HOUSE OF COMMONS

# Business, Energy and Industrial Strategy Committee

## Oral evidence: Pre-appointment hearing with the Government's preferred candidate for Chair of the Competition and Markets Authority, HC 985

Tuesday 24 April 2018

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Watch the meeting

Members present: Rachel Reeves (Chair); Drew Hendry; Stephen Kerr; Peter Kyle; Albert Owen; Mark Pawsey; Antoinette Sandbach; Anna Turley.

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### Witness

I: Rt Hon Andrew Tyrie, Government's preferred candidate for Chair of the Competition and Markets Authority.

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# Examination of witness

Witness: Rt Hon Andrew Tyrie.

**Chair:** Andrew, it is very good to have you in front of us today. The last time I saw you I was sitting next to you while you were chairing an evidence session, so it is great to see you on the other side of the table. We have a number of questions for you about the chairmanship of the CMA this morning, and we are going to start those questions with Albert Owen.

Q1 **Albert Owen:** Good morning and welcome back to Parliament. I have a simple question to start with: why did you apply for the role of chair of the CMA?

***Andrew Tyrie:*** I hope I have something to contribute to public policy still at the age of 61. The CMA is an extremely interesting, dynamic authority, with a crucial role over the next few years. I hope that my record shows a lifetime commitment to trying to extend freedom, and economic freedom, in all its forms. If it is not a lifetime, it is a large proportion of my career.

I would like to make one more point. It is really not a job about consumers. We are going to talk about consumers a lot, but this job is really about people. It is really about everybody. Everybody is a consumer, but as soon as you say the word "consumer", you tend to lose quite a few of those very people.

The second point I would like to make in response to your question—I have three points, if I may—is that it is not up to me to judge whether I am fit to do this sort of work. I was only very recently sitting over there, as you pointed out, Chair, a moment ago. A large proportion of the people in this building know me well and can form a judgment. In that sense, I am not like most people you get before you.

In any case, the third point I want to make is that I do not want to do this job if this Committee has doubts, if Parliament has doubts or if they think I am going to be party political in the way I conduct this job. I will need your support to buttress the independence of the CMA, which is crucial. Without your support that would not be possible.

I would add one last point on that. Since I devoted quite a large proportion of my time to trying to persuade Government and Parliament to give Select Committees a more effective role in the appointment process, it would look curious indeed if I came before you and said, "Whatever you say, I am going to try to persuade the Government to put me in".

Q2 **Albert Owen:** Thank you for that three-part answer. To ask you again, when did you consider this role? Were you prompted for it? Before you left, were you thinking, "There are two or three things I would like to do", and this is one of them?

***Andrew Tyrie:*** I hope the people of the CMA do not take this the wrong way, but it was really only when I was looking at banking—through the retail banking inquiry and all of that—at the work that had been done and the market investigation, that I began to think about the CMA as a body and think that it had tremendous opportunities and potential. That predated by some way the election and my decision to stand down.

Q3 **Albert Owen:** Nobody said to you, "You did a good job in your inquiry; have you considered taking the role on?"

***Andrew Tyrie:*** No, not at that time, or not that I can recall anyway. I think I did have a word with the Secretary of State about the CMA at the time that we were looking as a Committee at that report on retail banking. After the election in the autumn, I spoke to the Secretary of State about it, in the early autumn. We did not speak at great length but we did discuss the job. This was a decision I took for myself. I was approached to do a number of things, but of those I saw I thought this was one of the most exciting, and that is why I decided I wanted to apply.

Q4 **Chair:** Did the Secretary of State ask you to apply for the job?

***Andrew Tyrie:*** No.

Q5 **Antoinette Sandbach:** You have spoken about your previous experience in this building and, in fact, the banking inquiry that you undertook. How has your experience here assisted you, or how could it assist you, in carrying out the role of chair of the CMA?

***Andrew Tyrie:*** I think I know how to chair a committee and a board, but I may be wrong; there are people here who have served under me. I have certainly done that kind of work for a long time.

I also have some specific experience. It is not just the huge amount of work we did on retail banking, but also on the Payments Council. The banks were using what the Secretary of State described at the time as a cartel, the Payments Council. They were going to abolish cheques. After consultation with the Committee, I intervened on that. We managed to get that decision reversed. Cheques are used by millions of people. I am not going to ask how many people around the table have a chequebook, but a very large proportion of people have chequebooks, including the journalist telling me that I was a Luddite for putting the case. Nineteen out of 20 was my strike rate in the interviews I did after taking that decision.

Perhaps the most important piece of work, though, for evaluating whether I have the qualities required would be the Parliamentary Commission on Banking Standards, which was very much a commission working in the eye of a storm, a very big storm and one that could go very wrong. Obtaining unanimity for the reports of the commission was a major undertaking, particularly on the early reports. Actually, for the last one there were 27 hours of private deliberation before the final publication of that last report. It recommended radical reforms of corporate governance to the way the financial sector runs itself, which are now being implemented, although it was a struggle getting that past Government.

You might want to form a view about whether I will be a patsy for Government, whether I have effectively been put in by Government to do their bidding. If you did say that, I would reply, “Well, I do not think they felt that way when I was organising majorities in the Commons and the Lords in order to secure parts of the recommendations of the banking commission with which at that time the Government disagreed.”

Q6 **Antoinette Sandbach:** Obviously, in your letter to the Committee you highlighted the criticisms of the CMA’s approach to retail banking. What do you believe the CMA should have done and what should it be doing now in relation to that?

***Andrew Tyrie:*** Yes, you do need to know that I have not had any access to privileged material or any private material. I do not know what the CMA is intending to do. I have not yet started and I will not start until June, probably mid-June. It is important that you should know that I am working off the same material and information that you have in front of you, or perhaps even less.

As for what they should have done, at the time I made clear—a number of us did—that something more vigorous needed to be considered on interest charges on overdrafts, for example. I am pleased—I am pretty sure this is correct—that the FCA is now consulting on this. With a lag, the executive is getting around to looking at it. That could have been more rigorously addressed, perhaps; at least that is what I felt at the time.

I was also somewhat sceptical—and I expressed this in the hearing, as I recall, a few years ago when we had them in—that we could rely entirely on Open Banking to do all the heavy lifting. I know that the chair of the panel, Alasdair Smith, disagreed with that description, but that is how it looked to an outsider, and I am still an outsider, really.

As for what they should do now, we have just been through quite a major upheaval to get where we are with those proposals. We just need a little bit of time to digest those—another year or two—and see what the FCA comes up with. What I would not be an enthusiast for just yet would be a continuous revolution, where we say, “Let us have another full market investigation”. I do observe, however, that this problem has been around a long time. When I first started looking at it, I was looking at a report written by Cruickshank. I cannot remember when it was, but it was a very long time ago. It must be a good 20 years ago. We are still bedevilled by this problem, and there have been about a dozen inquiries since then.

There is a major problem. There is still consumer detriment out there. It particularly hits the vulnerable. Like so many of these areas, it is the vulnerable who get hit most. We need to have that constantly in mind. They are often the people who suffer when what the economists call rent-seeking takes place, when there is consumer detriment. That is where I want to focus now: how can we mitigate that detriment without turning everything upside down right away?

