

Digital, Culture, Media and Sport Committee

Oral evidence: The work of the Department for Digital, Culture, Media and Sport, HC 361

Wednesday 24 October 2018

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Watch the meeting

Members present: Damian Collins (Chair); Clive Efford; Julie Elliott; Paul Farrelly; Simon Hart; Julian Knight; Ian C. Lucas; Brendan O'Hara; Rebecca Pow; Jo Stevens; Giles Waling.

Questions 209 - 356

Witnesses

I: Rt Hon Jeremy Wright QC MP, Secretary of State for Digital, Culture, Media and Sport.



Examination of witness

Witness: Rt Hon Jeremy Wright QC MP.

Q209 **Chair:** Good afternoon and welcome to this session of the Digital, Culture, Media and Sport Select Committee. It is our pleasure to welcome the Secretary of State for his first visit to the Select Committee since his appointment. Hearty congratulations from the Committee on your appointment as Secretary of State.

Jeremy Wright: Thank you very much.

Chair: We intend to structure the session today with the first part looking at issues related to the Committee's ongoing investigation on disinformation and 'fake news'. In the second part of the session, we will cover other topics related to the work of the Department. Before we start, I should also say, on behalf of the Committee, happy birthday.

Jeremy Wright: Thank you for that.

Chair: Thank you for agreeing to spend part of your birthday with us.

Jeremy Wright: I shall expect much more generous treatment as a result of the fact that it is my birthday.

Q210 **Chair:** I would like to start off by looking at the response from the Department to the Select Committee's interim report on disinformation and 'fake news', and in particular, with the concerns the Committee raised around Russian interference in democracy and in spreading disinformation and 'fake news'. The Department said in its response to us—a consistent Government line—that you have seen “no evidence of successful disinformation by foreign actors, including Russia”. What do you mean by “successful”?

Jeremy Wright: What is undoubtedly true is that there have been efforts by Russia to interfere in the process. That applies in the UK and it also applies, as the Committee knows, in other countries. What we have not seen, I think, is evidence that that has been successful—in other words, that the interference attempted by the Russians has had a material impact on the outcome of elections. Of course, in the UK, we are in a different position from some other nations in that there are two types of interference one might attempt. One is with the process of the election itself—in other words, influencing the outcome of the election by means of interfering with voting machines, and so on. That cannot be done here. We do not have voting machines of that kind. The other type of interference is that one attempts to influence the outcome by sending out messaging, by influencing voters in a particular way, and we will come, I am sure, to some of the issues that surround that. We have not seen anything that demonstrates—obviously not by the first means, but neither by second means—that the Russians have succeeded in changing the outcome of the elections, either a parliamentary election or a referendum. That is what we mean by that. That is not, however, to



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suggest that in any way the Government is complacent about the level of the threat or, indeed, about the level of response required. I do not want to pre-empt questions, but it seems to me that we can come to talk about what the level of response ought to be and the types of response that are needed.

Q211 **Chair:** How the Government measure whether Russian interference has been successful or not?

Jeremy Wright: We can never be absolutely sure, of course, what people have seen and how much they have been influenced by it but the point, I think, is to put it the other way round. We have seen nothing that persuades us that Russian interference has had a material impact on the way in which people choose to vote in elections. It is not that they have not tried, but we have not seen evidence of that material impact.

Q212 **Chair:** Could you say what the Government officially recognises by way of Russian interference in politics in this country? There have been lots of studies done showing that there was Russian use of Twitter; we have asked questions about Facebook. What analysis did the Government conduct to see what was the extent of Russian targeting of voters during elections?

Jeremy Wright: You will understand, Chair, why I am not going to get into a great deal of detail about what Government have and have not done because of course what we do not want to disclose are methods that we may have used or how successful we might be in the future in deterring that kind of activity. There is no doubt in my mind, however, that attempts have been made and it seems to me that what we require here is a national-security level response. The work of the NCSE, with which the Committee will be familiar, is important in this. We also need the online companies to be responsible; we need them to be taking whatever measures they can on the transparency of the messages they are carrying. We also, frankly, need a public education response. One of the things that I think is important in this is that the public is sufficiently sceptical about what they read and hear and where it might come from. We need responses on all those levels in order to deal with this type of threat.

Q213 **Chair:** Before we come on to some of the latter points, are Government conducting research into this? I do not think it is clear to us or anyone else that any research is being done on Russian disinformation.

Jeremy Wright: Yes, there is a National Cyber Security Centre response to this, as well as other responses. We are in no doubt about the fact that efforts have been made. I am not going to go into detail as to the methods we may have used to detect that for what I am sure are obvious reasons, but we are in no doubt that it has been tried. We cannot, at the moment, say that there is evidence that it has been successful, although I accept that it is difficult to know exactly what people have read and what they have been influenced by. That applies, of course, to every



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electoral exercise. The response, however, has to be not just at a national security level; it must be at least also at those two other levels that I have mentioned.

Q214 **Chair:** What meetings have Government had with companies like Facebook to ask them to conduct research into accounts that may be false accounts, accounts operated by Russian agencies or their agents, in order to try to disrupt Russian disinformation techniques?

Jeremy Wright: Contacts have certainly been made. We have spoken to companies like Facebook about this matter. I am not going to go into the details. It is also right to say that companies like Facebook, and not just Facebook, have demonstrated some progress towards being more transparent about, for example, political advertising. That is more true, I think, in the United States at the moment, than it is true here, but some companies, including Facebook, have started to roll out those sorts of measures in this country. That is very welcome. I do not think it is sufficient—we need to see more of it—but it is progress in the right direction.

Q215 **Chair:** Government have identified the role of Russian propaganda in seeking to confuse people about incidents like the Skripal poisoning in Salisbury. Do you think we are losing the information war on social media against Russia?

Jeremy Wright: In order to win that war, what you need is the public also to be more sceptical about what they read and see. Part of this is about raising public awareness that what they might be seeing might be coming from Russia. Frankly, it seems to me, the work that this Committee is doing, as well as what Government are trying to do, is extremely useful in that respect. People need to have their awareness raised that the Russians are up to this kind of behaviour, and not just the Russians of course, but in the context of the Skripal poisonings, we are in no doubt, not only as to the responsibility for the acts themselves, but also that the Russians have put about false narratives on what has happened, some 30 or 40 of them, all false, and that they have done that deliberately in order to confuse people. We can, of course, try to detect those false narratives, to identify them, but we also need the public to be conscious of the risk that some of the things they read are not true and not just accidentally not true, but deliberately not true.

Q216 **Chair:** How can user education play a role if people are not given any prompts to make them question what they are looking at? As you will be aware, the problem is that the Russians disguise what they are doing and make the information they are spreading look as if it is coming from the country where the person reading that information is based.

Jeremy Wright: Indeed. Hence the point on transparency, which is just as important. We need all the help we can give to those people reading the material as to where it has come from and who has put it up. If you are talking about electoral material, that is even more important. We may



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come back to the specifics of electoral material but it is important that we get all the help we can from the online companies to identify not just where things have come from but also some measurement, where it is feasible, of how authoritative a source is, how well researched it is—on all those things, I think we can ask for more help than we are currently getting. My sense is that we have made some progress in the right direction with the online companies, although not yet enough progress.

Q217 Chair: Do you think the tech companies should display the country of origin from where a page, say on Facebook, is being administered?

Jeremy Wright: That is one possibility although inevitably there are ways in which you can route things circuitously to avoid that kind of restriction. We have to have some quite complex conversations with online companies about what they can do to help us combat this very real challenge. To some extent, the problem is relatively new. The idea that countries have tried to put out disinformation is not a new concept. We have seen that for hundreds of years. The mechanisms available now, however, are much more sophisticated. We have to have quite a lot of conversations with online companies about how that might happen. It is part, I think, of the online-threat landscape, which, as the Committee knows, Government are looking at very hard and on which we expect to produce a White Paper. I expect that White Paper to be quite wide ranging. In my view, there is a spectrum of online harm. We do not necessarily seek to address all harm in the same way but it is important to have a sense of what the spectrum looks like.

Q218 Chair: You have mentioned the role of education several times. You know that the Committee recommended a levy on tech companies to fund that education. Is that something that you would support in principle? I know that it was not covered in the Department's response.

Jeremy Wright: It is certainly something that we will consider because it seems to me that if you are asking for more activity to take place, you also need to address how that is going to be funded. It seems to me that it is certainly one of the options available to us in order to make sure that additional activity can take place. As you would expect, I am not going to pre-empt what the White Paper is going to say and that is partly because we have not written it yet, but I do think that it is important that a levy on tech companies is one of the options we look at. Of course, we can look at a levy to fund a number of things. We can look at a levy to fund education. We could also look at a levy to fund a regulator, if we consider that a regulator is necessary.

Q219 Chair: As you know, those are things that the Committee recommended and they are normal in other sectors, such as the financial services sector. Do you not feel that the time has come for this, that it should not be down to the taxpayer to carry the burden, that the companies that are making the money out of disinformation being spread should pay some of the costs themselves?



Jeremy Wright: It all depends on what we are talking about. If we are still talking about the threat to our democracy, to our national security, by a hostile foreign state, then of course there is a dimension of that where the cost needs to be borne by the taxpayer because that is part of the job of the state defending itself. If, on the other hand, we are talking about online harm more broadly, there is a role for us to think about for social media companies and other online presences to work out how this extra activity should be funded. I am not going to pre-judge it because I think it is quite important that this is not prejudged and that we do work through this in a logical and considered way. I am happy to talk about why if you would like me to. I do think a levy is one of the options worth considering. In the end, if there is more activity, it does have to be paid for somehow.

Q220 **Chair:** You touched on this already. In the response, you say that Government have “taken steps to ensure there is a co-ordinated structure across all relevant UK authorities to defend against hostile foreign interference in British politics”. While I appreciate that it may be difficult to comment on the work that has been done, could you give an overview of that structure and which organisation it has involved?

Jeremy Wright: I have mentioned the National Cyber Security Centre, which is obviously important in terms of determining what is going on, and the intelligence aspect. Then, of course, there are multiple parts of Government that need to take some responsibility, not just my Department, but also the Home Office, NHCLG, and other bits of Government. This is genuinely a joint effort and I think it will need to be a joint effort between the security architecture, parts of Government, online companies, and, frankly, broader civil society, if we are going to get this right. That is why I think the White Paper is likely to be quite broad ranging. If you want to address the matter properly, you are going to have to not just ask what Government are going to do about it but also ask what Government are going to do to encourage other necessary players to also take responsibility.

Q221 **Chair:** You made reference to the work of the Defence Science and Technology Laboratory, which is sponsored by the Ministry of Defence. Could you tell us more about the sort of work it is engaged in?

Jeremy Wright: For fairly obvious reasons, not in much detail, but inevitably, I would say—

Q222 **Chair:** It is prayed in aid in your response.

