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When we consider what the future holds, we are told not to worry because either the Government will be convinced that a new or existing charitable trust will be able to take on the burden, or they will not give up the forest and it will remain in public ownership. This is not dissent; this is me participating in the consultation. Here is my answer: do not give up the forest or give it to a charity, either a new one or an old one, because they will be unable to take on the £2.9 million deficit. If the Government say, "Don't worry, we'll pay for that," why the heck are they bothering to make the change? We really do not need this.

There is particular concern about the Public Bodies Bill. The New Forest has traditionally always been governed by its own legislation, which is laid out in the New Forest Acts, but there are provisions in the Public Bodies Bill that look as though they will take precedence over those Acts. If I seek any assurances at all from the Government Front Bench, it is an assurance that no provision in that Bill will have supremacy over the provisions of the New Forest Acts. It is terribly important that we have a constellation of organisations and that the verderers are able to say no. We need a sort of mixed economy, with neither statism on the one side, nor total privatisation, or hand-over to a private organisation or charity, on the other.

John Pugh (Southport) (LD): Will the hon. Gentleman give way?

Dr Lewis: No, I will not.

I must say that I am getting a bit fed up with being put in this position, as this is not the first time. At the general election there were Liberal Democrats who pledged in good faith that they would not raise tuition fees, and yet they have had to treble them, and there were Conservatives, like

me, who pledged in good faith that the nuclear deterrent would be safe, yet we have seen its confirmation put off until after the next election. Now we have this measure, which I do not think was in any party's manifesto. Much effort has been put into ensuring that the Conservative party is no longer seen as the nasty party. We may no longer be the nasty party, but I do not want the new party that I understand some people are trying to form-a strange permanent coalition of Conservatives and Liberals-to get the reputation of being the party of nasty surprises. This is a nasty surprise, and we can do without it.

6.32 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): I seem to spend a lot of time following the hon. Member for New Forest East (Dr Lewis) and agreeing with his criticism of his party and the Government on the nuclear deterrent, so it is a great pleasure to follow him and agree with his criticism of the Government Front-Bench team on the issue of the nation's forests.

The Secretary of State, in her rather long speech, invited Members to go to Grizedale forest and have a look around to see what they think. I wish that she had been there last Sunday for the rally that I attended, as did Lord Clark of Windermere and the hon. Member for Westmorland and Lonsdale (Tim Farron), whose constituency neighbours mine. We all spoke at the rally and saw the great, diverse and angry crowd of people

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who gathered to make their points. I have been surprised by the tone adopted by many Members who have participated in the debate, because the people who attended the rally were not in the main Labour party supporters-I have been to a few Labour rallies and trade union do's. Although there were many Labour party members present, there were voters for all parties there. Indeed, if one party represented there was in the majority, I speculate that it probably was not my own.

Those people did not feel that they had been duped, and if anyone had put it to them that they were being dishonest in their concerns, I think that they would have given the accuser very short shrift. They are people who honestly and rightly believe that the rights of access that they are vaguely being promised through the consultation are not worth banking on. They are people who, because of the huge deficit that the hon. Member for New Forest East so amply laid out, do not buy the idea that there could be a great renaissance in the voluntary sector, in charitable bodies and in people coming together to buy woodland. They believe, absolutely rightly, that they already own that land; it is owned by the British people.

We all know, from the past 13 years, that we cannot have a referendum on every issue-on the many difficult things that people disagree with. On an issue as fundamental as this, however, we have to have the consent of the people before we go ahead. On Sunday, like the thousands of people who have made their views known and written to hon. Members, people at the rally made it very clear that the Government simply do not have that consent and should think again.

I hope that Liberal Democrat Members will pay heed to the stand that their party president, my constituency neighbour, the hon. Member for Westmorland and Lonsdale, has taken, and consider voting with us today and in opposition to the Public Bodies Bill, on which the hon. Member for Thirsk and Malton (Miss McIntosh) made a good point, when she noted the potential dangers in relation both to this issue and to others if we go down that route. Ultimately, however, on that and on many other measures going through the House, such as that on tuition fees-I am thinking of all the other broken promises that we have seen-there are only so many times that Members, who undoubtedly have genuine grievances with what their party and Government are doing in their name, can credibly go to their constituents and wash their hands of it. Eventually, every Government Member, but the Liberal Democrats in particular, will have to account to their constituents and parties for the way in which they have propped up the Government.

Karl Turner (Kingston upon Hull East) (Lab): Does my hon. Friend agree that this is an opportunity for Liberal Democrat Members not to break their promises but to come along and vote with us on the issue?

John Woodcock: Yes, it is. I hope that many Liberal Democrats do so today and on the Public Bodies Bill, because no Member, unless they have not checked their e-mail or post, can have failed to see the anger about this issue. I hope that they act on it with us and take into account what their constituents are rightly telling them, but ultimately they will have to take into account what they are doing daily to prop up the Government, who are not listening to the British people, and act accordingly.

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6.38 pm

Sir Peter Soulsby (Leicester South) (Lab): The Forestry Commission is a British success story. I say that deliberately, because although we are talking about England's forests, as my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) reminded us, the Forestry Commission operates throughout the United Kingdom, and weakening it, as the Government are doing in the measures before us, will have an impact throughout the UK.

The Forestry Commission, as we were also reminded, was set up in 1919, and its core business originally was the production of pit props. Those days are long gone, however, as are the days when it planted insensitive and destructive plantations of parade ground conifers that marched across our hillsides.

Over recent years, the commission has been at the forefront of rural protection. My hon. Friend the Member for Ogmore (Huw Irranca-Davies) and several other hon. Members drew attention to its work on the stewardship of the natural environment, on which it has set an example to other organisations.

The Forestry Commission has shown genuine concern for the environment and has put it at the heart of its work, and it has given the highest priority

to the protection and enhancement of biodiversity. As several hon. Members reminded us, particularly my hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt), it has been particularly successful in opening access to its estate, even to those parts that it does not own but leases. One of the major concerns as this process goes forward is what will happen to that access. At the moment, the estate has some 40 million visitors a year. They go there not only to walk, ride and cycle but to have their experience enhanced and interpreted by the Forestry Commission in producing educational material.

Those are all outstanding achievements for the Forestry Commission, in the course of which it has been able to reduce its dependency on public funds. The hon. Member for Brighton, Pavilion (Caroline Lucas) drew attention to an outstanding aspect of its record—it is the only state-owned forest in Europe to have been declared truly sustainable. As she said, the whole of the public forest estate has received Forest Stewardship Council certification and, as such, is recognised as being managed responsibly. It is significant that, when questioned on this, the Minister of State has been completely unable to guarantee that attaining such certification will be a requirement for those who might take over its ownership and management. He has described that as being something that will be optional for them, which means, of course, something that they will not wish to subscribe to.

Throughout this debate, we have struggled to understand the reason for what the Government are doing. The first reason given by the Secretary of State— [*Interruption.*] She says that we do not understand; well, perhaps the Minister of State will explain it to us. Originally she described the sale as something that would fill the black hole in the flood defence budget. That was until she realised that the cost to the Government of subsidising other people to manage the forests would far outweigh any of those proceeds. Indeed, the impact assessment published today makes it clear that in fact the Government stand to make a net loss from the sale of these forests, and that the burden on the public purse will be greater as a result of their disposal, not less.

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When that excuse wore thin, the Government turned to the explanation that this was about allowing communities and environmental groups to manage the land—the big society. That was until most of those bodies realised, as has been confirmed today, that they would have to meet the market price to purchase the land and that they would be scraping around for years afterwards to try to pay for its upkeep—for the assets and liabilities that they would be taking on.

Only when the Secretary of State realised that neither of those two explanations for the Government's action had any credibility were we given the spurious reason that it was necessary because of the failings of the Forestry Commission constitution. Significantly, we did not hear that from her until today, but we have heard it on several occasions recently. It was mentioned briefly today by the Prime Minister. The argument is that there is

some inherent conflict of interest in the Forestry Commission that makes it unable to carry out the role that is given to it. We have heard no evidence that such a conflict of interest gets in the way of the commission doing its work. All we have heard is that it is a very successful organisation that is performing an admirable duty in protecting our forests and enhancing their biodiversity, and ensuring that we, the public, have access to them.

First, it was the money, then it was the big society, and then it was the alleged conflict of interest. I hope that the Minister will give us the real reason for this, because there is widespread suspicion that we have not heard it. I understand that he has let slip one of his primary motivating forces—that this is unfinished business; even though Baroness Thatcher thought of selling off the forestry estate, she never had the determination to carry it through. For her, privatising our nation's forests was one privatisation too far. The people of England, whether they be walkers, cyclists, riders or just ordinary people who care about our natural woodlands, are united in saying no to that privatisation.

It is clear that the Government's use of the big society to justify the policy is a sham. This is not about new opportunities for public participation or new ownership models. It is not about giving preference to local people, because they would have to bid for the land alongside international logging companies.

We have heard about the position of heritage forests such as the New Forest and the Forest of Dean. I want to put on record what the Government's consultation paper says about those forests. It states that they might be handed over to charities, but that those charities

"would be expected to become less reliant on Government support over time."

What charity or trust in its right mind would take on the liability of the New Forest or the Forest of Dean if it were expected to make savings over time?

My hon. Friends the Members for Bishop Auckland (Helen Goodman) and for Nottingham South (Lilian Greenwood) spoke about Robin Hood in the context of the forests. My hon. Friend the Member for Nottingham South described the sale of these assets as mean and small-minded. To that, I add stupid and destructive.

