

Environmental Audit Committee

Oral evidence: [Sustainability of the Department for Transport](#), HC 2109

Wednesday 3 April 2019

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Members present: Mary Creagh (Chair); Alex Cunningham; Geraint Davies; Mr Philip Dunne; Zac Goldsmith; Dr Matthew Offord; Alex Sobel.

Questions 1 - 103

Witnesses

I: Jesse Norman MP, Minister of State, Department for Transport, Bob Moran, Deputy Director (Environment Strategy Team), DFT, and Niklas Percival, Deputy Director (International and Regulatory Analysis), DFT.

Examination of witnesses

Witnesses: Jesse Norman, Bob Moran and Niklas Percival.

Q1 Chair: If I can call the Committee to order and welcome our guests today. We are a very male-heavy panel in the Committee today. We carried out a sustainability audit of your Department back in 2016 and today we would like to question on the progress made to date or lack of progress since that report. We will be following up on today's session with a progress letter, because I think one of the issues is that we do these interesting deep dives, we get told a lot of things by Ministers and officials and then perhaps they get forgotten in the hurly burly of the daily grind.

Can I ask you to introduce yourselves, just to check mic levels, starting from my left, please?

Bob Moran: Good afternoon. My name is Bob Moran. I am a Deputy Director in the Department for Transport and I head our Environment Strategy Team.

Jesse Norman: I am Jesse Norman. I am the Minister of State. I should apologise for a rather male-heavy panel on our side of the table.

Niklas Percival: I am Niklas Percival. I am Deputy Director in the Department for Transport for Environment, International and Regulatory Analysis.

Q2 Chair: Great, thank you all very much. You are all very welcome. The Committee on Climate Change suggest that even with recent Government strategies on decarbonising transport, there will be a 35% gap against the most cost-effective path for reducing transport emissions by 2025. How are the Government going to address this? Minister.

Jesse Norman: If I may, Madam Chairman, let me kick off and then I will invite colleagues to comment if they wish. First of all, thank you very much indeed for having us in front of the Committee. I have run a Committee myself and I know it is a hard grind and it is very useful for us indeed to be able to get these periodic checks. As you will know—as I hope you will know—we take it extremely seriously and I think your process has shown that there has been good progress in some areas and less good progress in other areas. We are happy to focus on all of that and we very much welcome the scrutiny.

In relation to this, I think the key point is that compared with the moment at which you last looked at us from a Committee standpoint, we now have a range of plans in place that are designed to address the question that has been put. Those are obviously our Road to Zero Strategy, our Aviation Green Paper and the Maritime 2050 Plan. In contrast to where we were two or three years ago, there is now a set of agreed strategies for addressing each of these issues. Now, of course—



Q3 Chair: That is not the question I asked though. I said that the Committee on Climate Change says there is a 35% gap against the most cost-effective path, so basically the fact that we are not decarbonising transport as quickly as we should means we will pay more for it further down the line. How are you going to speed up the decarbonisation of transport?

Jesse Norman: Of course I was addressing the question. The point is within the framework of plans that have been agreed, that then allows for a substantial amount of further work as we go forward. That can then be used to iterate, and of course the Climate Change Committee's own projections may change again when they look at the effect of moving to a 1.5% threshold.

Q4 Chair: You have an electric vehicles target of 50% by 2030, I think. You are currently at 2%. There are no interim targets to say where you are going to get to by 2025. This is the problem. It is all put down the line for 10 years' time. There is nothing on the interim and intermediate part to say what is going to happen by 2025.

Jesse Norman: I think it is a very good example. The fact of the matter is if you look at electric vehicles, these are just in the very early stages of potentially a very rapid uptake. Anyone who presumes to know how a market of that dynamic is going to predict is frankly fatuous, because we do not know exactly. What we do know is that there are realistic prospects of hitting targets set at sensible distances away in time. That is what we are trying to do. A classic example: obviously, as you know, the rate of new car sales, in electric vehicles, has not quite doubled in the last 15 months. It is growing very fast. It is very dependent on issues that are outside our control, as well as things that are inside our control.

To take a few examples of that, it is dependent on the number of new car models that are coming forward and those are almost doubling. It is going to be dependent on changes in battery technology. There is every reason to think that the price of these cars will fall over time because they are much simpler than internal combustion engines. I think it is a mistake to try to second-guess what the shape of an s-curve of take-up within these markets is going to be. What you should do—and what we are trying to do—is to be resilient and robust across the different modes in order to try to address that. We have a series of plans already in place; I have mentioned some of them.

There are a lot of other ones that, surprisingly, have not been picked up. I am somewhat surprised by the NAO. Let me take an example: the Transforming Cities Fund is an enormously important series of interventions that will have an important impact on air quality emissions and environmental change within cities. As far as I can see, that is not mentioned in the NAO report.

Q5 Chair: That is because we have asked them to look at the Department for Transport and in particular your Department strategies, the money



that is under your control. So far they have analysed—

Jesse Norman: Of course the Transforming Cities Fund is in many ways heavily under our influence and much of that money is going to be spent on local transport. In a way, it goes to the same point.

Q6 **Chair:** If we can go back to what the NAO and the Committee on Climate Change said, its analysis is that, “the ambitions in the Road to Zero strategy would close this gap to 35%” but it does not consider that you have, “developed policies to deliver these ambitions, and on the basis of firm and funded policies alone, the gap to the cost-effective path in 2025 remains close to 50%”. That is the Committee on Climate Change, who look and model right the way across your sector.

Jesse Norman: Yes, I think the Committee on Climate Change performs many very excellent and important functions. The structure of setting carbon budgets overall is fantastically useful. I used to be an Energy Minister, so I have seen it from the other side, from the BEIS side. When it comes to second-guessing specific market dynamics within particular verticals such as transport, I am a little bit more sceptical. I do not know whether officials want to add any more detail to what I have said.

Q7 **Chair:** Before you pass it on to officials, Norway has managed to do this. They have basically said they are not going to be registering new petrol and diesel after 2025, and Germany and the Netherlands after 2035. These are countries that are setting very clear market signals right now that things are going to have to change and speed up much more quickly. Why have you only set the end date of 2040 for new petrol and diesel?

Jesse Norman: We set the end date for 2040 at the moment in order to give a signal as to where we think industry should be. That is three car cycles. We think, having consulted widely across there, and also bearing in mind that we are a very substantial car producer as a nation as well as a car consumer, and considering all the other technologies that go with that, we think that is a realistic balance, which gives the industry a chance to respond. Of course that may change. It may come in over time. Since car chassis, bodies and floor plans are developed on an international basis, we would expect many of the decisions made in other countries to have knock-on effects, some favourable, some not favourable, on our own car purchasing. It is a work in progress. I do not think one should place too much concern on that at the moment. It is not impossible that if we see take-up occurring faster or the effects being not as marked as we would like that we may need to change that.

Chair: Do the officials want to add anything?

Bob Moran: Thanks. Yes. One of the firm and funded policies that the Committee on Climate Change were not able to take into account when they looked out to 2030 was regulation. At the time we only had EU regulation, which controls the manufacturers and forces them to produce the vehicles. We only had targets out to 2020. Those targets now have been extended to 2030. The UK were among the most ambitious of the



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nations negotiating those targets at an EU level, and that will close a large portion of the gap that the CCC have identified between now and 2030.

Chair: What will, sorry?

Bob Moran: EU regulation on manufacturers to cut the CO₂ emissions from their vehicles. That will end—

Q8 **Chair:** Are we relying on the European Union to meet our climate change targets?