Jeremy Wright: It is there because I think what the right thing to do would be to say that this is the landscape, these are the entities that are helping us to deal with this threat. That is undoubtedly one of those entities, and that is because there is a national security component to this. There is no doubt about that. The way to look at online harm is as a spectrum. You have a number of different harms, ranging from patently illegal or national-security related harm all the way through to the merely undesirable. The right way to think about that spectrum is not by way of



finding one monolithic response to all of it, but to try to find a way in which you do not ignore any of that online harm, but you address it all in various ways. Without pre-empting anything, which I am trying desperately hard not to do, that is the way we will go with the White Paper.

Q223 **Chair:** Which Minister takes the lead on these issues, within this co-ordinated response?

Jeremy Wright: One of the things that strike me is that if only one Minister, or even only one Department, is prepared to accept responsibility for this agenda, it will not succeed. The answer is that multiple parts of Government have a responsibility. My Department takes the lead on disinformation, as it takes the lead on digital more broadly. Other Departments need to take their share of responsibility and they do. We are working with other parts of Government. You know that the White Paper will be a joint effort between my Department and the Home Office so you can see in that, that there is a joint approach being taken and that is exactly what needs to happen.

Chair: Is the Defence Science and Technology Laboratory reporting into your Department? You say it "is also conducting research projects into disinformation and is working with industry, academia and international partners on the subject matter". What oversight do you have of what they are doing?

Jeremy Wright: Oversight is the wrong word for it. What they are doing is producing intelligence that we can use in order to determine the right policy response. My Department does not have direct departmental responsibility for that body, but it is helping us to construct what I hope is a sensible policy response to the problem.

Q224 **Chair:** For example, on their website, they say they currently have a competition out to help people use data analytics to predict personality traits, like Cambridge Analytica. Is that work that work being fed back into DCMS?

Jeremy Wright: It is not work that I am aware of. The reason they are in the response is that they are part of the landscape of parts of Government, and the state more broadly, that we are making use of in order to come up with the right response to the problem. This is not straightforward. I understand the Committee's frustration that what you have is essentially an interim response to an interim report, but that is because the White Paper needs, in my view, to be properly thought through; it needs to be holistic and it needs to take advantage of as much information and evidence as we can gather so we get it right. If we do not get it right, this will not be as effective a response as we would like.

Q225 **Chair:** The reason for our frustration is we can see that there are lots of things in the landscape but we are not quite certain how they are



connected. Is Government just listing agencies that exist because anything that it is a threat is therefore dealt with by somebody but there is not really a co-ordinated Government strategy and that is why, whenever we ask questions about it, we struggle to any sense of what the strategy really is?

Jeremy Wright: No. I don't think that is right. What you have seen is a picture building up. You start with a digital strategy, you then talk about online harm, and the internet safety strategy comes in between. What you are seeing is increasing granularity as we go along. One of the reasons the White Paper is taking the time it is taking, is that it needs to address the whole spectrum of online harm and that is a wide spectrum, as the Committee well knows. If we are going to do that properly, it is right to draw the Committee's attention to the different aspects of the potential response but the answer to the question—How will all this strands be drawn together?—will come, I hope, in the White Paper. That is the objective.

Q226 **Chair:** Is the Centre for Data Ethics and Innovation currently fully staffed up and operating?

Jeremy Wright: No. It is in the set-up phase now. What that centre will do is give us another strand of information on the way in which data ought to be managed, which is going to become increasingly important because moving slightly away from the threat that we have discussed so far, there are also lots of opportunities in this space. I know that the Committee will have already explored artificial intelligence as something that can be transformative, not just in our economy but also in our society more broadly. Frankly, however, it will only be so if people are confident that we are managing data responsibly and that we have thought about the ethical implications of these technological developments. We have an opportunity with AI to so, in the sense that we have not had the opportunity for many other technologies where the technology has moved on at a certain pace and the regulation and the ethical framework that goes with it, has run to catch up. That does not necessarily have to be true with AI. We can develop the ethical framework in parallel with the technology.

Q227 **Chair:** When you talk about the ethical framework, are you talking about the ethical framework by which Government uses data or by which any organisation uses data?

Jeremy Wright: Any organisation. Of course, AI is going to have an impact not just on Government activity but also on commercial and all other kinds of activity. If you look at the way in which AI has to develop—and we will reach the limits of our technical understanding quite quickly on this—there is no doubt that if you want AI to be successful, you need to feed it with a lot of data. If we are going to do that, and if this country is going to lead on AI, as I hope and expect that it will, we will need to deal with people's legitimate concerns about how well looked after that data is going to be. What we can expect is that the ethical framework



that we develop alongside the technical change will give people that reassurance as we go along. If we do that, I think there will be a genuine prospect for AI to be transformative to the ways in which people live their daily lives, and not just the way in which Government will operate.

Q228 Chair: I want to ask about something we touched on earlier: the question of what legal liability the tech companies have for harmful content on their sites.

Government's response cites the European Electronic Commerce Directive, which, similar to legislation in America, gives tech companies platform neutrality. However, governments can still seek to take action against tech companies when they are in breach of the law in those countries, as indeed as happened in Germany. Are you confident that we can develop our own national policy in this area, separate from the E-Commerce Directive?

Jeremy Wright: I think we can do two things at once and we need to do those two things at once.

Firstly, we need to work out what latitude we have within the parameters of the E-Commerce Directive. While we are members of the European Union, and we are still members of the European Union and depending on how negotiations go, we will be bound by European rules and regulations for either a short further period or a slightly longer further period.

Thereafter we will have a freer hand. The policymaking that we doing now, and the thinking we are putting into the White Paper, is not restricted by the E-Commerce Directive. I have been very clear that I do not want to be restricted by the E-Commerce Directive. It seems to me that we should start with a relatively blank sheet of paper and work out what it is that we think the appropriate response to this online harm should be.

It is two things at once. It is dealing with what scope we believe we have under the E-Commerce Directive—and I am not convinced yet that we do not have a bit more scope to do a bit more under the E-Commerce Directive, even while we are subject to it—but then the policymaking has to be based on the post E-Commerce Directive world.

Q229 Chair: Under the terms of the E-Commerce Directive, there will be nothing to stop Government, if they wish, from creating a legal liability for tech companies to take down illegal content that they have been notified of.

Jeremy Wright: As Germany has done.

Chair: As Germany has done.

Jeremy Wright: Yes, exactly right. Although, again, I want to make sure that we have thought this through before I start making announcements. There is scope under the E-Commerce Directive to do more than we currently do. We have to work through what the pros and cons of any



potential actions might be but I do not buy the argument that there is nothing at all we can do until we leave the European Union. Neither do I buy the argument that what we should be doing is projecting forward a policy position that depends upon our subscription to the E-Commerce Directive. We should be taking the opportunity to say we will do what we can under the current rules. When we are no longer subject to the current rules, we will take our own course and determine what it is best to do. Of course, there is a connected challenge to that and some people will say to me, "The worst thing you can do in this space is to be the first country to take on the holistic regulation of the internet" if that is what we decide to do. I do not accept that. It seems to me that there is considerable merit in the United Kingdom taking the lead, given the combination of features that I believe the UK has. If global leadership for the UK means anything, it means being prepared to take the first step on issues like this. For that reason, I do not take the view that my starting point and ending point is what everybody else is doing. My starting point is what are the harms, and what are the responsibilities that we can legitimately expect online entities to have for helping us to minimise, or preferably to eliminate, those harms. Then, once you have established those responsibilities, what systems should be in place to support the exercise of those responsibilities. Then, of course, if those responsibilities are not carried out, what should happen and who or what should be responsible for holding online entities to account for that failure of responsibility. That is the approach that it seems to me logical to take and that is the approach we are working through now, and it does not depend on what the E-Commerce Directive does or does not say.

Q230 Chair: This is an absolutely critical issue. A lot of the issues we are trying to raise in our inquiry cannot be addressed unless we accept that the tech companies have some sort of limited liability for harmful content. You have rightly said in the past, that harmful content is not just illegal content. Can you say that Government's position on this will be established in the White Paper?

Jeremy Wright: Yes. What we will do is set out in the White Paper what we think the principles to apply are. What we will indicate by those conclusions is what legislation we think is therefore necessary. If we work through it in the way that I have suggested, the last question, almost, to ask is do we need a regulator, and, if so, who should the regulator be. If, for example, we were to either make a substantial change to the powers of an existing regulator or create a new regulator, we would need primary legislation to do it. My view is that we start with the White Paper, we work through the principles, we set out in the White Paper the approach we think we need to take to that spectrum of harm, legal and illegal, and then follow through with legislation to deal with any legislative requirements that follow.

Q231 Chair: Can we take confidence that what this much anticipated and delayed White Paper will present is Government's final view, with a view to action on the back of it, rather than a further round of discussion and



consultation?

Jeremy Wright: Yes. The White Paper is not designed to be an invitation for further comment, though of course the whole purpose of the exercise is to make sure that we build it up in a way that gives people the chance to comment on what we are saying, not least this Committee. A White Paper is a White Paper. It is not a piece of legislation. It will lead on, one suspects, although I do not want to pre-judge it, to a piece of legislation that will then have its own method of scrutiny. There is not going to be an end to the conversation when the White Paper is produced but my objective here is to produce a White Paper that sets out how Government intend to address the spectrum of online harm, legal and illegal, and that talks about some of the things we have already talked about this afternoon, and starts to give some shape to what Government think needs to be done, not just by Government, I suspect, but by other entities as well.

Q232 **Chair:** While I appreciate that there is a lot that is still to be done, could you say that your message to tech companies will be that change in some form is coming and that the status quo is not good enough to deal with the issues we have been looking at?

Jeremy Wright: I do not think there is much resistance to the concept that the status quo is not where we can rest. Most of the companies we are discussing have recognised that. In some cases, the companies have made some very helpful progress in the right direction. That does not mean to say that I am content to sit back and say they have done enough and I need to no more, but I do think there is clear recognition that the status quo is not sufficient and I also think that the tech companies are conscious, as we all are, of the pressure from the public to ensure that we balance two very important things. One is the freedom of the internet, and the capacity for tech companies, which are major drivers of our economic success, to carry on being innovative, against, on the other hand, the very real and sensible and perfectly proper expectation that the people we all represent will be kept safe online, plus the expectation that if something is unacceptable in any other context, it should also be unacceptable online. That principle is a pretty important principle, which I think we should hold fast to. I believe that there is an acceptance of that principle among the online companies—a good thing, too—but we will need to discuss with them exactly what form the acceptance of the principle will take.

Q233 **Chair:** Ultimately, though, it is down to you, to Government and Parliament, to decide. It does not have to be done in consensus with the tech companies.

Jeremy Wright: Absolutely not, but I believe it would be better if we at least have constructive conversations with the tech companies at this point and it is helpful for us to know what they are doing of their own initiatives. I do think they recognise that we cannot simply stick with the status quo but you have my assurance that I am not simply going to say,



“That’s lovely; thank you for all your help. We will leave it at that”. Government do have a role here and the White Paper will set out what we believe that role to be, as well as what we believe to be the obligations of online companies, and maybe others, too, so that if we think legislation flows from that, we can start to put some shape on what that legislation will look like.

Chair: Thank you.

