

Environmental Audit Committee

Oral evidence: One-off Session with Secretary of State for DEFRA, HC 319

Thursday 18 June 2020

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Members present: Philip Dunne (Chair); Duncan Baker; Sir Christopher Chope; Feryal Clark; Barry Gardiner; Mr Robert Goodwill; Ian Levy; Marco Longhi; Caroline Lucas; John Mc Nally; Jerome Mayhew; Dr Matthew Offord; Alex Sobel; Mr Shailesh Vara; Claudia Webbe; Nadia Whittome.

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Witness

Rt Hon George Eustice MP, Secretary of State for Environment, Food and Rural Affairs.

Examination of witness

Witness: Rt Hon George Eustice MP.

Q1 Chair: Welcome to the Environmental Audit Committee for our first scrutiny session with George Eustice, the Secretary of State for Environment, Food and Rural Affairs. Welcome, George.

George Eustice: Good morning.

Chair: You are very welcome in your new post as Secretary of State. As the longest-serving Minister in the Department to become the Secretary of State, we can assume that you have all matters under your remit at your fingertips, and we look forward to your answering questions today.

I will kick off with one question that will come up later on. One of your primary responsibilities at this stage of the Brexit process is to introduce, or to conclude, two significant pieces of legislation. It is the first time in decades that we have had an Agriculture Bill and an Environment Bill setting out the future strategic position on those two major subjects. I will come on to the Agriculture Bill in a second, but we have had Second Reading of the Environment Bill. Are you confident that you will get the Bill back into the legislative process of the House of Commons before the summer recess?

George Eustice: I should add one. There are three Bills, of course. There is the Fisheries Bill as well as the Agriculture and Environment Bills. This is a big moment of change as we leave the European Union and take back control of these areas for the first time in half a century.

To come to your direct question about the timings of the Environment Bill specifically, our aim is to get it back into Committee stage as soon as we are able to. I do not know whether that will happen before summer recess; it is possibly more likely that it will happen in September. Obviously, the coronavirus has caused a lot of disruption to the entire parliamentary timetable. We are now getting back in the saddle and resuming some of the legislative programme, but there have been additional Bills required to deal with coronavirus, and other Bills might be necessary to deal with that and also the end of the transition period. There have been some additional pressures on the parliamentary timetable that mean that the progress to Committee may be delayed by a little bit, but we want to resume it as soon as possible.

All the things that are required to be done, so the substantive things that the Bill will require—developing a targets framework, which is probably the most significant thing we need to do; starting to establish the Office for Environmental Protection; and starting the recruitment process for a chair of the OEP—I do not intend to slip at all. That target-development work, in particular, is beginning in earnest.

Q2 Chair: We will return to that shortly. In relation to the Agriculture Bill, which is now at Committee stage in the House of Lords, last year, when



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you were briefly on the Back Benches, you tabled some amendments to the previous version that were pressing for improved food standards to ensure that we did not import into this country foodstuffs that had been produced using methods that would be banned here. You wrote to MPs jointly with the Secretary of State for International Trade on 5 June confirming that you intend to maintain high food standards in this country. Could you explain to us exactly what you meant by that letter and how the public can be confident that in the upcoming trade negotiations, food standards in this country will be maintained? Is this to do with the methods of production rather than the standards of the product that arrive in the supermarkets and our shops?

George Eustice: Yes. As you pointed out, Chair, I made great use of my freedom on the Back Benches to say and do all sorts of things, and I tabled a number of ten-minute rule Bills and so forth as well. The point that I make, though, is that after that period, there is obviously a critical moment with the development of our manifesto. What I managed to secure through the development of that manifesto process was a clear commitment by the Conservative party, going into the election, that in all of its trade deals, it would protect food standards and also animal welfare standards. The letter that the Secretary of State for International Trade and I sent around two weeks ago made it clear that specifically the prohibitions on the sale of meats that are washed with anything other than potable water, and also the existing prohibition on sale of meats that have been treated with hormones during the production process, will remain in place. They come across as retained EU law and we do not intend to change them. They stay in place.

There is a debate that people have about how far a trade deal can go to protect standards. I think often it is misunderstood. Sometimes people say that WTO rules mean you cannot protect your standards in trade deals. That is not really correct. There is a number of ways in which you can protect standards through a trade agreement. One is through the SPS chapter, and that is specifically around food safety issues, although there are times when some of those will overlap with matters that might also be considered partially animal health or even animal welfare. Things like the way you assess the lameness of animals at the point of arrival at a slaughterhouse can be included in the so-called SPS chapter.

More broadly, it is probably true to say that methods of production by way of animal welfare standards would not generally be reflected in the SPS chapter of a trade deal, but of course it is open to any country, through its discussions and the extent to which it is willing to adjust its tariffs as part of any trade agreement, to take factors like that into account. I cannot go any further now, but all I would say is that our manifesto commitment is very clear about protecting our food standards and animal welfare standards through trade deals, and there are well-established mechanisms that would enable us to do that. The letter that we sent last week was very specifically around this particular issue. Chlorine-washed chicken is always the totemic issue that seems to define



discussions around these matters. It dealt specifically with that and the hormone beef issue as well.

Q3 Chair: Turning to environmental standards, many campaigners are concerned that coming out of the EU will lead to lower environmental standards in the UK as we move to develop our own structures. What reassurance can you give that that is not going to happen?

George Eustice: It will not happen for a number of reasons. First, all the environmental legislation that we have been subject to in the European Union has come across through retained EU law. Secondly, the Environment Bill itself sets up a new framework around targets, so it enables us to develop new targets and new approaches in many of these areas to ensure that we keep trends moving in the right direction on all the key environmental indicators. The Environment Bill also establishes the OEP, because we recognise that tackling environmental issues and getting sustained improvement in our environment does need a long-term approach, and therefore having a governance framework to help to monitor and sustain that progress is important. That is why we have included that in the Environment Bill.

It gives us an opportunity, once people get over the shock of leaving the European Union, to start to think about doing things in a different way and to innovate in policy in different ways. One of my experiences in the time I have been in DEFRA is that sometimes while all of the EU environmental legislation is well intentioned, often it encourages you to approach things in a way that is probably not the optimum way to do so. One example I remember is the harbour porpoise, which is a highly mobile species that moves throughout our waters. We have been trying to develop an approach, potentially around the increased use of pingers, to try to deal with the problem of bycatch in fishing nets. The team that was dealing with that in the end got very distracted by having to draw new lines on maps to designate areas as an SAC for harbour porpoise, which probably would not mean very much because it was very hard, and in the end we drew the lines so wide that probably it did not mean a great deal.

