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Public Bill Committee

ENTERPRISE AND REGULATORY REFORM BILL

Fourth Sitting

Tuesday 26 June 2012

(Morning)

CONTENTS

Written evidence reported to the House.

CLAUSE 1 under consideration when the Committee adjourned till this day at Four o'clock.

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The Committee consisted of the following Members:

Chairs: † HUGH BAYLEY, MR GRAHAM BRADY

† Anderson, Mr David (*Blaydon*) (Lab)
 † Bingham, Andrew (*High Peak*) (Con)
 † Bridgen, Andrew (*North West Leicestershire*) (Con)
 † Burt, Lorely (*Solihull*) (LD)
 † Carmichael, Neil (*Stroud*) (Con)
 † Cryer, John (*Leyton and Wanstead*) (Lab)
 † Danczuk, Simon (*Rochdale*) (Lab)
 Davies, Geraint (*Swansea West*) (Lab/Co-op)
 † Evans, Graham (*Weaver Vale*) (Con)
 † Johnson, Joseph (*Orpington*) (Con)
 † Lamb, Norman (*Parliamentary Under-Secretary of State for Business, Innovation and Skills*)
 Morris, Anne Marie (*Newton Abbot*) (Con)
 † Mowat, David (*Warrington South*) (Con)
 † Murray, Ian (*Edinburgh South*) (Lab)

† O'Donnell, Fiona (*East Lothian*) (Lab)
 † Ollerenshaw, Eric (*Lancaster and Fleetwood*) (Con)
 † Onwurah, Chi (*Newcastle upon Tyne Central*) (Lab)
 † Prisk, Mr Mark (*Minister of State, Department for Business, Innovation and Skills*)
 † Ruane, Chris (*Vale of Clwyd*) (Lab)
 Simpson, David (*Upper Bann*) (DUP)
 † Smith, Julian (*Skipton and Ripon*) (Con)
 † Wright, Mr Iain (*Hartlepool*) (Lab)
 † Wright, Jeremy (*Lord Commissioner of Her Majesty's Treasury*)

James Rhys, Steven Mark, *Committee Clerks*

† **attended the Committee**

Public Bill Committee

Tuesday 26 June 2012

(Morning)

[HUGH BAYLEY *in the Chair*]

Enterprise and Regulatory Reform Bill

Written evidence to be reported to the House

ERR 09 Chartered Institute of Environmental Health
ERR 10 UCATT
ERR 11 Manifest Information Services Ltd and MM&K Ltd
ERR 12 ShareSoc
ERR 13 Million+
ERR 14 David Bleiman

10.30 am

The Chair: Good morning. I am sorry to have missed the Committee's oral evidence sessions last week, but I have been reading the transcript, so I hope to get up to speed, and I am sure members will help me to do so. I understand that there is a point of order.

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): Thank you, Mr Bayley. I look forward to your stern but fair guidance in our deliberations.

On a point of order, Mr Bayley. Members will know that, in Committee on Thursday, we circulated several relevant documents, including the shareholder framework document, the operational independence undertaking and the articles of association. I make that point for the benefit of the Committee, simply because the documents are relevant to the amendments and clauses in part 1, and I will refer to them.

Mr Iain Wright (Hartlepool) (Lab): Further to that point of order, Mr Bayley. I was grateful to the Minister for providing that information, which will illuminate some of our deliberations. To clarify, I understand that we did not receive a full copy of the articles of association, but only article 3. Is that correct? I have printed off a full copy of the company's articles of association, but will the Minister clarify that for the benefit of the Committee?

The Chair: Order. That is a point of order for the Chair, but it might be simpler to let the Minister make a supplementary point of order.

Mr Prisk: Further to that point of order, Mr Bayley. The hon. Member for Hartlepool is entirely correct. The articles form a more substantial document. However, we felt that it would be appropriate to provide the shareholder relationship document with the operational independence undertaking—that is the crucial document for colleagues to be aware of—and the green objective,

which is the article of association to which I will refer. At the moment, I am not planning to refer to any other specific articles; hence the provision of what I hope is a concise but useful set of papers for the Committee.

The Chair: Good. We now begin our line-by-line consideration of the Bill.

Clause 1

UK GREEN INVESTMENT BANK

Mr Iain Wright: I beg to move amendment 5, in clause 1, page 1, line 6, leave out from '(b)' to end of line and insert

'the acceleration and active promotion of initiatives with the purpose of facilitating significant improvements in energy savings and energy efficiency.'

The Chair: With this it will be convenient to discuss amendment 4, in clause 1, page 1, line 11, at end add—

'(4) Nothing in subsection (1)(b) shall allow the UK Green Investment Bank to consider investments in high carbon infrastructure projects, or in projects likely to result in a significant increase in greenhouse gas emissions.'

Mr Wright: May I begin by welcoming you to the Chair, Mr Bayley? You missed a right treat last week, but I am sure that, as you say, you will get up to speed as quickly as possible. I know that you take a particular interest in the Green investment bank.

I want to say a few words about how the Opposition will go about considering the Bill line by line. We aim to challenge and to scrutinise as thoroughly as possible, but as reasonably as possible. We will not table amendment after amendment—grinding down the Minister as much as possible—for the sake of it. We hope that we can work with the Government as constructively as possible to ensure the right legislative framework to promote enterprise, facilitate economic growth, protect the rights of employees and, as far as possible, bed into law a more responsible type of capitalism.

I am sure all Committee members will want to engage in such a constructive dialogue. I look forward to contributions not only from Opposition Members, but from Government Members. I particularly look forward to hearing how Government Members will bring together robust and scientific evidence to promote their arguments. In the oral evidence sessions, we heard evidence based on "what a bloke in the pub told me", which I thought was particularly illuminating.

Ian Murray (Edinburgh South) (Lab): I am grateful to my hon. Friend for giving way so early in what will be an illuminating and interesting discussion. When I met a friend in the pub last week, he was furious that the Government could only come up with anecdotes to solidify their arguments.

Mr Wright *rose*—

Chris Ruane (Vale of Clwyd) (Lab): Will my hon. Friend give way?

Mr Wright: Certainly.

Chris Ruane: I, too, met a friend in the pub, and he was equally outraged.

Mr Wright: I should imagine that most hon. Members have met people in their pubs—I certainly know the drinking habits of some Committee members.

My hon. Friends are right to make that important point. On Second Reading and in Committee last week, there was a lot of the “Anecdotes R Us” approach to policy making and embedding in legislation. Certainly when Mr Adrian Beecroft gave evidence, there was not much robust empirical evidence behind some of his recommendations, so we will challenge and scrutinise, but we hope to do that as constructively as possible.

The amendments tabled by me and my hon. Friends have a similar and somewhat simple purpose: to tighten up the language currently employed in clause 1 dealing with the green purposes undertaken by the Green investment bank. In moving the amendments, Mr Bayley, I hope to seek your guidance fairly early on. I hope that we will have a clause stand part debate to ensure that we can debate the nature of what is in clause 1 in wider terms, particularly the nature of what the Green investment bank may or may not be permitted to do. I will confine my remarks to the amendments and focus on them, but I will seek your guidance with regard to clause stand part.

The Chair: So long as I feel that the debate has not exhausted all possibilities for reasonable and orderly discussion, we will have a stand part debate.

Mr Wright: That is very helpful and provides me with a great deal of clarity, Mr Bayley.

As clause 1 currently stands, the Green investment bank may be permitted to invest in just about anything. It has a specific remit to ensure that its activities deal with the green or low carbon economy. The bank’s strategic framework, which the Minister has already referred to, states that the GIB is to conduct its activities in a manner that the Board considers will or is likely to deliver the green impact primarily in the United Kingdom. We agree and we support the Government in that strategic framework. However, the bank is required to fulfil only one of the five criteria in clause 1 to ensure that it satisfies the green test. We believe that subsection (1)(b) could be substantially tightened up. At the moment, it states that one of the green purposes is:

“the advancement of efficiency in the use of natural resources”.

We contend that in theory the Green investment bank could invest in a marginally more efficient gas-fired power station and then claim, quite legitimately, that that investment has fulfilled the green purposes as set out in subsection (1)(b). We do not believe that that is either the purpose or the intent of clause 1. That is why we have tabled amendments 5 and 4. Amendment 5 would strengthen the wording in clause 1(b) to ensure that the bank could consider only investments that led to the acceleration and active promotion of initiatives that would significantly improve energy savings and efficiency.

In a similar vein, amendment 4 states clearly, for the avoidance of any doubt, that investments made, as set out in subsection (1), could not be permitted in high carbon infrastructure projects

“or in projects likely to result in a significant increase in greenhouse gas emissions.”

Julian Smith (Skipton and Ripon) (Con): I thank the shadow Minister for giving way. Will he clarify how the amendments would interact with large-scale carbon capture and storage projects such as the one in Yorkshire and the Humber where we are hoping to bring cluster investment, and where there will be quite a lot of complicated investments in gas power stations and the like? The amendment seems to be a little complicated and will not help Britain to get investment.

Mr Wright: I would disagree with the hon. Gentleman. I do not think that it is complicated. If anything, I hope that it would simplify and tighten up the language that is currently in the Bill. When it comes to CCS—I hope to talk about CCS when we come to the clause stand part debate, if I may, Mr Bayley—I certainly think that that is something that the Green investment bank should be considering investing in. That is something in which Britain could play a leading role in the global economy. There is a risk that our competitive advantage is being undermined by the fact that we are not moving with the urgency that we perhaps should.

In presenting evidence to the Committee last week, Dr Gordon Edge, policy director of RenewableUK, Nick Mabey, the chief executive of E3G, and David Powell, an economics campaigner with Friends of the Earth, all stated that the Bill needed an explicit reference to avoiding high carbon investment and, crucially, a link with the Climate Change Act 2008 to provide more long-sighted investments. They stated that there was a need—I hate to use this phrase—to future-proof Green investment bank investments beyond the short term and allow for transformational investments based on the long term and the decades to come. The Minister might respond that it is inconceivable that a vehicle set up and designed to deliver transformational change to the low-carbon economy, which is what the Green investment bank is, would consider an investment in high carbon. However, as the Bill currently stands, that is theoretically possible.

We in the Opposition suspect that our amendments are the sort of things that Ministers have in mind regarding clause 1 anyway. Amendments 5 and 4 are consistent with the spirit and meaning of both the concept of the Green investment bank, which we agree with, and the specifics of clause 1.

David Mowat (Warrington South) (Con): The term “high” is a relative one. In terms of tonnes of carbon per kilowatt hour, what sort of figure does the hon. Gentleman think should be in the Bill to define what is high? It is not an absolute measure.

Mr Wright: I absolutely agree with the hon. Gentleman. The measure is a subjective one, which is why a key part of the policy is the clear link to the Climate Change Act 2008, which provides a framework for driving down carbon emissions as much as possible.

[Mr Iain Wright]

The amendments would merely clarify the meaning of the Bill.

Neil Carmichael (Stroud) (Con): I want to emphasise the importance of setting out the principles of the Green investment bank. If we start talking about technologies in any way, there is a danger that we will find, sooner or later, that those technologies have been overtaken by new ones. The Bill needs to have the scope for very long-term planning in protecting the environment.

Mr Wright: I agree with that. We can discuss that in a clause stand part debate. At the risk of pre-empting the debate to some extent, I do not think the clause should be too prescriptive to ensure that we invest only in certain technologies. However, there are certain things that the Bill, the Green investment bank and the clause should consider as a means of future-proofing and of having a longer term investment framework. A balance certainly has to be struck, and I hope to tease out of the Minister what that appropriate balance is.

As I said, the amendments would merely clarify the purpose of the clause, and I hope that the Minister will demonstrate that he is a good Minister, as I know he is, and that he is in listening mode from the very start of our sittings. I hope that he will put us in a good mood by accepting the amendments.

Mr Prisk: I add my welcome to you, Mr Bayley, in the Chair. We look forward to your firm control of our proceedings.

I begin with a declaration of interest, which is in the Register of Members' Financial Interests: my wife is the chief operating officer of the Financial Services Authority—[*Interruption.*] Well, someone has to earn some money in our household.

I welcome the intention of the hon. Member for Hartlepool to be constructive in opposition. I must say that I am slightly wary that the flattery has begun quite so early. It is tempting—

Mr Wright: The Minister knows me far too well.

Mr Prisk: Indeed.

I intend to treat the amendments on the basis that it is important that we examine the questions before us, and the amendments are good in that regard.

