

My speech on Labour's motion for a windfall tax on oil and gas producers

Rt Hon Sir John Redwood MP (Wokingham) (Con): I welcome this opportunity for us to discuss one of the biggest issues facing the country. April could indeed be the cruellest month this year if more action is not taken to tackle the forthcoming problem, because we are likely to see an unfortunate coincidence of a big surge in electricity and gas bills as the cap is relaxed, an increase in council bills, general inflation that is a bit too high, and a national insurance increase hitting people's work incomes. I urge the Government to think again about the possible severity of that squeeze on real incomes, as it would have a knock-on effect, reducing people's ability to spend on other discretionary items as they struggle to pay energy bills. It would therefore slow the economy quite considerably, at the same time as creating this shock to living standards.

The Ministers sitting on the Front Bench are, I am sure, engaged in conversations more widely in Government, including with senior members of the Government who will make the ultimate decisions. Today is not really the day to debate more general taxation issues, although even at this late stage I would like the Government to cancel the national insurance increase, on the grounds that public finances generated a big surge in revenue compared with the Budget forecast last March, and our deficit is around £60 billion lower than they thought it was going to be. I say to the Government that they can accommodate the £12 billion they need to spend—rightly—on health improvements, without that money.

The proper subject of this debate is our energy markets. If we compare the two sides of the Atlantic, we see in Biden's America, where he inherited a period of successful exploration and development of domestic gas, a market that can more than supply its own needs and has kept prices considerably lower than the damaged European market. President Biden, while clearly putting his country on the road to net zero at COP26, returned home to authorise more exploration and development of both oil and gas wells, and to license more territory in the gulf of Mexico. He took the view that we will have a transition need for gas for this decade or more, and he needs to keep the American market properly supplied.

I urge my colleagues on the Front Bench to be sympathetic, as I think they are, to the case that while we still need to burn quite a lot of gas, and while we are awaiting plentiful supplies of renewable or nuclear power that will be affordable and reliable, we must accept that we will be burning somebody's gas, and it must make more sense to burn our own, rather than imports. Indeed, I would start that case from the green point of view. A while ago I had a useful answer to a parliamentary question, pointing out that the CO₂ generated by importing liquefied natural gas and burning it in whatever we wish to burn it in is more than double the amount of CO₂ generated from burning a comparable thermal equivalent of gas taken from

the North sea. There is a very good green case for substituting domestic gas for imported LNG.

Clive Lewis (Lab): Over the past two years, the North sea oil and gas that was exported doubled. It is not our oil and gas. It belongs to the corporations that bring it out of the ground, and they sell it to the highest bidder. It does not increase our energy security. The right hon. Gentleman made a point about Biden inheriting fracked shale oil and gas in the US, but he failed to mention the ecological costs, which every year run into hundreds of millions of pounds of damage to the natural world. That is the price the United States is paying for its fracking, which I imagine the right hon. Gentleman would expect us to take up here as well.

Rt Hon Sir John Redwood MP (Wokingham) (Con): I was not talking about onshore gas at all; I was talking about North sea gas, which comes from under the sea. A variety of reservoir easing techniques have been used for many years and never caused political controversy. I was recommending that we review again the opportunity to explore for more, to develop more and to bring into production the fields that we know are out there. That would also help the SNP spokesman, the hon. Member for Aberdeen South (Stephen Flynn), who would rightly like more jobs or to sustain jobs in his successful oil and gas city, which faces the problems that he described. I was interested in his warning about how a windfall tax could, like last time, collapse investment and reduce the amount of extraction and future investment that we get.

The hon. Member for Norwich South (Clive Lewis) said that not all the gas produced in the North sea would be sold to us. That may be right, but the European market in general is chronically short of gas and the continental market is cruelly dependent on Russian gas, which today we can see is not a good idea. A North sea supply would therefore help when we are trying to ease supply pressures and bring prices down.