Jeremy Wright: We will want to make sure that the Committee has every opportunity to comment on the White Paper and, indeed, on the legislation.

Chair: Thank you.

Q234 **Ian C. Lucas:** In the interim report, we asked if Government could set out the number of current investigations into Russian interference in UK politics. You have not provided that information in your response. Can you do that now, please?

Jeremy Wright: No. The reason for that is that I am not going to get into the specifics of what we are finding out and how we are finding it out. It is very difficult for me to answer your first question without answering subsequent questions, which in my view would disclose some of the workings of this and I do not think it is in our interests to do that. That is the reason. I am not trying to be unhelpful, as I am sure you understand, Mr Lucas.

Q235 **Ian C. Lucas:** Your previous role was as the Attorney General so you know this. I think it is in order for you to tell us whether bodies are carrying out any investigations on the basis of information that, for example, was passed in by the Electoral Commission. Why can’t you do that?

Jeremy Wright: I have already indicated to the Chair that some investigations are underway and it is perfectly proper, as you say, for me to say that. Getting into further detail runs the risk that we start to disclose information that is not in our interests to disclose. If what you are asking me is whether we are making an effort to find out what is going on, the answer is yes. In terms of the scale of the activity that we are dealing with, I believe it is substantial and therefore, we need a substantive response to it, and that is what we have been discussing.

Q236 **Ian C. Lucas:** What I am asking you is whether there are investigations being carried out by prosecuting authorities and police, following on from information that has been revealed and passed on by the Electoral Commission, the Information Commissioner, and so on.

Jeremy Wright: I am not going to comment on that. It is a matter, obviously, for regulators to decide what they do and it is certainly a matter for investigators to take further action. It is not a matter that I think I should commen



Q237 **Ian C. Lucas:** Is it right that the Prime Minister is planning a radical overhaul of election laws in order to stop interference by hostile actors, such as Russia?

Jeremy Wright: As you will be aware, my colleagues in the Cabinet Office are currently consulting on what measures we might take around elections—they are not currently matters of law—and that includes not just whether or not there is more we can do to identify where electoral communications have come from—you have heard me indicate, I think, that there is considerable merit to that—but also, of course, whether or not we need to take further action against the intimidation of candidates, for example. There is no doubt that there is work ongoing within the Cabinet Office to tighten up, if we think that is the right conclusion, the rules and the law on elections. I am not, I have to say, conscious of anything beyond that, in the terms you have described.

Q238 **Ian C. Lucas:** The chairman of the Conservative Party has said, “We need new measures to protect our nation’s democracy from emerging threats abroad”. Is that right?

Jeremy Wright: That is the response of the Conservative Party to the consultation I have mentioned.

Q239 **Ian C. Lucas:** You are as member of the Conservative Party, are you not, a Secretary of State?

Jeremy Wright: Absolutely, I am proud to say. That is the point I am making. There is a consultation ongoing. You asked me whether the Prime Minister was proposing to do a radical overhaul of electoral law. The answer is that there is a consultation ongoing, dealing with some specific proposals to the way in which we might tighten up the rules around elections and I think, based on some genuine and well-founded concerns about the ways in which candidates have been treated and the ways in which people have been confused about where electoral communications are coming from, it is perfectly proper that anyone who wishes to can respond to that consultation. That includes political parties. I don’t know whether the Labour Party has responded but it has been more than welcome to respond if it wishes to do so. I believe the consultation is open for a little bit longer if the Labour Party wishes to respond and has not done so. I believe that is perfectly proper. In the end, Government must decide, having heard all the submissions to the consultation, what the right thing to do may be.

Q240 **Ian C. Lucas:** Are you aware of 6,500 Russian internet robots, knows as bots, masquerading under English names, bombarding voters with anti-Tory messages during the 2017 General Election campaign?

Jeremy Wright: As I have indicated, we are aware of a variety of different activities in this space, and not just against the Conservative Party.

Q241 **Ian C. Lucas:** Can you just answer the question?



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Jeremy Wright: I can't. I am not going to comment on specifics, as I have said. I do think, however, that there is no doubt that we have a large amount of this kind of activity ongoing and it will affect, not just the Conservative Party, but it will affect all parties and it will affect the fabric of our democracy, which is why we have to mount a response.

Q242 **Ian C. Lucas:** Secretary of State, the reason I am puzzled by this is that we have been doing a 'fake-news' inquiry for the last year and this is the first time—and this was from a news report that came out this weekend at the same time as your Government's response to our report came out—that anybody has suggested that to this Committee.

Jeremy Wright: Suggested what?

Q243 **Ian C. Lucas:** That Russian bots were contacting voters with anti-Tory messages in the General Election of 2017

Jeremy Wright: I am not commenting on specifics. What I have said to the Committee—

Q244 **Ian C. Lucas:** Are you aware—your colleague is?

Jeremy Wright: As I have said to the Committee, I do think that there is a good deal of activity, which prompts the consultation that is underway and prompts the perfectly sensible inquiry that we are all engaged in here, to work out how we best defend our democracy.

Q245 **Ian C. Lucas:** Can you give us the examples of that activity; send those examples to this Committee?

Jeremy Wright: I think I have been clear, Mr Lucas, that I am not going to comment on specifics, but if you want to talk about the response that we ought to have to what I think we are all agreed is activity that causes concern, I am very happy to do that.

Q246 **Ian C. Lucas:** What I want to see is the evidence to justify the statement that the Conservative Party has been making to the press. Can you give us the evidence, or ask your colleague, Mr Lewis, to give us the evidence?

Jeremy Wright: I am sure he will be made aware of the request. The position I am here to represent is that of the Government.

For reasons that I am sure you understand, Mr Lucas, I am not going to get into the detail of what we believe to be hostile foreign activity because we want to make sure that we retain the capacity to detect and, if possible, repel that kind of foreign activity. That does not mean that we cannot discuss the way in which we ought to respond to that kind of threat and the measures we ought to put in place if they are not already there to do so.

Q247 **Ian C. Lucas:** Are you aware of hostile foreign activity relating to the 2017 General Election campaign?



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Jeremy Wright: I am not aware of the specifics that you have mentioned.

As I have said, and am happy to say again, I am aware that there is an ongoing threat, not just to the Conservative Party but also to many democratic entities. We need to come up with a system that properly is enabled to defend against that threat. That is what we seek to do.

Q248 **Ian C. Lucas:** Are you saying that you are not aware of any—

Jeremy Wright: I think I am saying, and I think it is now for the fourth time, that I am not commenting on the specifics.

Q249 **Ian C. Lucas:** You are not answering the question.

Jeremy Wright: You are right about that, and I have explained why.

Q250 **Ian C. Lucas:** You are not answering the question because you are not prepared to back up the statements that have been made by your colleague.

Jeremy Wright: I am not commenting on specifics, which is what I think you are asking me to do.

Q251 **Ian C. Lucas:** All I am asking you do is present this Committee with relevant evidence. You won't do that.

Jeremy Wright: It seems that the Committee has been presented with some evidence.

Q252 **Ian C. Lucas:** It has not.

Jeremy Wright: I am not going to comment on specifics.

Q253 **Ian C. Lucas:** You will be aware of the discussion that this Committee has been having about the company SCL, which was also contracted, in part, to carry out work on behalf of the UK Government.

Jeremy Wright: I am not sure that it is right that there are any Government contracts in existence with that company. I am obviously aware of the concerns about the company and of course I am also aware that the ICO is currently investigating. I think that is the right response, and because the ICO is investigating, there is very little more I am going to be able to say until we know what the ICO's conclusions are.

Q254 **Ian C. Lucas:** Do you think that the current regulatory framework, the current law in the UK, relating to lobbying companies such as SCL, is satisfactory. Do you think the law is fit for purpose?

Jeremy Wright: What will help us to answer that question is what the ICO discovers. It seems to me to be perfectly proper that the ICO investigate and right also, by the way, that they have the powers to do so and Government have made sure that they have the powers. Let's wait and see what the ICO discovers. That will, I think, give us an indication of whether, first, something has gone wrong in this case and,



secondly, if it has, whether that indicates a structural weakness that we need to address.

Q255 **Ian C. Lucas:** Could I pick you up on the issue that the Chair raised about the regulation of Facebook, specifically. Some months ago, I raised with Facebook the issue concerning elections and overseas interference and the ability to use the Facebook platform from outside the UK to affect elections within the UK. It seems to me that the current law in that area is unsatisfactory. Do you agree?

Jeremy Wright: I do think it is part of the online harm spectrum. It is part of the consideration that we are giving and which I hope we will address in the White Paper. The answer to the question is that I am afraid you will have to wait until we have fully formed our views in that White Paper. However, I certainly do not dismiss that this is an important part of that spectrum of online harm. What we need to understand is the degree to which people are being misled or the degree to which elections are being improperly interfered with or influenced and, if they are, as I have said, we need to come up with appropriate responses and defences. It is part of a much more holistic landscape and I do not think it is right to try to segment it out, we have to consider it all together, and that is what we are doing.

Q256 **Ian C. Lucas:** We do have a distinct set of laws relating to elections and democracy.

Jeremy Wright: We do.

Q257 **Ian C. Lucas:** Those laws are obviously based on territoriality and this is the issue that we are discussing. Would you accept that it will therefore be necessary to have a distinct regulatory framework, as far as the international platforms on the internet are concerned, relating to electoral law?

Jeremy Wright: It might be and I think it is undoubtedly right that if you take the electoral law model that we have, it was designed for a time when these particular challenges were not apparent so it is sensible, of course, to keep all the laws under review and to adapt them to meet the challenges you face at any given time. It is possible, is the answer to your question, but I am not going to predetermine the outcome. Some of the work that the Cabinet Office is doing, which I have already made reference to, will link to what you are saying but I think we have to consider whether we have laws in the electoral space, as we do elsewhere, that are currently fit for purpose, just as you suggest. I don't know the answer yet but I think we are already starting to pick out items on this that are worth looking at. We talked about transparency as being one obvious thing to look at and what you are describing is a variation of that. The honest answer is that I don't know yet, but that it is worth looking at.

Q258 **Jo Stevens:** You have talked a lot about the White Paper. You said you have not started writing it yet. When are you going to start writing it?



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Jeremy Wright: The White Paper, I hope, will be available this winter. That means before the spring. I appreciate that the Committee will be sceptical about exactly what dates refer to which seasons in government parlance, but my intention is—

Q259 **Jo Stevens:** Can you help us with broad months?

Jeremy Wright: March is when spring starts, is my understanding, so before March.

I have set out already the logical progression of questions that I think you have to ask yourself and that is what we are doing. In order to get to a place where you have what I think will be a sensible spectrum of responses to what is a spectrum of threat, you have to approach it in the right way. You also have to approach it in the right way because whatever I come up with, as this Committee will be conscious of, it will be heavily challenged. There will be those who will say that any method of restricting online activity, any method of regulating or restricting online entities, are unacceptable interference with the freedoms of the internet. That will come my way almost whatever I come up with, so for that reason, it is important that I have developed my ideas in a logical and considered way.