Let me step back to look just at clause 1, and then address the specific issues raised by the amendments. I recognise that unless the debate on amendment 3 goes further, we may want to examine some other parts of the clause in a stand part debate, which I look forward to. Just to give some context to hon. Members, clause 1 sets out five separate statutory green purposes. They are broad green principles which, when read together, set the parameters of the bank's activity to ensure that it must always be green, even if one day, under a future Government or Parliament, it becomes privately owned.

There is no universal definition or agreement on what amounts to "green" or "green purpose". Even within the environmental lobby, there is no universal consensus on the matter. Our approach is to outline broad principles

that provide a useful overarching framework for the bank's activity while preserving sufficient breadth of manoeuvre for evolving green priorities to be addressed over time and to allow the bank to exercise its judgment without this being unduly fettered. Clearly, while there is, as the hon. Gentleman suggested, some overlap between the five statutory green purposes, they are firmly recognised as distinct aims that we must work towards in order to facilitate this country's transition to a green economy.

10.45 am

Subsection (1)(b) relates specifically to the advancement of efficiency in the use of natural resources. I shall explain why I intend to resist both amendments, but first I shall address the rationale behind paragraph (b). The phrase, "the advancement of efficiency in the use of natural resources" is widely recognised, it is an important green aim and it is there to support longer-term environmental sustainability and the transition to a green economy.

We are all aware that natural resources are finite and it is important that they are used carefully in order to protect their use for future generations. Indeed, we want to make sure that this is done with minimal harm to the natural environment and a reduction in greenhouse gases. This reflects the synergies between the individual green purposes set out, but natural resources include a broad range of factors. They encompass water, forestry, fauna, minerals and, of course, fossil fuels. As these finite resources continue to be exploited, here and elsewhere, this green aim will have an increasing importance in the medium and longer terms. We believe that it is essential that there be explicit reference to it in the legislation.

According to the United Nations Environmental Programme the concept is,

"reducing the environmental impact of the consumption and production of goods and services over their full life cycle".

This concept reflects a focus on fewer impacts from outputs—such as less pollution—and as UNEP makes clear, improving resource efficiency is a necessary component of environmental sustainability.

Amendment 5 proposes the deletion of the words in paragraph (b) and the insertion instead of a new wording focusing on energy savings and energy efficiency. I resist amendment 5 for two reasons. First, it means that the effect of paragraph (b) will be focused much more narrowly on greenhouse gas emissions, which is the intended scope, of course, of subsection (1)(a). This renders the distinction we have sought to achieve between the two nearly redundant. Secondly, it would expressly exclude non-energy natural resources from the scope of the statutory purpose.

Understandably, energy efficiency is regarded as perhaps the foremost challenge at the moment in terms of natural resource efficiency. Given the UK's current energy mix, most energy efficiency is, of course, currently focused on reducing the consumption of fossil fuels. Gas-powered combined heat and power production is a good example of a technology dedicated to energy efficiency that most people would regard as green. This highlights the importance of including fossil fuels within the definition. However, natural resource efficiency is not simply about energy efficiency or savings—it goes much wider than that.

For example, it includes the reuse and recycling of materials, including metal and plastics recycling. This country currently has a target of recycling some 50% of household waste by 2020 as part of a long-term move that should substantially reduce our dependency on finite resources. If amendment 5 took effect, projects that protect non-energy natural resources—water, forest or fauna and so on—would be excluded from the statutory purpose, and therefore from the legislation. This would mean that clause 1 would no longer expressly recognise the very important issue of the careful preservation and protection of all natural resources. The bank would not be able to invest, under subsection (1)(b), in projects designed to reduce, for example, challenges of water consumption, water management and water storage; or the recycling of natural resources in short supply, such as rare earth metals.

A narrower focus on energy as a result of amendment 5, rather than our proposed definition, would mean that the likely green impact of the project would focus far too narrowly on greenhouse gas reduction.

Mr Iain Wright: The Minister is making a strong case. I understand and accept his point about the need for synergies in the five green purposes. However, given what he said, surely the preservation of natural resources would come under subsection (1)(e), the promotion of environmental sustainability?

Mr Prisk: It is possible, but when we look at expert advice, we can see a significant doubt over that. Issues of water management and preservation, flora and fauna, forestry and so on are sufficiently significant that we need an explicit reference. That is why I think, as the hon. Gentleman says, there is a strong case for broadening the wording beyond just energy.

As the pressure on our water resources, forests, fauna and flora and other natural resources increases in the years to come, the limitation of the amendment will become increasingly clear. We might be condemned for being short-sighted if we adopted it. While I totally understand the wish to explore the issue—the discussion has been helpful—clause 1 should retain the wider concept of the advancement of the efficiency of natural resources as a clear and independent purpose.

Ian Murray: Are there any examples that the Minister is concerned about where the advancement of one beam might be contradictory to any of the other goals of the Green investment bank?

Mr Prisk: One of the dangers of narrowing the scope is that, for example, if we look at the recycling of lithium batteries, it would not fall within the definition proposed, but it would fall within what we already have in the Bill. We must be careful to ensure that we do not unintentionally start narrowing things and pushing things out. Clearly, lithium, as a rare earth material, is an important topic. That is an example of how the clause would operate.

David Mowat: A further example might be energy efficiency, which the amendment talks about. It seems to me that the amendment would apply if we were able to make a coal-fired station move from, say, 25% efficiency

to 40% efficiency. That would be within the scope of the amendment, but I cannot think that that is what the Opposition want to do.

Mr Prisk: I am sure that my hon. Friend is right. I suspect that that is not necessarily the Opposition's intention with the amendment. I will come on to that, because he raises a good point, which is also pertinent to amendment 4.

Amendment 4 proposes that the bank should not be permitted under subsection (1)(b) to fund high-carbon infrastructure projects or projects that are likely to result in a significant increase in greenhouse gas emissions. Superficially, that feels like an entirely reasonable and understandable ambition, but the reference to high-carbon infrastructure projects is inappropriate for primary legislation, and I will explain why.

Amendment 4 would create an additional test simply on carbon emissions and the use of fossil fuels. We think that that is too narrow and rigid. Here is where we come to the issue of energy production. For example, investments in non-domestic energy efficiency could include some of the leading-edge gas-fired combined heat and power schemes, especially where they are replacing the existing heat-only industrial installations. After all, at the moment, my understanding is that CHP units are able, in some cases, to almost double the energy efficiency of such installations. The danger is that the amendment could prevent that.

If we take the example referred to by the hon. Member for Hartlepool himself of gas-fired power stations, at present, current technology would suggest that we would not expect the bank to invest in a high-efficiency gas power station, because it would not provide a sufficient reduction in carbon emissions over and above those generally available on market terms. However, as many of us are aware, as other technologies develop, particularly carbon capture and storage, that may well change. The problem with narrowing things in primary legislation is that they are unlikely to be future-proof, if I can use that phrase. The danger is that the amendment, as it is written, would rule out such projects.

As my hon. Friend the Member for Stroud rightly pointed out, principles rather than technology should guide us. The fundamental problem with the amendment is that existing technology is constantly changing, and there are technologies around today that 20 years ago we were not aware of at all. That will be the case as the bank develops its role. Our view is that we should be explicit about the aim of reducing greenhouse gas emissions in both paragraph (a) and in the bank's objects, but then let the bank's experts base their investment decisions on best practice and technology at the time of the investment. If this was simply something we were going to do for a year or two, we would be able to have an understanding of the environment we are working in. It is not, and we therefore have to be careful that we—to use the phrase—"future-proof". Perhaps we need to find another phrase, if we can.

By combining operational independence with clear obligations—which we will come to in later clauses—on the bank's directors, both in statute and company law, to fulfil the green purposes, we believe that we are striking the right balance, ensuring that this is both a green investment bank and one that can endure whatever

[Mr Prisk]

technologies and new challenges come along. That is why I do not support amendment 4. I think it is well intentioned and has drawn out some important distinctions, but I hope that, on consideration, the hon. Gentleman will withdraw it and amendment 5.

This has been a useful discussion and I recognise that the Opposition wish to operate on the basis of teasing out the details—that is what this should be about—but I hope that, on reflection, the hon. Gentleman will withdraw these amendments. If he will not, I urge the Committee to reject them.

Mr Iain Wright: It is very clear from the Minister's eloquent contribution that the approach he is going to take in the Committee will be the iron fist in the velvet glove. He is going to say, "I recognise the important point that the shadow Ministers have put forward, but I intend to come down like a ton of bricks on any possible amendments". I think he has made a very strong case on some of the issues and it is important that we understand the synergies contained within the five purposes. I fully appreciate the need to have flexibility and not to be too prescriptive. The Minister emphasised principles over technologies, and we agree with that, but I would have hoped that he would be slightly more accommodating than he has been.

Our purpose was entirely positive when it came to this group of amendments. We believe that, although there is a need to balance flexibility with not tying the Green investment bank's hands behind its back, we need to ensure that this is a vehicle for providing transformational change in the transition to a green economy. If the Minister will give an undertaking to look at the wording of the objectives, particularly clause 1(1)(b), and tighten it up, I would be happy to withdraw the amendment, but he seems to be very fixed in his approach. Will he go away and look at this and come back on Report?

Mr Prisk: We must be careful, when devising primary legislation, not to put something that becomes fixed in stone, nor—if we want to ensure that the bank is operationally independent when making investment decisions—should Ministers prejudge individual investments. That is why I am being very cautious, but what always happens with primary legislation is that the directors and those who view a new entity—in this case, the Green investment bank—will look not only at the legislation, but at Parliament's discussions. They will see the ambition that this should not be an institution which should start to make substantial investments beyond the purposes there. I cannot make a change in primary legislation—that would be inappropriate—but the intent, on the aspirations which the hon. Gentleman talked about, is clear and one which we understand.

Mr Wright: That is helpful. I still have a worry that the Minister has not properly addressed. He has argued strongly that the Green investment bank could help provide investment for something like North sea technologies, to ensure that more oil and gas can be extracted from the North sea over the next ten years. There is a strong case that we need oil and gas as part of the energy mix, but I do not think that the Green

investment bank is the vehicle to do it. The green purposes as they stand would allow such a short-term energy investment decision, which is high-carbon in its approach. On that basis, I am tempted to test the opinion on the Committee on these amendments.

11 am

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 12.

Division No. 1]

AYES

Anderson, Mr David	Onwurah, Chi
Cryer, John	Ruane, Chris
Danczuk, Simon	Wright, Mr Iain
Murray, Ian	

NOES

Bingham, Andrew	Lamb, Norman
Bridgen, Andrew	Mowat, David
Burt, Lorely	Ollerenshaw, Eric
Carmichael, Neil	Prisk, Mr Mark
Evans, Graham	Smith, Julian
Johnson, Joseph	Wright, Jeremy

Question accordingly negated.

Clause 1

THE GREEN PURPOSES

Mr Iain Wright: I beg to move amendment 3, in clause 1, page 1, line 11, at end add—

'(3) In undertaking investments in accordance with the green purposes outlined in subsection (1), the UK Green Investment Bank must take particular account of—

- (a) the ability of small and medium-sized enterprises of the United Kingdom to be awarded contracts,
- (b) how the investment would improve the effectiveness of the UK supply chain in the relevant industry in which the investment was being made,
- (c) helping UK businesses—
 - (i) reduce their greenhouse gas emissions, and
 - (ii) increase their energy efficiency, and
- (d) investment in new and emerging technologies.'

I feel like an England football player who has just played Italy. In fact, I do not think England have accepted that we scored quite so many.

We have discussed at length how the Green investment bank needs to be—this word again—transformational in its approach towards a low-carbon economy. I contend that if the bank's impact is to be truly transformational, it has to impact not only on the environment but on the British economy. There must be an explicit reference in the Bill to help British business make the transition to a green economy. There is very little point in allowing the Green investment bank to invest unless it does all it can to improve the chances for firms in this country to win business and provide enterprise—that word in the Bill again—and economic growth and job creation.

I have an example in my area that explains why I think the amendment is necessary. In the UK and particularly in the North sea, we have the biggest market anywhere in the world for the offshore wind industry. If

offshore wind is one of the key sectors that the Green investment bank intends to focus on—I believe that it is one of its priority sectors—there is huge potential in the North sea.

Steel is a major part of the manufacturing process for wind turbines. We in the north-east have great potential. Tata Steel has recently invested £9 million at its pipe mill in my constituency to try to secure work in this field. However, at present only 10% of the components going into offshore wind installations in Britain are British-made.

Down the coast from Hartlepool—the installations can be seen from my constituency—the Teesside offshore wind farm is a major contract off the coast of Redcar. There are 27 wind turbines in that farm, with each turbine requiring 400 tonnes of steel plate. The steel plant in Redcar, which has recently been reopened, is a stone's throw away from the offshore wind farm. Scunthorpe, just down the road, and my own constituency could be part of the supply chain of steel helping to make the components for those offshore wind turbines. We could be generating not only energy, but jobs and economic growth in the north of England.

