for corruption lie with the stock exchange or with Governments in the country where this activity takes place?

Jenny Willott: I think responsibility for tackling corruption sits with the person who is corrupting and the person who is being corrupted, so there is an issue for Governments in developing countries to ensure that they have really robust processes, that they have the right laws in place and that they take action when there are cases, but clearly under the Bribery Act, UK companies have responsibilities as well to ensure that they do not participate in those sorts of behaviours and ensure that they have processes and policies in place to ensure that it does not happen.

Q428 Ann McKechin: You will be aware from your own experience how weak some of the regulatory regimes are in developing countries which are also rich in mineral resources and the problems that have occurred as a result. To what extent can the UK help and assist those countries but also find a greater degree of enforcement and scrutiny of corruption so that we can catch it wherever it may arise?

Jenny Willott: We have had a number of cases of companies being investigated for bribery and corruption overseas. That is a good thing. It sends an important message that instances will be investigated and punished as necessary, which will hopefully act as a deterrent to other companies.

Q429 Ann McKechin: Unfortunately instances of bribery and successful prosecutions in the UK are not exactly at a high level. It would help the Committee if you could provide us with recent examples where companies have been prosecuted and where convictions have been secured.

Jenny Willott: I can certainly provide that to you afterwards. I will make sure we send you some information on that.

Q430 Ann McKechin: One of the criticisms has been that insufficient cases have been pursued.

Jenny Willott: We can send you some information about that. A really important element of the work that DFID does is around capacity building with civil society and with Governments internationally. Working with Governments to ensure that they can take action when there are instances in their country, but also building up civil society in developing countries so that they can hold their Governments to account, is a really important part of the other side of that as well.

Q431 Nadhim Zahawi: Minister, welcome. Do you agree with Sirius Minerals who told us that it is well known within the extractive sector that there is a national and global shortage of people with the skills required? Or do you side with IntierraRMG who stated that there is still a good enough skills base?

Jenny Willott: As part of the oil and gas industrial strategy, one of the things that they looked at was the skills available in the UK. I think it is quite clear that because of the high level of activity in the extractives industry globally and increasing global competition, skills shortages have been identified by the industry as one of its biggest challenges in the UK.

The Government have done quite a lot in this area, because it is part of a broader picture of where we have skills gaps in certain parts of the economy. Particularly in engineering and that sort of area, we do have gaps and shortages. It is quite clear that the industry feels that that needs to be tackled. The Oil and Gas Industry Council is doing—I think it is doing it currently—the labour market intelligence study to map it out and to get the evidence base for where the gaps are and what could be done to tackle that. Its plan is to come forward by the autumn with some proposals that we could then work with it to implement.

Q432 Nadhim Zahawi: So your message would be that "Good enough" is just not satisfactory?

Jenny Willott: My message would be that we know that there are gaps and skills shortages in certain areas and that work is being done to tackle that. For example, the industry has been working with the Institute of Quarrying and the University of Derby, and they have now developed an online certificate in international quarrying operations, where there was a gap before. The Centre for Mineral Products Professional Development has done a range of programmes to try to build the skills in those particular areas as well.

Industry-led initiatives such as that sit alongside things that the Government are doing. There is an issue at a much earlier stage, frankly, of trying to get more children to take STEM—science, technology, engineering and maths—subjects at school, because if we don't have children coming out of school with GCSEs and A-levels in those areas, it will be very difficult to get the skills at a higher level as well. In fact, yesterday I was at a school in east London, launching a programme with the Institute of Physics. It is called Opening Doors and is specifically about getting girls to take physics and science. There is quite a lot that the Government are doing to encourage at that stage more pupils to take those subjects, and the industry is working to identify gaps and working with universities, colleges and so on to identify ways to tackle those gaps. It is an issue that is of importance to the sector.

Q433 Nadhim Zahawi: I am very grateful for that answer. What does success look like? How are you going to measure the effectiveness of what you are doing and, obviously, what the sector is doing?

Jenny Willott: One of the things that we are looking at is just the number of people who are taking those subjects at school. One thing that I find really reassuring is that there has been a significant increase in the number of people taking STEM subjects or applying for STEM courses via UCAS or whatever it's called nowadays. It was UCAS in my day; I think I'm out of date now!

Nadhim Zahawi: I can tell you it is still UCAS, because I have two 17-year-olds.

Jenny Willott: There has been quite a significant increase in the number of people applying for maths, science and engineering courses at university. I think that it is very reassuring that we are getting more people doing that. There has been an increase in the number of pupils taking physics GCSE and science A-levels as well; there has been an increase there. So we are starting to see that work.

In terms of the higher-level skills, we commissioned the Perkins review of engineering skills. The Government have put quite a lot of money into that in terms of providing a pot for employers to be able to work to address the skills shortages and investing in new training facilities in the manufacturing technology college in Coventry, so there are areas where significant investment is also going in, which will mean that you will have more people coming out at the other end.