Bob Moran: Those regulations have been agreed and—

Chair: Thank goodness we are still in it then.

Bob Moran: They have already been covered across international legislation.

Chair: Thank goodness for that. Great, so the EU's emissions improvements are helping us. Anything else?

Niklas Percival: I would just make two additional points. The Committee on Climate Change have suggested that we should be aiming for 60% uptake of both electric cars and electric vans. In the Road to Zero Strategy, as you said, we have committed to an ambition of up to 50% for electric cars and as high as 70% for electric vans by 2030 and 40% for electric vans. Our assessment and our analysis suggest that that is broadly equivalent with the CCC's target for 2030. I think we are in an equivalent place to where the CCC says we should be aiming for in terms of 2030.

You mentioned a point about not having a target before 2030. I think we have committed to reviewing how progress is being made during that period, so that we will monitor how progress against that uptake target is going so that we can assess whether further intervention might be needed over the course of that period.

Jesse Norman: It is also worth adding, if I may, Madam Chairman, it is a slightly cheap shot about the European Union. We had a Clean Air Act before the European Union was conceived or thought of and—

Q9 **Chair:** Back in the 1950s, because London was choking.

Jesse Norman: We have adopted European Union regulation as a member of it and we will do so until the country leaves the European Union. After that, we will continue to forge our own way in a very environmentally conscious and high standard way, I have no doubt.

Q10 **Chair:** I do not think going back to a Clean Air Act in the 1950s is a hallmark. This Committee has done at least three reports on how the EU has improved energy efficiency, product efficiency and reduced carbon in this country and has saved people money, but that is perhaps an argument for another day.



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Jesse Norman: You could run the counterfactual as to how the UK would have performed if it had not been in the EU at the time.

Q11 **Chair:** Nobody can measure a negative, can they? But at the time I can tell you what—

Jesse Norman: No, so that is why I wonder how robust the reports were.

Q12 **Chair:** If you are casting aspersions about the robustness of our reports, that is also an argument for another day, but as I say, we cannot measure a negative. In the 1970s, we were seen not just as the sick man of Europe, but the dirty man of Europe. Those of us who went swimming at Blackpool Pleasure Beach and came out covered in oil in our childhood can remember what the beaches were like before the Wastewater Directive cleaned them up.

I am finishing off on the Renewable Transport Fuel Obligation. We recommended that the Government should retain the EU's renewable energy target in EU law in UK law and to incorporate the transport sub-target into it. We were concerned that fuel, oilseed rape in particular, was being grown by farmers in this country, for which they were getting in some cases a double subsidy, and we said that there had been some changes in your Department to encourage the RTFO to move towards waste-derived fuel, but that that is now double-counted. Can you explain how that works to the Committee?

Jesse Norman: Sure, yes. I will give you an overview and then if colleagues want to comment they can, of course. The point about the RTFO is that it is almost going to double the use of renewable fuels in transport between 2018 and 2020. That will be nearly 10% by volume. That is a very important change. Obviously we are concerned—and many stakeholders are concerned—about the effects of indirect land use change and in particular the possibility of displacing food production. We have therefore included a double-counting mechanism that gives an additional incentive to have biofuels made from waste and residues rather than from crops. The evidence is that has been rather successful, I think. It is precisely in the course of giving the kind of clear direction to the industry that this Committee and other ones have called for. It has been widely welcomed by the industry as well.

Q13 **Chair:** That has been negotiated by your predecessors at the EU level, has it not?

Jesse Norman: It certainly had a strong EU dimension, yes.

Q14 **Chair:** Great. Any comment from the officials? Have any other EU countries taken it up?

Bob Moran: The double-count is totally within the structure of the EU directive and for exactly the purposes as the Minister set out, to incentivise and encourage the development of biofuels that we want to see and not those that use indirect land use.



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Q15 Geraint Davies: Minister, you said that the justification for basically getting rid of basically fossil fuel new vehicles for 2040 was that we had a lot of car manufacturers here. It seems to me that if we want to continue leadership in car manufacturing, we need a stronger rather than a weaker regime, rather than being the dumping ground for dirty cars. We should be the place where we are generating new cars for the future. My understanding is a lot of manufacturers are now targeting their resources into other markets that are well ahead of us. Will you be talking to the Secretary of State for DEFRA to bring forward this target and perhaps the Treasury to provide the incentives we need to make the change to take leadership and not let the industry die?

Jesse Norman: I think it is well understood that the Government and the country has historically been in quite a leadership position. You can see that may be changing with some of the developments in other countries and that is something that we, as a Government, monitor. These targets are agreed across Government. That is what they have and therefore they agreed with the Treasury, they are agreed with the Department for Business, Energy and Industrial Strategy and they strike a balance of the kind I have described. If it were the case that the effect of that was to cause us either to lose momentum from an Industrial Strategy standpoint—which we have not found, as far as I am aware, as a result of this—or to find ourselves, as it were, in due course in any sense the dumping ground for more highly-polluting vehicles, then of course we would take that very seriously.

Q16 Geraint Davies: Because you know we are behind India in our ambition on this, apart from the other more-advanced economies that have been mentioned by the Chair, in terms of when they are going to basically phase out fossil fuel new production cars.

Jesse Norman: It is hard for me to comment on other countries and their circumstances. We certainly regard this as a pretty testing target.

Q17 Mr Dunne: First of all, Minister, thank you for coming and for saying that you find the scrutiny by the Committee of value to you and your Department. That is very good to hear.

Jesse Norman: Very definitely. By the way, I am happy to spell out, as we go through, how that is true.

Q18 Mr Dunne: I would like to focus on how you are doing on ultra-low emission vehicles. You have indicated that you do not take the individual waypoints on the trajectory towards the ambition that is set out in the strategy, which you mentioned earlier as particularly relevant, but the Committee on Climate Change did look at a 9% market share by 2020 as the most cost-effective path to get there. We heard from the Chief Scientific Adviser to your Department yesterday, in giving evidence on other matters, that his estimate is somewhere between 2% and 3% by the end of 2020. Do you place any significance on that kind of differential?



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Jesse Norman: I am surprised by that. I think our internal estimates—and again, Bob and Nik can comment on that, if they wish—are between 3% and 7%. We regard those—

Q19 **Mr Dunne:** Sorry to interrupt you. He may have said 2% to 3% today.

Jesse Norman: Yes, we are at about 2.8% now. We think therefore 3% to 7% is a sensible ramp up. It would imply almost potentially a further doubling over the next 18 months or so. Even that is contingent on a whole series of factors, some of which I have already mentioned. By the way, I am not saying for a second that I do not think there is some value to specifying interim targets precisely so we can have this kind of conversation. I am saying that our 3% to 7% we regard as consistent with varieties of uptake that would lead us to the destination that we want to get to and that is our position.

Q20 **Mr Dunne:** There are a couple of aspects I would like to touch on. One in particular is the way in which you support acquisition of electric vehicles. The current subsidy regime for electric vehicles is £3,500, I think, and you have decided to phase out subsidy for plug-in electric vehicles, hybrid vehicles. What impact do you think removing the subsidy on hybrid will have in achieving the target?

Jesse Norman: It is a good question. The thing about hybrids is that as they are used, they are often much less green than people think. A plug-in hybrid that is never plugged in is still in many ways quite a polluting vehicle and it is important to realise that. We are maintaining the plug-in car grant until at least 2020. We are coming to a spending review. One of the interesting things about the structure of the framework that you have set for review of this Department in this area is that it began after the last spending review and it is asking us to report now before the next spending review. We have not had a chance to, as it were, make inputs into Government processes that reflect the evolving green preferences and desires of the Department.