Q7 **Mark Pawsey:** Mr Tyrie, you have just told us about your concerns about the work of the CMA on retail banking. Of its other work, what do you consider it to have done well and what else might it have done badly?

***Andrew Tyrie:*** First of all, it is a bit tricky to go into an organisation and say, "Here is a list of things I think you are mucking up," so I might choose my words slightly carefully on that. I have only been in the CMA informally, but I have met quite a number of staff. I can tell you what my initial impressions are. They are a top-flight team. They are very highly motivated and extremely able. They have big success. It is one of those unsung successes that are less remarked on when they go well, but if they go badly, as they did, for example, in HMRC for a time, everybody flags it up.

This is a new body formed from two pre-existing institutions with quite different cultures: the OFT and the Competition Commission. That bonding process has clearly been intense. When you are in the building you can sense that you are not in two institutions; you are in one institution. That is a great success for the chief executive and the current chairman. It is also very well respected internationally. That is going to become more important with Brexit.

Turning to specific success stories, care homes is a recent example. That work has been done under the 2015 consumer protection legislation. Among other things, they identified something that I personally experience, which is that care homes were charging the estates, effectively, of people after they had died. I did not think that was reasonable. As a matter of fact, I encountered it with my mother. We dealt with the death of her older sister, who was in a care home at the time. Again, it is the vulnerable consumers who miss out and get hit hardest. People are particularly vulnerable late in life, even if earlier in life they could have coped.

The pharmaceutical investigations look to be making a good deal of progress. There was consumer detriment there, and the NHS was picking up a bigger bill than it should. Pfizer have been fined.

Can I name one little case? I can sense you are eager to come back at me, but there was one little case that really caught my eye, because it illustrates in microcosm what can be done. I am then going to talk about the failures, if you would like me to talk about the failures, in a sentence or two. The CMA has taken a look at estate agents in an area in Somerset where they were fixing commissions. This may seem a recondite issue a long way away in a small town. Actually, it needs to be broadcast from the rooftops. All estate agents need to know that if they engage in price fixing—reading it with my amateur eye, this is a classic Adam Smith-type conspiracy against the consumer—they ought to know that we will be around to see them. That is the message that needs to be sent.

You asked about failures. I have already mentioned my reservations about banking. Of course, a core part of the energy recommendations has been bypassed by the Government, which are now legislating to introduce a cap on the standard variable tariff. There is widespread public agreement that that is where we need to go. It is time-limited. There is a risk with caps, because they can ossify markets, but the detriment here was quite large. Again, it is the vulnerable consumers who are more likely to lose out. I have named a couple of quite big failures in the market studies field.

Q8 **Mark Pawsey:** Where the CMA has worked well, has it been successful in pursuing its recommendations through to effect change? Is it able to do that? Does it have enough clout? Do people take its reports sufficiently seriously to say, "Here is a powerful body; we really ought to respond."?

***Andrew Tyrie:*** The short answer is that I think so, but I am not sure. Under the legislation that created the CMA, a five-year review of the legislative framework is required by statute. This is just beginning now and is due to complete—it has to complete—within 12 months. I have not thought carefully enough about the question you have asked. Indeed, there will probably be many questions you ask to which I do not really know the answer. I do not know whether they need buttressing with further legislative change.

I note two things in that regard. The first is that a number of other regulators abroad seem to have a higher throughput and get higher fines on similar budgets. We need to ask ourselves why that is. There might be a number of reasons, but the legislative framework might have something to do with that.

The second point I want to make about the legislative framework is something we have not mentioned at all, or hardly, which is Brexit. That represents a huge challenge. It might be that Brexit throws up a requirement for legislative change that at the moment we have not even identified.

If I could just finish this point, I am a bit worried about this 12-month limitation, because it may be that we find out that we need more legislation just after it is too late to address it, when the Government have legislated. To put it another way, from my practical experience when I was working in the Treasury, it is not easy to get legislative time out of the business managers, and I would not want the CMA to have to come back for two bites if we can do it in one just by waiting a while. I have not thought that issue through. I have hardly discussed it with anybody, but it is a concern.

Q9 **Mark Pawsey:** How do you think Brexit will affect the workload of the CMA? What activity will it be undertaking that it would not otherwise be doing?

***Andrew Tyrie:*** It will affect the CMA hugely. The big-ticket merger cases are going to come back. That is one massive issue. The elephant in the room is state aid, which is a very tricky issue to handle. At the moment we have a supranational body that tells member states that they can or cannot do something. There are considerable powers lying behind their decisions, and of course there is a court process.

Immediately before this hearing, I did actually ask for the letter from Andrew Griffiths to Lord Whitty about this issue, which is a very significant letter indeed in this area. If I may, Chair, I would just like to quote what the Prime Minister said. First of all, in an earlier passage in this letter, David Davis is quoted, and he accepts the principle of the benefit of reciprocity of treatment of state aid post Brexit—that is post the transition period. What the Prime Minister said in her Mansion House speech is even more significant: "the UK has much to gain from maintaining proper disciplines on the use of subsidies and anti-competitive practices. As with any trade agreement, we must accept the need for binding commitments – for example, we may choose to commit some areas of regulations like State aid and competition to remaining in step with the EU's."

I have not seen anybody write down or think carefully about what that actually means, though I am sure there is a lot of work going on. I only want to pose one cautionary point. At the moment the UK is not a major transgressor, by the way; it is mainly southern European countries. If the UK were to transgress, it might be because the Government—perhaps under pressure from Parliament or even this Committee and others—felt there was a need for some cash to go to a particular industry or area.

The issue we have to ask ourselves about is how the CMA should say no to the Government. Within what framework of decision should that be? How robust will that decision be, if it is against a tide of opinion at that time? I have not thought that through, but it is quite a big issue.

Q10 **Mark Pawsey:** What would be the significance for the CMA's role? Is there a danger that the CMA might be politicised in some way? Would you be able to ensure independence in decision making?

***Andrew Tyrie:*** I will do whatever is required to secure the independence of the CMA. The CMA has been asked to take on this role, and I am confident a way can be found to enable it to perform it. I am sure a great deal of creative work is already well under way answering the question I have posed. While I am still on the outside, I have the liberty of being able to ask awkward questions still, and of course I have had quite a bit of training in trying to think of awkward questions. Maybe that should be my last one before I take up the job.

Q11 **Chair:** Should state aid rules change when we leave the European Union, or should we continue to abide by the rules that currently exist?

***Andrew Tyrie:*** If I may say so, Chair, that is a political decision and I am no longer a politician. I still think like a politician. It has got into the bloodstream, and I have not managed to get shot of it yet. There may be a long period of detoxification, which may endure for the whole period that I am involved with the CMA.

Let me answer the question by reference to what I was thinking about this before I left. This country and quite a large number of others have had a pretty unhappy experience with state aid. They get into the system, they appear sensible interventions at the time, and then they end up costing a lot of money later. They attract vested interest groups, which entrench them—and they become immovable. That was part of the post-war history of aspects of the British economy in the 1960s and 1970s.

