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House of Lords

Thursday, 11th December 2003.

The House met at eleven of the clock: The CHAIRMAN OF COMMITTEES on the Woolsack.

Prayers—Read by the Lord Bishop of Salisbury.

Energy Bill [HL]

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Whitty): My Lords, I beg to move that this Bill be now read a second time.

This Bill supports the Government's commitment to a sustainable energy policy for the future, while also taking responsibility for cleaning up the nuclear legacy from the past. The Government's strategy was set out in the Energy White Paper earlier this year. The Bill provides many of the legislative requirements to deliver that policy and the policy set out in the Government's White Paper, *Managing the Nuclear Legacy*. The Bill will also create the single wholesale electricity market for Britain—BETTA—improving competition and delivering greater choice for Scottish consumers. The BETTA element of the Bill was published for pre-legislative scrutiny in January 2003 and the draft Nuclear Sites and Radioactive Substances Bill, which contained provisions about the NDA, was published for pre-legislative scrutiny in June 2003.

The Energy White Paper restated the Government's commitment to competitive energy markets, supported by effective independent regulation, to deliver secure and reliable energy supplies. That will be even more important when we move from self-sufficiency to being a net importer of gas and oil. Renewables and distributed energy sources such as CHP will help us avoid over-dependence on imports and make us less vulnerable to security threats.

In the electricity generating mix, gas is important now and will remain so in the future, but renewables will play an increasing role supported by measures we outlined in the Energy White Paper. Existing nuclear stations will continue to contribute for many years yet, as will some coal-fired stations. The market is already preparing to supply us with the gas that we will need to import in future—through increased investment in inter-connectors and through long-term gas supply contracts, for example.

The Bill looks ahead to the long term, setting in place arrangements for decades to come, and has three main themes: improving arrangements for cleaning up the public sector civil nuclear legacy; underpinning our ambitious targets for exploiting renewable energy; and prudent market regulation to ensure that competitive energy markets continue to deliver reliable supplies at affordable prices.

Chapters 1 and 2 of Part 1 of the Bill implement our commitment in last year's *Managing the Nuclear Legacy* White Paper to make radical changes to arrangements for the decommissioning and clean up of the UK's civil public sector nuclear sites, continuing to be funded by the taxpayer. Current estimates put the total cost of this clean up at £48 billion. It is important that the task is completed as effectively as possible. The Bill therefore provides for the establishment of a Nuclear Decommissioning Authority, referred to in the Bill as the NDA, as a non-departmental public body by April 2005. The NDA will provide strategic management and direction to the task of securing decommissioning and clean up. In carrying out its functions it is to have particular regard to safety, security and the need to safeguard the environment. The NDA will be funded directly by the Government, with resources provided within the usual budgetary process. However, we recognise the long-term nature of the clean up task—more than 100 years—so we have provided for the establishment of a statutory account, the Nuclear Decommissioning Funding Account, to demonstrate our commitment to meet the costs of cleaning up the public sector nuclear legacy for future generations.

The NDA will operate in an open and transparent manner. It will promote engagement with its stakeholders, and, by promoting competition for the management of sites, it will bring the best skills available to the task of clean up and deliver it effectively. The NDA will also have a function in encouraging and supporting socio-economic regeneration in the regions where it has responsibility for sites. Indeed, the NDA will be part of the strategic task force, for example, that the Government announced today for West Cumbria. The task force will be led by the North West Development Agency and will include central and local government, the private and social sectors. It will be charged with developing a sustainable vision and a plan for the long-term economic and social regeneration of that area of West Cumbria.

The setting up of the NDA was supported during our consultations on the 2002 White Paper and on the draft Nuclear Sites and Radioactive Substances Bill that we published in June, and which is now part of this broader Bill. We have therefore worked closely with all stakeholders in developing the Bill. In its report, following pre-legislative scrutiny, the Trade and Industry Committee of another place acknowledged that it would,

"provide the correct framework to give effect to the Government's plans for a coherent strategy for the decommissioning and clean up of the UK civil nuclear liability".

The Government will respond to this constructive report in the Commons before the House rises for Christmas.

In the context of establishing the NDA, I would like to take this opportunity to mention that my right honourable friend the Secretary of State for Trade and Industry is today announcing in another place the conclusions of a strategic review of BNFL. That review, jointly carried out by the Government and BNFL itself, has addressed the future strategy and optimum structure for those parts of BNFL that will not become the NDA's responsibility. The detail of the recommendations is available in the Library of the

[LORD WHITTY]

House, but, broadly, the review has concluded that, in order to meet the Government's priority of cleaning up the nuclear legacy, a new parent company should be established in 2005. It will focus on the management of clean up activity through a group of subsidiary companies. The other businesses that are not directly contributing to this priority will be managed to deliver value and to limit risk to the taxpayer. In relation to the other BNFL businesses, steps will be taken, when appropriate, to open up possibilities for private sector participation.

Chapter 3 also implements proposals set out in the White Paper, *Managing the Nuclear Legacy*. The United Kingdom Atomic Energy Authority (UKAEA) Constabulary will be separated from the authority and reconstituted within a modern framework under a newly created statutory police authority.

The Civil Nuclear Police Authority will be responsible for the efficiency and effectiveness of the constabulary. The present UKAEA Constabulary will be renamed the Civil Nuclear Constabulary. Officers and staff will transfer from the UKAEA. The constabulary's jurisdiction will be largely unchanged and within its jurisdiction its officers will have the powers generally available to constables. The Bill also contains provisions about the employment arrangements for the new constabulary. They largely maintain existing arrangements and are intended to ensure that the conditions of service continue largely to mirror those of other police forces.

Chapter 4 amends the Radioactive Substances Act 1993 to streamline the process for the transfer or variation of discharge authorisations. The changes are intended to improve efficiency and effectiveness while reducing costs. Chapter 5 contains clauses to enable the implementation of changes to the UK's international obligations governing third party liability in the event of nuclear accidents; to address minor gaps in existing law on the regulation of security of equipment and software relating to uranium enrichment, and of sensitive nuclear information; and to give the Government explicit financial authority to incur expenditure under a range of options negotiated as part of the restructuring of British Energy.

I now turn to the second part of the Bill, which deals with offshore renewable energy sources—wind, wave and tidal energy. The Energy White Paper recognises the real contribution that this country's abundant wind, wave and tidal energy resources can make to meet the nation's energy needs in a more sustainable way. Wind energy will make a significant contribution to meeting our target that 10 per cent of UK electricity will be supplied by renewables by 2010 and, beyond that, the aspiration to double that percentage by 2020 and put us on the road to meeting our goal of cutting $C0_2$ emissions by a full 60 per cent by 2050.

The foundations of a new offshore wind sector are already in place. Last month, the first large-scale offshore wind facility at North Hoyle began generating electricity. A second project at Scroby Sands has begun construction and consents have been given to a further 10 projects around the coast. We need to keep up the momentum and to expand our domestic manufacturing base in order to create new jobs and export potential. The Government have recently agreed to extend the level of renewables electricity expected under the obligation to March 2016 to give the industry the security and confidence that it needs to mobilise investment in new projects.

Part 2 of the Bill fulfils the commitment in the Energy White Paper to create a comprehensive legal framework to support future renewable energy developments further offshore beyond territorial waters. That could enable developments harnessing not only the significant wind resources there but also the wave and tidal power that, without the Bill, cannot legally be exploited. Before Christmas, the Crown Estate will be announcing the outcome of the competition for the second round of site leases for offshore wind farms. We anticipate that one third of the site offers will be outside territorial waters.

I mentioned that the Bill provides for the future. In doing so, it provides not only for present technology but also for wave and tidal energy technologies where the UK should have the potential to be a world leader. As a result of the Bill, we will have a comprehensive legal framework already in place for wave and tidal projects when they become commercially viable.

Also of critical importance to the success of offshore power generation from renewables is to have the right infrastructure in place to bring the electricity on shore. We shall bring forward amendments to the Bill at later stages to provide for a cost effective and efficient offshore transmission system with minimal impact on the marine environment.

Part 2 also allows us to move to a UK-wide system of tradable certificates for renewables once certificates can be issued in Northern Ireland and once Northern Ireland has implemented a corresponding system of mutual recognition. I am pleased to say that the renewables obligation is expected to come into effect in Northern Ireland in April 2005.

Part 3 of the Bill deals with a number of provisions relating to the effective regulation of our energy markets. Part 3, Chapter 1 introduces the single wholesale electricity market for Britain—BETTA—that will bring greater choice for Scottish domestic and business customers, who currently do not benefit from the same levels of competition already established in the England and Wales market. It will also provide all generators and suppliers with access to a strong, open and competitive GB-wide market. That will help to increase the competitiveness of British companies and will enable us to compete more effectively in an increasingly liberalised European energy market. It will also create the right regulatory backdrop to deliver the White Paper commitments for electricity generated by renewables.

The Government fully appreciate that smaller generators, including renewables and the CHP industry, continue to have concerns with respect to the operation of the current NETA. However, a number of modifications have been made that have helped smaller generators to operate more effectively in the

market. For example, the reduction in the gate closure time from three-and-a-half hours to one hour has enabled smaller and intermittent generators, in particular, better to manage the risks associated with exposure to electricity imbalance prices. We expect Ofgem to continue to work with smaller generators to ensure that the administrative procedures for the Balancing and Settlement Code under NETA, and under the new system, will be fully accessible to smaller generators.

My colleague, the Minister for Energy, Mr Stephen Timms, announced today that we intend to bring forward an amendment which would enable the Secretary of State to make an order which would have the effect of subsidising distribution costs in the north of Scotland. This will place a licence condition known as "hydro benefit", created in recognition of the higher distribution charges in the remote Highlands and Islands as a result of the harsh terrain. It is intended that the order will, as far as possible, prevent these costs being passed on to consumers in the north of Scotland.

Chapter 2 extends current licensing regimes to electricity and gas interconnectors as the best way of implementing the new EU electricity and gas legislation and of ensuring fair third party access. Interconnectors will be increasingly important in meeting UK gas demand as we become dependent on imported gas supplies. They will help to improve our security of supply by adding to the diversity of our sources of gas and electricity.

Chapter 3 provides for an energy administration regime to be available in the event of the actual or threatened insolvency of a protected energy company; that is, a regulated monopoly company that is licensed to operate a physical network transporting gas or electricity.

Lord Jenkin of Roding: My Lords, I notice that that provision is to apply only to network companies. Does it also deal with the problem of the hole in the buy-out fund following the passage into administration by companies such as TXU? Some £23 million is missing as a result. Is that to be covered?

Lord Whitty: No, my Lords, this provision deals with network companies which are in a monopoly position. It does not address generators or other companies which operate in the competitive sector.

Lord Jenkin of Roding: Perhaps it should.

Lord Whitty: No doubt the noble Lord will pursue that point both today and at later stages of the Bill, but as the legislation stands, it deals with protected monopoly situations and not the area open to competition.

The measure to ensure continuity of network operation represents prudent contingency planning to protect consumers, business and the wider economy. The insolvency of a protected energy company is very unlikely, but were it to occur or the threat of it to arise, leading to the normal administration process, then we need to have in place special administration procedures because the normal process might result in part of or, indeed, the whole of the network being closed down. I do not need to spell out the consequences of that. Under our proposals for energy administration, this remote but potentially very serious outcome will be prevented. The energy administrator will have an overriding duty to ensure that there is no interruption to the safe and efficient delivery of gas or electricity which might otherwise arise from insolvency. These measures were supported by responses to a DTI consultation conducted earlier this year. They are similar to existing provisions in the water and railway sectors.

Chapter 4 provides for an appeals mechanism to the Competition Commission against any GEMA decisions on modifications to the main energy Network Codes providing the detailed rules governing activities in the gas and electricity markets. This will increase the accountability of decisions with economic and commercial significance without unduly increasing regulatory uncertainty or delay. Again, respondents to the DTI consultation supported a proportionate appeals mechanism and the Bill intends to deliver just that. We have provided for a tightly constrained right of appeal to prevent trivial and vexatious appeals, and a tightly defined process to ensure a swift outcome.

The remaining clauses in Chapters 3 and 4 cover a number of smaller, market-related items including correcting an anomaly in the current definition of electricity supply by bringing electricity conveyed over the transmission network within the scope of the definition; streamlining the process for public inquiries in connection with applications for consent for power stations and overhead lines under Sections 36 and 37 of the Electricity Act 1989, allowing lead inspectors to be assisted by further inspectors to consider issues concurrently rather than the present system of considering them sequentially; enabling the Scottish Executive to provide additional support for renewables, corresponding to a similar power for England and Wales provided in the Sustainable Energy Act 2003; enabling the Secretary of State to charge a fee to recover the costs incurred in providing specific services to the oil, gas and electricity generating industries; and enabling modifications to the Petroleum Act 1998 to give effect to certain provisions in existing or future international bilateral agreements relating to offshore installations or pipelines.

This Bill provides sustainable solutions to a number of legislative problems related to parts of our energy strategy. It also provides the basis on which we can move forward on the clean-up of the nuclear industry, on renewables and on the regulation of gas and electricity supply. It safeguards the reliability and security of energy supplies to business and household consumers alike, and provides the basis on which the objectives of the White Paper—economic, environmental and social—can be met. I commend the Bill to the House.

Moved, That the Bill be now read a second time.—(*Lord Whitty*.)

11.25 a.m.

Baroness Miller of Hendon: My Lords, perhaps I may begin by first thanking the noble Lord, Lord Whitty, for his explanation of this massive Bill and, secondly, to say what a pleasure it is for me to face him for the first time across the Dispatch Box.

Although his brief includes, "Energy issues (including energy efficiency", hitherto I have dealt with such matters with his colleague, the noble Lord, Lord Sainsbury of Turville, from whose brief, according to a recent publication from the Cabinet Office, the subject of energy appears to have been removed. However, I note also that "energy and sustainable development" remain, as now, in the DTI brief of the Minister of State in the other place.

When he replies, I wonder if the Minister can tell us the reason for the division of this same responsibility between two different departments in the two Houses, and to which Secretary of State he has to report on the Bill before us if and when, as I am sure he will, he makes decisions and concessions as it progresses through the House. To whom will he go to check that such decisions are in order?

In asking that important question, I hasten to add that in no way do I have any doubts about the considerable ability of the noble Lord, Lord Whitty, or about our ability to work together on this Bill. Indeed, I look forward to it. We have no overriding objections to what is proposed in the Bill, subject to our examination of the detail, although we do have serious concerns about what has been left out.

Perhaps this is the appropriate place to mention that my noble friend Lady Byford will wind up this debate for the Conservative Opposition. I should also mention, by way of another prefatory observation, that although the noble Lord, Lord Whitty, has certified that this Bill is compatible with the European Convention on Human Rights, we believe that there are circumstances in which public rights of navigation may be "possessions" within the meaning of the First Protocol. For example, they may be crucial to the commercial success of a maritime enterprise that can obtain entry to and exit from its premises only by using such public rights. To the extent that compensation under Article 1 of the First Protocol is required to be paid to an individual as a consequence of the extinguishment of a public right of navigation, doubts must be raised about the adequacy of the procedure provided in Schedule 8 to the Electricity Act 1989 with respect to Article 6 of the European Convention on Human Rights. We may need to explore this much further during the course of the Bill.

I have just described this legislation as "massive", and indeed it is. It covers four different topics, each of which could have been the subject of a separate Bill. There is the civil nuclear industry, including the establishment of a Nuclear Decommissioning Authority. It addresses sources of renewable energy and I believe that I heard the Minister correctly when he referred to bringing forward amendments to that part. Although the noble Lord shakes his head, I was sure that I heard him refer to amendments. That is extraordinary. On the day after the Queen's Speech and just preceding the first day of the debate in reply, an announcement was made that there was to be another Bill. Further, on the very day that this Bill receives its Second Reading, we hear that an amendment is to be brought forward. A long time has passed between the publication of the White Paper and the production of the Bill. What is the matter with the Government that they need to bring forward amendments to their own legislation? They do not wait for us to do it; they bring forward amendments themselves.

The third part of the Bill concerns energy markets and regulation, including the creation of a single, national wholesale market for Britain, the British Electricity Trading and Transmission Arrangement, known by the acronym BETTA. The fourth topic, not highlighted in the excellent Explanatory Notes produced by the DTI but just mentioned by the Minister, is security and policing. My noble friend Lady Anelay will give us the benefit of her expertise in this field when we reach the appropriate part.

Although the Bill is intended to extend,

"to the whole of the United Kingdom",

the Government will have to seek the approval of the Scottish Parliament to a number of functions devolved to Scotland. This highlights, if anything does, the problems caused by the Government's vote-catching exercise of devolving major legislative powers to Scotland. What happens if, for whatever reason, the Scottish Parliament does not agree with the parts of the Bill relating to functions devolved to it?

While on the subject of Scotland—although this has nothing to do with devolvement but with the word "Scotland"—I am sure I also heard that the energy Minister in another place, Stephen Timms, will be bringing forward amendments on that issue. I repeat, surely we are not really bringing forward amendments just as we begin.

I return to the West Lothian question: in the event of such a disagreement, will the Scottish Members of the other place vote with their democratically elected MSPs or in accordance with the instruction of their Westminster Whips?

We will need to examine carefully the provision for the reversal of proof in cases of certain alleged offences. This is another erosion by this authoritarian Government of the traditional position in criminal cases where the onus of proof is on the prosecution. Even though I acknowledge there have been instances of the reversal of the burden of proof by previous governments of both parties, the Government will need to provide convincing reasons for its application in this case. Similarly, we may wish to examine the need for the strict liability offences created by Part 2, Chapter 2, albeit with the defence of the exercise of due diligence.

Clause 106 gives the Secretary of State power to modify licences granted under the new trading and transmission arrangements. Again I inquire, which Secretary of State are we talking about? The Secretary

of State at the DTI or the Secretary of State at Defra? Perhaps the definitions clause in the Bill should clarify this.

The Explanatory Notes airily dismiss this power as a mere "exercise of policy" and suggest that the remedy of judicial review is sufficient to comply with Article 6 of the European Convention on Human Rights. The Government are well aware of the huge mountain that a litigant has to climb to secure a hearing, let alone win a judicial review, to say nothing of the enormous costs involved. The availability of a judicial review is a longstop, not an excuse for the Government to avoid defining acceptable criteria for granting, refusing or amending licences, which can have a huge financial impact on the licensee.

If this were accepted as a precedent for future legislation it would be the means of the Government refusing to accept a defined liability to be responsible in any secondary legislation or licensing activity. The provision as drafted is an excuse for not defining the basis of the exercise of this very important economic power.

In the same clause, the Secretary of State is given power to modify standard conditions of licences or the specific conditions of particular licences. That is fair enough. However, subsection (5) authorises him to publish any modifications,

"in such manner as he considers appropriate".

Here we go again. We went through this same exercise in the Employment Act, where the Government wanted power to legislate through primary or secondary legislation "or otherwise". It took the intervention of two Law Lords to persuade the Minister to drop "or otherwise". In this case, the Minister could decide that it is appropriate to publish a modification by posting details on a lamp-post in the Outer Hebrides. This provision will certainly need to be amended in the interests of what the Government frequently call "transparency".

The White Paper, *Managing the Nuclear Legacy*, commits the Government to improving the way in which the nuclear clean-up is managed but notes that many of the,

"legacy facilities were built and used at a time when regulatory requirements and operational priorities were very different from those that apply today".

The White Paper also reported a consultation in 2001 about the responsibility for sealed sources and other radioactive wastes. Perhaps in his reply the Minister will inform the House about the outcome of that consultation and advise us of how and where the Government's conclusions are reflected in the present Bill and whether the Nuclear Decommissioning Authority will be given that responsibility.

The White Paper asks whether the creation of the Nuclear Decommissioning Authority is a kind of back-door route to more nuclear power stations. I can confidently endorse the White Paper's denial. I believe that the whole tenor of the Bill is to push the question of the development of new nuclear power stations to replace the existing ones into the background. This is borne out by a little phrase hidden away in the White Paper, where the Government state:

"The NDA's focus will be squarely on the progressive reduction of liabilities".

Your Lordships will note that there is nothing about assuming responsibility for future liabilities.

The Government admit that the present contribution of 21 per cent of our power from nuclear generation will reduce to a mere 7 per cent by 2020. My noble friend Lord Peyton of Yeovil asked what the Government meant by their statement that they were,

"keeping the nuclear energy option open".—[*Official Report*, 17/11/03; col. 1769.]

He received only the vaguest and uninformative of replies.

The Government claimed in the White Paper that,

"The initiative [for any new nuclear build] lies with the market".

This is the most specious and disingenuous of suggestions. It is no more possible for the commercial market to decide to build a new nuclear power station, with all the attendant planning problems and so on, than it is for someone to commission a new aircraft carrier.

In fact, the Minister of State, Mr Stephen Timms, when speaking at the All-Party Nuclear Energy Group dinner as recently as 3rd December, said:

"We need the possibility of new nuclear build".

I understand that he made the same remark elsewhere in the same week. Aside from the fact that that is not the kind of statement that should be made in an after-dinner speech as a throwaway line, the question is not whether we need the possibility of new nuclear build but whether or not the Government are going to grasp the nettle and do something about it.

There is a misconception held by the public that nuclear waste consists of spent fuel. In fact, one nuclear power station produces only about half a cubic yard of such material a year. It would fit under an ordinary card table. This compares with half a ton of ash a minute and the vast quantities of CO_2 that are produced by power stations powered by coal. The real problem lies in the large quantities of other waste, ranging from soiled clothing to the entire reactors and the buildings that house them. This is what the Nuclear Decommissioning Agency is being set up to deal with.

The decision about whether new nuclear power stations are to be built, with the attendant future decommissioning liabilities, rests with the Government as part of the national infrastructure to ensure diversity and continuity of the domestic supply of electricity without leaving Britain totally in the hands of foreign generators. This decision rests with the present Government, not any future one, because of the long lead time between the date when a project is planned and the date when the new station can join the grid. While the Government continue to dither and bury their heads in the sand, time is inexorably slipping away as the amount of nuclear power available steadily reduces.

[BARONESS MILLER OF HENDON]

There would, of course, be a future cost of decommissioning any new nuclear power stations. Although it would be commercially uneconomic to include this in the generating costs, the Government have to make a decision whether strategically it ought to be charged to general taxation as a means of reducing our dependency on foreign fuel supplies. If site clean-up is charged to general taxation, this could be done by linking the cost directly with the half-life of the atomic material. At the moment, it is French taxpayers who enjoy the benefit of our maximising the use of their equally uneconomic power stations.

Can the Minister tell the House—if he cannot do so today, perhaps he will write to me—what assessment the Government have made of the situation in both France and Finland, where they take into account the benefits of less reliance on foreign, and not necessarily secure, sources of supply? If such studies have been made—as indeed they ought to have been—will the Government publish them, as they have done in the case of studies into higher education?

A great deal has been said in recent debates and Parliamentary Questions about renewable sources of energy, the Government definition of which excludes nuclear energy. I do not wish to detract from the renewable source that the Government are placing so much store by—wind power. At best, however, this is irregular and can serve only to reduce demands on other sources of power. Even then, it can provide only a minute fraction of our power needs. The environmental impact of the giant windmills, both on land and offshore, gives rise to no less controversy than do nuclear power stations. The first site in Wales was linked to the grid only two weeks ago.

The Government have extended their renewable obligation to 2015, as it is clear that their objective of reaching 10.4 per cent by 2010 was stretching it, to put it mildly.

The Bill creates a single wholesale electricity market for Britain—the British Electricity Trading and Transmission Arrangements, to be known by the acronym of BETTA. This joins the alphabet soup of organisations including NETA, Nirex and Ofgem, to name but three affecting the industry. However, BETTA, as the Bill points out, is only a trading market, and will not itself produce enough electricity to light a single bulb. It is to be hoped, however, that a single electricity market will ensure a consistency of supply.

I referred at the beginning of my remarks to our concerns about what is left out of this huge Bill. I have to ask why it does not include combined heat and power. The Government have admitted that their policies for delivering the United Kingdom target for the development of high efficiency combined heat and power schemes are failing.

Less than a year ago, the Government's Energy White Paper reconfirmed the United Kingdom's combined heat and power targets of 10 gigawatts of electricity by 2010. Achieving this would deliver a large proportion of the UK's carbon reductions and boost the competitiveness of British industry. A few weeks ago, the Government published their latest modelling work by Cambridge Econometrics, which confirmed that Britain will be at least two gigawatts of electricity short of its 2010 target.

With the widespread job losses across the CHP sector since the introduction of NETA, Ofgem creating a legal challenge to the Government's long-awaited decision to exempt CHP from the climate change levy and new regulatory costs being imposed on the CHP sector by the extension of the renewables obligation, the Energy Bill should have given a unique opportunity to create a far more viable market for combined heat and power.

High level policy conflicts in the Government have sent the CHP industry into a downward spiral. The Bill can reverse that trend and ensure that CHP becomes the centrepiece of policy, not an afterthought. We will be introducing amendments to achieve that end.

I now turn briefly to the part of the Bill dealing with the new Civil Nuclear Police Authority. It is vital that our police and security services have the support they need to ensure that they are able to work to the highest standards to provide security for our communities throughout the United Kingdom. This is especially so at a time of heightened concern about terrorist activity. It is therefore appropriate that the new police authority should be accountable to the Home Secretary and the expertise of the Home Office. But in establishing this new police authority, the Government should reconsider our proposal that there should be a Minister for homeland defence so that all security services can be effectively co-ordinated.

I ask the Minister to confirm that the new police authority will cover not only UKAEA but also BNFL and URENCO. We would also like confirmation that, as I understand has been previously agreed, the DTI will fund the transition costs of the current, non-statutory police force when it turns into the Civil Nuclear Police Authority. I believe these costs will be in the region of £1 million.

An answer from the Minister, either during this debate or very soon after, is urgently needed, because the transition will take time to achieve, and BNFL will need to start spending money very soon. We shall be scrutinising this very important part of the Bill and my noble friends and I will be putting down some constructive amendments to make it more effective.

I would like to give your Lordships a few abbreviated quotations from experts in the industry regarding the energy supply. The Institution of Civil Engineers warns that,

"the energy industry is at its lowest ebb since privatisation with many generators in serious financial difficulty and little new investment in new generation".

Dieter Helm of Oxford University says that we are extremely close to the margins. Professor Ian Fells, a former Government adviser on energy, says that adequate spare capacity is essential, despite the expense, and that our current margin is inadequate. PowerGen has warned the Government of the possibility of power

cuts. Transco also warns about a severe lack of generating capacity. There have been many more such views, but that is enough for now.

Finally, reverting to the question of the future of nuclear power, if there is to be one, both the White Paper and the Bill have ducked the issue—as, indeed, has the Minister when asked about it in your Lordships' House. If the Bill is very important—and it is—and if its principles are deserving of cross-party support—and they are—it is nevertheless only part of the picture. In the past few years, we have heard references in your Lordships' House, in a completely different context, to stage two, to follow stage one. The Bill is but stage one of dealing with the looming energy crisis. The Government must have the courage to produce a viable stage two before it is too late.

11.46 a.m.

Lord Ezra: My Lords, in speaking in this debate, I wish to declare that I have been actively and continuously involved in the energy sector since 1947 and am currently chairman of Micropower, which promotes the small-scale generation of electricity.

As we have heard from the Minister, the Bill deals with three major aspects of energy policy. While they are all of importance, they are by no means the most important issues raised in the energy White Paper of February 2003. In that connection, I consider that the short title of the Bill is somewhat misleading. It gives the impression that this is a much more wide-ranging piece of legislation than it really is. A more appropriate title would be the "Energy (Miscellaneous Provisions) Bill", which would leave room for the further Bill to which the noble Baroness, Lady Miller of Hendon, referred. Perhaps we can explore that at the next stage.

While the Bill is important and will command widespread support as far as it goes, my general reaction to it is one of sad disappointment. When reference was made in the Queen's Speech to the introduction of legislation on energy matters which would aim to,

"promote secure, sustainable supplies and a safer environment",

I looked forward to the Bill with eager anticipation. I thought that here would be a statutory endorsement of the main courses of action and aspirations set out in the energy White Paper of February 2003. Instead, we have three disparate pieces of legislation rolled into one, which, although important and significant, are by no means the main issues raised in the White Paper.

Part 1 of the Bill deals primarily with nuclear decommissioning and the setting up of the Nuclear Decommissioning Authority. There will be widespread support for that. The full cost of decommissioning over time is enormous; it is estimated that it will be of the order of £50 billion during the next century. We need to know the likely costs over the next decade, bearing in mind that all but three of the existing nuclear power stations are due to close in that period. How are these large sums to be accounted for? In responding to that, perhaps the Minister can also enlighten us on the relationship which is likely to develop between the different nuclear agencies—the newly established NDA, Nirex, BNFL and the UKAEA. I know that my noble friend Lord Maclennan of Rogart will refer to that issue later.

The Bill does not deal with two matters of over-riding importance in the nuclear sector. First, there is the long-term management of nuclear waste, which is very relevant to the setting up of the NDA, has been under discussion for many years and is as yet unresolved. I asked a Question on that subject the other day. Secondly, there is the over-riding issue of the future of the nuclear industry itself, to which the noble Baroness, Lady Miller of Hendon referred. That will have a substantial impact on energy policy as a whole. So long as it remains unresolved, it is difficult to see how a coherent and effective future energy policy can be devised.

Part 2 deals with renewable energy sources in a limited context. It covers the exploitation of renewable energy outside territorial waters, and the decommissioning of such offshore installations. Perhaps the Minister can advise us how many offshore renewable energy installations beyond territorial waters the Government anticipate and what the cost will be, bearing in mind the long transmission distance that will have to be covered.

The Bill deals, too, with the mutual recognition of the renewables obligation regime in Northern Ireland. While that is a desirable measure, the opportunity has surely been lost of dealing with a root problem in the renewables issue. I refer to the relatively slow progress so far made in the development and use of renewable energy, and the need to widen the range of eligible fuels and processes that can contribute to carbon abatement. At present, the Government's target of 10 per cent of electricity generated from renewable sources by 2010 is unlikely to be reached, despite what the Minister told us. The aspirations beyond that date are even more in doubt, so it is regrettable that the Bill does not cover the urgent issues that are now called for.

First, further measures should be taken to stimulate the production and use of renewables as presently defined, and, secondly, there is a need to extend the principle of the renewables obligation to fuels and processes that can significantly reduce the amount of carbon going into the atmosphere. For example, as the noble Baroness, Lady Miller of Hendon, rightly said, combined heat and power, the principle of which the Government fully support, is going through a very difficult period and is likely to be at least 20 per cent short of the 2010 target. Measures to relaunch that proven energy-saving process need urgently to be taken. Perhaps we could suggest some of those measures in Committee.

A variant of CHP, called micro-CHP or micropower, in which I have declared an interest, is a newly emerging process that takes electricity generation right into the home. That would increase efficiency, eliminate transmission and distribution losses and reduce carbon emissions. The process needs to be vigorously supported in its build-up period.

The Government have also given insufficient support to the recovery and treatment of the methane from coal mines and have refused to apply to it the

[LORD EZRA]
renewables obligation principle. In Germany, coal-mine methane has been treated as a renewable energy source and is making much more vigorous headway than in the UK. Indeed, some leading companies involved in that process have extended their operations to Germany because of the more favourable inducements. That is hardly a good reflection of the way in which British industry is being supported.

We do not yet have in the UK a clean coal technology plant, even though the process is now well established and can be associated with carbon extraction, thus virtually entirely eliminating the CO_2 emissions from the use of coal. The construction of such plants could be substantially assisted if the process came within the terms of the renewables obligation or its equivalent.

The third Part of the Bill extends the new electricity trading arrangements—NETA—to include Scotland as well as England and Wales. Indeed, it is desirable that there should be a competitive wholesale electricity market based on the same rules throughout England, Scotland and Wales, bearing in mind the interpenetration of the power companies across borders. However, why has the opportunity not been taken to remedy the defects of the existing NETA system in dealing with renewables and CHP, which continue to suffer under the balancing and settlement procedure? It is for the simple reason that they cannot precisely predict their electricity output in any given period and are penalised accordingly. While some steps have been taken to lessen the adverse impact of the settlement procedure on smaller generators, it remains an obstacle that could surely have been dealt with in the Bill.

My conclusion is that the Bill covers important issues of energy policy arising from the energy White Paper. However, in spite of its excessive size, it is limited in its scope and does not deal with the major unresolved issues of energy policy. It is a Bill of missed opportunities.

11.56 a.m.

Lord Christopher: My Lords, like the noble Lord, Lord Ezra, whose measured contributions are always well worth listening to, I must declare an interest. Since before I came into your Lordships' House, I have been a consultant for BNFL plc. However, I wish the House to know that the speech is mine and that BNFL did not ask me to make it. I shall have to face the music from the latter if I say things that it does not like.

I am also in the unusual position, in speaking so early, of having to edit what I say as I go along, when all that we have heard so far has come from the Benches opposite. I have to say that I found much of it agreeable, so I shall do my best not to weary noble Lords by too much repetition.

As the noble Baroness, Lady Miller of Hendon, said, central to the criticisms that many of us would make about the Bill is that it does not take a long enough view about energy security supplies for Britain. If a long view is taken, it is illogical that nuclear does not in fact face a more positive approach in the paper. I believe that to be somewhat dangerous.

I do not know whether my noble friend the Minister will be able to tell us what security risk assessments have been made with regard to energy, but it would be fascinating to know whether they have been made and, if so, what they say. I have always been a staunch supporter, as has the Trades Union Congress, of a balanced energy policy. Notwithstanding the historical sentiments about coal, there was support for renewables and nuclear. Yet we are taking serious risks with UK supplies ahead, although perhaps not immediately. We must not overlook the fact that the newer forms of energy have a long lead time—a much longer lead time than the older forms.