But in the last spending review, there were commitments made in that area. We are continuing the plug-in car grant to 2020. We would like in many ways to go further or at least, if necessary, to target it further, because we want to support the development of these vehicles. As they become less expensive over time, as they become more normalised, as the take-up goes and the volume goes up, then inevitably the amount of subsidy decreases. That is what has happened already.

Of course we are also spending a lot of money in other areas. We spent a lot of money on, for example, grants to allow people to install their own charging points or we are now spending money on local authority charging schemes. We have just raised this new fund through the Treasury, £400 million in prospect to support plug-in charging infrastructure. There is a lot of money and energy going into that and of course we have taken powers in the Automated and Electric Vehicles Bill to try to tighten up and level the playing field so that charging is much



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easier from the user standpoint. There is a heck of a lot going on in this area.

- Q21 **Mr Dunne:** I will come on to charging in a second, but on new models, you mentioned that there are a large number of new models coming in, I think you said roughly doubling every year. What assessment have you made of the capital cost of new models compared to the predecessors that they are replacing?

Jesse Norman: Inevitably it is hard to say. We do know that historically the plug-in car grant has made a difference and that in many cases the buyers of these vehicles are sensitive at the margin to the costs of things. It is not clear how the cost of these new models will change over time.

- Q22 **Mr Dunne:** Do you know what the cost is of the new models that are coming in compared to the older ones?

Jesse Norman: In many cases, no. Take the classic example, take the new—

Mr Dunne: Can any of your officials help you?

Jesse Norman: We can ask them, but just take the Tesla, for example. We have a rumour that it will be marketed at a price that is significantly higher than the domestic price of the Tesla 3, but I do not think we have been given formal details.

Bob Moran: No. To talk about cars and supply, the price point in the market is a very carefully crafted thing, defined by a number of things, not least the battery cost. We have seen over the last eight or nine years the cost of putting together a battery come down by a factor of around eight or nine. As vehicles change from having an internal combustion engine in them to a battery, the battery becomes half the value of future cars. There are a lot of people who are paid far more money than I am to analyse the market and when parity will be achieved between internal combustion engines and battery electric, but it seems to be that that point is coming closer towards us. Whereas it was once projected out to being 2030, it looks like it might occur in the mid-2020s now.

- Q23 **Mr Dunne:** But with respect, we are just going into a comprehensive spending review period and you will be preparing your submissions right now, I imagine. The current regime offers £3,500 per vehicle. My personal anecdote of the latest advert that hit my Twitter feed from Nissan for a new version of Leaf was for a substantially higher acquisition cost than the current vehicle that I drive.

Jesse Norman: Do you drive a Leaf at the moment?

- Q24 **Mr Dunne:** No, I do not. I drive a hybrid vehicle, but not a plug-in vehicle, but it would put me off buying a new one, because it is more expensive than the old petrol one that I am getting rid of. You must be generating some modelling about what level of support for new vehicles



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you are going to put in for for the spending review. Can you give us any sense of that? Because the current support runs out at the end of the financial year we are about to start.

Jesse Norman: Yes, it runs out at the end of 2020 potentially. I have not seen any of the modelling that you describe on this and it may be that some is underway. In due course I will obviously make—

Q25 **Mr Dunne:** I am told there are 10 new electric vehicles coming out this year, so your Department must have some visibility of this from the manufacturers.

Niklas Percival: We do modelling as a matter of course to understand how take-up of electric vehicles varies according to a range of different factors. As you have said, the capital cost is an important factor in people's decision-making. As Bob has said, the reduction in battery prices brought that down. It is still the case that battery electric vehicles are typically more expensive to purchase than standard internal combustion engine vehicles, although the pricing strategy that manufacturers place obviously affects the end price, the purchase price. It is not just a reflection of how much it costs to build these vehicles, it is also about the strategies manufacturers have.

It is important to just bring in the point about total cost of ownership. As standard, these vehicles are much cheaper to operate over the course of their lifecycle due to the tax benefits that are on them due to the improved efficiency of the vehicles as well—

Jesse Norman: The cost of electricity.

Niklas Percival: And the cost of electricity. The assessment that we have is that we are getting very close to the point of parity on a total cost of ownership basis for these vehicles in the early 2020s. I think that is supported by analysis others have done as well.

Q26 **Mr Dunne:** But very directly, do you see a continuing role for a capital cost subsidy for electric vehicles throughout the next spending review?

Jesse Norman: It is a matter for live discussion within Government and will be over the next few months. I personally think there is some scope, very much so, for it. Do not forget this is a small part of a much bigger picture, because we also support vans, we also support retrofitting of different kinds. We have just announced an e-cargo bike subsidy, designed to get diesel vans out of last-mile deliveries. There is a range of different initiatives that I think it is important to support.

The other thing I would say is do not forget we have spent £700 million on these subsidies already. It is important to subsidise the purchase and the uptake rather than just transfer the money to the producers, which is the other reason why you might see the pricing you are describing.

Q27 **Mr Dunne:** Do you have a sense of proportion? In order to get to the



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50% figure, what proportion of that do you see coming from commercial vehicles and public sector-owned vehicles, which is one category, versus domestic or individually-owned vehicles?

Jesse Norman: Nik, this is one for you, but I would think overwhelmingly cars.

Niklas Percival: We have a Government fleet commitment target. We have said that by 2022 we expect 25% of the Government fleet will be—

Q28 **Mr Dunne:** What proportion of the 50% of total vehicles will that account for?

Niklas Percival: There is no defined target for how much a 50% ambition for ultra-low emission vehicle take-ups will come from fleets or from individual consumers and what types of vehicles it will be.

Q29 **Mr Dunne:** Do you not think it would be quite a good idea to do a bit of modelling for that, particularly where you are directing Government? You know how big the Government fleet is and we have talked to the NHS about their fleet. They have a very significant fleet and they have a plan to introduce only over an eight-year period. It is quite slow, we think. Have you done that modelling across the public sector?

Niklas Percival: Within our analysis, we have an understanding of how fleet managers respond to incentives and we have analysis and understanding of how individual consumers of different types respond to different factors in terms of incentives for ultra-low emission vehicles and the range of vehicles. My point is just that we do not have defined sub-targets for the different individual sub-groups that we want to take up electric vehicles in order to meet the 50%. There are different ways that you could meet that 50% target by focusing more attention on fleet against private consumers. I think it is a matter of trying to support all purchasers.

Q30 **Mr Dunne:** Have you estimated then the impact of the tax relief for company car ownership—which I think is a very good policy, which I support—and what impact that will have in getting towards a 50% target?

Niklas Percival: Within our analysis, we are able to assess how much tax incentives will influence purchasing decisions. I do not have with me—

Q31 **Mr Dunne:** Can I make a suggestion, Chair, and to you, Minister, that it might be a good idea, in submitting perhaps supplementary evidence to this inquiry, if you were to set out how you see achieving this target across the different categories of vehicles that we have talked about?

Jesse Norman: Which targets, sorry?

Q32 **Mr Dunne:** It seems to me from the way you are describing it that you are not setting any intermediate targets, although you recognise it might



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be a good idea. You do not have a good grip, in your heads at any rate, as to how you are going to get to this 50%, other than assuming that the industry internationally will move towards electric and take-up will therefore just happen. But you have some specific drivers that you are already using, such as the company car tax, such as public vehicle subsidy, which you already put through, but it is not clear to me how much that is going to contribute towards getting the 50%.