Sometimes there are unintended consequences from the way the EU approaches some of these environmental challenges. We will have an opportunity to do things a bit differently, and I think better, and we can demonstrate that.

Q4 Chair: I would like to turn to the 25-Year Environment Plan. Last week your Department published its annual progress report and of the 17 headline indicators, less than half had made any progress and three had got materially worse. What is your assessment of the Department's performance against the 25-Year Environment Plan?

George Eustice: With all of the environmental challenges we face, we recognise that in some cases it is quite a long-term endeavour to get the recovery of nature. Reading the report, you are right—in one or two



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areas things have either plateaued or gone backwards—but generally, if you look at most of the indicators, the trend has continued to move in the right direction. On air quality, while challenges undoubtedly remain, and while the ammonia emissions, I think, ticked up slightly, all the other key indicators—whether it is PM2.5, nitrogen oxide or sulphur dioxide—have gone down dramatically on 20 years ago and are continuing to fall.

I think there is a particular challenge on some of the biodiversity areas in that significant damage was done to our wild environment, particularly in the 1970s and the early 1980s, and things have plateaued since then. We need a radical change in our approach to agriculture policy, which the Agriculture Bill will deliver, that can start to get a recovery in those habitats and start turning the trends in the right direction. In other areas, there is a lot more to do on water quality to achieve good environmental status. A lot of work has been done engaging some 6,000 farmers in catchment-sensitive farming schemes.

We have continued to act to address all these measures and to keep the trends moving in the right direction, but we have never pretended that we would achieve all of these things overnight and some, particularly on biodiversity, need some quite significant change. It may take a while; there may be quite a time lag before we see significant improvement, having got the habitats in place.

Q5 Chair: I will come on to water in a second, because I have a specific question about that, and I think Shailesh Vara would like to come in on the back of that in a moment. Two of the three worst areas in the report related to invasive species. This Committee did a report into invasive species last year and it was well received by the Department, as far as we could interpret from the response. One of the recommendations we made was that the way to really give this focus and emphasis would be to establish a separate inspectorate for invasive species. Why is the Department not willing to do that?

George Eustice: We are, within Government, giving some consideration to our arm's length bodies and what the right structure and approach may be. At the moment we have a dedicated team that sits within Natural England and deals with invasive species. This is an area where for at least the last five years—possibly more; maybe six years—we have had a monthly biosecurity meeting within DEFRA that brings together all of our leading experts on invasive species from Natural England and our scientists from the Animal and Plant Health Agency, and we monitor everything from exotic farm diseases right through to invasive species. Lord Gardiner chairs that forum as the Minister who leads on that.

It is therefore an active part of our agenda, and there is direct ministerial consideration of individual threats each and every month. It is not an area that we overlook and wait for there to be a problem. It is something that we are actively monitoring all of the time. At the moment we are happy with the approach that we have, which is the invasive species team that currently sits within Natural England.



Q6 Chair: We urge you to keep looking at that because we think it probably needs a higher degree of emphasis.

Turning to water pollution, which was one of the other areas that seems to have gone backwards over the last year, this is an area in which I have been taking a particular interest. As you may know, I have a private Member's Bill coming up on trying to reduce raw sewage discharges into our waterways. It seems to me that there is a disconnect between the requirements on the water companies to take responsibility for monitoring and reporting on overflow discharges, and what they are doing. There is a requirement on water companies to classify overflows as either unsatisfactory, substandard or satisfactory. Do you know how many water companies have done such a classification?

George Eustice: I do not have that figure to hand, but I can certainly write to the Committee to let you know.

Q7 Chair: I can help you with that. My information is that not a single water company has done a comprehensive classification. The reason indicated by one of them is because there is currently no obligation on water companies to follow either the Environment Agency or the Ofwat guidance, or to classify all storm water overflow. As a starting point, I urge you to look into this and if you were willing to write to the Committee to say what the Department is doing to enforce its own regulations, that would be very helpful.

George Eustice: I will certainly undertake to do that. I represent a Cornish constituency, and these are issues that are often highly contentious in Cornwall where we get high rainfall. In many of our towns we have old Victorian drainage systems that combine drain water from the streets with sewage water, and it does overwhelm the system at times. We also have the CSO—combined sewage overflow—discharges, which are a significant problem in our pollution. Although they are only used when absolutely essential, we need to continue to address the infrastructure that causes this problem.

Q8 Chair: Do you agree that the way to encourage the water companies to address them is, first, to provide proper monitoring when these incidents occur and, secondly, to introduce the concept of polluter pays to the water companies?

George Eustice: Yes. On your former point, in my own area, South West Water does I think give a notification when it has to use the overflows. I will look into the legal point that you raised about whether there is a requirement for it to do so.

On your latter point, it is a challenge in that the cause of this problem is the inadequacy of some of the old drainage infrastructure that we have, because the solution ultimately is to separate drainage water from the urban streetscape into a different system than the sewage system. That is quite a piece of infrastructure work that would be very costly. It would ultimately have an impact on water bills and would have to be reflected in



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pricing policies. It is a complex area for that reason, but I accept the point that you are making that the polluter pays principle should apply to the water companies as much as anybody else.

Chair: Thank you very much.

Q9 **Mr Vara:** Good morning, Secretary of State. Of course we talk a lot about conserving water, but there is a huge amount of water that leaks in underground pipes. Are you able to give an indication as to what the quantity is? If you do not have the figures to hand, that is perfectly understandable and perhaps you can write to us. Also, more importantly, what measures have been taken to ensure that those leaks in the underground pipes are detected and dealt with?

George Eustice: This is something that I know has been a long-running concern, particularly when we have water scarcity at times of the year. It is not long ago that we were considering the risk of drought, this year even despite the floods that we had earlier in the year, and it is the case that particularly in some of the eastern counties, water scarcity and difficulties around abstraction are an issue. Making sure that it is not then wasted and leaking back out of pipes is crucial.

I understand that it is one of the key criteria that Ofwat uses when judging water company performance. I am afraid I do not have the figures on specific water companies and leakage at the moment to hand, but I can write to the Committee with the data that we have on that space.