However, the contracts for the Teesside offshore wind project were awarded wholly to Dutch and German manufacturers. Why was that allowed to happen? We in this country could be at the forefront of the green industry revolution—I do not think that is too strong a term. We have the markets in offshore wind and others that I have referred to. Why do we have contracts awarded to foreign firms? I am not advocating being protectionist in any shape or form; we need the harsh realities of markets in many respects. However, when the Green investment bank makes investment decisions, the procurement process must take into account the future capability and capacity of British firms and their supply chains, and have an economic and industrial remit that is wider than the cheapest cost. To deal with that issue, amendment 3 would require the Green investment bank, in undertaking investments, to take particular account of

“the ability of small and medium-sized enterprises of the United Kingdom to be awarded contracts”,

and to consider how the UK industrial and innovation supply chain would be improved.

Lorely Burt (Solihull) (LD): I have every sympathy with the hon. Gentleman's desire to encourage small and medium-sized enterprises, but I am worried about the definition of SMEs if the amendment were made. What would he say if an SME grew as a result of being awarded a contract, and was therefore no longer an SME under whatever definition is finally agreed? Is it not better to leave that open, so that SMEs that grow would remain within the provision?

Mr Wright: I agree with the hon. Lady's point. Ideally, we would not need the amendment, but—I gave the example of the Teesside offshore wind farm—British firms are denied such opportunities altogether. If we are truly serious about making the Green investment bank transformational in approach—having British firms and British workers benefit from this huge industrial revolution and maintaining our current competitive advantage in the face of immense global pressure—we

must ensure that the industrial supply chain, which has often been neglected over the past 30 or 40 years, is enhanced as much as possible. That is the purpose of the amendment.

David Mowat: There are two separate points—one is about British firms and the other is about SMEs—and the question relates to SMEs. Mike Cherry, the national policy chairman of the Federation of Small Businesses, gave evidence during the first sitting. I asked him whether he thought a definition of SMEs should be in the Bill—Question 42 in the transcript—and he answered that he did not, because it would not be practical. Why has the shadow Minister not taken cognisance of that advice on SMEs, which the FSB is presumably pretty keen to help?

Mr Wright: I disagree with the hon. Gentleman's interpretation of what Mr Cherry said. In his evidence last week, he confirmed that SMEs are

“a critical part of any supply chain, and they need stimulating as much as larger businesses.”—[*Official Report, Enterprise and Regulatory Reform Public Bill Committee*, 19 June 2012; c. 15, Q39.]

Last night, I received an e-mail from the FSB that makes it clear that it supports the amendment. Let me quote the e-mail to the hon. Gentleman. It states:

“Your amendment number 3 very much reflects what we have called for in relation to supply chain and procurement and the importance of ensuring a trickledown effect of investment in the low carbon economy. While the Green Investment Bank is not focussed on giving funding to SMEs, we do believe that there is a real opportunity to ensure new low carbon skills and knowledge spread down the supply chain to small businesses by requiring those large firms that benefit from government backed match funding, via the Green Investment Bank, to use SMEs in their procurement supply chains.”

David Mowat: I thank the shadow Minister for reading that to me. I will read to him Mike Cherry's evidence:

“It is very difficult to be as prescriptive as that, because businesses can have a small number of employees and a high turnover, and a large number of employees and a low turnover, so any definition would be too prescriptive.”—[*Official Report, Enterprise and Regulatory Reform Public Bill Committee*, 19 June 2012; c. 16, Q42.]

He went on to say that that should be “an operational matter”. We all agree that the thrust should be to help SMEs, which is the intention, but it is very hard to define them in legislation, as Mike Cherry said in his evidence.

Mr Wright: The whole purpose of tabling amendments and considering the Bill line by line in Committee is that I am keen for the Minister to set out the Government's direction. We have huge opportunities and the Green investment bank will invest quite substantial sums of money—not as much as it should, but we will come to that under another clause—so how can the British supply chain and the British economy benefit as a whole? How can we enhance the capability and the innovation of SMEs to ensure that they play a key part, and that Britain is at the very forefront of the low-carbon economy and this green industrial revolution?

I would hope that we could get cross-party support when it came to the matter, because every single hon. Member will have firms in their constituency that are

[Mr Iain Wright]

itching to be part of it but feel denied because of procurement practices. I hope that we can come together to ask the Government, “How will you help SMEs in our country to take advantage of that?”

Neil Carmichael: Apart from the problem of defining SMEs, the issue here is that supply chains are extraordinarily complex and, hopefully, more responsive structures. The Government are working in that direction through other measures. Surely, as my hon. Friend the Minister has already said, it is more of an operational issue as opposed to an almost aspirational hope in the amendment.

Mr Wright: I am happy to respond to the point about supply chains, because I have an example of where that is working well at the moment, and where the Green investment bank could have a role in widening that out as much as possible.

Hon. Members will be aware that JCB is a major firm in this country. It is one of the world’s top three producers of construction equipment and is an important firm for Britain. The company has set up an integrated carbon and supply chain management programme, involved with the gathering of information about the carbon and energy footprint of its supply chain, consulting with suppliers on how they can reduce energy consumption, and providing practical support.

Let us not be too naive about it; it is not completely altruistic. There is, quite understandably, a financial reason. JCB does not want its supply chain to be exposed to volatility in energy costs and a rising carbon floor price, which the suppliers will then pass on to JCB. What strikes me is, first, what a good idea that is, and secondly, the difficulty that other manufacturers that do not have the reach of JCB would have in implementing such a supply chain management programme. That seems something that the Green investment bank could invest in: the gathering of information; working with firms to get information about supply chains, which, as the hon. Member for Stroud has said, are often quite complex; providing support; facilitating better information to ensure that more cost efficiencies can be found; and, as a wider consequence, ensuring that SMEs can be part of the green industrial revolution.

David Mowat: The example of JCB is an excellent one, but surely, for the purposes of the hon. Gentleman’s amendment, no one would call JCB an SME. His amendment would prevent the Green investment bank from investing in JCB’s initiative.

Mr Wright: I would disagree again with the hon. Gentleman. Our amendment mentions

“the ability of small and medium-sized enterprises of the United Kingdom to be awarded contracts”,

which is important, but we recognise that the Green investment bank will be, in many cases, awarding contracts to or investing in large companies. That is where proposed new subsection (3)(b) would kick in. It would consider “how the investment would improve the effectiveness of the UK supply chain in the relevant industry in which the investment was being made”.

As the hon. Member for Warrington South said, there are two elements to the amendment. The first is how we can ensure that SMEs can be at the table, and that is through the procurement process. The second and equally important consideration is how we can ensure that larger firms, if they have been awarded contracts, can interrogate their supply chain to ensure that they can be improved and included as well.

Mr David Anderson (Blaydon) (Lab): The point made by Government Members is valid, but that is not the reality. We are looking to enable SMEs to do supply-chain work for companies such as JCB, in the way we see across a whole raft of SMEs in the north-east feeding into, for example, Nissan. Is that not what we are looking for through the amendment?

Mr Wright: I certainly agree. In a former life, I was a Minister for Apprenticeships under the last Government—happy days. One of the things that we were trying to push was ensuring that the Government can use the power of procurement to try to enact change, improving the skills and life chances of young people. If a Government contract was awarded, a part of the stipulation was that young people would be helped through the provision of apprenticeships. The TUC had a simple but effective campaign called “one in a million”. For every £1 million of Government contract awarded, one apprentice should be provided. I see a similar concept here.

11.15 am

We will come to this later, but the Green investment bank initially will have some £3 billion to play with. Surely a lot of that money could be given to making sure that we enhance the UK supply chain and that SMEs are helped as much as possible.

Neil Carmichael *rose*—

Mr Wright: I feel somewhat baffled that there seems to be a lack of consensus here. One would think that Government Members would want to help businesses in their constituencies and ensure that they were at the table to start with to help in getting a bite of the cherry, but they do not seem to want to do that. I hope that the hon. Gentleman will disabuse me of that fact.

Neil Carmichael: The shadow Minister is making some good points. He is absolutely right to say that the supply chain is important, and it does, obviously, impact on SMEs. I have examples in my constituency of where supply chains criss-cross the whole of Europe and the globe, which highlights the problem of definition. Clause 3 talks about the United Kingdom. Supply chains do not operate only in Gloucestershire or the north-east; they operate all over the place. If the hon. Gentleman asks the bank to start defining the impact on supply chains, he raises issues about where they reach to and how complex they are.

Mr Wright: I understand the complexity of modern-day 21st-century supply chains. That is why I gave the example of JCB—to provide more information to be able to interrogate what a particular firm’s supply chain actually looks like. I think the Green investment bank

could provide support to large companies to ensure that they can identify their supply chain and see where British businesses can be helped. That is one of the areas that the Green investment bank could be looking at, which is the purpose behind amendment 3.

Ian Murray: My hon. Friend is making incredibly powerful points, which makes it all the more upsetting that he is a former Minister, given the word “former”. Is there not an inherent contradiction in the entire Bill? We will come on to sections in later days and weeks that talk about the reduction in employees’ rights to help foster growth in small businesses, and yet here is an opportunity in the very first clauses to provide an opportunity not to hand contracts to SMEs, as we are perhaps hearing from Government Members, but simply to take into account the possibility of assisting, and the Government seem reluctant to want to do that.

Mr Wright: I thank my hon. Friend. What came out clearly on Second Reading was the House’s appreciation that the Bill is a ragbag of different measures. My hon. Friend has been diligent in trying to see a connection between two different and quite disparate elements of the Bill, but he is absolutely right. The Bill is intended to reduce regulation and the ability of workers to protect workers’ rights in order to free up businesses to promote enterprise, but the amendment provides a great opportunity to do that without disregarding workers’ rights. That is why I cannot appreciate the reluctance of Government Members and what they are saying.

I must criticise my hon. Friend. I would like to see him as a friend, not just as an hon. Friend, but he called me a former Minister. He will be calling me a veteran next, or even senior. When I hear “senior Labour party MP”, I think the career is finished, so I worry about that.

Andrew Bridgen (North West Leicestershire) (Con): Government Members appreciate the well-meaning intentions and the benefits to UK business from the Green investment bank, and we want to exploit those to the full, but how does the shadow Minister envisage that being so prescriptive would affect competition law? On the definition of UK business, are we talking about the shareholders or where it is based? He mentioned Tata Steel and its very welcome investment in steel production in the north-east. However, it has plants around the world. Is the shadow Minister thinking that the Green investment bank would specify at which plant a certain company that won a contract would produce the steel? Would he be that prescriptive about the bank’s investments? Does he think that that is even possible?

Mr Wright: I advise the hon. Gentleman to read the amendment before he intervenes, because it does not specify a particular pipe mill that the Green investment bank should invest in. In this era of immense global competition, multinational firms can invest anywhere in the world and countries appreciate that one driver for economic growth is the transition to the low-carbon economy—we will come on to that later—so they will look for favourable territories in which to invest. A key argument that causes me to be opposed to the form of Green investment bank proposed in the Bill as currently

written, is that it will not provide the policy certainty and framework to give investors the long-term confidence to invest in the UK, which is a key part of what the Bill should do.

I draw the hon. Gentleman’s attention to the amendment. I am not saying that we should be prescriptive in any way, shape or form. The amendment states:

“In undertaking investments in accordance with the green purposes outlined in subsection (1), the UK Green Investment Bank must take particular account”—

“must take particular account” is the key phrase—

“of...the ability of small and medium-sized enterprises of the United Kingdom to be awarded contracts,”

and of

“how the investment would improve the effectiveness of the UK supply chain in the relevant industry in which the investment was being made”.

I should have thought that, to ensure that we improve the industrial, manufacturing and green capabilities of British industry, Members from all sides of the Committee would support the amendment. I am truly baffled as to why Government Members are disregarding it, because I thought we were all taking an interest in the Bill as a means to facilitate enterprise and promote economic growth. I am genuinely surprised by the approach of Government Members.

Julian Smith: The amendment is useless. What does “must take particular account” mean? It is about as useful as “British jobs for British workers”.

Mr Wright: I think that was a particularly inspiring phrase. I cannot for the life of me recall who said it, but I hope a party leader might use it at some point, as that would be very useful.

The phrase “must take particular account” is a common one in legislation. I return to the basic point that, as part of the procurement and investment decision-making processes, the Green investment bank should have at the forefront the idea that industrial capability in this country could be improved. I have made that point time and again.