I am going to move on, because I have spent a lot of time on vehicles. Just to talk about charging infrastructure, if we may, as a potential consumer, I am concerned about where I can top up my electric car as and when I go to an electric car. We have a very mixed picture of infrastructure around the country. We heard a report through *The Guardian* last week that there were over 100 local authorities that have no plans to introduce any more charging infrastructure. I looked up charging points on a website the other day. There is one in Shropshire. I am not sure how many there are in Herefordshire, but I would be surprised if there are more than a handful. The picture is very mixed.

A company that has introduced a scheme for the equivalent of Boris Bikes with electric vehicles in Paris has been able to introduce a scheme right across Paris. They came to London last year to try to do it in London and they have withdrawn because they found the complexity of dealing with 32 boroughs, all with different regulations over introducing electric points, means that it is not feasible to do it here. How are we going to get an effective infrastructure right across the country?

Jesse Norman: Before I get on to that, let me say I do think your previous description of the position is highly disobliging. That is not the position. The overwhelming thing that is going to change take-up of electric vehicles is going to be a combination of falling battery prices, technology change, change in norms and I think new models and competition within the market. It is very important for Government obviously to try to do what it can to nudge the process, but it is quite wrong to think that the Government can do more than try to shape some of those factors. I am sure that you would not wish it to when you look at the other implications.

Q33 **Chair:** Except that the Government is the largest purchaser of goods and services in the country, so your buying power is significant. You have not mentioned the second-hand car market. That is where a lot of people are buying their cars and those who cannot afford £30,000 for a Leaf could maybe afford £12,000 or £15,000.

Jesse Norman: One of the interesting things about the second-hand car market is that you now have a functioning second-hand car market in electric vehicles. You did not have that 15 or 18 months ago. The reason is because residuals have now stabilised, you can therefore start to get all of the benefits of leasing and repurchasing et cetera that you might find in the primary market as well. You are making my point for me, which is this is a very rapidly evolving situation. The key point for



Government is to be aware of these options and putting the thumb of the taxpayer down and the regulatory thumb down where it can.

On the point that you raise about charging infrastructure, again it is a market in the very early stages of its development. It is important for us not to be squashing innovation. We want first movers to be out there offering opportunities. I agree with you. We have, by international standards, quite a large charging network, but it is not consistent and strong enough or good enough and it is not wide and pervasive enough to be operative in all parts of the country to anything like the level we would like.

As new models come along and as battery technology increases range, the worry about charging will start to go away, but we absolutely take it seriously, and that is why we are trying to push all these different schemes to get them into homes, to get them into streets and to get private sector operators to do more. I absolutely recognise the point you are raising and we just need to continue to bear down on it. What we do not want to do is kill a market before it has started to get moving.

Q34 Zac Goldsmith: Very briefly on that, because I think the main barrier beyond the cost barrier, which has already been discussed, to buying and owning an electric vehicle is about the range anxiety. There are two parts to that and one of them is that the manufacturers of the cars do not tell the truth about the range that their cars are capable of doing. To go back to the old VW, in fact VW itself has an electric Golf advertised as being able to go 180 miles, which any user of one of those vehicles will tell you is more than double what it is capable of doing in the real world. People are buying these cars and then selling them—one of the reasons perhaps there is a second-hand market—because they are not practical, because they bought them in good faith and they discovered that they had been misled by those companies.

The first question, not necessarily to answer now, is that it would help if there was some kind of standardisation requiring companies to be more honest about what their cars can do. I think that when people are disappointed in the way that so many people have been, having bought these things at great expense, it will turn that market off very quickly.

The second point is around the charging infrastructure. Normally one would like to see a thousand flowers bloom, but the problem in this instance is that you have so many different types of charging devices that may or may not fit the car that you have chosen to buy that sometimes being able to access electricity for your car is almost impossible, so you are all the time looking at where you are next going to be able to charge your car. Even if your car can go 180 miles, you are still all the time going to be thinking about where you can charge it, so standardisation in that regard would also make sense. I recognise there is a problem with all these local authorities holding things very close to their chest, but somehow Government need to use their might and position to ensure that we have a proper charging infrastructure and it is one that is capable



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of adapting itself to the various different models that are coming on the market. If we do not deal with those two problems, that anxiety will never go and people will not make the leap from petrol to electric.

Jesse Norman: The point is very well made. In many ways, it is quite like some other technology markets you see. The first entrants come in, they make these very grandiose marketing claims and those turn out not to stack up over time. The market recalibrates and mechanisms come in for better disclosure and for better testing. Some cars are not driven in exactly the same way, in different ways, so there is some margin for error, but there is no doubt that there has been massive overstatement, as there has been with broadband speeds and things like that.

In the Automated and Electric Vehicles Bill, we have taken powers to level the playing field to open up access so you cannot be part of particular charging schemes, you are not required to subscribe to particular customer capture devices. We are holding off on applying those regulations until we have given the industry a bit of time to get its house in order, but we take that very seriously.

On the accuracy side, I do not know whether you want to comment, Bob.

Bob Moran: Yes. Electric vehicles, their range and how we measure it, is determined by regulation, it will not surprise you to know. The test has just been replaced, so what was the New European Driving Cycle was used to test EV range. It was not all that new; it was devised in the 1970s. It has just been updated and that has now come through as of September, so ranges are more realistic and there is a real-world driving element to that. Consumers will see a difference in the range that vehicles are sold as being able to do and then what they can achieve on a wet and windy day in the middle of winter, so that is changing.

Alongside that—batteries, energy density and so on—there is a big difference between the first generation Leaf and the third generation Leaf and the real-world mileage that consumers should expect to be able to do from vehicles is closer now. That gap has narrowed over the last eight or nine years.

Chair: Fantastic. Thanks for the update on how the EU is protecting consumers, another moment for the Minister to pause and reflect on. We are going to move on very quickly to some questions about rail from Alex.

Q35 **Alex Cunningham:** In the NAO report, the rating of carbon emission carbon reductions for rail is red and there are no sector-wide binding targets at all. Why is that?

Jesse Norman: Two things. This is a classic area in which pressure from the Committee and pressure from the NAO has been enormously helpful, if I may say so, in raising the standards, in nudging Network Rail and other institutions into the path of righteousness in this area. As you will be aware—



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Q36 **Alex Cunningham:** Do you think they need nudging then?

Jesse Norman: Very much so, yes. I am no doubt.

Q37 **Alex Cunningham:** Why?

Jesse Norman: I am not the Rail Minister, but it seems to me to be an organisation that is evolving towards a much deeper understanding of its commitments in terms of sustainability as well as its commitments in terms of engineering and safety and the rest of it. Obviously there is a decarbonisation group that has been set up now, and there is a Government commitment to remove diesels from the railways.

Q38 **Alex Cunningham:** The challenge is 2040.

Jesse Norman: No, I agree, but I should say I am not the expert in this area, so I am going to slightly punt over to my officials on this, because they do know—

Q39 **Chair:** We did nudge you in 2016, so the question is why has this not been introduced?

Jesse Norman: Some of the change has been introduced. They are now part of the Greening Government targets, as you know.

Q40 **Alex Cunningham:** Sorry, they are now part?

Chair: They are not.

Alex Cunningham: I thought it was 2020 they were going to be part.

Chair: Next year.

Jesse Norman: They have now agreed to be part, to phrase it properly.

Chair: From next year.

Q41 **Alex Cunningham:** Why not now? Why do we have to wait until 2020 when the recommendation was made in 2016?

Jesse Norman: That is a very fair question.

Alex Cunningham: Do you have an answer?