Q10 **Mr Vara:** Are you saying that this is a matter for the water companies to deal with, that there is no area for you and your colleagues to put pressure on them, and that they are entirely independent in how they manage this, or do you actively press them on the point?

George Eustice: A Government can always do things. We can pass legislation requiring them to do certain things and make certain improvements. We could even start to set targets for this area through the framework of the Environment Bill if we want to, so it is open to the Government to legislate and to require certain things. My understanding is that currently it is one of the criteria that Ofwat judges water companies against in its performance review and pricing review. In the current set-up, individual water companies are held to account on this particular issue by Ofwat, which is the water regulator. Since you have raised it, I will double check that and what criteria Ofwat applies, and also give you any data that we can.

Mr Vara: That is very kind of you. Thank you.

Chair: I think what Ofwat does is to allow expenditure on leakage improvement measures to be taken into account when setting the price formula, but it does not allow expenditure on improving water quality to be taken into account in the same way. I think that is one of the deficiencies of the current regulatory system, because its focus is purely



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on price and not also on improving water quality. I have taken up too much of your time. I know we have about an hour to run, so we are going to move on to other questions and other topics now, starting with Caroline Lucas.

- Q11 Caroline Lucas:** Good morning, Secretary of State. I want to ask you about environmental metrics. In 2019, the NAO found that DEFRA's environmental metrics did not sufficiently cover or align with its environmental objectives. It pointed out things like serious gaps when it comes to monitoring, for example, soil health at a national level. It said that one third of the datasets were out of date. It said that many of them were too vague to be properly measurable. How has DEFRA addressed the gaps in its environmental metrics so that the Department can measure performance against environmental goals?

George Eustice: We have a new environmental indicator framework that sets out, in our 10 key environmental goals—everything from air quality and water quality to resource efficiency, habitats, biodiversity and so forth—a series of key indicators that we are tracking and monitoring. I think there are around 66 of those in total and those are largely referred to in our annual review on the 25-Year Environment Plan that was published earlier this month. I think those are quite comprehensive in that space.

However, are there gaps? Yes, undoubtedly, and I think the one you have highlighted on soil health is a very good point. It is one on which I recently held a detailed discussion with our officials, because one of the things I want to be doing in the future agriculture policy is having policies and interventions for improving soil health. We know that if you can get a means of measuring soil health and improving soil health, that can have quite significant impacts on biodiversity in particular but also—although there is some debate around this—some impacts on carbon storage, in that you can lock carbon up in the soils depending on how you manage them. Soil health is very much something that we are looking at.

I have advocated the idea of a measure around mycorrhizal activity as a measure of soil health—as a yardstick for it, if you like—inspired by some of the thinking of Sir Albert Howard, who was one of the great thinkers in this area in the 1930s and 1940s. It is an area that we are definitely looking at and if we are able to get a metric that can measure a trend, we will add it.

- Q12 Caroline Lucas:** But there are metrics out there and other countries do it. Can you give us more of a timescale on that soil indicator and also on another area that is of concern: the UK's biodiversity impact overseas? Back in 2018, the Government said they would introduce a metric on overseas impact and, given that that is such a major part of our overall footprint, it feels really vital that we have that, too. Can you give any indication of timescales on soil and on this biodiversity impact which, as I say, has been outstanding since 2018?



George Eustice: As I said, the soil health one is an area that we are actively looking at and I have given a flavour of the sorts of things that we are exploring in this area.

Q13 **Caroline Lucas:** A time as well as a flavour?

George Eustice: Yes. I am very much working to the idea of having an understanding of what constitutes soil health for different soil types, but predominantly to inform the deployment of future agriculture policy and to make sure we can do that probably from around 2022 onwards. It is something that we are looking at quite urgently. People often tell me that soil health is all very complicated and there are evidence gaps and it will take many years to work this out. I am not sure I am persuaded by that. Soil science has been probably something of a Cinderella scientific discipline in recent decades and should not have been, but there is nothing particularly new about it. We do understand how soils work and what constitutes healthy soil, and it ought to be possible for us, even if it is not perfect, to get certain yardsticks for that.

On international biodiversity, looking at the list of 66, I thought there were one or two in there around international biodiversity. We have also recently had the report from the Global Resource Initiative and so there are issues around due diligence, particularly looking at forest risk products, and that is something that Government are actively considering. The GRI report was a good report that highlighted some important issues. The impact of British industry and British companies on overseas biodiversity, the sustainability of some of those forest risk products and making sure that there is some due diligence in the supply chain is probably the most powerful thing that we would be able to do, as well as all the work that we are doing in the British overseas territories in designating them as marine protected areas and so forth.

Q14 **Caroline Lucas:** What we are looking at is some kind of measure that would capture—I appreciate it is complex—all that in a metric, rather than having it all separated out.

Let me move on. A crucial thing is whether or not these metrics are owned across Government, because it is no use if it is just kept within DEFRA. Could you please give a sense about how environmental metrics are owned and applied across the whole of Government, not just in DEFRA?

George Eustice: Any proposal on any policy has to go through a write-round process, so these matters are factored in at the highest level in Government.

Q15 **Caroline Lucas:** That is not ownership, is it? That is not co-ownership; that is just Cabinet responsibility. What I want to know is how other Departments have a stake in and need to deliver against these metrics, because DEFRA cannot do it on its own.



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George Eustice: No, and I think the Environment Bill provides for that in that we will be measured against the environmental targets that we set and there are also provisions for mandating net gain on biodiversity in any new developments. I think that is a really significant step forward. There is a lot of overlap with the work that MHCLG does in these areas. There is overlap with the work that the Department for Transport does when it comes to infrastructure and also crucially, of course, with BEIS with its responsibility for energy and decarbonisation.

Q16 **Caroline Lucas:** I appreciate that there are overlaps, but that feels to be a different thing than co-ownership. Let me give you an example. Back in 2019, a NAO report reported that no Department other than DEFRA is on the implementation board for overseas progress on the 25-Year Plan. Has that changed since January 2019?

George Eustice: The oversight board?

Caroline Lucas: The implementation board of the 25-Year Plan. Apparently DEFRA is the only Department that sits on that board.