The 1980s and 1990s reversed that. One of the most interesting aspects of the work of the CMA is that the framework of legislation it is operating in now was legislation cementing those changes passed by a Labour Government. It is almost all Labour legislation. I can remember agreeing with it at the time. Part of that was acceptance of the whole state aid regime. I hope I am not avoiding your question. I am saying I strongly agreed with it at the time, and I have not yet seen anything to change my mind.

I would just make one more general point, which we might come back to, if you want, or we might not. That consensus about the way to run this part of the economy, which has existed for a good quarter of a century, or at least 20 years, is being challenged now. The challenge comes in two forms, which are related but have separate roots. One is the challenge of globalisation and the other is the challenge of populist nationalism. You can see that spreading right across the advanced western democracies, which may develop into a call for exactly the sort of pressure on state aid to which I was alluding a moment ago.

Q12 **Chair:** Would you see the role of the CMA under your chairmanship as to challenge those perspectives you have just spoken about, or just to interpret whatever decision Government might make, if they make a clear one?

***Andrew Tyrie:*** I do not want to give the Government a heart attack before I have even appeared, but I will be independent. I will try to be independent, independent-minded and say what I think. I will be very cognisant of the fact that I am no longer a politician. When I get an instruction, if it is within the legislative framework, I will, to the best of my ability, execute it just as a Minister should or any other part of the executive.

May I ask something else? I will not ask but answer one other point.

**Chair:** Old habits die hard.

***Andrew Tyrie:*** I know. It is such high stress, not being allowed to ask questions, but I am doing my best. The big public debate that is going to take place about globalisation and populist nationalism is one the CMA has a central role in engaging in. Competition is only one part, but it is a crucial part, of a free-enterprise economy that has generated so much wealth and so much welfare for a very large proportion of western economies. It is now being challenged for the first time for a very long time, certainly since the end of the Cold War. Yes, I will want to participate in that debate, I expect, although I have not yet thought about how.

Q13 **Peter Kyle:** It is good to see you, Andrew. One of the reasons for the rise of populist nationalism is the fact that a lot of people believe the establishment is not on their side. What is your assessment of the regulatory landscape as a whole at the moment? Is it on consumers' and people's side?

***Andrew Tyrie:*** I think it largely is, but I am not sure the public think it is. There is a perception problem, and that probably includes the CMA, which has a lower profile than one of its predecessor bodies, the OFT. Maybe that is partly in the name. "Fair" is a word that the public like, but "CMA" does not grab their attention.

Q14 **Peter Kyle:** Are there any regulators out there that you think are doing a particularly effective job, which you could keep an eye on and perhaps learn from, or believe the CMA could learn from?

***Andrew Tyrie:*** That is a big, big question. I suppose it divides into the domestic and international scene. It is important to distinguish between what the sector regulators are trying to do and what the CMA is trying to do. The CMA is trying to make markets work effectively to deliver maximum benefits to consumers and, as I said at the beginning, to people—to millions of people. Broadly speaking, sector regulators operate where there is a fundamental problem in aspects of the market's structure that mean more direct intervention or monitoring is required. The clearest case is finance, but there are others. They all have regulators: those are the eight sector regulators. There is a big difference. The extent to which we in the CMA can spot lessons from other regulators' performance or decisions is limited.

I would say there is a lesson to be drawn in the negative in some areas. I will give two examples. When you spot detriment, if you are pretty clear it is there, act; do not wait. It is likely to get worse. Let me give two examples from banking and financial services. The FSA did not act vigorously enough after consumer detriment was very clearly established in the wake of the crash. Likewise, as regards the FRC, we are still having a debate a decade on about the quality or otherwise of audit work. Those are two examples in that field.

Could I just make one more point, or do you want to come back?

**Peter Kyle:** If it is quick, because I can feel Rachel breathing down my neck already.

***Andrew Tyrie:*** I have sort of had that myself. I was very cautious about whether I would say that. You could hear the caution as it came out of me.

It is worth having a look at those international comparisons. I do not quite yet know why the Bundeskartellamt appears to operate at great pace, collect huge fines, have a higher case flow and have a higher profile. I think history has something to do with it. The Germans have a long history of cartelised economy, and the Bundeskartellamt was very much a basic building block, like the Bundesbank, of the German post-war economic settlement and what became known as the Wirtschaftswunder. We never had that seminal moment for competition policy, so perhaps it is more difficult for anybody operating in this field to get a higher profile. Going back, I would wager that the Competition Commission, the Monopolies and Mergers Commission and all these other bodies that have existed hardly had any recognition outside an informed circle.

**Peter Kyle:** That is really interesting, but I want to pull you back.

***Andrew Tyrie:*** I am sorry.

Q15 **Peter Kyle:** No, no. It is fine, and it is very interesting. Your erudition in the area is appreciated. Let me be direct. We have had a whole series of regulators come before this Committee and apologise. They have apologised for letting down people, in your words. We have had Ofgem apologise for not acting on the detriment they knew was there, and we have had the FRC come and apologise over some of the way that they failed to act over Carillion when they had information earlier. It goes on and on and on. When I am looking at you, I am thinking about whether you are a continuity candidate. Are you going to be the person who is going to defend the regulator and not the consumer? Are you going to look at the mistakes that have been made in the past? Is the regulator that you will be responsible for governing going to do things differently tomorrow than the way it is acting today?

***Andrew Tyrie:*** That is a very important question. Leopards do not change their spots very much. I am not going to change very much. I tend to try to work out for myself what I think and then press on with it, within whatever framework of rules I am permitted to do, and that is not going to change. That may sometimes mean defending what the CMA has done or working out ways internally of working with the board to alter it.

The board is a very important body here. It is full of independent-minded and high-powered people. It is very important I get alongside them and draw on their expertise. I am not a competition expert; I am not a competition lawyer at all. That seems to be a lifetime profession to me. When I am talking to them, it sometimes seems akin to neurosurgery or something. I am not a competition economist, although I have a background in it.

Most people would not consider me to be a continuity candidate for any job I did, because I would be thinking about how to do better than whatever organisation I was in was already doing. That is in my bloodstream.

I want to make one other point. Right at the beginning, I mentioned that these two bodies are being joined together, and they have more or less just completed that bonding. I used the phrase earlier with respect to banking, but I do not think having another big shake-up or revolution in the CMA would be a good idea at all. They are already doing a great deal of good work. It is in the nature of a regulator of that type that much of the benefits do not get seen. I mentioned that estate agent case. A lot of estate agents in the country know about that, but I am not sure how many people in Parliament know about it. I did not until I read the NAO report.

Q16 **Peter Kyle:** Finally from me on this, regulators always come here and apologise for not doing enough and for erring on the side of caution. We never get regulators coming in here and saying, "We went too far". We never get regulators coming in here and saying, "We knew that consumers were suffering and we stretched the bounds of where the legislation let us take it". They never go close to where the legislation allows them to go. We would not have the price cap if Ofgem had even explored the limits of where the legislation allowed them to go. All I want is to hear somebody say, "We are going to at least explore the limits of the legislation on behalf of the consumer". Does that resonate at all?