We can all here remember the problems of shortages of supply of a wide range of goods during the war. I put it to noble Lords that the current situation with energy is not so significantly different, although the causes may be. There will certainly be aggressive competition for energy across the world, and prices will rise. Indeed, we learned only this week that wholesale gas prices rose 15 per cent in 2003, and forward pricing increases are signalled at between 17 per cent and 21 per cent. British Gas domestic supplies of electricity and gas are scheduled to rise by around 6 per cent.

Stating the obvious, we live on an island, or two islands. We are a serious distance offshore of mainland Europe and far, far away from the energy sources that we shall be seeking. The solutions that Europe may find will not necessarily meet the issues which we shall face. It is foolish to neglect the possibility of sabotage of pipelines if you do not have a balanced policy. Energy supplies are affected by weather. France, indeed, is facing that at the present time, first due to heat and latterly to flood.

There is a risk that the energy flow from renewables may not be on the scale that we plan and hope for. Experience from Denmark, which at 18 per cent of electricity production has the highest percentage of wind power of any EU country, is that load factors have generally been well below the UK estimate of 35 per cent. Hugh Sharman of Danish company, Ecoteco, made that point recently. In fact, a figure of around 25 per cent is closer to the Danish average. This means that installed capacity would have to be four times that of the desired output, always assuming that the wind is blowing somewhere in the United Kingdom! To be sure of avoiding power cuts, equivalent generating capacity, probably utilising gas, would have to be provided on standby at considerable expense. I am not sure that relying on that is a sensible policy.

Danish experience also shows that at any one time roughly 13 per cent of wind turbines are out of commission. On the basis of that experience the Danish Government recently announced that they were ending subsidies to new wind power installations. *The Times* quoted on 9th December that UK wind power is two-and-a-half times the cost of conventional power.

My anxiety about all this arose a long time back when an elderly professor from Korea forecast China's future energy requirements. I am still endeavouring to obtain an authoritative assessment of the energy demands of China, India, Russia and South America when their energy requirements in terms of use per capita match those of OECD countries. That, I believe, is the time-scale involved in the planning that we need to carry out over the next few years.

I wonder whether noble Lords are aware of the current position in China, which has one of the fastest growing, if not the fastest growing, economies in the world. It presently has 11 per cent less generating capacity than it needs, and its capacity is based on only 1 per cent of nuclear, although I believe that it is building another four power stations, partly supported by France and, I believe, by Japan. Today electricity is rationed in China. Coca-Cola and China National Cereals, Oils and Foodstuffs Import and Export Corporation Company have no electricity on one in four working days a week. Hunan Province, which relies for 50 per cent of its power on hydro electricity, has serious shortages following drought. If ever there was an example of the folly of not having a fully balanced mixed energy policy, Hunan Province provides it. Shanghai's major shipyards are now working only at night and at weekends because of energy shortages.

I turn to the issue of jobs and to Cumbria in particular. Refocusing sites such as Sellafield on decommissioning is all very well but that type of work will inevitably employ significantly fewer and less skilled workers than the current reprocessing operations. In remote areas such as west Cumbria it will be extremely difficult to re-employ those redundant skills locally, having a massive effect on the region's economy. What provision will the Government make for retraining and redeploying the workers who will be thus affected?

I feel that I must ask the Minister the following question. Given that we shall have government owned companies on both sides of the table, how will they ensure that BNFL will not be disadvantaged in the competitive tendering for a variety of operations? There will be conflicting objectives and a longer term strategy should not be based exclusively on cost but on future purposes.

In my opinion we need to create a climate, particularly, but not exclusively, in Cumbria, for long-term storage as I do not believe that the relevant material will go anywhere else. Unless and until the Government buy into "compensation"—financial inducements to make people love nuclear—Cumbria is the only location that would be likely cheerfully to accept a waste disposal storage unit. Exactly the same considerations should be addressed right across the nuclear game board. We are most likely to find sites for new nuclear power stations where there is clean-up.

The Bill's focus on decommissioning and reassigning the associated liabilities is necessary but in my judgment misses the point that new nuclear build is essential if, as the Government would have it, the nuclear option is to remain fully open. In contrast, the United States administration is streamlining its regulatory processes and encouraging investment in preparation for the replacement of its nuclear fleet—something which was forecast to me when I asked the American energy Secretary a few years ago a tongue-in-cheek, cheeky question regarding when a new nuclear power station would be built. Instead of saying, "Never", he took the question seriously and said, "Before too long".

Finland and France have announced that they will not permit themselves to become ever more dependent on unreliable external sources of fossil fuels and are engaging in new nuclear construction. Moreover, they have shown conclusively that nuclear power represents a very cheap option.

Since the present Government, and previous governments, have signally failed to make progress on the thorny issue of where and how to dispose of the nation's high and medium level radioactive waste—which, as has been stated, is not a terribly large problem in volume terms, and will be less so in the future as the new stations will produce only about 10 per cent of the waste of the older stations—will the Government undertake to support the new NDA by accelerating the essential process of consultation and decision-making? We in this country are falling a long way behind countries such as Finland, Sweden and France which have taken the difficult decisions and are embarking on national programmes of research and demonstration that will lead to operational repositories within a generation.

I hope that I have not been overlong in seeking to make these points but I believe it is important that they are made. I hope that the Government—which I fully expect to be in power in 2020, when all these problems are likely to arise—will take what I have said seriously.

12.8 p.m.

Lord Jenkin of Roding: My Lords, it is almost 20 years to the day that I had to stand up in the House of Commons and make a Statement about a very serious discharge of radioactive effluent from the Sellafield works into the Irish Sea. I had to announce the closure of the beaches along the coast for 20 miles on either side of that factory. It was many weeks before they were declared safe for public access.

Every week I made a series of Statements in the House of Commons—I see the noble Lord, Lord Campbell-Savours, nodding—to report progress on the clean-up. Eventually a report on the accident was published and was given very wide circulation.

I mention that for three reasons, all of which are of great significance to the Bill. First—this is not generally known—I came under pressure at that time from my colleagues in the DTI, who complained that I was undermining confidence in the nuclear industry by my frequent Statements. My reply was that, on the contrary, by seeking to be open and transparent I was trying to restore confidence in an industry that had a notorious reputation for being far too secretive. In the event, the dispute had to be referred to the Prime Minister—informally, I have to say. She ruled in my

[LORD JENKIN OF RODING]
favour, and in favour of openness. That was a turning point. Much more importantly, openness is an integral part of the Bill. I think that the industry and successive governments have recognised since that day the huge importance of openness and transparency.

The second reason why I mention that episode is again something not widely known. Over the past 20 to 30 years, the polluting discharges from Sellafield have been reduced to one thousandth of what they were in the 1970s—0.1 per cent. That is a remarkable achievement. The company has never been given the proper credit for what it has succeeded in doing. As a result of that and the experience of various other firms in the industry, the issues of safety are now part of the culture and deeply embedded in how they conduct their businesses. I hope that the Bill reflects that, but we may need to pursue it.

The third reason is that at the heart of that culture of safety lies the recruitment, training and retention of the scientists, engineers, technicians and other skilled staff that both that industry and its regulators will need to do their jobs. At this stage, there are very serious concerns about that. That is directly relevant to the duties placed on the NDA in the Bill. I shall return to that matter in a few moments.

I want to make two comments on the speeches made so far. The noble Lord, Lord Christopher, was a little unfair to the governments of whom I was a member. My right honourable friend John Gummer brought forward a perfectly respectable proposal for a rock characterisation facility at Sellafield, only to have it rejected by a public inquiry about which there have been a good many criticisms. For goodness' sake, he was trying. By comparison, last night I heard a very distinguished member of the Cross Benches say that the present Government had taken the question of nuclear waste and kicked it into the long grass, and then gone looking for it in order to kick it into still deeper grass. I fear that that is what has happened, and I hope that the noble Lord, Lord Christopher, will recognise the contrast.

My noble friend on the Front Bench made an absolutely outstanding speech. As a result, mine may be a little shorter than it otherwise would have been, as she made some of the points that I would have made.

Before I discuss the Bill itself, we deserve an answer to one question. Why is the Bill being introduced into this House? I ask that because Ministers have made much of the intention that the Bill should be through by July, and that the NDA should be up and running by April 2005. The noble Lord, Lord Whitty, will have to appoint chairmen and directors, who will have to appoint staff, and a great deal of work is to be done. He will be aware of the Treasury convention that Ministers may not spend a single penny under a new Bill until it has received a Second Reading in another place. By introducing the Bill to this House, Ministers have pushed back that timetable by several months. Why? I put that to Mr Timms the other day, and did not get a very clear answer. Clearly it was not his decision. The noble Lord may be able to give us an answer.

I shall move straightaway to the Bill. I share the disappointment of the noble Lord, Lord Ezra, that it does not contain much of what it should. As will become apparent, and like other noble Lords, I shall ask many questions about matters that are not in the Bill but ought to be. I welcome the Bill, although it will require careful debate and a good many additions during its passage through the House. Indeed, the Minister has already announced this morning that there will be several additions.

A Statement is being made in another place today, and a paper has been placed in the Library today. That is treating this House with contempt. If we are to debate the Second Reading, why is it not possible to have the documents at least a day before? I have searched for the reply to the report of the Commons Select Committee in the Library and on the web, but it does not exist. Why? It has not been issued yet. We are told that it will be issued before Christmas. At least we will have it for Committee, but that is not good enough. If the noble Lord is to get collaboration and co-operation on the Bill, he has to treat this House with more respect.

I should like to follow other noble Lords and say that the Bill does not stand alone but is only part of a whole. Therefore, I shall say a word or two about the context of the overall energy "policy". I put that word in quotation marks because very many people would not regard the White Paper as a statement of policy, but as a whole series of aspirations. As the noble Lord, Lord Christopher, pointed out, the UK has enjoyed near self-sufficiency in energy for several decades, but that comes to an end shortly. In three years, we will be a net importer of gas, and in seven years a net importer of oil. By 2020, we will be dependent on imported energy, mostly gas, from distant and unreliable sources for three quarters of our primary energy needs.

As the Institution of Civil Engineers stated in its recent report, the situation is about to change "dramatically" with profound implications, not least for the security and continuity of power generation. Perhaps I can add to what the noble Lord, Lord Christopher, said. He did not make the point that, on the eastern seaboard of the United States, several terminals to import liquefied natural gas are being built, for which there will be competition for gas in exactly the same markets as those in which we shall be seeking supplies. That is bound to have an overall impact on the price of natural gas.

Another point that has not so far been made is what happens if one becomes dependent on other countries for one's primary energy supply. Go and ask the Italians. They had a massive blackout all over Italy. Why? Someone talked about trees falling on transmission lines, but it was rubbish. The French turned them off. They needed their energy. The French are huge exporters of energy based on nuclear power, and they needed to use it all so they turned the Italians' supplies off. Ministers need to pay more attention to such issues.

Then there is the Government's policy at the heart of their White Paper concerning the large reductions in greenhouse gas emissions—20 per cent CO_2 reduction by 2010 and, in that lambent phrase, "on a path to" 60 per cent CO_2 reduction by 2050. It is not the moment for a detailed analysis of that, because it could be quite lengthy. However, I am extremely doubtful about those aspirations—that is what they are. A very general view is that there is little prospect, despite what the Minister said, of hitting the 2010 CO_2 target. Moreover, it is my view, and that of many well informed people outside, that the 60 per cent target will be unattainable if the existing carbon-free sources of power are closed down and not replaced by new nuclear build.

It is pure fantasy to imagine that the renewables of wind, wave and tidal can possibly fill the gap as the existing nuclear stations reach the end their lives. In any event, as the noble Lord, Lord Christopher, pointed out, there has to be back-up for wind power. As he said, that is extremely expensive. It will be very difficult for the power companies to raise the capital to build back-up gas-fired plants that will come into operation only if the wind stops blowing.

Wind is not reliable, sustainable or controllable. I agree that it has a part to play, but it is pure fantasy to imagine that it can replace other energy sources. The other energy source that is mentioned in the White Paper is biomass: coppicing. Is the House aware that if one wanted to replace Dungeness B nuclear power station in Kent, one would have to cover the entire area of Kent, other than the built-up areas, in short-term willow coppicing? That is fantasy. It adds nothing to the question of keeping the lights on. There are huge gaps in the Government's overall energy policy, with real risks ahead for the security of supply to homes, offices and factories.

Like other noble Lords who have spoken, most of my questions will be about what is not in the Bill. The Government have said that they "will keep the nuclear option open". Therefore, my first question to the Minister—and I echo other noble Lords—is: what is there in the Bill to help to keep the nuclear option open? That phrase was used in the Government's White Paper last February. This is the first major Bill intended to implement the policy of the White Paper, as we heard this morning. What is there in the Bill to deal with that? The answer is nothing.

When Ministers gave evidence to the Select Committee in another place, they fell over backwards to appease the anti-nuclear lobby and to convince them that there was nothing in the Bill about new nuclear build. I find that almost incredible. One would have thought, to use a nautical metaphor, that they would at least have tried to have some kind of anchor out to windward, so that if it does become necessary to build—and many of the Minister's colleagues think that it will be—they will be able to go ahead with it quickly. That raises the question of research and so on, which I do not have time to address today.

I shall stay for a moment with the Select Committee report. I know that we should receive the Government's response before Christmas, but today is 11th December and we are entitled to answers in this debate. The Select Committee made the following recommendation in paragraph 8 of its report:

> "We recommend that the Department produce a fuller estimate of the cost implications of this Bill before its presentation to Parliament".

It also referred to the need for the usual regulatory impact statement. When will we receive that? Will we receive it before Committee? Will we able to debate it when we debate the Bill in Committee? The report continued thus in paragraph 13:

> "We consider that a clear and unambiguous statement of the overarching principles with which the NDA will work would be a useful addition to the draft Bill. Such a statement would have most force if it were given in the main body of the Bill".

It is not there. Will the Government accept that and amend the Bill appropriately? We deserve an answer.

I return briefly to the question of the disposal of radioactive waste. I cannot add much to what was said by the noble Lord, Lord Christopher. There is a definition of "treatment" and "hazardous material" in the definition clause of the Bill. There is no definition of "disposing", yet it speaks about "disposing" of long-term nuclear waste in a depository. The Explanatory Notes revealingly state that Clause 3(1)(d) also covers the Drigg low-level waste depository. If it covers Drigg, does the Bill intend to cover the disposal of medium-level and high-level waste?

That leads to another question. Will the NDA be the body that eventually takes forward the process, if it can find the ball in the long grass, of moving towards long-term disposal of waste? I sat on the Science and Technology Select Committee that looked at the matter five years ago. We are still waiting for progress on that front. Or do the Government envisage yet another authority? The Bill has been published for several days. I have spoken to people in the industry, such as those at BNFL, and they do not know the answer to that question. They have not been told whether the NDA will be the authority for long-term waste. We must have an answer when the noble Lord replies this evening. I recognise that a considerable process of gaining public acceptability must be embarked on, but we need to know whether that authority will carry out that role.

Lord Davies of Oldham: My Lords, we are all grateful for the noble Lord's expertise and his contribution is valuable, but he will know that the Companion indicates that speeches in all debates should be about 15 minutes' long.

Lord Jenkin of Roding: My Lords, I asked the Government's Whips' Office this morning whether there would be any limit and I was assured that there was none. I shall finish in a very short time so that the noble Lord can go for his lunch.

I shall ask again about the hole in the buy-out fund. I hope that the noble Lord will reply to that. He kindly gave way to my intervention in his speech. The hole is £23 million.

[LORD JENKIN OF RODING]

I return to the future supply of scientists and engineers. Such people are essential, not only for the NDA, but also for many other bodies—not least, to keep the nuclear option open. Last June, I received a Written Answer from the noble Baroness, Lady Ashton of Upholland, in the Department for Education. I asked her how many undergraduate and postgraduate university courses there are for nuclear scientists and engineers. She answered that,

"no universities currently offer undergraduate courses specifically in nuclear science and engineering".—[*Official Report*, WA42; 26/6/03

She listed a number of universities that offer postgraduate courses and I have been going into that. It appears that that answer was already more than two years out of date. I have been in touch with the Health and Safety Executive, which rather surprisingly keeps the details of them, and it appears that there are now a few more modules being offered for nuclear engineering and science. One of the professors who is running a course at Imperial College told me that that is a very long way from providing the trained nuclear scientists and engineers that this country will need if we are to keep that industry going. There is a great deal that we will wish to explore in Committee about that.

I am told that the Chief Scientific Advisor is compiling a report. Will the Minister tell us if Sir David King's report will be available to the Standing Committee on the Bill? It is a hugely important question.

I have not spoken about offshore wind farms or about regulatory matters. I shall conclude with one more point. I am told that the cost of electricity from offshore wind farms will be three-and-a-half times the cost of power generated from a conventional gas-fired power station. That is 350 per cent more. Some of that will be covered by subsidy. In the end, it will all have to be covered by subsidy. The Government recently announced substantial increases in that.

When I hear Ministers talk about wind power being the solution to all our problems, I am reminded of that wonderful Peter Sellers character, the communist shop steward, in the film "I'm All Right Jack". He was fantasising about the marvels of Soviet Russia—

"all that waving corn and the Ballet at night".

Ministers seem to be similarly mesmerised by "all those waving wind farms—and the lights miraculously staying on all night".

12.30 p.m.

Lord Beaumont of Whitley: My Lords, I am delighted to be able to follow the noble Lord, Lord Jenkin of Roding, in that speech. I think that it is absolutely right that your Lordships should devote as much time as necessary to Second Reading speeches on Bills of this nature and this importance. I would particularly say to the noble Lord and to your Lordships that I take very seriously the points that he has been making about the national security of energy supplies. It is one of the Government's most important responsibilities. I realise that, in meeting that responsibility, they may often clash with the stance that I have taken as a member of and spokesman for the Green Party with our emphasis on renewables. I do not in any way sideline those problems. They are ones that I and everyone else will have to face.

It is a big Bill. We are obviously going to have a great many amendments to it and spend a lot of time on it. The noble Baroness, Lady Miller, promised us a certain number of amendments. I do not think that she will get very far with the amendment she proposes to define a "Secretary of State". She may think that there are lots of Secretaries of State but there are not. Platonically and constitutionally, there is but one Secretary of State. We cannot start dividing them up in Bills. That may not be very sensible, but it is what actually happens.

I turn to the provisions that I think need amendment and that I shall do my best to help your Lordships amend. There is government funding for the liabilities of British Energy and British private operators. The Bill, if enacted, will allow the Nuclear Decommissioning Authority to take on British Energy's liabilities, at an estimated cost of £3.3 billion over the next 10 years, since British Energy did not set aside enough to cover its liabilities before it went bankrupt. The Bill is also worded to allow for liabilities of future private nuclear companies to be picked up by the public purse.

We believe that we should remove provisions, such as Clause 7(2), that allow for public funding of the liabilities of private operators. Given British Energy's failure to account properly for its liabilities, the Government must legislate to ensure that future private operators establish segregated funds for nuclear waste before commencing operation of nuclear facilities. There should be a legal requirement on private investors, if they decide to build new stations, to have a segregated liabilities fund large enough to avoid repeating the mistakes made by British Energy. Knowing that the liabilities could be picked up by the Government would in fact prove a major incentive to private investors to build new reactors. We and Greenpeace, which has been advising me on this, do not think that any new or existing nuclear stations are necessary. However, despite calls for segregated funds, it is expected that the Government will not legislate to make that obligatory, as I think they should.

The Nuclear Decommissioning Authority clauses raise an issue of new building. The NDA will be given powers to operate electricity generating stations. Clause 10(2), taken with Clauses 3(1)(a) and 3(1)(d), could give the NDA the option to build and operate certain types of nuclear power stations such as plutonium-burning reactors—perhaps to dispose of the UK's embarrassing plutonium stockpile under the guise of waste management. We believe that Clause 10(2) should explicitly exclude the construction of new nuclear stations under the NDA and that the NDA should conduct research into immobilising plutonium as a waste form.

As for the justification of facilities which continue to create waste, the Bill contains no provision for the annual review on the rationale for continuing to keep

nuclear facilities open, as promised in the White Paper at paragraph 5.27. Clause 3(1)(a) allows the NDA to operate BNFL's ageing, loss-making Magnox reactors. Clause 3(1)(d) allows it to continue operating the Sellafield reprocessing plants and Mox plant. As recommended by the Trade and Industry Committee, the legislation should make compulsory annual reviews of the continued operation of these facilities.

We also feel strongly about the lack of environmental principles. Clause 9(2) confers duties on the NDA in uncompromising terms, apart from its environmental duties. The NDA needs a clearly defined set of environmental principles, enshrined in legislation to avoid inappropriate methods of nuclear waste management being promoted. The NDA needs a clear set of overarching principles and should take into account protection of the health and safety of people and the environment from the harmful effects of radiation. Environmental and sustainability concerns should be given primacy over commercial or economic ones.

I turn to statutory public consultation. There is only "no constraint" on the NDA consulting the public at large and national stakeholder groups such as NGOs. As far as it goes, that is okay. However, the Bill gives a limited list of stakeholders who must be consulted. We believe that consulting NGOs and the public should be made a statutory requirement in the Bill.

I move from sins of commission and turn to the sins of omission. I shall do so only briefly, your Lordships will be glad to hear. My protest about the time on speeches which I delivered at the beginning of my speech was more on behalf of the noble Lord, Lord Jenkin, and others than of myself.

We were very disappointed, as were farmers generally, at the Chancellor's recent failure to announce rebates on duty levels on green fuels such as bioethanol, a petrol substitute derived from the sugar beet, and biodiesel. The National Farmers Union said that the failure left the industry in limbo and meant that there was no way that British farmers can meet the European Union's target of 2 per cent biofuel usage by 2005. I think that the noble Lord, Lord Palmer, would have spoken on this subject had he been present. He has, quite rightly, been banging away on the subject.

I turn to three very short points raised by Energywatch, one or two of which concern itself almost alone. However, the first point does not concern Energywatch alone—it is an absolutely basic point in which I believe and in which I believe your Lordships will believe; I hope that the Liberal Democrat Benches will take it on board. The opportunity should have been taken in the Bill to end energy disconnection due to debt. Such a practice should be banned. I shall not go further into the point now, but I look forward to expounding the reasons for it in Committee. The reasons are probably self-explanatory.

Energywatch also believes that, if it is to do its job properly, it should be given greater information-gathering powers. Again, that is something to be explored in Committee, as is the matter of the information-gathering powers of the regulators.

This is a big Bill. It is something of a curate's egg, although it is not quite a curate's egg because the traditional curate's egg was, in fact, bad all through, which this Bill is not. But various parts of it are not as good as they should be. It seems to me to be very muddled, and the speeches that I have heard in your Lordships' House today have gone no way towards dispelling that thought. However, I am sure that we shall all do our best, and I hope to contribute to improving the Bill in Committee and on Report before it goes to another place.

12.41 p.m.

Lord Dixon-Smith: My Lords, the Bill is welcomed not only for its content, which is, in effect, part of a solution to a very great problem that this country faces; it is also welcomed in the wider sense because of the debate to which it has given rise today. That debate has already spread its tentacles, if I may express it that way, rather wider than the subject of the Bill itself. That is very important. The only depressing issue for me on a purely personal level is the speed with which I have been reduced to an echo of what so many noble Lords have already said. The subject matter involved in the Bill is fairly tight and fairly focused. The issues, which are very important and absolutely fundamental to the future security and development of our community, are small and detailed and will be repeated over and again.

I make no apologies for giving a résumé across the energy spectrum. We keep hearing about the issue a little here and a little there. But the situation that this country now faces is very serious and it is dramatically different from the energy environment that we have enjoyed over the past 30 or 40 years.

We are soon to be a net oil importer, moving rapidly from the position that we were in in previous decades of being a net exporter. Our natural gas production, which, again, has more than met our requirements in previous decades, will meet only 50 per cent of our consumption by 2010. Subsequently, it will probably fall to approximately 20 per cent of our requirements by 2020. We have heard that by 2020 nuclear-produced electricity generation will have decreased from approximately 20 per cent to about 7 per cent of total generation. All those factors come together when there is, above all, a need to diminish CO_2 emissions in response to global warming and Kyoto.

Behind all that is the priority of the consumer, which I believe is still security of supply and, after that, price. We have had a very efficient energy-pricing system because of our fortunate situation *vis-à-vis* domestic supply and the administrative arrangements that have been put in place. But the reality is that we are moving from decades of low energy prices into a period of high energy prices and cost to the consumer. That issue must be faced.

I want to raise a number of points in relation to the part of the Bill which deals with nuclear energy. We must remember that the Bill follows a White Paper, which my noble friend Lord Jenkin called "a statement of aspirations". That is what it was and is. The

[LORD DIXON-SMITH]
question that arises for me is whether the Bill is the same thing. The responsibilities of the Nuclear Decommissioning Authority are set out but they are all subject to a direction or designation from the Minister. Those responsibilities do not exist without that direction or designation. The question that must be asked is: do the Government intend to issue those directions and designations?

That applies to all the functions of the authority and it applies, in particular, to the question of the disposal of nuclear waste—a subject which, again, has already been touched on by noble Lords. Does the Minister intend to issue the authority for the Nuclear Decommissioning Authority to get on with those functions? The way that I read the Bill, without a designation from the Minister, the functions are non-existent. I am sure that, when he responds to the debate, the Minister will correct me if I am wrong, but I do not believe that I am. That is fair enough; there is no problem about that. I am sure that it is entirely appropriate that the detail of the decisions and the ensuing action should be initiated by government. As I see it, in the Bill we are establishing the opportunity for the Government to act. The question is whether the Government will do so.

That question is also important in relation to the possibility of future nuclear generation. I do not intend to repeat all the arguments that have been made so far today in favour of that. But we must face the fact that, without future nuclear generation, we shall not be able to give the public of this country the security of energy supply that they rightly demand. That is absolutely fundamental.

It is very interesting to see the second part of the Bill, which deals with the establishment of what I call "deep-sea wind farms" By coincidence, it appears that they could replace the nuclear-generating capacity, which I suppose they could. Bearing in mind that nuclear generation accounts for 20 per cent of our current electricity generation and bearing in mind also the Danish experience, in order to guarantee security of supply we should have to put 80 per cent of the present total nuclear-generating capacity out to sea in order to guarantee security of the 20 per cent that we require. However, we would still not be certain that it would be there when it was required. One has only to consider a heavy anticyclone in the middle of the winter, which brings extreme cold and, often, very still periods for days on end. If we build a system that is dependent on the wind in order to produce 20 per cent of our electricity-generating capacity, we shall fail our electorate because the wind may well not blow. It is all very well to assume that if we have stations in the southern North Sea, the mid-North Sea, the northern North Sea and the Irish Sea that the wind will blow somewhere. There are conditions when it does not, so there is a problem. We cannot rely on wind as a major source of supply so we have to turn to other sources.

What has not been said as regards renewable energy is what will happen about tidal energy. This country has what is probably the greatest European estuary with the capacity to generate electricity; namely, the Severn estuary. The noble Lord, Lord Hooson, has tabled an Unstarred Question on this topic and I apologise to him for raising the point here. That form of supply is secure. Courtesy of the gravity pull of the moon, the tide keeps going in and out. There is therefore the possibility of producing a renewable energy source that is a guaranteed form of generation.

I understand that the Government are considering in an entirely different field—this is not related to this debate but becomes pertinent—the possible need for yet another road crossing on the river Thames lower down than Dartford. Linked to that is the possible need—I am sure that the noble Lord, Lord Whitty, will be familiar with all these issues—for a replacement of the Thames Barrier, which is already becoming vulnerable, partly due to global warming but also because the east coast of the United Kingdom is gradually sinking. It seems to me that there is an opportunity there to meet those requirements together with the requirement for reliable sources of renewable energy. The Thames estuary, which also has a very big tidal variation, could perhaps be used. The opportunity for using tidal energy is not mentioned in the Bill.

There are all sorts of other sources of renewable energy. As mentioned by the noble Lord, Lord Beaumont, the noble Lord, Lord Palmer, has pursued the issue of biofuels and biomass. He is correct in principle; it is a very good carbon neutral form of energy. However, if we are serious about energy production, plants are very inefficient converters of the sun's energy into usable power. If we want to talk about using energy from the sun, which is what plants do for us, it would be much more energy efficient to convert it using photo-electrics. Do we need to consider energy farming in that context rather than in the context of biofuels? I ask the question; I do not pretend to know the answer at this stage.

There is another aspect to the question of photovoltaics. When I was in Germany about eight years ago, plenty of houses were built with photovoltaics in the construction and there were times when electricity production was greater than electricity consumption. In that situation, it was supplied back to the grid. Are we sure—I hope the Minister will be able to answer this question—that our existing structures and arrangements are sufficient to permit and encourage that? Already, major office projects and, indeed, many prototype houses are being built with electricity-generation capacity. If we are serious about green energy, that has to be encouraged. I am not clear that we are giving that sufficient encouragement.

One can go on from there to matters such as combined heat and power, and so forth, all of which again are not properly addressed in the Bill, although a great deal of work is going on in that regard. The problem I have with the Bill is the problem that existed with the White Paper. It appears to me to be a statement of aspiration. What I do not know, and the question the Government must answer, is whether they will turn it into action.

12.55 p.m.

Lord Bridges: My Lords, the Bill before the House today is a very large item. It covers an extensive range of issues and will call for most careful scrutiny in Committee. I shall therefore confine my remarks to some of the broad questions which I believe we need to consider.

The first matter I want to mention is the Government's general approach to the somewhat precarious imbalance between generating capacity and projected demand. Looking at the Bill, one would not suppose that this is a particularly serious problem, but I do believe that to be the case. In the days of the former CEGB, according to the press there was a margin of more than 20 per cent between capacity and likely demand, and sometimes more. They may have erred on the side of caution at great public expense, but let us compare that with the situation that prevails today. Again, according to what I read in the newspapers, which I suppose may be wrong, the margin is as low as 10 per cent and may be a good deal less in a few years' time. That seems to me to be at the heart of the energy problem today, but it is not addressed as such in the Bill, nor did it feature in the White Paper. It seems to me very odd that such an extensive Bill on energy does not refer openly to our most serious power problem.

Instead, pride of place is given to decommissioning of existing nuclear power stations. Of course, it is prudent to give thought to the problems likely to arise before decommissioning occurs, although I note that several Magnox reactors have already been retired without the full panoply of precautionary legislation in the Bill.

It appears that the Government are determined to show that despite their commitment to reduce CO_2 emissions, they do not like nuclear power and they want to proceed to its abandonment as soon as they can get round to it if circumstances permit. However, there seems to be little likelihood of that happening in the near future. Indeed, as I have explained, the gap between capacity and likely demand is so tight that we shall be heavily dependent on nuclear power stations in the foreseeable future.

It seems to me that the priority of place given to the NDA in the Bill is based on a somewhat false understanding of our needs and current capacity to meet them. The Government will no doubt say that the driving force is to honour our international commitment to reduce CO_2 emissions but that that should be done with due regard to our existing national policies to protect designated sites of particular value in the landscape context. They may not find that that circle can readily be squared without the continued use of nuclear energy.

To replace the nuclear stations, the Government look to stations generating power from wind and tide. In particular, they want to maximise wind power as a major new source. We have seen what some of our continental neighbours have done, and very sensibly want to do likewise. This does seem to be a likely source of useful new generating capacity. But this is not altogether straightforward. The existing grid will need to be adapted and rebuilt to channel the power to the consumers. Some noble Lords will recall the long period it took to obtain permission recently to improve part of the grid in North Yorkshire. Nor is it clear to me from the text of the Bill how this system would operate. I do not see any references to the selection of companies to build such stations and how that would be done. Would they be built and operated by the state or by an official agency? Will bids be sought from commercial undertakings? Or are the Government thinking of establishing an offshoot of the state such as the old CEGB?

I also wonder whether there are likely to be problems in Brussels if we assert our right to build wind stations on the Continental Shelf, and to prevent vessels from getting too close to them. It is important that careful thought is devoted to the legal status of offshore power stations, particular if they are to be beyond the Continental Shelf, before we proceed down that road.

Then there are the problems regarding the landscape environment, to which I referred briefly. One aspect of wind power of particular concern to me is the possible siting of large wind power stations in areas which at present enjoy special landscape protection under existing legislation, notably in the national parks and the areas of outstanding national beauty.

There are some passages in PPS22, I believe, which have given rise to some apprehension about the Government's intention. When I raised the matter at Question Time recently, I was not reassured by the Minister's reply. I hope it is clear to the Government that any move to implant large wind installations in areas that enjoy protection at present—or damagingly close to them—will encounter firm and perhaps implacable opposition from bodies such as the CPRE, the National Trust and the Council for National Parks. These bodies are capable of mounting an effective campaign and any move in that direction without proper safeguards would, I fear, be bound to tarnish the Government's environmental credentials.

Finally, I urge the Government to look at some areas where they might be more active. We would consume less energy if we promoted the widespread use of solar panels. Many people doubt whether they are of much use in our climate, but, as the proud owner of a panel for the past 20 years, I have to says that I am agreeably surprised by its contribution.

If the Government really believe that global warming is happening, they should buy some solar panels themselves. Did they remember to build some into the recent palatial reconstruction of the government offices in Great George Street? Not having a personal helicopter, I have not been able to verify that, but I doubt it. The Gladstonian tradition of saving on such small matters, ignoring sometimes the wider picture, is still alive and kicking in the Treasury.

We could also persuade more people to use their domestic washing machines and so on at night, when the generating margin is under less pressure. After all, the cheapest way of not having an energy crisis is to use less power, and to use it more prudently.