The sale of our forests and woodlands is opposed by 84% of the public. The Secretary of State was dismissive of public opinion, but 300,000 people have already signed a petition against the sell-off. I wonder whether

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she is dismissive of the people because she thinks that they do not understand what she is doing. That point has been made by some Members, who have said that there is scaremongering. I suggest that most Members know that the people understand only too well the threat of what the Secretary of State is doing to our precious forests and woodlands.

In this comparatively short debate, we have only begun to reflect the concern and anger of people up and down the country about the future of our precious forests and woodlands. Our woods and forests are just that—ours. Of course the Forestry Commission must continue to be commercially effective, but it must also be there to protect our access as walkers, cyclists and riders in our forests, to continue its excellent work in education, and to protect and improve forest habitats. As my hon. Friend the Member for Hayes and Harlington (John McDonnell) reminded us, it must have the staff and the scientific expertise to carry out its wider public duties as an adviser and a regulator.

Forests were indeed sold off while Labour was in government, but the first tranche of sales planned by this Government involves 10 times more land than was sold off in the last five years of the Labour Government. Those sales made possible the purchase of land to plant 1 million trees in Wigan, 2 million in Warrington, 2 million in St Helens, 1 million in Moseley and 1 million in Ellesmere Port. Every penny went back into forestry, not to fill a black hole in the Secretary of State's flood defence budget.

The protests about this issue are only beginning. They will go on until the Government get the message. Members from all parts of the House will continue to get the message from their constituents. We have heard brave words from the hon. Members for Hexham (Guy Opperman) and for New Forest East (Dr Lewis), who spoke with authority and conviction on behalf of their constituents and their beloved forests.

George Freeman (Mid Norfolk) (Con): Will the hon. Gentleman give way?

Sir Peter Soulsby: I do not have time, I am afraid.

Those Members reflected this evening a message that we will all hear in the weeks and months to come—that these are our woods and our forests, and they are precious to us all. They must remain open to the public, protected for the public and owned by the public.

6.50 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): A lot of issues have been raised in the debate, and I intend to respond to as many as possible. I undertake to write to hon. Members who have asked specific questions if I do not have time to answer them all.

We have heard speculation about all sorts of risks to aspects of forests if our proposals go ahead. I hope in the next few minutes to be able to debunk most of that nonsense. Those risks have been invented for totally spurious reasons. I stress that this is a consultation, and that it will last for the full 12 weeks, as is the convention.

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During it, we will listen to many of the organisations referred to this evening that have an interest in the matter, and I will personally discuss it with them.

We have repeatedly stated that existing public benefits will be protected in any transaction. I shall return to that point later. I also emphasise that the programme that we propose will take 10 years. It is not, as one Member suggested, a fire sale; it is a long and transitional but dramatic change in the ownership and management of Britain's farms and woodlands. If we are not satisfied with any offer that comes forward, there will be no deal on the forest in question.

I am afraid that the hon. Member for Wakefield (Mary Creagh) demonstrated a considerable lack of true knowledge. *[Interruption.]* If Labour Members wait, they will hear the reality. She asserted that there was no information available about the area of ancient woodlands involved—it is 53,000 hectares, for her information—and, contrary to what she said, SSSIs are included in the mapping process. She also went on about Labour having sold only a net 4,000 hectares, but the fact is that it got rid of 9,000 hectares without adequate protection for public benefits.

Mary Creagh: Will the Minister give way?

Mr Paice: On the issue of—[Hon. Members: "Give way!"] No, I am not going to give way.

On the issue of funding, the reality is open for us to see in the Forestry Commission's accounts. It costs £17 million a year to run the Forest Enterprise in England, excluding research and regulatory costs.

Barry Gardiner: Will the Minister give way?

Mr Paice: No.

We get just a £1 million surplus from commercial logging activity. That is one of the drivers of the change. The commercial timber sector tells us that if it could have access to our commercial forests, not the recreational ones, it could do better and would return the improvement to us through the lease.

Barry Gardiner: Will the Minister give way?

Mr Paice: No, I am not going to give way.

Barry Gardiner: On a point of order, Mr Speaker. I tabled a parliamentary question for named day answer on 31 January, seeking to elicit information from the Minister. My office phoned the Department today only to be told that it was waiting for the Minister to—

Mr Speaker: Order. That is not a point of order for the Chair, and it is not a matter to be dealt with now.

Mr Paice: Somebody referred to the opportunity for wind farms, and we have just heard some more.

A number of Members referred to people's rights, and I wish to spend a few moments explaining where we are on access. Permissive rights have been mentioned, and I have to stress that very little of the forest estate carries

such rights. I suspect that Members are confusing them with dedicated rights under the Countryside and Rights of Way Act 2000. Some 2,000 hectares of land carries permissive rights, and that is all land that is held

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on 999-year leases. Of the land that we actually own, 90% has dedicated access, which cannot be extinguished. Indeed before transfer, we could and would enhance that provision to cover any forms of access not already covered by it.

The hon. Member for Leicester South (Sir Peter Soulsby) suggested that the Government are weakening the Forestry Commission, but nothing could be further from the truth.

Frank Dobson (Holborn and St Pancras) (Lab): Will the Minister give way?

Mr Paice: I am not giving way to the right hon. Gentleman because he has only just come into the Chamber.

The Forestry Commission will have its role altered over time, as this period transpires. We want it to concentrate on regulation, advice and research, and on promoting the wider planting of trees. Let us not forget that the under the last five years of the Labour Government, tree planting in this country fell by 60%.

A number of hon. Members referred to the Forest Stewardship Council. I can assure the House-I am happy to give this guarantee-that the council's certification scheme will remain a condition if we transfer any forests that are currently subject to it, as they all are.

My hon. Friend the Member for Hexham (Guy Opperman) understandably wanted assurances and called the issue of access "a deal-breaker". I can assure him-I promise him-that access as it currently exists will be guaranteed. I cannot make it any clearer than that.

Mr Steve Brine (Winchester) (Con): Access is the key point in the hundreds of communications that I have received. Does the Minister agree that over the course of the consultation, the challenge for Ministers is to make the case on access to the hundreds and thousands of people who are e-mailing hon. Members?

Mr Paice: I cannot say it more clearly than I just did. We will guarantee existing rights of access on any land that is moved away from its current operation.

My hon. Friend the Member for Hexham also rightly referred to jobs in his area-specifically to those at Egger-as did the hon. Member for Hayes and Harlington (John McDonnell). I do not often agree with the latter politically, but I respect his passionate belief in the interests of the working people of this country. I can assure my hon. Friend and the hon. Gentleman that the Government care about those jobs too. The announcement of job losses today is extremely sad and distressing, and we understand and sympathise

with those who might lose their jobs, but that was not the result of our consultation.

Mr Burley: I represent Cannock chase, which is one of the great forests of England and important to everybody in the west midlands. Does the Minister agree that it is an historic forest and, as such, deserves heritage status?

Mr Paice: There will be lots of bids for heritage forest status. The criteria by which they will be judged are laid down in the consultation document. I fully recognise that Cannock chase has major attributes in that respect, as have other forests, but I am not at this stage going to start listing every single one.

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Ian Murray: Will the Minister give way?

Mr Paice: No-I am not giving way anymore.

Finally, on jobs, I want to make this point. The Government believe that any commercial undertaking that leases parts of our forests for commercial purposes will want to increase commercial and economic activity. That is the best way to encourage job creation. People will not take forests on just to shut the gate-they would be unable to do so even if they wanted to-and leave it there; they will want to run that area as a commercial, job-creating business.

This debate was based on Opposition claims that range, frankly, from the spurious to the absurd. Not only do the Government not intend, as the Opposition motion suggests, to sell 100% of the forest estate; we could not do so, because we do not even own 58,000 hectares of it. The actual figures are in the document.

The Secretary of State and I have repeatedly stressed-

Ms Rosie Winterton (Doncaster Central) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly, (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 260, Noes 310.

Division No. 188]

[6.59 pm

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brooke, Annette
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann

Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.

Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Farron, Tim
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline

Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilbert, Stephen
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goldsmith, Zac
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz

Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lewis, Dr Julian
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Mitchell, Austin
Morden, Jessica
Morrice, Graeme (*Livingston*)
Morris, Grahame M. (*Easington*)
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Nokes, Caroline
O'Donnell, Fiona
Onwurah, Chi

Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra

Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan

Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williams, Mr Mark
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain
Tellers for the Ayes:

Angela Smith and
Jonathan Reynolds
NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob

Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. (*Monmouth*)
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine

Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne

Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen

Hancock, Matthew
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy

Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew

Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew

Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian

Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim
Tellers for the Noes:

Jeremy Wright and
Mark Hunter

Question accordingly negatived.

2 Feb 2011 : Column 971

2 Feb 2011 : Column 972

2 Feb 2011 : Column 973

2 Feb 2011 : Column 974

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

The House divided: Ayes 301, Noes 253.

Division No. 189]

[7.15 pm

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew

Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan

Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. (*Monmouth*)
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie

Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Henderson, Gordon

Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
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Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
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McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther

Menzies, Mark
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Ollerenshaw, Eric
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob

Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward

Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:

Mark Hunter and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin

Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana

Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brooke, Annette
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony

Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilbert, Stephen
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia

Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lewis, Dr Julian
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana

Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry

McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Mitchell, Austin
Morden, Jessica
Morrice, Graeme (*Livingston*)
Morris, Grahame M. (*Easington*)
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan

Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williams, Mr Mark
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:

Angela Smith and
Jonathan Reynolds

Question accordingly agreed to.