Q17 **George Eustice:** I will need to look at whether there are others. As you pointed out, Government do work collectively. When we are approaching, for instance, post coronavirus, there is a lot of discussion at the moment about getting recovery in our economy and also making sure that that is a green recovery and that we hardwire in some of the environmental principles and a change to our approach to nature, and our relationship with nature in the way that we do that recovery. That is a cross-Government discussion with many other Departments plugged into it.

Q18 **Caroline Lucas:** I understand that there is an inter-ministerial group for environment and clean growth, which DEFRA and BEIS jointly chair, and it has been set up. But as of January 2019, which I appreciate is over a year ago, the NAO said it had not met at all. How many times has that inter-ministerial group met since then?

George Eustice: I do not know. Again, I will have to write to the Committee on that. There are quite a lot of these sorts of ministerial discussion groups that exist. I would have to write to the Committee, I am afraid, to let you know how many times that has met.

Q19 **Caroline Lucas:** That would be really helpful, just to give an indication of what is happening. Very finally, because I appreciate this has taken time, do the Government intend that missing an environmental target will trigger action to address the issue? It is all very well knowing how well or how badly we are doing, but if there is not a mechanism to rectify it, that does not get us much further.

George Eustice: Yes, there is an issue here. The targets will guide our policy, and we want policies that can deliver them. If we miss a target there is likely to be some comment from the OEP about that—a suggestion about what steps might be needed to rectify it. I am sure that missing those targets and such an intervention from the OEP would also prompt parliamentary discussion and the Government would have to



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think about what they were going to do to get back on course. The targets are meaningful, but we all know the environment is complicated.

I want us to go for meaningful and ambitious targets, but then if it turns out that, for entirely unpredictable reasons, like there has been two very hard winters in succession so the population of butterflies has sadly declined, we have to take those into account. That has to be reflected. With a lot of these things it is about making sure we are keeping the trends going in the right direction. But, yes, I fully expect that missing a target would be something that would be a moment of controversy and spark a lot of discussion about what was needed.

Q20 Caroline Lucas: What we want to get at is whether or not there are formal mechanisms to review and act if it is clear that targets are not being met. For example, we were told that on environmental accounts there is currently no formal mechanism to review an Act on the information that is provided as a whole. Would there be any plans to change that, for example?

George Eustice: The Government are setting up this governance architecture because we want to set a sustainable long-term course and make year-on-year progress towards these goals. As I said, if you look at the latest review, it shows a lot of the trends going in the right direction, but there are particular difficulties on biodiversity in particular, I would say, and some other areas where there is obviously a lot more to do. We would not be setting this up unless we were serious about moving in the right direction. That is why we are doing it.

Chair: Biodiversity is a good cue for our next set of questions from Barry Gardiner.

Q21 Barry Gardiner: Welcome, Secretary of State. Can I say how good it is to have a Secretary of State who has had such a long history in the Department? I think we all know and appreciate the fact that you really do care about these issues.

I want to commend the Government for proposing a new biodiversity requirement of 10% net gain for all new planning developments in England. I know that you recognise the responsibilities of planning authorities to consider technical ecological matters have grown exponentially over the last 15 years. We had NERC, then we had the Habitats and Species Regulations in 2010. I think you and I were on this Committee when the NPPF went through in 2012. You will also know that the Association of Local Government Ecologists has said that many local planning authorities do not currently have either the capacity or the competence to undertake the effective assessment of planning applications where biodiversity is a consideration and only one third of planning authorities in England has access to its own in-house ecologist.

Quickfire questions: do you know how many planning authorities there are in England?



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George Eustice: I do not know that number off the top of my head, but there will be a significant number, I am sure.

- Q22 **Barry Gardiner:** Quickfire here. There are 365, and that includes the 10 national parks and the two development corporations. Second question: if only one third of planning authorities have an in-house ecologist, how many are there? 365 divided by three. How is your mental maths?

George Eustice: One third would be roughly 120.

- Q23 **Barry Gardiner:** It is 122. Do you know how many planning applications there were in England last year? I do not expect you to know this one.

George Eustice: I do not.

- Q24 **Barry Gardiner:** There were 400,200. Assuming an even spread of applications, how many planning applications are going to an authority without the capacity to deal with it? The answer is 270,800. That means that in the remaining councils, 122 ecologists are dealing on average with 1,110 applications each per year. That is before your 10% biodiversity gain, which we both agree is a great idea, comes into law. Do you think we have a problem here?

George Eustice: First, Mr Gardiner, I know you have been a very long-standing champion on biodiversity. I remember you championing those particular issues when we were on the EFRA Committee together.

I think you highlight an important point, and we are giving this some thought. We have to make sure that there is the capacity within local authorities and within the planning departments to be able to make the right policy judgments and put the right conditions on planning applications. It is really an issue of personnel. There would be two ways of doing it. One is by requiring it and making it a responsibility. Then local authorities would have to review whether they have the expertise and the capacity to do it and get it if they have not. The alternative would be to look at whether funding expertise could be made available to them. There are a couple of different ways that it could be done.

It is possible that you would be able to get cost recovery of the recruitment of people through the planning process. That would be one option, or if Government decided they wanted to expedite this, there might be a possibility that you could look at whether you would fund specific personnel in this space. You are right: when we introduce this as a mandatory requirement we will have to make sure that all planning authorities have access to expertise. They will need that expertise whether they draw on external or in-house expertise.

- Q25 **Barry Gardiner:** Caroline's question exposed the lack of co-ordination between Departments. Can you please speak with MHCLG and Treasury and ensure that local authorities have the resource to fulfil the additional responsibilities that you are giving them? I think we all recognise it is great to have that 10% net gain. It feeds into the ambition that you



have, but local authorities are struggling without the resource to deal with it. If we can focus on the metric for measuring this 10% net gain—I think DEFRA calls it metric 2.0—the Natural Capital Committee has been quite critical. Not only does it not apply to national infrastructure projects, but because it is habitat-focused rather than species-focused, it does not take into account impacts of development on protected local species and irreplaceable habitats, like SSSIs and endangered woodland.

How are you working to resolve that? How will you work with local authorities to develop the nature recovery network that will finally deliver on the Lawton principles of more, bigger, better and more joined up in creating and restoring the 0.5 million hectares of wildlife habitat that you plan to?