[LORD BRIDGES]

In short, we have a great deal of work to do on the Bill. The main problem I have with it is the emphasis given to decommissioning the nuclear stations. I understand the Government's motives, but I doubt whether this is the right approach. We certainly cannot afford to adopt it at present when the power provided by the nuclear stations is so important to us. If the Government in a headlong way are so rash as to proceed with this policy, I expect that we shall become seriously short of generating capacity at certain moments; and a few cold winters in the years ahead would not be very good for the their credibility.

It is not very often that we have an opportunity to improve scripture, but we may have an opportunity to do so at the moment. I refer to the well-known phrase:

"The wind bloweth where it listeth".

I would add,

"and the wind bloweth when it listeth".

We need a contribution to ensure the base loads of a power generation in this country. I do not see it in this Bill as drafted.

1.3 p.m.

Baroness O'Cathain: My Lords, when the Bill completes its Second Reading today and proceeds to Committee—or, unfortunately, Grand Committee—the first question that will be asked is that the Title be postponed. A much better question would be, "Should the Title be changed?" as I believe, the Title is a misnomer. I am not alone in that thought; it has already been referred to on two previous occasions. It creates the expectation that the Bill is an Energy Bill; that is, a Bill to bring forward proposals to deal with the supply of energy to ensure that industry and commerce and domestic life in this country will be able to rely on a continual, consistent supply of electricity in the years to come. This Bill, my Lords, certainly does not do that.

When I spoke in the first day's debate on the gracious Speech on 27th November I had not seen the Bill. I must say that I was not frightfully optimistic and drew attention to the fact that the lines in the Queen's Speech dealt only with the decommissioning of waste and some weasel words about the promotion of,

"secure, sustainable supplies and a safer environment".—[*Official Report*, 26/11/03; col. 3.]

That is a nice alliterative turn of phrase but not exactly reassuring to those of us who worry about the lights being turned off.

On reading through the Bill, my worst fears have been confirmed. It really should be called a waste Bill; it is certainly a wasted opportunity to do something to reassure the country that what has happened recently in California and in continental Europe is unlikely to happen here. Given the Title of the Bill one could be misled into believing that it would address the significant challenges facing the sector, and, by extension, the economy as a whole. Sadly, that is far from the case, as the noble Lord, Lord Ezra, has already suggested. He suggested that it should be called the Energy (Miscellaneous Provisions) Bill.

The proposed legislation dealing with the Nuclear Decommissioning Authority is a major part of the Bill. It comprises 74 clauses out of a total of 162 and 14 schedules out of a total of 23. All deal, in effect, with waste.

The Bill's objective is the need to introduce competition into the management of waste and decommissioning as the financial numbers involved are so large. I would go along with that absolutely. I thought the figure was approximately £50 billion but the Minister today quoted £48 billion. Even a 1 or 2 per cent saving would be very significant and amount to £500 million or £1 billion, whichever figure one takes. That is to be applauded. But it does not do much to safeguard "secure, sustainable supplies". I repeat, it is a waste Bill, not an energy Bill.

I am told that the nuclear industry welcomes the proposed legislation involving the formation of the NDA. The sooner the better. Since 1997 the industry has been drifting. It is essential to get rid of the uncertainty. Why has it taken so long?

Sadly, for the nuclear industry, it appears that there is to be yet another delay on top of the six-and-a-half years. That delay is being built into the system. The resolution of the problems of waste disposal depends solely on funding. Because the Bill has been introduced in your Lordships' House there will be no release of funds until the Members in the other place give it a Second Reading. My noble friend Lord Jenkin has already referred to that fact. The appointment of a chairman, staff and even the provision of accommodation cannot go ahead, as we have been told, because we have no *locus* to deal with money matters. That delay results in yet further delay in getting action. We are now told that there will be no action until April 2005.

However, this long period of indecision and delay affecting the issue of the NDA is compatible with the delay that has permeated so many areas of economic life in this country recently. In the case of energy, the Government's supposition must be that the lights will always function, otherwise they would have to take action on future energy supplies now and not just concentrate on waste. Energy I suppose is not sexy; it is not a vote-winner when the lights are still on and functioning; it will not grab the headlines in the press; and it probably is too complicated for superficial spin merchants. But it is a real serious problem.

On another issue, like my noble friend Lady Miller, I am somewhat confused where the responsibility for the Bill actually lies. The NDA will be a non-departmental public body reporting into the DTI, yet the body is being discussed and debated in a Bill being led by Defra.

If the press are to be believed, and the Government seem to lay great store in briefing—hanging on their every word and having knee-jerk reactions to all that is published—the future existence of the DTI and Defra is not exactly a reassuring foregone conclusion.

Perhaps I am too reliant on the BBC's "Farming Today" programme, to which I listen every weekday morning, but it does appear that Defra is in the sickbay—not with the Minister, thank goodness, but certainly his department—alongside the DTI which apparently no longer has a job. This is a dog's dinner; it is certainly not joined-up government. Only this morning we have been informed that the Government will table amendments to Parts 2 and 3. We are falling into the habit of a draft Bill being called a Bill. This is being paraded as a Bill, but it is a draft Bill. That is not good enough. An Energy Bill? I do not think so. In order to make it respectable, all sorts of things have been bolted on to the waste issue, not least the need to introduce the electricity trading arrangements, which, I am informed, have been hanging around in the DTI for at least two years. It is lucky that it has now found a vehicle to get them into the legislative programme.

My main concern is not that we are fiddling while Rome is burning but that it should not be beyond the wit of man—and for man read woman—employed in either the DTI or Defra to produce policies that would truly guarantee,

"secure, sustainable supplies and a safer environment"

—note, nothing is said about an acceptable aesthetic environment.

I know that coming so far down the list of speakers in this debate, there is a risk of being repetitive, but this bears repetition. I feel that I must return to the theme that I adopted in the debate on the gracious Speech on 27th November. Nuclear power is the only option if we are to safeguard our supplies. We cannot rely on about 70 per cent of our electricity generating supplies being imported. Secondly, we must promote sustainable supplies, with the sub-text of reducing carbon emissions. We all agree on that. The Performance and Innovation Unit paper laid out a utopian view of a country powered by windmills with no dirty coal nor nasty nuclear in sight.

Do we ever look across the Channel and see how it is done elsewhere? About 80 per cent of electricity generation in France is now produced by nuclear power. It is ironic that we are actually importing 5 per cent of our electricity supplies from France, which generates them from nuclear power. However, is even that a reliable source, bearing in mind what my noble friend Lord Jenkin described as the switch-off by France of supplies to Italy earlier this year?

My noble friend also referred to the renewable energy application of coppice and gave us a wonderful picture of the whole of Kent being coppiced just to supply the energy currently supplied by Dungeness. I also have a Kent story. I am told that it has been estimated that if we were to meet our long-term emissions target, the number of windmills required would cover the whole of Kent. Being a resident of West Sussex, I guess that that would not bother me too much, but I am not a nimby at heart and parts of Kent are almost as beautiful as parts of West Sussex, and must remain so. The pursuance of windmills is truly a bonkers policy—or am I just tilting at windmills?

The Bill is a logical follow-on from the White Paper. The DTI is almost obliged to do something to meet the policy decisions contained in the White Paper, so this is the result. The Bill lays out the legal framework for offshore wind, but offshore wind will not deliver 10 per cent renewables or any substantial carbon reduction, because the non-carbon generating facilities—namely, nuclear power stations—are being run down. The policies will only replace the non-carbon element currently provided by nuclear with other supplies which have noxious effects either in their manufacture, to which I referred in our debate on 27th November—voltaics are manufactured with some pretty noxious materials—or their production, such as biomass.

Let us remember that we get 25 per cent of our electricity from nuclear at present. What will happen if the nuclear industry is allowed to wind down without any replacement programme in sight? Sadly, thinking of the few cases that I mentioned, it appears that the delaying tactics of the Government will continue.

The noble Lord, Lord Davies of Oldham, told us on 2nd December that the nuclear option will be kept open until the last nuclear power station shuts down in 2035. The inference is that just because we know how to operate certain types of nuclear power stations, we will continue to know how to build and operate one 70 years later.

That is a little like saying that no action is required to save an endangered species until the last pair is dying and past its breeding years. I know that the noble Lord is a football fan. I wish that I had been here that day to ask him whether he could envisage maintaining the Football League if there was only one team left. Or, to be perhaps more up to date, I should provide a neater analogy: just because we know how to operate a computer does not mean that we know how to build one.

We are in serious danger of losing our skill and knowledge base, not investing in keeping up to date with all the new developments taking place in the current construction of nuclear power stations in nine other countries. Something must be done about the nuclear option now. There is no other option if we are to,

"promote secure, sustainable supplies and a safer environment".

I hope that we get some indication today about the Government's view of the nuclear option; if not I shall attempt to use the Committee stage of the Bill to nail them.

1.15 p.m.

Lord Gray of Contin: My Lords, we have before us today a very substantial Energy Bill, which has come about largely as a result of the White Paper that the Government published in February this year. It is disappointing, to say the least, that we have not had an opportunity to discuss that White Paper prior to the presentation of the Bill. One would have thought that the Government would have welcomed the views of your Lordships' House. Indeed, they would have found areas where their own ideas were echoed, while at the same time, they would have heard criticisms and

[LORD GRAY OF CONTIN]
suggestions, some of which they might just have found useful. Pre-legislative scrutiny is important but should complement rather than replace debate in this House.

The Government have attracted unto themselves a rather unenviable reputation for producing legislation that has not been thought through. I was going to add to that criticism until the Minister rather stole my fox, because the afterthought that he introduced to his announcement during today's debate that consumers of electricity in the Highlands and Islands of Scotland would not have extra charges levied on them as a result of extra distribution costs is very welcome. To that extent, he will get away without some of the criticism that I might otherwise have levied at him.

Much of what the Bill contains was predictable. Decommissioning of nuclear power stations at the end of their lives and waste management legislation were certainly likely starters from the outset, as was a legal framework for offshore renewable structures. The setting up of a single wholesale electricity market is new but interesting and will require careful thought. I envisage many discussions on all those issues.

However, most of the detail of the Bill will be dealt with in Committee and this Second Reading debate provides us with the opportunity to give some thought to the wider energy scene. Had the Government been prepared to tackle realistically the disposal of nuclear waste, the whole future of power generation could have been outlined. The White Paper is a sadly missed opportunity. By not giving a firm indication of support for nuclear power in the short term, doubt has been raised and suspicions aroused with the result that the Government could be left with the worst of all worlds.

Disposal of nuclear waste is far and away the most important problem. It screams out for attention at the highest political level. It is no exaggeration to suggest that if a satisfactory solution to that problem were to be found, the attitude of the public to nuclear power would change overnight—not that the public are by any means wholly opposed even now. There is a strong body of support that would become vocal in favour of nuclear power once that proviso were overcome. I shall return to that subject later.

Renewable sources of energy have an important role to play but I fear that the Government have a blinkered view and are wildly over-optimistic in their anticipation of the contribution of renewables, especially wind power. It is unlikely that targets for energy efficiency or security of supply, allegedly to be delivered by renewables, can be met. In any event, an increase in renewable energy in line with targets in the White Paper will not solve the dilemma of reducing carbon emissions, because they will replace the existing nuclear capacity only as it cuts out—regrettably, with much less certainty, such is the dependence of renewable sources on weather.

This year has been a very good example of the unpredictability of our climate. There has been low rainfall, much sun, little wind, various records broken in many different parts of the country and promises of more weather peculiarities due to global warming. There is all that dependency on uncertain sources of energy while our fossil fuels are depleting and our nuclear reactors ageing. It is imperative that an R & D programme be established to ensure that our nuclear technology is maintained and developed further so that, as the more senior members of our nuclear industry retire—and this applies at all levels—their younger successors will be properly trained and available in this country, not tempted overseas where nuclear power is thriving in order to help their nuclear industry, but remaining here for the future of our new nuclear industry. The nuclear industry will not fade away; it is essential to our future, and we must ensure that the raw deal that nuclear power gets in the White Paper is countered.

An excellent commentary on the White Paper was prepared for the influential body Trade Unionists for Safe Nuclear Energy by Malcolm Grimston, honorary senior research fellow at Imperial College. On page two of that document, he says:

"It is difficult to assess why nuclear power should be written off on economic grounds—for example, the industry claims its total costs for new build to the latest designs will be below the subsidy offered to renewables in the White Paper".

Again, on page 13, he states:

"The absence of any appraisal of the economic claims being made on behalf of advanced passive reactor designs makes the statement that new power stations should be rejected on economic grounds impossible to assess".

That is the judgment of an expert in the field, who feels that the description in the White Paper does not give a fair crack of the whip to nuclear energy.

The truth is that the performance of the nuclear industry in many parts of the world is commendable. In the United States, for example, the figures of the Institute of Nuclear Power Operations show that the unit capability factors—that is to say, the percentage of time at full generating capacity—have been running at approximately 90 per cent for the past four years and were at an all-time record level of 91.2 per cent in 2002. It is worth noting that new nuclear power stations are being built in many parts of the world, including Russia and China. The total now operating approaches the 450 mark.

The gas situation in America has given great cause for concern, and the colossal power cuts there have raised fears elsewhere, not least in our own country. Unless we replace nuclear with nuclear, the British people had better get used to power cuts. Indeed, they may not have to wait that long: the safety cushion between available capacity and peak demand is down to 17 per cent, with the real margin likely to be substantially less—and that against a desirable spare capacity of over 20 per cent.

Disposal of nuclear waste is not an insurmountable problem. The Nuclear Decommissioning Authority faces a challenging future, and I wish it every success. Disposal has been resolved in other parts of the world, where the predominance of the alarmist lobby has been overtaken by reality. I agree with much of what the noble Lord, Lord Christopher, said this afternoon. If I repeat some of the points that he made, I hope that he will bear with me.

Over many years, successive governments in the United Kingdom have devised schemes to attract development to various parts of the country, sometimes to counter closures in dying industries or to stimulate new ventures in areas of high unemployment. Special development areas were created, where substantial tax breaks were available and various other monetary incentives offered. Perhaps some original thinking ought to be introduced to focus on ways of making safe disposal of nuclear waste acceptable in different parts of the country, with monetary benefits by no means excluded.

Finland is a very good example of a country where concern was acute but a considered and sensible approach by government, with open discussion and exchange of views, led to the present situation where nuclear energy accounts for 27 per cent of Finland's electricity. Finland's four principal nuclear reactors are among the best performing in the world, and last year its parliament voted to proceed with a fifth reactor. The case for that decision was based on economic grounds plus the potential reduction in greenhouse gas emissions. Spent fuel is kept in interim storage in water pools at power stations for several decades, until eventual disposal at a depth of 500 metres below a bedrock geological feature is achieved. That ongoing decision-making process has been managed with great care, and the consultation and co-operation of national and local politicians and the media have combined to reach a most satisfactory outcome.

Unless its problem of nuclear waste disposal is tackled and resolved, the United Kingdom is in real danger of falling increasingly further behind the more enlightened and progressive countries, from China to Eastern Europe and India to America, where those challenges are being confronted realistically. What a tragedy it would be if our once-great nuclear industry should perish through lack of ingenuity on the part of its political masters.

Lord Davies of Oldham: My Lords, this seems like an appropriate time to adjourn our proceedings. Accordingly, I beg to move that the debate on the Second Reading of the Bill be now adjourned.

Moved accordingly, and, on Question, Motion agreed to.

[The Sitting was suspended from 1.29 to 2 p.m. for Judicial Business and to 3 p.m. for Public Business.]

Message from the Queen

Lord Luce: My Lords, I have the honour to present to your Lordships a message from Her Majesty the Queen signed by her own hand. The message is as follows:

"I have received with great satisfaction the dutiful and loyal expression of your thanks for the Speech with which I opened the present Session of Parliament. I take note of your representations".

Burma

3.1 p.m.

Baroness Cox asked Her Majesty's Government:

What is their policy towards the current situation in Burma (Myanmar) with regard to the State Peace and Development Council's policy towards opposition and ethnic national groups.

The Minister of State, Foreign and Commonwealth Office (Baroness Symons of Vernham Dean): My Lords, United Kingdom policy is to bring pressure to bear on the Burmese military regime to enter into genuine and substantive dialogue with opposition and ethnic groups, leading to democracy, national reconciliation and respect for human rights in Burma. We work closely with our international partners, including Burma's regional neighbours, to press the regime on these issues. United Kingdom pressure will be maintained until Burma is irreversibly committed to substantive, lasting political change.

Baroness Cox: My Lords, I thank the Minister for that reply. It will undoubtedly give great encouragement to countless people who are suffering at the hands of the brutal State Peace and Development Council regime. Is the Minister aware that I have recently returned from a visit, during which I obtained evidence of continuing and systematic violations of human rights by that regime, forcing hundreds of thousands of ethnic nationals, such as the Karen, the Karenni, the Chin and the Shan, to live as displaced people? Many are suffering and dying from hunger and disease, often with no access to healthcare. For example, I met a young mother whose three children had just died from malaria. Will Her Majesty's Government therefore please increase pressure on the SPDC regime to open all of Burma to humanitarian aid and human rights organisations?

Baroness Symons of Vernham Dean: My Lords, I am grateful to the noble Baroness for suggesting that Her Majesty's Government's policy gives encouragement to those that are suffering under the vicious regime in Burma. I thank her wholeheartedly for the superb work she undertakes there. She keeps the issue at the top of our mind in this House and does what she can to help the people of Burma, including the Karen, the Karenni and others.

The United Kingdom will continue to bring whatever pressure we can. We are the largest EU donor to Burma, as I am sure the noble Baroness is aware. We provide humanitarian assistance to the displaced people referred to by the noble Baroness and we fund the Burmese Border Consortium, the International Committee of the Red Cross, the World Health Organisation, UNICEF and the UN High Commission for Refugees through what we are doing with our colleagues in the EU and bilaterally.

We shall continue to do this, but already we have concerns about any direct aid because it is not clear that such aid would be dispersed in the way in which

[BARONESS SYMONS OF VERNHAM DEAN]
we would wish to see it dispersed in Burma. Perhaps the noble Baroness and I can speak further about the difficulties that we have in that respect.

Lord Archer of Sandwell: My Lords, I fully endorse the tribute paid by my noble friend to the noble Baroness, Lady Cox. Has it been explained to the SPDC that its proposal for a convention as a first step towards an inclusive democracy is not likely to achieve its objective when its principal opponents are excluded from the convention? The position is not improved by its insistence that the president should have military experience—a proposal clearly intended to ensure control by the army.

I fully accept the Government's work on the problem, but is there a possibility of a common EU position, bearing in mind the persuasive effects of a discriminatory investment policy?

Baroness Symons of Vernham Dean: My Lords, the military regime has put together something it describes as a "road map". It is a small but completely inadequate step. It has no time lines; it is unclear who will be allowed to join the national convention process; and as long as Aung San Suu Kyi remains under house arrest she will be unable to represent the National League for Democracy, as will others who are barred from doing so.

My noble and learned friend raised, in particular, the issue surrounding the EU. He will know that, together with EU partners, we continue to prefer selective measures targeted at the regime rather than the kind of measures introduced by the United States of America, which we believe harm many of the poorer people. However, we should like to consider ways in which we can harden up the common position, which comes up for renewal in April 2004.

Lord Avebury: My Lords, while echoing the thanks that have been expressed already to the noble Baroness, Lady Cox, I should like to add my thanks to the Foreign and Commonwealth for the robust and clear stand it has always taken on these issues. Is there not one area in which interaction with the Burmese regime is possible—that is, the ILO. Can the Minister comment on the report recently made to the governing council of the ILO in Geneva? It is a very negative report, which includes an observation by the liaison officer that forced recruitment into the armed forces is continuing, including that of children? Can any additional work be done via the ILO to ensure that that obnoxious practice ceases—and indeed the practice of forced labour, which affects the minorities mentioned by the noble Baroness.

Baroness Symons of Vernham Dean: My Lords, the noble Lord is right. The ILO and the whole question of forced labour is another pressure point on the Burmese regime. We fully support the ILO and call upon the Burmese authorities to end permanently the nasty practice of forced labour. Burma's general system of preferences was suspended by the European Union in 1997 in response to the concerns about forced labour.

I agree with the noble Lord about the use of child soldiers. These are but two of the disgraceful practices of the current regime in Burma. It is of course possible to exert pressure, not only bilaterally but through the international multilateral forums available to us.

Baroness Park of Monmouth: My Lords, can the Minister tell the House what steps have been taken to raise this issue at the UN Security Council? In doing so, would we expect to be able to suggest rather strongly to China, as a member of the Security Council, that it could have a part to play in bringing about a more honourable regime in Burma?

Baroness Symons of Vernham Dean: My Lords, this issue has been addressed in the United Nations through the General Assembly, rather than through the Security Council. The noble Baroness may know that the General Assembly mandated the UN Secretary-General to continue to provide his good offices and to pursue his discussions on the issue of human rights and restoration of democracy with the Government and people of Burma, including all relevant parties to the national reconciliation process.

The noble Baroness raised the question of the Security Council. As she will understand, the problem is that it has not been easy to get support from some of the Asian countries in finding sponsors. Sadly, only one Asian country would co-sponsor the motion at the General Assembly.

Lord Clarke of Hampstead: My Lords, are the Government taking any steps to endorse the initiative by the ethnic minorities' Committee for Democracy that has been set up? These people are trying to rebuild democracy in Burma. Have the Government done anything specific to assist the committee?

Baroness Symons of Vernham Dean: My Lords, we welcome the ethnic road map as opposed to the military regime's road map—two initiatives are going on side by side. We are supportive of all efforts to encourage the Burmese military regime to enter into the substantive and genuine dialogue that I mentioned in my initial answer to the noble Baroness, Lady Cox. It is difficult to give direct support when we have so little means of entry into Burma itself.

The Burmese Government have called a meeting on the issue in Bangkok in January, which they have described as a meeting of like-minded countries—although I am not sure whether countries such as Germany, Italy, Japan and France would like to be considered like-minded with the Burmese. Unfortunately, those countries will discuss the Burmese regime road map rather than the ethnic road map. However, I hope that they will take the opportunity to make their views about how things are operating very clear. The United Kingdom has not been invited.

House of Lords: Thursday Sittings

3.10 p.m.

Lord Carter asked the Chairman of Committees:

When new arrangements for Thursday sittings will start.

The Chairman of Committees (Lord Brabazon of Tara): My Lords, in its first report of the Session, the Procedure Committee has recommended that the new arrangements for Thursday sittings should start from the beginning of 2004. The House will have the opportunity to debate the report and recommendations of the Procedure Committee next Wednesday, 17th December.

Lord Carter: My Lords, I thank the Chairman of Committees for his reply. Is he aware that I raised the possibility of a questionnaire on this subject in Starred Questions in July? The response to that questionnaire from 368 Peers showed a clear majority of almost 55 per cent in favour of starting at 11 a.m. with Starred Questions and going through to 7 p.m. The response was available on 10th October, so why has it taken so long and apparently two meetings of the Procedure Committee to produce a Motion to implement the change? Is the Chairman of Committees satisfied that the report of the Procedure Committee properly reflects the wishes of the clear majority who support the change? He will remember that there was a clear understanding at the time that working straight through meant that the new arrangements for Thursdays would reflect the procedure that we have on Thursdays before a Recess.

The Chairman of Committees: My Lords, I well remember the noble Lord, Lord Carter, raising the issue. That is one of the reasons why the Procedure Committee agreed to send out the questionnaire. As the noble Lord says, the result was extremely clear cut. Indeed, the Procedure Committee reported that, since there was a,

"clear majority for option 3 . . . we . . . recommend that, from the start of 2004, the House should sit from 11 a.m. to about 7 p.m. on Thursdays. Starred Questions should be taken at the beginning of business".

The difficulty arose over whether there should be a dinner break type lunch break during the later stages of a Bill—in Committee, on Report or at Third Reading, but not on Second Reading or some other debate—for about an hour at 1.30 until 2.30 p.m. Unfortunately, the Procedure Committee was not able to come to any conclusion. That is why the report, which we will debate next Wednesday, gives the House the opportunity to decide the issue.

Lord Lea of Crondall: My Lords, given the clear result of the questionnaire to which my noble friend Lord Carter referred, is the Chairman of Committees aware that some of us have taken very careful note that referendums—which are the flavour of the month, especially on the Benches opposite—are apparently a fine thing when the Procedure Committee likes the results, but not otherwise? We might logically approach the question of a referendum on the euro in the same spirit.

The Chairman of Committees: My Lords, it would be unwise for me to enter into an argument on a referendum on either the euro or, indeed, the constitution, which was extensively debated yesterday afternoon. The Procedure Committee came to a clear conclusion on the wish of the House to start with Questions at 11 o'clock on Thursdays and work through. As I said earlier, the argument was whether there should be a break for lunch in which other business would be taken, but only during the latter stages of a Bill. Otherwise, Front-Bench spokesmen and others involved in the Bill would have to sit from 11.30 a.m. to 7 p.m. continuously. The House will have the opportunity to make its decision on this issue next Wednesday.

Baroness Gardner of Parkes: My Lords, will the Chairman of Committees confirm whether one reason for the break in the past was for party group meetings to be held at that time? Is that still a consideration? Is it not a fact that those involved in party group meetings are rather reluctant to change because parliamentary business would not be ready by Wednesday afternoon when many Peers would find it more convenient to have their party meetings?

The Chairman of Committees: My Lords, very early on in this process, the original suggestion for a questionnaire that I put forward mentioned party meetings. I was then given a very firm steer from the noble Lord, Lord Trefgarne—the Chairman of the Association of Conservative Peers, who I am sorry to see is not in his place—that the arrangements for party meetings were entirely a matter for them and nothing to do with me whatsoever.

Lord Graham of Edmonton: My Lords, I carefully noted what was said about the problem for Front-Benchers and others of taking part in a debate in Committee or on Report and not having time for a break. However, will they not balance that possible inconvenience? I cannot believe that it is beyond the wit or ingenuity of Front-Benchers and others to find time to slip out for refreshments for a short period between 12 noon and 2.30 p.m. when refreshments are available. The House would gain from having an hour and a half to complete or proceed with its business. I very much hope that those who would like things always to remain as they are will reflect that there are times when we should be prepared to try out new measures.

The Chairman of Committees: My Lords, the Procedure Committee agrees with the noble Lord. Its firm recommendation is that we should change things. Hopefully, this will be the last Thursday under the present arrangements. We have sat at 11 o'clock until half-past one. We then had an enormous break in the middle of a Second Reading debate. We are now

[THE CHAIRMAN OF COMMITTEES]
in the middle of Question Time and we will have a Statement after this. We will probably not get back on to the Bill until half past four. Nearly everybody in the House thinks that that is not a good idea. As I said, the argument is about whether we should have a break. There are two alternatives—whether we should sit on government business from 11.30 a.m. to about half-past five with no break when we are in Committee or debating the latter stages of a Bill. That would be similar to other days of the week when there is no dinner break during Second Reading or a debate. We would adopt the same procedure. The alternative is that we should have a break for one hour for other business—not for sitting around doing nothing—at 1.30 p.m. to 2.30 p.m. and then continue with government business until 7 p.m. That is the choice that the House will have to make next Wednesday.

Lord Skelmersdale: My Lords, the Chairman of Committees has explained the dilemma very carefully, but can he explain why there is this "orrible ole" in the middle of business on a Thursday that is proposed by the report?

The Chairman of Committees: My Lords, there is no hole proposed by the report. The House would continue to do business from the time it sits at 11 o'clock until the time that it rises. The question is whether there should be other business, such as dinner break business—except that it would be called lunch break business—on Thursdays, as there is on Mondays, Tuesdays and Wednesdays.

Middle East: Peace Initiatives

3.17 p.m.

Lord Hylton asked Her Majesty's Government:

Whether they will take action to translate the Geneva Accord and the Ayalon-Nusseiba agreement into just and permanent peace arrangements for the Middle East.

Baroness Symons of Vernham Dean: My Lords, we commend the initiatives and the debates that they have stimulated among Israelis and Palestinians and, more widely, in the international community. However, we remain of the view that the road map is still the right route to a comprehensive settlement in the region. At the heart of that settlement, there would be a two-state solution—Israel secure within its borders and a viable contiguous state of Palestine.

Lord Hylton: My Lords, I thank the Minister for her reply. Does she consider that, within the road map process, there is now scope for some secret but official diplomacy on the outstanding issues? Will Her Majesty's Government also encourage the European Union to offer incentives for negotiation and penalties for not negotiating? Finally, will the Government encourage and urge the United States Government to continue and to persist with their mediation in the kind of way that only they can do?

Baroness Symons of Vernham Dean: My Lords, the Government believe that those initiatives add value to the road map process because they set out the steps needed to move towards a comprehensive settlement. They expand on the road map's vision and complement what is in the road map. The noble Lord asked whether they offer scope for what he described as secret negotiations. There is scope anyway for negotiations, some of which will be more publicly articulated and some perhaps less so.

The noble Lord also asked about the position of the European Union and the United States. Both the European Union and the United States have given the kind of response that I articulated in my initial response; that is, they commend the efforts here and they think that this opens up some opportunities for further discussion. But I am unsure that, at this stage, any of us want to go quite as far as the sticks and carrots approach suggested by the noble Lord.

Lord Wallace of Saltaire: My Lords, does the Minister recognise that the agreement of Secretary of State Powell to meet the leaders of this unofficial initiative marks the recognition by the American Government that this is a useful way of reviving an almost deceased road map? Does she also recognise that the conventional wisdom in Washington is that between February and November 2004 the US presidential election campaign means that the US can do nothing as regards the Middle East? Therefore, we have a very short window of time in which to seize this opportunity.

Baroness Symons of Vernham Dean: My Lords, I do not entirely agree with the final point made by the noble Lord; namely, that, by definition, during an American election campaign, nothing will happen. That is a matter for the United States politicians involved to decide. I would point out to the noble Lord that perhaps there are different constraints in this election to previous elections: we can discuss how the mechanics of that would work.

I welcome the fact that Secretary of State Powell has said that he will meet those who have put forward this very useful approach. Of course, the question refers to two different papers that have been put forward. It is not only the Geneva Accord but also the Ayalon-Nusseiba agreement that is of interest.

Lord Howell of Guildford: My Lords, does the noble Baroness share with me—I am sure that she will—regret at the latest suicide bombing outrage in Tel Aviv and yet more pointless deaths? Will she help all who will listen to understand that suicide bombing will achieve nothing whatever to carry forward any kind of peace accord? Can the Minister tell us whether it is true that the Israeli Government are now considering—presumably under some kind of American pressure—

realigning the fence or wall that they have been erecting, which has been roundly condemned both in Washington and in London?

Baroness Symons of Vernham Dean: My Lords, on the question of the appalling incident this morning in Tel Aviv, I refrained from referring to that because in the immediate aftermath of what happened it is not clear that it was a suicide bombing. Reports are still very confused. There is some indication that, as horrible as the incident may have been, it may have been a criminal incident and not a suicide bombing in the way that, alas, we have come to recognise as being part of the Israel/Palestine conflict. We must wait to see how that unfolds.

As regards the issue of the routing of the security fence, of course we would welcome any reconsideration that the Israeli Cabinet would give to that. We have discussed this matter before in your Lordships' House. I have reiterated to your Lordships that it is a question not of the fence in itself but of the routing, which we believe to be unlawful because of the path that it takes over the land on the other side of the 1967 line.

Lord Haskel: My Lords, is my noble friend aware that the Geneva Accord is but one example of the Palestinians and Israelis getting together at grass-root level to discuss past peace? Does my noble friend agree that the work of organisations such as Three Faiths in Britain, One Voice in America and the joint Israeli and Palestinian schools and hospitals is a cause for optimism and a force for good?

Baroness Symons of Vernham Dean: Yes, my Lords, I agree with that wholeheartedly. The organisations that are able to bring together—across the communities involved—those who are willing to talk about a way forward that is constructive and does not immediately move to the extremes of argument is very much to be welcomed. I reiterate the words of the Prime Minister when he asked the noble Lord, Lord Levy, to go on his behalf and issued a statement about the Geneva Accord. He said:

"I hope that this initiative will also show that Israelis and Palestinians remain capable of finding partners for peace and working together, and encourage a return to the negotiating table".

That is exactly the kind of sentiment that I believe your Lordships would support.

Yarl's Wood Detention Centre

3.25 p.m.

Baroness Williams of Crosby asked Her Majesty's Government:

What investigation is being made into the allegations published in the *Daily Mirror* of 8th December about the conduct of staff at Yarl's Wood detention centre.

Lord Bassam of Brighton: My Lords, we take these allegations very seriously indeed. It is obviously of the utmost importance that staff at immigration removal centres should carry out their duties professionally and sensitively. Our contractor at Yarl's Wood Immigration Removal Centre, Global Solutions Limited, has launched a full investigation into the allegations. That investigation will be conducted by a senior manager with no line management responsibility for Yarl's Wood.

In addition, the Minister for Citizenship, Immigration and Counter Terrorism, Beverley Hughes, has decided that there should be a full and independent investigation. She is considering urgently how best that might be conducted.

Baroness Williams of Crosby: My Lords, I am most grateful to the Minister, especially for his assurance about an independent investigation into these serious charges. Can he give the House an assurance that one of the rumours that ran around Yarl's Wood—to the effect that new control and restraint orders would enable officers of the contractors, to kick, punch and, indeed, head butt future detainees—is completely without foundation? In addition, can the Minister tell the House how he would propose that an investigation should be conducted in such a way that the allegations that some detainees were beaten up out of view of CCTV cameras can be thoroughly looked into?

Lord Bassam of Brighton: My Lords, as I made plain, it will be a full and independent investigation, the terms of which have yet to be determined. I can also confirm that that independent investigation and its findings will be made fully public. As regards the allegations to which the noble Baroness refers, it is most important that those matters are fully and properly investigated; that any wrongdoing that perhaps took place in the past—the extent of which should be revealed—is made plain; and that those people who are at fault are properly dealt with.