David Mowat: Will the hon. Gentleman give way?

Mr Wright: I will give way one last time, but I am anxious to come on to other points about the amendment and to hear the Minister’s remarks.

David Mowat: The hon. Gentleman asks why we might object to the amendment. I have read it carefully, and I agree that the thrust of it is good—I have no particular problem with it, and it takes us to the right place. However, it starts to try to define the investment criteria that the bank should use. It says that, all other things being equal, the bank should take the view that investment should go to the company that does for a supply chain in the UK. However, my question for the Committee is: to what extent should we put in the Bill what we want the bank’s criteria for evaluating investments to be? If we go down that route, it will take us into questions of whether we want the bank to make carbon reductions, or to make a return on investments. If those aims are in contradiction, would we want to legislate on that? However, the words in the amendment are fine.

Mr Wright: On that basis, if I press the amendment to a Division, I hope that the hon. Gentleman will support it. He is right, however, that when we consider such legislation, there is a balance to be struck. The Government do not want to be too prescriptive. The bank will employ people with considerable expertise to ensure that investment decisions provide a return in accordance with the green purposes set out in the clause. However, the Government are already prescribing to a certain extent—with a bit of luck, we will discuss that during the stand part debate. Different priorities can be set in the strategic framework, and there are priority sectors. Offshore wind power generation is quite specific, as is commercial and industrial waste processing and recycling, and those are the types of sectors the Government are asking the bank to invest in.

While, as the hon. Gentleman suggests, there is always a balance to be struck and we do not want to be too prescriptive, I do not think that amendment 3 is over-prescriptive. It is an attempt to help British industry and its supply chain to ensure that the advantages that will come from the Green investment bank's investment decisions benefit the United Kingdom as much as possible.

I have been speaking for some time and I am anxious to hear the Minister's response to this important amendment, but I want to say a few words about the final aspects of amendment 3. Proposed new subsection (3)(c) would provide a green deal for SMEs, given its reference to

“helping UK businesses...reduce their greenhouse gas emissions, and...increase their energy efficiency”.

It would stimulate the market and ensure that small and medium-sized firms could gain support and assistance for reducing their greenhouse gas emissions and increasing their energy efficiency. In many respects, we are building on what the Minister wants to do through some of the priority investment already set out for the Green investment bank, namely the priority sector on non-domestic energy efficiency, so I hope that he will be positive about and amenable to introducing some form of green deal for SMEs.

Proposed new subsection (3)(d) is an important provision, so I am keen to tease out the Minister's view on a topic that the hon. Member for Skipton and Ripon mentioned earlier. I am keen to find out the Government's thinking about new and emerging technologies, including those that we might not know the existence of at the moment. To be truly transformational—I keep using that word, but it is important—I would contend that the Green investment bank needs to be bold and innovative, and to help firms to exploit the dynamism and ambition of the green industrial revolution that the world is experiencing.

As I mentioned, there will be products that have not been invented yet, and Britain could have first mover advantage, thanks to investments made by the Green investment bank. Everyone would welcome the concept of a Green investment bank that was established to give an impetus and spark to investments in green and low-carbon technology. When giving evidence to our Committee last week, the CBI stated that the bank could encourage

“investment into technologies that are not entirely proven yet, or that will require a little assistance to get going. The Green investment bank is part of helping private sector investment”—a crucial aspect to which I will return—

“and it could have a role in topping up investment in new technologies.”—[*Official Report, Enterprise and Regulatory Reform Public Bill Committee*, 19 June 2012; c. 5, Q5.]

I am keen to get a sense from the Minister about where he thinks investments from the bank will go, and that is essentially the purpose of the amendment.

Ian Murray: I had the pleasure of sitting on the Environmental Audit Committee during its investigation into and hearings on the Green investment bank. That Committee produced a useful report on the Green investment bank. In that Committee, I pushed the Secretary of State for Business, Innovation and Skills on that very point of investing in research and development projects, particularly Pelamis in my own city of Edinburgh, which deals in wave energy. The Secretary of State said quite categorically that if it was commercially viable, the bank would invest in it. There seems to be a direct contradiction between something that may be commercially viable and something that may be just a few steps before commercially viable.

Mr Wright: My hon. Friend makes an important point. He is fast becoming a veteran of our deliberations—[*Interruption.*] He is statesmanlike; we see Lord Palmerston above you, Mr Bayley, and I think my hon. Friend has the same stature.

My hon. Friend makes a telling intervention. From the documentation that we have seen, I anticipate that the Green investment bank would be interested in looking at technologies that are one, two or even three steps away from being commercially viable. It would provide a spark and, in many respects, investor certainty to help push things across the line, so it would be interesting to hear what the Minister has to say about that.

11.30 am

Last week, my hon. Friend the Member for Swansea West—I can say this because he is not in the room—set out a theoretical scenario in which he invented a tile with revolutionary properties in heat conduction and energy efficiency. If he could get the Green investment bank to invest in that, he could roll it out and become wealthy—he could actually buy a round, which would be very innovative, given that I do not think that he has ever bought one. Would the Green investment bank consider investing in such a tile that is a long way from commercial application—that is almost pure research? How would that happen? Would it be done directly, or through a medium such as the green venture capital fund?

In essence, I want to the Minister to tell us the Government's stance. Is it to go with tried and tested technologies, such as offshore wind, which, curiously enough, is one of the key priority sectors—I am not an engineer, so I am not aware of any revolutionary technologies in offshore wind components, although I am sure that there are some, but it is a tried and tested technology that has been with us for some decades—or will there be a concentration on more innovative and new technologies?

Chi Onwurah (Newcastle upon Tyne Central) (Lab)
rose—

Mr Wright: I shall now speak to someone who has real experience and capability in engineering by giving way to my hon. Friend.

Chi Onwurah: I thank my hon. Friend for the important points he is making about new and emerging technologies. While there are not necessarily revolutionary new technologies in wind power, revolutionary innovation will be required to bring down the cost of wind power so that it can contribute more to our energy security. Does my hon. Friend share my concern that SMEs, which are the engines of growth, and emerging technologies, which are also the engines of future productivity and growth, are mentioned so little in the Bill?

Mr Wright: Absolutely. Given that the whole purpose of the Bill is enterprise and regulatory reform—to kick-start the British economy as much as possible—it is astonishing that small and medium-sized enterprises, the engines of growth, are barely mentioned at all. The Government are missing an opportunity by not talking to businesses and their organisations, such as EEF, CBI and the Federation of Small Businesses, and asking what they need to help to kick-start growth and to ensure that we can be on the path to long-term sustainable economic stability. That is sadly lacking, and the purpose of amendment 3 is to try to put something like that in the Bill. The amendment would help SMEs by making sure that they can promote enterprise and economic growth, and I hope the whole Committee will agree.

Amendment 3 is important as it has been designed to help British industrial capability as much as possible. I will be interested to hear the Minister's response to my various points. Given that he has real experience of small businesses, I hope that he will respond positively to the amendment.

Chris Ruane: I would like draw on some examples from north Wales and my constituency. The amendment would help the renewable energy sector. We are blessed with renewable energies in north Wales. We have Electric Mountain, which has a reservoir on top the mountain. At 8 o'clock, when "Coronation Street" finishes, the whole lake goes down a funnel and creates enough electricity to fill the gap in that five-minute period. In addition, Wrexham has the biggest solar panel factory in western Europe.

Mr Iain Wright: My hon. Friend is starting down an important route. On the subject of solar panels, and of enterprise and helping to provide certainty, what impact has the Government's feed-in tariff decision had on industry and employment in my hon. Friend's constituency?

Chris Ruane: It has had a massive impact. The whole energy sector is looking for long-term security. When that was promised by a Labour Government and removed by a coalition Government, Sharp, the owner of the factory, was very upset, as was the whole of the supply chain in north Wales.

We have hydroelectric power and solar energy, and off the coast of north Wales we are going to have the biggest array of wind farms in the world. I switched on 30 of the turbines about eight years ago. When I met npower, which put forward the proposal, I asked how

many jobs the 30 turbines would create in my constituency. It was a bit shifty, so I said, "Come on, how many?" The reply was, "It will be seven jobs, and they will not all be in your constituency. Some of the offshore skills will have to be transferable and come from the coast of Scotland." I was really upset about that. Nevertheless, I supported it, because I think green energy is the way forward. However, npower then gave £30,000 a year to the town of Rhyl and £30,000 to Prestatyn in lieu of the fact that the jobs were not created.

We should not need to rely on charity, although I love that charity, which is there for another 10 or 15 years. We need to say from the outset that if investments are made in our communities, we want to maximise that investment in the local economy. The amendment would help us to redress the balance, because the balance is the other way at the moment. Places such as Denmark and Germany were involved from the outset. They developed wind turbines. They make them and create the jobs, the technology and the skills.

If we are pumping £3 billion into the UK economy, we need to maximise its economic impact. When an investment goes into an area, there is often an economic multiplier of seven, if it is spent wisely. It will ping round the local economy, so that £3 billion could be £21 billion, if handled properly. I am not saying that companies in my constituency could have stuck those turbines up and created and smelted the iron and so on, but 30 miles down the road is Shotton steelworks, owned by Tata, which did have the capability to create the pure steel, although whether it had the technology and the skills to create the wind turbines is another matter. We need to look to the future. We need to tell companies that the £3 billion is going to be around in 2015 or 2016 so that they start thinking about how to access some of that finance.

I have given the examples of the wind turbines where jobs were not created in my constituency, but there could be job creation in the future. We have 30 turbines off North Hoyle, which I switched on; 30 turbines off Rhyl Flats, which the then Secretary of State for Wales, my right hon. Friend the Member for Neath (Mr Hain) switched on; and 30 turbines off Crosby. We will have 200 turbines behind them; again, that is being given to a foreign company. Behind those 200, there are going to be 2,000 turbines, which will be the biggest concentration of offshore wind turbines in the world. It is those 2,000 that the amendment could help, if we pursue the matter properly.

Ian Murray: Does not that particular example highlight the evidence that was given by the Pew Environment Group, which suggested that the UK had slipped from third to seventh in the world on investment in green technology, because other countries are now ahead of us on such investment in their economies?

Chris Ruane: Absolutely, and the amendment would help to redress that situation. It would help us to get back to No. 3, and then hopefully to No. 1.

We can say to companies that are investing in our constituencies, "Look, can you help out with employment, the skills and the SMEs?" It was done under the previous Government with local employment partnerships. When Tesco came into an area, it bought into the partnership.

[Chris Ruane]

In all the areas in which it invested, 15% of the work force were taken off the dole. When Tesco invested in Prestatyn, I wrote to ask if it would take 50%, because I knew that it had done it in Gorton in Manchester, and it said yes, so the private sector is amenable to bargaining with local and national Government for the betterment of local economies. It has been done with Tesco, and I think the amendments offer us a chance to do it again in the renewable energy sector.

Proposed new subsection (3)(d) in the amendment refers to

“investment in new and emerging technologies”.

That is what we need for the future of green renewables. Technium OpTIC in my constituency is built around the expertise of 35 optoelectronic companies in north Wales. It also has 24 new starter companies—they have come on the back of the existing 35—including some that have relocated. One of them is Dyesol, a one-man operation that has relocated 13,000 miles from Australia to St Asaph in my constituency. Among the new and emerging technologies that Dyesol has devised is an organic paint that can convert sunlight energy into electricity. That was previously done using crystals, which are a rare and costly commodity, but it is now done using organics. Dyesol has linked up with Corus—Tata—in Shotton, and the mill that rolls the steel will be coated in photovoltaic paint. Such 21st-century technologies are being developed in my constituency and, in that instance, the SME—or the SM1, because there is only one person—linked up with the Tata, the biggest steel producer in the world.

Technium OpTIC will create 100 new micro-companies every 10 years. Where is the next Dyesol coming from in north Wales, and will it be given access to finance? I have had two meetings with the businesses on the St Asaph business park, many of which are in optoelectronics. I got them all together, with the head of the Technium centre, Professor Stuart Irvine, and asked them what their No. 1 concern was. Lo and behold, they did not say that their No. 1 concern was sacking workers in the most efficient way; they said that it was access to finance—they cannot find it. HSBC and even the nice Co-operative bank were there to tell them why they could not give them finance. The Green investment bank could give such businesses the finance to release the next Dyesol or the next innovation that will change green renewables not only in Wales or the UK, but throughout the whole world.

Chi Onwurah: I thank my hon. Friend for the excellent points that he is making. I am pleased to know that so much great innovation is going on in and around his constituency. Does he share my view that, given innovation's role in driving not only energy efficiency and decarbonisation of the economy but growth, new jobs and new industries, much more emphasis should be placed on it in the Green investment bank's remit?