***Andrew Tyrie:*** Yes, it does, vigorously. I have got the point firmly aboard. I am not going to encourage the CMA to break the law, but, first, within the framework we are given, I will push to the boundary if I think it is necessary and recommend that to the board. Secondly, I will want to work with the CMA, the board and the senior advisers to see whether the legislative framework needs to be further strengthened.

Q17 **Drew Hendry:** Good morning, Andrew. I do want to pursue some of those excellent questions that Peter was asking. I want to drill down a wee bit further. Is there a greater role for the CMA in protecting vulnerable customers specifically? Should that protection be led by the CMA?

***Andrew Tyrie:*** On question one, yes. It should be one of the criteria by which the CMA assesses their priorities. There is a huge amount of consumer detriment out there as a result of behaviour that is not fully competitive. That is in the nature of any economy. They are picking targets all the time, and one of the criteria for picking them, in my view, should be exactly that point: identifying where the consumer detriment hits hardest in relative terms to the recipient of the detriment.

To the second point, no, probably not.

Q18 **Drew Hendry:** Just picking up on that in terms of where the relative detriment is, if you take that forward as a geographical issue, could the CMA do more for rural consumers, who are often short-changed by the system? I represent a constituency in the highlands, where, for example, consumers are paying 4p per unit more for their electricity; they pay more for delivery charges; they are on the end of the rollout for things like mobile phone connectivity. Those are real issues for people. Because of that, should the CMA be doing more for these people?

***Andrew Tyrie:*** The CMA's job is to maximise the benefits that can flow from effective markets by getting competition to be as effective as possible. Distributive questions are not for the CMA. It is not the CMA's job to say, "We should allocate this amount of money here or that amount of money there". That is the role of Government. That is why I said no to your second question.

I have not ever looked at the economics of the highlands and islands, although I did once discuss a bit of it with the leader of the Liberal party. I vaguely remember that. I have a general, rough idea. A number of services cost more to deliver, and therefore it is to be expected that there may be a differential. If that differential should be narrowed to zero after competition is seen to be working effectively, there is a case for saying that issue should be brought to Government to address it, be it the Scottish Government or, in certain circumstances, the UK Government. That is not the primary role of the CMA.

Q19 **Drew Hendry:** Currently the CMA is unable to fine companies for breaches of consumer protection regulations. Should that change?

***Andrew Tyrie:*** Thank you for letting me know. I have not given it a moment's thought. No doubt when I get into the CMA in June, I will find they have already been working on this as one of the issues as part of the legislative review. If they have not, now they have heard what you have said, Mr Hendry, and they will be on the case.

Q20 **Albert Owen:** Can I just follow up on the role of the CMA for vulnerable consumers? We have the regulator; we have Government. One of the remits of Ofgem is to protect these customers, and yet they are sometimes waiting for reports from the CMA. How do you see the relationship between yourself and the energy regulator developing over a period of time?

***Andrew Tyrie:*** The CMA has concurrent competition powers with a number of regulators. Actually, some of those concurrent powers were put there as a result of work done by the Committees that I chaired. The FCA's objective to promote competition, which was vigorously opposed for a while by the last chief executive of the FCA and by the Government, is now one of the core objectives of the FCA. That creates the conditions in which a dialogue can take place about how best to deliver competition. It is ultimately the CMA's responsibility to keep an eye on whether the regulators are doing what they should be doing, as I understand the framework of law.

This is a new institution. This concurrent power is a relatively new power. I said there was an elephant in the room, or at least a very big set of issues, which is Brexit. That is the immediate priority for this organisation. While what you are describing is important, and we have heard several other things that the CMA should be doing as well, I want to keep bringing us back. I am hoping that the Committee will have in mind the importance of not dropping that Brexit catch.

Q21 **Albert Owen:** I do not want to be diverted back to Brexit, with respect. I am just asking this very simple question. My experience is that Governments tend to hide behind regulators; there are long inquiries by the OFT, as was, and the CMA, and then events change and nothing really happens. What I am asking is whether you see yourself as having a watchdog role on the regulator?

***Andrew Tyrie:*** As I understand it, although it is not described as such, that exists in the legislation. There is a steering group that performs that function. The chair of the CMA and the lead staff in the CMA lead that process, but I have never seen it in action. I do not know very much about it, and that is why I am being cautious about it.

I was not trying to deflect attention back to Brexit. I am just trying to bring this all back to the point about priorities. In the long run, that might be a major issue for the CMA to deal with, but I am not sure it would be the very first thing I would want to do, walking through the door.

Q22 **Albert Owen:** Thanks very much for responding in that way. What is the role of Parliament in scrutiny and accountability of the CMA and its decisions?

***Andrew Tyrie:*** With respect, that is the sort of thing I would normally ask an MP. Having been one for 20 years, I will give you an answer.

Q23 **Albert Owen:** We have this extended role now with these pre-legislative interviews, and it gives us an opportunity to ask the candidates what they think. I am not being flippant there; it is just a good opportunity. Like you, I wanted pre-legislative scrutiny when you were a Member of Parliament, but I am not really clear on whether there is a role for Parliament in the scrutiny of your organisation. If there is, what should it be?

***Andrew Tyrie:*** The first and most important role is to secure explanation for decisions. The executive are the executive; the legislature is the legislature. The primary role for Parliament, and particularly in my view for Select Committees, is to ensure that a good explanation is provided for the decisions that are taken, so that these bodies such as the CMA—there are dozens and dozens of them, or in fact hundreds—do not become black boxes where nobody understands the decisions that are being taken.

On the whole, people do not leap forward to explain their actions. They just like to get on with it and move on to the next issue. How might that explanation be given? One of the things I tried to develop a lot through my time sitting over there was written rather than oral explanations, which could be just as effective—if not more so—in getting information on many fronts. I hope those written explanations will be forthcoming from the CMA when you feel they are needed.

In addition, there is much more to it than that. Right through the time that I was in that sort of work, I considered that informal exchanges and dialogue were essential. I want to send a message to the Committee today. I was one of you, in a sense. I have a rough idea of the way that many MPs are thinking. I want you to talk informally to me. Maybe I cannot supply any good news, but that dialogue should take place on many fronts: individually, in informal groups, in more formal groups, in hearings like this or in written form.

If the scrutiny reaches a point of intrusiveness where it is affecting the way the organisation is run or the effectiveness of the organisation—that has happened with a number of major public bodies in recent years; I can think of one in particular—then, with your permission, Chair, I would hope I would come to you and explain, "This is what I think the problem is". I do not envisage that; I just flag up that there is a spectrum of approaches, all of which should be addressed.

People always say, "The door is open", and all of this. It is much more than that. I still have a pass to this building, an ex-MP's pass. I hope I will be permitted to lurk around now and again and meet some of my ex-colleagues, including members of this Committee.