Lord Mayhew of Twysden: My Lords, would the Minister confirm that these detention centres fall within the remit of Her Majesty's Chief Inspector of Prisons. Does he recall from the recent book of Sir David Ramsbotham that in 2001 he was ordered by the then Prison Minister, Mr Boateng, not to carry out a review jointly with the Commission for Racial Equality of the treatment of ethnic minorities in prisons, including detention centres? Do these reports not suggest that that was a thoroughly bad decision? Can the noble Lord indicate whether there is equal discouragement currently exerted on the present chief inspector?

Lord Bassam of Brighton: My Lords, I know of no such discouragement. I can confirm that the Chief Inspector of Prisons has a remit that covers removal centres. I am sure and I am confident that the chief inspector will take careful consideration of any allegations of racism or racist abuse or violence towards those detained within those centres. Additionally, there is the important role carried out by the statutory independent monitoring boards that have free and open access to all parts of those centres

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and can also hear requests and complaints about particular matters, such as racism in any removal centre.

Lord Roberts of Conwy: My Lords, can the noble Lord give the House an assurance that the results of the investigation will be published and made available to us? Are the Government sure that the abuse at Yarl's Wood was an isolated occurrence? If they are not convinced, should they not extend their inquiries to other institutions under Home Office control, particularly in view of the report in this morning's *Guardian* of brutality within the Prison Service at Wormwood Scrubs?

Lord Bassam of Brighton: My Lords, I think that I made it plain in one of my earlier responses that the results of the independent investigation would be brought fully into the public domain. Like the noble Lord I, too, was appalled at what I read in today's *Guardian* and I know that those matters figure highly in the thinking of the Home Secretary. He is keeping the position under close review.

Lord Carlisle of Bucklow: My Lords, have the Government come to a final decision about the future of the Chief Inspector of Prisons?

Lord Bassam of Brighton: My Lords, the Chief Inspector of Prisons continues to do an excellent job. I was not under the impression that we had come to a final view about the chief inspector, other than to confirm that she is doing a first-rate job.

Lord Phillips of Sudbury: My Lords, the noble Lord, Lord Bassam, gave a reassuring reply to my noble friend Lady Williams, but he did not refer to that part of her Question which, in turn, refers to a report in a national newspaper. Perhaps I may quote from it:

"I listened with horror as senior officers at Yarl's Wood sadistically relished rumours that they would soon be able to punch, kick and even headbutt difficult inmates under new control and restraint plans by [the] Home Secretary".

Is the noble Lord able to reassure the House that that is a load of nonsense?

Lord Bassam of Brighton: My Lords, I hope that it is a load of nonsense because it is certainly not something envisaged in the restraint measures available to officers in the removal centres. What has been described is not something that we would wish to see at all.

The Earl of Sandwich: My Lords, following on from Yarl's Wood, have the Government decided to change the model of detention centres, in particular along the designs recommended by the Refugee Council?

Lord Bassam of Brighton: My Lords, we greatly respect the work of the Refugee Council and we take careful cognisance of everything that it says about removal centres. No doubt some of the council's comments will have been reflected in the redesign of Yarl's Wood that took place following the fire over a year ago.

Smoking in Public Places (Wales) Bill [HL]

Baroness Finlay of Llandaff: My Lords, I beg to introduce a Bill to prohibit the smoking of tobacco by any person in Wales while in a public place. I beg to move that this Bill be now read a first time.

Moved, That the Bill be now read a first time.—(*Baroness Finlay of Llandaff.*)

On Question, Bill read a first time, and ordered to be printed.

Business of the House: Standing Order 41

The Lord President of the Council (Baroness Amos): My Lords, I beg to move the Motion standing in my name on the Order Paper.

Moved, That Standing Order 41 (*Arrangement of the Order Paper*) be dispensed with on Tuesday next to allow the Second Reading of the Justice (Northern Ireland) Bill to be taken after the Motion standing in the name of the Baroness Miller of Hendon.—(*Baroness Amos.*)

On Question, Motion agreed to.

Defence White Paper

3.32 p.m.

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Bach): My Lords, with the leave of the House, I shall repeat a Statement made earlier today in another place by my right honourable friend the Secretary of State for Defence. The Statement is as follows:

"I should like to make a Statement about the Defence White Paper and a report entitled *Operations in Iraq: Lessons for the Future.*

"It has been five years since the Strategic Defence Review was published by my predecessor, the noble Lord, Lord Robertson, who steps down at the end of this year as NATO Secretary-General. I am sure the House will join me in paying tribute to his determined contribution to modernising the alliance at a time of unprecedented challenges.

"The Strategic Defence Review concluded that we needed to move our Armed Forces into an expeditionary era and build greater flexibility to face increasingly diverse threats in both war fighting and peace support operations. Its conclusions have served us well in those five years, although it could not have anticipated the appalling events of 11th September 2001, nor their strategic impact. That is why we published a new chapter last year.

"The ability of our Armed Forces to conduct the full spectrum of operations has been well demonstrated since 1998. We have conducted operations—often concurrently—across three continents: in Kosovo, Macedonia, Sierra Leone, East Timor, Afghanistan and in the Democratic Republic of Congo. Our Armed Forces have been successfully engaged in combat operations in Iraq this year and are still heavily engaged in large-scale post-conflict activities.

"The Ministry of Defence is today publishing its full report into operations in Iraq, *Operations in Iraq: Lessons for the Future*. The House will recall that an initial report was published in July, which provided an authoritative account of the campaign and reflected on the early conclusions that we could draw from the combat operations.

"Since then, a detailed and comprehensive analysis of the operation has been undertaken within the Ministry of Defence. Evidence has been taken from those involved in the operation at all levels, assessing the effectiveness of the equipment we used and identifying from this work the lessons we can draw from the campaign.

"The operation was a significant military success, achieving almost all of its military objectives within only four weeks. Those are not my words, but the conclusion of the National Audit Office report into the operation, whose publication today I also welcome. Our people performed magnificently, the equipment was highly effective, the logistic support most impressive, and the revolution in strategy and doctrine that we set out in 1998 has again been vindicated.

"But, if we want to maintain the battle-winning capabilities of our Armed forces, we must learn from the difficulties as well as the successes. There is no benefit in a lessons process that is bland or uncritical. I have encouraged an honest, unflinching report that rightly focuses on the future and outlines the areas where we want to continue to improve. Some changes have already been implemented. Other lessons have no quick solution, but will form the basis of work in the Ministry of Defence over the coming months.

"But it is important to emphasise that we have been successful in recent military operations because we have always looked ahead at the capabilities we need for future challenges. It is appropriate therefore that the detailed analysis of the Iraq operation is published on the same day as the White Paper. The title captures what it is about—*Delivering Security in a Changing World*. The document sets out how we expect to adapt to keep ahead of the challenges. It sets out a policy baseline against which we will make decisions to provide the Armed Forces with the structures and capabilities they require to carry out the operations they can expect to undertake in the future.

"The shadow of the Cold War, which has shaped our Armed Forces for two generations, may have receded, and the threat of a large-scale conventional military attack on Europe may seem remote as a result, but new threats are emerging. We must respond to today's strategic environment and prepare for tomorrow's. The proliferation of weapons of mass destruction and the threat posed by international terrorism, coupled with the consequences of failed or failing states, presents us with very real and immediate challenges.

"Our experience of the recent pattern of military operations demonstrates the increasing frequency of the United Kingdom's involvement in small and medium-scale operations. The need for multiple, concurrent small to medium-sized operations will therefore be the most significant factor in force planning. Counter-terrorism and counter-proliferation operations in particular will require rapidly deployable forces able to respond swiftly to intelligence and achieve precise effects in a range of environments across the world.

"Regional tensions and potential conflicts are likely to create a sustained high demand for enduring peace support commitments, such as the extended deployments that we have seen in the Balkans. But we must also retain the capacity to reconfigure our forces at longer notice to undertake the less frequent, but more demanding large-scale operations of the type we saw in Iraq earlier this year.

"Expeditionary operations on this scale can effectively be conducted only if US forces are engaged. Where the UK chooses to be involved, we would want to be in a position to influence political and military decision-making. This will involve sharing the military risk, and require an ability for our Armed Forces to play an effective role alongside that of the United States. We were able to do this in Iraq by, for example, procuring additional communications equipment for our aircraft. More generally, the key to inter-operability with the US, for our European allies as well as for the United Kingdom, is likely to rest in the successful operation of NATO's new Allied Command for Transformation.

"Whatever the strategic planning and equipment, it is ultimately people who deliver success. Our people will need to possess exceptional skills to deal with the complexity of modern operations. We must continue to invest in their recruitment and training and reward them properly for the difficult tasks we ask them to undertake. The excellent contribution of our Reserve Forces in Iraq shows that they are an essential part of our defence capability and will continue to remain so.

"Resources must be directed at those capabilities that are best able to deliver the range of military effects required, while dispensing with those elements that are less flexible. It has historically been the fashion to measure military capability in terms of the weight of numbers of units or platforms—of ships, of tanks and of aircraft. That might have been appropriate for the attritional warfare of the past but, in today's environment,

[LORD BACH)]
success will be achieved through an ability to act quickly, accurately and decisively, so as to deliver military effect at the right time.

"What are the critical elements in delivering this military effect? The answer is threefold: sensors, to gather information; an effective network, to consolidate, communicate and exploit that information; and strike assets, to deliver the decisive action. Technology will be a key driver for change and will present us with new opportunities—for example, the means by which to link "sensor to shooter" through network enabled capabilities. And by thinking about capability jointly rather than as a collection of separate platforms, the effects that can be delivered can far exceed the sum of the parts. This will provide significant opportunities when we consider the requirements for future force structures and will place a premium on flexible and adaptable network enabled capabilities.

"It follows that we no longer need to retain a redundancy of capability against the re-emergence of a direct, conventional strategic threat to the United Kingdom. Our priority must now be on providing the capabilities to meet a much wider range of expeditionary tasks, at a greater range from the UK, and at an ever-increasing tempo. The heaviest burden in these circumstances will fall on those key enablers and force multipliers that deliver more rapid deployment, better intelligence and target acquisition, with ever-greater accuracy.

"The structure of each of the services will also need to evolve to optimise joint operations and provide greater flexibility and capability to project power to counter the threats we face.

"Our emphasis in the maritime environment is increasingly on delivering effect from the sea on to the land, supporting forces ashore and on securing access to the theatre of operation. The new amphibious ships coming into service over the next two years, together with our existing aircraft carriers, offer a versatile capability for projecting land and air power ashore. The introduction of the two new aircraft carriers and the Joint Strike Fighter early in the next decade will offer a step change in our ability to project air power from the sea while the Type 45 destroyer will enhance protection of joint and maritime forces and assist force projection. Some of the older ships can contribute less well to the pattern of operations that we envisage, and some adjustments will therefore be necessary.

"In the case of the Army, experience shows that the current mix of heavy and light capabilities was relevant to the battles of the past rather than the battles of the future. We need to move to a more appropriately balanced structure of light, medium and heavy forces, and place a greater emphasis on enabling capabilities such as logistics, engineers and intelligence. The Future Rapid Effects System family of vehicles that we are currently developing will help meet the much needed requirement for medium-weight forces. Over time, this will inevitably reduce our requirement for heavy armoured fighting vehicles and heavy artillery.

"The work in this area is continuing, but we judge that we can start this rebalancing by reducing the size of our heavy armoured forces. We therefore intend to establish a new light brigade, reducing the number of armoured brigades from three to two. This will be achieved by re-roling 4 Armoured Brigade in Germany as a mechanised brigade and re-roling 19 Mechanised Brigade in Catterick as a light brigade. We will announce further plans for future Army force structures next year.

"We want to be able to project more air power from both the land and the sea, offering enhanced capabilities across the range of air operations. Stormshadow missiles will provide a long-range precise-strike capability, and the increasing availability of 'smart' bombs, such as Paveway IV, ensure a higher degree of accuracy in our offensive capability than ever before. Around 85 per cent of RAF munitions used in Iraq in 2003 were precision guided, compared to only 25 per cent in Kosovo as recently as 1999. Additionally, Typhoon and the Joint Strike Fighter will offer much greater flexibility and balance in the air component of the future, reducing the need for single-role fast jets. Multi-role capability will also allow us to deploy fewer aircraft than previously thought necessary. We are therefore considering what these developments mean for the number of combat aircraft we require.

"The rapid deployment of land and air combat power is, of course, dependent on having a sufficient strategic lift capability. The core of the airlift capability will continue to centre on the C130 fleet, and the A400M when it replaces older C130s from 2011. We are considering the options for retaining a small force of C17s after A400M enters service, to carry the largest air deployable items. We also have a fleet of six roll-on/roll-off vessels that proved their worth in moving our forces to the Gulf and are crucial to achieving a rapid build up for medium-scale operations.

"Where military action is required, it will be most effective when it comes in the form of partnerships, alliances and coalitions. For the United Kingdom, the key organisations through which we act will be NATO and the European Union.

"NATO remains the basis for the collective defence of its members, and continues to play an important role in crisis management. It is a transatlantic organisation through which the US engages with its allies in planning and conducting military operations. The EU's European security and defence policy is complementary and provides a means to act where NATO as a whole is not engaged. The forthcoming intergovernmental conference is an opportunity to strengthen European security and defence policy and European military capabilities. As a result, we will strengthen NATO, without any unnecessary duplication.

"The security and stability of Europe and the maintenance of the transatlantic relationship are of fundamental importance to our defence. More

widely, our security and national prosperity depend on global stability, freedom and economic development. Our Armed Forces will continue to act as a force for good in the international community. We know that, ultimately, security cannot be delivered by military might alone, but involves changing attitudes and bringing security to those regions where there is a risk of instability. This is a challenge not just for those of us in defence but for all of us in government. The White Paper should be read in conjunction with the White Paper on UK international priorities that my right honourable friend the Foreign Secretary published last week.

"Everything that I have set out involves change. The White Paper, by dealing with the policy context, will ultimately determine the shape of our Armed Forces. Within that overall shape, we will need to develop the details of individuals systems and structures. However, before we can do that, we need to be certain that we have the right procurement and development projects. That is why the Ministry of Defence is undertaking a significant examination of our capabilities and overheads. This is not a new defence review, nor does it need to be, but it is a final check on our planning to ensure that we have the right capabilities needed for the challenges ahead—that we are spending our finite funds in the most effective way. I shall make further announcements on the results of this work next year.

"This is a changing world and we must adapt if our Armed Forces are to stay ahead of potential adversaries. We must exploit new and emerging technologies, and we must be prepared to take tough decisions to ensure that our Armed Forces are able to carry out the difficult tasks we ask of them. It is only through this process of continuous change and improvement that we can ensure that our Armed Forces are equipped and structured to meet the challenges of the future".

My Lords, that concludes the Statement.

3.49 p.m.

Lord Vivian: My Lords, I am most grateful to the Minister for repeating this Statement today. We welcome the fundamental thrust of the White Paper, which foretells very considerable change for the conduct of the Armed Forces' business across the board. Let your Lordships not forget that the Strategic Defence Review was never properly costed or funded, and the same must not be allowed to happen this time. There are a number of issues which stem from it, but before I get into any detail, I would like a definite assurance that the Government will find time to hold a full debate on this important subject next month in this House.

In the time that I have had to study the White Paper, I am disappointed that I have not been able to find any reference to financial or budgetary matters—a concern that is uppermost in our minds. On these Benches, we generally agree with the assessment of the strategic environment and the difficulties that flow from it. We believe that we have come to a decisive moment in history, when a new and diverse constellation of threats has appeared that are not nearly as obvious as were their relatively certain predecessors. We assert that since the end of the Cold War the world has never been as dangerous or as unpredictable, nor the threats so serious.

An era of invulnerability is over; our adversary has changed. Terrorism is a technique. It is not an ideology or a political philosophy, let alone an enemy state. It is an exceptionally difficult threat to deal with. The proliferation of weapons of mass destruction and the means to deliver them represent a major threat. We welcome the Government's decision to continue to examine the issue of missile defence. We must therefore be prepared for the unexpected, as well as dealing with conventional military tasks.

We have also learned, and continue learning, from the experience of our forces in Afghanistan and Iraq. There are lessons on preparedness, jointness, precision, speed and agility, but there are clearly situations in which light forces might not be the best solution. We look forward to studying in more detail the MoD's *Operation in Iraq, Lessons for the Future.* We welcome the NAO report on operation TELIC, which makes the point that, while it is clear that British troops performed brilliantly, there were shortcomings in supply of chemical protection and other life-saving equipment. That cannot be allowed to happen again, and we look forward to hearing the Minister's response.

Measuring the capability by the number of units or platforms in their possession remains highly significant. The same unit or platform can never be in two places at the same time. Thus a combination of capabilities in numbers will continue to be of critical importance in any assessment of the potential effectiveness of our Armed Forces. Infantry and armour on the ground can be augmented by technical wizardry, but cannot be replaced by it. The peace in Basra today has been kept by some 10,000 soldiers on the ground. We underestimate at our peril the importance of the infantryman and the tank and all that they can do. We should not reduce our tank fleet until FRES comes into service.

We welcome the intention to enhance the strategic enablers of communication, logistics and intelligence. Furthermore, as the noble and gallant Lord, Lord Guthrie, pointed out, it is important that we do not concentrate our efforts to too great an extent on one emerging threat, in a knee-jerk reaction, forgetting that there are other threats that have not gone away and for which we should still be prepared. We believe such principles to be of the first importance.

We welcome the acknowledgement of the absolute need to continue robust and collective military training at all levels. We consider it vital to underpin the new doctrines with the single-service ethos and fighting spirit, as well as moving to improve arrangements for families and harmony, and rebalancing key support elements towards the brigade from the divisional levels.

The backdrop of the White Paper seems to be a crisis in the Government's defence budget. We on this side of the House, together with many retired and serving

[LORD VIVIAN]
military officers, have the greatest reservations about the Government's ability to sustain their current ambitions and equipment programmes. We believe that the defence budget is deeply in the red. Is it not a fact that the equipment budget is overspent in excess of £1 billion per year, and the personnel budget by £600 million pounds this year? What programmes and activities does the Secretary of State expect to cut or defer to balance the books? Is it true that he has ordered cuts of £1 billion a year for four years? It is alleged that much of the so-called new money from last year's spending review—£3.5 billion pounds—has already been earmarked for the new weapons programmes.

The reality is that the MoD will have to defer or cancel elements of major equipment programmes to balance the books to fund new equipment. We are concerned that a whole raft of decisions will start to leak out later, and we look to the Minister reporting back to the House in detail what is eventually proposed. For instance, is it true that programmes earmarked for cuts include Eurofighter, Nimrod, nuclear submarines, Type 42 frigates and some heavy armour?

I have a number of questions to ask the Minister. If he is unable to answer them, perhaps he would be kind enough to write to me. First, the new battlefield technologies will have to be paid for. Where is the funding for that going to come from? Secondly, I am sure that the Minister is aware that the defence research budget has been cut by 10 per cent, which is some £45 million. How can the Government be serious about digitised battlespace and continue with defence research cuts?

Thirdly, while paying the warmest tribute to the achievement of our TA and reserve forces in Iraq and elsewhere, we welcome the chapter on developing the reserves and the urgent need acknowledged in the White Paper to improve support for reservists and their families and employers. Will the Minister give the House some idea of the future manning levels of the TA and other reserves?

Fourthly, will the Minister comment on the future of the Northern Ireland troop deployment? Lastly, can he confirm that a covert defence review is now taking place?

In conclusion, we remain deeply concerned about the financial crisis in the MoD and the consequences that are flowing from it at this time of severe overstretch. We look forward to the MoD announcing its future intentions, thus removing many uncertainties for our servicemen, women and families. The Armed Forces are not afraid to cope with change, and they have always been highly adaptable and flexible. As is customary, I pay great tribute to our Armed Forces, for their bravery, loyalty and courage, for their dedication to duty and for their willingness to serve the country. I also praise their families, who steadfastly support their husbands. However, as I have said before, it is our duty to ensure that the Government do nothing to compromise the excellent success of our Armed Forces, which could put them at risk and result in operational failure.

3.58 p.m.

Lord Redesdale: My Lords, I start with one minute left of the time allocated to these Benches, so I crave the leave of the House if I go on slightly longer than that. I also want to thank the Minister for repeating the Statement, which should be read in conjunction with the Foreign Office White Paper and the National Audit Office report, which has come out in the past couple of days. If noble Lords have not seen that report, it is well worth picking up from the Printed Paper Office.

A vast amount of information is included in those documents, and in the short time available I have not been able to pick out a great deal. However, I start with page 36 of the National Audit Office report, which refers to repeated,

"identification of logistics lessons on previous operations".

Operation TELIC fell short in the area of poor asset tracking, poor logistic communications, stock shortages, priority deadlines not met and lack of control over coupling bridges. In other words, in all areas that were assessed, it fell short, which seems very unfortunate.

Although the White Paper is short of any guidelines on cost, and, indeed, is completely shorn of any estimates even, the issues raised in it indicate that we are moving to a different form of warfare focusing on high technology. Noble Lords on these Benches welcome that move in certain areas. It is obvious that some of the technologies, especially Smart bombs and the technology involved in communications, transport and air support saved lives not only of our own soldiers but, just as importantly, of civilians on the ground. However, we are particularly concerned that attention is focused on those areas at the expense of peacekeeping. Although the documents refer to war operations, peacekeeping is a far more difficult, costly and long-term operation.

Unfortunately, although money can be allocated to providing high-technology solutions, the peacekeeping operation will require manpower and reserves. Manning levels are of particular concern as we are so dependent at the moment on our regular soldiers. I refer to the short break they have between operations. Indeed, on Radio 4 this morning the Minister of State said that the period between operations is now down to 10 months, as opposed to the hoped for 24 months. That arises because we are relying very heavily on the reserve forces. The report examines the state of the reserve forces and ways in which they can best be supported. However, that raises the concern that these reserve forces may be being counted on to turn up again and again. I know from friends and from comments in press reports that the reserve forces members of Operation TELIC would think very seriously before they undertook such an operation again. That could have a significant effect on manpower levels given that 7,500 territorials and reservists took part in Operation TELIC.

The other issue of real concern is that of the Territorial Army. The White Paper mentions the specific skills of certain members of the Territorial Army. Reducing the size of the Territorial Army

always appears to be an easy, cost-cutting solution but it has an impact as, when you reduce the size of a unit, you often get rid of the most valuable people with the very expertise gained in civilian life—such expertise is highlighted in the document—that you most want to retain. Doctors are of particular concern in that regard, as has been pointed out in numerous debates.

As manning is an issue of such concern at the moment, has the MoD reconsidered the freeze on recruitment? One does not have to go back many years to the time when many noble Lords spoke of the need to increase the number of people in the Armed Forces. Despite the success of such recruitment, we now have a hiatus because of that subsequent freeze which could lead to a big dip in numbers further down the line when we might need a large number of troops.

I could discuss many other areas but I do not think that I should infringe further the time that is allocated to me. However, I wish to raise one further issue. *Operations in Iraq, Lessons for the Future*, refers to weapons of mass destruction. It appears that the only weapons of mass destruction that the report discusses, apart from the intention to produce them, are,

"strains of biological organisms concealed in a scientist's home, one of which could be used to produce biological weapons".

As I understand it, that was a file of precursor chemical that was left over from before the previous Gulf War. That has to be a matter of real concern as weapons of mass destruction constituted the reason for going to war in Iraq in the first place. I ask about cost as it is specifically mentioned in the document. What has the cost been so far to the British Government of looking for weapons of mass destruction? Obviously, those are very wide costs, but if the Minister cannot give me the relevant figures today, perhaps he can give me an indication of what our component of the Iraq survey group has cost so far.

4.5 p.m.

Lord Bach: My Lords, I thank both noble Lords very much indeed for their contributions, in which they expressed general support for the tone and content of the White Paper. However, they of course reserved their positions, as they are absolutely entitled to do.

The noble Lord, Lord Vivian, has great experience in these fields—much more than I shall ever have. I thank him for the comments that he made about our Armed Forces, which I know that noble Lords on all sides of the House echo warmly. The noble Lord, Lord Vivian, asked a straight question about a debate. A debate is being discussed through the usual channels. I hope to be in a position to initiate a debate in January. I choose my words carefully. The noble Lord knows how the system works, as I do. However, I think that he will find that response fairly encouraging.

The noble Lord made some general points about the White Paper, many of them with great force. He referred to the comment made by the noble and gallant Lord, Lord Guthrie, that we should ensure that we are ready for everything and should not focus just on one situation in which military force may be required. That fits in with the comments of the noble Lord, Lord Vivian, regarding being ready for the unexpected. The whole intention of the White Paper's policy is to encourage flexibility to ensure that we are ready for the unexpected, as that is what we can expect. In the extremely dangerous world in which we live we do not know where and when our Armed Forces will be needed next. The White Paper says what it does for precisely that reason.

The noble Lords, Lord Vivian and Lord Redesdale, discussed lessons to be learnt. Of course, there are lessons to be learnt from the Iraq campaign. It would be absolutely astonishing if that were not the case. We should learn those lessons. The noble Lord, Lord Redesdale, mentioned the NAO report. He is right to point out that there has been some criticism of how things have worked out. We are already looking hard at the points that the NAO makes. However, it is only fair to say that, on balance, the NAO report comments extremely favourably on the way in which the war was won, the way in which our Armed Forces performed and how the equipment—some of which was roundly criticised before the war—performed extremely successfully during the conflict.

Both noble Lords invited me to answer certain questions either now or in writing. I say to the noble Lord, Lord Vivian, that the defence budget will provide the new equipment to bring in the network-enabled capability. However, we must understand that if we are to introduce that very valuable form of procurement, it may not always be possible to introduce other measures that we should like to introduce, either at the time that we want to introduce them or at all. Indeed, that is a fact of life, as it has been in defence for many, many years.

We need to consider carefully the resources dedicated to science and technology and research. Exciting plans exist to use the funds that are available for research and development. Noble Lords will be aware of the Towers of Excellence research initiative between the MoD, defence contractors and academia to consider certain crucial research and development plans.

I ought to say that the DSTL, the government-owned science laboratory, has a very high reputation for its outstanding work. The House will know that the old DERA was split in two, and QinetiQ effectively became a private company although the MoD still has a large shareholding in it. I praise the DSTL, which remains in the MoD, very warmly today for the important part that it played in the Iraqi conflict. Much has been made of the so-called computer games that went on at Fort Halstead, but they assisted us to win the battle for Basra in a way that would not have been possible without them. The methods used involved the modern technology and network-enabled capability that we have spoken of in the White Paper.

We all hope for the day when it is possible for the large number of British troops who do such an amazing job in Northern Ireland to come home and conduct normal Army life. However, we are not in that position yet. When we are, they will be very warmly received back into all the functions about which we have talked today.

[LORD BACH]

We ought to keep financial difficulties in some kind of perspective. I do not want to say a great deal about them today, save to remind the House of something that I have reminded it of many times—that the spending review of last year represented the largest sustained increase in defence spending plans for 20 years. It added more than £3 billion to defence spending over the three years. Having said that, Defence Secretaries over the years have had to deal with fluctuating financial pressures and to live with their budgets. That happens with all departments of state, and it happens in the Ministry of Defence, too. There has been the complication of managing the impact of operating the resource accounting and budgeting for the first time.

However, I do not think that the noble Lord, Lord Vivian, should be too depressed about the position. We have a large equipment programme. We spend a large part of taxpayers' money on our Armed Forces. I know that the view of this House is that that amount of money is well spent.

The noble Lord, Lord Redesdale, asked me to say something about weapons of mass destruction in Iraq. He perhaps referred to Dr David Kay's statement of 2nd October. I would like to share with the noble Lord and the House examples of programmes that had been clearly concealed from the United Nations. They included a clandestine network of laboratories and safe houses within the Iraqi intelligence service suitable for chemical and biological weapons research, biological organisms concealed in a scientist's home, research and development on biological warfare-applicable agents and, of course and importantly, UAV and missile-development work that went far beyond the 150-kilometre maximum range permitted by the United Nations, including efforts to procure missile technologies from North Korea with a range of 1,300 kilometres.

The House will pay some attention to the fact that that has been found by the ISG. Those who suggest that Saddam had no WMD programme in Iraq are plainly wrong. However, I do not want to be driven into that field today. The Statement is about the White Paper. We hope that it shows the way forward for the Armed Forces in the years ahead and, as I said, I am very grateful to noble Lords who have spoken in favour of it.

4.14 p.m.

Lord Boyce: My Lords, one main theme of the White Paper promotes the idea that modern technology, such as network-enabled capability, may allow some reduction in the front line. I understand the thrust and convenience of such a line of thinking entirely. Will the Minister provide some reassurance that reductions in our front line will not happen until the technology is in place, or at least that reductions would be managed very sensibly? If he cannot and the front line is raided, how will the ensuing hiatus be managed? Will our Armed Forces be put under still further pressure on the basis of some jam in the distant future?

I also notice that the Statement is long on the high-intensity end of the business, as is quite right and proper, but that is where all the high technology most pertains. However, the Statement is short on the routine day-to-day activities. It talks of a demand for enduring peace support commitments, or multiple small-scale concurrent operations. That is what makes up the significant proportion of our daily business, where the fact that we are actually a force for good comes home.

That is what occupies the vast majority of our Armed Forces' time and keeps them well stretched. How will they sustain such commitments if there are force reductions? For example, our destroyer frigate force is now fully engaged on peacetime tasks. We cannot make our people work harder or, as was already mentioned, endeavour to be in two places at the same time. Shall we see some sort of cut in commitments?

Lord Bach: My Lords, I am very grateful to the noble and gallant Lord for his contribution. The House will know the important part that he played during the recent war in Iraq. He speaks with a huge amount of expertise, and I believe that that was his first contribution to such a Statement. Of course we have to be extremely careful in making sure that, when we consider how force structure should be in future, we do not rush to reductions in force numbers to be able to pay for the new types of equipment that we need to bring in. The noble and gallant Lord understands—he said so just now—and supports the notion that we might have to change the sort of equipment that we use to fight modern wars.

Nothing in the proposals as they are today suggests that, for example, there will be any fewer numbers in the Army than there are at present. Some of the scares that have been doing the rounds can be put to rest. Nothing at all here suggests that that will happen. However, that is not an argument against some sort of force structure to meet the new world in which we live.

The noble and gallant Lord was also right in his first point about reductions taking place as we bring in network-enabled capability. We have to handle, plan and manage that with considerable care and skill, and it will not be easy to do. As he knows as well as anyone in the House, finite resources are available for defence, and we have to use what resources we have to the very best of our ability. I shall do my best to reassure him, and go so far as to say that we are extraordinarily conscious of the fact that a huge amount of our country's reputation in the world has been gained by the peacekeeping that we sustain in many places. That is one reason why we are a force for good, if I can use that phrase yet again, and we will not sacrifice that easily.

Lord Jones: My Lords, does my noble friend guarantee the purchase by the department of the heavy-lift A400M aircraft? How many will there be?

When might it first fly? Is the refuelling tanker project also guaranteed? Does he accept that, throughout the regions in our country, those projects represent many jobs of high status and high skills?

Lord Bach: My Lords, the number of A400M ordered by the United Kingdom is 25. They are in the process of construction. As I hope that I said when I repeated the Statement, 2011 is the year when we hope that the first one will come into service. The noble Lord can rest assured that we recognise that it is essential that such a tanker programme, whatever form it takes, is begun. As was made clear in an answer in another place today, that decision will not be reached and announced until as early in the new year as is possible.

Lord Williams of Elvel: My Lords, are the Government satisfied that there is no nuclear threat? If there is, is our Trident fleet still dedicated to NATO and will NATO be the responsible authority for dealing with any such threat? My second question is about human intelligence. I am glad to see the noble Baroness, Lady Park of Monmouth, in her place, because she and I agree that the secret of what is known as the "war against terrorism" is human intelligence. We have woefully neglected that in the past. Does the Minister agree that that is an important part of our defence mechanism, leaving aside the hardware?

Lord Bach: My Lords, I am grateful to my noble friend for his questions. The Government's nuclear deterrence policy remains as it was set out in the 1998 Strategic Defence Review. My noble friend knows that we maintain the minimum level of nuclear weapons required to guarantee a credible deterrent against any potential aggressor. That is provided by our one nuclear weapon system, Trident. There is nothing in the White Paper to suggest that its relationship with NATO, about which he asked, is altered in the slightest. I hope that that gives him some reassurance.

Human intelligence has been discussed across government and widely outside, particularly since those awful events of September 2001 and the acts of terrorism around the world that have taken place since that time. The Ministry of Defence takes its role in that respect extremely seriously, as do the Government as a whole.

Lord Monro of Langholm: My Lords, I have been looking through the excellent document published today, *Operations In Iraq*, and reading what a wonderful job the services did in that country. On page 78, every unit of the Royal Naval Reserve is mentioned, which is highly commendable. However, when one turns to the Royal Air Force on pages 82 and 83, all the regular units and squadrons are mentioned, but of the Royal Auxiliary Air Force, the document states merely that "personnel were also deployed". Having done so exceptionally well in Iraq, Cyprus and in this country, why have the individual units of the Royal Auxiliary Air Force not been mentioned in the same way as have those of the Royal Air Force?

Lord Bach: My Lords, I must be frank with the noble Lord. I do not know why, but I shall find out and let him know as soon as I possibly can. I thank him very much for his question.

Baroness Strange: My Lords, will the Minister reassure us on the future of the Black Watch, whose recent splendid and gallant achievements in Basra are so much admired by us all?

Lord Bach: My Lords, the noble Baroness is quite right in saying that its achievements in Basra are unsurpassed. We all praise it for that. No announcements of any kind are being made in relation to any part of the Armed Forces beyond what was said in the Statement about the armoured division, the mechanised division and the new light division. Therefore, the noble Baroness should not be too concerned. In making his Statement and answering questions of this kind in another place earlier today, the Secretary of State made it clear that he would be more than happy to meet anyone with a constituency interest in a particular part of the Armed Forces and to discuss the matter with them. The noble Baroness need not be too concerned.