Another reason I think it is important to do it like that is that I do not take the view that we should hang back because no other country has yet done what we might do. I also think that it is very much in this country's interests, and, I would argue, in other countries' interests too, for other countries to do it as well. Unless we can demonstrate that we have reached our conclusions in a logical way, that we have taken account of all the proper evidence, it is less likely that other countries will do the same thing in a broadly similar way but it seems to me that because the internet does not stop at national borders, it is very much in our interests that they should.

For those two reasons, I am going to take a considered approach.

Because I have arrived as a new Secretary of State, I will take my share of the blame for an additional slight delay, because it seemed to me to be appropriate that I should take things back to those first principles and work through it in a logical way, but I do not take the view that the White Paper should drag on forever and that is why I have said it will be done by the spring.

Q260 **Jo Stevens:** How many times have you met Facebook since you became Secretary of State?

Jeremy Wright: I have spoken to people from Facebook. Today I was chairing the Digital Economy Council, on which Facebook is represented. I will have further conversations, as will my officials, with all the online companies and with many other people, to make sure we get the right conclusions. I don't think there is anything wrong with talking to them. As



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I indicated to the Chair earlier, talking to them does not mean I will accept the proposals that they make to me, but it is right to talk to them.

Q261 **Jo Stevens:** No, I am not suggesting there is anything wrong with talking to them, but you have not answered my question about how many times you met Facebook or talked to Facebook.

Jeremy Wright: I have spoken to somebody from Facebook today and I have spoken to people from Facebook prior to today. I am not sure I could give you an exact number of conversations.

Q262 **Jo Stevens:** Have you discussed a levy with Facebook? You will know that in our interim report we recommended major investment into the ICO to make sure that the ICO could carry out its duties properly, both under this year's Data Protection Act and under GDPR. The ICO needs that money to employ really expert tech people, which it cannot do at the moment, so we made a specific recommendation about a levy. Have you talked to Facebook about a levy? What is happening on that? Do you think it is a good idea? You did not respond to that recommendation.

Jeremy Wright: I will answer that question. Can I come back to it, though, because I think it is worth saying first that you are right that the ICO needs resources. It needs to be able to do its job well. For that reason, we have allowed the ICO to have pay flexibility, which is an important part of allowing them to do their job well. We also, of course, now have new charges that will give the ICO an additional income. Before we come to the question of levy, it is worth making the point that neither I, nor, I think, frankly, does the ICO, believe that it is underfunded for the job it needs to do now. Where I do think there is merit is in the point I was making earlier on, which is that if we are going to carry out additional activity, whether that is because of additional regulation or because of additional education, for example, then it does have to be funded somehow. Therefore, I do think the levy is something that is worth considering. I personally have not had that conversation with Facebook yet but as and when we get to the point where we think a levy is an important part of what we want to do, then of course we will have that conversation. The Committee has my reassurance that if Facebook says it does not want to pay a levy, that will not be the answer to the question of whether or not we should have a levy.

Q263 **Jo Stevens:** Good. It would have been helpful if we had had that in the response from Government to our recommendation in the report.

Jeremy Wright: The response you are getting is that it is something that we will consider. To be fair, in relation to very many of the Committee's recommendations in your interim report the correct answer is that this forms part of exactly what we are thinking about. We have not come to conclusions. We cannot give a response to your interim report that says, "We agree with you on this, we do not agree with you on that", because we have not yet come to our conclusions. It is one of the reasons I think this is quite a helpful iterative process. Having the



Committee's report, having our opportunity to respond to it on an interim process, then having the Committee's further report before the end of the year, if I understand your timetable correctly, is going to be quite helpful, frankly, in being able to feed into our further conclusions before we produce the White Paper. I do not see this as a one-off event; the Committee produces a report, I produce a response. This is an iterative process and I would want to make sure that the Committee's views are forming part of our considerations.

I would also say that others have a different political view because it seems to me this is the kind of regulatory exercise that we have to get right, not just for the next five years but for the next 15, 20 or 50 years. We should all be playing a part in it.

Q264 **Jo Stevens:** I take your point. We are looking at March for the White Paper. Our report came out in July. We do not have any response from you on, I think, 39 of the 42 recommendations. Are you anticipating that you will be able to respond to those outstanding 39 recommendations by December?

Jeremy Wright: I do not accept that you have not had a response. Obviously some of the recommendations in the report, perfectly understandably, were not directed at Government at all. There were some—a large number, in fact—that said, "We hope Government will consider the following in the drafting of the White Paper". The assurance that you are getting from me is that we most certainly will. What you are not going to therefore get is extracts of the White Paper in our interim response to your interim report. While I accept that you do not have substantive answers to substantive questions, in some cases the question was really, "Will you consider—?" and the answer is, "Yes". You have had a response to that extent. What I would also say, though, is that this is not the end of the process. What you have said so far is useful. What I expect the Committee will be able to say further by the end of the year will also be useful. What I hope that I will be able to do when the White Paper is produced is, if the Committee wishes me to do so, come back and discuss it in some detail.

Q265 **Jo Stevens:** Thank you. Can I turn to a completely different part of our report now? This was the section on Burma and the genocide against the Rohingya. I have a particular interest in this. We welcome your demand for action by Facebook to tackle the hate speech that has gone on, facilitated by the Facebook platform, and that has contributed to that genocide in Burma. What measures have you taken to ensure that the Government's aid programme has not been adversely affected by what has been taking place on Facebook?

Jeremy Wright: As the Committee would expect, we have of course spoken to colleagues in DfID about this and their view is that they do not think it has had that effect. That does not mean, as you pointed out, that we do not think this is exceptionally serious. We do not think it has had that particular effect.



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What I think is more worrying is that if we allow this kind of speech to happen without restriction, not just in this country but abroad, then we are none of us doing our jobs properly. That is why I think the Committee was right to draw attention to it and it was right that we should issue the proper condemnation. However, having spoken to colleagues in DfID or the Department having spoken to colleagues in DfID, I do not think that we have evidence of a direct impact on DfID's ability to deliver aid in that sense.

Q266 **Jo Stevens:** When you have had your discussions with Facebook, have you talked about this?

Jeremy Wright: No.

Jo Stevens: OK. Thank you.

Q267 **Clive Efford:** In one of your responses to the Committee on our recommendation for a global code of ethics, you said, "Start-ups developing new products have told us that they lack the capacity and expertise to build safety into their products from the very start".

Jeremy Wright: Yes.

Q268 **Clive Efford:** We would not accept that from a car maker. Why do we accept that from someone on the internet?

Jeremy Wright: We should not. They have a responsibility to do it, but frankly we have a responsibility to help, and I think we can. The 'secure by design' approach is a sensible one for car makers and for these companies also. This is going to be one of those areas where it is a joint effort. If companies are finding it difficult, we are happy to help, but the ultimate responsibility for developing safe products is theirs. I agree with you.

Q269 **Clive Efford:** A car, just to stretch that analogy a bit further, would be required to be roadworthy before it was allowed out on the road. All the testing would take place off-road in a safe place. Should we not apply those same standards to the internet?

Jeremy Wright: I am not sure there is a possibility to read that directly across entirely. What we are talking about is internet products that give people the opportunity to engage with each other online. We are talking about the responsibility that an online company has for the content that is on its site or being used through its product. That is not quite the same as the analogy with the motor industry. Where I do agree, however, is that it is sensible, appropriate and essential for any designer of any product to think about its safety before it unleashes it on the general public. There I think you are right.

Q270 **Clive Efford:** Good. However, they may well think about safety but if the enticement is enormous wealth and riches to come from opening up a niche within the social media network, maybe they will turn a blind eye to those issues. Should we not be ensuring through regulation that anything



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that is used on the internet is safe for people to use? Otherwise, are we not opening up a loophole that people will exploit?

Jeremy Wright: I suppose what I should say is that we have to be realistic about how high we set the bar here. If we were to say that we will refuse to countenance any product that might conceivably lead to harm, we would be setting the bar too high. One of the difficulties here is that we have seen abuse of what could otherwise be quite positive instruments. It is important in this conversation not to lose sight of the fact that social media can do a lot of good. It is possible for people to communicate online in a way that they have never been able to do before. That certainly throws up its challenges but it also throws up its opportunities and advantages. We should not lose sight of that. If we are simply saying, "If there is a risk it can do harm we will not authorise it", that is not an approach we would take even with a car. You can do an awful lot of harm with a very safe car.

We have to be realistic about that, but equally we do have to say to all those who run online companies, all those who design products of the kind you are describing, "It is your responsibility to think about how to keep people safe online". To come back to the point, the spectrum of harms, illegal and legal, and our response to them, might be different depending on what you are talking about and it could be that Government say, "Look, you have a duty to think about, and to act to prevent where you can, the harm that might be caused by your product. If you do that, that is what we expect of you. If things go wrong subsequently and you did not, then we might hold you to account for it".

Q271 **Clive Efford:** You went on in the answer to say, "We will work with industry bodies to develop a set of common 'safety by design' principles". Can you tell us what the common 'safety by design' principles will look like in relation to media companies building safety into their products from the very start?

Jeremy Wright: Not yet because, as the answer implies, we want to work with the industry to do that. This is not an approach that is sensibly done unilaterally. It is sensible to do it in conjunction with the industry. That does not mean that Government do not take responsibility for setting the standards that people have to meet, or indeed for making sure that if people fail to do what they ought to, there are consequences. That is a part of the White Paper consideration.

Q272 **Clive Efford:** Can you describe the statutory code of practice guidance to social media providers on appropriate reporting mechanisms and moderation processes to tackle abusive content? When will this statutory code of practice be implemented?

Jeremy Wright: What we are after here is some transparency about what is being reported to online companies. What are the harms that are being reported to them and what are they doing about it? Getting a picture of that is going to be quite important in determining what



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Government need to do next. Now, again, we cannot rely—I think this is the Committee’s phrase—on online companies to mark their own homework here. We cannot assume that they will always report to us exactly what is happening and they are the only source of information we will look at. We have looked at ways in which we can do this on a national level as well as on a specific basis. In the end, it seems to me helpful to ask online companies to give us what information they can about what is going on on their sites and what they are doing about it. That will help us, I think, to understand what we need to do next.

Q273 **Clive Efford:** Another answer in the same section on the code of ethics, you said, “Leading social media companies are already taking significant steps to better protect their users from a number of illegal online harms through the development of technical tools and successful partnerships with charities”.

Jeremy Wright: Yes.

Q274 **Clive Efford:** We take it from your last answer then that you have gone beyond that now. You accept that these companies are not actually making significant steps and we do need to go further.

Jeremy Wright: No, that is not what I said. Government still have a responsibility not solely to rely on what we have been told by online companies about the harms that are being registered with them and what they are doing about it, but the point you have just made is a different one. It is about what measures online companies are taking now to protect users from particularly illegal harms. It is mostly at the illegal end we are talking here.