**Chair:** I am not entirely sure if that is an opportunity or a threat, Andrew.

***Andrew Tyrie:*** If the lift empties when I get in, I will know it is time to stay away for a while.

Q24 **Albert Owen:** I just have one final point on Parliament and scrutiny. From what you have said earlier, would it be helpful if Parliament—maybe this Committee or another Committee—was to look at the legislative framework and tweak it in a way for you? This is not undermining your independence. Are the timeframes of some inquiries an issue as well?

***Andrew Tyrie:*** You are making a very interesting point, but it is back to that legislative review I spoke about. In my reply, I should have said that this Committee's views about that framework are also significant, and they should be part of the process. In order to do that, you would need to get in early, unless, for one reason or another, that question of the deadline in 11 months' time can be addressed. That was the point I was trying to put on the record, in the context, as I said at that time, of Brexit. Brexit may pose all sorts of challenges that we have not yet thought about.

Q25 **Chair:** Coming back to the issues that Peter and Drew raised, you will obviously be aware of the CMA report on energy prices, and you may have read it. You may also have read or be aware of Professor Martin Cave's minority report. He was on the panel looking at the energy price cap, but he came out with a different conclusion: that there should be a cap on the prices that energy companies can charge. It is our view and it is Parliament's view that Ofgem and the CMA should have gone further on a price cap. Do you think that the CMA got it wrong with the report on the price cap? If so, why did they get it wrong?

***Andrew Tyrie:*** I am very wary about saying that they got it wrong unless I said so at the time. Actually, I probably did say so at the time, come to think about it. I touched on the area that most concerned me. In this field, I was talking about the issue with standard variable tariffs. I cannot remember where I might have said it, and I have not checked the record, but I have been concerned about that for a long time.

This is the standard trick—I call it a trick but some might call it a rip-off—where a number of organisations, a number of private sector bodies, put people into contract terms that initially give them a good deal and then, without realising it, after a year or two they fall back to a much higher charge rate. For the mass of people out there who do not have time to monitor these things, "rip-off" is the right word. As a matter of fact, an MP rang me yesterday about something completely different and told me that he thought that exactly this had happened to him in the insurance field. He had been hit in the insurance field. I do worry about that.

I am terribly sorry, Chair. I forgot the second part of your question.

Q26 **Chair:** Why did they get it wrong?

***Andrew Tyrie:*** I do not know the answer to that, and I am not sure I will ever fully find out. We tried very hard to disentangle how it was that the banking investigation got to a place that neither you nor I fully agree with. I do not know whether you remember those exchanges, but at the time I wanted to try to find out who really took the decisions. I made a discovery that is relevant for the way the CMA operates. The panels that are created in order to perform this function are fully independent. They think through exactly the proposals that they think are required—no more and no less. The board of the CMA, and therefore the CMA institutionally, is not engaged in that process. From the moment we move from a market study to a market investigation to a phase 2 investigation, as it is called in the jargon, I am out of the picture.

One of the points that was made to me by somebody—I had better not say who by—in a very good position to say was, "Of course, the problem with the CMA is you find yourself trying to justify decisions that have been taken by somebody else". I thought that was an interesting observation.

Q27 **Chair:** We come back to your first point, really, and your answer to Albert Owen: that you want to be a champion of the people. Now you are saying that the chairman of the CMA would not be able to be involved or even to understand, necessarily, the decisions made by the panel doing the investigation. How will things change under your chairmanship? If the CMA did an investigation into retail banking, for example, an area you understand very well, how would it be different from the investigation Alasdair Smith conducted, on which he came to give evidence to what was your Select Committee in the last Parliament?

***Andrew Tyrie:*** I cannot answer that question, frankly; it is a very good one. I can tell you that one of the opportunities that comes with this post is that the board can initiate a great deal. In aspects of their work, they can decide a good deal. In the area that you are touching on right now, ultimately they do not take the decisions within the existing statutory framework. Should that be changed? I do not want to express a view beyond what I said earlier: that we have had big change at the CMA in this area very recently. Maybe we just need to allow the system to bed down a little before rushing out there. That may not be what this Committee wants to hear, but Tyrie arriving as some kind of revolutionary at the CMA might lead to less good outcomes, and I am not intending to do that.

Q28 **Chair:** It might, though, result in better outcomes for the people who you said you were going to champion at the beginning of this session, Andrew. That is the challenge that we have seen on this Committee. Indeed, it is the challenge you identified when you were chair of the Treasury Select Committee. The CMA comes in, does an investigation and frankly very little changes.

In the case of the retail banking work, you mentioned the issue of interest, and fees and charges on overdrafts, which has now passed to the FCA. Andrew, we looked at that on the Treasury Select Committee a couple of years ago. The FCA is still looking at it and customers are still being ripped off when they go into their overdrafts.

On the issue of energy prices, the CMA looked at it, suggested a few tweaks to the system and then Parliament had to legislate to get effective change for people.

A number of the questions today to you have been about this. We welcome your initial response that you want to be a champion for people and make sure markets work, but in these areas where markets are not working, we would like to know from you that things will be done differently in the future. Are you able to provide any assurance that things will be done differently in the future and that the people championed are the consumers, rather than the big businesses, whether they are energy businesses or banks?

***Andrew Tyrie:*** That is a powerful and very important point, and I do not have an answer that you are going to fully approve of. I am operating within a framework of law. I am not going to turn up at the CMA on day one and say, "You have been getting it all wrong". That is partly because I do not believe that but, in any case, partly because that would be counterproductive.

What I need to do initially is establish the bounds of what is possible within the current framework and mobilise those huge constructive energies I already sense in the organisation. This is not a failing organisation. As we speak, there are people working jolly hard in the CMA. It is not one of those public bodies—you will have experienced this, Chair, just as I have—where you walk in and you sense there is a demoralisation in every nook and cranny. It is not like that at all. This is a highly motivated, high-quality group of people. Rather than revolutionise aspects of it, I would rather initially try to think about how to make it work better.

Having said that, over a period of a few years the legislative review is only just beginning. That will not get on to the statute book for some time afterwards. If it is held to be necessary by this Committee and others that we need to change the structure—people have put to me that the Bundeskartellamt is a more summary body; that was a word used to me by one of the competition lawyers—then maybe we should go down that road.

May I make one other point about consumer detriment? How is it that they manage to act so vigorously? One of the points made to me by another competition lawyer I spoke to was, "London is a Mecca for defending competition cases". In other words, our courts, which are a great strength and a magnificent export, are also so meticulous in every conceivable aspect that many firms can thwart the intentions of a regulator in this field. That is a point I want to look at, and it is related to what you have just been saying. Remember that the CMA panels can also be ultimately scrutinised in the courts, although it is more restrictive than it is for the full-merits review that takes place with mergers.

Q29 **Chair:** The only other thing I would say, then, is that parliamentarians and Government wait for the outcome of these investigations, but I believe—I think other members of this Committee do as well—that when they do report, which takes a long time for them to do, when you do not get them championing people and challenging markets that are not working, somebody else then has to pick up the pieces. In the meantime, people are overpaying, in some cases for essential goods.

I am sure we will come back to this in the future, Andrew, but it is something that this Committee feels strongly about because of the number of inquiries that we have conducted over the last few months.