Lord Mayhew of Twysden: My Lords, I did not hear the Minister respond to the question asked by the noble and gallant Lord, Lord Bryce, on whether there will be some reduction in commitment. Everybody knows that the army is grossly over-stretched and that the times between operational deployments are much shorter than they should be. We heard in the Statement that demands of the Armed Forces will be made at an ever-increasing tempo, but I recall no reference being made to manning. Will the Minister recognise that there is deep anxiety that the Government will continue to exploit the "can do" philosophy that characterises the Armed Forces to an extent that is unfair on them and militates against the security that they can provide?

Lord Bach: My Lords, I am grateful to the noble and learned Lord for his point. I know that his view is held outside the House as well as inside it. There is no doubt at all that the Armed Forces have had to do a huge amount in the past year and before that too. I should make the position clear about tour intervals, which is one of the issues that comes under the general umbrella of "over-stretch". The figure of 10 months as an expression of tour averages for infantry battalions is correct, but the period to which it referred was from 1st August 2002 to 31st July 2003. That period represented a peak of activity, including not only Operation TELIC, the Iraq war, but Operation Fresco, which, as the noble and learned Lord will

[LORD BACH]
know, concerned the fire strikes that were taking place at the same time. A conscious decision was taken to shorten tour intervals to accommodate those operations. However, the average tour interval for the period from 1st January to 31st December 2002 was 22 months. That is not as good as the 24 months that is the aspiration for the gap between tours. The noble and learned Lord is right that the Armed Forces have been worked extremely hard during the past couple of years and have been involved in many different campaigns. We will take care to make sure that the tour gaps do not become too short and that the provisions for members of the Armed Forces and their families are better than they have been in the past. There have been some big improvements in recent years in the way in which the personnel of the Armed Forces are looked after and we will continue them. However, the noble and learned Lord has made a good point and I shall take it back.

Lord Desai: My Lords, I thank my noble friend for repeating the Statement. It seems clear that more software than hardware will be used in future wars and that the hardware will be very different. What concerns me is the training of our Armed Forces. Will my noble friend assure me that the training will keep pace—indeed, more than keep pace—with the changing nature of warfare and of the equipment that soldiers have to handle?

Lord Bach: Yes, my Lords, I can give my noble friend that undertaking. Training is absolutely critical to the new type of network-enabled capability equipment that we are seeking to introduce. Training has never been more important. As my noble friend will know, the Ministry of Defence spends a lot of time working out how best to train our Armed Forces, both for what they do now and for what they are likely to have to do in the future.

The Earl of Sandwich: My Lords, among the forces for good that the Minister mentioned, I am sure that he would include the Special Forces and the provincial reconstruction teams that we have in Afghanistan. They are some of our most able troops. However, can he explain why those are still so few in number compared with those in southern Iraq? Why do the Secretary-General of NATO and the Foreign Office have a campaign to increase the numbers coming from Europe within NATO?

Lord Bach: My Lords, the noble Earl will know I will not say anything about Special Forces. It would be quite inappropriate for me to do so. As for Afghanistan, I will take that point back and write to the noble Earl. It is important to remember the huge amount of work that British Armed Forces have done in Afghanistan and the crucial role they played in setting up ISAF, when that force was absolutely necessary. I shall take back his point and write to him.

Lord Freeman: My Lords, the Minister made some very complimentary remarks about the reserve forces which will be much appreciated by them. However, would he and his colleagues in the Ministry of Defence reflect possibly on the need to lengthen the minimum time interval between compulsory mobilisation of reservists? Otherwise, we may see overstretch coming not only from the regular forces but to our reservists as well.

Lord Bach: My Lords, I thank the noble Lord for his question and his interest in the reserve forces. The reserve forces now play an absolutely critical role in the Armed Forces and everything that they do. The lesson from Operation TELIC—the 7,500 reservists who have already been mobilised for Iraq—is that they continue to play an absolutely key part in ongoing operations in Iraq. They also play the part of sometimes freeing up regulars, so that those regulars can perform the roles for which they have also been trained. We very much realise, perhaps more than ever before, the integral part that they play in our Armed Forces.

We also recognise that there have been some difficulties with financial assistance to the reserves and know that that requires attention. Reservists have also occasionally experienced difficulties with their employers as a consequence of being called up. The noble Lord's point was perhaps a linked one—that they should have longer before being compelled to take part. I shall look to see whether that is not already part of the studies we are doing on the lessons to be learned from the use of reserves in Iraq.

Lord Marlesford: My Lords, the Statement says that the IGC is an opportunity to strengthen European capabilities. What exactly does that mean so far as British forces are concerned?

Lord Bach: My Lords, the capabilities which the British forces provide, particularly to NATO and of course under the ESDP, are of the highest order and compare very well. Our concern—it has also been a very big American concern over many years—is that some of our close friends and allies in Europe have not always been as willing to provide the capabilities needed for our common defence—as NATO makes clear they must be—as they might have been. I exclude from that the French, not in terms of friendship but in terms of any weakness in capability. We have tried in various ways over previous years to encourage those friends and allies perhaps to provide more and higher quality capabilities to our defence. I do not think that, at present, there are many lessons for the British to learn, because I think we have been generous in this field.

We want the countries of Europe to be able to provide the capabilities—sometimes small niche capabilities—that are of great value in facing the problems which we all face today: the unexpected violence that may occur at any time. I think that that is what the conference is trying to achieve.

Energy Bill [HL]

Second Reading debate resumed.

4.34 p.m.

Earl Attlee: My Lords, this is indeed a fascinating debate to take part in, and I agree with practically everything that has been said so far. The exception is the most helpful and important contribution from the noble Lord, Lord Beaumont of Whitley. We may not agree with all his points, but we are certainly interested in them. I think that most noble Lords recognise that energy is a matter of Byzantine complexity. All noble Lords will be grateful to outside organisations for their briefings, which will inform our debates over the next few weeks. The noble Lord, Lord Beaumont, will be pleased to hear that I found the Greenpeace presentation very interesting.

I agree with my noble friend Lady Miller. It is quite bizarre not to have the DTI Science Minister, Lord Sainsbury, involved in the Bill. My own interest in it stems directly from my interest in science and technology.

The Government have four main objectives in their White Paper, which seeks to move us towards a low-carbon economy. Unfortunately, all the objectives cannot easily be met at the same time and balances have to be struck. However, the most critical objective is the security of supplies in both the short term and the longer term—the "need to keep the lights on", to quote the jargon.

Many noble Lords have vigorously expressed their concerns about the future major reliance on gas for 75 per cent of our primary power for both electricity generation and direct heating applications at home and in industry. It will be a real challenge to balance the need to let the market work with the duty of government and regulators to ensure diversity of supply. There is much good in the Government's policy, and many of the Bill's provisions are desirable. As I said, however, there are balances to be struck. The Minister will have to convince us that he has got it right.

As many of your Lordships have noted, renewables are not the whole answer. Most have already touched on the need for new nuclear build, a point which has resonated round the Chamber positively during recent Question Times. Many serious commentators say that new build will eventually be necessary if we are to meet our carbon targets. Perhaps we can cease using hydrocarbon fuels for transport and utilise electricity instead.

We could certainly see a large increase in demand for electricity despite the Government's commendable energy saving efforts. Some observers are surprised that the Government keep the Magnox power stations running despite their marginal profitability. Could it possibly be due to their desire to maintain that 6 per cent of our electricity portfolio from Magnox which is totally carbon free?

Neither the public nor politicians will support any new build until the problem of nuclear waste has been solved. The Science and Technology Committee of your Lordships' House published an excellent report on the management of nuclear waste on 10th March 1999. I strongly advise your Lordships to read it. I have to say that the Government's response to the report and their attitude to the issue are extremely disappointing.

In answer to one of my supplementary questions, the noble Lord, Lord Whitty, suggested that because the half-life of some of the material is measured in tens of thousands of years, it is not necessary to be in a hurry. I agree that it is not a matter to be rushed. However, we must do something a little more impressive than appoint a committee with instructions not to report back for two years. Unfortunately, the chair has reported back after chairing her first meeting, but only to resign. I wonder why. I do not agree with my noble friend Lord Jenkin of Roding. The Government have not put this issue into the long grass; they have put it into a deep geological depository.

We cannot undo nuclear waste; it is very nasty stuff, and it exists as part of our nuclear legacy. As an elected hereditary Peer, I accept some responsibility, as my grandfather—the first Earl Attlee—started our nuclear weapons program. Later, we ran a civil program alongside a military one, but I doubt that decommissioning costs or difficulties were ever fully considered or even planned for. One wonders whether the decommissioning difficulties of the prototype fast reactor at Dounreay were ever properly considered. However, we cannot shirk our very onerous responsibilities to future generations just because we inherited them from someone else.

If we do go for new build, it will not produce much more waste but we shall have to ensure that the decommissioning and waste is fully considered and costed. Public confidence would be much enhanced if a suitable repository were already in operation—perhaps with capacity already earmarked for each new development. It could be desirable to have a segregated fund to cover decommissioning and waste management costs, as suggested by the noble Lord, Lord Beaumont.

The Select Committee report was published in 1999 but the events of 9/11 added a new dimension. A repeat, similar asymmetric attack is still a possibility. There appears to be no limit to the destruction that could be inflicted by a terrorist attack. I do not believe that, in those circumstances, any intermediate or high-level waste should be left on the surface unnecessarily. By that, I mean without good technical reason.

It is hoped that further precautions are being taken, but we do not expect the Minister to give away any details. However, we believe that a Minister of homeland security should have oversight of this matter, together with ministerial responsibility for the civil nuclear police, as mentioned by my noble friend Lady Miller.

There is another pressing reason for making progress. In relation to nuclear waste, 2,000 years is short term. In that time, a breakdown in society and civilisation is possible—perhaps even likely—possibly because the rate

[EARL ATTLEE]
of development would become unsustainable. That is partly why we are changing our energy and sustainable development policies. However, what would happen in the event of a rapid-onset societal breakdown, possibly caused by a biological disaster, with a very low survival rate? Who would then look after what we have left on the surface at Sellafield? Who would rebuild those tanks every 50 years?

The Select Committee considered several options for disposal but rejected all but two, which were to keep geological repositories or indefinite storage on or near the surface. The options discarded were: placing the waste on the bed of the deep ocean; emplacement on the sediments of the deep ocean; emplacement in the rock beneath the deep ocean; emplacement in deep-ocean subduction zones, where one section of the earth's crust is moving over another, resulting in the waste moving towards the centre of the earth; placing the waste in the Antarctic ice sheets; or, ejection into space, as recently suggested by a noble Lord at Question Time.

All those options carry very serious difficulties and, quite properly, most have been prohibited by international treaty. They also make access practically impossible. The report euphemistically described as "other options": partitioning; nuclear transmutation, which is not feasible for intermediate waste or existing high-level waste; and, finally, Synroc—an interesting suggestion from the noble Earl, Lord Shannon.

I shall not weary your Lordships with a detailed description of what is meant by a "deep geological repository" because it is unnecessarily technical for the purposes of this debate and not yet fully determined. However, it would be phased as some waste must be accessed for inspection from time to time before being finally sealed. It would be deep—at least 400 or 500 metres—in order to be proof against the next ice age. Who says that politicians cannot think a long way ahead? Some suggest that the repository could even be kilometres deep. I would support that if it were technically sound and even if it were only a slightly superior solution.

I recently asked the Minister what option, other than a deep geological repository, was remotely feasible. He gave me some high-quality waffle but did not really answer the question. Therefore, my first question is: what is remotely viable other than a deep geological repository? My second question is: what is the difference between CoRWM and the previous Radioactive Waste Management Committee? Has the latter been disbanded?

Therefore, what is to be done? The Select Committee report is very helpful because, in pointing the way ahead, it stresses the need for public engagement, education and understanding. It is obviously an extremely sensitive issue for all stakeholders. I take on board the point made by my noble friend Lord Jenkin that the previous administration tried to do something, and it is unfortunate that the relevant inquiry exceeded its terms of reference. This is not a policy that can be steamrollered through, and the work involved will outlive several changes of government.

I believe that we in Parliament need to agree on a cross-party basis which option to go for. That is not difficult as I believe that there is only one viable option, but it is a good one. Then, time and money need to be spent on public education so that there is a far greater understanding of the issues. The public would not be easily convinced if, 10 years later, a solution became essential because of the pressing need for new nuclear build.

A three-to-six month campaign would be totally inadequate and even counter-productive. It may require TV advertising at public expense—but not after midnight—overseen by an independent committee for objectivity. It may be necessary to consider compensation, not as a bribe, which would be covert and sinister, but as something transparent and accountable. Doing nothing about nuclear waste, or stalling, is not an option. It would be unforgivable to inflict a nuclear environmental disaster on society—whether this or a future one. We certainly cannot leave it until new nuclear build becomes imperative.

4.46 p.m.

Lord Lea of Crondall: My Lords, despite having views on nuclear, renewables and energy security which are not dissimilar from those of speakers such as the noble Baroness, Lady O'Cathain, I approach the Bill in a far more positive spirit than have many noble Lords who have spoken. I want to give my reasons for what I have just said.

I believe that the noble Lord, Lord Jenkin, asked what was in the Bill to keep the nuclear option open. I sympathise with that view. However, in a way that I may be able to put my finger on, I believe that the Bill represents a step forward. Perhaps the one element that is helpful in that pro-nuclear direction—if that is where noble Lords are coming from—is the role of the NDA in building up a new independent credibility in relation to all the big questions which are at the heart of the subconscious, as well as the conscious, concern about nuclear in all its aspects.

The people who must ultimately feel comfortable with nuclear must be brought round if it is to go ahead. A commission that can build up its credibility as having independent judgment on the nuclear issue can, indirectly, provide the best kind of education because it is getting on with the job. That is its expertise and that provides its central credibility. As I understand it, however the lines of demarcation are formally designed, it will become very much involved with issues of depositories, as referred to by the noble Earl, Lord Attlee.

I believe it is no accident—this is the wider, positive point—that the whole issue of nuclear has started up again in a big way. Today's debate is an excellent example of that. That may be because we have been asking questions about wind turbines. Those have become a hot issue, as has energy security, with reflections on the proportion of energy that will be derived from the Arab world, Russia or central Asia. But I believe that there is a sense in which the nuclear debate is back on the agenda.

I was involved to some extent with that issue and with the problem of public explanation. In the late 1980s, I led trade union missions to both Chernobyl and Three Mile Island. I believe that only now can we put those accidents into any kind of proper context in terms of scale compared, for example—I consider this to be an interesting comparison—with 9/11.

No doubt he will correct me if I am wrong but I think that the noble Earl, Lord Attlee, referred to a terrorist attack on somewhere such as Sizewell, for example. He said that there is no limit to the impact of the terrorist attack. Frankly, I think that is wrong. It is alarmist and with great respect I think it is wrong. If it is as bad as that—

Earl Attlee: My Lords, I am grateful to the noble Lord for giving way. I was particularly concerned about an attack on Sellafield, not on a nuclear power station, but of course there is a risk.

Lord Lea of Crondall: My Lords, let us take Sellafield. Either way, I shall make the point. If it is as bad as that we should shut it down now. But surely we are told without public statements necessarily being made to this effect—the public are entitled to know and have been told something along these lines; perhaps my noble friend will take on board the fact that this point has been raised today—that the worst case scenario from a terrorist attack is not a widespread area covered by high level radioactivity. If that is what is said—I believe that is the position—let us put our cards on the table and say who is right and who is wrong. Let us consider the question and have answers on it.

The £40 billion legacy of nuclear waste—I do not know who invented that figure but that is what is being bandied about—is there whether or not we have new nuclear build. The Bill reflects a new determination to tackle that whole question, not just in the narrow sense of decommissioning but in all that goes with what will be done as part of that so-called £40 billion legacy. Even if we are behind such countries as Finland—I think we are, although strangely enough they were not the pioneers of Windscale, Sellafield, Cap de la Hague and so forth—that is something which they are now exemplars of.

I turn to the relationship of all of that to renewables, wind energy and the very interesting contributions which have been made on that point. Although I am not quite such an enthusiast for wind energy as some commentators—there do not appear to be many enthusiasts in this debate among people with long experience of energy policy—I support the contribution of wind energy. Equally, I am not surprised that renewables—mainly wind energy and hydroelectric which, of course, cannot grow very much—have not been able to reach the target of 3 per cent for this year. We must remind ourselves that wind energy was always meant to be part of a balanced policy. We shall struggle very hard to get 15,000 turbines up and running even by 2020. I shall be corrected if I am wrong but I believe that is the arithmetic. Coincidentally, the target corresponds to the amount of electricity generated by nuclear at present. That is not to say that the whole of nuclear would be shut down in that scenario. It just so happens that that is the amount of electricity involved.

However, against that background it would not make a net addition to the CO_2 target. I think that some people may be confusing the CO_2 target with the renewables target. If wind power is swapped for nuclear power there would be no addition to the CO_2 target. I have often thought that the nomenclature for nuclear could be widened to embrace it as being one of the renewables. In effect, we are not short of uranium; there is plenty around, and it should fall into the same category. There has also to be considered the financial arrangements for taxes, levies and subsidies to meet Kyoto targets which are not, on the face of it, on a level playing field at present so far as concerns nuclear and other forms of non-fossil fuels.

My concern is not only that we should not make a big programme of renewables; there have to be some in places which are visible. I am not one of those who squeal at this. This is not a nimby issue but we must be careful that we do not allow ourselves to get into a position where there is a danger of wind farms being oversold.

In some respects in meeting these targets we are on a down escalator going up. It is highly commendable that the Government are taking the issue of renewables as seriously as they are. However, that leads to the equally strong commitment to considering very soon the timescale and wherewithal of moving towards a nuclear build programme, which arises from this debate, not least because of the question of energy security in its broader sense.

This issue has become prominent in the weeks and months since the publication of the White Paper in February. Now that we have reached December, I believe the mood of the country is much more one of concern than it was in February. Whether we think of Russia, Central Asia or the Arab tates, when we reflect on the position in the North Sea and the percentages that are being talked of in the medium term, people are a little worried, not about the lights going off just like that but about the general negotiating leverage that we shall find ourselves at the wrong end of.

Perhaps the Minister can confirm an interesting point raised by the noble Lord, Lord Gray, who referred to a report, which I thought was very well done, from the Trade Unionists for Safe Nuclear Energy (TUSNE) on the costs of nuclear being below the cost of renewables. If we all sat here for the whole of the weekend we would not agree on this or on any other question of how one compares apples with apples in the energy debate. My view is along the lines that taking the total cost economics of externalities, nuclear comes out pretty well. Perhaps my noble friend can comment on the fact that we are not apologising for nuclear as being a very uneconomic form of energy. That does not need to be thrown into the balance because of energy security. It will make a major contribution in the medium term only if the economics work out. I think the French have made the economics work out and I have no reason to think that they do

[LORD LEA OF CRONDALL]
not work out, but the question of how one does the arithmetic is debatable. Again, a little more arithmetic in due course from the Government on the contrasting subsidy regimes is necessary if we are to have an adult debate. I have not read all the documents on this subject and may have missed this, but I do not think it is easy to pick up that point directly at present.

Finally, all forms of energy require a great deal of engineering and that is an area where public education—I include education in schools—has gone wrong. I go into schools from time to time. In them there seems to be a kind of engineering free world. There are nice pictures on the walls. Everything is green—with respect to the noble Lord, Lord Beaumont.

I am very much in favour of sustainable development. I was part of the government delegation to Rio de Janeiro in 1992. We have always stood very much for sustainable development. But this naïve and facile greenery, this world with almost no engineering, is not a real world. It is not a proper part of public education. We must put that right in the schools. There are many things going on in schools, but I do no think that we have that right at the present time.

If the situation in the schools means that there is no future for this kind of industry, what will happen to the present stock of skills? A very distinguished member of the industry put the point only the other day. She said:

"The nuclear industry so far as its future possibilities of development in this country are concerned, is all in the brains"—

and she pointed at her head—

"of those approaching retirement".

I thought that that was a powerful way of looking at the matter.

I turn to the question raised about Defra versus the DTI. The Bill will be introduced by my noble friend in this House. Some Bills must begin in this House if are to make some attempt to deal with the congestion at the end of the Session. I do not think there is a real point here. Twenty years ago the noble Lord, Lord Heseltine, I seem to remember, was Secretary of State for the Environment and had some responsibilities on the matter. This issue has been handled in Whitehall in different places and at different times. Am I not right that the noble Lord, Lord Jenkin, was Secretary of State at the time of the three-day week, and that he gave us some advice with a homely touch about dealing with shortages of supply at home at that time? It was then the Department of Energy. So the issue can be dealt with in different ways.

I was a member of the Energy Commission in the late 1970s. I think that had some crosscutting advantages, but it was shut down under the noble Baroness, Lady Thatcher, quicker than one could say, "TUC go back to Moscow". Ever since it has not been flavour of the month in Whitehall.

All noble Lords have moved some way from the content of the Bill, but this is an opportune moment for everyone to put these wider considerations into the arena. I very much look forward to my noble friend's response.

5.2 p.m.

Lord Chorley: My Lords, I shall try and be a little briefer. I think it was the noble Lord, Lord Ezra, who best summed up the Bill. He said that it should be re-titled the "Energy (Miscellaneous Provisions) Bill". It is, as he said, a Bill of missed opportunities which, as I think almost every speaker has said, has little to do with the real energy supply issues that we shall face in the years ahead as we shut down not only our nuclear power stations but our expertise and rely increasingly on wind power and energy from abroad. I emphasise that in this sector the lead times for decisions to be effective are long—10 to 20 years.

I do not wish to go over all the ground again, either on nuclear or wind power. I simply find incredible—indeed, alarming—the seeming faith that the Government have in wind power. It is a hugely expensive, inefficient and unreliable source of energy. Some of the facts and figures quoted by the noble Lord, Lord Christopher, who I see is not in his place at the moment—

Lord Lea of Crondall: Yes, he is.

Lord Chorley: I apologise.

Lord Christopher: They seek him here; they seek him there.

Lord Chorley: I was about to say that his was an outstanding contribution to this debate from someone who clearly knows what he is talking about, as was the speech of the noble Lord, Lord Jenkin of Roding. They confirm and amplify that the Government are going for wind hell for leather and regardless of the economics. They are appeasing the anti-nuclear lobby while seriously worrying the older and more traditional environmentalists.

One of our concerns is the proposal to chip away at long-established planning arrangements. Last week, when we debated the gracious Speech, I referred to the proposed changes in the draft PPS22, which will replace PPG22. In a number of respects, that significantly weakens the national park and AONB protection. The noble Lord, Lord Bridges, touched on that today. I shall not repeat myself.

I want to consider another aspect of the planning arrangements, which is tucked away almost at the end of the Bill. I refer to Clause 150. The admirably succinct overview of the Explanatory Notes says that this clause is to,

"reform the planning system for large energy projects handled by the DTI to enable the appointment of additional inspectors to speed up public inquiries".

Rather more detail is given later in paragraphs 370 to 373. Reference is made to the need to consider the issues at public inquiries concurrently, rather than sequentially and to the fact that that might be the approach adopted for large power stations—by that I assume they mean those over 50 megawatts capacity—and overhead lines. I assume that that means the grid and so on.

I want to ask the Minister today what all that will mean in practice and whether we should look for some form of safeguard to protect people with legitimate concerns about landscape and planning issues. When there is all this pressure, there is a tendency to get out the bulldozer to override legitimate objections. For example, would, contrariwise, Clause 150 be helpful in dealing with a scenario—I think that it is a real possibility—that I raised last week? I shall paraphrase it, but the detail is in *Hansard* for 4th December. I said that there were many applications for wind farms in Cumbria and that no doubt there might be many more. Each is likely to be fiercely fought over by the locals. Last week, I said:

"It seems absurd to hold perhaps a dozen—or maybe more—public inquiries, in many instances in overlapping areas. Surely, there must be a better way forward. Would it not be fairer and more sensible to establish a reasonable amount of wind farm energy to come from Cumbria outside the national park and its buffer zones and then to settle the individual sizes and locations by a single inquiry?".—[*Official Report*, 4/12/03; col. 462.]

Having dozens of inquiries overlapping each other would be extremely expensive and inefficient.

I can best summarise my concerns in the form of four short questions. First, does Clause 150 have any relevance to the kind of scenario that I have just postulated? If so, how? Secondly, how in the circumstances of wind farms is a major power station defined; ie geographically? Thirdly, how in practice would power lines be dealt with? We know that we have to rebuild the National Grid to accommodate the new geographical sources of power and that that will cost at least £1 billion. Fourthly, how would the arrangements ensure that the relevant third parties—the public or those with a legitimate interest—are put on an equitable footing in the case of concurrent inquiries or indeed concurrent sessions of inquiries? There may of course be many other questions that will emerge.

I am not seeking an answer to those points today from the Minister. He has enough to do. Indeed, it would seem to me to be much more practical and productive in the first instance to discuss the points around a table. That would seem to be a rather more useful way than jumping straight in with probing amendments in Committee.

5.9 p.m.

Lord Maclennan of Rogart: My Lords, understandably, much of today's debate has focused on what is not in the Bill. I hope that the noble Lord, Lord Whitty, may regard my intervention as something of a relief, in that it will focus almost exclusively on what is in the Bill. I have two particular concerns, both of which fall under Chapters 1 and 2, dealing with the establishment of the Nuclear Decommissioning Authority and the powers given therein to the Secretary of State to make transfer schemes to change the management of nuclear licensed sites.

I am fearful of the impact of those arrangements on existing decommissioning programmes, which are currently being undertaken successfully by the United Kingdom Atomic Energy Authority, which, as a non-departmental body, would be required to become a contractor required to bid case by case in any future competition for the management of its sites.

As noble Lords will know, the authority has responsibility for Dounreay, Windscale, Risley, Calham, Harwell and Winfrith. Dounreay, which pioneered development of the fast reactor technology, is now carrying out decommissioning and environmental restoration of the site. Windscale has two major decommissioning projects demonstrating to the world that such a facility can be safely dismantled to plan using existing technology.

At Risley, the site has been restored and developed. At Harwell, formerly the centre of the UK's civil nuclear research programme, decommissioning and environmental restoration is at an advanced stage. At Winfrith, many of the nuclear facilities—including six reactors—have been removed and the site is being transformed into a highly successful business park. In 2002, Brian Wilson, the then Minister, celebrated the de-licensing there as the largest area of land to be removed from nuclear site restrictions in the United Kingdom, which is the ultimate target for all decommissioning. Fusion continues at Culham, but even there, attention is being given to the ultimate decommissioning of the site.

I do not suggest that the UKAEA has been faultless in discharging its roles. It made mistakes and was rightly criticised more than five years ago for poor safety and management standards caused by over-reliance on contractorisation. Since then, its recovery has been impressive—as I am sure that the Minister will agree—and lessons truly learned, as the regulators have confirmed.

Accordingly, UKAEA is able to bring a wealth of experience to decommissioning. It has been instrumental in developing a project and contractor relationship where the work is directed by the authority but carried out by private sector companies in a strict regime of competition. The founding principle of that approach has been the policy of separating planning and programme management from implementation.

Under that approach, the long-term management of the sites has remained the responsibility of a public body, while the involvement of the private sector in implementation has been maximised by competitive procurement. More than 70 per cent of that work is now external—mainly through independent contractors appointed by competitive tender.

In 2001, the Department of Trade and Industry undertook a major review of the UKAEA's performance. The review recognised the progress that it had made since 1996 and commended that performance, including work done to recover from serious criticism of safety standards at Dounreay.

However, it appears that the creation of the proposed Nuclear Decommissioning Authority stemmed not from that experience but from financial problems in BNFL which emerged two years ago. The NDA will be a non-departmental public body with a mission of nuclear site

[LORD MACLENNAN OF ROGART]
clean-up. However, the UKAEA is such a body already doing that job on those sites. As a consequence, there is a danger of creating a parallel hierarchy. The requirement on the UKAEA to create capability where the organisation bids on a site-by-site basis could produce major disruption, which I doubt could be seen to be in the public interest.

The new arrangements must raise some questions about whether the UKAEA has a long-term future at all. A decision to put management of a site to competition, currently managed by the authority, would almost certainly require the break-up of the UKAEA into a number of site licensee companies and, given its small size, the loss of one of those sites would make its clean-up role at the remaining sites difficult to sustain. That would be especially true for Dounreay—by far the biggest site and increasingly the centre of the authority's engineering and technical expertise.

Also, if the authority is obliged to bid, its status as an NDPB is bound to cause restrictions on it that would not apply to other bidders in the private sector, so it would not be competing on an entirely equal basis. There are a number of possible solutions. I agree that it would not be appropriate for the Minister to address those detailed questions in today's Second Reading debate. In a sense, they are thoughts that my successor as Member for Caithness, Sutherland and Easter Ross, John Thurso, would have wanted to raise had the Bill begun in another place. None the less, I think that it is helpful to raise a range of possible approaches that should be considered before the Bill concludes its passage through this House.

The White Paper, *Managing the Nuclear Legacy—A Strategy for Action*, which the Bill is intended to implement, stated that the Government do not intend to change the ownership of the sites unless and until there is a need to do so on the basis of UKAEA's performance. It offered the authority the opportunity to demonstrate that it should be the supplier of choice for the NDA. However, there is no reference to that in the Bill, which gives rise to concern. If that remains the Government's policy, the position could be clarified by adding a new subsection to Clause 9 confirming that that policy remains.

Alternatively, the power to make nuclear transfer schemes for UKAEA sites in Clause 35 could be qualified to reflect the fact that a change in site management would be triggered only by a failure to deliver set standards of performance. Taking that argument further, the UKAEA could be allowed to get on with the job that it has started so well without having to devote its scarce resources to accounting for every move to the new authority, which can hardly be an efficient use of public money. I do not believe that that was the result envisaged in the White Paper or the Bill, but it requires more consideration.

Indeed, it is reasonable to ask whether the UKAEA should be written out of the Bill altogether. It may be left open to the Government at some stage in future to consider including the UKAEA—the Secretary of State could be empowered to bring that back as a matter for Parliament to consider. That would at least provide a reasonable degree of certainty and ability to plan for the future for UKAEA, which the Bill makes more difficult.

Although its apparent intention remains to award the first contract to the UKAEA, the duration of those initial contracts is yet to be determined and to be subject to approval by Ministers. I propose that the concept could be pushed a little further.

There is a wider principle, which might simply be a matter of clarification, regarding the principle duties of the NDA, as set out in Clause 9(1). They include the protection of the environment, public health and safety and nuclear security. However, they do not include the need to support fragile local economics, which depend heavily on nuclear sites for employment and business opportunity. However, Clause 10(2)(c) gives the NDA powers to make grants or loans in support of local communities. I put it to the Minister that a sub-paragraph should be added to Clause 9(1) emphasising the importance of protecting the social and economic life of local communities.

In setting up the two sites, not least that at Dounreay, their impact on the economic and social lives of local communities was certainly considered. It was thought desirable to locate the sites as far as possible from concentrations of population, with massive impact on the area. That was all considered a great deal—no doubt by the government led by the noble Earl's grandfather, who was mentioned by the noble Earl, Lord Attlee. of which he spoke. At this time, that should be made explicit again. The Minister has made explicit the Government's concerns about Cumbria in the Sellafield context; similarly, he could make explicit their concerns about the other areas, not least Dounreay, the biggest UKAEA site.

My final point relates to Clause 10(2)(g), which empowers the NDA to delegate the maintenance of a pension scheme to the UKAEA. That is a sensible, desirable proposal. Is it possible to go a little further by indicating that, although it is not provided in the Bill, it is the Government's wish that the NDA consider delegating the management of its pension scheme, or the scheme that it is empowered to create, to the office in Thurso. That office has done extraordinarily good work for the authority and other public agencies. I wish to be assured that the Government would prefer that the Thurso office be given that opportunity to manage pension schemes for the NDA staff and any new arrangements that might replace the current UKAEA scheme.

I thank noble Lords for considering those issues, which, in the wider scheme of the debate, may have a more local focus than earlier contributions.

5.24 p.m.

Lord Monro of Langholm: My Lords, much in the Bill is good, but it has had such a cool reception from the House generally because it leaves out the important issues of policy relative to the mid-term supply of electricity to this country. The Nuclear Decommissioning Authority is a worthy project, and I

look forward to seeing it work at my own nuclear power station—so to speak—at Chapelcross in the years ahead.

Chapelcross, which is two miles from my home—I have never been afraid of nuclear energy—was announced in 1955, since when it has worked tremendously efficiently. I have given it unstinting support in Parliament and, with the noble Lord, Lord Christopher, done everything possible to extend its life past what it was originally designed for. BNFL and its chairman have been successful in continuing for much longer than we ever thought possible. Chapelcross is reaching the end of its life and will be a candidate for the NDA. That will spread over many years and will provide some form of employment during that time. I wish to put on record the fine work and many achievements, including the exceptional safety standards of the workforce, in that plant over nearly 50 years. Production has been highly efficient, and the plant has had tremendous involvement in the community and played a full part in that area of the south-west of Scotland.

That licensed nuclear site employs 450 skilled workers, yet its days as a nuclear operation are to end. Do the Government not anticipate any further development on such a nuclear site? Are they throwing away the chance to have a nuclear plant in place by 2020, which we will need desperately, and, at the same time, retaining the excellent 450 workers who have done so much over such a long time?

The Minister said that resources would be provided at Sellafield to help regenerate the area when redundancies took place—the noble Lord, Lord Maclennan, mentioned that also. Does that apply also to other Magnox plants due for decommissioning in the not-too-distant future?