2 Feb 2011 : Column 975

2 Feb 2011 : Column 976

2 Feb 2011 : Column 977

2 Feb 2011 : Column 978

The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)),

Resolved ,

That this House deplores the actions of the previous administration in selling off 25,000 acres of public forestry estate with wholly inadequate protections; notes that the previous administration sought to go even further in finding ways to exploit the forestry estate for commercial gain as recently as 2009; welcomes the consultation proposals to guarantee the future protection of heritage forests by offering them charitable trust status; supports the consultation proposals for robust access and public benefit conditions that will be put in place through lease conditions, including access rights for cyclists and horse-riders; believes the leasehold conditions regarding biodiversity and wildlife conservation will safeguard significant important environmental benefits; sees these proposals as important in resolving the conflict of interest whereby the Forestry Commission is the regulator of the timber sector whilst being the largest operator in the England timber market; considers that debate on the future of the forest estate ought to be conducted on the basis of the facts of the Government's proposals; and believes that under these proposals people will continue to enjoy the access and benefits they currently have from the woodlands of England.

2 Feb 2011 : Column 979

[Court of Auditors 2009 Report](#)

7.27 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move,

That this House takes note of the Unnumbered Explanatory Memorandum dated 25 November 2010 submitted by HM Treasury on the implementation of the 2009 EU budget, the Unnumbered

Explanatory Memorandum dated 24 November 2010 submitted by the Department for International Development on the activities funded by the Eighth, Ninth and Tenth European Development Funds in the financial year 2009, European Union Document No. 12393/10 and Addenda 1 and 2 on Protection of the European Union's financial interests, European Union Document No. 13075/10 and Addendum, relating to an annual report to the discharge authority on internal audits carried out in 2009, the Unnumbered Explanatory Memorandum dated 22 October 2010 submitted by HM Treasury on the European Anti-Fraud Office's tenth activity report for the period 1 January to 31 December 2009, and European Union Document No. 16662/10 and Addenda 1 and 2, Commission Report to the European Parliament and the Council on the follow-up to 2008 Discharge; and supports the Government's continued engagement with its EU partners to improve financial management of the EU budget.

I should start by saying that it is a pleasure to have this debate on the Floor of the House, as I believe that this is the first time that that has happened. European Union issues are occupying hon. Members' thoughts at this time, so holding this debate on the Floor of the House demonstrates how important it is to focus also on the crucial issue of ensuring sound financial management of the EU budget. I therefore wish to emphasise at the outset the seriousness with which this Government take the issue. Managing taxpayers' money properly is crucial.

Kelvin Hopkins (Luton North) (Lab): Yet again, the European Court of Auditors has failed to approve the European budget. Will the Minister tell us for how many consecutive years that has occurred?

Bob Russell (Colchester) (LD): Fifteen.

Justine Greening: In fact, it is 16 years, and the Government view that as completely unacceptable. I hope that the hon. Member for Luton North (Kelvin Hopkins) will bear with me while I set out some of the steps we have already taken and those we plan to take over the coming months to play our part in getting these issues tackled.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Does the Minister accept that every previous Government, of whatever party, have always said that that situation is unacceptable, yet nothing has ever changed? Why are her Government so soft on Europe?

Justine Greening: I completely reject the hon. Gentleman's intervention about this Government being soft on Europe, and I think that even he does not believe it. Far from being soft, we have taken a proactive approach to managing down the EU budget and getting control over it. We are dealing with a key part of that because, as he is aware, we have been leading the debate on the size of the EU budget, with some success. We plan to lead the debate as we enter the next financial perspective about how large the budget should be and the need for it to reduce in real terms over time. He will also be pleased to hear that we are steering the debate on what we should

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be spending the budget on. However, we are here tonight to debate the fact that although that is crucial, if we do not have the final piece in place—ensuring that once the decision has been taken on that money it gets spent in the way that was intended—we are not fulfilling what we need to fulfil. That means we are not getting value for taxpayers' money, and that is why this debate is so critical.

The hon. Member for Glasgow South West (Mr Davidson) asks how we can make a difference. I hope the fact that I am an accountant will bring some— [*Interruption.*] He is groaning, but it is a good thing to be an accountant in this role. I understand some of the technical issues involved in auditing and managing financial accounts and in managing budgets, and I assure him that I shall bring that prior experience to my role as Economic Secretary on behalf of the Government.

Let me set out for the House the background to this issue before taking more interventions from hon. Members who rightly want to have their say on this topic. First, managing taxpayers' money properly is crucial at any level, be it local or national Government or across the EU. It is a key part of the responsibility of Government and essential to the credibility of the EU budget and the European Union as a whole. As I have said, this Government and I, like other Members of the House, find it completely unacceptable that the Court of Auditors was, for the 16th year in succession, unable to provide a positive statement of assurance on the EU's accounts. That is a continuing blot on the EU's reputation and it raises serious questions about the management of EU funds. As I have said, British and EU taxpayers need to know their money is being well spent, but the Court of Auditors cannot provide that assurance. We are talking about large sums of money and it remains difficult to spend them effectively to deliver clearly the results we want—growth, jobs and a stable EU.

Kelvin Hopkins: As an accountant, the Minister will understand large numbers. In 2009, reported irregularities in agriculture increased by 43%. Things are getting worse, not better.

Justine Greening: The hon. Gentleman is right that in some areas things are getting worse, but in others they are getting better. The problem is that there is no clear pace of improvement at a rate that will make a big enough difference fast enough. The key challenge that we have to debate tonight and that the Government are keen to push within Europe is how to get that step change. What will it take to make sure that core financial management of EU funds is further up the agenda in the European Union than it has been? I will discuss later how to manage that more effectively.

Neil Parish (Tiverton and Honiton) (Con): There is one way: we could say to the EU, "If you don't balance your books, we won't pay our contributions." Will the Government consider taking that position?

Justine Greening: My hon. Friend echoes a sentiment that many people in the country will feel. Clearly, we have a legal obligation in terms of our payments to the EU budget, but the challenge is sorting out the underlying

problem and even doing what he suggests would not do that. We have to address the underlying problem now, and there are ways in which we can do that.

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If I can make a little progress, I shall provide some context and talk about the steps that we are taking and are planning to take. It is important to have this debate, because the views of Members across the House and their constituents on the budget are key in pointing out how important this matter is not only for the UK Government but to represent in Europe, which we plan to do. To give some background, the European Court of Auditors report on the 2009 EU budget was published on 9 November 2010. As hon. Members will know, at that time the Government were taking extremely tough decisions domestically, having just published the spending review that was our plan to deal with the largest peacetime deficit in British history. At home, we are taking the steps needed to cut the deficit and start tackling our debt. Actually, the experience is the same for most people and most countries across Europe-member states bringing their deficits under control by cutting spending.

Henry Smith (Crawley) (Con): I do not doubt the determination of the UK Government to bring down the deficit-nor do I doubt the determination of many other countries in the EU to bring down their deficits-but is it not telling that great countries trying to work together to bring down deficits do not seem to be able to make an impact on the EU, because it is so remote from the peoples of Europe, particularly the people of this country?

Justine Greening: That remoteness-the lack of the ability, day to day, rigorously to monitor how spend is going on-is one reason why we have reached this stage today. Also, it is fair to recognise that 80% of the spending happens at member state level. Therefore, there is some challenging complexity for any system in ensuring that that spend across those disparate member states, some of them new, is effective.

In spite of that, we have to get a grip. Our Government in the UK are getting a grip on departmental spending and the EU needs to do the same. I say to my hon. Friend the Member for Crawley (Henry Smith) that I think that there is now an appetite across member states to start to address the issue. There is more of a common agenda-perhaps at the EU and member state level-to address financial management. I welcome that development, but I am also determined to harness it while it is there to get change for the better.

As I was saying, the Court of Auditors report was published at the same time as the EU-level negotiations were taking place on the 2011 annual budget.

Jim Shannon (Strangford) (DUP): The number of member states has risen from nine to 27, and the number of staff involved here has risen to some 200, yet the number of reports produced has gone down from 15 to six. If we are going to get a grip, we also need to get a grip on the financial

situation in relation to what the Court of Auditors delivers and the work that it does. Does the Minister agree that something has to be done about that as well?

Justine Greening: Yes, I do. The Government thought it totally unacceptable that EU officials received a 3.7% pay rise when our Government had to propose a pay freeze for public sector workers. We are not the only member state taking difficult decisions such as that. The debate the hon. Gentleman is referring to is the one we have already actively engaged in, which is about not only the

2 Feb 2011 : Column 982

level of the EU budget, but what we spend that money on and ensuring it is spent on the right things that deliver the right priorities for people on the ground, whichever member state they are in.

We are about to engage in a debate, which is important for the longer term, on how we change that mix of investment to make it more significant. It is called the debate on the financial perspective, and the hon. Gentleman will be aware that that relates to the seven-year plan, whereas early last year we debated the budget for 2011. We have a chance to have that more fundamental debate about how we spend money within Europe. The Government are keen to lead that debate at EU level.

Mr William Cash (Stone) (Con): My hon. Friend—a member of the coalition Government—knows that I am one of her greatest fans. Having said that, is she aware, as I know she will be, that the irregularities by Bulgaria and Romania in relation to pre-accession funds amount to 81% of all the cases, and that there is also this yawning hole concerning cohesion funds? Really, this is totally unacceptable. I have been involved in such debates for 26 years. Nothing has changed.

Justine Greening: My hon. Friend is right to raise that issue, for lots of different reasons. Two spring to mind. The first is the macro level of the argument, which is that new members joined the EU during the '80s. Those member states got cohesion funds to help to develop their economies. There is a question as to the effectiveness of that spend. We are about to embark on investment in a new group of countries that are coming in. The assumption about and the argument made for the accession countries is opening up markets, but we need to see those economies develop for that business model of the EU to work.