***Andrew Tyrie:*** As I did in my time sitting over there. On a number of occasions I persuaded the Treasury Select Committee to come forward with specific proposals on how regulators were operating to empower them more fully. I am not asking for extra powers. I really mean it. I do not know whether I need extra powers. I have not even begun to think about it, although I know the lighting thinks I probably do.

The mood out there is of a decline of deference among the electorate, a sense that they are being ripped off and a sense of impotence, with nowhere to turn to. That is not a good combination for the political class, if I can call them that, and it is not a good place for the executive either. The CMA has a role in trying to address that problem. It might need legislative change. That is perhaps something we could discuss informally in the months and perhaps years ahead.

**Chair:** I look forward to it.

Q30 **Peter Kyle:** During the Carillion inquiry, there was evidence given about the need to break up the big four accountancy firms. You will know the long-held view of the chair of the DWP Committee, Frank Field, who has voiced concern about the monopoly that the four companies have. Do you believe that this is something that is still on the table? Is it on the table or is it something that should be actively considered?

***Andrew Tyrie:*** The Secretary of State has just announced a review and he has put John Kingman in charge of it, if I am right. I think I read that. John Kingman is pretty tough—I know him reasonably well; he was a senior Treasury official—and he will need to be.

Q31 **Peter Kyle:** What is your view though?

***Andrew Tyrie:*** I have form in the audit space. There is no point pretending otherwise. I have held my view for a long time. My thoughts on this predate the crash. For a while, I was actually chairman of audit for a public company, and I was the SID on a couple of public companies. I remember seeing the auditors and sometimes thinking, "This is money for old rope". They come in, give us the figures we have given them, collect a cheque and go home. I am sure it is all much better now, Mr Kyle. I am sure it is much, much better.

**Chair:** Perhaps you should look at some of our evidence sessions on Carillion, Andrew.

***Andrew Tyrie:*** I have form in the area. I have said publicly many times that the auditors were part of a much bigger picture of failure in the run-up to the crash. Something needs to be done. The Government have acted by putting someone in charge of it. What exactly needs to be done, I am not sure. I can tell you that I have had discussions about this informally, with a number of the big four, relatively recently but also years ago. Quite a number of them can smell the coffee.

Q32 **Peter Kyle:** Thank you. You have given the Committee a good steer on that.

***Andrew Tyrie:*** I want to say some more. I would also like to say that, although I do not yet know whether the CMA can get involved in this, there must be a competition aspect. There are only four of them. We used to have five, so we know they can get knocked out. We could go down to three, and many would argue—I have heard this said—that what we have now constitutes an oligopoly. There is certainly something that needs to be looked at.

The FRC itself, in my view, could and should have been more rigorous in the years after the crash. I cannot help feeling that Win Bischoff has ended up with the hot potato, because I think he is aware that there needs to be change but has arrived just at a point when it may be almost out of control.

Q33 **Peter Kyle:** He has been handed an opportunity rather than a hot potato, I would posit.

***Andrew Tyrie:*** Of course, a hot potato can become an opportunity when it cools off.

Q34 **Peter Kyle:** That is absolutely right. You know where I stand on these things. It is interesting. The example of Carillion has exposed a situation where PwC is now the appointed administrator, because it was the only company that did not have active contracts with Carillion at the time of going bust. That does expose a weakness in the market.

We have to move on; otherwise I will get into trouble as well. The consumer Green Paper did point out that there are issues around the regulation of data and digital issues. This is obviously something that is in the news a lot more now. Is the issue of data and how it is used by companies something the CMA should involve itself in?

***Andrew Tyrie:*** Yes, and it is a big issue. I read this only the other day. Are we talking about the consumer review? Are we talking about this document?

**Peter Kyle:** The Government's consumer Green Paper.

***Andrew Tyrie:*** I thought it was a very interesting document. There is a lot in here about digital and the need to take advantage of digital approaches to competition in order to increase competition.

There are quite a few problems and opportunities here. In principle, it should widen choice enormously, and it has done. Everybody here will probably travel a bit over the summer, and you will use digital platforms to find out where you want to go. You will have more information and it will almost certainly be cheaper. You can see this with the creation of new markets as well. Again drawing on my experience, peer-to-peer lending is just one of many examples.

There is a big problem, which is that platforms tend towards monopoly. We are seeing that with some of the very biggest in the world. That is what has been going on in Congress with Facebook.

Q35 **Peter Kyle:** It is also acquiring. There are some companies that are acquiring large amounts of personal data and they are using it in quite monopolistic ways, because only a few companies can afford data on that scale. Is that something that is a monopoly or competition issue?

***Andrew Tyrie:*** I cannot express a view, but I read a very interesting report, which has been picked up by somebody in the House, about how our data should maybe be considered to have a value. Therefore, when you hand it over, you are handing over something over which you retain value rights. It is a very complex theoretical discussion, actually. You are drawn in a long way to that, after all, if you give data on all sorts of things where you do not consider it to have value. It does bring home a point: that there is something there that they are using for commercial purposes, often which you do not know about.

There are a lot of other problems with these platforms, and they will require regulatory action of some sort eventually. I do not know exactly how that should come, but it should be international. Christine Lagarde has made this point. She has said she does not think that breaking them up is the answer; she has some very high-powered people in the IMF working on this issue as we speak.

I want the CMA to develop expertise in the area; I want to discuss that with the board, and I know they are already on the case. The expertise goes in two ways. First of all, it is finding out what is really going on, which is very tough. Maybe we need to boost the whistleblowing provisions; I do not know. As a regulator, it is very difficult to find out what is going on unless you have somebody telling you, which is why we need to be close to markets.

Incidentally, it is why—you will probably see this eventually in my declaration of interests—I want to get out and meet businesses a lot while I am in this job, a lot more perhaps than my predecessor. Some of that will be social, and I do not want that to be taken as Tyrie going on junkets or having a big dinner. It is Tyrie trying to find out what is going on in an environment where people are prepared to tell me.

Q36 **Peter Kyle:** Thank you. I have finished my questions now, but I would just observe that I am slightly disappointed that in your retirement from this place you are spending your time reading Green Papers from Government. I envisaged you on the beach in Selsey reading a potboiler.

***Andrew Tyrie:*** It is very nice of you to be so concerned about my welfare, but the Clerk did send me a list of possible documents that I might be asked about, and that Green Paper was on the list, so I immediately went away and read it.

**Peter Kyle:** He ruins our weekends as well.

***Andrew Tyrie:*** If I may, I wanted to make one more point very quickly about digital, which I have begun to think about. Yes, all regulators need to build up expertise, but in some areas it is not necessarily just finding out what digital platforms are doing; it is developing tools that can identify consumer detriment using algorithms. I have not given that a moment's thought beyond knowing that is exactly what goes on to the police in parts of the financial markets. How do you spot insider trading? You spot it because of unusual trading patterns that are sometimes picked up using very sophisticated techniques to identify them. I do not know whether there is any scope for this. It is a thought in my mind. It is something that needs to be addressed.