The Government's White Paper and their presumed energy policy was a disappointment, with most of the policies sitting on fences that were crumbling underneath them. Inevitably, in 20 years' time, when nuclear production is almost finished, we shall be short of power. In autumn, I was in the United States during the two crises. The first spread from Canada to New York and blacked out the whole area, and shortly afterwards, in Maryland, a hurricane, which I thought was no more than a good gale, put the electricity supply out of action for eight days. My relatives and I sat in the dark, without air-conditioning, light or refrigeration for eight days while they tried to sort out the electricity supply problem. If that can happen in a high-tech country such as the United States, particularly on the eastern seaboard, what on earth could happen here? We do not seem to be planning for what could happen in the years ahead.

Why is it so important? The Government seem to be afraid of nuclear power and of their own Members of Parliament who dislike it. We are throwing away an asset, with wonderful manpower, tremendous technology and experience. I hope that the Government will reconsider their position on nuclear power and providing more of it by 2020.

In October 1996, I initiated a debate in another place on wind farms and telecommunication towers. Telecommunication towers have continued to develop and are located on almost area of high ground in the United Kingdom. The practice has been a disgrace since the start; planning was far too liberal and impossible to understand. You cannot put a flagpole with a Union Jack at the end of your garden, but you can put a tower on top of a hill and nobody could care less. Years ago, we talked about the march of the conifers that was destroying our countryside. Now we talk about the march of the turbines. We really must consider whether we are going to put up with all these wind farms, and at the same time do away with nuclear power. We can develop wave power, which is unlikely to be significant, and tidal power, which was considered earlier on in terms of the Solway barrage and the Morecombe barrage. They proved to be impracticable because we do not have as big a standard tide as in northern France. I would like to see more development of hydropower.

I find it such a paradox that the Minister is developing a new common agricultural policy, decoupling production grants and doing everything to improve the environment and the beauty of the countryside, but his colleagues with responsibility for energy are all set to dot wind farms all over the countryside, ruining what he is trying to improve. That is quite ridiculous, especially when we look at the answer to a Question that the noble Lord, Lord Lea, asked the other day. The Minister said that 10,000 to 15,000 towers, all 250 feet high—which is taller than Big Ben—must be dotted about the United Kingdom in order to provide an amount of electricity equal to that which we will lose by 2020. We need 160 square miles of the United Kingdom for that, which is a huge area. Yet we do not seem to care about what we are doing to the beauty of our country by putting up these wind farms, which produce such a minimal amount of power.

Wind power is inherently unreliable—we are talking about 30 per cent efficiency. The noble Lord, Lord Christopher, told us that efficiency in Denmark was only 25 per cent. I have been to Denmark and seen the wind farms and I am horrified. I have been to Wales, where they are worse. In England, they are disastrous. Now we are ruining Scotland with pylons here there and everywhere. It is particularly infuriating, when all this is saving not one item of the fossil fuel that we will need in 2020 to provide electricity for this country. We have gained nothing on carbon emissions, yet destroyed something irreplaceable in our islands.

The Government seem to have a policy of wind farms at any price. Inquiries come and go. The Government approve every application that is turned down by the planning committee. If planning committees do not like a proposal and there is a deemed refusal for a large wind farm, the Government call it in, give permission and produce a huge subsidy to please the applicant. There was an application for a wind farm in the middle of the Solway Firth, which divides Scotland and England. The Scottish Office

[LORD MONRO OF LANGHOLM]
called it in and gave approval. There was no inquiry. That is why the nation is getting so fed up with the attitude of the Government, who are steamrollering—if that is the right word—wind farms all over the United Kingdom despite complaints.

Every day in the press there are letters—in *The Scotsman* and the *Glasgow Herald*—complaining about wind farms that are developing in Scotland all over the place from the Dornock Firth, which the noble Lord, Lord Maclennan, knows well, and Banff, to my own home of Langholm. Wind farms are going up everywhere and applications are coming in in droves. The towers are all 250 to 300 feet high. One begins to wonder whether we will be decommissioning wind farms in the distant future, never mind decommissioning nuclear plants.

I cannot understand why the Government are so hell-bent. They are keen on national parks, CAP reform and grants for the environment, but ruin all that by putting 250 foot towers here, there and everywhere. Noble Lords should look at the size of big Ben and think about what 10,000 of those are going to look like dotted about the United Kingdom—or 15,000 if the Minister is correct.

Will the Government think again about what they are doing to our environment? We are not gaining a thing. We are not gaining any green gases from this policy. The whole thing has got out of hand. The previous Minister seemed to be so enthusiastic about wind farms that he could not stop promoting them here, there and everywhere. Let us stop that and think again about our energy policy.

5.35 p.m.

Baroness Miller of Chilthorne Domer: My Lords, this has been a very interesting debate. One thing is quite clear: the Government must make a decision on whether nuclear power will have any role in the future energy policy for this country. That point was made clearly by my noble friend Lord Ezra at the beginning of this debate and was made by nearly every noble Lord, whether pro-nuclear or not. It is beyond doubt that there is an energy gap that must be filled one way or another. If nuclear generation is to be contemplated, we must see the costs up front. We cannot afford to live with the myth of cheap power only to pick up an annual bill that runs into billions of pounds to deal with the waste.

If we are not to have nuclear generation, the Government must say so. Until the Government make quite clear what the future is and state their decision, renewable energy generation will never receive the investment—or, having heard the tone of some of the debate this afternoon, the serious consideration—that it deserves, or the serious impetus that it needs to fill that energy gap.

The Bill is in two parts. The first part deals with the legacy from the past and the second looks to the future. I agree with noble Lords that we should concentrate on what is left out of the second part rather than what is included. Several noble Lords referred to their disappointment about various parts that are left out of the Bill, whether combined heat and power plants or other forms of renewables.

I shall start with the legacy from the past in the first part of the Bill. We should welcome the Government's commitment to grasp the difficult issue of the nuclear waste legacy. Indeed, I believe that is quite praiseworthy, because it is usually politically expedient to consider the short term at the expense of the long term. That is what has happened as regards nuclear waste over many years.

Although I heard the noble Lord, Lord Jenkin of Roding, comment that the Bill kicks the issue into the long grass and that the Government want to kick it on further, I do not believe that that is the intention of the Bill. Clearly, it is not my job to defend what the Government intend, but I am happy that they intend to address the issue with some vigour.

There are a number of drivers in this, not least the decommissioning of the Magnox and the complexity of the sites. I live near Hinkley, with which I am quite familiar, where there is a mixed-site use. It has been difficult to deal with the complexity of waste issues with all the various components, including water, sludge, used fuel rods and so forth. There is also the matter of the transportation of various kinds of waste once a decision has been made about where it is to be stored. We cannot continue with the situation that we have, for example, at Hinkley where large amounts of waste are stored with no planning permission nor any long-term plan. The authorities in charge have a difficult job to do when there is no framework against which to do it. I therefore welcome the first part of the Bill.

When nuclear power started out, I believe that it was hailed as clean and so cheap as to be almost free. In reality, it has turned out to be the opposite. Today, we have heard comments that the costs of initially building the plants were cheap. Of course, when compared to the cost of decommissioning and dealing with waste, it certainly was cheap.

I do not believe that the public have been clearly presented with the costs of decommissioning and the clean up. Today, we have heard comments to the effect that it will cost some £50 billion. In *Defining the Legacy,* the Government are very helpful in the graphs: on page 19 costs are outlined until 2160—that is, not just for our children or our grandchildren's lifetimes, but our great-grandchildren's lifetimes. For 40 years of electricity production, we are now stuck with waste that is difficult and dangerous and for which we must find safe storage. The noble Earl, Lord Atlee, referred very well to some of the issues as regards finding a site where storage might be possible. If my maths is correct—it is quite difficult when the sum is £45 billion, with all those noughts—it costs about £764 for each person in the United Kingdom, which equates to at least £1,507 per household. I have taken only the basic costs.

While the Government are very nice to propose in their new Bill to give £250 per baby born, when the general public work out that the clean up of nuclear waste will cost about £700 per person, they will

question whether there is a future for the nuclear industry. I am in no doubt that this money must be spent on the clean up. No one should consider suggesting constructing more nuclear fission plants until we understand whether it is truly economic when so many of the costs are loaded on to the end part of the process.

That is by no means all of the public money that is being spent on the clean up. There are other hidden costs not included in the graph to which I referred. For example, the deal in June 2003, between British Energy—a private company—and BNFL, which restructured the fuel contract effectively transferring a further £230 million to be met by the public purse. We cannot say that dealing with waste will be cheap or easy.

I should like to highlight the point made by the noble Lord, Lord Beaumont, about what exactly the Government mean by nuclear waste. He raised the issue of separated plutonium—to which I am sure that we shall want to return in Committee—and questioned whether it is to be dealt with as waste or whether some of it could be regarded as fuel, which would give a different feeling about whether there would be new nuclear build in future. One of the main arguments against nuclear has always been economic; that has not changed. We are just now picking up the true bill.

I turn now to the other part of the Energy Bill, which deals in a limited and disappointing way with the important issue of renewable energy. Noble Lords today have tended to imply that wind power is the only form of renewable energy that needs consideration. That may be partly because the second part of the Bill deals with offshore wind farms. Therefore, although a great number of the comments about onshore wind farms are important and need to be considered, they do not need to be so much of a consideration in this part of the Bill.

However, what I should really like the Minister to comment on is how much emphasis the Government place on tidal and wave power projects when they talk about power from offshore sources. For example, the Severn Estuary boasts the fourth largest tidal ebb and flow in the world. That is a tremendous resource. I am aware of several experiments presently under way such as those off the coast at Swansea, Lynton and Lynmouth, which could lead to some exciting innovations. When noble Lords talk about developing technologies for the future, it is important to think of innovation in those kinds of areas. We do not have to look back to the nuclear industry when considering what might be done in the future. The experiments I have just described, once they have been concluded, deserve to be well resourced.

There are many more productive ways of addressing the issues around climate change, for example, than simply emissions trading. At the start of the debate the noble Lord, Lord Whitty, said that we could be a world leader, pointing the way for others. I believe that in the new technologies surrounding wind and wave power, we should aim to do exactly that. So I am disappointed that the renewables part of the Bill is so restricted.

Offshore sources of power are rightly attractive. For example, tidal power is constant and reliable. Noble Lords have made much of the fact that the wind may or may not blow, and solar power can be criticised because the sun may or may not shine. However, solar power sources continue to operate even when the sun does not appear to be shining through the clouds. But tidal power certainly is constant and is a source of energy on which we should concentrate far more.

I am disappointed that this part of the Bill does not encourage communities and individual householders to think much more about the production of renewable energy. One of the difficulties in this area is that communities will readily object to wind turbines unless they are closely linked to their community, as is the case in Swaffham in Norfolk, where the town itself benefits from the turbine it has built. I think that the Government are aware of other good examples, such as those in Leicester and Woking. More emphasis needs to be placed on what communities can do for themselves and the benefits they can derive from their efforts.

I turn to individual households and combined heat and power micro units. It is very disappointing that the Bill makes no mention of these. By the end of 2004, such units will be available for individuals to buy and use within their own households. As they produce heat, electricity will be generated for free. However, if they produce any extra electricity, then the mechanism to send that surplus back to the grid is not in place. No guidance has been produced for how to have such a meter installed and there is really no incentive to convert to that system. This is the kind of issue to which I want to return at greater length.

The Bill should set a framework within which connections of that kind can be made in a straightforward manner. It should also ensure that all possible assistance is given to individuals to enable them to help themselves, whether with small wind units on their roofs or solar-powered combined heat and power units. They should be able to access, if you like, a one-stop energy shop. We do not see an imaginative approach of that kind taken in this Bill.

Finally, I am worried that the renewable energy zones at sea have been produced by the Government in the absence of a marine Act. The marine environment still does not benefit from any kind of protective planning framework—it is an entirely unprotected zone. Indeed, I do not think that the Bill complies with the spirit of the Environment Protection Act 1990 which requires that the environment should be protected. The marine environment should be no exception. We shall want to raise several issues around the use of marine areas.

So while I welcome the Bill because it provides an opportunity for discussion, in particular around what more we could do about renewable sources of energy, I believe that we will have to spend quite some time—and, may I say, energy—in Committee on a whole range of improvements.

5.49 p.m.

Baroness Byford: My Lords, before I wind up at the end of this excellent debate on Second Reading, perhaps I may begin by congratulating my noble friend Lady Miller of Hendon on her excellent response to the Minister's presentation of the Bill. My noble friend pointed out that she has not had the pleasure of working opposite the noble Lord, Lord Whitty, while taking a Bill through the House. I think that this will be my seventh occasion working opposite him—so we have a long history. I assure him that she is tenacious and I know that she will prove a formidable opponent.

I promise the Minister that there are things in the Bill that we on this side support and are pleased to see. But as other noble Lords around the Chamber have reflected, there is much that is missing from the Bill. It has received a cool reception; I think that most people have acknowledged that there is some good in it, but that there is a lot more to be done in Committee.

My noble friend highlighted two issues that I want to mention at this stage. One is the position of the reversal of the burden of proof—something I raise every time we discuss a Bill, as the noble Lord will know. The other is the huge, undefined Henry VIII powers. In paragraph 4 of the second report of the Delegated Powers and Regulatory Reform Committee, the committee acknowledges that there are Henry VIII powers in the Bill but says that it considers them to be appropriate. But I suspect that we shall need to look at this in greater detail in Committee.

These powers do not appear in the Bill just once—they are in Clauses 24, 32, 72, 142 and 155. They are in paragraphs 5(4) and 6(5) of Schedule 7, paragraph 8(7) of Schedule 10, paragraph 21 of Schedule 19, paragraphs 32 and 45 of Schedule 20 and paragraph 14 of Schedule 22. So it is not just an isolated incident.

We are facing a rising demand for electricity and steadily lessening production capacity. Last December's peak demand of 54,800 megawatts was satisfied from a notional capacity of 65,000 megawatts. Already that capacity has fallen below 60,000. Some 32 per cent is generated from coal and 23 per cent from nuclear power. By 2016, it is possible that there will be no coal-fired stations left, leading to a capacity shortfall of some 20,000 megawatts. Just four years later, there will be only one nuclear plant in operation, yielding a further shortfall of some 10,000 megawatts. In other words, by 2020 half of our current electricity generation facility will have gone.

To make matters still worse, 90 per cent of the gas-powered generation will have to be supplied from overseas—some 21,000 megawatts of capacity. Several noble Lords have mentioned their fear about future security of supply.

Targets have already been set to produce 10 per cent of our energy requirement from renewables by 2010. On 2nd December, a further firm target of 15.4 per cent by 2016 was announced by the Government. They set the targets and the electricity generators pay the fines for not reaching them.

Achievement figures are always months behind the calendar, but the current figure of 3 per cent from renewables seems generally accepted. Will the Minister list for us the projects which are going to raise that level to 10 per cent in six years? Will he specifically mention the ones the Government had in mind when they replied to the Commons Science and Technology Committee with an allusion to,

"renewables projects now off the drawing board and into the planning system"?

Will the Minister also state how much energy each will deliver by 2010 as opposed to their rated capacity?

We use petrol and diesel for transport; we use solar cells, diesel, coal and paraffin for heat and power; but, overwhelmingly, we use electricity—for light, for heat, for power and, increasingly, for transport. Tacitly, the Bill recognises that and would in my view be better entitled the electricity generating Bill, although others have topped my interpretation of this.

The Bill contains nothing about demand reduction as one strand of policy to meet the anticipated shortfall. It contains nothing about the possibility of nuclear new build. It contains nothing about the use of waste materials to generate heat and power, and it is also silent on measures to ensure that when one part of a development chain fails the remaining part will be indemnified against loss. Those farmers who sought to make a contribution to the use of renewables by growing miscanthus and willow for the ARBRE project are unlikely to do so in future, because the project failed. The Government should legislate so that never again can a foreign company strip the assets from a renewable generation project.

It is essential and vital that the clean-up of our nuclear industry is done well, and we welcome that part of the Bill. Our knowledge has grown over the years, and the new plant is designed with decommissioning in mind. The early versions were not so prescient, and the problems that they present are many and varied, starting with the alarming fact of inadequate drawings and site plans.

As other noble Lords have said, the NDA will have to hit the ground running in April 2005. It is intriguing to speculate why the Government have chosen to start the legislative procedure in the Lords. I hope that the Minister will answer that question. By doing so, they have reduced the time available for setting up the NDA until after the Second Reading in another place. My noble friends Lord Jenkin and Lady O'Cathain made that point. It is also intriguing to surmise—and no doubt we shall find out in Committee—how the relationship with Scotland will be handled. It would appear that there will have to be a bridge between devolved and central responsibilities.

I am particularly concerned about the need to manage an incipient skills crisis, which is something to which many noble Lords referred. School children are repudiating science in favour of media studies and psychology. Undergraduates and postgraduates are no longer opting for nuclear specialisation. Operating those plants and future plants demands different skills from decommissioning them. Building them is yet

another branch of the art. If we do not address the issue, what will we do if, in 10 years' time, the industry is so run down that we cannot attract sufficient staff to run those plants still in operation, never mind destroy those that are out of date?

I turn to specific issues that I should like to highlight and which have been raised around the Chamber. The noble Lord, Lord Ezra, rightly referred to the Bill as the Energy (Miscellaneous Provisions) Bill, which is better than the term that I used. The Government have wasted an opportunity, as many noble Lords have suggested. My noble friend Lord Dixon-Smith said that he felt that the Bill was a statement of aspiration and a one-sided look at energy needs, not including nuclear nor dealing with other renewables in total. Too much emphasis, as the Minister will have gathered, has been placed on wind-farm production. The noble Lord, Lord Christopher, challenged the figures that the Government are using and predicted that the outputs, even then, will not be sufficient. My noble friend Lady Miller of Hendon said that not including heat and power was a miss for the Bill.

There was a disgraceful situation at the opening of this Second Reading, which was unlike the noble Lord, Lord Whitty, the Minister, who is normally always one step ahead. In his opening remarks, he said that the Government would bring forward an amendment to the Bill, even before my noble friend Lady Miller of Hendon had the chance to respond. We find that totally unsatisfactory. Those noble Lords who have worked on Bills with myself and the noble Lord, Lord Whitty, will know that it is not a new phenomenon. For example, the whole question of fluoridation did not appear in the original Water Bill and had to be added at the end. Those who attended debates on the Countryside and Rights of Way Bill will remember that the fourth section—because it was actually four Bills in one Bill—on areas of outstanding natural beauty was not even published until after the Second Reading in our House, having already been debated in another place. The Government's performance is questionable at best. If one was being cynical, one would say it is absolutely incompetent.

Several noble Lords referred to national security and the safety of supplies. The charge was led by my noble friend Lady Miller, but concerns have been echoed around the Chamber by the noble Lords, Lord Beaumont, Lord Bridges, Lord Christopher and Lord Lea, and by my noble friends Lord Dixon-Smith, Lady O'Cathain and Lord Attlee, to name but a few. The Minister can be in no doubt about the feelings expressed in the Chamber today.

Is the Minister satisfied that, if the Bill goes through as it stands, there will be security of safe supplies in the future and a low risk of acts of terrorism? I do not expect him to answer at this stage my question in regard to terrorism, but it is an issue of huge concern. Certainly ensuring a secure, constant and total supply of power is important.

Several of my noble friends referred to wind farms and I wish to ask the Minister three questions about them. First, by the very nature of the expression, several offshore wind farms will be built in the sea. Will the fishing fleet be banned from such areas? If so, how far from them will the ban extend? Or have the Government not even considered whether there might be a problem? Secondly, the noble Lord, Lord Bridges, referred to wind farms being built on the Continental Shelf. Is EU permission required for that, or can the Government press ahead with it straightaway? Thirdly, as regards navigation rights—a matter touched on by my noble friend Lady Miller—will the restrictions on them run contra to human rights? Do those rights overlap?

As regards wind farms and SSSIs, an issue raised by the noble Lord, Lord Bridges, are the Government concerned that there may well be conflicting circumstances under which, on the one hand, they are trying to preserve, conserve and encourage wildlife in the countryside and, on the other hand, they may well be driving wildlife away from particular areas?

I turn now to yesterday's pre-Budget speech. The Minister will no doubt be aware that the Chancellor declined to increase the subsidy on bioethanol. It had been hoped that such a measure would appear in the Statement. Its absence leaves the industry in limbo. The question therefore arises whether the Government are trying to direct money in one direction—that is, all into wind farms—and are quite happy to accept that other renewables will be unable to survive if they are not pump-primed to get them off the ground and to become viable businesses.

I know that the noble Lord, Lord Palmer, is disappointed that he is unable to take part in the debate. I shall not repeat what my noble friend Lord Monro said about wind farms except to say, "Hear! Hear! Hear!". Many people are very concerned about the growing profusion of wind farms. They are not small structures; they are huge. Certainly my mail bag on this issue is increasing. People are asking whether there is nothing we can do to stop this. Ultimately, these structures will produce only a minimum amount of power and, as other noble Lords have said, will do nothing in regard to carbon emissions.

I turn, finally, to the question of nuclear power. Noble Lords around the House, with the exception of the noble Lord, Lord Beaumont of Whitley, recognise that there needs to be nuclear power in the future. My noble friend Lady Miller said that the Government must take the lead on new nuclear build. It is impossible for business to do so.

Baroness Miller of Chilthorne Domer: My Lords, because there may be confusion over the two Lady Millers, I wish to clarify that I did not at all agree with the development of nuclear power in the future.

Baroness Byford: My Lords, I am sorry. I tried to shorten my speech and referred to my noble friend. I am, of course, friends with the noble Baroness, Lady Miller of Chilthorne Domer, but on this occasion I was referring to my noble friend Lady Miller of Hendon.

[BARONESS BYFORD]

The noble Lord, Lord Lea of Crondall, suggested that nuclear should be considered as a renewable source of energy. Many noble Lords on these Benches agree with him totally.

The other point I particularly wish to raise concerns skills and research and development. If the noble Lord, Lord Whitty, has not taken that on board by now, the contribution by my noble friend Lord Gray highlighted that extremely well. My noble friend Lord Jenkin of Roding made a very full speech which I shall not try to top as it speaks for itself. My noble friend really set the Government a challenge.

I say to the noble Lord, Lord Whitty, that concerns are not being expressed just by noble Lords. I do not think that I have ever experienced so much lobbying for the Second Reading of a Bill. Some 10 or 12 organisations lobbied me on their concerns about, or hopes for, the Bill. I wish to quote from the commentary on the Energy White Paper on the part of the Institution of Civil Engineers, which states clearly, under the heading, *Four Goals for Energy Policy*,

"These goals cannot all be met at the same time—the most critical goal is security of supply, because it is a pre-requisite to all others".

The Institution of Civil Engineers further commented:

"Security is best achieved by ensuring that we have a wide portfolio of different fuel sources and by maintaining sufficient reserve stocks and facilities".

All noble Lords agree with that.

As I say, the Bill contains good measures but certain measures are omitted and it contains other measures that we look forward to debating at great length with the Minister and his colleagues.

6.7 p.m.

Lord Whitty: My Lords, we have had a wide-ranging debate. As noble Lords have remarked, much of the debate concerned what is not in the Bill rather than what is in it. Much of the debate has concerned very much broader aspects of energy policy than would be contained in any Bill, as they are not by definition legislative matters. Much of energy policy depends on other instruments available to government and, indeed, the private sector, and are matters that one would not expect to see in the Bill. I am happy to respond to many of those broader matters but I hope that in Committee we shall focus on what is actually in the Bill.

First, I wish to mention a few procedural issues. The noble Lord, Lord Jenkin, asked why the Bill was starting its passage in this House. That is the quickest possible way to get the Bill on the statute book given the logjam to which it would doubtless be subjected were it to start its passage in the Commons and reach this House very late in the Session. Usually noble Lords welcome Bills starting their passage in this House, particularly ones on which there is a fair amount of consensus regarding their necessity—that is, the necessity for the measures that they contain as opposed to what they do not contain.

Baroness Byford: My Lords, I hope that the noble Lord can clarify a matter for me. I understood that the relevant provisions could not be taken forward until the Bill had received a Second Reading in another place. Is the noble Lord saying that those provisions cannot be taken forward until the Bill has received a Second Reading in this House? That is where the misunderstanding arises. I think that I am right and the Minister is not.

Lord Whitty: My Lords, we are looking at the end point of the Bill. The Bill is likely to be completed sooner by starting its passage in the Lords than if it had started its passage in the Commons. If it had started its passage in the Commons, it would have had to compete with all the other legislation starting in the Commons. Usually this House likes to see a fair chunk of the legislation starting its passage in the Lords. This is a rapid course to take for getting the Bill on the statute book.

It has also been argued that I should not be presenting the Bill but that my noble friend Lord Sainsbury should. The concept of joined-up government seems largely to have escaped those who put forward that argument. The energy White Paper was the product of the whole of the Government. Many departments were involved: my own department, the Department of Trade and Industry, the ODPM in particular and, indeed, the devolved administrations. That forms part of delivering the energy White Paper.

Earl Attlee: My Lords, will the noble Lord, Lord Sainsbury, take part in the Bill?

Lord Whitty: My Lords, he will certainly not be the lead Minister on the Bill. My noble friend Lord Davies of Oldham covers DTI matters and will assist me and will possibly take the lead at various points during the course of the Bill's passage, so the DTI is well represented. As my noble friend Lord Lea said, there has been a division of responsibility for energy matters between the DTI and various manifestations of the department for the environment for a very long time, under successive governments.

Baroness Miller of Hendon: My Lords, will the Minister confirm that DTI Ministers will handle the Bill in the House of Commons?

Lord Whitty: My Lords, I think that that is probable, which indicates how flexible and joined-up the Government really are.

Noble Lords: Oh!

Lord Whitty: My Lords, we of course have not yet taken a decision on that.

There are one or two other procedural matters. The noble Baroness referred to Henry VIII powers and the Delegated Powers and Regulatory Reform Committee. At a quick read, that committee has said that by and large the powers are appropriate, with one or two minor reservations.

The noble Baroness, Lady Miller, and others said that I should not have mentioned that amendments were coming. In effect, I was doing that as a courtesy to the House. She said, rightly in some respects, that fluoridation amendments on the then Water Bill came very late. Surely she would have been gratified had I indicated at Second Reading that such an amendment was likely. As we knew about the two amendment areas of offshore transmission and the north of Scotland problem—the noble Lord, Lord Gray, subsequently very much welcomed that—it seemed sensible to tell the House about them.

In any Bill that starts in the Lords, it is likely that there will be government amendments. The normal complaint is having government amendments right at the end of the Lords procedure when the Bill has already been through the Commons. With that I have some sympathy, but I do not have sympathy with the present complaint.

Baroness O'Cathain: My Lords, the point surely is that, when a Bill comes to the House, amendments should not be coming from either the Government or the Opposition until after Second Reading. The point that I made was that we actually had a draft Bill and that that really was not good enough. When Bills come to this House in the first place, they should be the best possible Bills with the latest government thinking. The Government should not tell us on the morning of Second Reading that amendments are coming.

Lord Whitty: My Lords, I doubt that a Bill of any size has been introduced in this House in the past few decades to which a government have not made some government amendments.

Noble Lords: Oh!

Lord Whitty: All right, my Lords. The Government will take note of the objection and, henceforth, we might not mention at Second Reading what we know that we will propose for later stages. That does not seem very sensible or transparent government, but if that is what noble Lords want we will take it on board.

Lord Jenkin of Roding: My Lords, that was not the only complaint. There is also the complaint that the Government will publish the response to the Commons committee in a few days, just after our Second Reading, and the complaint that there have been two Statements today, one about BNFL and one made by Mr Timms in another place. To expect this House to debate a Bill on Second Reading while the Government continue to pour out documents, or indeed hold them back until next week or whenever it might be—that is the point at which the House is being treated with less than respect.

Lord Whitty: My Lords, I really cannot agree with that. In a sense, it goes back to the question of whether we are discussing energy policy as a whole or what is in the Bill. There are other aspects of energy policy, some of which are related to the Bill, on which pronouncements are being made. The Select Committee in another place was dealing with a whole range of issues in relation to energy policy. We are replying to that Select Committee within the normal time scale.

Lord Jenkin of Roding: My Lords, we are talking about different Bills. I am talking about the pre-legislative scrutiny. Is that not the reply coming next week?

Lord Whitty: My Lords, I believe that it is. My point is that we are within the normal timetable of responding to that Select Committee in the Commons. The fact that the usual channels agreed to table this Second Reading slightly before that point is not particularly relevant. It is certainly not a discourtesy to this House. Other aspects of energy policy are clearly going on all the time.

Human rights issues were raised. On navigation rights and the reversal of proof, our legal advice would strongly be that both were appropriate. No doubt the noble Baroness will take her own advice and may return to the issues, but we are confident that we were correct in signing the compatibility issue.

I hope that that finishes the procedural points. Can we now go to the broad issue of energy policy that took up most of the debate, particularly the role or otherwise of nuclear power? The very large body of opinion from contributors here—not universal, but almost—wanted to see a role for nuclear power in the Bill and in the future of energy policy.

It is not appropriate to provide in legislation a commitment to nuclear build or build of any other kind. The policy has been set out in the White Paper. For many years, the cost and the potential of the various alternatives to carbon-based energy have been assessed. They were clearly assessed in the Energy White Paper. I am not a visceral opponent of nuclear power. I used to work in the industry decades ago and I have a reasonable understanding of the technology, which has certain attractive elements. However, while nuclear power is clearly a nil or low-carbon technology and should be desirable on those grounds, it is not at this point a sustainable technology. It is not sustainable in economic terms. The life-cycle cost is considerably higher than many other alternative technologies, in spite of what some noble Lords have said about carbon saved. Nuclear energy is not sustainable either in the sense that we have not yet found a solution to the long-term disposal of high-grade nuclear material. The noble Earl, Lord Attlee, referred to that. Introducing procedures to deal with the immediate problems and the legacy waste may help to allay anxieties, but it does not solve the basic problem. Until we solve that problem, or at least see the way in which we are going resolve it, nuclear energy is not as sustainable as other forms of alternative technology.

That is not to say, however, that the White Paper has excluded a possible role for nuclear power—it has not. It has kept the nuclear option open and it is

[LORD WHITTY]

reasonable for noble Lords to ask what we mean by "keeping the nuclear option open". Clearly, we need to monitor progress towards the development of a lower-carbon economy. In order to keep that option open, we need to retain, as the noble Lords, Lord Gray and Lord Jenkin, have said, the skills, the research and the training of personnel in nuclear technology. We are engaged in a number of programmes on that front, including EU and OECD programmes and the Forum for International Research, in which the UK plays a substantial role, as I am sure the noble Lord, Lord Jenkin, knows. One noble Lord mentioned Culham. We received £5 million for fission research as part of the sustainable energy economy initiative. We are, therefore, investing in research and skills for keeping that nuclear option open.

The issue for this Bill, as distinct from the White Paper more generally, is how we are dealing with the legacy waste and how we are dealing with certain aspects of delivery of renewables and of the regime that covers electricity and gas supply. I shall deal first with the issue of nuclear waste. I think that most people welcome the establishment of the NDA. It is important that we understand what its role is. The noble Lord, Lord Maclennan, asked what its relationship would be with the IAEA and my noble friend Lord Christopher asked about its relationship with BNFL. We need to be clear about that. It is also important to recognise what the NDA will do. It is certainly not, as the noble Lord, Lord Beaumont, suggested, a vehicle for building new nuclear power stations. It will have the power to operate them only pending decommissioning, principally to cover the period of Magnox operation prior to their closures, but not to build and operate new power stations. The NDA could be given responsibility in the future for decommissioning any nuclear power stations at the end of the line, but not to set up and operate them.

The NDA's prime responsibility is the public sector liability, but in answer to the noble Lord, Lord Beaumont, once more, it can be given designated responsibility for dealing with private sector liabilities, but that does not mean that it will be bear the cost of dealing with them. However, it is prudent for the Bill to cover that possibility in case it arises. As regards British Energy, the NDA may be asked to take on defined responsibilities for meeting obligations, which the Government intend to accept subject to state aid approval. It would be only in that context that it would deal with public sector sites. They would not be its central responsibility. It is part of the range of responsibilities of the NDA.

The noble Lords, Lord Jenkin and Lord Beaumont, asked about the consequences for disposal of waste and what kind of waste we were talking about. The NDA will be given responsibility for low-level waste at the only site currently existing, at Brigg. As I think the noble Earl, Lord Attlee, indicated, we are considering future arrangements for long-term management of intermediate level and high level radioactive waste and have established the Committee on Radioactive Waste Management to make recommendations on that whole area by 2006. As for the previous exchange between the noble Earl and myself on the matter, we are not rushing it, but we are taking a considerably shorter time than the half-life of the nuclear materials that I was pointing to. It is a very long-term decision and one that we need to take seriously.

The Bill sets out the functions and responsibilities of the NDA. It requires that the NDA should have particular regard to the need for safety, security and environmental protection in carrying out its functions. The noble Lord, Lord Jenkin, rightly pointed to the historic reputation for secrecy that the nuclear industry had. It is beginning to get over that. I hope that the noble Lord will welcome the provisions designed to ensure that the NDA operates openly and transparently and engages positively with its whole range of stakeholders.

My noble friend Lord Christopher, the noble Lord, Lord Ezra, and others asked about the relationship between the NDA and the other institutions. My noble friend was concerned that BNFL should not be disadvantaged by the introduction of competition by the NDA. The noble Lord, Lord Maclennan, raised a similar problem in relation to the UKAEA. I can assure him that the NDA will run fair and open competitions when and where it considers that it could increase the effectiveness of clean-up. However, initial agreements for managing site licensees will go to the existing operators, BNFL and UKAEA. The work that the UKAEA has done in his part of the world, in Dounreay, and in my part of the world, at Winfrith, and so on, indicates that the AEA has become an effective decommissioning body. Whether it will continue for all time in that capacity will obviously depend on its future performance. It would be possible for the NDA to remove the contractor in open competition. However, it appears that, in immediate terms, there is no disruption of the role of the AEA or indeed of BNFL.