George Eustice: There is a lot of work going on at the moment between DEFRA, MHCLG and local authorities on nature recovery networks. It is a key part of our proposals for the future, linked to the Environment Bill and to this concept of 10% net gain in the planning system. All of the challenges highlighted by the Natural Capital Committee are legitimate challenges, and are obviously things that we will be taking into account in the way that we design this. There may need to be particular approaches. The key building blocks might be around habitat because we know that there is a premium on having some degree of simplicity, and if you have the habitat then the species will follow. You may also, as you point out, have particularly vulnerable species, or species that might be vulnerable to a particular type of development, and that is also something that we would need to take into account.

Q26 **Barry Gardiner:** With the national infrastructure projects being excluded from the 10% gain, is there not a huge missed opportunity? Here you have something like HS2, the largest infrastructure project that this country has ever seen. Not only will it not be subject to the 10%, but you could be using this as a biodiversity corridor to enable species to move up and down through a natural corridor. Is that something that you can look again at?

George Eustice: Yes. My understanding on the national infrastructure is it is, by definition, a very large project. HS2 is a case in point. Obviously they straddle many different planning authorities and it is a national decision, but within the consents and the proposals for that you embed the process of biodiversity offsetting and net gain. I think I am right in saying that, while it may not be at 10%, in the HS2 proposals there is work linked to making sure there is at least biodiversity offsetting through the damage that will inevitably be caused. You are also right—we know that railway tracks in particular can become very powerful wildlife corridors.

Q27 **Barry Gardiner:** The global strategic plan for biodiversity, with its 20 targets, expires this year. At the Convention on Biological Diversity, COP15, in Kunming, DEFRA says it wants to prioritise action to address the main drivers of biodiversity loss, but in the past decade we will have



achieved just five of the 19 Aichi targets. DEFRA says it wants to integrate the biodiversity climate change and development agendas, but the Department of Energy and Climate Change was put into Business, and you have just downgraded DFID as a separate Department. You say you are going to prepare for Kunming with ambitious resource mobilisation and capacity-building strategy, but the status of our habitats and species is deteriorating, non-native invasives are increasing and biodiversity funding has fallen in the past two years. What can you say to the Committee that can convince us that the post-2020 framework for biodiversity at COP15 is not just going to be another milestone missed?

Finally, how do you see the Dasgupta review on the economics of biodiversity contributing to this work? The interim report says that successive international reports have warned that the current high rates of biodiversity loss pose a major risk to our economies and our way of life. Will it persuade your Cabinet colleagues that GDP is a very poor measure of the wealth of a country, or will we see it go the way of the Millennium Ecosystem Assessment in 2005, the TEEB report in 2010 or the IPBES report last year, all of which have said these things but haven't prompted action?

George Eustice: I made the point earlier that on the indicators that we have, biodiversity is the one that has plateaued and in some areas continued to go backwards. That is true. It is a major priority for us. At COP26 next year we want a critical component of our agenda be around nature-based solutions and the role of nature in helping to tackle and mitigate climate change. It is also the case that the resilience of life itself depends on that biodiversity and the richness of our biodiversity. A lot of biodiversity through climate change becomes a vicious cycle and starts to really affect the resilience of life. I think, therefore, it is a major part of our agenda. As you will know, Baron Goldsmith is also very passionate about these matters. It is going to be a big part of not just the CBD COP15—obviously, because that is what that focuses on—but we very much want to link what happens at COP15 on CBD also with COP26 later in the year, so that the value of nature is properly reflected in all of that. I would just say as well that I have already said that—

Q28 **Barry Gardiner:** Secretary of State, specifically on the economics of biodiversity, the Dasgupta review and those three reports that I have mentioned talk about how fundamentally the economic wealth of a country is not measured by GDP but is contained in natural capital and that we need this as part of the resource for a new system of accounting. The system of environmental accounting was supposed to be coming in this year, originally. The United Nations said back in 2000 it would be here in 2020, yet we still are not there. Is Treasury on board with all the views that these reports and the Dasgupta review are telling us about? Is it going to happen, finally?

George Eustice: Yes. We have a clear commitment in our manifesto to prioritise biodiversity and habitat loss, and it is a big part of our agenda. I have followed closely the work of the Natural Capital Committee for a



very long time and I am a big advocate of natural capital—that we should value it and recognise its value. The challenge often is, as with many of these things, there comes a point when the economists cannot get much further because you need ecologists and biologists to understand things to take it to the next level. The example I often give is maximum sustainable yield in fisheries. It starts off as almost an economic concept, which is limiting the harvest so that it can sustainably regenerate itself and, therefore, give you the maximum yield possible. That is as far as the economics can take you. After that you need fisheries scientists and ecologists.

Chair: I am sorry, I think we could spend the whole of the rest of the session having a debate on this subject. We have the environmental land management system under your remit to emerge, hopefully, during your tenure, and I think we can look to you to make natural capital form a part of the reward system under that. Thank you, Barry; now over to Marco Longhi—*[Interruption.]* I am sorry, Barry; you have had 15 minutes. We really have to keep going.

Q29 **Marco Longhi:** Thank you, Secretary of State, for joining us today. I will not ask you any maths questions. My questions will be around how we can increase adaptation reporting by reporting organisations. We know that the Government are committed to putting climate change adaptation at the heart of everything they do. Will you look to make adaptation reporting by reporting authorities mandatory? The second part to my question is: which organisations are you in discussion with to increase the amount of reporting organisations under the third round of adaptation reporting?

George Eustice: DEFRA leads on adaptation and reports on its work on that. DEFRA is responsible as the Department that reports on that for reporting on progress in other areas as well. The critical component on adaptation for us in the UK really is around flood risk and managing floods, and so we significantly increase the spending in that area. We will shortly be wanting a new policy statement on our approach to floods. One of the things we will be looking at is whether we can better marry up our approach to managing flood risk with our approach to dealing with scarcity of water supply in other parts of the country. It is a DEFRA lead, and we report on our approach to that. I am not really aware there will be much value in having lots of other people doing reporting on these things. The most important thing is that we get the policies right and we have the deployment of improved flood defences in particular.

Chair: Thank you, Marco. Our next set of questions is from Matthew Offord on chemicals regulation.