Q37 **Chair:** The CMA has a mean gender pay gap of 7.4%. What would be your approach to reducing the gender pay gap and promoting diversity and inclusion at the CMA?

***Andrew Tyrie:*** I am now reaching for the document that has been produced on this. That was another subject heading that the Clerk kindly mentioned to me.

**Chair:** I did not know they had told you all the questions.

***Andrew Tyrie:*** To defend the Clerk, he did not give me all the questions, but he gave me a number of subject headings.

The gap is narrower than it is throughout Whitehall, but that is not a full answer to the question. There are two things here. First of all, there is the gender gap. Actually, the CMA is 50:50 male-female, but if you look at the senior ranks it is 60:40, so that is something that needs to be addressed. There is then the pay gap. It is actually very small; it is between 4% and 7%, depending on whether you use the median or the mean. It is about a third to a half of the level in the civil service as a whole. Although it is small, it is still significant.

I have a few thoughts about this whole issue. One of them is not to use quotas or just try to push pay up by fiat. There are plenty of able women around; the task is to get them into your organisation and working for you. That means going to recruit them. Do not wait for them to call on you; try to identify them. That is what I did when I was chair of the Committee. On one occasion, I think I was offered three men. Certainly, I was offered more men than women. I do not remember the facts exactly—it was some years ago—but I identified a couple of Clerks and said, "Why do you not consider this?" Despite my reputation, some of them did apply and one of them was appointed. I have form in the area.

I want the best-quality staff. I am not going to rearrange the organisation in order to give myself a completely smooth ride in front of the Chair of the BEIS Committee on this. I am going to find ways of dealing with it that improve the quality of the organisation as a whole.

Q38 **Chair:** We will come back to it when you come and give evidence in the future. When you applied for the job did you complete a diversity monitoring form as part of your application for the role?

***Andrew Tyrie:*** Yes.

**Chair:** Although this is not your responsibility, it is worth understanding the context of this. There are 47 BEIS-sponsored public bodies. At the moment only four of them are chaired by women. You have been appointed to this role and we are conducting this scrutiny session this morning. This is really an issue for BEIS rather than you, but we are concerned about the lack of diversity in the BEIS-sponsored public bodies and the fact that so few of them, less than 10%, are currently chaired by women. As I say, that is not your responsibility. It is the responsibility of the Department, and we will continue to raise that with them.

Q39 **Anna Turley:** Mr Tyrie, you were a Conservative MP for 20 years; you had a couple of shadow Front-Bench positions in the Conservative party. You have said today in relation to your approach to this job that you do not think leopards change their spots very much. You are not going to be a Government patsy, are you?

***Andrew Tyrie:*** Earlier I tried to answer that obliquely by saying that a lot of people know me in this building, and they will have to make up their minds about that. All I would say is that, over the years, my party did not consider me the easiest to get through the right Division Lobby on a number of crucial issues. I have a record of trying to think for myself.

I would come back to a point I made right at the start in answer to a question from Mr Pawsey. There is no point in my taking this job unless I have this Committee's confidence that I am not going to be a patsy, and unless this Committee is going to help me buttress my own independence in doing the job. I need both. If there are doubts about that, then I quite understand but I would not want to take the job in a headwind, and that is what it would be. I am passing the buck a bit, in terms of your question, by saying it is for others to judge.

Q40 **Anna Turley:** With that in mind, I would like to push back on a couple of issues, on which you may have a view. They are not entirely your responsibility, but you may have a view on them in terms of the perception of your appointment.

In April 2016, the outgoing Commissioner for Public Appointments, Sir David Normington, said to the *Financial Times* that David Cameron intervened about once a month to ask why Conservative party donors, ex-MPs and others were not getting shortlisted for public appointments. We also know that there were changes to the Governance Code for Public Appointments in January 2017, which actually give more power to Ministers for those appointments and less power to the independent commissioner.

I do not know whether you are a fan of the ConservativeHome blog and whether that is something you read regularly, but they have a fortnightly edition they put out called "Calling Conservatives: New public appointments announced". It says, "Every fortnight, we put up links to some of the main public appointments vacancies, so that qualified Conservatives"—that is what I would say you are—"might be aware of the opportunities presented". Yours was in fact one of the positions that was advertised on ConservativeHome, along with a number of other public appointments that were on there.

Are you concerned about the perception around this? Can I ask specifically what discussions you might have had with Ministers, informally or formally, before your appointment? Are you confident that your appointment was in line with the Nolan principles on public life and in accordance with the Government's policies on equality and diversity? Do you have any concerns at all that this might look a bit like jobs for the, albeit qualified, Conservative boys?

***Andrew Tyrie:*** That is a pretty tough and comprehensive question. I want to pass back a large chunk of it to you. It is not my job to try to judge those things. I have a long track record in politics in the House of Commons, and a very great deal of what I have said and done is a matter of public record, on the basis of which others can form their view. It goes back even before that, too.

No, I did not see the advertisement in the ConservativeHome blog. I can answer some of your questions. In fact, I do not think I have looked at the ConservativeHome blog. If I have, I cannot remember anything I have ever read on it. I may be wrong there when I sit and think about it after the hearing, but as things stands that is the case.

Regarding discussions with Ministers, yes, I had discussions with Ministers. I mentioned the key conversation. I suppose it was actually broken into two, now I think about it. I had two conversations with Greg Clark in the autumn. I cannot remember the dates, but if the Committee felt it was necessary I could probably supply them, although when I left Parliament I no longer had a diary secretary and things were not quite as well ordered as they had been before.

It is for others to judge on the diversity issue, which we have just been having an exchange about. You have raised the issue about party funding. British politics is healthy, but our party finances stink. As a matter of fact, that is the title of a paper I wrote about this subject about 15 years ago. I have not changed my view, and I explain in there why reform is needed. I was worried that the Conservative party was in the hands of a few big donors, and I was equally worried that the Labour party was in the hands of a few big donors, mainly unions. Both these issues needed to be addressed, and I became a campaigner for fundamental reform of the donor culture for our political parties.

There is a genuine problem. Were you raising honours or appointments?

**Anna Turley:** It was appointments linked to donors and former MPs.

***Andrew Tyrie:*** People argue that access, honours, influence and appointments can all be bought. The ordinary population think that; I do not blame them, given the way the main parties fund themselves, and the Liberals are into this game as well, by the way. I have not ever looked at the SNP. Actually, I am probably alienating everybody around the table now, but I am just saying what I really think on the subject. I came forward with proposals for radical reform. I managed to persuade David Cameron to engage with the issue, after a bit of a struggle, but he pulled away from it very quickly thereafter, as did Jack Straw, by the way, who led for Labour in the negotiations when he was in Government. We did not effect the change that was needed.

I do not think massive extra state funding is needed, but, if it is needed, the clean-up operation needs to be done at grassroots level and move back to ordinary people again. This would now benefit Labour, with Momentum. If we are going to do state funding, we need some kind of matching-funding scheme right at the bottom end to encourage people to get more active locally. We do not need further big dollops of cash that now travel under the curious name of "Short money" because of the Minister who first created it.

I am trying to remember whether there are other aspects to your long question that I have not dealt with.