Jesse Norman: I do not have any specific insight into this. Obviously the organisation has seen itself as having other metrics and other sustainability metrics, so it is evolving itself in terms of its ability to take on new commitments, but I am glad it has to.

Q42 **Alex Cunningham:** I appreciate it is not your immediate responsibility, but the Rail Minister put down the challenge in February 2018. You have already referred to the taskforce. It is going to have “stretching aspirations” in order to tackle decarbonisation. Minister, do you have any insight of what the industry is going to propose? Maybe one of your officials could help if you cannot.



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Jesse Norman: I simply do not have the detail on that, so I must ask Bob and Niklas.

Q43 **Chair:** Perhaps I can help you, Minister, because the NAO's work showed that the industry set its own targets and has missed them, so you allowed the rail sector to set its own carbon reduction standards, which was to reduce carbon emissions per passenger kilometre by 37% by March 2019 and to reduce carbon emissions from freight by 11%. The latest data show the sector is not on track to meet its own targets. The carbon efficiency for rail improved by 36% instead of 37% and for freight it declined. The industry has set its own targets and then has failed to meet them, so it is marking its own homework, but there are no sanctions.

Jesse Norman: Often targets, especially initially, are better set within industry because you want to get buy-in from them and then you can start to improve and strengthen the process of accountability once that has started. That process may not itself be a bad idea. The point you make about the need for change I think is absolutely right.

Bob Moran: The rail sector has had targets. It set its own targets for decarbonisation through Control Period 5.

Q44 **Alex Cunningham:** Yes, but a 20% decline in freight carbon efficiency.

Bob Moran: Yes. In terms of hitting them, the targets are split into two, into what we call non-traction, so the rail operations. Then they have a target for 2.5% of absolute energy reduction every single year. In terms of traction targets, they are more difficult to piece together at a national level, but we do set Network Rail its own target and then within each franchise, when franchises are bid for we do award extra marks for being able to demonstrate that they are going to decarbonise and meet the targets.

Q45 **Alex Cunningham:** What happens if they do not meet the requirement within the franchise?

Bob Moran: In terms of assessing, it depends upon a range of factors, so in terms of the freight—

Q46 **Alex Cunningham:** But are there any sanctions on the rail franchise holder if it fails to meet the environmental targets?

Bob Moran: I do not know.

Alex Cunningham: You do not know?

Jesse Norman: I think we need to write to you on that. I do not know the answer to that question and it is a very fair and proper question.

Q47 **Alex Cunningham:** I suppose the following question is does the Government plan to have similar requirements in your franchise agreements, bearing in mind you do not know what we are talking about?



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Jesse Norman: I think the point that has been made is that the franchise agreements are designed to respect sustainability targets. What we need to do is give you more information, to the extent we can, about how that is done with the existing ones and what the enforcement is. Then I take the point that, as it were, the homework has been marked for future franchise arrangements.

Q48 **Alex Cunningham:** Maybe a slightly different tack then. How does the Government plan to support the industry in implementing the vision for decarbonisation, which focuses on the electrification and the development of other power sources? Teesside is my home patch and we know about the tremendous investment as far as hydrogen is concerned.

Jesse Norman: Yes.

Bob Moran: We are starting to see the deployment of technologies into rail happening, for example the development of hydrogen trains in the north-west and the potential deployment of them in the north-east, and also the role for batteries in hybrid trains and bimodes. We have a situation where a lot of the track in the UK and the most densely used and most frequently used services—80% of the trains in the UK are already electrified and it is a case of using technology to fill those gaps and allow electrification, which is cheap to use, and passengers and consumers like it, it is more reliable. It is a case of using technology to get that on to the tracks as quickly as possible.

The challenge that was set to the industry by the former Rail Minister has galvanised the industry and they have come together. We have an interim report from the Decarbonisation Taskforce, which sets out the steps that they can see that need to be taken in order to decarbonise the industry. It is not just the trains on the tracks, but it is their entire operations. In terms of the Network Rail fleet of vehicles, they are signed up to something called the Clean Van Commitment, which says that by 2028 all of their vehicles in operation will be ULEV.

It is about looking at the industry in the round and challenging them. We expect to receive their final report in June or July and Ministers will be interested in what they say.

Alex Cunningham: June or July is quite a late spring then, isn't it?

Q49 **Geraint Davies:** With regard to the electrification of railways, of course they have done a U-turn and gone into bimodal trains. I know this personally from Swansea. The trump factor is not the environment, is it, but the cost and cost overruns against the interests of the environment?

Bob Moran: I would maybe go back to where we started, the Committee on Climate Change and the pathway to deliver decarbonisation in the most cost-effective way. The most cost-effective way is not necessarily to electrify every mile of track across the UK; it is to make use of the last mile. The last mile in rail is 100 miles. The largest last mile in the UK is up to Aberdeen. You do not need to electrify all of that track, you need a



battery on board that can allow you to do that last mile and that 120 miles, which is a very different case study to putting a battery on a train to allow it to drive through—

- Q50 **Geraint Davies:** But if you had an electric train running all the way, for example, to Swansea as one model and another model has a bimodal with a very heavy diesel engine on it as well, it has to go all the way to Cardiff to be switched on to get it to Swansea, so in terms of the analysis of the marginal mile, if you have to incur huge costs on the rest of the journey by having heavier trains which are not electrified, I do not see that makes sense. It would be better to electrify the bit at the end.

Bob Moran: I think it is making the best use of the technology, so maybe in the circumstances that you are—

Jessie Norman: I don't know the situation but it is possible that the money that is saved—if money is saved by that approach—would be used to do other things that would be sustainable and green. Maybe one should look at the overall strategy rather than just the specific decision.

Geraint Davies: I am aware that in Norway and elsewhere nearly all the intercity railways are now electrified and across Europe and we are still investing in dirty diesel, but I will leave it there.

- Q51 **Dr Offord:** The Minister has already expressed his previous experience as Chairman of a Select Committee. Be it as a Chairman or indeed as a Member of a Select Committee, we always like to have some kind of indicators so that we can measure anyone's performance. As politicians it is always useful to be able to say to constituents, to point to a target to say, "Well, this is what the Government has achieved in its time in office". One area of concern is how the Minister's Department is able to account for performance when there are no smart targets in any of its reports.

Jesse Norman: There are some smart targets but it has certainly been a concern to the NAO that there have not been enough.

- Q52 **Dr Offord:** Let me stop you there. There have not been any targets. If we take, for example, the Road to Zero strategy for decarbonisation, it had no interim targets to ensure that the longer term targets were met, nor any specific targets relating to other vital issues. Secondly, the single departmental plan also does not contain any smart targets. It does not communicate anything of targets for the transport sector. The current plan does little on this front according to the NAO.

Even the NAO did actually look at the Department's internal plan and they concluded that although it contains policy milestones with delivery dates, it does not include any smart environmental targets. Even focusing on the most recent plan within the Department, this does not contain any targets relating to the sustainable development goals particularly. The NAO criticised this by saying that information was largely narrative in nature and makes no reference to the performance indicators that the Office of National Statistics produces to measure progress.



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Minister, that is not entirely correct to say some contain it because there are four examples where they contain nothing.

Jesse Norman: You said the word “none” so let me give you some. The commitment to end the sale of conventional cars and vans by 2040 is a smart target.

Q53 **Chair:** What is the interim target?

Jesse Norman: No, no, I am just rebutting the claim there were no targets. The NAO’s argument is that there were some but not enough. I understand the concern it has.