The second reason why it makes much more sense to use our own gas—or to extract more of it—rather than rely on imports is that we collect much more tax on it, and we are losing all that tax revenue on imports. The hon. Gentleman should remember that we now import 53% of the gas that we need, and we do not get anything like the revenue that we could if we extracted more of our own. Preferably, we would sell it to ourselves, but even if we exported it—we may well do that—we would still collect the extra revenue. There would also be a benefit in jobs and prosperity, because the industry tends to create quite a lot of well-paid jobs, which is good for the communities that sponsor those activities.

I hope that Ministers will look favourably on the idea that, during this transition, we will burn a lot of gas—as will everyone else—so it makes a lot of sense for the UK to produce gas and offer it on long-term contracts, trying to smooth some of erratic prices that we see because of what is happening on the continent, and make our contribution to greater security of supply for ourselves and—indirectly—for Europe.

Finally—I know that time is limited—electricity is much in demand, and it will be much more in demand if the electrical revolution that the Government

wish to unleash comes true. One reason why we had a big spike in gas prices was that the wind did not blow, which added to the need to burn a lot more gas in power stations. That can happen again, because the wind clearly is an unreliable friend, and it is particularly difficult if it goes down at times of peak demand or when it is very cold. We therefore need to ensure that we are putting in enough reliable electricity capacity, because that has a direct relationship with the gas supply and demand issue as well as with gas prices, and I do not think that the current plans have nearly enough new capacity in them.

[Visit to Code Ninjas](#)

On Saturday I visited the Code Ninjas class for young people to learn how to write computer code whilst playing some computer games and meeting other young computer enthusiasts.

The activity took place at St Crispins school in Wokingham. The Organiser, Naveen Khapali has stated " I hope to provide a platform and opportunity for 16 to 18 year olds to build their career in computer coding and programming. Code Ninja's Wokingham has a vision to provide a safe and fun place for kids to learn about technology and the dynamics of technology whilst learning to code, create new games and develop problem solving and life skills"

The facility is available for any child over 5 years old. Parents can contact the organiser on wokinghambrkuk@codeninjas.com to learn more about the terms and conditions and the arrangements for looking after the children.

[An electric revolution needs electricity](#)

The government's forecasts for electricity generation in the UK are curious. They show an increase of under one percent in the first half of the current decade, and an increase of just 8.6% for the decade as a whole. This is odd because the government is very clear it wants an electric revolution. It wants many householders to switch from gas to electricity for their heating systems. It wants many drivers to switch from diesel and petrol cars to electric vehicles. Indeed, it wishes to ban new petrol and diesel cars in 2030. It wants process industry to seek to replace gas based heat systems with electric ones. All this implies you would have thought a substantial increase in the need for electricity.

The government's figures only makes sense if one of the following three outcomes happens. The low requirement for electricity may imply that the government is not expecting much by way of take up of electric cars and electric heating systems this decade after all. The main target is for 2050, though the intermediate targets are meant to be getting tougher.

The figures may imply that the government plans for us to import many more of the things that generate a lot of carbon dioxide, allowing the UK to hit tougher national targets for CO2 reduction whilst not reducing the CO2 for the world, as we will be importing them instead. The more products needing high energy content that we import the less we need power here for the factories. If we import more electricity that is also not in the figures.

The third possibility is that the forecasts are wrong, and we will need considerably more electricity than is allowed for in these figures and plan.

The government figures allow for the closure of all but one of our existing nuclear plants by 2030, with the addition of one new large plant that only offsets part of the loss of capacity. The government still plans for the closure of the three remaining coal power stations, so presumably this is allowed for in these figures. The government is also supporting substantial increases in wind power which will add to capacity, though not when there is no wind. There needs to be some averaging of the figures and some back up capacity available.

It would be interesting to hear comments on the likely speed of customer take up of the new electrical technologies, and comment on what this will mean for electricity demand.

[My intervention in the Advanced Research and Invention Agency Bill debate](#)

Rt Hon Sir John Redwood MP (Wokingham) (Con): In that connection, could the [Minister](#) give the House some brief guidance on what he, as the accountable Minister, would expect by way of discussion and influence over corporate plans and budgets and onward reporting to the House?