Chris Ruane: Absolutely. To relate that to the current Government's macroeconomic policies, in my constituency 45% of workers work in the public sector, and in the neighbouring constituency of Clwyd West the figure is 44%. The Government say that those public sector workers should be sacked, and sacked quickly, and that

the private sector will then take them on. Here is an opportunity, with a 21st-century Technium creating green investment ideas that lack access to funding, to take on public sector workers. All the bits of the jigsaw are in my constituency, which is a microcosm of what needs fixing in the country, but lack of access to finance stops it all from being fixed.

Last night, the FSB told the shadow Minister that it was completely in favour of our view. That is certainly the case in north Wales, where I have regularly had meetings with the FSB—I am in regular contact with Mike Learmond, its north Wales co-ordinator—and where I have held two conferences on public procurement. The FSB has estimated that there is £800 million of procurement in the public sector—in the police, the health service and six local authorities—in north Wales every year, although the population is only 700,000. It wants access to that £800 million, and it is right and proper for us to redress that imbalance.

The Labour Government did not fix that imbalance in 13 years. According to the statistics given by my hon. Friend the Member for Swansea West, which I think I have recalled correctly, 50% of public procurement for the Welsh Assembly Government goes into SMEs, but for England the figure is 7%. Therefore, with political focus, it can be done: the balance can be redressed in favour of the little man.

11.45 am

We have seen the big man operating globally, with companies going into areas, sucking the lifeblood out of them and then moving on. Those Welsh companies in my constituency will not do that. If given access to the finance and the contracts, they will do a good job because they are from the area. They want to make money, but they also want to invest in and help the area.

Those are eminently sensible suggestions and I cannot see why the Minister would oppose them. This is motherhood and apple pie. I hope that, after listening to the two great perorations and the fantastic interventions, the Minister will change his mind and support the amendment.

The Chair: There may be further great perorations.

Mr Anderson: It is a privilege to serve under your chairmanship, Mr Bayley. I was not going to engage in this debate, but the longer it has gone on, the more I wonder whether we will repeat recent history if we do not give the Green investment bank instructions on what we need it to do. Yes, it needs to help build green industry, but is not another goal also to help to improve British jobs for British workers? I have no problem with that term as it should be part and parcel of what we do every day here.

I know that my hon. Friend the Member for Hartlepool said that we would talk about carbon capture and storage later in the debate, but I want to start by talking about what has happened with CCS in the last five years and the peaks and troughs we have seen. At first, there was going to be one demonstration project, and then after the petrol crisis in 2008, people realised that we might need to go back to coal in a big way, as they have

done in other parts of the world. So we decided to go for four projects, but successive Governments have failed on CCS.

We have had a dialogue with investors that has gone, “Will you move first, or should we go first? Who is going to put this in and who is going to put that in?” As a result, we have not moved an inch in five years. We have a chance here to say to a bank that will be directly funded by the people of this country that it must give priority to projects that provide work in this country.

I have a small, but potentially very significant, example. Off the north-east coast of England, and particularly the Northumberland coast, there are huge amounts of coal. But even if the will was there, that coal could not be mined by traditional methods as it is far too deep and many of the seams are not very thick. But work has been done in conjunction with Durham university and private business in the north-east to use technology proven before the first world war, called underground gasification of coal or UGC. For at least three years, the people involved have been asking for £1 million to take one step forward, but nothing has happened.

Since the 1850s, this country has produced 22.5 billion tonnes of coal. At least 150 billion tonnes could potentially be available if we used UGC—if it works. Through this Bill, we should be able to direct that projects such as that should be given precedence. We should be able to tell small companies that we will work with them to try to make such projects work.

My real worry is that instead of trying to help British businesses on schemes that may or may not work, we will say—as has happened off the north coast of Wales—“Yes, we will help you to build turbines, but we will buy them from the Dutch because they are cheaper, and that will maximise profitability for the bank.”

I understand that we do not want to set up a bank in the public name that does not make money, but it can make money in more than one way. It does not just have to be profits if we are making money because we are putting people into work. Then they are not claiming welfare benefits, they are paying tax and national insurance contributions, and their kids are not getting free school meals. They are living in decent houses, buying cars and going on holidays. That is an investment in UK plc.

Mr Iain Wright: Has my hon. Friend seen the figures published this morning on UK public borrowing? They show that the Government have borrowed more than expected in May. If anything, they are a reflection of the failed economic policies that have pushed us into a double-dip recession. We are not getting increased tax receipts, and we are paying out more in benefits. If we had a proper economic policy based on jobs and growth—I apologise, Mr Bayley—we would not be borrowing quite as much, and we would be able to pay down the debt a bit faster.

The Chair: Order. I was not getting sniffy because you were not speaking directly at me, but I need to remind Members that we are debating the Bill, not the broad economic policy of the Government.

Mr Anderson: Mr Bayley, I was not going to stray into that area, but as I have been asked to respond, I will. I obviously do not get up as early as my hon.

Friend the Member for Hartlepool. The news is not unusual—it is history repeating itself. For those who lived in the north-east through the 1980s, the same attitude was taken: that the way to make the country better was to put massive swathes of people on the dole. We know that that does not work. It did not work then, it did not work in the 1930s, and it will not work in 2012.

We have a chance here to direct the bank to do things for the common good. I am struggling to find why Government Members find that such a bad thing to go for.

Fiona O'Donnell (East Lothian) (Lab): I am grateful for the opportunity to contribute to today's debate. I apologise for my late arrival. I know that you, Mr Bayley, will realise that I am not stalking you; we just happen to sit on the same Select Committee. As it was my first meeting, I wanted to be there to make a contribution. I am certainly discovering, as a new Member of this place, the difficulty of matching up the diary. I noticed that the entry today had “ERR Bill Committee”, which spells “err”. Let us remember that to err is human, but the Government have the possibility to make the Bill divine, if they would just accept some of our amendments.

The Bill reminds me of a game of snakes and ladders. We hope to support the Government by offering them a ladder to raise the ambition at times, as with the Green investment bank, and, when we come on to the later stages of the Bill regarding employment rights, by helping them to avoid the snakes.

I come from a constituency like that of my hon. Friend the Member for Blaydon, whom I am pleased to follow. It has a proud history in contributing to energy supply across the UK. We have Torness nuclear power station and the Cockenzie coal-fired station in East Lothian. Torness is due to come to the end of its life in 2023, and Cockenzie is about to close next year, with the possibility of refurbishment to become a gas cylinder facility.

In East Lothian, we have few larger employers, so the two firms play a huge role in providing apprenticeships and unskilled jobs, and in the supply chain. Despite the fact that the two suppliers have a limited lifespan, East Lothian has an opportunity to benefit from the jobs that could come from green technologies. It is particularly appropriate to discuss the topic following the Rio+20 summit, which looked at the opportunities for green and sustainable growth.

My constituency has paid a price through the decades for its contribution to the energy supply—perhaps in a different way now, in terms of aesthetics, as we have more wind farms. The problem is that it is much harder to make the case when we do not see the jobs in East Lothian associated with that sector. That is why the Green investment bank has such an important role to play.

I hope that we have not completely missed the boat on the issue, in terms of creating jobs and investing in the sector in the UK, but I fear that if the bank goes forward in its present form, neither the ambition nor the certainty is there for investors and businesses to think that we are serious in Great Britain about green jobs and other green and sustainable ways of producing energy.

[*Fiona O'Donnell*]

I hope that the Government will listen to Labour Members—that they will take this ladder and see that there is an opportunity to improve the Bill. Why else do we come to a place such as this, get down to the nitty-gritty, look at all the clauses, work our way along all the different squares on the snakes and ladders board, if we are not going to seize the opportunity to improve the Bill? I hope that there will be some constructive debate, that the Government will listen and that I can go back to East Lothian and say positive things about the Green investment bank, which will be situated just on our border, in Edinburgh. I know that it is a particular source of joy to my hon. Friend the Member for Edinburgh South, and also to my constituency, where many people work in the financial services sector—which has suffered in Edinburgh, of course, as a result of the recession.

I want to be able to go back to my constituents and say that there are going to be new jobs in East Lothian; that they are going to be high-skilled jobs; that there are going to be apprenticeships; and that certainty and confidence will be there for young people and for people having to retire from other energy sectors. I am thinking of the miners who have struggled to find work since the Government, when they were last in power, closed down all the pits in East Lothian. I hope that I can go back with a positive message and that the Government will listen today.

Mr Prisk: We have had some energetic contributions from Members including the hon. Member for Vale of Clwyd; the Tata example might undermine his Front Benchers, but it is an interesting one. He is right about the balance of small and medium—in rural communities, particularly. The hon. Member for Blaydon rightly highlighted the challenge of deciding where to draw the line as technology changes when you have good, finite resources. That was a pertinent point. The hon. Member for West Lothian—I am sorry; for East Lothian, not West Lothian—

Fiona O'Donnell: That is the question.

Mr Prisk: Indeed. I am not entirely sure whether her contribution to the debate was the answer, but I am glad that she welcomes the fact that the bank will have its headquarters in Edinburgh and I look forward to her future contributions.

An amendment was proposed by the Member who I will now think of as the former Minister, as he was, I thought, rather unkindly described. If I may say to the hon. Member for Edinburgh South, the suggestion that the hon. Member for Hartlepool is in the winter of his career is entirely wrong—late summer, possibly, but not winter.

Ian Murray: I feel that I have to set the record straight. When I referred to my hon. Friend as a former Minister, I was merely expressing that I wished that the word “former” was no longer in his title, unlike the Minister.

Mr Prisk: I am glad that that is clarified and I look forward to the shadow Front Benchers' team debate this evening when they decide who is going to do the next bit of this. It is not often that the shadow Minister ages visibly before you as he is proposing his amendment.

Let me turn to the broad issue. This is a very important set of aims and aspirations and I want to explain our approach. We are strongly committed. Members will know that I strongly wish to support our small and medium-sized businesses, the supply chain—both in this and a broader context—and emerging green technologies. The hon. Gentleman raised those issues and I want to address them properly, as he would rightly expect. I have to say to him that we cannot support the amendment as drafted and I will explain why, briefly first and then in detail.

First, on the way in which the amendment would affect the decision-making process, the introduction of a series of additional, distinct, statutory factors for the bank to take account of would, we feel, bring an unhelpful complexity and uncertainty to the bank's decision making. I thought that our discussion about where JCB would or would not fit, and whether it was or was not within the definitions that are written and are being proposed for primary legislation, neatly highlighted the dilemma of trying to draw a more specific line.

12 noon

Secondly, it should be highlighted that aiding SMEs or emerging technologies, important as that is, will not always be consistent with the central purpose of this bank and could, at times, be in conflict. That is not a debating point, but a point about what we put in an enduring piece of primary legislation. I welcome the opportunity to debate it and I want to come on to what we are doing and how it could work, but there is a problem with putting it straight into primary legislation.

Thirdly, the amendment is inconsistent with community law for the promotion of a single market. We saw in the debate how difficult it is, in the modern world of industry, to define a UK supply chain. It is immensely difficult to be precise about that. Wanting to ensure that UK businesses and UK SMEs have a really good crack of the whip is absolutely right, but we need to be careful to distinguish between that aspiration, which is a good one, and what we put into legislation. I will come on to examples of what that means in practice.

Let me begin by setting out the legal framework. Several members of the Committee have asked about the framework within which directors will be making their decisions and how they will operate. All directors will have to comply with their general duties under part 10 of the Companies Act 2006. They have two general duties, which are of particular relevance. First, they have a general duty to act in accordance with the company's constitution. In this case, that means the banks have to act in accordance with the company's green objective, which is in the articles of association circulated to members of the Committee last week, and it must be consistent with the statutory green purpose in clause 1. The constitution highlights a number of other principles that the bank must consider in pursuing its green purposes, which can be seen in the shareholder relationship framework document that I referred to earlier.

Secondly, the directors have a general duty under section 172 of the 2006 Act to promote the success of the company for the benefit of its members as a whole. They have to try and achieve in good faith what the members have set out to do in forming the company.

Clearly, in this instance, it is about fulfilling the green objective. Section 172 goes on to require directors further to have regard to a number of other factors in promoting the success of the company, which includes the need to foster the company's business relationships with suppliers, customers and others, and the impact of the company's operations on the community and the environment. That is an important point that alludes to the point that the hon. Member for Newcastle upon Tyne Central touched on. The directors are already therefore taking decisions under a complex, carefully structured framework of company law, which requires them to have regard to wider issues in their decision making in a way that is consistent with the bank's status as a company.