We have addressed, in some cases, why it is difficult to put targets on things due to the dynamic nature of the way in which market change occurs, but it is certainly a proper concern to have about whether or not Government are adequately constraining themselves on this. I am more than comfortable to—and I am sure you will encourage me to, and you would expect us to—look hard at the question of whether we can incorporate more smart targets in response to this when we start to develop the next phase of the Department’s planning mechanism.

Q54 **Chair:** That is what we suggested three years ago and it has not happened, that is why we are pressing you on it.

Jesse Norman: I think the point is that as these markets develop it becomes possible to put smart targets in. The one we are focused on today is the electric vehicle market. As that develops it will be possible to be smarter about what targets we want to think of for not just the overall target but also potentially for some of the subgroups.

Q55 **Dr Offord:** How can the Department account for its performance if it does not have smart targets? You say it has some, okay, but I would assert it does not have enough.

Jesse Norman: Of course, there are many ways in which you can hold the Department to account, this is one, and the NAO scrutiny is one. There are many areas in which the NAO has been highly complimentary about the Department and there are areas in which it had concerns. It is right to focus on those but let’s not suggest it is not part of a wider framework of accountability in which we are trying to measure our own capacity and also to address it. Inevitably it is part of the process of accountability that there has not been enough done. No one knows what enough is, but they know what not enough is. It is appropriate to express concerns about particular modes.

Take, for example, the way in which we scrutinise Highways England. We have lots and lots of different targets of different kinds that we expect them to abide by for the environmental performance of different schemes that they have put in place and those are, by anyone’s standards, specific and measurable.

Q56 **Dr Offord:** All right, but in this case they are not specific, measurable



and achievable. That causes not only a problem in terms of politics but also causes industry a problem because industry needs to know what kind of targets it is expected to achieve and also to have interim targets, so it is able to assess its performance against what the Government expect to happen. How do you expect to incentivise the transport industry to achieve the Government's expectations?

Jesse Norman: The point I raised earlier applies again, which is our working methodology has been that you want to set targets that give guidance and direction but not make it so constraining that you choke off innovation or competition.

In the Road to Zero strategy, we have included the 2040 target, and we have also included a 2030 target so that at least half of new cars sold, and up to 70%, should be ultra-low emission. That is an interim target. I think it is pretty precise and it does give an interim direction because we thought that between now and 2040 it was important to set a goal. If you look at that, it does reflect an expectation about the way in which the S-curve is going to develop.

The wider point is one that we need to take away and look at specific modes, and I think it is a perfectly reasonable thing to ask, but there certainly are cases in which we are doing it.

Q57 **Dr Offord:** If you take that as an example, the ULEV, do you think that is a challenging target?

Jesse Norman: I think it is potentially a very challenging target, yes. I do not think there is any doubt about that at all. It sets a high incentive. To be less than 50% would be a serious cause for concern and to be up near 60% to 70%—

Q58 **Dr Offord:** I do not mean so much in terms of the percentage, I mean in terms of the timeframe.

Jesse Norman: Do not forget that is 1.5 new vehicle cycles. So you are not allowing the industry to do anything more than learn from the current experience it is having in the way it formulates a vehicle and sells it. Our expectation has been that one would need to do more than that in order to get the benefits of iteration and knowledge.

Q59 **Dr Offord:** That is interesting. I do not think I am entirely comfortable with the targets that have been established through various reports so would you, as Minister, be prepared to commit to producing some targets that are more measurable, are more specific, and that we can not only measure progress but also as politicians we, within the Conservative Party, are able to go out and say to the public what we have achieved in our period in office?

Jesse Norman: The Government have a tremendous story to tell in this area. They have an integrated set of strategies across a whole series of different linked environmental areas. One can always potentially argue



that more can be done and that argument is often made. One understands the passion and energy that sit behind it. The point is that those strategies are in place, we have had success with the low-hanging fruit in our carbon budgets. We are now working very hard to get the next one. Within transport there are, as the NAO has recognised, significant successes as well. Of course, there is always more to do and that is why this process is really helpful.

- Q60 **Dr Offord:** One inquiry this Committee has undertaken is on the sustainable development goals and we were very concerned that each Department felt it was the responsibility of someone else, usually the Cabinet Office. When it came to departmental plans, we often found that there was no way of assessing any of these sustainable development goals against the priorities and the policies and, indeed, the achievements of each Department. Are you comfortable that we can actually do that with the sustainable development goals against your priorities? If not, will you introduce some metrics so we can make that comparison if necessary?

Jesse Norman: The consciousness and the awareness are now deeply embedded across Government and in the DfT. There are areas where much more can be done and you have touched upon them.

I am happy to take the point you raised. Bob or Nik, I do not know whether you want to add some more detail to pick up the point specifically?

Bob Moran: The annual report will contain information about how we are performing against the UNSDGs. It is a fact that Transport does not lead on any one of them per se but in terms of the—

- Q61 **Dr Offord:** But no Department really leads on any of the SDGs.

Bob Moran: There is a large exercise under way led by the Department for International Development at the moment where we are undertaking a voluntary national review of all the UNSDGs. Transport is absolutely playing a full role in at least three of the 16 goals where we see that we have not just a good story to tell but where we have made significant progress and that needs to be reported. That work is under way right now.

- Q62 **Chair:** Coming back on the ULEV's, why do you not publish ULEV projections as a matter of course, given that in 2015 a 9% take-up target looked reasonable and achievable and has been missed? We do not want to get to 2029 and find the 50% or 70% target is suddenly at 10%, do we?

Jesse Norman: Certainly not. The point of having interim targets is to prevent that from happening while giving the scope and the potential for the market to adjust as we have described.

- Q63 **Chair:** There is also a policy and regulatory framework, isn't there, which



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you set?

Jesse Norman: That 9% target was not set by the Department.

Q64 **Chair:** No, it was set by the Committee on Climate Change for the most cost effective path for the country's economy. What we are saying is if we do not follow that then it will cost the economy more.

Jesse Norman: Yes, I know it is potentially blasphemous but while I massively recognise the authority of the Climate Change Committee in the area of carbon budgets, I am not as persuaded about its expertise in matters of market dynamics and specifically car or ULEV market dynamics. If there is evidence that 9% target was formulated on the basis of assumptions that hold up now then I am happy to look at it but I think it was something that came about potentially on a more widely ranging basis. As I have described, I think this current situation evolving is very different.

The point you make, though, is a good one, which is that you do need to have evolving potential to be held to account within Government for those decisions. At the early stages of markets, the kind we described, you are inevitably going to get the kind of competitive chaos that we are seeing in infrastructure provision for electric charging points, that we are seeing to some extent in the new electric car market where you are getting lots of innovation and lots of new models.

As markets settle down it becomes much easier to make projections about where they are going to be at a certain period of time and it also becomes easier to decide what changes to parameters might affect the take up of vehicles or other forms of consumer behaviour.

Q65 **Chair:** When will you review the ULEV progress against that 2030 target?

Jesse Norman: We look at it regularly so I would imagine it will be a continuous monitoring matter. We have an office specifically created across Government, much praised I am pleased to say by the NAO in its report, whose job it is in part to monitor the take up relative to that target and to propose policies that will stimulate and support it. That is what we do.

Q66 **Chair:** I think it would be helpful to this Committee and to the wider public, and potentially the Committee on Climate Change, who I am sure are always refining their models and their economics, not least because we have a policy gap for our fourth carbon budget, which is rapidly approaching and the decarbonisation of transport is not proceeding at the pace for the reasons we have discussed, so can you get the Office for Low Emission Vehicles to publish the ULEV projections on a six-monthly or annual basis so we can see what the path is? Or you could publish it.