Q30 **Dr Offord:** The Secretary of State will know that this Committee has been interested in the issue of REACH and the chemical regulations in the United Kingdom following the United Kingdom's leaving of the European Union. He will also know that for over four years now various Ministers, including Thérèse Coffey, have made it very clear to this Committee in



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oral evidence—and indeed on the Floor of the House of Commons to myself on 25 February last year—that the Government were continuing to seek associate membership of the REACH mechanism. But just six days ago I received a response to a written question I put down about REACH and Rebecca Pow, the Parliamentary Under-Secretary of State, said that the UK Government's commitment to having control of our own laws and on not remaining within the jurisdiction of the European Court of Justice means that we are not seeking associate membership of the European Chemicals Agency. When did the Department first realise that associate membership of the REACH would not allow the United Kingdom to have control over its own laws and jurisdiction of the ECJ?

George Eustice: In the last Parliament the Government of the day had a different approach to the EU negotiations and the future partnership. It was open to considering certain hybrid models in some areas, accepting regulatory alignment and in some areas potentially being willing to accept some role for the European Court of Justice. The thing that changed is there was a big debate about how, whether and when we should leave the European Union during the general election. This Government were elected with a very clear mandate to leave the European Union and to seek what we describe as a Canada-style free trade agreement—one that does not involve regulatory alignment and it does not involve a role for the European Court of Justice.

This basically accepts that there would be, therefore, some friction in some areas, and friction at the border on some trade, because there would need to be some border checks and administrative paperwork such as export health certificates. In the case of chemical regulation, it accepts that because it is a red line for us that we cannot accept the jurisdiction of the ECJ, having some sort of associate membership of ECHA does not really work. That is why we have gone for a model of having a straightforward UK REACH. This was a change in position that was implicit in the approach taken by the Conservative party during the general election and has formed Government policy since and has informed our approach to the negotiation.

Q31 **Dr Offord:** That comes as some surprise to me, because I am also a member of the Conservative party, I also took part in the general election, and I was one of the dissenting voices that said to the Minister, "You will never have an associate membership of REACH." I am not convinced by that argument at all. What I am convinced about is the cost of REACH. I asked your Parliamentary Under-Secretary of State what would be the cost of REACH and her response was broadly in line with those costs considered necessary by industry. Perhaps you could tell us a bit more about the costs that you believe there will be in establishing our own UK REACH and how that will affect people, particularly UK businesses who are seeking to trade within the EU in chemicals.

George Eustice: The way that the UK REACH will work, as we know, is that from 1 January UK REACH will open and all of the existing authorisations that are on the EU REACH system will be grandfathered



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across. Those companies will be required to provide some initial documentary backup to the existing authorisations in a period of roughly six months, from memory, and then within two years to provide the full documentary evidence that underpins their existing registrations with the EU REACH. There would be a charge and a cost-recovery charge for those companies once they put that full data on. We accept that there is a cost and we accept that that cost will not be insignificant for some chemical companies that have many different types of chemicals in their products. We do recognise that. But I think it is a logical system that enables the products and the active ingredients to be grandfathered across, so there is a very smooth transition with the documentary supporting evidence to follow after that.

Q32 Dr Offord: Do you know currently how much that cost will be? If you are not able to provide that information now, would it be possible that you could write to the Committee?

George Eustice: I can write, and I am sure there will be estimates on what that would be. I can certainly write and confirm that.

Q33 Dr Offord: You also mentioned in your answer then about the full data package. What if it is not possible for companies who are trading in from the United Kingdom to access that database?

George Eustice: In many cases these will be companies that have the authorisations already in the European Union and they will, therefore, be able to provide the same sort of documentary evidence for the registrations that they seek in the UK. It will probably be easier for the larger companies to do that process than the smaller ones. We recognise that. Big chemical companies like Johnson Matthey or BASF will have registrations on both systems and will probably be able to interchange the documentary evidence required between the two relatively easily. It may be slightly harder for companies that have less of an international footprint.

Q34 Dr Offord: How proportionate are the proposed fee structures for UK REACH? You may wish to write to us on that. How would the fees be proportioned to the size of the UK chemicals market? How does that reflect on the size of the EU market, particularly those companies that are seeking to engage with the EU market and those that are seeking to engage only on a UK basis?

George Eustice: The fee structure on these things tends to be based on a fairly straightforward cost-recovery model that is set out by the Treasury and that we follow in most of these types of situations, including on pesticides, for instance, and also other licensed activities. It would be based on a cost-recovery model, but then within that sometimes we can have de minimis approaches and other factors that are taken into account. If you like, I can write in line with the point on costs and set out our thinking on how the fees would be structured on individual applications as well.



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Q35 **Dr Matthew Offord:** The ECHA is run on a budget of about £80 million and that is to service 28 member countries. That gives us a ballpark figure, but it would be useful if you could establish what it will mean for British companies. Thank you.

George Eustice: Yes. Okay.

Chair: We will be publishing, Secretary of State, some responses we have had from the chemicals industry to the letter from Minister Pow, so I think this issue is going to rumble. Thank you very much, Matthew. Over to John Mc Nally, going back to the Environment Bill.

Q36 **John Mc Nally:** Secretary of State, I have four fairly straightforward questions to you on the Environment Bill. As you know, the Environment Bill contains provisions that must become law by 31 December. Will this legislation and the Office for Environmental Protection be ready and operating effectively by this time?

George Eustice: We are about to commence the recruitment process for the chair. We are giving active thought to that. As I made clear earlier, we want to get progress on the Bill as soon as is practical, resuming Committee stage in the Commons. With the combination of coronavirus and the fact that a number of important Bills are needed by the end of the transition period, my understanding is there is quite a lot of pressure on the Lords parliamentary timetable, in particular, probably in the autumn. We will be trying to make as much headway as possible with this.

If it is the case that we do not have Royal Assent by the end of the year, we could still proceed with recruitment. In the initial months the main thing that the OEP would be doing is thinking about designing its enforcement strategy, its general strategies in organisation, and setting itself up. That is stuff that could be done on an administrative basis initially until the legal powers kick in.

Q37 **John Mc Nally:** Thank you for that. That takes me on to my second question very nicely. What progress has been made on the establishment of the OEP and what is the current status of the staffing and securing more office accommodation in Bristol for the OEP? One of your predecessors said that they would probably require between 60 and 120 staff to make this office work. You have said that you are trying to establish a chair, so we need to know how many people are actually appointed to make sure this is operating effectively by the end of the year. I think there is something in the region of 18 Committee sittings still to go through with the Bill. Could you comment on where we are with the numbers to make this OEP work properly and effectively?