My hon. Friend will be pleased to hear that yesterday I met the Bulgarian Minister who oversees the EU funds in Bulgaria. His entire job is administering those funds. He has been in place for about a year. For the reasons that my hon. Friend mentions, I was keen to talk to the Minister about Bulgaria's perspective. He made the point, which I thought was right, that in the past people said to countries like Bulgaria, "You're not spending the money that we are giving you." His point was that those countries are keen to have it spent effectively, because that is in their interest.

Clearly, countries such as Bulgaria are at an early stage of putting in place the structures and processes. The Minister talked to me about the work that

they are starting to do at national level and at regional level to enable better financial management of EU funds. That is a move in the right direction. The question for other member states is what we can do at pan-EU level to make that easier. We should get rid of unnecessary complexity and consider what we can do to help those member states to get along the road to stronger financial management faster. I believe they want to do so.

States such as Bulgaria understand that it is important for their relationship with other EU member states to be seen to be stronger financial controllers of the money that they are getting. They understand why that is important, not only in the medium or long term, but in the short term. The challenge for us is to ensure that we improve the framework within which they are working, and transparency is part of that.

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I am aware that I have taken several interventions. In part, that is forcing me to jump to bits of my speech that I will come to shortly anyway. Perhaps I can make a little progress and talk to the House about what I think we need to do, some of the steps that we are taking, and what a better system of financial management at EU level would look like. I shall begin with a little more background to the European Court of Auditors report and go on to the discharge negotiation, of which this debate is an important part—in other words, how we get those accounts signed off.

On the report, it is fair to say that there are some improvements. We have had a positive statement of assurance on the reliability of the EU's accounts, but as we can see and as we have already discussed tonight, everybody agrees that much more needs to be done. The pace of change is too slow, and we see no discernible trend in the right direction. We want to see financial management clearly supporting and controlling spend by the EU.

I shall set out the steps that the coalition has already taken to drive through improvements since we took office in May. It is worth reminding the House that the European Court of Auditors report relates to 2009, prior to the time that the coalition Government were in office. In October, when I was in Brussels having some of my meetings in relation to the EU budget, I took the opportunity to meet the Commissioner in charge of financial management in the EU, Commissioner Šemeta, to talk about our concerns and some of our ideas, and to push the case for transparency and sound financial management. I believe the Commissioner was receptive, and I think he understood that in his role, that needs to be a more fundamental priority than it has been for Commissioners in his position in the past. Since then, we have had a firm but constructive line throughout the negotiations among the member states. Let us not forget that they are responsible for management of 80% of EU funds spent.

The Government and other like-minded member states have pushed for concrete processes in several areas. First, at the pan-European level we must have further simplification of what are excessively complex rules that often hinder, rather than help, strong decision making that drives strong

value for taxpayers' money. We must push EU-level auditing toward a more risk-based and proportionate system. Simply checking through receipts in member states that are randomly selected really will not work in future. We need to move towards a system where the European Court of Auditors operates a risk-based approach, where the focus is on member states for which there seems to be evidence of poorer and weaker financial management, and where we understand exactly where the management is breaking down in those processes and control systems. We are keen to ensure that what we do at the level of the European Court of Auditors is done more effectively than it has been in the past, and I plan to meet the European Court of Auditors to discuss those issues.

We are also encouraging member states to take greater responsibility for the funds that they implement, which, as I have said, is the vast majority of the budget. In practice, that means that we are lobbying for member states' annual summaries to be upgraded and published.

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The UK is currently one of only four member states that publish the sort of consolidated statement that we are debating today. We want more transparency, which we think will drive better financial management; it is not the only consideration, but a key one. The Government have pursued that agenda at the domestic level because we think that it is worth while, so we are pursuing it at the EU level. We need those annual summaries to be published and to contain more meaningful information so that people can use and interpret them.

Kelvin Hopkins: Is there not a vested interest in countries that are net recipients having a relaxed approach to the budgets? It is a bit of a slush fund for them to keep them on side. We are the ones who will be upset about it, because we are net contributors.

Justine Greening: I can see why the hon. Gentleman says that, and there is always a risk that that might be the case. Interestingly, when I met the Bulgarian Minister in charge of EU funds, that was precisely not his attitude, because clearly there is a debate about what will happen to structural and cohesion funds in future, given that new member states are now involved and want to see investment to help grow their economies. They also want value for money; they do not want billions of pounds handed over if it makes no difference on the ground. As member states, we need to drive that agenda and point out that it is unacceptable for a 16th audit report not to be given the statement of assurance. At the same time, we must have a positive agenda to work with member states to improve not only our own ability to control the finances and funds that come from the EU, but the ability of other member states to do so.

Steve Baker (Wycombe) (Con): Does the Minister accept that even when the EU controls its money within its rules, it still manages to waste it? I am thinking in particular of a beautiful hotel I visited in Spain that was in the middle of nowhere—unless one was a skydiver, there was no reason to visit the local village. It seemed a total waste of public money.

Justine Greening: My hon. Friend demonstrates exactly why there is a far broader debate to be had on the EU budget and how the money is spent. Tonight we are debating whether the money has been spent in the way that member states agreed when they negotiated how and on what basis the investment would be split between different countries and what the priorities would be for our individual taxpayers.

The Government are determined to bear down on the size of the budget as a priority. We led the debate on limiting the EU 2011 budget in a way that other member states, at the time when we began to gather support, perhaps thought was ambitious. In fact, it worked. My hon. Friend will be aware that, as we go into the fundamental debate about the financial perspective and the longer-term budget, we will also set the parameters—with countries such as France and Germany, which, alongside us, are net contributors and, therefore, absolutely want to see that money spent effectively—within which that debate can take place.

Having led the debate on the amount, there is then a need to start leading the debate within that about priorities and ensuring, as my hon. Friend says, that we do not have wasteful spending on administration or, as

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the hon. Member for Luton North said, by individual member states. We have to drive out waste at the EU level. That is what we are trying to do at the national level, and it is unacceptable not to go through the same process at the EU level, too.

Mr Douglas Carswell (Clacton) (Con): My hon. Friend talks a great talk about clamping down on the EU's excesses, but will she please explain why our net contribution has gone up and will continue to go up, and why she is not reducing the amount that we contribute to the EU, when we are having to make reductions in Britain-at home?

Justine Greening: We are doing slightly more than talking a good talk. I share my hon. Friend's concern that one key thing driving the budget up was the previous Government's disastrous approach to negotiating the common agricultural policy, which saw us give away a huge chunk of our abatement and, over this Parliament, will cost the British taxpayer about £10 billion. That is totally unacceptable. He says that it is important we bear down on excesses, and I agree. That is one reason why we led the debate to stop the European Parliament's proposal for a 6% rise in spending. We achieved that, and we are now trying to ensure that, when we go into the longer-term debate about the financial perspective over the next seven years, which starts in 2014, we begin to see real-terms reductions. Countries such as France and Germany are backing us up on that, and those are the first steps towards delivering what we want.

My hon. Friend is right that we need to go beyond words and start delivering, and that is absolutely what we want to do. For tonight, the key aspect is how we can ensure that, when we have "decisioned" the funds, the final building block, which is about financial management, is delivered professionally, robustly and with an integrity that companies would

recognise. We have to move towards a better system than the one we have picked up.

We are also keen to see some quickly taken measures and short-term gains, such as a one-stop shop that provides better information to those member states implementing EU funds, and a published scorecard of recovery orders against member states. That sort of transparency will start to change the culture, but we have to question how we have reached the position of poor financial management in which we find ourselves. The answer is partly down to culture, which has to change and improve at the EU and member state levels.

Sound financial management is critical, and it brings us closer to our overarching aim, which is a budget that delivers value for money for British and EU citizens. As I hope I am trying to get over, that is not a negative agenda, because securing better value for money is a positive thing to do. It is what we are doing; it is what taxpayers want to see us doing; and it is what all member states should want to do themselves. We believe that we have a positive agenda, and it is not just about picking or prioritising the right objectives. Last year, our excellent debate in the House about the EU budget was a good chance for Members to discuss those objectives. We should return to that over the coming months, but critically we have to ensure that, when we have "decisioned" EU money, it is spent and implemented effectively.

As I said, only yesterday I met Mr Donchev, the Bulgarian Minister overseeing the administration of EU funds in Bulgaria. I am pleased that alongside such

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meetings, including the meeting that I plan to have with the European Court of Auditors, and the work that we are doing with the European Commission and MEPs in the European Parliament, there is a sense that people are receptive to the need to improve financial management and want to see that happen.

I am keen and grateful for this House's support for the Government in pursuing that agenda, because that is vital. It was important that we could go into the negotiations saying that as a Parliament we stood behind the motion on bearing down on the EU economy and our decision that a 6% rise was unacceptable. We can learn lessons from that. We as a Parliament need to stick together and show solidarity in tackling these issues. That is one step that we must take.

Even my hon. Friend the Member for Stone (Mr Cash), in his role as Chairman of the European Scrutiny Committee, has a role to play, together with his fellow-chairmen of scrutiny committees across Europe, in pushing this sort of issue to the top of the agenda. We have to be prepared to say in all channels that we must get an EU budget that becomes affordable, that is spent on the right priorities, and that is managed in the right way. His role is also vital in being able to back up some Governments while perhaps

pressing those for whom this has been less of a priority to put it further up their list of priorities in future.

Mr Cash: This is not in any sense directed at my hon. Friend personally, but one of the big problems in implementing the Lisbon treaty is the increased functions of the EU. Increasing functions increases expenditure, and increasing expenditure has tended to increase the amount of irregularities. I am sure she will understand my concern about the manner in which we are Europeanising not only our own domestic economy, with European economic governance and all the other things that go with it, but inviting ourselves into the arena of a black hole where other member states do not understand the rules and do not much care about them either.