If you take, for example, child sexual exploitation or the promotion of terrorist material, what is true of child sexual exploitation, particularly visual material, is that quite a lot of it is the same material that circles around the system. Therefore, there is a technological way of identifying that material and, as soon as it appears on a system, taking it down, even perhaps before it goes up in the first place. That is exactly the kind of measure that these companies are starting to take and that is very welcome. Where they are doing the right things we should say so and that is the right thing to do. It does not mean they cannot do more, but it is that kind of approach that we encourage and that kind of approach that we are recognising in that answer.

Q275 **Clive Efford:** Does it concern you that at this moment in time it is almost goodwill from those companies that we are relying on to deal with those ethical, moral, criminal and even security issues?

Jeremy Wright: Yes, and I hope I have made it clear I do not think goodwill is sufficient. We do need to make sure, in the White Paper that we will produce, that we have thought about how the Government hold the line on those things that are unacceptable, whether the companies in question think they are unacceptable and are prepared to do something about it, or not. That does not mean that it is not useful to us, in the



process of designing the system, to understand what the companies are already doing and how effective they can be. If there are technological solutions to this—and of course if you move on to the promotion of terrorist material it is a bit harder but there may still be technological means by which you can identify and sort material that should not be on the internet of that nature—we would like to know what capacity they have. In order to know that, we need to ask them.

Q276 Clive Efford: Do you, Secretary of State, think that if there is a technician out there who is proven to have knowingly developed a piece of software or an algorithm that does harm in one of the many ways we have talked about, they should face a specific liability for their actions?

Jeremy Wright: Inevitably the lawyer in me says, “It depends”. It always does. It is impossible to give a blanket answer to that. What I do think is that we will need to develop, through a regulator or by any other means, the capacity to understand what algorithms are doing, and that requires certainly considerable technical expertise. It goes back to Ms Stevens’ point about resourcing for a regulator. They need the technical capacity to be able to analyse these algorithms and know what they do.

There is also going to be an increasing argument we will have to have as we develop artificial intelligence about how much visibility we should expect of the way in which the algorithm works. If you start from putting material into the process and it spits out the answer, you want to know exactly how it has reached its conclusions. That will help you to understand whether it has a bias, whether it has a prejudice, which might be as a result of what the person who designed the algorithm put in, either deliberately or accidentally. A lot of this is about the visibility of the way in which the technology operates, and I think it is a particular challenge with artificial intelligence that we are going to have to wrestle with. It is one of the reasons, as I said earlier, that I think developing the ethical framework, the way in which we set the rules, alongside the technology, is a particularly good way of doing it.

Q277 Clive Efford: Can I just take you back to your earlier answer, which was about the joint approach across Government? You said that no one Department takes overall responsibility for leading on this area of policy. Is that correct? Have I understood that correctly?

Jeremy Wright: No, that is not correct. I said that in relation to disinformation it is my Department that takes the lead but there are other Departments that also have an interest. It is true also, of course, in the broader digital space. As the name of my Department suggests, it is my Department that takes the lead. I have to say I take the view that if the Government believe that it is only the DCMS Department that does digital, Government are falling down on the job. Digital applies in many spheres and it applies to the activities of many Government Departments.

Q278 Clive Efford: Exactly. Who is it that has ultimate responsibility for making sure that Government will move forward across Departments?



Jeremy Wright: In relation to online harms, if that is what we are discussing, then the White Paper will be a joint effort between my Department and the Home Office but in the end I will take responsibility for the way in which we deal with digital space more broadly and the development of this kind of approach. The Home Secretary will obviously want to also take responsibility for the aspects of this that deal particularly with illegal harms.

Q279 **Clive Efford:** Take us into the mechanics of it because I am interested. How does it work in Government? Do you have a Cabinet subcommittee that you lead with all the Departments around the table and therefore you are able to hold people to account for things that need to be done, so that they come back and you make sure that we are making progress?

Jeremy Wright: There are a number of different Cabinet committees that have an interest in this. What we are actually talking about though, I think, is designing some new architecture, and there is very little point in trying to work out which bit of the existing Government structure best suits a new architecture. If what we do with the White Paper is what I hope, then we are designing a new way of dealing with what is a fairly new selection of threats and challenges.

My view would be, rather than trying to fit that approach into the existing Government architecture, we decide what the right approach is and then we design the Government architecture to make sure we support it. That is the reason that I think it is important to start with the pre-eminent questions that you have to answer if you are going to deal with the spectrum of online harms. When you have those answers and you know what you want to do, you know what the legislation looks like and then you can start to work out how Government should be formed to ensure that your objectives are met.

Q280 **Clive Efford:** Can we expect to see that in the White Paper?

Jeremy Wright: I do not know that you will necessarily see Government architecture set out in the White Paper. It might be a bit soon for that. However, it is that order that you are sensibly going to do it in.

Chair: If members do not mind I might slightly change the running order because I know one or two members have to leave slightly earlier.

Q281 **Paul Farrelly:** Jeremy, last week when we met we were able, through the research of an agency that has been helping us, to solve a little mystery for me. Over the last few weeks I have been getting lots of e-mails urging me to 'chuck Chequers'.

Jeremy Wright: You as well?

Q282 **Paul Farrelly:** We are both lucky to be targeted. They were traced back to an organisation called the Mainstream Network. You may have seen some of the press coverage about them. That happened just at the same time as Facebook's e-mail to us arrived about how it was becoming more



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transparent and how you could report things if you felt that they were misleading or not compliant with its policies, so I did this. I pressed the three dots and looked for a category for that would identify an advert as contravening its new policy of being clearly marked as political. There was nothing there. You would have to report it as something else.

First of all, the system allows the adverts in the first place, in contravention of the policy. Then, as things stand, you have no proper reporting system that works and would allow Facebook to take any meaningful action. You mentioned at the beginning that they were moving towards more transparency but they were not there yet. What more do they need to do to improve their act?

Jeremy Wright: On the specifics I am tempted to say you should put that to Facebook, but I know what you would say.

Q283 **Paul Farrelly:** I am going to write to the new Head of Global Public Affairs.

Jeremy Wright: There is a thought. I think the answer is, as you rightly point out, I have already said that they are moving in the right direction but they have further to go. This may be an example of exactly that. Transparency is a good thing and we want as much transparency as we can have. I do not know, because I do not speak for them, whether Facebook would say that they have concluded that the mechanism they have now put up for you to use is perfect or whether it still needs to be worked out, how it should operate better. I do not know what they would say about that.

All I would say is that the moves towards transparency are welcome, but I do not think we can rely on them and I do not think we can expect that the proper response in our White Paper is simply to say, "Whatever it is you the industry are doing now, that will do for us". Again—I am sorry to keep coming back to it—we have to start with the questions, ask them in the right order and, as and when we get to each of those questions, ask for the assistance of the industry in telling us what they are doing now and what they believe they have the capability to do in the future. If we do not believe that is sufficient then we have every right—and, I would say, every obligation—as a Government to say, "That is all fine but we need to lay something else on top of that".

Q284 **Paul Farrelly:** A lot of the debate has concentrated on potential political harm or harm to mental health, particularly of children, but there is also the harm to your pocket. I will admit this in public. I clicked on something I thought was a news article on a topic of great interest to my wife, snoring, on Facebook for the first time sometime before the summer, and I now regret it because I am relentlessly pursued by advert after advert advertising little things you stick up your nose that suddenly cure the problem, and it is a scam.

Jeremy Wright: I am not going to ask if it worked.



Q285 **Paul Farrelly:** They do not exist. If you do a search, people are out of pocket. I am sure that is just one example of many other frauds that are on there. Again, I press the three dots. It is misleading. It is a scam. On one occasion in the last week Facebook did get back to me and say, "Although this advert does not break our ads policy [ie it is a fraud], we are not going to show you this one any more", but of course there are multiple accounts so they just keep coming. I just wondered, as part of your White Paper process, what thought you are going to give to potentially creating a specific liability in instances like that. It is different from just being taken in by a newspaper ad because these ads pursue you from all sorts of directions with reviews that all seem genuine, and it is Facebook, after all. Is Facebook not supposed to be reputable?

Jeremy Wright: There are a couple of things I would say about that. The first is probably to recognise that although I think the White Paper will be broad, and it should be, it will not cover everything. There are actions we will need to take and problems we will need to address that will not come under the heading of this White Paper. I also think that if you are talking here not just about the capacity of Facebook in this instance to do something about the adverts that you have been seeing but also the broader question about the targeting of you and the use of data in order to mount that targeting of you, then there are some ethical questions to be asked about that too, in my view.

One of the things that the Centre for Data Ethics and Innovation will do in its early stages is to think about that process of targeting and what ethical questions it raises. That, in my view, is entirely right. We do have to ask ourselves where we cross the line from perfectly sensible, arguably even helpful marketing practice to help you find the stuff you might like into something rather more intrusive and less acceptable by way of targeting you. That is exactly the kind of question, it seems to me, that the CDEI should be asking and the kind of inquiry it should be undertaking. When it has done so, we are in a better position to judge whether further action on the part of Government is needed or not.

Q286 **Paul Farrelly:** I raise it just so that you do not forget this element before you produce your White Paper.

Jeremy Wright: That is helpful. Thank you.

Q287 **Paul Farrelly:** The final question. By a country mile, the most influential advert that was put up during the referendum as about three weeks before polling day. Big red banner posters. "Turkey (population 76 million) is joining the EU. Vote Leave." Picture of a British passport. I say it was influential because I felt the change in the tone of conversation. You could not have a rational argument with some people who were conflicted between head and heart, the children and the future. The question was: what are you going to do about the Turks? No amount of telling them that it was untrue would resolve the conversation. When we were doing the inquiry, we also managed to get hold of a cache of Facebook dark ads that you and I might not necessarily have seen, but



the new tech was amplifying the old tech.

It begs the question in the future: to what extent should political advertising be put on the same footing as normal advertising? Therefore, what role might there be for the Advertising Standards Authority? It also brings up, more widely, including product advertisements, to what extent the likes of Facebook and Google should be expected to operate on the same playing field as newspapers and advertising generally. I wondered what thoughts you have given to both those questions.

Jeremy Wright: The first thing to say is that there will not be any of us around this tables who have not probably had a conversation with an elector on a doorstep where you have tried to explain that something that patently is not true is not, in fact, true.

I also think I have to be careful not to trespass too far into the territory of my colleagues because, as I have indicated, the Cabinet Office is quite properly looking at a number of changes that we might seek to make to electoral law. One of those is around the transparency of political advertising. It does not deal with all of your point because I appreciate what you are also talking about is accuracy, not just origin, but a large part of this is origin because in the end we expect the electorate to take a pretty robust view of what they believe and what they do not, and we expect them to do that informed by where the information has come from. If you are told something from a partisan source and you know that it is from a partisan source, you can treat it in a certain way. If you do not know it is coming from a partisan source, you might treat it in another. Transparency, again, is important here. I will leave it to my colleagues in the Cabinet Office to decide whether they think that these kinds of instances have thrown up a particular challenge for electoral law.