George Eustice: While we understand that the timetable for legislation has slipped a little bit—not a huge amount; it has just slipped a little bit—I have continued to have meetings with officials and we have been very clear that we should not be waiting for the Bill in order to progress the substantive elements the Bill will introduce. We are actively considering



potential candidates for chair and are giving active consideration to where it would be located and how many staff it would need. We are in dialogue with other Departments, notably the Treasury, about that and about what numbers would be needed initially. Active engagement on all this is ongoing, because we want to make sure that the requirements of the Bill continue to be progressed.

- Q38 **John Mc Nally:** Time is certainly not on our side in making this progress happen. What I am really interested in is there are very high standards in other parts of the UK under the devolved Administrations. Can you tell me how you are working with the devolved Administrations to ensure that there are equivalent bodies in place for a UK-wide environmental oversight? This is an extremely important piece of legislation to fit with other devolved Administrations and we have set these high standards. I think there is a genuine concern that if this does not happen soon there will be a deterioration of standards. We certainly do not want to see that happen.

George Eustice: That is why, for me, the critical thing is that we keep progressing the work on the targets and that we continue to work, as we are already, to the 25-year Environment Plan, which will become the first environment improvement plan under the Environment Bill when it is passed. We do not need to wait for legislation; we should be working to that plan, which is what will be effectively placed on a statutory footing by the end of the year. I recognise that we want to set up the OEP as quickly as possible. That is why we are working on that, despite the fact that the legislation has not yet passed.

- Q39 **Feryal Clark:** Secretary of State, you will be aware that England is falling behind the rest of the UK when it comes to recycling rates. In Wales they are already achieving 60% recycling and are the fourth highest in the world. The Covid crisis has had further impact on our recycling rates in England. What are the Government doing to address the decline in recycling rates during the current crisis?

George Eustice: There have obviously been some particular challenges during the current crisis. For a while some local authorities in particular were not collecting garden waste and that was a particular problem that has affected recycling rates. Everybody had got very good at not having plastic cups and trying to avoid using single-use plastics, but concerns around coronavirus mean that in quite a lot of circumstances people have reverted back to disposable packaging a bit more than they might have done prior to that. On what the Government are doing, the report shows that we have been making progress on recycling but, as you point out, there is a lot more to do, more improvements to be made.

We were introducing a deposit-return scheme on plastic bottles and drinks containers, and that is something that we are progressing. The Treasury is doing a piece of work looking at taxation on single-use plastics to see if we can broaden out the approach we have taken on plastic bags, which has been a success, and roll that out to other areas.



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While it has been delayed slightly, we have a SI that has been going through for single-use plastic stirrers, cotton buds and so forth. We are doing quite a lot on that front. Of course, the really big change that is contained in this area in the Environment Bill is extended producer responsibility. That is the key to taking recycling to the next level and is something that will be driven by that provision and the powers that are created for that in the Environment Bill.

- Q40 Feryal Clark:** On the powers, in 2015 the Deregulation Act removed many of the environment enforcement powers that the local authorities had. When we asked places like Wales and Scotland, they said achieving such high recycling rates is about both carrot and stick. Are there plans to give local authorities in England more powers to enforce recycling like they do in Wales and Scotland?

George Eustice: In the Bill there is a requirement to have more consistency around collections. One of the issues is that because there is a mixed approach and a lot of local authorities charge, for instance, for garden waste or green waste, there is an inconsistency of approach and that leads to an inconsistency in outcomes. If they are not providing the options for certain types of recycling, you are not going to get that recycling happening, by definition. The Bill provides for the powers through secondary legislation, from memory, to bring greater consistency and clarity to the approach taken by local authorities in this area.

- Q41 Feryal Clark:** Did the Government meet the 2020 target of recycling 50% of household waste before the pandemic and, if not, why was the target not met?

George Eustice: I am not sure whether I have data about if that 2020 target has been assessed yet or whether we know if it was met. Obviously we have only just gone past that 2020 point. I can certainly write to the Committee again on that, along with the other issues.

- Q42 Feryal Clark:** Finally, we have heard evidence that plastic packaging recovery prices are rising but environmental benefits are still not being delivered. What action are the Government taking to address efficiencies in a PRN system while we wait for the EPR reforms in 2023?

George Eustice: There are weaknesses. That is why we have extended producer responsibility. We just need to make sure that we crack on and get that introduced because that is the way we take this to the next level.

- Q43 Dr Offord:** Secretary of State, you seem to imply that you do not like some local authorities charging for green waste and you intend to address that through secondary legislation. Is it the Government's intention to prevent charging for green waste, or will all local authorities be required to charge for green waste?

George Eustice: Obviously the way we would use the powers would be subject to consultation. The purpose behind those particular clauses in the Environment Bill is to encourage more recycling and to get more



consistency of approach from local authorities. While specific powers we introduce would be subject to consultation, I think what I can say is the purpose behind those powers, and the presumption behind the way we approach them, is all about trying to make recycling easier rather than harder.

Dr Offord: Okay. I will take from that what I will.

Q44 **Jerome Mayhew:** Secretary of State, thank you very much for appearing before us, first of all. I am going to be looking at some of the broader future questions, but before I do there is one area that I would like a specific answer on. We have limited land and we have multiple pressures that are developing on the use of that land, which we are all very familiar with. We have agriculture and food security, which has declined in the last 20 or 30 years from 80% plus down to 61% or 62%. We have an urgent need to increase biodiversity on the same land. We have the need to increase energy generation and also to effect carbon sequestration on the same land. We have an increase in population forecast and in housing need. These are all on the same acres. What I am interested in is the Department's outlook on how you square the circle of all those competing influences and demands on the same land.

In particular, I am interested in the letter that you received from the all-party parliamentary group on science and technology in agriculture back in May and its suggestion that gene editing is a useful part of the solution, whereby changing the definition within the Agriculture Bill and adopting the regulatory definition of GMO compatible with the Cartagena protocol would exempt simple gene editing applications from the scope of GM regulation. That is quite a specific recommendation, but the APPG suggests that this will allow us to increase agricultural productivity, resource use efficiency, more durable pest and disease resistance, improve nutrition and resilience to climate change. I recognise it is a very sensitive topic, but given that we have this huge demand on the same land where we have to increase yield and productivity while maintaining and improving biodiversity, is it the Department's view that this is an area that we are going to have to go down?