Justine Greening: My hon. Friend will know that Conservative Members, in particular, had a range of concerns about the Lisbon agenda.

Mr Cash: I did not mean the Lisbon agenda: I said the Lisbon treaty. I think that the Lisbon agenda has been an almighty disaster and that the 2020 strategy would fare no better. The Lisbon treaty is the instrument that increases the functions.

Justine Greening: Let me pick my words more carefully. My hon. Friend is right that Conservative Members had deep concerns about the content of the Lisbon treaty at the time. That is one reason why, as a party, we pushed to have a referendum before going into and signing off on the Lisbon treaty. It is a matter of deep regret that the previous Government chose not to give the British people their chance to have a say on the changes that were proposed via the Lisbon treaty.

The challenge in my role is to ensure that, in terms of where we are today, I stand up for our interests in Britain. One way we need to do that as a Government is to tackle some of the fundamental weaknesses in how the EU works, but my particular concern is financial

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management, not only at the EU level but at the member state level as funds are spent.

I am sure that other Members will rightly want to have their say on this, so before I finish let me quickly turn to the issue of fraud, which is of great concern to the Government and to hon. Members. I want to be absolutely clear that of course any level of fraud is completely unacceptable. We fully support the work of the Commission and of the European anti-fraud office, OLAF. I am pleased that the European Court of Auditors reports very low levels of fraud in the UK. In 2009, we had a rate of just 0.19 of 1% of spending, but it is still too high. The Government and I will focus on that as we look at how we can tackle this problem. We are therefore deeply concerned that, according to the latest OLAF report, the level of fraud seems to be increasing at the European Union level.

It would be wise for me to point out that the Commission's figures have to be interpreted with care. As we know, fraud and irregularities are not the same thing. Irregularities make up the bulk of the available figures. To my

mind, irregularities are also a serious concern, because they are payments that have been made outside the rules. We should not find that acceptable. The figures quoted by OLAF for suspected fraud are increasing. It is not possible to say that fraud is increasing, but there are indications that that may be the case. Even an increase in suspected fraud is unacceptable. The best way to tackle fraud, irregularities, waste and the lack of priorities is ultimately to have better systems, financial processes and financial controls, and a better regime for financial management in the first place.

Mr David Nuttall (Bury North) (Con): My hon. Friend is right to identify those measures that need to be put in place. Is she aware of whether that is happening in the European Union?

Justine Greening: To my mind, that is the work that we need to ensure happens. I met Commissioner Šemeta in October 2002 to discuss his plan to improve financial management across the EU. The challenge for the Government, which I set out for him and to which he was receptive, is to make that stronger and better, and to make it more of a priority for the EU as a whole. As hon. Members have pointed out, there is a long way to go, but I assure the House that we are making a start.

Mr Carswell: My hon. Friend was right to highlight that a very bad financial deal was negotiated for the United Kingdom under the previous Administration. Does she therefore think it right that we should promote some of the senior Treasury officials who were responsible for those negotiations to senior positions in UKRep?

Justine Greening: Let us be clear that the responsibility for the catastrophic decision on the EU rebate is fairly and squarely political. I hope that the shadow Minister will tell the House why somebody in the Cabinet and the former Prime Minister, Tony Blair, thought it was a good idea to give up the equivalent of £10 billion in rebate over the course of this Parliament, in return for a common agricultural policy review that has taken years to come through and will ultimately be part of an

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overall budget review and a discussion on the financial perspective. In other words, they gave it up in return for a debate. That was a terrible deal for the UK taxpayer.

I assure my hon. Friend that I will take every opportunity I get, as I am sure he will, to make sure that people remember just how badly the previous Government dealt with this whole area, and just how badly they let down the UK people when it came to standing up for our interests in Brussels and having the judgment to make the right call on behalf of the UK taxpayer. That relates not just to the rebate, but to the Lisbon treaty.

Mr Davidson: I agree completely with what the hon. Lady said about the appalling deal that was reached by the previous Government. I and many of my colleagues took that view at the time.

Does the hon. Lady agree that the rising fraud figures should be approached with caution, because they are often an indication of rising detection rates,

which are to be welcomed? Has she made a study of the matter that leads her to believe that some countries are starting to take it more seriously? I used to visit the EU when I was a member of the Public Accounts Committee. We were constantly asked to redefine the rules so that things would no longer be counted as fraud or irregularities because the goalposts had moved. I hope that she would not be amenable to such a settlement of these issues.

Justine Greening: The hon. Gentleman is right, and the discussion with the Bulgarian Finance Minister yesterday showed that statistics can take us only so far. There had been a debate about why Bulgaria had spent only a very small proportion of the funds that had been committed to it, but actually, if there is difficulty in spending those funds effectively, it is good for Bulgaria not to get through all of them until the problems are sorted out.

The hon. Gentleman may be right that there is now a better ability to detect suspected fraud, and he is right that there is substantive change to be made beyond this debate. We need to consider how individual member states can work within the rules to ensure that they are more effective and do not create dysfunctional decisions and systems at national level. The Court of Auditors needs to take a risk-based approach to examining how spend is managed, and it needs to work more proactively with member states so that improvements take place to address the problems that it uncovers. There is a clear agenda to be taken forward.

I look forward to hearing what hon. Members have to say. We have debated this matter on many occasions, which shows how important it is. When the UK Government and the UK people are having to take and bear the consequences of such difficult decisions, it would not be acceptable if we did not go through the same process at EU level with the same intensity. The Government are determined, and I am determined, to ensure that we lead that agenda at EU level. I hope that with the support of the House, we will be able to have some success in doing so.

8.6 pm

Kerry McCarthy (Bristol East) (Lab): I, too, welcome the fact that this debate is taking place on the Floor of

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the House rather than in European Committee B, as it has in previous years. It is somewhat ironic that although having it here enables many more Members to take part, it means that we have only an hour and a half to discuss the matter rather than the two and a half hours allowed in Committee.

The Minister was thorough in her explanation of the Government's stance and very generous in taking interventions from Back Benchers. I am aware that at least half a dozen Back Benchers want to take part in the debate and that we are already 40 minutes into a 90-minute debate, so I shall be quite brief. Also, the Minister answered quite a few of the questions that I wanted to ask. There is always a problem in dealing with Court of Auditors reports because of the time lag involved. We are now debating the 2009 report in

2011, so it is useful that we have heard about what has happened in the intervening period.

It is, of course, disappointing that for the 16th year in succession, the Court of Auditors has been unable to provide a positive statement of assurance on payments from the EU budget because of weaknesses that it has identified in the procedures for financial control and management. In fact, it is not just disappointing; as the Minister said, it is entirely unacceptable that we are yet again in that position.

I welcome the fact that for the third year in a row, the Court has given an unqualified positive statement of assurance concerning the reliability of the EU accounts. It is important to stress that that has happened, but it is by no means satisfactory that the Court is not prepared to sign off on the payments, which means that considerable sums are not going where they should and money is being paid out wrongly, whether through fraud—as the Minister said, that is at quite a low level but is still a matter for concern—or through error. It is important that we continue to address the issue.

The direction of travel is correct. In the 2003 budget, only 6% of payments were identified as being free from error, which improved to 47% in 2008. I understand that the figure is now around the 60% mark or more. That progress is far too slow and it is vital for progress to be made more rapidly, because apart from anything else, the failure to sign off the accounts year after year understandably undermines public confidence in the EU and public support for EU membership. Naturally, people want to know that the EU is spending money wisely and well, particularly in difficult economic times when there is belt tightening and concern about how money is spent in this country.

We need more transparency and accountability in EU spending. Crucial to that, as the Minister said, is simplifying the procedures and processes of the allocation of EU money. The Court of Auditors has identified complex rules and regulations and complicated or unclear eligibility criteria as key factors in the high level of error, particularly in respect of structural and cohesion funds. Dealing with that as an ongoing, iterative process must be a priority, and I welcome the fact that the Minister is making those points in an ongoing dialogue with people in the EU, including the Commissioner for financial management, and not simply making them on this annual occasion.

The Commission should try to ensure that future programmes are designed to allow more effective control and monitoring; that should not be an afterthought or

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something to be looked at when the programme is up and running and the time for scrutiny is upon us. There is also a need to consult member states more, because often it is implementation at member state level rather than at Commission level that leaves something to be desired. Member states must have effective monitoring and management arrangements too. In particular, they should ensure that their compliance systems for spending

cohesion funds are every bit as rigorous as their compliance systems on other matters.

The UK took the initiative to enhance its reporting through the annual consolidated statement on the use of EU funds in the UK, which is audited by the National Audit Office and presented to Parliament. The Minister advised the House earlier that only four other member states have adopted that model. I would be grateful if the UK Government continued to press other EU Governments to adopt a similar model and to introduce that element of transparency and accountability to their processes.

Are the Government generally optimistic about future improvements in financial management? I appreciate that it is difficult to forecast such things, but when does the Minister believe we are likely to see a positive statement of assurance? Is next year a realistic goal to work towards, or are we still some way off meeting that objective? Can progress be monitored better within year, and can ongoing improvements be made, so that we do not have to wait for the annual report from the European Court of Auditors, when we are inevitably disappointed by the lack of progress?

I am very much aware of the time, but I should like to make a few comments on specific concerns in the report, in particular in respect of agriculture and cohesion funds. In agriculture, the court says that the single payment scheme and single area payment scheme, including specifically problems with ineligible land and over-declarations of land, are the most urgent issues. The court also identified the need to avoid, in co-operation with national authorities, the payment of ineligible grants for fisheries projects. Has the Minister discussed that with her colleagues in the Department for Environment, Food and Rural Affairs? Are they pursuing the matter at European level? If so, can she advise the House on what progress has been made?