Where this shades into the online harm space is we need to be clear about where people are at risk of seeing material that they cannot easily—and in some cases, at all—determine the origin of it and its accuracy. We should talk also about the way in which search engines rate items based on how authoritative they are, how accurate they believe that they are. All of those are, I think, perfectly properly part of the online harm space. It probably hovers between the two, but I will think about the example you have given and whether or not this is something that moves more into the online harm space rather than into the Cabinet Office space on electoral reform.

Q288 **Paul Farrelly:** Could you perhaps follow up on the level playing field in terms of what is expected of advertisers in older tech media and what is expected from those advertisers using platforms who are taking so much more of the advertising spend?

Jeremy Wright: The hoary old maxim that what is unacceptable offline is unacceptable online is still, in my view, true, and still not a bad starting point for decision-making on this. That would apply to advertising as it would apply to anything else. Whether you can apply exactly the same



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mechanisms to the online world is a different question but you should have very similar expectations about veracity and responsibility on the part of advertisers. Again, there are a number of different actors in this. There is the Advertising Standards Authority and there is the Electoral Commission if you are talking about electoral material. This is not straightforward but I think I agree with your initial premise.

Q289 Julie Elliott: I am moving on to something completely different, gambling. In May of this year the Government announced the reduction in FOBT stakes from £100 to £2. When will that be implemented?

Jeremy Wright: The first thing to say is this is a very good thing and very many Parliamentarians deserve considerable credit for it. If I may say so, among all those Parliamentarians who deserve credit, and there are many, I would like to single out my colleague Tracey Crouch, being the Minister who I think has driven this forward with a great deal of passion. Let me just say that.

The question now, as you say, is how you implement that change.

Q290 Julie Elliott: No, when.

Jeremy Wright: Well, yes, when too, but the process is to lay a statutory instrument in order to implement the change. We will do that, I hope, very soon. Then you have to determine when you want the change to take effect. For me, there are two considerations that you have to weigh up. One is you want to do this as soon as possible because the logic of the policy change is that this is harmful activity and you should therefore stop it as soon as you can, but I think you have to weigh against that the necessary preparations that the industry has to make to ensure there are no unnecessary job losses on the High Street in the process of making this change. I do not take the view that the industry requires unlimited time to do that.

Although I am not going to comment on exactly when the implementation will happen because it is an announcement you are going to hear soon but not one that I am at liberty to make now, some of the estimates I have heard as to when it might be are, in my view, too late.

Q291 Julie Elliott: On some of the things that are being said, if you look at your own Government's impact assessment it said, "Nine to 12 months". What has materially happened to change that?

Jeremy Wright: That particular impact assessment relates to what the industry has told us it would need from the point at which it is told, "You have to do this" to the point at which—

Q292 Julie Elliott: Which was May this year.

Jeremy Wright: They would argue not yet. Anyway, the impact assessment is relating to the information they have given us as to how long they need to change the way in which betting shops lay on this kind of gaming. That is one piece of information, undoubtedly. Rather more



significant is: what measures do they need to take to reorder their business in a sensible way to make sure that people are not made redundant as a result of this if it can be avoided? I am in no doubt the primary policy objective is to do this as soon as we can—that is point one—but also to make sure that we allow the industry not just to take all the time it wants but to make necessary preparations to limit the number of job losses that will follow. That is not the only thing you do, by the way. It is also important that Government across the board, and I am working with colleagues in DWP in particular on this, make necessary preparations for any job losses there might be, to make sure that those people are assisted to find new employment.

Q293 **Julie Elliott:** People's lives are being blighted by these machines, particularly in areas like the area I represent, poorer areas of the country where these machines are most prevalent. Those people's lives need to be improved immediately, not in 12 months, not in 18 months. Your impact assessment does not say what you have said it says. In May 2018, it set out, and I am quoting directly, "The implementation period for this change would be between nine and 12 months". That is what your Government said was the implementation period, which means by the very latest this should be implemented by May of next year.

Jeremy Wright: Again, the nine to 12—

Q294 **Julie Elliott:** Let me finish. If you cannot announce the date that it is being implemented, can you assure us that that period of nine to 12 months, which would take us no later than into May next year, will be met?

Jeremy Wright: The nine to 12 months comes from the industry and they have said this is how long they need to implement the change from the time they are told to make it. They would argue, I am sure—we will come back to whether I accept their argument—that the time they are told to make it is the point at which the SI is laid. Now, if that is the case then the nine to 12 months starts running from the point at which we lay the SI.

Q295 **Julie Elliott:** Are you seriously telling us that even if you lay the SI next week it is going to be heading towards two years from the announcement to the implementation?

Jeremy Wright: What I would say, first of all—

Q296 **Julie Elliott:** That is almost as long as it has taken to do the Brexit negotiations. You are not seriously saying that bookmakers need that length of time to adapt a machine? It is a technical adaptation.

Jeremy Wright: The first thing I would say—and I am sure you would recognise this, Ms Elliott—is that there is considerable credit to attach to the decision to do it at all. It has been some considerable time before this decision was taken and, as I say, the balance for me is certainly to get it done as soon as we can but also to recognise that if there are to be job



losses as a result of this, those too are real people with employment that they will lose and for which we should allow proper time to prepare. There is a balance here.

I do not say that what that means is that you push this decision off into the ether and, as I say, you will not have to wait much longer to see that the SI will be laid and the change will be made. I quite appreciate that some people are starting to wonder whether this will ever actually happen. It will happen and it is important that it does, but the balancing exercise that I have described is, I think, the right way to try to make sure that the real effect on lives that happens, frankly, whether you do this or whether you do not, is balanced out in a responsible way. That is what we are seeking to do. You will not have much longer, I think, to wait to see that. As I say, some of the estimates as to how long this is all going to take are not right. It was quite important to me to make sure that some of those estimates were proved wrong, and they will shortly be so.

Q297 Giles Watling: Much of what I was going to ask has just been dealt with by Julie Elliott. I just want to say this as a comment. I am a libertarian. I am also a gambler. I understand that people should be able to make the choice, but this is something where there is actual harm going on on a daily basis and it is building up. This decision was made, I think, on 17 May 2018. The industry should have known that it was coming then and should have been prepared. It feels, outside this environment, that this is just a can that has been kicked down the road. What do you have to say to that?

Jeremy Wright: I understand the concern and, as I say, I recognise entirely the concern of some that it will never happen, that Government have said it but they will never actually do it. You will not have long to wait to see that those fears are unfounded.

This will happen, but, again, the balance I have to strike is between getting it done as soon as we can and making sure—I do not think it is entirely fanciful to believe that there will be an economic impact on the bookmakers—by the way, that does not just mean on their profits; that also potentially means on the people they employ—that we should allow them some time to adapt to, though not unlimited time. I am in some difficulty, and I am sure it will become apparent to people soon why, that I cannot give you a date now. However, it is not going to be, as I say, some of the longer estimates that I have seen reported on.

Q298 Giles Watling: I would suggest, Secretary of State, there already has been plenty of time. I come from an industry where people move in and out of employment an enormous amount and are prepared. We have already had the best of six months—over five months, anyway—since the announcement and we really should be looking for a date so that people can look to the end of the misery that is being caused.



Jeremy Wright: Yes. I agree we need to put a date on it. We will be able to do that very soon, to give people absolute assurance, in case they were starting to wonder, that this will happen. I am in no doubt and I hope I have left the Committee in no doubt this is the right thing to do, for the reasons that have been set out.

Q299 **Clive Efford:** The betting industry are very quick to plead in favour of their staff while at the same time they are replacing them with self-betting machines and are single-manning shops. Perhaps when you are next negotiating with the industry about how long this is going to take to implement, you might want to make those points.

Jeremy Wright: Point taken.

Q300 **Brendan O'Hara:** Still on FOBTs, what is the earliest it can happen?

Jeremy Wright: The SI itself obviously has to be laid and it has to go through Parliament. There has to be a process there. Then, and again I am in some difficulty because this is not an announcement I can make today—

Q301 **Brendan O'Hara:** I am not looking for an announcement. From a practical perspective, what is the earliest that this can happen?

Jeremy Wright: A number of months, is the answer.

Q302 **Brendan O'Hara:** A number of months. Would you accept then that there is an expectation, both in this House and in the country, that that is when it should happen?

Jeremy Wright: I think there is an expectation that we do it as soon as we can, but I think there would also be an expectation that I would take seriously the need to mitigate any economic harm that would be caused. Again, I am not saying “economic harm” in the context of the profits of the betting companies; I am talking about the effect on those whose jobs may be affected by this change. That is not a reason not to make the change but it is a factor to take into account in how quickly we make the change.

Q303 **Brendan O'Hara:** I think we can establish that this can happen very quickly. These are socially harmful machines and there is an expectation that this should happen as quickly as possible. Given all that, why do you not expect it to happen in that timeframe?

Jeremy Wright: I can only repeat what I have said. There is a balance to be struck here and I am doing my best to strike the balance. The heavier side of the scales is doing this as soon as you can and for that reason—again, it is difficult because I cannot give you a date—I think what you will see is that I have not accepted all of the arguments for the latest possible date that I have heard for this to be implemented. We strike that balance as best we can. It is absolutely right that we make this change and that we make it as soon as we can, taking into account the other factors that have to be considered.



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Q304 **Brendan O'Hara:** Who do you think will benefit most from the longer delay?

Chair: The Treasury.

Jeremy Wright: I do not think it is a question of who will benefit from a delay. It is a question of trying to strike the right balance in the way we make this decision.

Q305 **Brendan O'Hara:** Who has the most to lose from the delay? The betting companies do not have the most to lose. The Treasury does not have the most to lose. It is the people who are addicted to these machines who have the most to lose.

Jeremy Wright: Right, and the people who are addicted to these machines will benefit most from the fact this change is being made at all. Again, it is a good thing that the change is being made. What we then have to do is make the change as quickly as we can, taking into account what I think are perfectly legitimate concerns that also need to be mitigated, not without limit but in a sensible, balanced way. That is what we are seeking to do and I think what the Committee will see very shortly is that there is a date that enables everybody to have some certainty and for people to be sure that this is a change that is now going to happen in the foreseeable future.

Q306 **Brendan O'Hara:** If that is the case then, and if there is any wiggle room, I would urge that you meet the expectation of the people in this House and in the country, who expect this to happen as quickly as is possible and not to be kicked further down the road.

Could I move on just slightly—it is the same area—to ask you about society lotteries? It seems to have rumbled on for quite some time. There has been the earlier work of this Committee in an earlier guise and there have been debates in Parliament over the past couple of years that gave me the impression there was a consensus that changing the regulation around society lotteries was the right thing to do. When do the Department plan to update the law on society lotteries?

Jeremy Wright: What you will know, Mr O'Hara, is that we are consulting at the moment or we will shortly be consulting on a number of options. We could, of course, leave the situation as it is. We could leave society lotteries with the limits they currently have on overall spend in the course of a year, on prize limits per draw and on the amount of tickets they can sell per draw. We could leave things alone, we could conceivably reduce those limits or we could raise them.