Clearly, it is essential for the success of the bank that the directors be clear about what they are meant to achieve. The legislation on the bank has been drafted to ensure that the company law framework applies, essentially uninterrupted, to the bank, as it does to other companies. It would not be helpful now to add on to the existing obligations an additional statutory layer of factors for the bank to evaluate. However well intentioned the amendment may be and even though the aspirations might be shared by all parties in principle, providing a separate and distinct source of legal obligations for the bank to weigh up in the context of its decision making will create uncertainty and complexity to the framework for decision making.

Simon Danczuk (Rochdale) (Lab): The Minister and the Committee will accept that SMEs create thousands of jobs. They probably create more jobs than larger businesses in terms of the UK economy. However, is the Minister not concerned that by not accepting the amendment or a version of it, he is sending out an anti-business message to SMEs?

Mr Prisk: No. My message to SMEs is that there is a wonderful new opportunity that they, along with other businesses in the UK, can participate in, which the Green investment bank will help to foster. That is my message. To prescribe specifically either by size or location, or both as it appears to be suggested in the amendment, would create distortions in the right investment decisions. Most SMEs would say that they do not want that. They simply want to be able to compete, and that is an important principle.

Julian Smith: Does my hon. Friend not think that it is rank hypocrisy on the part of the Opposition to now claim to be on the side of SMEs? [*Interruption.*] During their period of office, they singularly failed to represent that part of the economy.

Mr Prisk: I agree with my hon. Friend. It is a shame that the Opposition seem to have amnesia on this particular topic. Perhaps it comes with becoming a veteran; I don't know. However, it is important to bear it in mind that many SMEs felt weighed down in the last 13 years of the previous Government by a whole series of proposals and burdens, and they look forward to the opportunity of new markets. Yes, it is a tough global market out there, but I will not stretch the point any further because I want to keep in order.

The proposal would at times clash with the bank's principal financial and green objectives. As the hon. Member for Blaydon pointed out, our constituents clearly want to make sure that the institution is sound and will not invest dangerously. Therefore, alongside the green objective, those financial principles are very important. There is a danger that instituting in primary legislation a requirement to encourage and require the directors to select investments by the size of company would undermine the principle of sound finance.

Similarly, there will be investment opportunities that radically progress the green economy, but they might not be on a scale that an SME can participate in. The point that my hon. Friends are trying to make is that putting into primary legislation a requirement to "take particular account" of SMEs in such decisions could hamper the ability of the bank to make the right decisions. To put it simply, the bank's overriding financial and green purposes should not be overlaid with a separate and sometimes conflicting set of aims, even though the aspirations behind them are entirely fair and understandable. Investment decisions have to be made on merit, and that would be undermined by the amendment.

I am not saying that the bank's activities will bring no benefits to SMEs and emerging technologies. We expect the bank to benefit small businesses and the green economy supply chain in several ways. Let me give some real examples of what is happening now, by referring to the work to make state-aid-compliant investments by the UK green investment team in my Department before the bank takes over. The first transactions undertaken by UK green investments, the team that comes before the bank starts to operate, have been co-investments with fund managers in smaller waste and non-domestic energy efficiency projects. That is not what might be done; it is happening now. The investments are aimed at smaller projects that would not be cost-effective to invest in as single projects. A condition of making those investments of £80 million in waste and of up to £100 million in non-domestic energy efficiency is that fund managers must be able at least to match UK green investment's funds—the Government's funds—with those from other investors. That is already happening, and it is the pattern of some of the early real investments that will be undertaken by the Green investment bank later this year.

Equally, for many of the projects being considered, the bank will require specific advice—for example, in technical environmental insurance cases—which is also likely to be sourced in part from SMEs. In the particular area of non-domestic energy efficiency, we are already working with local authorities and banks that are active in the sector to develop products to increase the mobilisation of funds in such markets, which addresses the point about finance. Again, many of the beneficiaries are likely to be SMEs.

Although we are not setting up the bank specifically to help SMEs—the bank is about financial and principally green objectives—they will benefit from the bank's activities. To step slightly beyond the purview of the Bill, that should be seen alongside the issue that has been raised about procurement practices. It is absolutely right that the Government have to make changes in that area. That is why we made important changes in the procurement process two years ago, putting Contracts Finder in place. Whereas the proportion of central spending was

[*Mr Prisk*]

only 6.5% in 2009-10, I am pleased to say that it has doubled to 13.7% over the past two years. That is an encouraging step forward. There is much more to do, but it shows the progress that has been made since the election.

In his proposed paragraph (d), the hon. Member for Hartlepool quite rightly raised the question of emerging technologies. On that area, we again have to be clear that we are considering a Bill, and procurement and investment decisions are not best delivered through legislation. He asked what is happening at the moment, and I will spell that out. In the past year, the Technology Strategy Board has put some £700 million into low-carbon innovation projects. In the past three years, the Energy Technologies Institute has put some £150 million into that sector. In the very important offshore renewables sector, we have seen the establishment of the National Renewable Energy Centre—NAREC—as a technology and innovation centre that is designed to project, or as it were to catapult, original projects into the commercial market. One danger about commercial spin-outs is that this country has historically been poor at taking a bright idea and getting it to the market. That combination of activities is important.

Fiona O'Donnell: I am listening carefully to the Minister. As he moves on to speak about the offshore sector, I am thinking about the island communities off the west coast of Scotland and, in particular, about what is planned near Tiree. The impact will be felt by the people on that island, but there is no way that a large company will establish itself on Tiree so, if they are to benefit with jobs and protection for that fragile community, the focus has to be on SMEs.

Mr Prisk: With each project, what is important is to ensure the best people to deliver it. Often, and what has been the case in almost all the instances I have seen, there is a major contractor, but with a whole series of specialists among those smaller players in the supply chain, which is where the real value is and, frankly, where the real money is earned. That is why we have a reservation about specifying size in connection with the supply chain, because a supply chain inevitably starts with a large business at one end and goes down through a number of other-sized businesses. The federation has been understandably keen to see SMEs supported—we believe in that principle—but once we try to put in some sort of definition, as even Mr Cherry who spoke to us only last week said, it is actually very difficult to define an SME. That is why it is absolutely right not to prescribe in primary legislation but to make it clear that investment and procurement decisions ensure a share of the market for SMEs.

Simon Danczuk: Without the amendment in support of SMEs, the concern is that they will be neglected and that the bank will go for the safest bet and be risk-averse. The Government failed to get the banks lending with Project Merlin and credit easing, and my concern is that without an explicit amendment of this kind, this bank—like the other banks—will return to form and not support SMEs, as we have seen over the past 12 to 18 months.

Mr Prisk: Perhaps I can reassure the hon. Gentleman. As is clear with the appointment of Lord Smith as chair and, already, Sir Adrian Montague as deputy, the bank recognises its role in the demonstration effect—the ability to foster and encourage investment in those often awkward, early-stage investments that trigger the later opportunities—and that that is an important part of what it does. As a Minister, I am being careful in the debate not to pre-empt any decision on an individual investment, because that would not be right. What is important is that the opportunities for innovation are supported. As a group of Ministers, we will certainly be talking to the directors about that, and I know that they will be looking at that to ensure that the balance is struck, although in the end it is not for us to pre-judge any individual investment.

Chi Onwurah: The Minister is being eloquent on the need for objectivity and for the bank to decide on the merits of the risks involved. Given his experience, however, he must be aware that small businesses are always disadvantaged when it comes to accessing finance, speaking to banks, speaking to Departments and engaging with large establishments; they do not have the armies of lawyers and lobbyists that we see in larger businesses. Is it not essential for the Bill to send a stronger message in support of small businesses? Is the amendment not about sending that message?

Mr Prisk: We should distinguish between what we are putting into primary legislation, which is prescriptive, and the ambition of the Government. That is an important distinction. The hon. Lady is right to say that a major multinational will have the professional team able to approach the bank, but the type of investments, which will be quite broad—some will be of a debt nature in due course, some of an equity nature and so on—shows the intention to have different packages and, in particular because many of the innovations we are talking about will be starting in the smaller business, I would be surprised if the bank consciously sought to exclude itself from a whole raft of small business opportunities. That is why it is important that I try not to prescribe what it should invest in or who it should support, but ensure that it can design something that is there for everyone, large and small.

12.15 pm

To respond to another point made by the hon. Member for Hartlepool, the proposed amendment cannot be adopted in its present form in terms of the UK because, as drafted, it is inconsistent with Community law. In other words, it would require the bank to invest in UK business in a manner that is discriminatory. Again, we have to be clear, as the Bill is clear, to ensure that we achieve green purposes in the UK. The framework agreement spells that out as well. What we have to be careful about—this was brought out well by a number of hon. Friends on the Government Benches—is that we need not put into primary legislation what we mean by UK, for we will immediately find that we have drawn the line in the wrong place. Of course I want to see UK businesses have a fair crack of the whip, and of course I want to ensure that SMEs are a key part of the process, and that will be part of the discussions, but for us to put it into primary legislation would be wrong.

While I totally understand and support the aspirations behind the amendment, its effect would be to undermine the essential purpose of the bank, so I ask the hon. Gentleman to withdraw it. He has raised some important issues. The Government's intent is certainly to recognise the aspirations and we will work towards them, but I just think that putting them in primary legislation is the wrong place to do it.

Mr Iain Wright: The Minister, as ever, has been incredibly eloquent in defending his position, but I am somewhat disappointed. As my hon. Friend the Member for Rochdale said, it sends out a clear message to small and medium-sized businesses. In an enterprise Bill, one of the key things that it could do is ensure that the legislative framework is as conducive to supporting SMEs and the general enterprising culture of this country as possible. I am disappointed. If the Minister carries on with that stance, it will not be long before he becomes a former Minister himself.

The hon. Member for Skipton and Ripon was somewhat churlish and graceless. In Labour's time in office, between 1997 and 2010, 1.1 million businesses were created. In his time in office, 50 businesses every single day—*[Interruption.]* He says from a sedentary position that he is not in office. It is only a matter of time, I would suggest; perhaps if the current Minister becomes a former Minister, the hon. Gentleman can take his place. In the current double-dip recession—made in Downing street—50 businesses each and every single day are going under. It is against that backdrop that we need to consider the provisions in what is the primary legislative vehicle to promote enterprise in this country.

My hon. Friend the Member for Blaydon mentioned the experiences in the north-east in the 1980s. He is absolutely right. RenewableUK was eloquent about how we had a competitive advantage in the onshore wind industry in the 1980s and early 1990s. As a result of lack of certainty and Government support, we lost that competitive advantage to the likes of Denmark and Germany. There is a risk that the same thing will happen again today.

Mr Prisk: Does the hon. Gentleman not recognise the danger of trying to define businesses on the basis of nationality?

Mr Wright: I do understand that, and I think I have made clear in my remarks that in a complex and interconnected world, it is difficult to identify specifically which firms in a supply chain are British. Our amendment is not overtly prescriptive in that, and I think the Green investment bank could have an opportunity to try to work with businesses to identify opportunities in the supply chain as much as possible. The Minister said that it was important not to inject a greater degree of complexity into matters, and I agree with him, but I do not think the amendment would inject any degree of complexity. I disagree with him quite strongly on that.

My hon. Friend the Member for Vale of Clwyd spoke eloquently about the opportunities in the local economy of north Wales. He mentioned photovoltaic paint, which sounds exciting and is exactly the sort of thing that the Green investment bank should be thinking about. He also mentioned the key concern of businesses at the

moment, which is not about making it easier to fire workers, but about access to finance and—this is a wider point—access to procurement opportunities, which is also an important consideration.

My hon. Friend the Member for East Lothian said quite rightly that although we have huge opportunities here, in many local areas, whether in Scotland, the north-east or north Wales, many local communities that have experience and a heritage and tradition of industrial capability, including my own, do not see where the new jobs are going to come from. Trying to help local SMEs and their supply chain in procurement decisions would help to embed the green industrial revolution as much as possible.

The Minister was eloquent, and I agree with what he said about general procurement matters. He is right. The Government did not create the problem. Governments over the past 20, 30 or 40 years have been relatively bad as customers, and good at procuring goods and services. However, in the past two years, with decisions such as those on Sheffield Forgemasters, Bombardier and Royal Navy fuel tanks, the Government have not helped matters or, more importantly, British industry.

Mr Prisk: I remind the hon. Gentleman that the challenge, particularly in the Bombardier decision, was to unpick at the very last stage a process that had started two years earlier under the previous Government. He was right in his initial comment that perhaps all parties have not paid sufficient attention to the issue in recent years. I hope that he will correct that record.