Cohesion funds, which have already been flagged up as a great concern, account for 30% of EU expenditure, so we are talking about very significant sums of money. Uniquely, the rate of material error is above 5%, even if it declined from 11% last year. We are travelling in the right direction, but that rate is still clearly unacceptable.

I note that the auditors recommend that the Commission encourage the more rigorous application of corrective mechanisms by national authorities, to ensure that member states do not substitute ineligible expenditure with new expenditure. Will the Minister advise us on what progress is being made to ensure that the control system for the 2007-2013 programming period will be effective? What is being done about the application of procurement rules in member states, which is also identified as a key concern?

The Minister said that a scorecard of recovery orders would be useful. It is worrying that the overall rate of recovery from beneficiaries who receive EU cohesion funds incorrectly has fallen. It is clearly unacceptable. Does the Minister have any idea why the recovery rate is

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moving in the wrong direction, and may I urge her to flag that up as something that needs to be addressed as a matter of urgency?

I repeat the point that I made earlier. This needs to be an ongoing and iterative process, and we need to keep a very close eye on it. There is consensus across the House on the need to push this up the policy agenda and I am glad that the Minister is doing what she can to push other EU Governments to address the issue. We will do what we can to support her in those efforts.

8.15 pm

Mr William Cash (Stone) (Con): I do not need to speak for very long on this matter, for the simple reason that I have been making the same speech about different auditors' reports for the last 26 years. I am afraid that nothing much has changed. The Economic Secretary is a very dedicated Minister and I have great enthusiasm for what she seeks to achieve. She puts the best possible face on the situation, but unfortunately nothing changes: plus ça change.

The reality is that the British taxpayer is, as the Minister has rightly admitted, under severe duress. We are having to cut back and implement austerity measures, but at the same time this report-which, for the 16th consecutive year, has not been signed off-demonstrates that there are serious errors and mistakes in the system. Those errors consist not merely in the manner in which the accounts have been presented, or in the fact that irregularities and fraud have been identified, but in the very system that has been created. Because of the nature of the problem and its range-and the fact that the documents relating to this debate run to 1,035 pages-it is impossible in 90 minutes to do more than give a general survey of where the whole problem lies.

I mentioned Bulgaria and Romania. The European Scrutiny Committee said that it was inappropriate for them to be brought into the accession procedure when they were, for all the reasons that we identified, which included the fraud that exists in those two countries. I am glad that the Economic Secretary has had a meeting with the Minister responsible for audit in Bulgaria, but I have to say that I do not think that the culture in that country will change very much because of a meeting. The cohesion funds-from the figures that I have already given-are clearly exploited and seriously misused. They represent a significant proportion of the problem. We have a serious problem that is deeply entrenched in the system.

As the Minister knows well, I proposed that we should not only reject the proposals put before us in a debate some months ago, but reject the increase in the budget, and I am glad that the House agreed to do just that. But that is only one side of the equation. The other is the vast sum of money being allocated for the purpose of running this failing European Union. I do not ask the Minister to agree with me on that point, because it would be politically incorrect to do so, but the reality is that it is a failing system. However, I do not need to rehearse the arguments that I have already given for why that is.

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One of the elements at the heart of that is the responsibilities of what is called OLAF, the European Anti-Fraud Office. I would like to refer to OLAF's mission statement, which is on page 729 of this mammoth bundle of motion documents. I can barely hold it up, actually-but fortunately, my wrists are quite strong. The mission statement says:

"The mission of the European Anti-Fraud Office...is to protect the financial interests of the European Union, to fight fraud, corruption and any other irregular activity".

Hon. Members should note the last words, especially when people talk about actual proven fraud. And by the way, with regard to the cohesion funds, the documents that the European Scrutiny Committee has examined note that the survey in question is only a sample survey-that is something that always fills me with considerable reservations-not a full audit of the kind that one might have expected from the National Audit Office. Indeed, I would go further and say that if we made it Government policy to insist that no standards lower than those of the NAO and the Comptroller and Auditor General should be applied to the European Union, we would really be getting somewhere. Frankly, if the NAO had the opportunity to have a go at these 1,035 pages, plus all the supporting documents, or if it had the opportunity at least to get entrenched in the system, as I have said many times in the past that it should, so that NAO standards and principles were applied to those audited accounts, we might just begin to see some relationship between costs and benefits.

The reality, however, is that vast sums of money-our net contributions and all the rest of it-are poured into that black hole, and it does not work. I am not going to enlarge on all the reasons, which worry me, for our slow economic growth, which in my opinion have something to do with the fact that what we have out there is a dead parrot. The European Union is a system that is incapable of growth-indeed, growth is liable to decrease, compared with that in China, India and the rest-and on top of all that, we have the problems of audit and irregularities that the report demonstrates.

The statement on OLAF's mandate says:

"In pursuing this mission in an accountable, transparent and cost-effective manner, OLAF aims to provide a quality service to the citizens of Europe."

OLAF's mandate covers

"all EU expenditure and part of the revenue side of the budget. It includes the general budget, budgets administered by the Union or on its behalf, certain funds not covered by the budget but administered by EU agencies"-

perhaps that includes the External Action Service, which I hope we will look at in due course-

"and extends to all measures affecting the Union's assets."

That is a very big remit, and I have my reservations about that state of affairs.

The statement continues:

"OLAF's status is hybrid in nature. It is part of the Commission".

Would we have much confidence in the NAO if it were part of the Government? I very much doubt it. OLAF is supposed to be responsible for

"developing and monitoring the implementation of the EU's anti-fraud policies. However it has a measure of budgetary and administrative autonomy, which reinforces the total independence with which OLAF conducts investigations."

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Mr Nuttall: Does my hon. Friend agree that one of the problems is that it apparently takes 25 months on average—more than two years—for OLAF to conduct its investigations, and that only 56% of cases have led to follow-up action?

Mr Cash: That is the problem. It is easy for us in this House to make scattergun criticisms of bureaucrats, civil servants and the rest of it, but the real problem is that if something does not work, we have to mend it—and there is no evidence of that happening.

I had an exchange with Lord Kinnock when he was responsible for these matters, and set up the new OLAF arrangements. He got a bit shirty with me in a Select Committee some years ago. People like Marta Andreasen were thrown out, and even before then, there was another chap whose name I cannot remember—

Chris Heaton-Harris (Daventry) (Con): Paul van Buitenen.

Mr Cash: Exactly. The trouble is that the moment anyone starts to get to grips with what is going on, the steel shutters come down and people are thrown out of the European institutional arrangements simply for asking questions that would be regarded as completely normal in any proper democratic system. That is the essence of the problem.

As I have said, I could enlarge at great length on the contents of these 1,035 pages, and every word would be entirely relevant because they are so important. Huge sums of taxpayers' money and resources are being churned into this failing quagmire. This is not just the ranting of a Eurosceptic; it is the reality of what affects the daily lives of the people of this country, and we seem to be prepared to go along with it.

Mr Davidson: Does the hon. Gentleman accept that part of the difficulty of conveying these issues to the electorate is that the sums involved are so enormous? It is difficult for people to understand sums of £10 million here and £100 million there. As the Chair of the European Scrutiny Committee,

would he consider undertaking a piece of work that looked at the value for money provided by a European operation in this country? An example would be the European schools, some of which are situated here. Why does not he compare the cost of a European school with the cost of a normal school? It would make sense to people if they could see the extravagance that the European Union applies in such circumstances. That would bring it all home to people far more than any number of quotations involving zillions.

Mr Cash: I rather agree. It would be very nice for me to be able to make a comparison between the different kinds of school systems, but this is not only about schools; it is about everything that moves. The reality is that this all-pervasive, all-encompassing ectoplasm has managed to work its way into every nook and cranny of our lives. It slips under doors and through windows, and it is absorbing us to the point at which we are being totally Europeanised. Within that framework, our taxpayers' money is being absorbed into the bloodstream of the European Union, and the monitoring and accounting is inadequate, which is what this European Court of Auditors report is all about.

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Mr Davidson: I was making a much more specific point a moment ago. I was referring not to schools in Europe in general but to the schools that are run by or on behalf of the European institutions themselves, of which there is at least one in the United Kingdom. A comparison of that school with a similar-sized school elsewhere in the UK would be enormously informative to parents and everyone else. Such an exercise would help to overcome the difficulties that we have in explaining the magnitude of the sums involved.

Mr Cash: I certainly agree with the hon. Gentleman's concern. If he would like to write to me about it, I would be more than happy to take the matter up in the European Scrutiny Committee if we have an opportunity to do so. We are going through a process of reinvigorated European scrutiny, as I hope he has noticed, and we are determined to get to the bottom of certain issues. This is one of them.

I do not want to take up too much time, because many others want to speak. I will simply make the general point that this is a failing system with a failed accountancy system, and the taxpayer is being badly affected by the way in which these matters are being conducted. There are always paragons of virtue, but this system falls so far below the threshold of what is required that the whole thing needs shaking up. In a nutshell, I would like to see principles of the same kind that apply to the National Audit Office applied to the European Union, so that the people there can be roasted when they get it wrong.

8.29 pm

Kelvin Hopkins (Luton North) (Lab): It is a pleasure to follow the hon. Member for Stone (Mr Cash), who does such an excellent job in chairing the European Scrutiny Committee, of which I have the honour to be a member and in which I do my best under his chairmanship.

The problem that we face has existed for many years. This is the 14th speech that I have made on these matters. I made the first 13 in European Standing Committees, and I am pleased to be able to make this one on the Floor of the House. Although we are given less time on the Floor of the House, there is a greater focus on debates here and they gain a higher status.