If you talk to the society lotteries, they will say to you, "Look, there are good causes that benefit from what we do. If you raise the limit then we could make more money for the good causes". If, on the other hand, you talk to those who advocate for the National Lottery or who benefit from it, they will say, "We are worried that if you increase those limits for society lotteries, this is a zero-sum game and effectively people will not



buy tickets for the National Lottery, they will buy tickets for society lotteries instead and we and our good causes will lose out”.

This is not a straightforward question. There are arguments on both sides. The reason to consult is to make sure that we have those arguments properly set out to us so that we can make a good judgment. It seems to me we have to decide a number of things. We have to decide where we set the limits in each of those three categories. We also need, in my view, to think about how you maximise returns for good causes. That is what everyone should be interested in, whether it is society lotteries or the National Lottery. Part of that is where you set the limits. Part of it may be the degree to which any given lottery spends a proportion of its income on administration, marketing and other things. There are a number of factors to take into account here. Again, I do not want this decision to be kicked off forever but it is important to make sure we hear from people so that we can make a sensible judgment on all those things.

Q307 **Brendan O'Hara:** Talking timescales, when would you expect the Department to be in a position to come up with a decision?

Jeremy Wright: I would hope that we would be in a position next year to do that. I am not going to give you a month.

Q308 **Brendan O'Hara:** A season?

Jeremy Wright: I am not even going to give you a season for this one. As I say, let us consult, let us give everybody the opportunity to comment, let us consider what they say, and then let us make a good decision. If this were obvious, that would be one thing. It is not obvious because there are decent arguments on both sides of this argument and in my view we need to consider them properly to make sure we reach the right judgment.

Q309 **Brendan O'Hara:** In 2019, a decision will be announced?

Jeremy Wright: That is my expectation.

Q310 **Brendan O'Hara:** Thereafter, how quickly could changes be implemented?

Jeremy Wright: I am helpfully reminded that the consultation closes, or closed, in fact, in September 2018, earlier than I thought. The answer is that we should certainly be able to make decisions and I would expect that to be in the first half of next year.

Q311 **Brendan O'Hara:** The first half of the year. Thank you.

I have other questions around data sharing and transfer. Do you want me to—

Chair: We will come back to that.

Brendan O'Hara: Come back to it, yes.



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Rebecca Pow: Can I ask, Mr Chairman, are we going back to fake news or have we hopped—

Chair: We have gone into topical questions.

Rebecca Pow: Have we? I have a few fake news questions I wanted to ask. Can I just ask one?

Chair: Yes.

Q312 **Rebecca Pow:** One of our recommendations was that the Government set up some sort of system whereby you could assist with fact-checking. You have referred many times to the fact that people would like to know whether what they are looking at is true or not true. That would be basically a verification system. If you do not mind my saying so, your response to us was rather waffley. How is that going? This would seem an essential part of the toolbox that needs to be put in place and, in fairness, one could be getting on with that now.

Jeremy Wright: Yes. The trouble is that it is easy to state that we would like a fact-checking and it is easy for people to understand the concept, "Tell us if it is true or not", but of course it is not always that simple to ascertain whether a given thing is true or not. Unless you can look it up in the Encyclopaedia Britannica, it is harder to be exactly precise in some cases about whether something is true in absolute terms or not.

There is, I think, a conversation here again to be had with the industry, not—for the Committee's reassurance—that I intend to simply take their word as gospel, but it is helpful to understand the degree to which they have the technological capability to prioritise those things that they believe are authoritative over those things that are not. If you put into your Google search engine, "I would like to know what colour X thing is", "What colour is a maple leaf?", one would hope that as part of the process, what Google do is prioritise those sources of information to answer your question that they believe are authoritative and more likely to be true.

Some of this is about understanding the technological capability of the industry. Some of it is about understanding the limitations to the concept of 'truth' here. How easy is it to get an objective assessment of whether something is true or whether it is not? That will not be true for every question. Some of it is absolutely things we can start to think about now, and we are.

Q313 **Rebecca Pow:** Sort of related to that, would it be feasible to ask for a full data audit from Facebook to have a look at that in more detail and would it be feasible to ask for the algorithms of companies to be fully transparent? That then might help the verification.

Jeremy Wright: When you say "full data", what do you mean?

Q314 **Rebecca Pow:** Just an analysis of everything about Facebook, all of their background, all of their content, sharing platforms and all of that, just to



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be more transparent because a great deal of what Facebook are doing still seems to be secret to Facebook.

Jeremy Wright: Yes. I do not know how practical that would be. It is worth us considering.

In relation to your point about algorithms, I was making the point earlier on to Mr Efford that there is certainly work for us to do on determining how you get behind the algorithmic process and understand not just how the algorithm works but the capacity for bias or prejudice in that process. That is about identifying not just what product you put into the algorithm and not just identifying what product it spits out, but working out some of the design features of the algorithm so that you know, broadly speaking, what it is doing and how it is going to come to its conclusions. Now, this is fast-moving technology so it is not easy for us to be prescriptive about how we might do that, but it is exactly the kind of thing that we now need to think about, not just within Government but, for example, in the Centre for Data Ethics and Innovation. They are, again, well placed to start to think about the answers to some of these very difficult but very important questions.

The answer is that work needs to be done and we are doing some of it now. How practical all of your suggestions are, I do not know.

Q315 **Rebecca Pow:** There is a great deal of detail in our report from people who have suggested things that would be very helpful in that verification process.

On Mr Farrelly's point about what happens if you discover things that are unacceptable or are being posted on that are unacceptable, I believe in your response you suggested one could simply refer to the courts as an appropriate place for address if something unacceptable was being posted. That is very difficult on a huge scale, is it not? Individuals are not going to do that and you could overwhelm the courts if everything went to the courts. With your legal hat on, surely we need to have a better way to address these people who are posting what will eventually be deemed as unacceptable?

Jeremy Wright: Yes. I should say I have taken the legal hat off. Perhaps it is a wig, but it is gone. In relation to the courts, what we would be talking about is a particular variety of unacceptable behaviour, in other words illegal behaviour. That is why the courts would be involved. I think it is a function of, again, the cliché but nonetheless true that what is unacceptable offline is unacceptable online. In other words, if people are engaged in criminal activity online—and they could be; it is perfectly feasible that people are committing offences of harassment, for example, or even threats to kill, online—then it is perfectly reasonable to expect that the courts would arbitrate on those because they are, at least allegedly, criminal offences.

The courts have a part to play, but I do not suggest and I do not think the answer suggests that the courts are the only entity that needs to be



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involved in this process. One of the design challenges here is to work out who should be, and whether or not we think that there is a space for either enhanced capabilities of an existing regulator or a new regulator to start to hold to account those companies that allow material such as this to be promulgated. That does not, of course, exclude the responsibility of the individual who is making the comments, for example, for what they have done.

Q316 Rebecca Pow: You have children of your own and I am sure you are aware just how damaging not just this disinformation is but what you have referred to as the “other harms” that are posted on all these sites. I think it is an urgent thing for our society.

The RSPCA came to me this morning. They are deeply concerned, and they have done a survey on this, about how children are being affected by views of animal cruelty. They are seeing the most revolting things posted online, for example, some children setting fire to a squirrel, and that was posted all over the place. You might laugh but it is really not funny. The more and more they see of these things, the more they might begin to think that is acceptable behaviour. Minister, what I put to you is: I think it is urgent that we get on with this system of controls, checks and balances quickly. Would you agree?

Jeremy Wright: I certainly think we need to get on with it. You will detect that I think it is just as important to make sure we get it right. That is because there are, first, delicate balances here, but also—the other reason aside—given that it is important to set an international example, it is important to be robustly defensible against challenge.

Our responsibility here is to think about the variety of online harms. That is not just illegal harms, that is also what people are being exposed to, including at a young age, and the responsibility of those who provide these services to do what they can to prevent these harms occurring. We will be thinking very much about how you keep young people in particular safe online. There is a responsibility for the service operator, there is a responsibility for parents, of course, and there is a responsibility for Government, but it is absolutely in the range of online harms that we will be thinking about.

Q317 Jo Stevens: Minister, a very quick follow-up, if I may. You mentioned earlier conscious and unconscious biases with developers and AI, which is something that we raised in our evidence hearing in Washington with Facebook, Google, Twitter and YouTube, I think it was, as well. Are you thinking that there is the potential for an existing regulator or a new regulator to perhaps undertake audits so that there is a level of transparency, so that they could look at how companies are carrying out their AI to be transparent about those biases? You would then obviously need to decide what you were going to do about it but at least we would know the level of what is going on.



Jeremy Wright: Yes, I think it is possible. It comes very much to your earlier point about the capability and the skillset that a regulator would have because this is incredibly technical stuff, it is incredibly difficult science, and there are not unlimited numbers of people, frankly, who would be able to carry out that kind of analysis. It is important for us to have that visibility and it is important for us to develop it, as I said, as AI moves on, because if we cannot, if we cannot give ourselves that confidence about conscious and unconscious bias, then it will become progressively harder for us to give that reassurance to the public.

That is quite important in itself because if you want AI to be successful, as we were saying earlier on, then the public need to be confident that the supply of data into the AI field is, first, worthwhile, but, secondly, safe. There are a number of fears people have about artificial intelligence, not all of which I believe they need to have, but one of the fears that they are entitled to have and that we need to address is their concern about how secure their data will be and what will be done with it when AI processes are applied.

I am certainly open to considering how you increase the visibility of these processes. Whether that is through the Centre for Data Ethics and Innovation route, whether it is through a regulatory route or whether it is a combination of the two, I do not yet know, but it is certainly an area we have to look at.

Q318 **Paul Farrelly:** I want to move on to telecoms very briefly, through which we consume our social media.

First of all, in relation to lotteries, the National Lottery and good causes, the London Olympics was of course very successful but people paid around the country for it. Investment in sport suffered. Money that could have gone to good causes was in events. I just wonder whether, after this session, you can let us know what the position is currently with the promised Olympic legacy in terms of asset disposals, what has been raised, what has been given out, if anything, or when that might be anticipated.

Jeremy Wright: Sure. I am very happy to write to the Committee on that. Of course it underlines the point about the risk that is raised by those from a National Lottery perspective about this being a zero-sum game, that if somebody benefits somebody loses out. Again, I have not reached any conclusions about whether they are right about that or not but it is one of the factors we are going to have to see argued out in this process.

Q319 **Paul Farrelly:** I know Clive wants to come in on the lottery and sport. You are whittling down your quorum. I have to go to another meeting in a moment. Just on telecoms, I am sure the infrastructure review will have been in your massive great mountain of reading as you came in.

Jeremy Wright: Yes.



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Q320 **Paul Farrelly:** We were just trying to recall before the meeting how many Secretaries of State there had been since 2010. You are the seventh.

Jeremy Wright: The seventh? Lucky number.

Q321 **Paul Farrelly:** The seventh in eight years, whereas BT, for instance, has only had two chief executives—they will have another one next year—one of whom left to join Government as a Peer and a Trade Minister. There is a longevity there. One of the complaints that you will no doubt have in abundance, if you have not had it already, is about BT, Openreach and how well it is working. You will say that is a matter for Ofcom but as Secretary of State, as long as you are Secretary of State, you have a powerful influence in determining the future. I wonder if you have any thoughts about how Openreach is working, in particular giving mobile companies access to its dark, unused fibre or where there is no fibre access to its old-fashioned ducts and poles.