George Eustice: You have opened up a very big topic. I will answer the general point first and then pick up on your specific point at the end. It is absolutely right, there are lots of pressures on land use and we know—coming back to the tricky issue of how we get nature recovery and those biodiversity metrics moving in the right directions—a critical component of that is how we manage our farmed landscape.

To answer your question, there is a combination of approaches we can take. First of all, there is a lot of interest in approaches such as vertical farming, as it is called, which is really a type of sustainable intensification. There may be scope in a sustainable way to produce more food from a smaller land footprint. It might be in some areas more use of protected cropping, glasshouse cropping and so on that can produce more of our food needs but from a smaller area of land.



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It may then also involve having a more sustainable approach to some of our more productive grade 1 and grade 2 agricultural land, so that the new environmental land management system promotes things such as soil health, encourages crop rotation and encourages the use of grass lays, where you can get flower-rich meadows replicated, see a recovery in invertebrates, and get more farmland birds back on the land as a result. It is about farming that land in a productive way but also in a way that is more sympathetic to nature.

Finally, in some more marginal upland lands in some cases the environmental land management scheme might become a very significant part of a farmer's income if they are doing things such as peatland restoration and rewetting of peat and so on. We also need to recognise that we should be moving back to pasture-based livestock systems, and so making sure that we have nature-friendly, pasture-based livestock grazing rather than intensively fed livestock. It is all part of the same equation, because you are then releasing more of your arable land potentially to do energy crops such as biofuels.

It is a complicated, mixed picture, but I think if you could come out of this with sustainable intensification on some land, more nature-friendly farming on the remainder of the land and create the space for potentially having more biofuels, you have a route to get significant reductions in carbon, but in a way that also helps nature to recover.

On your specific point on gene editing, the UK disagreed with the judgment of the European Court of Justice on this, in that we think that gene editing techniques such as CRISPR and other similar ones are really a more targeted form of conventional plant breeding in that it is cisgenesis. It is helping to move or modify a particular gene within a species rather than traditional GMO, which is moving one gene across species boundaries, which raises more concerns. We would not propose changing at all the regulatory framework on GMOs. I think it is generally accepted that if it is applied properly it probably is proportionate. The difficulty in the EU is that often politics gets in the way and, therefore, it does not always get applied properly.

Gene editing is an area that we ought to be considering because if we want to reduce our reliance on chemical pesticides, getting that improved genetic resistance to certain fungal diseases in particular will be quite important. Some of these techniques are really just an extension of conventional plant breeding. I am not saying there would not be any kind of regulation, but I think it is a moot point as to whether it is appropriate to have the same regulation as you would for transgenesis.

Q45 Jerome Mayhew: From what you said, are you expecting there to be an acceleration in the Government's response and thinking on this matter after the transition period?

George Eustice: There are a couple of areas where I think the EU approach probably is not right. This is one where we, in common with a



lot of other member states, joined the action to try to stop the ECJ taking the decision that it took. It was not a decision it took on the basis of science. The ECJ is a legal court. It was just a legal technicality rather than a science-based decision. With all these areas, you want to have a science-based decision-making framework.

There is another example I would give and that is in things such as biological controls and so-called biopesticides, where you use natural plant compounds and so forth. This is potentially quite an exciting area that could displace synthetic chemistry, but at the moment it is subject to the same very stretching authorisation process as chemicals. You would have to question whether that is appropriate. If you wanted to try to develop some of these greener approaches to crop protection you may want to look at having a proportionate and appropriate regulatory authority around that and not necessarily just go for the same one that we apply for pesticides.

Jerome Mayhew: Thank you very much. I am very much looking forward to that developing quickly. I am going to hand back to the Chair now, because I understand that my colleague Duncan Baker has some questions.

Q46 **Duncan Baker:** Thank you, Secretary of State, for joining. I am really pleased that Jerome asked that question because I think that is a fascinating response to something that is a very complex area and, in my view, agriculture has to start to move in that way. Agriculture is, no doubt about it, going to face some of the toughest challenges as we transition into a different period, which I think is what we are going to see. The final thing is a slightly softer question. From your point of view, what would you want to be your legacy? What is the single biggest priority you would like to leave as Secretary of State for DEFRA?

George Eustice: Gosh. There are so many things in DEFRA, it is very hard to pick one. I think if I were to say one legacy, I am one of the people who, on balance, decided to campaign to leave the European Union because I thought there were opportunities to do things differently and do things better. My priority across all fronts, whether it is agriculture, fishing or our environment, is to demonstrate that we can chart a different course and do things better than the European Union. For my legacy, I would like to be in a place within five years, and definitely within 10 years, where people will look back and say that this was a great moment in our history, when we had the opportunity to do things differently and we did not mess it up; we got it right. I am sure there will be issues and challenges along the way, but I think what I would like to do is to make the most of this opportunity and be in a position in five or 10 years' time when people who were sceptical about leaving the European Union see that it was the right thing to do and that we delivered with it.

Chair: Thank you, Duncan. I know you have to go in a second, Secretary of State, but I am just going to allow Caroline Lucas a very quick



question for a 10-second answer.

- Q47 **Caroline Lucas:** Thank you very much, Chair. I just wanted to suggest a slightly different legacy, if that is all right. I understand an SI to ban the burning of peatlands in protected areas has been drafted, but I think it is somewhere in what I am sure are the many piles on your desk. I want to ask you whether you will consider bringing that forward. Particularly running up to the COP next year, when Britain is going to be taking the host role, if we could say that we would ban the burning of peatlands on protected areas, it would be such a positive signal that we are taking the climate issue very seriously.

George Eustice: Yes. We are looking at this and we will shortly be publishing a peat strategy that will be addressing our approach to this issue. It is the case that quite a lot of land owners have already embraced an approach that relies mainly on the cutting or mowing of heather periodically rather than burning. Those that have embraced that say that it has been a success. There are also, though, some legitimate concerns about increased risk of wildfire if areas that are inaccessible are not managed in some way. We are looking actively at this particular area, but I think it is undoubtedly the case that regular burning of blanket bog, that deep peat, does have significant consequences for our environment and, most importantly, for CO₂ emissions. It is an area that we are looking at and we will be saying more about that in our peat strategy.

Chair: Thank you very much indeed, Secretary of State, for a very interesting session. You have agreed to write back to the Committee on a number of matters and we look forward to getting your responses. We thoroughly appreciate the time you have given today and your detailed understanding of your brief is very refreshing. Thank you very much for joining us.