Although I may have said the same thing repeatedly for 14 years, at least the numbers change. Let me introduce a few facts to the debate. In agriculture, which I mentioned earlier, the number of reported irregularities increased by 43% in a single year. The number of irregularities relating to cohesion policy increased by about 20%, and the number of irregularities involving pre-accession funds by 35%. Those are significant figures.

My hon. Friend the Member for Bristol East (Kerry McCarthy) cited some of the positive conclusions of the report by the Court of Auditors. The big negative is that it was

"unable to give a positive Statement of Assurance on the legality and regularity of expenditure in the areas of agriculture and natural resources, cohesion, research, energy and transport, external aid, development and enlargement and education and citizenship".

That is pretty much what the budget is about. There is not much left, really.

Henry Smith: Does the hon. Gentleman believe that, despite the best and, I believe, sincere efforts of Her

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Majesty's Government, the Court of Auditors will ever be able to sign off an EU budget? I doubt it.

Kelvin Hopkins: The evidence that we have seen so far is not very encouraging, is it? I must say that I agree with the hon. Gentleman.

The hon. Member for Stone made the serious point that the Court of Auditors is not really a separate organisation in the sense that the National Audit Office is in Britain. I should like it to be much stricter. If it were stricter, it might reveal even more irregularities and fraud than it does now, and might bring the European Union into even greater negative focus.

At the end of our last presidency, I urged the Government—from the other side of the Chamber—to call for the abolition of the common agricultural policy, which is the main problem in relation to the budget. We were given endless assurances about reform of the CAP at that time. Apparently, at the end of our presidency, the then Prime Minister, Tony Blair, went to the European Union to call for its reform, if not its abolition, but what he came back with was no reform at all. As was pointed out by the Economic Secretary to the Treasury, he had given away a substantial proportion of our rebate. According to her, it amounted to some £10 billion over a five-year Parliament, or £2 billion a year, which is four times the sum that the Government plan to save by abolishing education maintenance allowance. Tony Blair gave that money away, and not one question was raised before he

did it. Apparently he did it on the spur of the moment, hardly even checking with the then Chancellor of the Exchequer.

The Economic Secretary and others have mentioned the previous Government. I believe that the former Prime Minister, who is still a Member of Parliament-my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown)-was on our side, in a sense. He prevented us from joining the European single currency despite immense pressure from Tony Blair and others, and it could be said that by doing so he saved us from worse difficulties.

Mr Davidson: Does my hon. Friend accept that, at this moment, there are more Members on the Government Benches who are in favour of joining the euro than there are on our Benches?

Kelvin Hopkins: I do not see many Members on any Benches who are in favour of it at the moment, and I am greatly encouraged by that. I believe that we have a kind of common sense.

I should say to the Economic Secretary that I appreciate her sincerity. I believe that she will fight as hard as she can to support our interests, and the interests of the European Union as a whole as well. It is important for other countries as well as ours that we get these things right as much as we can. As the hon. Member for Stone has suggested, the Economic Secretary and everybody else faces serious inherent problems when considering these matters. It is the system.

The common agricultural policy is one of those problems. If it did not exist and member states simply managed their own agricultural industries, choosing to subsidise where they thought appropriate, not where

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someone else thought appropriate, the system would be much better. The CAP will cause more difficulty, because when it comes into full effect in respect of the new member states, it will cost much more than anybody anticipated. That is because wages have risen in those countries, so the cost of subsidising agriculture in them will be much higher. There are ongoing problems with the CAP and we ought seriously to suggest to the European Union that the CAP should be abolished, by being phased out or whatever. Let us give notice that we want it abolished-let us say within the next five years, in order to give France time to adjust. That would save a lot of problems, as a range of difficulties in the budget would disappear.

Other areas of the budget have problems, too. The suggestion that I have made several times in the Chamber and in Committee is that we should get rid of the budget in its current form, which is about fiscal transfers. It is about transferring income or money from the more wealthy nations to the poorer ones; it is a redistribution policy. It does not work very well because of the formulaic way in which it is done, with some countries unfairly contributing too much and other countries unfairly receiving too much.

Let us suppose that there were no such thing as the CAP and all the other budgetary arrangements, and the European Union simply transferred a

substantial sum to countries that needed it from countries that could afford to pay. For example, we might contribute 0.5% of our gross domestic product and Romania might receive 1% of its GDP. A lump sum would be handed over to the Governments of the countries involved and they would then decide how to spend that largesse. That would be more accountable because those Governments would be accountable to their own electorates. At the moment, no direct accountability is involved and we cannot do much to control the budget spending, but the member states themselves, with their own democratic Parliaments and Governments, could control that spending. That could be done in Britain at least and one hopes that that would spread to other countries.

I have suggested many times that instead of having this complicated arrangement of special budgets for all sorts of different things, we should have a system of a simple payment each year from the more wealthy countries to the poorer countries, in proportion to their living standards. So the wealthiest nations would give according to their wealth and the poorer nations would receive according to their need.

Henry Smith: Does the hon. Gentleman think that the concept of zero-based budgeting would be helpful?

Kelvin Hopkins: The hon. Gentleman would have to explain the position to me, because I am not an accountant, but if there were no budget and no European Union at all, that would solve the problem entirely. Given that we are generous by nature and would want to help our fellow European countries to develop, some sort of transfer might be helpful and the European Union would be a way of doing it. So I am not against the idea of wealthy countries contributing to poorer countries, but the current cumbersome approach, which invites corruption and irregularity, is not the way to do it and does not work out fairly. I have made my suggestion a number of times and I hope that, in time, our Government

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at least will take it seriously. Perhaps we will be able to debate that in the European Councils themselves and discuss completely changing the method by which these fiscal transfers take place. I have made my point and I have spoken for long enough.

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the next speaker, may I remind hon. Members that at 8.54 pm I am going to call the Minister to do a three-minute wind-up? There are three speakers to come. The first will be Chris Heaton-Harris.

8.39 pm

Chris Heaton-Harris (Daventry) (Con): Thank you, Mr Deputy Speaker. I just hope that my maths is better than that of the European Commission, so that I know how long to speak for. There is one thing that everybody seems to know about Europe, which is that the European Commission's accounts are not being signed off—this is the 16th year running that that has happened. What most people do not know and what never gets reported is that after the Court of Auditors gives its opinion, a very long process starts,

which lasts at least nine months and gives MEPs and the Council of Ministers the power to look into every euro and cent that the Commission has spent in the previous year.

The plain fact is that the Court has no power over the European budget. I shall say that again: the headlines we read every year about accounts not being signed off refer to an institution that has no power over the institution it is checking. The European Parliament and Council, by contrast, have genuine power. If either of them refused to grant discharge-to sign off the accounts-or even if they questioned strongly the measures that the Commission had taken, the Commission would, although not compelled to resign, be under considerable pressure to sort out the problems within its accounts and accounting systems once and for all. There is a ton of jargon around the budget discharge process, but the process itself deserves a lot more scrutiny from the press, public and parliamentarians alike.

The Court of Auditors seems almost embarrassed about its refusal to sign off the Commission's accounts and give that positive statement. It is amazingly difficult to find that information in the Court's own report. As soon as the Court publishes its report, a debate is held in the plenary session of the European Parliament, the Committee on Budgetary Control considers the report, various questions are asked and eventually the European Parliament and the Council of Ministers decide whether to refuse or grant discharge.

The European Parliament has never decided not to grant discharge, so for the past 16 years the Court has refused to sign off the accounts and the Council and the European Parliament have refused to take the Court's advice. They have just said, "Carry on chaps; it's all going pretty well." Let me give a political example. Back in April 2008, when I was still a Member of the European Parliament, Labour MEPs voted, as usual, as they always have, to let that farce carry on, whereas Conservatives MEPs voted against it. We numbered over half the entire opposition in the European Parliament and the discharge was given by 582 votes to 49.

Concurrently, there is also a debate in the European Council among member state Finance Ministers, and

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the results of that discussion are reported back to the European Parliament, which is why lucky people such as me know about them. That debate rarely lasts longer than a few hours and very few countries seem to care. Rarely does anyone question why money cannot be accounted for correctly, and the purpose of that meeting is pretty much to rubber stamp the accounts. To give credit to the Dutch Government, a few years ago they decided to take a stand against the waste of their citizens' hard-earned cash and they have been finding a few friends more recently. However, I am very wary that what the Minister has said is very similar to what her Labour predecessors have said. This year, the discussion and the vote take place on 15 February.

Alas, the same cannot be said of the British Government as of the Dutch Government. In all the time that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) was the Chancellor of the Exchequer, neither he

nor his Department ever raised any questions about the state of the Commission's accounts in those meetings. He nodded through the accounts like everyone else. The amount of money that is estimated to go missing each year is between £3 billion and £8 billion, which roughly corresponds to the UK's net contribution to the EU every year.

Mr Nigel Dodds (Belfast North) (DUP): If these vast sums of irregular, fraudulent or wasteful expenditure were being talked about in relation to the UK, the Chamber would be packed with people on both sides who would be outraged. Would the hon. Gentleman care to speculate on why more Members on both sides of the House are not more concerned about this ongoing waste, fraud and irregularity? Why does he think that the accounts are just passed on the nod?

Chris Heaton-Harris: I shall come back to that in a moment, but I think it is because the money is spent so far away in such a disjointed fashion. It goes up through a system: it goes through our taxes, goes to the European Commission and is spent by third parties. It is all very confused and distant and I think that people are just bored by the fact that the accounts are not being signed off. It is a huge shame.

The Court of Auditors bowed to political pressure a long time ago and no longer gives a figure on the percentage of money it thinks is being spent incorrectly or wastefully, so for years now we have not had any solid figures with which to work. As a former Dutch member of the Court of Auditors, who retired recently, said:

"There was a practice of watering down if not completely removing criticism...All these abuses never came out in the open because of the Kremlin-style information we provided. But it didn't enhance our reputation one bit...I had to threaten to resign as head of the investigation and to inform the outside world"

to get some of this information out. We have some real problems.