Mr Wright: I stand by my comments about some of the decisions. However, the Minister makes the general point, with which I absolutely agree, that Governments of all political persuasions in the past 30 or 40 years have not been good buyers of goods and services. One thing we could do in the Bill is to improve the framework as much as possible.

The Minister did not mention some of matters that I would have liked to hear about in terms of how the amendment could help the green deal for SMEs. The ending of Warm Front opportunities undermines firms' capacity. I am pleased that my hon. Friend the Member for Newcastle upon Tyne Central is here, because she has spoken eloquently about some of the downgrading and how closing Warm Front opportunities has not helped firms in the north-east, such as Carillion. She has been very supportive of that firm in trying to provide jobs, experience and growth opportunities. In his response, the Minister did not mention that one purpose of the amendment is to help to provide the green deal for SMEs to keep those opportunities as much as possible.

I close as I opened, by referring to a comment from my hon. Friend the Member for Rochdale. The Minister's refusal to accept the amendment sends out a clear message to small businesses in this country. I would have expected, and I hoped, that in a spirit of co-operation in an enterprise Bill he would try to help SMEs and the UK supply chain as much as possible by saying that although the language and terminology in the amendment may not be quite right, he would take it away, think about it, and introduce an amendment on Report. He has not done that. He has stated flatly that he does not

[Mr Iain Wright]

want to introduce anything to help to support small and medium-sized businesses. I am disappointed with his reaction. I thought that he would help to provide support, and I wish to test the Committee's opinion.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 12.

Division No. 2]

AYES

Anderson, Mr David	Onwurah, Chi
Danczuk, Simon	Ruane, Chris
Murray, Ian	
O'Donnell, Fiona	Wright, Mr Iain

NOES

Bingham, Andrew	Lamb, Norman
Bridgen, Andrew	Mowat, David
Burt, Lorely	Ollerenshaw, Eric
Carmichael, Neil	Prisk, Mr Mark
Evans, Graham	Smith, Julian
Johnson, Joseph	Wright, Jeremy

Question accordingly negated.

The Chair: Colleagues will be aware that we debate amendments in groups with similar themes, but we come to decide on the amendments strictly in the order in which they fall in the Bill, or on the amendment paper. On our first group of amendments, we have already disposed of amendment 5 through a Division. The shadow Minister did not indicate whether he wanted to press amendment 4 to a Division.

Mr Iain Wright: I fancy my chances, Mr Bayley.

Amendment proposed: 4, in clause 1, page 1, line 11, at end add—

'(4) Nothing in subsection (1)(b) shall allow the UK Green Investment Bank to consider investments in high carbon infrastructure projects, or in projects likely to result in a significant increase in greenhouse gas emissions.'—(Mr Iain Wright.)

Question put, that the amendment be made.

The Committee divided: Ayes 7, Noes 12.

Division No. 3]

AYES

Anderson, Mr David	Onwurah, Chi
Danczuk, Simon	Ruane, Chris
Murray, Ian	
O'Donnell, Fiona	Wright, Mr Iain

NOES

Bingham, Andrew	Lamb, Norman
Bridgen, Andrew	Mowat, David
Burt, Lorely	Ollerenshaw, Eric
Carmichael, Neil	Prisk, Mr Mark
Evans, Graham	Smith, Julian
Johnson, Joseph	Wright, Jeremy

Question accordingly negated.

The Chair: We have had a good debate so far, with plenty of discussion in the first group of amendments around whether there should be a narrow or broad definition of energy efficiency, and in the second group, amendment 3, in relation to UK businesses and SMEs, but I am happy, as long as we do not repeat ground we have already covered, to have a stand part debate about the Committee's view, more generally, of the Green investment bank.

Question proposed, That the clause stand part of the Bill.

Mr Iain Wright: I feel like an England football player about to take a penalty: different amendment, or different tournament, same result—it does not matter, we always seem to lose. [Interruption.]

I anticipate that this will be an important and informative clause stand part debate. I hope that the Minister will set out the reasoning behind the balance to be struck—we have heard about that already in some of the debate and deliberations about amendments—and the choice of sectors in which the bank can invest. Let me say from the start that I fully accept and support the Minister's stance on the need for flexibility, especially, as we have heard, over possible technologies that are not even considered or invented yet. I do not want the green purposes, as set out in clause 1, to be too rigidly set. I also have huge sympathy for the Minister when setting out priority sectors. If he raises four or five priority sectors, there will always be somebody like me to stand up and say, "You said (a), (b), (c) or (d); what about (e), (f) and (g)?" That is what I am going to do today.

I think it is important, as part of this clause stand part debate, that we probe the Minister about why the bank, together with the Minister, has chosen particular sectors over others. In the shareholder relationship framework document that the Minister has kindly shared with the Committee for our deliberation, the Government have outlined five sectors that the Green investment bank will prioritise in the period up to 31 March 2015. These are: offshore wind power generation; commercial and industrial water processing and recycling; energy from waste generation; non-domestic energy efficiency, including on-site renewable energy generation and heat; and sectors that support the green deal policy, helping to raise the deployment of energy efficiency schemes throughout the UK. However, as the Minister is aware—he has alluded to it already—there are other places in which the bank can consider investing.

My hon. Friend the Member for Blaydon and the hon. Member for Skipton and Ripon have already raised this matter, and we have talked about it. The UK is still considered to have the potential to take a lead in the development of carbon capture and storage technologies, particularly in respect of gas power stations. However, the UK's first planned demonstration projects were cancelled last year, and the announcement in this year's Budget that natural gas will be exempt from a new emissions performance standard until 2045 will inevitably put investment in CCS technology in the UK on hold, and allow other countries to move forward, well ahead of us.

Julian Smith: Will the hon. Gentleman give way?

Mr Wright: If the hon. Gentleman will answer this question, I will be more than happy to give way: why on earth is CCS not considered a viable sector for the UK?

I think the hon. Gentleman would agree that we are market leaders at the moment, and that we should try to stay in that position.

Julian Smith: I do not quite understand the shadow Minister's point, given that the Government have launched a competition, which closes on 6 July, and that the European Union will also be funding projects and making announcements shortly. We seem to be on the cusp of making some key decisions on CCS in the UK.

Mr Wright: We have already lost a number of months in delays and uncertainty—that is true of a lot of the Government's business policy, and certainly of their energy policy. Feed-in tariffs are the obvious example, but there are others. There is uncertainty and flip-flopping from the Government, which does not exactly help to provide investor confidence. I do not accept that some decisions have recently been announced. Surely the hon. Gentleman must accept that the cancellation of the planned demonstration projects 12 months or so ago has not helped the idea that the UK can be at the cutting edge of CCS technology.

12.30 pm

Julian Smith: I think that the shadow Minister is referring to Longannet. I do not think that that is relevant to the Bill, but the Government are absolutely right to move towards a cluster approach to CCS, rather than going for individual projects such as that one.

Mr Wright: As I said, one thing that we need to debate, and which I want to see the Green investment bank, as well as Government business policy in general, do, is to support long-term certainty, to give investors confidence. I am not convinced that the clause, the Bill or Government policy in general allows that to happen.

I shall move on, because I would really like to get Members' views, and particularly the Minister's stance, on a number of different sectors. Transport accounts for more than a fifth of UK emissions, and the Government's national infrastructure plan from October 2010 states that

“most infrastructure is carbon intensive and a revolution is needed, particularly in transport and energy, to meet legally binding targets.”

If that is the case, and if it is something that the Government acknowledge, why is there no mention of infrastructure in general, and transport in particular, in the green purposes? I think that the Government would agree that the UK automotive sector is a leading part of the UK economy, and one of the most competitive anywhere in the world. Recent decisions by Nissan and Jaguar Land Rover are very welcome.

We are already home to a number of world leaders in hydrogen fuel cells, and it is estimated that the global market value of such cells could be \$180 billion. The Institute for Public Policy Research concludes that

“with the right policy framework UK firms could secure a sizeable proportion of this market.”

So, why is it not included?

Electric vehicles are hindered by such things as a lack of charging infrastructure. I would have thought that that would be an easy and quick win on which the Green investment bank could concentrate, to provide favourable long-term outcomes. Why is the bank not tasked with working with the private sector, including

supermarkets and shopping centres, to place more charging points in areas where people park? Why does it not consider that infrastructure, to ensure that we can have a green revolution?

Ian Murray: My hon. Friend has mentioned, and will mention in the remainder of his contribution, some areas that the Green investment bank should consider, but does that not emphasise the Secretary of State's repeated use before the Environmental Audit Committee, and indeed on Second Reading, of the term “commercially viable”? That can fly in the face of sensible arguments about investment in this type of technology, to create a situation in which the goals of the Green investment bank are met.

Mr Wright: I absolutely agree with my hon. Friend. I reiterate the point that I made in response to his earlier intervention. Based on my understanding of the Green investment bank and all the comments made by the Minister this morning, it will consider bold, innovative new and emerging technologies. We understand that it must make a commercial return, but there is a danger that it will be risk-averse and consider existing technologies, and that it will not bring transformation, if the bank is directed according to the sentiments outlined by the Secretary of State.

I draw the Minister's attention to a point that we have discussed to some extent during debate on a previous group of amendments. Paragraph (b) mentions the advancement of efficiency in the use of natural resources. That being the case, will the bank invest in energy-intensive industries to help them mitigate the size of their carbon footprint? We have mentioned the steel industry. Will the bank work closely with the steel industry, which I think we would all agree is a vital and much-needed part of the UK manufacturing supply chain, to come up with solutions to prevent carbon leakage, finance research into materials that will allow steel to be made stronger with less energy and ensure that UK steel plants are competitive vis-à-vis their continental counterparts? We do not want carbon leakage.

On skills, will the bank invest in schools and colleges? Could the bank introduce an academy, for example, to ensure that Britain has the skills necessary to take advantage of the green industrial revolution? It is like the old Chinese proverb: thinking about one year, I plant a tree; thinking about 10 years, I plant a forest; thinking about the next 100 years, I educate the people. That is an important point. If we are to have truly transformational long-term change, will the bank consider educational facilities?

Does the Minister accept that a lack of joined-upness within Government is hindering progress and means that Government investment will not go as far as it could? Will the bank pay for the Government's mistakes elsewhere within Whitehall? For example, the Chancellor's decision to cut capital allowances is a backwards step that will not help industry. Will the bank have to step in to deal with that policy error made by the Chancellor?

I appreciate—as does the Minister, who is very eloquent on this subject, even though he is not yet a Treasury Minister—that enhanced capital allowances enable businesses to claim 100% in capital allowances for the first year only on a limited range of energy-saving plant

[Mr Iain Wright]

and machinery, but surely he recognises that that will benefit only a small number of manufacturers. Firms also claim to me and other hon. Members that the procedure for qualifying new technologies for enhanced capital allowances is complex and bureaucratic, and that they are therefore not engaging in the process. How will the Green investment bank help deal with that?

One thing that I am particularly interested in that the green bank could be doing as part of its green purposes is to move from a centralised electricity generation network to more microgeneration, perhaps on a community scale. I understand that many viable community renewable energy projects that could provide benefits are on the verge of being realised but have been hindered from going ahead by a lack of financial or legal expertise. In that context, does the Minister think that an appropriate use of Green investment bank resources—an appropriate area for investment—would be the provision of funding for legal, accountancy or planning advice to allow planning permission to go ahead and undo those planning blockages?

Similarly, does the Minister think that the provision of onshore wind could be the focus of investment? Keeping on that theme in a somewhat perverse way, given that there are objections in the community to onshore wind, would it be feasible and legitimate under clause 1 for the Green investment bank to be permitted to fund the provision of legal advice against community objections to help facilitate onshore wind schemes? I would be interested in his views.

The Committee on Climate Change estimates that 2.3 million homes will need solid-wall insulation fitted within the next decade in order to meet climate change targets. That will require the ramping up of the current rate of refurbishments by a factor of 10. As part of the fifth priority sector outlined in the framework document, will the green investment bank invest directly in building refurbishment? I understand that KfW in Germany has put about €9 billion in each year in the past couple of years into property companies and social housing providers to attempt to improve the poor insulation of housing and commercial property. That could certainly be viable here. I will be interested to hear the Minister's views, and certainly interested in the views of the hon. Member for Stroud.

Neil Carmichael: The shadow Minister makes interesting points, but some of them are really getting away from what a bank actually is. The Government have introduced a whole raft of measures, including, for example, the changes to the education system with a focus on STEM subjects and so on, and the measures introduced by the energy Bill that doubtless will go through Parliament shortly. Does he agree that the Green investment bank is part of a package? The last point that the shadow Minister was talking about will be dealt with through the green deal in terms of the refurbishing of houses.