Jesse Norman: I do not know whether there are reasons of confidentiality or other competitive reasons why you might not want to do that. Let me discuss that with them. I am happy to take that away.



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Chair: Okay, thank you. That would be helpful.

Q67 **Zac Goldsmith:** Can I talk about the VW emission standard? Before I do that, I want to ask you one question. Is it your intention to include aviation in the next round of carbon budgets?

Jesse Norman: I don't know the answer to that question.

Q68 **Chair:** I think the answer is no, isn't it?

Bob Moran: International aviation is excluded from the carbon budgets.

Q69 **Zac Goldsmith:** There is no plan to bring it into—

Bob Moran: We are looking forward to the Committee on Climate Change's advice on two counts, both on the aviation sector in general but also in terms of the IPCC 1.5 degrees and net zero. We are talking to them and working with them closely right now. That is coming up on 2 May so we are looking forward to that.

Q70 **Zac Goldsmith:** Just for the record—and thank you for that—their advice, it is not policy advice, is that if we are to meet the targets as a country we have legally pinned ourselves to, aviation emissions would have to go back to 2005 levels by 2050, which obviously is not going to happen if we proceed with our various aviation plans—the “H” word that I am forbidden for using in this Committee.

The answer is that you are re-examining that. You may need up moving to a position where aviation may be included in our carbon budgets.

Bob Moran: We are looking forward to seeing the latest advice from the CCC.

Q71 **Zac Goldsmith:** You will take the advice provided by the CCC.

Bob Moran: I am sure Ministers will consider it.

Q72 **Zac Goldsmith:** All right, thank you very much. I want to ask about the VW emissions briefly. The NAO, which was in earlier, tells us that there are still 300,000 VW or Skodas in the UK with the defeat devices still intact, owned by people who have not yet brought them back. Obviously that makes it very hard for us to tackle air pollution. What is the Government doing to encourage those owners to bring their vehicles back to get their cars fixed?

Jesse Norman: It is a very difficult question. Let me say first of all that we are extremely—well, I am—condemnatory indeed of Volkswagen. Let's be perfectly clear what is going on here. This is a company that has deliberately put out vehicles that have the effect of poisoning the atmosphere and poisoning individual people. It is a pretty heinous, in my view, crime. It has been compounded by the unwillingness of Volkswagen as a company to engage with not just other Governments that have been concerned, such as ours or the American Government, but even with the commitments they made themselves. They undertook to us to publish the Jones Day report and they have failed to do so.



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We have regular meetings with them at official level. I have seen Volkswagen as well. We are, as I think the NAO has documented, in a place where we have found ourselves short of regulatory and legal weapons, except for potentially one part of Skoda where these vehicles were type-registered, and properly deferring for legal reasons to the prosecuting authorities in Germany.

In terms of the number of cars out there, the take up is about 75% at the moment. We would love it to be higher. We meet with them every month to work out ways of nudging them to do that. We do take the view that it is for Volkswagen to do this. We have not tried to take powers to compel owners to do it because we take the view that they have already been punished, in some respects quite heavily, by having a vehicle that is inevitably marked down in value and by having a loss of trust in the brand that they have purchased.

It is not, by any means, an easy situation.

- Q73 **Dr Offord:** Can I just jump in on that? When I had problems with my vehicle, I have often had letters from the manufacturer saying, "You need to come in to have the work done". Would it be possible that you could contact Volkswagen and ask them to do the same to those people?

Jesse Norman: We have.

Dr Offord: Perhaps do it a second or third time.

Jesse Norman: My impression has been that the UK franchise network, or the company itself, has certainly made efforts to stimulate that. The question is are they doing enough. We continue to push them to do more. That is the situation.

- Q74 **Zac Goldsmith:** I will come back to the German point in a second, and I take the side point you made about Skoda, which is potentially more open to being challenged by the UK in way that VW is not. Is there any other action that the British Government can take?

Jesse Norman: We now have a power that allows us to compel the recall of vehicles, which did not exist before. The regulations are being developed.

There is another angle that has just opened up, which is very interesting, which is that, as you will know, in America the SEC is exploring the suggestion—and I think it has filed suit against VW in America—that the commitments made in financial documentation associated with bond and other issuances, which involved commitments about the company and statements that were untrue, might be a basis on which to launch a prosecution.

- Q75 **Zac Goldsmith:** That presumably would apply here as well.

Jesse Norman: I have asked the FCA to explore. You can imagine I am looking at every angle we possibly have to try to go after these guys. I



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have asked the FCA to look at that as to whether or not documentation was issued that might be under a UK jurisdiction and permit a parallel legal case to be made.

Q76 Zac Goldsmith: That is fascinating. When would we likely be able to hear more about that?

Jesse Norman: I do not know the answer to that question. The FCA is looking at it, consulting on it with its lawyers and we will have to see what their expert judgment is.

Q77 Zac Goldsmith: Could you keep the Committee posted on that?

Jesse Norman: I would be delighted to but you need to know that the SEC—I think I am right in saying—announcement was only made a very small number of weeks ago.

Q78 Zac Goldsmith: Last question on Germany. We are told by the NAO that the Government does not currently receive formal updates on how the investigation in Germany is progressing, which seems odd given that we are dependent at least partly on what is uncovered in that case. Is that still the case and, if so, why?

Jesse Norman: I have certainly never seen any but I do not think I would expect a prosecuting authority in another country to be briefing Ministers in a foreign country about the status of a prosecution.

Q79 Zac Goldsmith: Whether or not it is a formal briefing for Ministers, you would have thought we would find a way to be fully briefed about the progress of the case. It seems to me we do not even know when the investigation is likely to end.

Jesse Norman: No, we don't know that. I don't think we have been given any end date and, as you might imagine, it is obviously the criminal phase as well as potentially further charges and other counts, it is a very large and very complex—and also obviously potentially quite sensitive—case within Germany.

Q80 Chair: There is a very stark contrast, isn't there, with what has happened in America where all of the fixes were applied essentially within a year and the fines would have been £1 million a day in the state of California and then X million pounds at a federal level, so that gave Volkswagen every incentive. We have no powers to fine so we have a third of a million cars still riding around the streets contributing to our air pollution crisis.

Jesse Norman: We have had a legal system that has relied on the place in which these vehicles were certified—under, if I may tease you slightly, Chairman, EU law. We are reliant on that set up and if we—

Q81 Chair: You just said you are going to take powers to force the test to happen. When are you going to enact those powers and act under them?

Jesse Norman: I do not exactly know but I can write to you.



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Q82 **Chair:** Is that in the AEV Bill?

Jesse Norman: No, it is not.

Q83 **Chair:** It is a regulation?

Bob Moran: Yes, it is a commitment made in the Clean Air Strategy and will potentially be part of the Environment Bill.

Q84 **Chair:** You have made a commitment but you have not legislated for it?

Bob Moran: That is right.

Q85 **Chair:** You are waiting for the Environment Bill to come in in 2020, next year?

Bob Moran: The Environment Bill is expected this summer.

Q86 **Chair:** We are scrutinising the Environment Bill and it is only half written. Are you going to put that power to make a fix into the Environment Bill?

Bob Moran: Yes, the power to compel manufacturers to recall vehicles on environmental grounds. We already have that power on safety and have had it for a long time but we have not had that power on the environment.

Chair: That is helpful. That is the first we have heard about that. Thank you.

Q87 **Geraint Davies:** Obviously we knew about the VW scandal three years ago, we have done a Clean Air Bill and one of the provisions was to make defeat devices illegal, and yet we hear, as has just been said, there are 300,000 of these cars still on our roads. The figure is much less in Germany, isn't it, because they have brought them in?