The noble Lord, Lord Ezra, also asked about the costs. The cost of NDA activity specifically over the next 10 years was reckoned at about £15 billion to £20 billion.

The noble Lord, Lord Christopher, and subsequently the noble Lord, Lord Monro, and others raised the issue of communities that were dependent on the nuclear industry. I referred earlier specifically to west Cumbria, where there is a heavy dependence on the nuclear industry. However, that applies also to the north of Scotland and, as far as the noble Lord, Lord Monro, is concerned, to the economic area around Chapelcross. The Secretary of State has today made an announcement about west Cumbria.

A couple of issues were raised about the nuclear constabulary; the noble Baroness, Lady Miller of Hendon, asked a number of questions about it. The DTI has responsibility for security of the civil nuclear industry, and the constabulary is a major element of that. There are no plans to change its basic role. It will be separated from the UKAEA in that respect, but it

will continue to police BNFL and URENCO civil-licensed plants. However, those companies will not have to meet the costs of the transitional arrangements as we move across to the new nuclear police force.

I hope that I have largely addressed the nuclear issues. We may return to them.

I found the other part of the broad debate a little more difficult. I think that there is a rational case for nuclear power; it is arguable. Some quite strong arguments about the sustainability at this point of nuclear power predominated in the White Paper, which is why we have not made a commitment to new nuclear power. However, the arguments against renewables, particularly against wind power, seemed to me over the top and irrational. Clearly, if we are to move to a low-carbon economy, we shall have to use some of that renewable technology. Wind power is the most immediate and, probably in the short to medium-term, the largest component of a renewable contribution.

There are some planning concerns. Personally, I am a great fan of wind farms. I believe that, contrary to the view of the noble Lord, Lord Monro, and others, in many parts of the countryside they enhance the landscape. That will not be true in all cases—even I acknowledge that—but they will be subject to substantial planning controls. Those conflicts are dealt with through the planning system. The Bill ensures only that the planning system operates efficiently. It brings into play parallel operations but does not deny anyone his right to go through the planning system and object to a particular application.

In any case, the main burden of the Bill and the main provision of wind farms will not be in the countryside; it will be off-shore and, in many cases, beyond the horizon. In terms of visual impact, we are not talking about the majority of the wind-farm contribution being in areas where objections on aesthetic terms are likely to be raised. Of course, other concerns arise in that respect, including in relation to the marine environment. We are clear that such zones would be managed in an environmentally effective way. We shall not wish to avoid any of our marine environment responsibilities, either national and international, in that respect.

In the slightly longer term, tidal or wave power will also have a role to play. We are already a world leader in that technology. Surrounded as we are in Britain by water, we should be able to make a significant contribution to that as well as to wind-power technology. But wind power will play a part. Other noble Lords suggested barrages and so on. While we have not gone down that road at present, clearly all such renewable technologies need to be borne in mind. However, the economics must also be borne in mind. As we see them currently, the economics of the Severn Barrage and other barrages would not be appropriate.

A noble Lord asked for a list of the renewable projects that have gone forward thus far. I cannot provide a list immediately but 1.1 megawatts of renewable capacity are being given planning consent. Some of that is already under construction. As I said, the first large off-shore wind farm was commissioned last month and the second is already under construction.

The noble Lord, Lord Ezra, in particular, and the noble Baroness, Lady Miller of Hendon, mentioned other contributions to lower carbon emissions, particularly CHP. They suggested that further measures in support of CHP should be appropriate in terms of the Bill. The Government intend to publish their strategy for the development of CHP by the end of March. Our commitment to achieving the target of 10 gigawatts by 2010 is an important part of our energy policy strategy. As indicated in the recent assessment by Cambridge Econometrics, we are short of that target at present and it appears that, without a further boost, the out-turn will be around 8.1 gigawatts. However, that is an area to which the Government wish to turn their attention in the strategy that we are developing on CHP.

The European Emissions Trading Scheme will also have an impact here, and I acknowledge the important role that micro-CHP could play in this area. Therefore, there are a number of other levers which the Government can pull in this respect, not the least of which takes us into the area of BETTA and the regulation. There are a number of ways in which BETTA can be expected to benefit both transmission and distribution-connected small generators. That is currently particularly the case in Scotland but it could be more general than that. It will include CHP and access to the wider market. It is important that that regulatory framework gives encouragement rather than what has, perhaps in the early stages of NETA, been a discouragement to CHP.

Moreover, I believe that the creation of a single market and a single regulatory framework covering Scotland as well as England and Wales will reduce the number of complexities so that small generators of all kinds may enter the system.

The noble Lord, Lord Ezra, also referred to coal-mine methane and to cleaner coal, both of which feature in our energy policy. He may have noted in the PBR yesterday reference to state aid to the coal-mine methane industry now being cleared.

There are big issues involved in energy policy but by and large they are unlikely to be legislative issues. I think that we shall probably reach broad agreement on the kind of legislation which is needed in those areas. There may be other issues which noble Lords will want to introduce but issues such as the security and diversity of supply will not be achieved through legislation. That is why they are not covered in the Bill. We believe that those are very important issues and are of growing importance, both in terms of our reliance on imports and the need to diversify our sources of supply for gas and oil. We need to provide a lot of domestically based renewable fuels, and so forth, with a remaining contribution from the coal industry.

Lord Jenkin of Roding: My Lords, I thank the Minister for giving way. I have the impression that he is moving to a close. I asked him about the renewable

[LORD JENKIN OF RODING]
obligation certificate buy-out fund, which at present is £20 million short because of TXU. I hope that I shall receive an answer.

Lord Whitty: My Lords, perhaps I may return to that just before I finish. I shall give an answer. The point I was making is that both the security and diversity of supply are issues which are clearly part of our energy strategy. The fact that they are not explicitly in the Bill is not the relevant factor. The other aspect of security of supply is the vulnerability of our supply areas to unrest or terrorist activity. In respect of that, clearly most forms of energy are potentially vulnerable. Slightly contrary to the comments of my noble friend Lord Lea, a nuclear facility probably potentially would be the most lethal, were there to be a terrorist incident. However, all forms of energy are subject to that kind of disruption whether we refer to offshore wind farms, the pipeline through the Caucasus or gas supplies from Algeria. However, one has to say that already in Europe we obtain gas supplies from Russia and Algeria, which are normally regarded as highly volatile countries, and the supply has not been disrupted.

Another general point to mention is that of the margins on which we are operating. There have been exaggerated views of the margins on which the current national network operates. The noble Lord, Lord Bridges, suggested that it was as low as 10 per cent. I can reassure noble Lords that the generation plant margin for this winter is likely to be more than 20 per cent; that is, 23 per cent, which is double the figure that he gave and which I have heard people outside this House give. It could rise higher than that if we find it necessary to bring further mothballed plant into service. That margin is as good as it has been for the past few decades and is sufficient to meet predicted demand in all but very exceptional circumstances or catastrophic technological failure. I shall not go further into the wider issues.

I return to the question raised by the noble Lord, Lord Jenkin, of the £20 million shortfall. I am happy to tell noble Lords that in the past few days the administrator of TXU has written to all the relevant suppliers asking them to submit claims for their losses arising out of that shortfall. It looks as if there will be an interim payment of between 35 and 40 pence in the pound with the prospect of more to come once TXU's affairs are fully settled. So, although clearly this is an unfortunate position, there will be recompense for those who missed out as a result of that. The context in which the noble Lord mentioned this point during my opening speech was that of whether we put in a special energy administrator in areas which are subject to competition. I have said that that is not the intention of the Bill as it stands. We are dealing with protected monopolies as network operators not in the generation part or any other competitive part of the supply system.

People complained that they had not had a debate about the Energy White Paper. I think that we had quite a good one in many respects today. It leads us into subsequent stages of the Bill. I have no doubt that some of these wider issues will rear their heads again. I also hope that the specific proposals in the Bill, particularly those on dealing with the legacy of waste and the liabilities arising from that, will receive noble Lords' attention and will receive, at least broadly speaking, the support of all sides of the House.

On Question, Bill read a second time and committed to a Grand Committee.

Hepatitis C

6.35 p.m.

Lord Morris of Manchester rose to ask Her Majesty's Government what developments there have been since they announced in August an *ex gratia* payment scheme for people infected with hepatitis C by contaminated National Health Service blood products.

The noble Lord said: My Lords, I beg leave to ask the Question in my name on the Order Paper and, in doing so, I have an interest to declare, not a pecuniary one, as president of the Haemophilia Society.

I am grateful to all noble Lords who will be speaking in this evening's debate and I am delighted that my noble friend Lord Warner is responding for the Government.

It is one of the most endearing charms of this House that one never knows who is going to turn up here next. It was almost 30 years ago that I first met my noble friend Lord Warner; and I was extremely glad to welcome him to this House. When we met in 1974 he was a young and highly promising civil servant at the former Department of Health and Social Security in which, although my responsibilities as the first Minister for Disabled People extended all across Whitehall, I was based for more than five years. He was often involved then in helping to arrange for other officials to put together draft parliamentary speeches for his Minister to consider; and naturally I much look forward to hearing him make a speech of his own this evening. I know he will do so with all his customary decency and social concern.

This debate is about a small and stricken community of disabled people for whom acquaintance with grief—recurrent and abject grief—is an inescapable fact of daily life. So too is the burning sense of injustice among them that, while conceding the case for special help for haemophilia patients infected with HIV by their NHS treatment, successive governments have resolutely refused any such help for hepatitis C infection.

Already disabled by a rare, life-long bleeding disorder that requires continuous medical treatment, people with haemophilia have twice been infected *en masse* by contaminated NHS blood products. Of a patient group numbering only 5,000 nationally, 95 per cent were infected with hepatitis C and one in four with HIV. Thus many in the haemophilia community were doubly infected and left at double risk of contracting a life-threatening illness and in double despair. Of those

infected with HIV, over 900 have since died of AIDS-related illnesses and 232 more lives have been lost to cirrhosis and liver cancer due to hepatitis C infection.

Now the same small community faces the hideous threat of variant CJD. This is not a theoretical risk. More and more haemophilia patients are being officially informed that blood products from donors since diagnosed with vCJD were used in their NHS treatment. Imagine the alarm and anguish of parents who learn that their child has been put at this grave further risk. Or that of the adult who has already been infected with HIV and/or hepatitis C and must now try to cope with not knowing whether he may also have been infected with vCJD. Their distress is made no easier by disclosures in recent parliamentary replies to me that the Department of Health does not even know how many haemophilia patients have been given blood from donors with vCJD and has no plans to find out.

Yet there is a crucial difference between this debate and all the others I have initiated for the Haemophilia Society, both here and previously in the House of Commons, over the past 15 years. Before previous debates, I was told that I was banging my head against a brick wall in asking for parity of treatment for people infected with HIV and hepatitis C—and afterwards, simply, "We told you so". But John Reid, within months of his appointment as Secretary of State for Health and much to his honour, signalled a fundamental reversal of policy with his announcement on 29th August of an *ex gratia* payments scheme for hepatitis C infection.

I congratulate my right honourable friend and the Government on bringing new hope to the haemophilia community. My principal concern this evening is to ensure that the pledge of 29th August is implemented with social fairness and full regard to the levels of financial help already given to identically affected patients and dependants in other countries, many of them with economies less strong and much poorer than ours, across the world.

That is the task facing us now and much the best way of tackling it successfully—I am of course aware of the meetings Melanie Johnson and officials have had with the Haemophilia Society—is for the Government to stay in close and continuous rapport with the haemophilia community. After all, they know most about the history of the case and the realities of life for those infected and their dependants.

I refer to the history of the case because people unaware of the suffering that living with haemophilia can inflict find it hard to understand how deep is the sense of injustice in the haemophilia community. To have been infected with deadly viruses by the NHS treatment on which they rely vitally for survival, with no official apology or explanation, is but part of the case. They find it disgraceful that in this country, unlike Canada, Japan, Ireland and France, there has been no official inquiry. Questions remain unanswered as to how so many patients came to be infected and—recalling the disclosures of the noble Lord, Lord Owen, as a former health Minister—why more was not done sooner to prevent this worst ever treatment disaster in the history of the NHS.

They point out that if a tragedy on anything like that scale occurred today, an official inquiry would most certainly be held, as rightly happened after the Paddington train crash and the sinking of the "Marchioness". Serious as the consequences of these tragedies were, they did not begin to compare in scale with the loss of life caused by the contaminated NHS blood and blood products disaster. Nor has the wilful act of dividing the victims of that disaster, not on the basis of the effects of their infection but simply its classification, any parallel in the approach to other disasters here in Britain, or indeed anywhere else in the world.

How can anyone possibly justify the decision to give financial assistance to patients infected with HIV by their NHS treatment, but not to those fatally infected by the same route with hepatitis C and bereaved families? Yet that remains the position until John Reid's pledge is implemented. The profoundly moving story of three brothers explains its stark inhumanity.

All three brothers inherited haemophilia. Two were infected with HIV by their NHS treatment and died of AIDS-related illnesses. They received financial help from the Macfarlane Trust, set up and funded by the then government in 1989, and were able to make provision for their families. The third brother escaped HIV infection but was infected with hepatitis C, also by contaminated blood products used in his NHS treatment, and died of liver failure. For him there was no financial help. He went to his grave unable to make any provision for his family.

Each of the three brothers had become terminally ill and died from the same cause: contaminated NHS blood and blood products. But one was denied the help given by a government-funded trust to the other two. That contrast in treatment not only suggests but shouts of injustice.

The setting up of the Macfarlane Trust was an official acceptance of moral responsibility. There was then, and is now, exactly the same moral responsibility for loss and hardship among those infected with hepatitis C. But 15 years on, they still await parity of treatment with patients who were infected at the same time and by the same route.

Some in Whitehall have suggested that infection with HIV is in a different class of seriousness from hepatitis C infection. But let them try telling that to my noble friend Lord Winston, himself a vice-president of the Haemophilia Society, whose standing as a doctor is respected all across this House. Speaking in a previous debate of mine here, my noble friend said:

> "One cannot escape the terrible fact that death by liver failure or liver cancer is a particularly horrible end. There is a slow inexorable decline ... severe pain that is quite intractable. The end is a mixture of mental confusion and finally coma".

He added:

> "There is no difference between HIV and hepatitis C ... The cause is the same, a virus, and it comes from the same source, blood products".—[*Official Report*, 5/06/98; col. 672.]

The Department of Health's official position since 29th August has been that the implementation of John Reid's pledge is under urgent consideration and

[LORD MORRIS OF MANCHESTER]
that the design of the *ex gratia* payment scheme has still to be decided. But as all of us know, the grape vine flourishes among people in pressing need when month after month goes by without any authentic guide to the thinking of those making decisions of huge significance to them.

Of course, money can never compensate for the deaths of husbands, fathers or brothers; nor can it restore the health that infected patients have lost. But it can help bereaved families and assist in meeting the onerous financial effects of living with a life-threatening virus, which research by the Haemophilia Society, made freely available to the Department of Health, has so ably and conclusively documented.

To assist my noble friend in replying to the debate, I want now to set out concerns and fears in the haemophilia community about what is being considered. First, there is widespread fear that the scheme, when it is announced, will be based on proposals made by the Scottish Health Minister, Malcolm Chisholm, earlier this year in the only statement to date about ministerial intentions on the details of implementing an *ex gratia* payment scheme. If so, the amount suggested will fall far short of the recommendations of the expert group that he himself set up to study and report on the issues, under the chairmanship of Lord Ross, with which I had the pleasure of discussing at length comparative provision and the problems and needs of those infected from my experience both as a Minister for Disabled People and president of the Haemophilia Society. That experience left me with the highest regard for and indeed in admiration of the care and thoroughness, objectivity and moral integrity of Lord Ross and his colleagues.

As my noble friend will know, Lord Ross's expert group recommended a payment of £50,000 for each infected person, with further amounts for those who develop cirrhosis, while the Health Minister has seemed content to pay only £20,000 to each infected person. My noble friend will be aware that the Haemophilia Society has calculated the costs of more comprehensive provision that includes a loss-of-earnings element, with payments linked to the stage of disease progression and based on the scheme set up by the Canadian Government. That averages some £140,000 per person. There is very serious concern also that, under Malcolm Chisholm's proposals, nothing would be provided for the 232 bereaved families of those who have died from hepatitis C infection—nothing at all—which would cause grievous hurt throughout the haemophilia community.

Again, there is concern that nothing may be provided for those who have cleared the virus, after long years of illness and sustained pain and suffering. It is feared too that the scheme will offer nothing to people with HIV and hepatitis co-infection, who may already have received some help for their HIV infection. Yet there is clear medical evidence that co-infection poses the greatest risk of all.

The haemophilia community hopes to hear assurances from the Minister this evening that these fears are unfounded. If not, it insists, the scheme will be gravely flawed and disfigured by excluding people in the greatest need and perpetuating inequities. I very much hope that will not happen and also that there is no substance in the suggestion that 29th August, 2003 will be used to determine who will and will not be eligible for financial assistance, so that the dependants of a victim who died the day before would be excluded from help. That would mean that a victim who died on 28th August would be covered and one who died on 30th August would not. Such an arrangement would lack compassion, logic and equity. How can it possibly be justified when the suffering of their bereaved families is the same?

There are many widows who have been waiting for help in recognition of the death of their partners who would find it inconceivable that they could be excluded. How much harder will it be for them to accept if they are told that their exclusion is simply a matter of the date on which their loved one died?

Yet it is not only the bereaved who could be affected in this way. I give another example of what many haemophilia patients fear could happen—that of a person infected with hepatitis C who suffers all of the effects of the disease, with progressive liver damage, but after a long and painful course of treatment manages to clear the virus. Again, if his treatment took place before 29th August, he too, it is feared, could receive nothing, while if his treatment concluded after 29th August—meaning that he still had the virus on that date—he could receive a payment. How could such double standards be justified and how can they be avoided if an arbitrarily selected date is set?

These are not hypothetical examples. The Haemophilia Society has case histories of members that show exactly the anomalies that could arise. One is that of two brothers with severe haemophilia, both of whom I met at the Carpet of Lilies event held by the Haemophilia Society here in Westminster last week. One had managed to clear the virus after extremely painful and protracted treatment and it is feared that he could receive nothing, while his brother, still gravely ill with the virus, would receive a payment. Again, how could this be justified?

That Ministers have said that the final design of the scheme is not yet decided provides grounds for hope. It must mean that it is not too late for consideration of the concerns that I have put to my noble friend this evening. And I am sure he would agree that much the best way of dealing with anomalies is not to correct them after damage has been done, but to anticipate and prevent their occurrence. Meanwhile let me again assure my noble friend of my indebtedness to John Reid for his decision to introduce a payments scheme and that I wish for nothing more now than that the long years of campaigning for justice for the haemophilia community are nearing conclusion. My regret is that it should ever have been necessary to campaign for them on the issues that I have raised in debate after debate, both here and in another place. For in none of the many parliamentary campaigns I have been closely involved in over 39 years in Parliament—even thalidomide and those more than 30 years ago for statutory recognition of dyslexia and

autism—have I had so strong a sense that no campaigning should have been necessary to right such wrongs. Enormous cross-party backing has been given in both Houses of Parliament; and the issue of parity of treatment for HIV and hepatitis C infection, in particular, is everywhere seen not as one of Right and Left, but of right and wrong.

That is why, if campaigning has to go on, I am in no doubt—nor should anyone else be in any doubt—that go on it will until right is done.

6.55 p.m.

Lord Clement-Jones: My Lords, perhaps I may start by congratulating the noble Lord, Lord Morris, on initiating the debate and, in particular, on the timing of the debate. It gives us an opportunity to explore the details of the Government's new financial assistance scheme and at least to challenge the Government to give some details, and to give them food for thought when formulating the scheme.

In many ways, it is regrettable that we have had to have so many debates over the years. I have lost count of the number of debates initiated by the noble Lord, Lord Morris, in which I have taken part during the past six years. He should take considerable comfort from the fact that it is largely as a result of persistence from him and the Haemophilia Society that the Government have now decided to introduce a financial assistance scheme. I welcome that at least a scheme—it may not be wholly satisfactory—is certainly in the offing.

The bald statistics do not give the full picture. As the noble Lord, Lord Morris, said, approximately 5,000 people with haemophilia in the UK were infected with the hepatitis C virus in the 1970s and early 1980s. Medical estimates are that up to 85 per cent of those people develop chronic liver disease: I believe that well over 200 people have now died from liver cancer and liver disease arising as a result of infection.

In common, I am sure, with other noble Lords, I have had considerable correspondence on the subject. The statistics give no real idea of the absolute misery of the individuals infected by hepatitis C, the effect that it has on their families, or the misery of their deterioration and, in many cases, death.

I recently received a very poignant letter from a lady who sent me the diary of the last few weeks of her husband's life. It makes extremely harrowing reading. She wrote:

"The way of his going is still with our children and myself".

That was in 1998.

"End liver failure is a terrible death, time does not heal and it never will".

I believe that the noble Baroness, Lady Andrews, has seen extracts from the diary, which makes very harrowing reading. The noble Lord, Lord Morris, was right when he talked about recurrent and abject grief. That cannot be compensated in money terms, but it is incumbent on us at least to obtain some kind of financial compensation for what has happened to them. After all, they are the innocent victims of blood contamination. It is hugely important that the Government make sufficient payments to recompense all those haemophiliacs who, if they have not already done so, will develop debilitating liver diseases, as well as to their families who also suffer from the effects.

The noble Lord, Lord Morris, talked about the absolute contrast with the way in which the Macfarlane Trust was set up in 1989, where, to date, £90 million has been given by way of compensation. As the noble Lord has pointed out in previous debates, no equivalent provision has been made for those who contracted HCV.

I suppose that the Government's real case has been based on an unwillingness to breach a general rule that compensation is given only where the NHS is at fault. That was certainly the line taken when we debated this matter last March. But a complete exception was made to that rule—whether it was called financial assistance or something else; in substance it was compensation, whatever its legal status—in the case of suffers from HIV transmission. However, the same has not been done for those with HCV.

As the noble Lord, Lord Morris, pointed out, that contrasts with the behaviour of many other governments, whether in the EU, Japan or Canada. Not only have they instituted schemes for compensation, they have set up public inquiries. That is another aspect of the matter which, over time, the Government have failed to institute. I shall not go into the parallels to be drawn between HCV and HIV infection, but many aspects of the two conditions are similar. Over the years, many of us have found the fact that a scheme for HCV sufferers has not been instituted quite incomprehensible. The predicaments of those in the two categories of infection are very similar. Over time, the Government have appeared cold-hearted and miserly in refusing to provide the same level of support.

So it was with considerable optimism that we heard on 29th August John Reid announce the scheme. We all thought that, finally, some sanity was being introduced to the whole area. We thought that an *ex gratia* payment scheme would be set up and the details worked out over time, it was hoped, in consultation with the Haemophilia Society, which has put forward very constructive proposals for financial assistance or compensation. As the noble Lord, Lord Morris, mentioned, the society drew on the Canadian scheme, which has been extremely successful.

However, all we have heard since 29th August is a deafening silence, which has led to even greater concern. It appears now that the English and Scottish schemes are going to be very similar. There is a feeling, in particular in light of the fact that Lord Ross recommended a payment of £50,000 and yet the Scottish proposal is much lower, that the Government, too, will propose the lower figure. However, the Haemophilia Society makes an extremely good case for the figure of £140,000 as the average payment. Indeed, looking across the Irish Sea to Eire, there the financial assistance being offered averages 300,000 euros; that is a very different order of sum. I hope that, when the Government come to prepare their scheme, that they will enter into a lot of debate and discussion about the proper level of compensation.

[LORD CLEMENT-JONES]

The terms of any compensation represent a further major issue. Will the relatives of those who have died from HCV or liver failure as a result of HCV be entitled to compensation? If the Government follow the Scottish scheme, then they will not be so entitled. Ladies such as those who have written to me will then face the prospect of receiving absolutely no financial assistance, which cannot be right.

What of those who have managed to become clear of the virus through treatment, whether by liver transplant or otherwise? What of the distress and suffering that they will have endured during that process? Surely in those circumstances people should be entitled to financial assistance. On 16th September, I asked the Minister a supplementary question related to the compensation scheme; specifically, what is to happen if the condition of a subject deteriorates? A person may be assessed at one level, but what if, over time, he or she becomes more ill? Will the scheme have built into it the necessary flexibility to allow for reassessment? Will people be entitled to higher levels of compensation in those circumstances?

I turn to the wider issue of co-infection. It would be extremely unjust if no compensation was made available to those patients suffering from both HCV and HIV infections on the grounds that they would have been compensated in part by access to the Macfarlane Trust. They have been subject to a double jeopardy, and financial assistance should be given in those circumstances as well.

When do the Government intend to announce final details? There appears to be funding down the track, and it would be extremely helpful if they said how much further consultation will take place and what the timing of the announcement of the scheme will be. I am particularly concerned that, as time has marched on, the large majority of people with haemophilia who were infected in the late 1970s and early 1980s have reached the more advanced stages of the disease, so they really need that compensation to be available. This money is justified because of their unnecessary suffering and is required for their treatment here and now.

I believe that the Government must act now to account for this awful injustice to so many people. Those individuals have waited long enough, not only to bring the necessary attention to their case—for which they need to thank the noble Lord, Lord Morris, and the Haemophilia Society—but also to receive a proper form of compensation for their unnecessary suffering.

7.6 p.m.

Earl Howe: My Lords, it is a pleasure for me to begin by congratulating the noble Lord, Lord Morris of Manchester, on the success of his long campaign to secure financial recognition for recipients of contaminated blood products who, as a consequence, became infected with hepatitis C. If ever there were an example of a tireless champion of the disadvantaged and the disabled, and of someone undaunted by ministerial stonewalling, it is surely the noble Lord. I have to confess to him that before the Government's announcement in August, I did not rate his chances of success on this particular campaign as very high. However, I was wrong, and I salute him.

It is also right to acknowledge the humanity and compassion of the Secretary of State in taking the brave decision to make *ex gratia* payments to those unfortunate victims of medical accident and, in doing so, to reverse the policy of his predecessors.

I knew I would find myself saying this, but the noble Lord, Lord Morris, has stated his case so eloquently that there is little I feel I can add to it. But now that the Government's decision has been taken, I believe that there are some key principles that should guide them in determining the way in which the *ex gratia* payments are distributed.

The most important of these is that the scheme needs to be fair and to be perceived as fair. In the first instance, our thoughts turn most naturally to those who, as a result of receiving infected blood products, have to live with hepatitis C and, perhaps, its more severe consequences, for many years. However, I very much share the noble Lord's concern for the widows and dependants of those who have already died of advanced liver disease or liver cancer in consequence of a contaminated transfusion.

We also need to remember that there are many people who, although now clear of infection, have been to hell and back in fighting it off. We all understand that the money to be paid by the Government does not constitute compensation in the legally accepted sense of the term. But if the intention of this scheme is to recognise the suffering of the victims and their families, and the moral responsibility borne by the NHS, then it seems to me that there should be no messing about. Financial recognition should be given to all those adversely affected, not simply people who were fortunate enough to be alive and ill—if fortunate is the word—on the date of the Government's announcement in the summer.

The second principle that should guide the Government is certainty. When the Government in due course announce the details of the *ex gratia* scheme, everyone entitled to an *ex gratia* payment should be made aware of exactly what their entitlement comprises. One potentially foggy area highlighted by the noble Lord is co-infection. The Macfarlane Trust exists to help recipients of contaminated blood who later went on to contract HIV. Those who already benefit from that scheme but who are living with hepatitis C alongside HIV need to know whether they are eligible for additional financial assistance. About 500 individuals fall into that category.

In thinking of those people, we should not be in any doubt of the anguish, pain and financial disadvantage that they now suffer by reason of their hepatitis C and its consequences, as distinct from the consequences of their HIV infection. As well as that, we should remember that the progression of hepatitis C is accelerated by HIV, and liver failure is now the leading cause of death in the group. In formulating the scheme, will the Government bear in mind the especially harsh consequences of co-morbidity?

If there is to be a graduated structure of payments, the rationale for it needs to be made clear. I do not intend to draw the Minister on the precise amounts that might be paid to particular groups of individuals, partly because I do not believe that he would tell me even if I did. However, supposing that there were to be a stepped entitlement dependent on the severity of a person's illness, it is important for everyone to understand why those particular figures have been arrived at.

There are benchmarks that may be helpful in that matter. One is the structure of payments made to HIV-infected patients by the Macfarlane Trust. Another, well known to the noble Lord, Lord Morris, is the vaccine damage payments scheme. There are other benchmarks from case law. My point is that sums of money should not simply be plucked out of the air but should be determined in relation to the scale of the suffering that they are intended to ameliorate.

I understand that the Minister cannot go into detail today, but will he tell me whether the payments under the scheme are being worked out within the framework of a predetermined budget or whether, as I hope, the payments are to be fixed in a way that might most conveniently be described as bottom-up?

Earlier this year, the Chief Medical Officer published a paper called *Making Amends*. It would be helpful if the Minister could make clear how, if at all, those recommendations relate to the scheme of *ex gratia* payments that we are now debating. The CMO's consultation paper offered alternatives to tort-based litigation for those who felt that they might have suffered as a result of NHS treatment. A large part of the recommendations relates to injuries caused by someone's fault, which are clearly not relevant to the matters that we have discussed today. With the hepatitis C victims, there is no admission or suggestion of fault.

Another of the CMO's proposals is more relevant, however. It relates to babies who sustain brain damage resulting from their birth. That proposal for compensation expressly excludes the concept of fault. The only requirement is to prove causation. In such cases, the proposals for compensation include a managed care package, a lump-sum payment and annual payments on top of them.

Although the Government have been careful to make it clear that the *ex gratia* scheme for hepatitis C victims does not constitute a precedent, it cannot be viewed in isolation. I realise that the CMO's paper is only a proposal at present, but it is clearly a carefully considered piece of work. Under what circumstances do the Government believe that a no-fault compensation scheme may have a part to play, and in what way precisely does such a scheme differ from an *ex gratia* payment scheme such as the one that we have discussed? What criteria are applicable to each? To put it another way, exactly why did the Secretary of State decide to opt for an *ex gratia* scheme rather than a no-fault compensation scheme such as that envisaged by the CMO?

In general, it would be helpful to hear from the Minister some of the Government's thinking on this scheme and an idea of when Ministers expect to make a further announcement on the details. Above all, I hope that the announcement when it comes will prove, at the very least, satisfactory to all those who have suffered so grievously and to whom the sympathies of the whole House are extended.

7.15 p.m.

The Parliamentary Under-Secretary of State, Department of Health (Lord Warner): My Lords, I thank my noble friend for reminding me of my misspent youth in so generous a way. I was taken down memory lane very agreeably by his opening remarks.

My noble friend has done much to keep this matter at the forefront of the Government's mind and is now providing me with an opportunity to give the House an up-to-date statement on the progress that we have made so far. In doing so, I shall endeavour to cover the points raised by my noble and friend and other noble Lords.

Let me start by congratulating my noble friend on his absolutely outstanding record of commitment to this cause over many years, as other noble Lords have done. His efforts on behalf of people with haemophilia infected with hepatitis C as a result of treatment with NHS blood and blood products, and his service as the long-standing president of the Haemophilia Society, are widely recognised and valued in all parts of the House and outside, and by the Government.

I should also like to pay tribute to those people who took part in the Haemophilia Society's annual Garland of Lilies Day last week. We extend our sympathy to them on the loss of their loved ones.

The background to this issue is well documented and has been the subject of many debates in both this House and in the other place. Suffice it to say that the inadvertent infection of many thousands of people with hepatitis C as a result of treatment with NHS blood and blood products in the 1970s, 1980s and 1990s remains a tragic event in the UK and in many other countries around the world. These patients were at the time given what was considered by professionals to be the best treatment available. It was a terrible tragedy that medical advances in virology could not keep pace with those being made in transfusion and blood technology—technology which is fundamental in saving lives today.

No one can be but moved by the accounts of personal tragedies that individuals and their families have given to Members of the House and elsewhere. The inadvertent infection with hepatitis C was indiscriminate, affecting both those who regularly required blood products, such as people with haemophilia, as well as patients who received one-off blood transfusions. Fortunately, following the introduction of heat treatment technology in 1985 and donor screening in 1991, there is now only a minute chance that further infections will occur. But this is of little consolation to those who were infected before these scientific breakthroughs could be fully implemented.

[LORD WARNER]

The Government have enormous sympathy for people who have suffered infection via contaminated blood products and recognise the hardships that illness has brought on them and their loved ones. Those who were infected, and campaigners such as my noble friend Lord Morris, have longed called for social justice with regard to this issue and we acknowledge those efforts.

For its part, the Department of Health understands only too well the difficult dilemma where treatment and care can lead to harm where none is intended. Having looked at the history of this issue, my right honourable friend the Secretary of State for Health decided in the summer that the establishment of a financial assistance scheme for those affected by these events was the right thing to do. I am grateful for the generous remarks of noble Lords about my right honourable friend's actions.

When the hepatitis C payment scheme was announced on 29th August few details were available. Nevertheless, the fact that the Government had decided in principle that such a scheme should be set up has received universal approval. I am now pleased to report that significant progress has been made in drawing up the details of the scheme.

Discussions on the specifics of the scheme have been continuing in the department since before the August announcement. First and foremost, we have taken steps to ensure that the scheme will be fully inclusive and fair. Officials have met on a number of occasions with their counterparts in the health departments of the devolved administrations in Scotland, Wales and Northern Ireland to co-operate in the development of a scheme that will cover the whole of the UK.