Mr Wright: No. I fundamentally disagree with the hon. Gentleman on a number of levels. I mentioned that I do not want to see the Green investment bank be inefficient by trying to clean up the mess that previous

Whitehall decisions have made. [HON. MEMBERS: "The previous Government."] I am far too honest now! Don't worry.

I mentioned two things in particular. The hon. Gentleman mentioned skills and the importance of encouraging STEM subjects. I absolutely agree with him. I know that he is a massive supporter of engineering and manufacturing in the south-west. If that is the case—I hope you will not rule me out of order, Mr Bayley—why on earth is the Secretary of State for Education downgrading the engineering diploma as a qualification? If we are serious about rebalancing the economy towards engineering and manufacturing—I think there is cross-party agreement on that—surely the hon. Gentleman will want to rise to his feet and condemn what the Secretary of State for Education is doing, because we will suffer the consequences of insufficiently trained engineers in this country for decades to come.

Neil Carmichael: I just wish I was able to promote the Secretary of State's work this afternoon rather than having to be in Committee. He is doing exactly the right thing in focusing on STEM subjects. Go to any engineering firm in my patch and one hears that more maths, more physics and more chemistry are needed. Also, it is not a downgrading of engineering; far from it. It is paving the way for many more young people to get involved in that sector, and that is quite right.

Mr Wright: I fundamentally disagree with the hon. Gentleman. We were talking about the message that the amendments and Government support for such amendments send out to small businesses. What sort of message does the downgrading of the engineering diploma send out to people who are contemplating a career in engineering; who think that it could be exciting and innovative; and who perhaps even want to go into the low-carbon economy, but have been put off by the downgrading of the status of the diploma?

The hon. Gentleman also mentioned—

The Chair: I think the shadow Minister has posed his question very well, but we need to focus on the Green investment bank and the clause that we are debating at the moment.

Mr Wright: Absolutely, and I will come on to that immediately. I nearly said "imminently". Before the interventions from the hon. Gentleman, I started talking about insulation and building refurbishment. Under the previous Labour Government, we had the decent homes programme, which helped enormously with the refurbishment of properties and energy efficiency. Will the Green investment bank promote and invest in decent homes 2? What will be done for the private rented sector, which is notorious for having the worst energy efficiency of all our housing stock? I speak as a proud—but, alas, former—Housing Minister with responsibility for the private rented sector.

Ian Murray: We have a theme going here.

Mr Wright: We have got a theme. How will the Green investment bank be able to incentivise, persuade or even compel private landlords to improve the energy efficiency

of the properties that they rent out? I spoke on Second Reading of the Bill that became the Energy Act 2010, and I recall that during that debate the Secretary of State for Energy and Climate Change announced that from 2016 any tenant asking for their landlord's consent to make energy efficiency improvements could not be refused, and that from 2018—six years away—any properties with an F or G rating in energy efficiency would not be allowed to be put on the rental market. How can we speed up that process, and how can the Green investment bank be a catalyst for change?

12.45 pm

Given that two of the “green purposes” outlined in clause 1 are

“the protection or enhancement of the natural environment”
and

“the protection or enhancement of biodiversity”,

would it be appropriate for the Green investment bank to invest in the creation of forests? The Minister mentioned flora and fauna. Presumably, by investing in the creation of forests and more woodland in this country, we could have an impact—a green impact—in terms of absorbing CO₂ and improving biodiversity. Is that an appropriate use of the Green investment bank's resources?

However, the big elephant in the room—I say to the Under-Secretary of State that I am not looking at anybody in particular when I say that—in terms of what the Green investment bank would be allowed to invest in is nuclear. Let me declare a specific constituency interest: I have a nuclear power station on my patch and I would quite like another one, please—quite quickly, if at all possible. I would quite like the Green investment bank to be allowed to provide help and assistance for nuclear projects, but I am really keen to get on the record what the Minister's stance is on that issue.

If the independent Green investment bank considered that it could receive an acceptable rate of return on a project that was commercially viable, to use the phrase of the Secretary of State in response to my hon. Friend the Member for Edinburgh South, and that involved some part of the nuclear electricity generation supply chain—I think the hon. Member for Warrington South mentioned asking witnesses about Sheffield Forgemasters and what-have-you—would the Government stop that investment?

The Department of Energy and Climate Change website states:

“Nuclear power is low-carbon, affordable, dependable, safe and capable of increasing diversity of energy supply. New nuclear power stations would therefore help the UK address the twin challenges of climate change and security of energy supply.”

Fiona O'Donnell: My hon. Friend is making such an excellent contribution to this debate. Would he like to ask the Minister not only about new build in the nuclear sector but whether some of our existing stations could meet all the safety criteria and—with some investment—have their lives extended, thereby sustaining jobs in many of our communities and giving us that base load security of supply?

Mr Wright: My hon. Friend makes a very important point. If I think about the example of the nuclear power station in my own constituency, additional support and

investment would mean that its life would be extended to about 2018 or 2019. I am not a nuclear engineer and I do not know the feasibility of ensuring that we could extend the life of that station, but surely, as my hon. Friend said, it is a legitimate use of the Green investment bank's resources to say, “Can we take existing nuclear power station capability and extend it to 2025, to ensure that there isn't a gap in the provision of electricity supply over that period from, say, 2020 to 2025?” I would be interested to learn the Minister's views on that subject.

Ian Murray: Nuclear is the nub of one of the issues about the complexity of setting up the Green investment bank and where it should be investing. It is in the coalition agreement that there should be no public subsidy for new nuclear power and it seems to me that money from the Green investment bank could be a public subsidy. That also refers back to my hon. Friend's previous point, when he said that failed Government policies across other Departments in Whitehall are having an effect on where the Green investment bank may invest, and that Sheffield Forgemasters is a key case in point.

Mr Wright: My hon. Friend is absolutely right. He rightly refers to the Government's policy, which was set out in the coalition agreement. I want to raise that policy and make explicit what the then Secretary of State told the House on 18 October 2010, showing the position that the Government had then and the position that I think they have today. He said:

“I should like to take the opportunity to reconfirm the Government's policy that there will be no public subsidy for new nuclear power. To be clear, this means that there will be no levy, direct payment or market support for electricity supplied or capacity provided by a private sector new nuclear operator”—

this is the key point in relation to the Green investment bank—

“unless similar support is also made available more widely to other types of generation...New nuclear power will, for example, benefit from any general measures that are in place or may be introduced as part of wider reform of the electricity market to encourage investment in low-carbon generation.”—[*Official Report*, 18 October 2010; Vol. 415, c. 45WS.]

From a reading of that clear statement from the then Secretary of State for Energy and Climate Change, it seems that the UK Green investment bank, as set out in clause 1, could easily comply with the parameters of that statement and take an investment position in the nuclear industry.

The Environmental Audit Committee has looked at the matter and recommended that the Government make their position on how the Green investment bank could invest in nuclear a little bit clearer. When questioned by that Committee, the Government stated, in their response to the recommendation:

“Ministers will set the strategic direction of the GIB in due course. In view of the breadth of opportunities and challenges associated with greening the economy, the intention is to maintain a broad remit for the GIB. No decisions have been definitively taken as to what particular sectors might be prioritised at different times.”

We now have the framework document, but that does not provide much further clarity either. The most relevant part of the framework document states that by the end of the period ending 31 March 2015, the Green investment

[*Mr Iain Wright*]

bank should seek to have 80% or more of funds committed by it allocated to the priority sectors, which I have already mentioned, and then

“with any other funds committed to other sectors the Board considers will or are likely to deliver the Green impact”.

Again, that does not seem to prevent or preclude investment in nuclear power or its supply chain. Will the Minister set out the Government’s position on that important matter?

Finally, on the broader issue of clause 1, will the Minister define in clearer terms—we have touched on this already—what “promotion of environmental sustainability” in subsection (1)(e) means? May we have a definition of environmental sustainability as set out in clause 1?

The clause stand part debate has been important on a number of levels. I have asked a number of questions, and the nuclear issue is an important point on which to seek clarity. I look forward to the Minister’s reasoning behind the green purposes in clause 1 and the specific sectors that have been chosen for the Green investment bank to concentrate on.

Ian Murray: I am grateful to be able to take part formally in this incredibly important debate. My hon. Friend the former Minister has set out a strong argument on the clause. He is such a powerful speaker in this place that I hope that the word “former” is removed from his title soon.

Mr Wright: Stop digging!

Ian Murray: I emphasise that again so that my hon. Friend does not become a former friend.

It is important to look at the clauses in the Bill, as they are the fundamental ways in which the Green investment bank will be set up. Many congratulations to the Minister, his team and the Secretary of State on making the wise decision to take the Green investment bank to Edinburgh. That is the only place in the world where it should go. Given that it is the centre of the universe, the bank will certainly be well received there.

The reason why the bank will be well received in Edinburgh and why the city is the right place for it to go, is the expertise that the city is able to provide. Edinburgh is already one of the major financial centres in Europe and a place where there is much innovation in things on the green agenda—whether that be wave power, the manufacturing of infrastructure or the academic research and development in the many universities in Edinburgh, including Heriot-Watt and the university of Edinburgh.

As the bank will be in an area of such financial and research and development expertise, it is important that we get clause 1 absolutely right. Critically, the clause will determine what the Green investment bank can invest in and how it should invest. I am sure that we will come on later today—perhaps later this month—to the financing of the Green investment bank, so I shall leave that aspect for another debate.

On clause 1, we must ensure that, as it already does in many instances, the Green investment bank invests ethically, if I may use that term. Over many years, there has been a clamour in the commercial banking sector, and perhaps even among the banks owned by the public purse of this

country, for the ethical investments in their investment profiles to be at the forefront of their decisions. Our amendments to the clause tried to achieve that. The Green investment bank has such a critical role to play that, right at the outset, the Bill should state what the bank can invest in, why it should make such investments and how it can best support UK plc through SMEs and the supply chains.

I understand all the arguments that were made, particularly those made by the hon. Member for Stroud, about how complicated those supply arrangements are. However, amendment 3 asked only for such supply agreements to be taken into account. In the procurement process, the terms of reference are always set for any procurement contract, and they are then used to analyse the bids and tender processes that come in. Many of those, as my hon. Friend the Member for Hartlepool said, could be apprenticeships, or they could be investments in the local community. A whole plethora of terms of reference could be attached to any sort of procurement, and it is important that the Green investment bank should be able to look at some of them.

The chosen priority sectors prompt more questions than they provide answers. The nuclear question mentioned by my hon. Friend has been examined in detail, and the Environmental Audit Committee’s report on the Green investment bank made clear recommendations to the Government on whether to rule it in or out. Would it be a public subsidy if the Green investment bank invested directly in nuclear power, and would that therefore be against the coalition agreement between the governing parties—not that the coalition agreement is sacrosanct?

Will the Minister provide clarity by answering such questions and ruling out, in this room today, what many other Ministers—including Treasury and Cabinet Office Ministers when they were examined by the Environmental Audit Committee—have refused to do? The Bill now gives him the opportunity to that, and this is the right place for him to do it.

I will not go into the detail of the subsidy for nuclear power, because my hon. Friend covered that clearly. The Aldersgate Group and the Trades Union Congress, which have provided written evidence to the Committee, as well as various other organisations have clearly said that the definitions in the Bill, as it stands, are too broad. I contend that the priority sectors, which the Minister has set out in a letter circulated to the Committee, are possibly even too narrow, in that there is perhaps a missed opportunity about what the bank can invest in.

Earlier, I used the example of Pelamis. It is not in my constituency; it is in that of my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz). That is a strong example of how the city in which the Green investment bank is based may not have an opportunity to invest in a sector and a company that is doing such wonderful work in pushing forward wave and tidal power technologies. From looking at the strategic framework and priority sectors document that has been circulated, I am not sure where, in relation to wave and tidal power, that company would fit in. Perhaps it would not fit in at all, but that would be a real missed opportunity for the bank to look at and push forward such sectors.

In determining the specifications set out in the strategic framework and priority sectors document, perhaps the Minister and his colleagues always had commercial

viability at the back of their minds. Perhaps that is why certain areas and sectors have been ruled out, which links to my previous point about whether the subsidy for nuclear is a quick and profitable win for the Government.

The Green investment bank cannot be recapitalised until 2015, 2016 or, given today's announcement about the state of the public finances, perhaps later. Is there an opportunity to extend the priority sectors to include

what anyone who knows what the Green investment bank is and what Pelamis does would surely see as a linkage?

1 pm

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Four o'clock.