George Freeman (Parliamentary Under-Secretary, Department for Business, Energy and Industrial Strategy): I am grateful to my right hon. Friend for that question, and he will not be surprised to know that it is one I have also been asking since coming to this role. The point of [ARIA](#) is to be a new agency for doing new science in new ways, and it has been structured specifically to avoid meddling Ministers, even those with a good idea, and meddling officials, even those with good intent, and to create an agency that

is free.

My right hon. Friend asks an important question. As we appoint the chief executive officer and the chair, the framework agreement will set out, a bit like a subscription agreement, the agency's operating parameters, which will be published in due course. Each year ARIA will have to report on its stated plans. Crucially, as is so often not the case in scientific endeavour, ARIA will report where happy failure has occurred so that we do not continue to pour more money into scientific programmes that have not succeeded, which I know will reassure him. We want ARIA to be free to be honest about that, and not embarrassed. ARIA will be annually accountable through the framework agreement.

Finally, Lords [amendment 1](#) deals with the conditions that ARIA may attach to its financial support. This arises from a series of important discussions in the [other place](#) relating to ARIA's duty to commercialise [intellectual property](#) that may be generated, which I am keen to address properly. However, the amendment, as drafted, does not actually prevent ARIA from doing anything; it adds examples of conditions that ARIA may attach to financial support, but ARIA already has the general power to do just that. Legally, the amendment simply represents a drafting change. As such, we cannot accept it, but we understand and acknowledge the importance of the point that the noble [Lord Browne](#) had in mind.

It is our firm belief that, although it is not appropriate at this stage to specify ARIA's contracting and granting arrangements in legislation, we recognise the substance of the concerns underlying the amendment: namely, that ARIA should have a duty to the taxpayer to ensure it is not haemorrhaging intellectual property of value to the UK. I will outline our position on that.

The amendment focuses principally on overseas acquisition of [IP](#) relating to the principles on which the Government intervene in foreign takeovers of UK businesses, particularly where those businesses have benefited from public investment in research and development activities. The [National Security and Investment Act 2021](#), which fully commenced earlier this month, provides just such a framework, and it marks the biggest upgrade of investment screening in the UK for 20 years.

The [NSI](#) Act covers relevant sectors, such as quantum technologies and synthetic biology, that have benefited from significant public investment, and it permits the Government to scrutinise acquisitions on national security grounds. This new investment screening regime supports the UK's world-leading reputation as an attractive place to invest, and it has been debated extensively in both Houses very recently. We do not believe that revisiting those debates today would be productive.

Although the NSI Act provides a statutory framework, a much broader strand of work is under way. As Science [Minister](#), I take very seriously the security of our academic and research community. A number of measures have been taken in the past few months and years to strengthen our protections. We are working closely with the sector to help it identify and address risks from overseas

collaborations, while supporting academic freedom of thought and institutional independence.

Members do not need me to tell them that intellectual property is incredibly valuable and we increasingly face both sovereign and industrial espionage. It is important that we are able to support our universities to be aware of those risks and to avoid them. The Bill already provides the [Secretary of State](#) with a broad power of direction over ARIA on issues of national security, which provides a strong mechanism to intervene in its activities in the unlikely event it is necessary to do so.

[What progress can be made on better air extraction, air cleaning and ultraviolet filtration in hospitals?](#)

Rt Hon Sir John Redwood MP (Wokingham) (Con): I welcome the change of policy. In order to reassure both patients and staff about safety, what progress can the [Secretary of State](#) report to the House on better air extraction, air cleaning and ultraviolet filtration? I think that we need to control the virus without telling people exactly what they have to do in their own health treatments.

Sajid Javid (Secretary of State for Health and Social Care): As always, my right hon. Friend has asked a very good question. He will know that infection protection control measures have been in place during the pandemic; they change along with the pandemic over time, depending on the risk profile, and that applies to care settings. The Government have supported care homes with hundreds of millions of pounds to make adaptations and changes and to implement these measures, and I know that many care settings have taken advantage of those funds to provide, for instance, air filtration and ventilation. That is the kind of support that the Government will continue to give.