Although it would be premature for me to comment on those discussions in detail, I can confirm that a system will be put in place to ensure that all eligible UK claimants will benefit no matter where they currently reside, or where they were resident when they contracted the disease. We shall work hard to ensure that those eligible for payment under the terms of the scheme do not miss out because they may have crossed a border since their initial treatment.

Noble Lords will be aware that the Minister for Health in Scotland, as has been said, has already announced the proposals for the Scottish Executive's payment scheme. These proposals are being considered by the administrations, along with other independent recommendations such as those made in the report of the Hepatitis C Working Party to the Haemophilia Society and the report of the Scottish Expert Group chaired by Lord Ross.

My noble friend raised the question of whether the proposed scheme would simply follow that announced by the Scottish Executive earlier this year. The scheme envisaged for Scotland was clearly based on the particular circumstances in Scotland at the time. Following the Secretary of State's announcement in August, it was important that all available information was taken on board, including the reasons behind the Scottish scheme. That is why we have had many discussions with the Scottish Executive to try to produce a UK-wide scheme.

Parallel discussions in England, Scotland and Wales have also included major patient organisations, including the Haemophilia Society. We are grateful to the groups that have participated for raising issues and contributing to the development of the scheme. I am also aware that my honourable friend the Parliamentary Under-Secretary of State for Public Health has met with the chair of the All-Party Parliamentary Group on Haemophilia of which my noble friend Lord Morris is the honorary president.

This debate also gives me the opportunity to pay tribute to the work of that group in promoting the interests of people with haemophilia. We are keen to take on board the comments made by these organisations and are considering them during our deliberations. We continue to correspond with these and other groups to keep key stakeholders up-to-date with developments.

Officials from the health departments have also met and consulted with clinical experts, including leading hepatologists and haematologists on various aspects of the scheme and regularly call upon the expertise of the National Blood Authority. These consultations are an integral part of developing a scheme, but noble Lords will appreciate—I think that the noble Earl, Lord Howe, anticipated this—that I cannot, as yet, make public further details, although I expect my right honourable friend the Secretary of State for Health to make an announcement before too long.

Following the announcement in August, the Department of Health received an enormous number of inquiries from people eager to take forward applications and benefit from the proposed scheme. Officials have moved swiftly to ensure that direct contact could be maintained with inquirers to keep them up to date with developments.

To this end, the department has established a confidential mailing list to keep a record of all those who contacted us. In order to make the mailing list as accessible as possible, telephone, e-mail and postal contact details were provided and those who had not yet got in touch were encouraged to do so, for example via the Haemophilia Society website and newsletters.

The mailing list now comprises scores of names and continues to grow day by day. Registrants will be contacted regularly in the near future as further details of the scheme are released and the application process is finalised. We believe this to be an important initiative as it gives would-be claimants confidence that their details have been noted and that they will be given an opportunity to make a claim once the scheme has been finalised and announced.

As well as opening a constructive dialogue with the Haemophilia Society, we are also listening to other patient groups and individuals and consider any concerns that they raise. We have received correspondence from various sources, including MPs, lawyers writing on behalf of clients, clinicians writing on behalf of their patients and bereaved families as

well as people with hepatitis C themselves. All those letters have been replied to and we have put their contact details on to the mailing list that I mentioned.

As well as providing advice, the National Blood Authority is involved in the identification of people who may have received hepatitis C-infected blood transfusions. We are co-operating with the authority in an effort to ensure that people who contact it regarding the scheme are referred on to the department.

My noble friend is aware that there are a number of legal and other difficulties—some have been mentioned this evening by many noble Lords—associated with the introduction of an *ex gratia* payment scheme. Many of those issues were successfully overcome during the establishment of the MacFarlane and Eileen trusts for people infected with HIV as a result of treatment with infected blood or blood products. We will, as a matter of course, look to those other schemes to learn lessons on how best to implement and operate the scheme that we are discussing. We are also looking at the detailed issues very carefully, and these are not constrained by any arbitrary fund.

My noble friend raised some issues about a public inquiry into the infected blood issue. I have to make it clear in as gentle a way as I can that the Government do not accept that any wrongful practices were employed, and do not consider that a public inquiry is justified. Donor screening for hepatitis C was introduced in the UK in 1991, and the development of that test marked a major advance in microbiological technology that could not have been implemented before that.

My noble friend referred to other countries, but we do not believe that they are comparable to the situation being dealt with in the UK. In Ireland and Canada, for example, compensation schemes came about because the blood authorities were both found to be at fault. Indeed in Canada, criminal prosecutions were filed against those responsible. It is important to stress that, despite our decision to make *ex gratia* payments, the position with regard to accepting liability has not changed. The payments are made on compassionate grounds and are not compensation. With that in mind, the payments cannot be expected to take account of loss of earnings or compare with punitive damages awarded by the courts in other countries. That said, as part of our deliberations we are considering, as other noble Lords have mentioned, the report of the hepatitis C working party to the Haemophilia Society, which I understand is based on the Canadian model.

Noble Lords will be reassured to hear that we are working closely with government lawyers and other government departments to resolve outstanding issues specific to the scheme and to minimise delay. In particular, I know that concerns about social security disregards have been voiced, and we are working closely with the Department for Work and Pensions and the Treasury to address those.

My noble friend raised the issue of arbitrary dates of death, which is part of the deliberations currently going on with regard to the question of payments to dependants. We wish to try to resolve those problems satisfactorily.

In addition, concerns have been raised by and on behalf of recipients of financial assistance from the MacFarlane and Eileen trusts, who have signed a waiver that may exclude them from making claims under the proposed scheme. Obviously we are urgently looking at the status of that waiver and hope to reach a conclusion that will be satisfactory to any such claimants.

So what will the Government be doing next? Our discussions are continuing apace on all the issues, with special priority being given to finalising the eligibility criteria and payment structure. We are also working on setting up a system to administer payments under the new scheme. As I have indicated, we expect to be in a position to make a further announcement detailing those very soon. In the mean time, we will continue to listen, consider and respond to comments that we receive. In addition, we are putting in hand the necessary work to ensure that the scheme is up and running as soon as possible.

My noble friend mentioned some issues around variant CJD. The answer to his main question is that we do not know whether variant CJD can be transmitted by blood. Therefore, we do not have any diagnostic tests for it in blood. He also made some remarks about the CJD compensation scheme. The Government have set up a variant CJD compensation scheme that will provide for payments to be made in respect of 250 cases of variant CJD up to a maximum of £55 million.

In recognition of the exceptional circumstances, on top of the £55 million trust fund, the Government will pay £50,000 to each victim in the family. The Government have committed enough funds to cover the 250 cases. One hundred and thirty-four victims are receiving money. I hope that I have provided the noble Lord with some background on that issue.

In conclusion, I am sure that noble Lords will agree with me when I stress the importance of setting the scheme up properly from the outset. It is always terribly easy to rush into those areas and to get things wrong. Despite the tragic circumstances of many victims, speed does not necessarily mean that we get it right. Although it may take a little more time than we would like—indeed, much more time than we would like—the benefits of introducing the scheme properly are obvious. It would be a great shame if a "rush job" left us with an inefficient or poorly structured scheme. On that basis, I thank noble Lords for their contributions today and reassure them that we expect to be in a position to respond more fully to their questions shortly, and to make an announcement soon.

House adjourned at twenty-eight minutes before eight o'clock.

Written Answers

Thursday, 11th December 2003.

CAFCASS

Lord Hoyle asked Her Majesty's Government:

What is the current position with the Board of the Children and Family Court Advisory and Support Service (CAFCASS). [HL411]

The Secretary of State for Constitutional Affairs and Lord Chancellor (Lord Falconer of Thoroton): My right honourable friend the Minister for Children, Young People and Families (Margaret Hodge) has today announced in a Written Answer that Baroness Pitkeathley OBE has been appointed as chairman of CAFCASS, with effect from 11 December 2003. In order for her to take the service forward, all but one member of the existing board have agreed to resign. The Government are grateful to them for their willingness to stand down and for their commitment and hard work since CAFCASS was launched.

As an interim measure Baroness Pitkeathley will be assisted by a temporary board comprising:

Richard Sax
Baroness Howarth of Breckland OBE
Professor Jane Tunstill
Nicholas Stuart CB

We will be placing advertisements shortly for appointment to a new permanent board.

The board member who has declined to resign is being asked to accept the suspension of their board membership, pending further consideration of their position.

Northern Ireland: Public Sector Employment

Lord Glentoran asked Her Majesty's Government:

What percentage of the working population in Northern Ireland are government employees. [HL183]

The Lord President of the Council (Baroness Amos): Information from the *Quarterly Employment Survey* (QES) can be used to estimate the number of government employee jobs. The latest figures relate to June 2003 and indicate that 120,401 out of a total of 667,610 employee jobs (18.0 per cent) were in Northern Ireland central government departments or in bodies under the aegis of Northern Ireland central government departments.

UK central government, local government councils and public corporations account for a further 91,259 jobs. The total number of public sector jobs in Northern Ireland in June 2003 was therefore 211,660 which represents 31.7 per cent of all employee jobs.

North/South Implementation Bodies

Lord Laird asked Her Majesty's Government:

How long cross border implementation bodies can continue without the existence of a Northern Ireland Executive. [HL271]

Baroness Amos: I refer the noble Lord to the Answer given on 11 June 2003 (*Official Report, WA 43*).

North/South Ministerial Secretariat

Lord Laird asked Her Majesty's Government:

In the review of the Belfast agreement announced by the Secretary of State for Northern Ireland, whether the cost effectiveness and impartiality of the North/South Ministerial Secretariat in Armagh over the past two years will be scrutinised. [HL273]

Baroness Amos: The Secretary of State for Northern Ireland and the Irish Minister for Foreign Affairs wrote jointly to the parties in the Assembly on 2 December 2003 inviting them to submit views in regard to the agenda and conduct of the review. In the light of the views received from the parties, the two Governments will then finalise and present proposals in early January.

Millennium Dome

Lord Oakeshott of Seagrove Bay asked Her Majesty's Government:

What actual or contingent liabilities will remain for payment from public funds in connection with the Millennium Dome and its site after the commercial deal between Millennium Dome Limited, Anschutz Entertainment Group and the Government becomes unconditional, as expected by June 2004. [HL23]

The Minister of State, Office of the Deputy Prime Minister (Lord Rooker): The contracts which were signed between English Partnerships, Meridian Delta Ltd, AEG and Quintain in May 2002 provide for AEG to have a 12-month period, after the transaction becomes unconditional, during which to commence construction of the Arena. This is needed to allow time for the necessary construction contracts to be procured.

Although theoretically construction inside the Dome might have been able to begin as soon as the deal went unconditional, commercial practicalities do not allow this and English Partnerships has budgeted in accordance with the May 2002 contracts to continue to pay core Dome costs for the period after the deal has gone unconditional and until construction of the new arena starts. Similarly while the arena is under construction English Partnerships has also budgeted

to pay a reduced level of costs. Those costs will cease on practical completion of the arena.

The details of English Partnerships' ongoing costs of Dome upkeep after the MDL deal has gone unconditional are dependent on practical arrangements within the overall terms of the contracts agreed in May 2002. Other costs in relation to the Dome—that is, any remaining decommissioning costs and the costs of the sale process—will cease when the deal with MDL goes unconditional.

All of English Partnerships' costs in relation to the Dome will be recovered from sale proceeds.

I will update the House further and provide more information on costs when negotiations are concluded and the deal with MDL has gone unconditional.

Fire and Rescue National Framework

Lord Peston asked Her Majesty's Government:

When they will be producing a Fire and Rescue National Framework as proposed in the White Paper, *Our Fire and Rescue Service* (June 2003). [HL410]

Lord Rooker: In June the Government published the White Paper *Our Fire and Rescue Service*. It set out a package of reforms designed to improve the service and to save more lives. Today the Office of the Deputy Prime Minister is publishing a draft *Fire and Rescue National Framework* that will outline how to implement the White Paper's proposals. It sets out the Government's objectives for the Fire and Rescue Service and what fire and rescue authorities should do to achieve these outcomes. It also sets out what the Government will do to improve the service and what support it will provide to fire and rescue authorities. In due course, the expectations in the framework will also help to shape the Audit Commission's fire and rescue comprehensive performance assessment.

The framework is based on a partnership approach. The Government are committed to giving fire and rescue authorities adequate support and flexibility to help them to meet the specific needs of their local communities. For this reason we are initially issuing it in draft form and welcome comments and suggestions by 12 March 2004 on both the proposals in the draft framework and how to make the future versions as helpful and relevant as possible. We aim to publish the first national framework in spring 2004.

The legislation announced in the Queen's Speech will place the framework on a statutory footing. It will require the Government to report to Parliament on the extent to which fire and rescue authorities are acting in accordance with the national framework and any steps the Government have taken to ensure that they do.

We are also today publishing Mott MacDonald's most recent study into fire and rescue control rooms, and HM Fire Service Inspectorate's review of the subject. The study reinforced the report's conclusions that regional control rooms would significantly enhance national resilience. The Government are persuaded by the conclusions of study and proposes to establish regional control rooms in England, including the one already established in London, working closely with fire and rescue authorities through their regional management boards. We have written to the practitioners forum asking for their views on our proposed approach.

The Fire and Rescue Service is, rightly, widely admired for its professionalism and the dedication of its staff. The White Paper made clear, however, that it was also in need of urgent reform. Publication of the draft national framework sets out the Government's expectations of the service, what fire and rescue authorities should do and the support the Government will provide. It demonstrates the Government's continued commitment, in partnership with fire and rescue authorities, to driving down the number of fire deaths and injuries, improving fire and rescue services and saving more lives.

Copies of the draft *Fire and Rescue National Framework 2004–05*, the full Mott MacDonald report, the summary of the Mott MacDonald report, and the HM Fire Service Inspectorate review are available in the Libraries of both Houses.

Gulf War 1990–91: Vaccines

Lord Morris of Manchester asked Her Majesty's Government:

Further to the Written Answer by the Lord Bach on 9 October (*WA 67*), whether, and, if so, when the companies supplying the Ministry of Defence with pertussis vaccines for use in vaccinating British troops in the 1990–91 Gulf conflict were informed by the ministry of the unlicensed use for which they were purchased; and where, in the view of the Law Officers, legal liability lies in cases where unlicensed use of a vaccine is held to have damaged the health of a service man or woman to whom it was administered or to have constituted a significant health hazard. [HL76]

The Parliamentary Under-Secretary of State, Ministry of Defence (Lord Bach): I will write to my noble friend in answer to his question about pertussis vaccines and a copy of my letter will be placed in the Library of the House. There is a longstanding convention that neither the substance of Law Officers' advice, nor the fact that they have been consulted, is publicly disclosed. This is consistent with paragraphs 2 and 4(d) of Part II of the Code of Practice on Access to Government Information.

War Pensions and Allowances: Uprating

Lord Wedderburn of Charlton asked Her Majesty's Government:

What the new rates are for war pensions and allowances. [HL369]

Lord Bach: The rates of war pensions and allowances are uprated annually in April, based on the retail prices index (RPI) in the previous September. The RPI at September 2003 was 2.8 per cent and this is the amount by which war pensions and allowances will be increased.

The uprating of war pensions and allowances for 2004 will take place from the week beginning 12 April 2004.

The new rates are shown in the following table:

War Pensions Rates

(Weekly rates unless otherwise shown)	*Rates 2003* £	*Rates 2004* £
WAR PENSIONS		
Disablement Pension (100% rates)		
Officer (£ per annum)	6,465.00	6,648.00
Other ranks	123.90	127.40
Age allowances		
40%-50%	8.30	8.55
Over 50% but not over 70%	12.75	13.10
Over 70% but not over 90%	18.15	18.65
Over 90%	25.50	26.20
Disablement gratuity		
Specified minor injury (min.)	788.00	810.00
Specified minor injury (max.)	5,890.00	6,055.00
Unspecified minor injury (min.)	326.00	335.00
Unspecified minor injury (max.)	7,660.00	7,874.00
Unemployability allowance		
Personal	76.55	78.70
Adult dependency increase	43.15	44.35
Increase for first child	10.00	10.30
Increase for subsequent children	11.75	12.10
Invalidity allowance		
Higher rate	15.15	15.55
Middle rate	9.70	10.00
Lower rate	4.85	5.00
Constant attendance allowance		
Exceptional rate	93.60	96.20
Intermediate rate	70.20	72.15
Full day rate	46.80	48.10
Part-day rate	23.40	24.05
Comforts allowance		
Higher rate	20.00	20.60
Lower rate	10.00	10.30
Mobility supplement	44.60	45.85
Allowance for lowered standard of occupation (maximum)	46.72	48.04
Therapeutic earnings limit	3,510.00	3,744.00
Exceptionally severe disablement allowance	46.80	48.10
Severe disablement occupational allowance	23.40	24.05
Clothing allowance (£ per annum)	160.00	164.00
Education allowance (£ per annum) (max)	120.00	120.00
War widow(er)s' pension (further details in schedule WWP)		
Widow(er)s—private	93.85	96.50
Widow(er)s' (other ranks)	93.85	96.50
Widow(er)—Officer (£ pa max)	5,786.00	5,948.00
Childless widow(er)s' u-40 (other ranks)	22.50	23.13
Childless widow(er)s' u-40 (Officer £s pa)	5,786.00	5,948.00
Supplementary Pension	60.97	62.68
Age allowance		
(a) age 65 to 69	10.75	11.05
(b) age 70 to 79	20.55	21.15
(c) age 80 and over	30.55	31.40

War Pensions Rates

(Weekly rates unless otherwise shown)	*Rates 2003* £	*Rates 2004* £
Children's allowance		
Increase for first child	14.80	15.20
Increase for subsequent children	16.50	16.95
Orphan's pension		
Increase for first child	16.80	17.25
Increase for subsequent children	18.45	18.95
Unmarried dependant living as spouse (max)	91.50	94.15
Rent allowance (maximum)	35.40	36.40
Adult orphan's pension (maximum)	72.15	74.15

Olympic Games 2012: London Bid

Baroness Hanham asked Her Majesty's Government:

Whether it is the case that proposals for the Olympic Games would result in some 350 businesses being displaced in the Stratford area; and, if so, what action they will take to alleviate the problem. [HL16]

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord McIntosh of Haringey): The masterplan for the regeneration of the Lower Lea Valley offers development models which will come into effect whether London's bid for the Olympic Games is successful or not. To realise the full potential benefits of the regeneration work, some 350 businesses may be affected, with some possibly needing to be relocated. This process is being managed by the London Development Agency, working closely with local business groups who are in direct contact with all the businesses which may be affected by the plan. There will of course be consultation for all those affected.

VAT

Lord Moynihan asked Her Majesty's Government:

Which European Union member states apply (a) an exemption; and (b) a reduced rate of VAT on the construction of community sports facilities. [HL196]

Lord McIntosh of Haringey: Member states can only introduce VAT rules that are compatible with the EC Sixth VAT Directive. There is no provision within that directive to apply either an exemption or a reduced rate to the services of constructing community sports facilities.

Money Laundering Regulations 2003

Lord Marlesford asked Her Majesty's Government:

When they expect to bring the draft Money Laundering Regulations 2003 into effect; and [HL204]

What representations they have received from commerce, industry and charitable organisations on the cost of complying with the draft Money Laundering Regulations 2003; and what changes to the regulations they propose as a result of such representations. [HL205]

Lord McIntosh of Haringey: The Money Laundering Regulations 2003, together with amending orders for the Proceeds of Crime Act 2002 and the Terrorism Act 2000, were laid before Parliament on 28 November 2003. The regulations and amending orders will come into force from 1 March 2004.

The majority of the responses to the Treasury's consultation on draft regulations, issued in November 2002, were broadly supportive of the approach taken in the draft and some included a number of constructive suggestions to improve the regulations. A regulatory impact assessment was placed in the House Library when the regulations were laid, and this will also be made available on the Treasury website. The RIA contains details of cost estimates and changes to the draft regulations following consultation.

BBC: Royal Charter

Baroness Turner of Camden asked Her Majesty's Government:

What plans they have to review the BBC's Royal Charter. [HL368]

Lord McIntosh of Haringey: The BBC's Royal Charter—the seventh in the history of the corporation—is due to expire on 31 December 2006. We have today launched the first phase of a process of review that will result in a strong BBC, independent of government, from the end of the current charter and beyond. That period will be marked by continuing rapid advances in technology, and changes in society, culture and practice—the way people receive and make use of broadcast content. Charter review will be characterised by our openness, our efforts to engage as broad a section of the population as we can, and our commitment to listen to what people have to say. We are being helped in this by Lord Burns who will provide us with independent advice throughout.

Charter review is not a single process. It will take a range of existing and planned work, including Ofcom's review of public service television, the independent review of BBC online and the forthcoming reviews of the BBC's new digital services. But it will also feature widespread public involvement, built around a three-phase process of consultation. Phase one starts today, based on a very broad consultation document—*The Review of the BBC's Royal Charter*—which we have published today. We have placed copies of the document—and a supporting leaflet—in the Libraries of both Houses.

Phase two, timed to begin around the end of 2004, will aim to bring together the results of phase one, the conclusions of various reviews taking place over the course of next year and the findings of our own programme of research into a Green Paper, which will be published for a further stage of consultation.

A White Paper will follow, with a further round of consultation. We will conclude the process with a full and formal opportunity for both Houses to contribute their views.

Today's publication forms the central plank of phase one. It sets out a framework for consultation—based on a series of key themes—within which there is plenty of room for discussion of all aspects of the BBC's role, structure and function. The consultation will be supported by a programme of survey research and direct engagement with the public and stakeholders.

The BBC belongs to everyone. It is one of our most valued institutions. In many ways, it reflects what is best about the values, culture and society of the United Kingdom, at home and abroad. Charter review gives the whole country an opportunity to have its say about the kind of BBC it wants for the future.

NHS Trusts: Ethnic Diversity Review

Lord Chan asked Her Majesty's Government:

What steps they are taking to ensure that the Commission for Health Audit and Inspection will continue the review of ethnic diversity currently undertaken by the Commission for Health Improvement in their corporate reviews of National Health Service trusts. [HL250]

The Parliamentary Under-Secretary of State, Department of Health (Lord Warner): The Commission for Healthcare Audit and Inspection will continue the Commission for Health Improvement's policy of assessing National Health Service trusts' progress towards meeting the Race Relations (Amendment) Act 2000.

Care Services: Fees

Lord Hogg of Cumbernauld asked Her Majesty's Government:

When they will increase the fees for care services, currently regulated by the National Care Standards Commission. [HL409]

Lord Warner: The fees for care services currently regulated by the National Care Standards Commission (NCSC) will be increased in April 2004. A table of the new fees is as follows.

Regulatory fee income is to assist with the funding of the NCSC, with the intention of achieving full cost recovery after five years, with a review in 2004. The policy on regulatory fees—including the intention of full cost recovery and the consequences for later years—was established following consultation in 2001. The fee structure also makes the costs of regulation

transparent and borne by those who stand to benefit from more consistent national minimum standards so that pressures will apply to the regulatory process to ensure that it continues to be effective and efficient.

Next April, the Commission for Social Care Inspection will take on the NCSC's role of regulating independent social care providers. The regulation of private and voluntary healthcare providers will move from the NCSC to the Commission for Healthcare Audit and Inspection. The new commissions will further strengthen the system for inspecting those services.

Individual letters are being sent to all providers of care services regulated by the NCSC to notify them about the increases.

Fees for Registration and Inspection 2004–05

(2003–04 fees in brackets)

Service	*Unit*	*Current fee*	*New Fee*
Registration fees			
Provider registration	home	£1,320[1]	£1,584
Provider registration small homes and adult placements	home	£360[1]	£432
Manager registration	manager	£360[1]	£432
Minor variation	application	£60[1]	£72
Variation requiring visit	application	£660[1]	£792

Service	*Flat rate*	*Approved Place from 4th–29th*	*Approved place over 30th*
Annual fees			
Care homes and hospices	£216 (£180)	£72 (£60)	£72 (£60)
Small care homes and adult placements	£144 (£120)	n/a	n/a
Acute and mental health hospitals	£3,600 (£3,000)	£144 (£120)	£72 (£60)
Prescribed techniques clinics	£1,080 (£900)	£144 (£120)	£72 (£60)
Independent hospital	£1,440 (£1,200)	£144 (£120)	£72 (£60)
Other independent healthcare	£1,440 (£1,200)	n/a	n/a
Children's homes	£720 (£600)	£72 (£60)	£72 (£60)
Small children's homes	£720 (£600)	n/a	n/a
Boarding schools and further education	£360 (£300)	£21.60 (£18)	£10.80 (£9)
Residential special schools	£576 (£480)	£57.60 (£48)	£28.80 (£24)
Fostering agencies and local authorities	£1,440 (£1,200)	n/a	n/a
Residential family centres	£480 (£400)	£60 (£50)	£60 (£50)
Domiciliary care agencies	£900 (£750)	n/a	n/a
Small domiciliary care agencies	£450 (£375)	n/a	n/a
Nurses agencies	£600 (£500)	n/a	n/a

Fees for Registration and Inspection 2004–05

(2003–04 fees in brackets)

Service	*Unit*	*Current fee*	*New Fee*
Voluntary adoption agencies	£600 (£500)	n/a	n/a
Voluntary adoption agency branches	£300 (£250)	n/a	n/a
Small nurses agencies	£300 (£250)	n/a	n/a

[1]Domiciliary care agencies, voluntary adoption agencies, nurse agencies and residential family centres pay 2003–04 prices.

Game Licences

Lord Marlesford asked Her Majesty's Government:

Whether a large number of post offices are unable to supply game licences; and whether this will be taken into account in decisions on the prosecution of those who have been unable to obtain a licence and who are then found to be shooting without a game licence. [HL200]

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Whitty): The Post Office has informed the department that this autumn's supply problems have been resolved and there are now adequate stocks of all game licences to meet anticipated demand.

All post offices are able to arrange the issue of a game licence but not all offices stock licences on their premises. This is an operational matter for individual post offices and would normally reflect past demand. Large, directly managed post offices are most likely to keep stocks of licences. Location details of these offices can be obtained using the Post Office Helpline (0845 722 3344).

The Post Office, in liaison with Defra officials, is currently exploring options for improving the availability of licences in the future.

The Game Licences Act 1860 (Section 4) requires that every person taking or killing game, or assisting in such activities, takes out a licence to kill game under this Act. The penalty for acting without a valid licence is level 2 on the standard scale.

Whether or not extenuating factors, such as the availability of licences, are taken into account during the legal process is a matter for the police, Crown Prosecution Service and, ultimately, the courts to decide.

Non-departmental Public Bodies: Representations on Public Policy

Lord Norton of Louth asked Her Majesty's Government:

What limitations there are, if any, on non-departmental public bodies making representations to government departments on issues of public policy. [HL145]

Lord Bassam of Brighton: There are no restrictions on non-departmental public bodies (NDPBs) making representations on matters within their remit to government departments.

Government Websites

Lord Northesk asked Her Majesty's Government:

What action they propose to ensure that central and local government websites comply with their guidelines for interoperability and accessibility; and [HL149]

How they respond to the recent survey from Business2WWW suggesting that all but five of 62 government websites tested failed to comply with government standards on metadata and the e-Government Metadata Framework; and [HL150]

How they respond to the recent survey from Business2WWW suggesting that 58 of 62 government websites tested failed to meet the Priority 1 requirements; and [HL151]

How they respond to the recent survey from Business2WWW suggesting that the websites of the Prime Minister, the Home Office, the Community Legal Service and others were all less than 1 per cent compliant with current guidelines for access to the disabled. [HL152]

Lord Bassam of Brighton: Evaluating the accessibility of a website is a complex issue and experts in this area, such as the RNIB, City University and AbilityNet advise that it cannot be undertaken by automated testing alone. The e-Envoy has recently had discussions with Business2WWW about how their latest automated testing is undertaken and upon what criteria the reported results are based.

The e-government Metadata Framework was superseded by the e-Government Metadata Standard in 2001 (e-GMS). e-GMS is mandatory for new public sector IT systems and the number of sites meeting the standard will therefore improve as sites are replaced or upgraded.

The e-Envoy encourages compliance through provision of guidance and good practice. Compliance is the responsibility of individual departments and local services and is self-regulatory through the use of National Computing Centre services and the World Wide Web Consortium's Web Content Accessibility Guidelines.

Citizenship Ceremonies

Baroness Gale asked Her Majesty's Government:

What proposals they have on the form and content of citizenship ceremonies. [HL322]

Lord Bassam of Brighton: The White Paper, *Secure Borders, Safe Haven: Integration with Diversity in Modern Britain,* published in February 2002, set out the Government's proposals for enhancing the significance of the acquisition of British citizenship. The Nationality, Immigration and Asylum Act 2002 duly included provisions which, when brought into force at the start of 2004, will require all adult applicants for British citizenship to take an Oath of Allegiance to Her Majesty the Queen and Pledge of Loyalty to the United Kingdom at a citizenship ceremony.

On 25 July we published a consultation document which set out the Government's provisional views on the form and content of that citizenship ceremony. The 12-week period of consultation closed on 17 October and 145 responses were received.

Broadly, the responses supported the proposal that national symbols such as the Union flag and national anthem should feature in ceremonies throughout the United Kingdom and that these should be augmented with local features and symbols. A small minority of responses did not support the idea. The Government themselves remain strongly of the view that it would be right for these United Kingdom symbols to be used, given that the citizenship being bestowed is that of the United Kingdom as a whole. Other countries like Canada, Australia and New Zealand certainly believe it appropriate to display national symbols at these events. We would encourage those who disagree to reflect further and to consider this issue from the viewpoint of the new citizens and what they might reasonably expect of a British citizenship ceremony, rather than impose their own views on what is appropriate.

There was a positive response to the suggestion that local authorities might wish to impart their own flavour on ceremonies taking place in their area, and to the notion that prominent and recognised members of the local community might take part in ceremonies and formally welcome new citizens to their area. The suggestions on what form this local flavour might take recognised the importance of local adaptations not detracting from the dignified, celebratory and meaningful nature that government intend for citizenship ceremonies. Many areas proposed that they would involve local schools and community groups in their ceremonies.

In terms of the musical content of ceremonies, the majority supported the playing of the national anthem immediately after the taking of the oath and pledge. Many areas said that they also intended to play recognised and appropriate pieces of music as new citizens entered and left the ceremony. A list will be given in the guidance for local authorities and registrars.

The consultation document proposed a form of words for the ceremony welcome speech and for the address given by the local dignitary. The majority of responses supported the notion of standardisation of the main portions of these addresses, but said that they would ensure that any local additions did not detract from the formal welcome to both the UK and the local area.

In terms of a commemorative gift, most thought that a commemorative certificate bearing that area's coat of arms or logo would be most appropriate. There

was a unanimous view that any gift given must be meaningful of the event. A small percentage of respondents took the view that there was no need for a gift as such in that the grant of citizenship was in itself a gift.

The Government are grateful to all of those individuals and organisations who took the time to read and respond to this document. The nature of the comments give us reason to believe that our proposals carry general suppport. We shall therefore proceed broadly in line with the format set out in the consultation document.

The cost of the ceremonies will be included in an increased nationality fee, the details of which have been included in a statutory instrument to be laid today, which will mean no additional charge to the taxpayer.

Details are in the attached table.

Type of Provison	*Current Fee* £	*Proposed 01/01/04* £	*Ceremony Fee* £	*Total 01/01/04* £
6(1) Single	150.00	150.00	68.00	218.00
6(1) Joint	150.00	150.00	136.00	286.00
6(2)	120.00	146.00	68.00	214.00
Reg. Adult	120.00	85.00	68.00	153.00
Reg. Minor Single	120.00	144.00		144.00
Reg. Minor Multiple	120.00	144.00		144.00
Renunciation	20.00	81.00		81.00

Thames Gateway Bridge: Construction

Lord Rogers of Riverside asked Her Majesty's Government:

Whether they support the early construction of the Thames Gateway Bridge; and when they expect to make an announcement. [HL156]

Lord Davies of Oldham: The Mayor of London has asked government for assistance with the Thames Gateway Bridge, in respect of both gaining the powers required to construct the bridge, and additional financial support. An announcement will be made in due course.

Railways: Maintenance and Renewals Expenditure

Lord Bradshaw asked Her Majesty's Government:

Whether they will set out the approximate maintenance and renewal expenditure by (i) Railtrack; (ii) Network Rail; and (iii) the Strategic Rail Authority, for the year 2002–03 for the following sections of railway—
(a) Anglia-Great Eastern;
(b) Great North Eastern Railway;
(c) Great Western Main Line;
(d) Midland Main Line;
(e) the former Southern Region;
(f) West Coast Main Line; and
(g) the remainder of the railway. [HL184]

Lord Davies of Oldham: The information is not available in the form requested. However, Section 5 of the Network Rail's 2003 annual return to the Rail Regulator, published on 31 July, includes details of actual maintenance and renewal expenditure in 2002–03 for the total network and by region; and of actual renewals spend on each of Network Rail's 45 strategic routes. I will arrange for a copy to be placed in the Library of the House.

Congleton: Railway Service

Lord Bradshaw asked Her Majesty's Government:

Whether the actual (as opposed to the timetabled) railway service being provided at Congleton station since September conforms with the passenger service obligation agreed by the train operating companies involved. [HL185]

Lord Davies of Oldham: First North Western and Virgin Cross Country have specified passenger service requirements to serve Congleton station. These consist of seven and three weekday services respectively in each direction between Manchester Piccadilly and Stoke-on-Trent. Actual service on this line was disrupted due to essential engineering works to upgrade the West Coast Main Line during September through early October. A replacement bus service was provided during the line closure that met the PSR.

Thursday 11th December 2003

ALPHABETICAL INDEX TO WRITTEN ANSWERS

NUMERICAL INDEX TO WRITTEN ANSWERS

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