The accounts are pretty poor. People compare the problems with those accounts with the problems that the Department for Work and Pensions has with its accounts, but EU accounts involve perhaps between 2% and 5% going missing each year through fraud and irregularities, if not a lot more, while the Department for Work and Pensions qualifies about 1% and deals

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with millions upon millions of transactions. The European Commission simply does not.

What is our money being spent on? We would all be excited to know. Last year, Open Europe brought a number of things to the public's attention: €411,000 for a dog fitness and rehabilitation centre that was never built, €16,000 to Tyrolean farmers to boost their connection with the landscape and €7.5 million of EU funding for a PR campaign for more EU funding for a region of Spain.

In a time of tight budgetary constraint, the Government should make it a proper priority to use our financial clout to sort out the problem once and for all. I believe that we should threaten to withhold even a small part of our contribution until we see some action that protects UK taxpayers' hard-earned cash.

8.45 pm

Steve Baker (Wycombe) (Con): It is a huge privilege and tremendous pleasure to rise to speak in support of the Government in relation to the European Union. My only regret is that my Whip is not here to see the day.

I pay tribute to my hon. Friend the Member for Stone (Mr Cash) and the hon. Member for Luton North (Kelvin Hopkins), who have seen this farce go on for year after sorry year with these accounts failing to be signed off. I also pay tribute to the Minister, with whom I spoke briefly before the debate. She obviously brings to this matter great sincerity, professionalism and obvious expertise, and she has my full confidence in bringing the right approach to it. Having confirmed the information, I know that this is a boilerplate motion, and I say to her that it fails robustly and resolutely to condemn fraud and error in the EU. In fact, now that I know that these are not necessarily her chosen words, I might say that the motion is dreary jibberish and seems wholly futile.

A total of £11.8 billion went into this budget and only 8.3% of EU spending was given a clean bill of health. Apparently, the rest was materially affected by error. In other words, 91.7% of this public money was given out inappropriately.

I want to share with the House three instances in which public money was given out within the rules. According to Open Europe, an EU subsidy of €500,000 was given to two Swedish fishermen to scrap their fishing vessel. The subsidy was given by the Commission and the Swedish Government as part of the EU's effort to reduce the size of Europe's fishing fleet to address the region's huge problems with overfishing. The subsidy was enough to pay off the fishermen's debts and left them with a substantial amount of money to spare, according to their accounts.

Instead of winding down the business, the two fishermen bought a new boat with this EU money-taxpayers' money-and continued just as before. Extraordinarily, the owners were open with their plans all along and did not break any rules. That is because their new boat is less than 10 metres long, which means that different rules apply and they can continue to fish in the North sea. "We said exactly what we were going to do when we applied for the scrapping subsidy," one of the fishermen said.

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We mentioned r sums that are too large to imagine. A total of €8.5 billion was spent failing to improve infrastructure in Sicily. Given the lack of time, I shall not trouble the House with too much of the detail. Suffice it to say that €700 million was spent to improve water supply throughout the island, but the percentage of families who experienced patchy "stop-and-flow" supply of

water increased from 33% in 2000 to 38.7% in 2008. I point out the fact that Sicily has a population of only 5 million people. The subsidy amounted to £1,700 per head—clearly not enough to rebuild Sicily, but enough, I would have thought, to rebuild its infrastructure.

Finally, an example that I hesitate to bring to the House in the present circumstances—€2.5 million was spent on an Austrian nomadic contemporary dance troupe. My hon. Friends know that I am a great fan of Austria, but I am not sure that my hard-pressed taxpayers in Micklefield, Oakridge and Castlefield, and indeed in Disraeli, where they are particularly hard pressed, should be paying tax in order to fund a group that travels around Europe meeting and dancing with other dance troupes to contribute to the development of dance. I am sure none of us would condemn the funding of culture, but nomadic contemporary dance troupes should fund themselves.

This is the 16th time that the statement has not been signed off. We should condemn this showcase of fraud, incompetence and, where not fraudulent or incompetent, inappropriate spending. We are told that we cannot withhold our money. What a preposterous situation we have reached when our constituents are being taxed and we cannot withhold money from these ridiculous projects. I hope that next year the Government will bring before the House a motion that much more strongly condemns such waste and fraud. Unless we deal with the problem, the next important question on the EU will be simple-in or out?

8.52 pm

Jacob Rees-Mogg (North East Somerset) (Con): In the time available, I shall try to speak without hesitation, deviation or repetition. I want to deal with one point, EuropeAid, and draw a conclusion from it.

EuropeAid was found not to be perfect by the European Court of Auditors. The ECA noted a high frequency of non-quantifiable errors due to the lack of formalised and structured demonstration of compliance with payment conditions. It found poorly documented and ineffective checks. EuropeAid was terrified by the mighty power of the Court of Auditors coming down before it, so what did it say it would do? It said that it would have a little more training and disseminate a financial management toolkit.

If I were a fraudster, I would be quaking in my boots at a financial management toolkit. That comes to the nub of the problem. Bodies such as EuropeAid could not give a brass farthing. The European Union is fundamentally corrupt because it is undemocratic. There is no check on it from electors. What can the electors of North East Somerset do? They can send me here to rail against it and try to stir the Minister, but the Minister needs no stirring. She is valiantly defending British interests. The shadow Minister, the hon. Member for Bristol East (Kerry McCarthy), my neighbour, is in agreement.

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But what do the Government face with our European partners? When we look across the channel, we see countries that have been corrupt for

generations-for decades. With the Roman empire, we can go back to the tax collectors at the time of Christ who were corrupt. There is institutionalised corruption within Europe. It is an empire that has an emperor, and the emperor has no clothes. We know that. We see the corpulent emperor in his fat rotundity gorging on the money of the British people. I urge Her Majesty's Government to go along with my hon. Friend the Member for Wycombe (Steve Baker) and say enough is enough. They should say as the great lady said-"It's our money, and you can't have it unless you can prove that you are spending it honestly."

8.53 pm

Justine Greening: May I say how much I appreciate the contributions made by all hon. Members across the House this evening? They were made with passion and frustration at the continued unacceptable situation of the European Court of Auditors persistently not being able to sign off the statement of assurance that we want signed off to give us the kind of confidence that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) was just speaking about. I can tell hon. Members that I share their frustration. My task is to channel that deep frustration into positive steps to address some of our concerns.

In the short time that is left, I shall try to respond to Members on some of the points that they have raised. The hon. Member for Bristol East (Kerry McCarthy) is absolutely right to say that the procurement rules need to be simplified. The recovery rate is moving in the wrong direction, but we want to see it start moving in the right direction.

My hon. Friend the Member for Stone (Mr Cash) is absolutely right to talk about the need for improved standards. We want to work with other member states to improve the ability of the European Court of Auditor to perform its role. I absolutely agree with the hon. Member for Luton North (Kelvin Hopkins) on his frustration with the poor value for money that the common agricultural policy represents. The Government are making the case, as the previous Government started to make, that the fund must become better value for money for taxpayers. His other point about flexibility for member states to make their own decisions on how they spend the money and meet their own priorities was quite right.

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My hon. Friend the Member for Daventry (Chris Heaton-Harris) is right that one part of the debate that we did not have tonight, and which I thought might have come up more, was the discharge process. He is right to point out that we have not used that process to challenge the poor financial management. I think that previous Governments have just signed that off and said that there was no need for discussion. That is not the position of this Government. We will start using the discharge process and having a discussion at the senior level, because we do not believe that we can afford not to.

Steve Baker: I welcome the Minister's remarks, but given the figures that my hon. Friend the Member for Daventry (Chris Heaton-Harris) quoted on the European Parliament's voting record, does she not agree that it seems rather futile to expect that the European Parliament might fail to discharge?

Justine Greening: Clearly, the European Parliament will take its decisions. I am talking about our role within the European Council and the discussions that we will have as a member state there. I can assure Members that we are talking with other member states about why we find this position unacceptable and to see what support there is for having that proper debate at the European Council meeting on 15 February so that we can resolve some of those outstanding questions and ensure that financial management becomes a priority in a way that it has not been in the past.

Question put and agreed to.

Resolved,

That this House takes note of the Unnumbered Explanatory Memorandum dated 25 November 2010 submitted by HM Treasury on the implementation of the 2009 EU budget, the Unnumbered Explanatory Memorandum dated 24 November 2010 submitted by the Department for International Development on the activities funded by the Eighth, Ninth and Tenth European Development Funds in the financial year 2009, European Union Document No. 12393/10 and Addenda 1 and 2 on Protection of the European Union's financial interests, European Union Document No. 13075/10 and Addendum, relating to an annual report to the discharge authority on internal audits carried out in 2009, the Unnumbered Explanatory Memorandum dated 22 October 2010 submitted by HM Treasury on the European Anti-Fraud Office's tenth activity report for the period 1 January to 31 December 2009, and European Union Document No. 16662/10 and Addenda 1 and 2, Commission Report to the European Parliament and the Council on the follow-up to 2008 Discharge; and supports the Government's continued engagement with its EU partners to improve financial management of the EU budget.

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**Business without Debate
Delegated Legislation**

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES AND MARKETS

That the draft Investment Bank Special Administration Regulations 2011, which were laid before this House on 10 January, be approved. -
(*Mr Goodwill.*)

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES AND MARKETS

That the draft Investment Bank (Amendment of Definition) Order 2011, which was laid before this House on 10 January, be approved.- (*Mr Goodwill.*)

Question agreed to.

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