Q41 **Anna Turley:** Yes, I vaguely mentioned the Nolan principles of public life, of which I am sure you are aware. Of course, I also mentioned Government policies on equality and diversity and whether you feel confident that your appointment was in line with all of those.

***Andrew Tyrie:*** Yes, I hope I am. I have not read the Nolan principles recently, but I did give evidence to the Nolan Committee, as I recall. I am pretty sure that is right, although it was a very long time ago.

The process by which I was appointed was very independent. If this is what you want to know, there was a panel of three people. The chair was from BEIS, there was a Treasury official and the other was an independent assessor. I do not know what he was called; he had some sort of title in the process, and he was from outside Whitehall. That was the former Director-General of the CBI, John Cridland. There was also a fourth person in the room. When I came into the room I recognised those three roughly, and then there was this fourth person off to one side, moving his fingers at huge speed on a keyboard. I asked who he was, and it turns out that somewhere in the system there is an independent check on how the process is done to ensure that it is fair. I do not know how this is put in place and I have never asked. Perhaps it is done by the Commissioner for Public Appointments, Peter Riddell. I do not know.

I certainly felt that process was independent, and I was delighted to come out on the right side of it, because the CMA is a wonderful job. If you have concerns about what I have just described, and if those concerns are shared by this Committee, I am out; I am not going to do the job. I need your support thereafter; I really do. This is not an easy job, particularly as an ex-politician.

Q42 **Stephen Kerr:** I have some personal questions to ask you.

***Andrew Tyrie:*** Are they more personal than the last lot?

**Stephen Kerr:** The answers can be as short as you wish to make them, because they are pretty much "yes/no" type questions. Have you made or have you received any undertakings from anybody during the appointment process about how you will do the job—the appointment panel, officials or Government Ministers?

***Andrew Tyrie:*** I would need to look at the word "undertakings". The panel asked me how I would approach the job, and I said, "This is what I am intending to do; this is not what I am intending to do", which is pretty much what I have been trying to say today. The answer is no as to whether I have made any undertakings. Have I received any?

Q43 **Stephen Kerr:** Yes, have you received any?

***Andrew Tyrie:*** You mean people saying, "If you come aboard, we will do X for you".

**Stephen Kerr:** Yes.

***Andrew Tyrie:*** No.

Q44 **Stephen Kerr:** There were no strings.

***Andrew Tyrie:*** No, none I can think of at all and none that would come under a meaning of the word "undertaking". Lots of people make suggestions to me all the time about the way to do my job. Is this not what I have been listening to from the Committee?

**Stephen Kerr:** Indeed, yes.

***Andrew Tyrie:*** I would not call that an undertaking. Lots of people have done that. I am just being very careful to answer your question. I am sorry that I cannot give you a yes or a no. I think the answer is no to both.

Q45 **Stephen Kerr:** You have given a no, which is fair enough. Are you seeking any other professional commitments or roles at present?

***Andrew Tyrie:*** No, not right now, but this is a part-time job. That is actually an important point to make. It is three days a week. The current incumbent is doing two days. Over a period, it is probably right to move to two and a half or two. I am not absolutely sure about that until I do the job and I need to think about it, but that is my instinct.

It is extremely important that people should be clear that it is the chairman who leads the board, which in turn sets the strategy for the organisation. It is an executive led by a chief executive who runs it. If I end up trying to be a backseat driver, Chairman, that is a recipe for a car crash in the CMA, and I have no intention of going there.

Q46 **Stephen Kerr:** Did I understand your answer to be that you are not currently seeking any other professional role?

***Andrew Tyrie:*** I am sorry. I took advantage of your question to say a point I wanted to put on the record. I apologise.

**Stephen Kerr:** Fair enough.

***Andrew Tyrie:*** The short answer is not at the moment, but I will try to do something else as well. It will not be anything like as onerous as the CMA, I hope, although I cannot be sure, but it certainly will not occupy more than two days a week. I generally work six or seven days a week anyway, so that is the reality of all these jobs, just like the jobs being done by the people sitting opposite me, which is something that is not always fully appreciated by the public.

One of the points I would like to make, which I have already made obliquely, is that it is very important not to try to do a job like this in an ivory tower. The only way you can find out what is going on and get a feel for how markets are developing, who is doing what or where detriment may be developing is to be in constant contact with the real economy. It is very difficult for me to take a job in the real economy. I notice that the incumbent resigned all his commercial roles. I have one commercial role at the moment and I strongly suspect it is not going to be compatible with the CMA job. Whatever I do, I want to find ways of developing and maintaining that expertise and contact.

**Stephen Kerr:** In the context of the answer you have just given—

***Andrew Tyrie:*** The answer is that, yes, I probably will look for something, although I do not have something lined up.

Q47 **Stephen Kerr:** What would constitute a conflict of interest?

***Andrew Tyrie:*** If I start having to recuse myself from large parts of the CMA's work at board level, there is something amiss. The board has a lot of commercial experience on it right now. I have never watched how it operates, but there will be recusal arrangements. They need to be robust. In my experience—I have seen them in operation in the commercial sector—they are pretty robust. That is what would need to be in place. For a chairman, it starts to get very tricky if he is recused for a lot. I do not want to be in that position, so I want to try to find jobs I can take that are not going to put me in that position.

Q48 **Stephen Kerr:** Let me ask a general question, which kind of cleans up this whole issue. Do you have any issues or interests that you think are relevant to the Committee's consideration of your appointment? I mean things that we should know about, that you would make a matter of public record.

***Andrew Tyrie:*** It is such a broad question. It is almost impossible. I honestly do not know whether I should have told you something I have not yet told you, but nothing comes to mind. I am very sorry that I cannot answer it more accurately than that. I am just trying to be as straight as I can.

Q49 **Albert Owen:** On the same topic, you said your predecessor gave up many of his interests. You said you had one interest that you do not think is in conflict. What is that interest?

***Andrew Tyrie:*** No, it is an interest that will be in conflict and will not be compatible with taking the CMA job.

**Albert Owen:** What is it?

***Andrew Tyrie:*** I advise a law firm one day a week. Actually, it is the largest law firm in the world, by some measures, DLA Piper. They are expanding in London, even though Brexit is taking place, which is significant, and I have been helping them with one or two things.

Q50 **Albert Owen:** You declared that, and the panel looked—

***Andrew Tyrie:*** If I need to, I will declare it. If you look at what I put in the questionnaire you put by, I made clear that I do not know exactly what I am going to be required to declare. I have had a preliminary conversation. The rules are stringent in the CMA. I have had a preliminary conversation with their counsel. I will do everything I possibly can to make sure I am fully compliant with those rules.

Q51 **Albert Owen:** You have answered the question; you advise a law firm one day a week.

***Andrew Tyrie:*** I am sorry that I am taking a long time.

**Albert Owen:** No, it is fine for clarity.

**Chair:** Thank you very much, Andrew, for coming to give evidence to us this morning. We will be deliberating after you leave, and I am sure we will be seeing each other again soon.

***Andrew Tyrie:*** Thank you very much.