Q434 Nadhim Zahawi: That was precisely my point. Significant investment is going in, but should the only measure be the people taking STEM subjects and coming into the pipeline, or should we have other measurements of success at the other end—the people going into the industry?

Jenny Willott: I think it will depend on whether the industry—hopefully the skills shortages and skills gaps will start to diminish; that is the end result. I understand that the Camborne School of Mines has a master's course in geological mining—I think that's what it is—and it is offering double the number of spaces this year, which shows that people are coming through who would like to do that course. That, I think, is very positive. The end result is to make sure that the industry can recruit the people with the skills that it needs, so success would be making sure that we have people coming through and getting those skills, taking the courses that are necessary and working in the industry.

Q435 Mike Crockart: You mentioned Camborne School of Mines as being an example of how things are doing well and perhaps getting better, but their evidence very much pointed in the opposite direction. They told us that there has been a massive contraction in the number of universities where you can study mining engineering. It has gone down from seven to one. Is that something the Department is particularly worried about? Is it doing anything to try to turn that round?

Jenny Willott: What is important is to get the industry identifying what skills they need and what courses they need people to do. Camborne School of Mines is very good in that particular field. They have obviously got more people wanting to come and study their courses, which is a really good thing. The industry has been responding to the reduction in the number of people coming out with the right skills. The partnership on quarrying with the University of Derby is a really positive move. It is important that it is led by industry identifying what skills they need and then identifying with Government how those skills can be delivered. The range of skills that they need is very broad. Part of that is around the engineering skills.

The Perkins review of engineering is really important, and the investment that is going into that is really important as well, if we have people coming out with engineering degrees and they go on to study a masters degree in geological mining or a very specific area. But we need people to be coming through with the broader base of skills as well to be able to work in the sector, so the Government have invested in that. The STEM subjects, including engineering, are very high-cost courses to provide at university, so additional funding has been provided to HEFCE and to universities to provide extra places and the facilities that are needed to be able to deliver those training courses. That resource has gone into a number of different universities to ensure that we are able to get people coming through with engineering training, which is a really important part of the skills that the industry needs.

Q436 Mike Crockart: You have talked a lot about collaboration. That is a subject that we are going to look at in much greater detail—the university collaboration. Is there enough happening in that? Is the Government, through its industrial strategy, doing enough, particularly in the mining sphere, to make that happen?

Jenny Willott: There is a lot of work. The industry council is a partnership between Government and the industry. There are some really good examples of where the partnership working is identifying skills gaps and ways that those gaps could be filled by partnering up with universities and colleges to be able to provide the certification and the qualifications that people need. I think it is making a difference.

It is really important that it is led by the industry, rather than being led by the Government. The industry people know what the skills gaps are and what qualifications they want people to come out with—what they actually need. It is important that, when we are identifying places and allocating funding, it is being driven by what the sector needs, rather than by what the Government think the sector needs.

Q437 Mike Crockart: Well, up to a point, because BIS does have an industrial strategy. It is not leaving it entirely up to industry. Is the industrial strategy, entitled Oil and Gas, sufficiently broadly drawn to look at the significant extractive industries that we have had in the past, albeit in decline domestically now? Is that sufficiently dealt with through the industrial strategy, allowing that collaboration to happen and bring forward the staff that are required?

Jenny Willott: I completely agree with your point about the fact that it is not industry alone. That is why it is important that it is done through the industry council, which is Government and industry working together, so this is being done on a collaborative basis. In terms of the broader skills for the broader extractive industry, many of the skills shortages apply whether it is oil and gas or whether it is mining or the broader extractives. There is commonality because they are looking for the same skills, so a huge amount of work is going into that across the sector—they are obviously not all exactly the same, but I am speaking broadly—to identify the skills gaps and to ensure that those gaps are filled. There is a huge amount of collaboration across the industry with the Government and the education sector to deliver the skills that the industry needs.

Q438 Mike Crockart: Nadhim mentioned a quote from IntierraRMG that seemed to suggest that they thought that our engineering skills were good enough, but even they went on to say that those skills might start to wither without a strong domestic extractive industry. We have dealt with the general support that is going into engineering, but the British brand is obviously quite strong. What are you and UKTI doing to ensure that the British brand remains strong and penetrates the massive global market?

Jenny Willott: You are quite right that the UK has a very good reputation in this area, and UKTI is working on that. UKTI has prioritised getting UK companies to win contracts on major global projects, and it has been working closely with the industry. The UK has a very strong track record on its supply chain, and so on. UKTI has a high value opportunities programme, and one strand of that is the global mining supply chain, because there is a real opportunity for the UK in that particular area. UKTI is working to try to identify and pursue opportunities globally, and it feels that this is an area in which the Government can make a difference and can really assist the sector to make the most of the opportunities that are out there. As part of that, the Government and the industry together produced a brochure on the UK's mining capability, which is a strong example of how they work together all the time. The brochure contained a lot of case studies from UK companies that are working domestically in the UK, accessing global contracts and working internationally. There are a lot of good cases that prove that we have the capacity to do that. UKTI is working very closely with the industry to try to develop those opportunities, because there is huge potential for British companies.