Jesse Norman: It is much less?

Q88 **Geraint Davies:** There are not all these dirty cars going around in Germany because the German Government, even though they have been protecting VW, have insisted that they bring them in. That is correct, isn't it?

Jesse Norman: I do not know. How the German Government have dealt with VW is not something I can comment on.

Q89 **Geraint Davies:** Obviously the US Government has basically charged billions to VW, why are you not pushing harder to put greater legal costs and threats on VW at a time when 64,000 people are dying prematurely in Britain now per year from clean air problems largely to do with diesel and defeat devices?

Jesse Norman: The short answer is the powers did not exist at the time that the activities took place and we do not have the capacity to pass retrospective legislation that would capture the—

Q90 **Geraint Davies:** Why have you been so slow is what I am saying?



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Jesse Norman: Slow in what sense?

- Q91 **Geraint Davies:** It is over three years, legislation could have occurred in that time and we are waiting now until 2020 and people are dying. The average person is living 2.2 years less because of diesel pollution because of your inaction.

Jesse Norman: No, it is not because of our inaction, it is because the company has not been successful in withdrawing its vehicles. We do not have the same relationship to VW as the German Government have to VW and it may be they have been operating under a different regime.

- Q92 **Geraint Davies:** You are aware, of course, that the cost of this diesel pollution to the health service and so on is something like £20 billion a year. Apart from the deaths themselves, do you not think it is incumbent upon the Government to act more quickly to both save money and save lives, rather than dragging their feet?

Jesse Norman: We have not been dragging our feet; we have been looking very closely and carefully at whether or not it is possible to use legal measures to compel or to recover a situation that was created by Volkswagen before we had applicable law. We now have emissions tests that are designed to filter this problem out. We are not expecting—

- Q93 **Geraint Davies:** In terms of the Clean Air Strategy that has been implemented or put forward by DEFRA, how much joined-up thinking is there between the numbers in your projections, to the extent that they exist, and the Treasury on doing a joined-up point of view, for instance, on whether we should stop freezing diesel duty, just by way of—

Jesse Norman: As you are aware, we have a joint air quality unit that sits between ourselves in DfT and DEFRA. It was picked out by the NAO in its report as being a great example of cross-Government working. We think it works pretty well. There will always be an argument as between spending Departments and the Treasury as to what the balance is going to be between the commitments that are made in the spending review and other fiscal incentives the Treasury may itself choose to offer. There can be no doubt in their mind as to what we want. You can see, for example, what they have done in relation to ultra-low emission vehicles, although the fleet tax has gone up temporarily, it has come down to potentially a very attractive level. It reflects that kind of policy—

- Q94 **Geraint Davies:** There was a discussion a moment ago about the relative merits, the consumer merits, of having a subsidy on an electric vehicle versus a diesel car. Obviously the other way forward would be to pronounce that the diesel tax is going to go up at least by the rate of inflation in future.

Jesse Norman: The diesel market is collapsing or falling in cars very rapidly as it presently is, as you will detect. That is having all kinds of implications. In some respects, as you know, it is hindering the decarbonisation process, so that is an unexpected negative consequence



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of that. Current diesels are, in many ways, remarkably clean cars so it has the effect of running older diesels together with current diesels and it is also having very negative effects on specific producers in this country and elsewhere. It is a more complex position than you are—

Chair: Sorry, we are going to have to move on.

Q95 **Geraint Davies:** Can I finally ask—

Chair: We are going to move on because we are about to have a vote.

Geraint Davies: The Department set aside £100 million four years ago to tackle air pollution at roadsides and I understand the Department has only spent £8 million of that. Isn't this again indicative that the Department really does not take clean air and public health seriously?

Jesse Norman: No, nothing could be further from the truth. We spend a fortune on clean air and we are very proactive on the regulatory side. We have at £275 million clean air implementation fund. We have a £220 million clean air fund. We have very close relationships with three phases of local authorities—again, I think this is in the NAO report but is widely known—where we are seeking to work with them to mandate clean air policies locally, which are as little punitive as possible on people while making sure that the proper effects on air quality are achieved. It is a very engaged, detailed and complex task but we are engaging in it with enormous energy and commitment.

Q96 **Geraint Davies:** Finally, when will you have standardised electric charging points as Zac Goldsmith mentioned? People cannot with confidence buy electric cars. We are not doing much about the diesel pollution, people want to switch because consumer behaviour is changing despite the fact that you subsidised diesel cars, and now people cannot buy electric cars because there is not standardised electric charging. When are you going to universalise it? You have the power. Why don't you do it?

Jesse Norman: We are doing a lot, as I have already described, about improving air quality. With electric cars the problem is not that charging is not standardised, it is there are too many standards at the moment and we are trying to allow a competitive process that is fuelling additional rollout of charging points under the private sector initiatives. As that process proceeds we are trying to make it more standardised and to remove some of the intrinsic self-entrenching mechanisms that some of the players are using, all of which is designed to create a more level playing field and a much more consumer friendly one, consistent with a rapid rollout. That is precisely what we are trying to do.

Chair: Geraint, we are going to leave there and we are going to move on. We have a final question from Alex.

Q97 **Alex Sobel:** In 10 days the legal default is that we leave the EU without a deal. Obviously your Department is undertaking no-deal planning in areas of ports, ferries, haulage, aviation, driving in the EU, seafarer



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certificates of competency and in one particular area, the reporting of CO₂ emissions in new vehicles. What progress has the Department made? There are two EU regulations, 443/2009 and 510/2011. Have those SIs been laid and passed?

In your own guidance it says that you will potentially make changes to those two sets of regulations around specific CO₂ targets. Have any changes to the CO₂ targets been made, or planned, and derogation levels around the size of the UK market compared with the EU and also in terms of how fines are levied? Have those SIs been laid and have you made any changes to the regulations?

Bob Moran: The answer is yes to 510. The car and van one has been merged and an SI has been laid, debated and made. It has also been the subject of two technical notices and we have been in discussion with the industry with regard to how in future we will consider derogations and fines and so on. The answer is yes.

Q98 **Alex Sobel:** In the future? When are you planning it?

Bob Moran: That is for a longer-term framework of regulation.

Q99 **Chair:** They have passed this place, it has gone through Parliament?

Bob Moran: Yes.

Q100 **Alex Sobel:** Who would enforce them once we have left the EU?

Bob Moran: That would be a body determined by the Secretary of State.

Q101 **Chair:** We do not have a body to enforce those standards?

Bob Moran: It would be the Department for Transport, it might be the VCA, I would expect. It is a body under the control of the Secretary of State for Transport. It is laid out in the SI.

Q102 **Chair:** It is in the SI. We are not expecting you to reach back into your brain and remember that. If you can write to us to clarify that, that would be very helpful. Thank you all very much indeed, I think we are expecting votes sooner rather than later. I thank the Minister and his colleagues for attending.

Jesse Norman: May I make one final point? It would be very remiss of me not to not only thank you but also to point out the excellent work we are doing and hope to do in the future in our cycling and walking strategy as well.

Chair: We did not get to that.

Jesse Norman: I think it is a very important part of our decarbonisation strategy.

Q103 **Chair:** Are you switching your car to an electric bike, Minister?

Jesse Norman: First of all, as you know, I am a very keen cyclist who comes into the office every day, into Parliament, on a bike and I do it



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either on a regular bike or an electric bike, so I am very committed. It works quite well with transport in the city. That wider perspective is something I look forward to coming to talk to you about in future.

Chair: We look forward to it as well. Thank you very much indeed.