Q439 Mike Crockart: My final question is on a subject that is probably close to your heart. One organisation, Engineering the Future, wrote to us in the course of this inquiry to say: "There is a disappointingly low proportion of women in HEI engineering courses at graduate and post-graduate level. This is increasingly a competitive disadvantage". I imagine you would agree with that.

Jenny Willott: I totally agree. It is funny that you should say that.

Q440 Mike Crockart: What can the Government do to try to turn that around? I imagine it will be what you have already talked about—getting into schools and changing the perception of the industry—but what are the Government doing in particular?

Jenny Willott: They are completely right that it is a competitive disadvantage. We have far too few women going into STEM subjects, which is an area of future growth, but we need to be accessing the whole population, rather than just half the population. The numbers are still not great. The Government are doing a lot to increase diversity in STEM subjects.

The Chancellor launched a campaign last month that has two strands, one of which is working with companies and organisations to get them to commit to doing far more. Some 170 companies and organisations have already signed up to that. It is about recruiting women, but it is also about women progressing in those companies and giving women opportunities to get to the top. Some of the companies and organisations have committed significant amounts of money and some have committed to recruiting a certain number of women. Some are partnering with organisations that do not have the resources and capacity to do that—it is about sharing skills and expertise.

The second part of the campaign is targeting schools. There is a massive drop-off in the number of girls who study science subjects. They study those subjects up to GCSE, but they do not take them for A-level. Boys who get an A in physics at GCSE are very likely to take it at A-level; girls who get an A or A* in physics at GCSE are not very likely to carry on and do it at A-level. Part of the campaign is to tackle that and target 14 to 16-year-old girls to try to get them to take science subjects at A-level and then go on to study them at university.

One thing they are doing at the school I was at yesterday is getting role models to come into schools, which makes a real difference. Particularly when it comes to things such as mining, a lot of girls think it is boring, dirty and not very glamorous. We need to get young people to see what the real opportunities are when they study science and quite how broad a range of different career options they have afterwards. Getting role models into schools is a really good way of breaking down some of the stereotypes that people hold.

The Government are supporting an ambassadors programme, which involves about 27,000 ambassadors—people working in science and engineering who have signed up to the scheme—who go into schools and work with young people. Of those ambassadors, 40% are women, which is significantly higher than in many of the sectors themselves, so there is a real push to get young people interested in taking science and engineering, particularly girls.

Q441 Mike Crockart: You mentioned the perception, particularly of the mining and extractives side of industry—do you think that the extractives industry itself is doing enough? You talk about the number of ambassadors and companies signed up, but is the extractives industry sufficiently engaged in the process?

Jenny Willott: Companies can definitely do more to open the eyes of young people as to what the opportunities are. We now have much better engagement than 10 or 15 years ago among businesses, schools and universities, but it could definitely go further. A lot of young people have preconceived ideas about what work in various different sectors involves; I think they think that if you do science that means you wear a white coat and work in a lab, and if you go into mining you wear steel toe-capped boots and go down a mine. They do not necessarily understand that things have changed dramatically. Work in the mining industry is much more likely to be high tech and nowhere near an underground tunnel. The industry does have a role to play in breaking down some of those preconceptions, and in talking to young people and getting them to see what the opportunities are.

Q442 Mr Walker: Just to follow up on that whole area of skills, one thing I have seen in my previous career travelling the world and visiting a number of mining companies is British people working overseas in amazing jobs in Peru, Zambia and Australia. Do the Government have any figures or statistics for the number of people involved in this industry overseas—do we have any idea of that? One thing that I thought might inspire young people to go into the industry is the opportunity for graduates to travel, because it is a global industry.

Jenny Willott: To be totally honest, I haven't the faintest idea whether we have those figures or not, but I will see whether I can find out for you. Nevertheless, you are quite right that a lot of the countries where we have huge mining operations are very attractive places for young people to work in and visit, and that is a real selling point for the industry. I will find out for you and let you know.

Q443 Chair: Thank you. That concludes our questioning, Minister. Thank you again for coming before us. You have undertaken to provide us with supplementary information in a number of areas—

Jenny Willott: Yes, indeed.

Q444 Chair: Equally, we may think of a question that we should have asked but did not. We would be grateful if you responded to us in writing with any further information.

Jenny Willott: Yes, absolutely. Just let me know.

Chair: Thank you very much; we appreciate your contribution.