Jeremy Wright: You are entirely right. No Secretary of State decides how long they stay in the job and I will be no exception. The only thing you can decide is what you do while you are there.

In relation to the infrastructure, as you say, there are two questions to be asked. One is: how well is the infrastructure working now? The other is: how do we change our approach for a new generation of technology? It seems to me, arriving as I do, as the seventh Secretary of State since 2010, one of the questions that immediately is presented to me is: do we continue to roll out infrastructure that will serve us perfectly well for the next few years but will not serve us well for the next 50-plus years, or do we make a strategic shift?

The FTIR that you refer to is a clear strategic shift. It is a decision to say that in the long-term interests of the United Kingdom, what we must have is a full fibre network. Not just that, by the way, because we also need to make sure that that is interoperable with other technologies that will reach people who are not going to be reached by a fibre network. Undoubtedly, rather than continue to build copper wire out, should we not be shifting to fibre? I am absolutely convinced that is the right thing to do because it seems to me that if you really want to be future-proof, you need the fibre option. In terms of the future, that is where you go.

You then need to think about how you are going to roll out such a network. Again, the decision that was taken in the FTIR, which I think was the right one, is to take the so-called 'outside in' approach. What I think we have learnt from the superfast rollout is, successful though I would argue it has been—95% of the country covered, as we said we would do—that does still mean that 5% of the country is not covered, and that tends to mean that if you are in the 5%, you wait until the market is rolled out everywhere else before anyone turns to you and says, "Right, now what are we going to do about you?"



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That is something we can do differently with the fibre rollout. If we take the approach, as we intend to, that identifies where that percentage that the market will not cover will be, and says, "Let us think now about how we reach those people rather than wait for the end of the process before we do" then that will serve better some of those people—I do not doubt you represent, Mr Farrelly, I certainly represent, and I know others around the table do—who will feel as though they do not have a terribly good service out of the superfast rollout, and get rather irritated when people say, "Do not worry because 95% of the country has been covered." That is a different approach for the future.

In terms of how Openreach works now, there is no doubt that if you want to get to a place where fibre rollout happens quickly, efficiently, as cheaply as it can, then we need to see some competition. We need to see people laying fibre who are not just Openreach. Openreach have a hugely important part to play in this but they also need to make sure that they are not preventing proper competition from other people who might seek to do the same thing.

Ducts and poles are important. It is not just their ducts and poles that are important, it is also important to think about other infrastructure we might use. Whether it is sewers, gas pipes or any other network around the country that we might be able to take advantage of we should do that. We should think about some of our infrastructure projects. If we are digging up something we should think about laying fibre while we are at it. All of those things are important.

Paul Farrelly: There are complaints about some delays in access to their unused data fibre, which is quite important.

Jeremy Wright: There are.

Q322 **Paul Farrelly:** Clearly Ofcom has a big role to play. You have a big role to play in the direction of policy. There will be plenty of time to ask you, as you settle into the role, what lessons you think we should learn for the future with 5G against 4G, and everything else. There are things that Government can do to outwith Ofcom to incentivise BT. Have you had representations about the copper wedge tax yet?

Jeremy Wright: I cannot say I have. That is a new one.

Q323 **Paul Farrelly:** The copper wedge tax is a proposal some of the frustrated people in the industry are putting forward to give BT an incentive not simply to rely on copper. If you make excess profits over and above what it costs you to run the copper network through the regulated prices you are making profits, and it gives you an encouragement to roll out fibre.

The suggestion is a copper wedge tax, on those excess profits, which would be a matter for Government, a matter for a Budget, could be used to start a fund to lay fibre in difficult to reach areas in the countryside.



Jeremy Wright: It is an interesting idea. One I am very happy to consider. I suspect we will not quite get it done in time for this Budget, but it is certainly worth considering. We will consider all of these possibilities. If we have not had details on it I am sure we soon will.

Q324 **Rebecca Pow:** I just wanted to pick up a bit on this, thank you very much, Secretary of State. You talked about the last 5%. Obviously, you have done well in rolling out the 95%, but if you are unlucky to be in the 5% a great many of those are in Somerset and Devon. You referred to the great benefits of having other competitors apart from BT but it is quite clear that there are very few companies that wanted to take on these contracts for the very difficult areas. I am sure you know, but connecting Devon and Somerset the last contract was won by Gigaclear, which is now Infracapital, has been beset by problems and they have not yet delivered on this contract. Were you aware of what a disaster it is?

Jeremy Wright: I know there are problems and not least because you have brought them to me already in another context. In relation to individual contract delivery it always depends on the circumstances, so we will pick up offline rather than try to do it here, exactly what has gone wrong in your area.

Q325 **Rebecca Pow:** One has to remember it was all signed off by BDUK so we do have an overarching responsibility.

Jeremy Wright: Indeed, which is why I want to get to the bottom of exactly what has happened.

What I would say—and this is again limited comfort today, I accept—we need to do a number of different things. We certainly need to encourage the rollout of the superfast broadband programme, and although we have met our 95% target I do not believe that is all we can squeeze out of the superfast rollout programme. There is a couple more percent we can get out of it in terms of national coverage. It is not impossible that even through the operation of the superfast broadband programme, with all the difficulties you have encountered, we cannot cover more premises.

We must also then think about fibre rollout, which can be done a number of ways. It can be done through local full-fibre networks. It can be done through gigabit voucher schemes. There are a number of mechanisms we can make use of to give people a real step up in the level of service they get. But it is also important to keep in mind the universal service obligation. Quite rightly, in my view, we have come to the view that there must be a minimum safety net provision and you should be entitled to expect that you would get 10 megabits by 2020, which Ofcom say is what is needed for most families now. It is some way in excess, I suspect, of what many of your constituents are getting now.

As an absolute safety net to the safety net, if they are getting less than 2 megabits then there is also something we can do through the better broadband programme.



There are a number of possible ways in which we can do better with individual parts of the country, but it sounds to me as though what is required first is a proper analysis of what has gone wrong in the BDUK delivery of your project, so that we understand that first.

- Q326 **Rebecca Pow:** One of the problems, which I will draw to your attention, is they get some state aid. The state aid is due to run out in 2020. Would the Secretary of State get involved in a rollover of that state aid because otherwise most of these properties are not going—the funding system will not work so intervention will be required.

Jeremy Wright: The USO will kick in in 2020, if not before. Of course, as I have said, when we come to the rollout of full fibre the approach that we will seek to take is different to the approach we have taken with superfast broadband up to this point, and I would hope to the benefit of constituents like yours.

- Q327 **Rebecca Pow:** One other question on the back of that. Would the Secretary of State be using his influence—talking about full fibre—to make sure that it gets connected to new properties, so that all new houses have full fibre? There is a great deal of public support for this. Potentially, should legislation be brought forward for this?

Jeremy Wright: Yes and probably is the answer to those. Yes, it is very important that we do that and it seems to me not acceptable that new properties built in this country should not be ready for connection to fibre. We will certainly want to look at ways in which we enforce that situation. If legislation is necessary then that is what we should pursue.

The other thing that we should do—if necessary by a legislative route—is look at those who are renting property, probably in a multioccupancy building, block of flats or something similar, where the landlord is not minded to allow the upgrade to take place. I do not know why a landlord would not be, but there are some that are reluctant. In those circumstances, we do not see it as reasonable for the tenant to suffer because the landlord does not want to allow that to happen. The social way leave issue also needs to be addressed for very similar reasons.

There are a number of things we can do from a legislative point of view in order to facilitate the rollout of fibre, in particular.

Rebecca Pow: And will do, not just can do but will do?

Jeremy Wright: Yes. We will do it. Whether we do it legislatively or another way will depend on the co-operation we get, but we reserve the right to do it legislatively if it cannot be done elsewhere.

- Q328 **Clive Efford:** Should sport be given its own Department and Secretary of State to give it parity with the other priorities in your Department?

Jeremy Wright: It has its own Minister of course, and she does a great job. I do not think sport is bereft of a strong voice within the Department. This is a wide-ranging Department, I will concede that. It struck me,



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since I have arrived in it, that although when you look at the disparate acronym that you have suddenly inherited it does not look like anything joins them together, I am not sure that is true.

What joins the bits of my Department together is the connections that exist between each of us. It seems to me that sport is a crucial part of joining up communities, making us feel like one society, allowing us to have shared experiences. Those things are absolutely in sync with a great number of other things that my Department does. I would not want to extract it from this Department. If you are worried about it having a strong voice I would say it does.

Q329 Clive Efford: Does the fact that you spend considerably less directly on sport, the arts, museums and heritage reflect the limits of your direct involvement in sport?

Jeremy Wright: Of course sport is funded a number of different ways so there is direct funding but there is also lottery funding and other mechanisms too. I do not think I would use as a proxy to how much we care about sport how much direct investment from the Exchequer there is. My sense is that across the field what we need to be doing as a Department is making sure that sport is adequately funded, certainly, but also making sure people are encouraged to participate at whatever level they can. We do obviously fund elite sport but we fund grassroots sport too, either through direct subsidy or through the lottery funding. That is exactly as it should be.

Q330 Clive Efford: Just moving on to the lottery, as you mentioned it. The lottery is in a mess, is it not? October 2013 they increased the price of the Lotto tickets to £2; that is Camelot. October 2015 they added an additional 10 balls to the draw making it harder to win by increasing jackpots, by removing the cap on the number of rollovers and setting the jackpot cap at £50 million. In January 2016 they increased the jackpot cap to £55 million and in August 2016 they dropped the jackpot cap to £22 million. Meantime, money for good causes is going down and the amount it has gone up since 2009-2010 to 2016-2017—this is National Audit Office report—returns for good causes in that period have gone up by 2% but Camelot's profit has gone up by 122%. This is in complete disarray, is it not?

Jeremy Wright: No, I would not accept that description. You would get, if you had Camelot before you, acceptance that some things have not gone well for them over the last few years. But in truth, the income from the lottery has stabilised over the last year, as have, of course, the money going to good causes. That does not mean that Camelot do not have more to do, and I think they accept that. But I would not accept the characterisation that you have given.

Q331 Clive Efford: Is it acceptable that at a time when money available for good causes has virtually flatlined, and in some years went down, that during that same period Camelot's profits to its shareholders increased by



122%, by £39 million? Is that acceptable?

Jeremy Wright: The crucial question is how well run is the lottery and what is the return for good causes. Those are the crucial questions, I entirely agree.

We will have the conversation about whether or not the National Lottery, as the only player in the field, is the right way to continue the lottery landscape because we are going to have the conversation we mentioned earlier on about society lotteries. We also of course have to consider how we structure the next competition for the operator of the lottery when that rolls around.

I am not pretending everything is perfect but I do not think that the key question is how much profit are Camelot making. The key question is how well run is the lottery and how well developed is the source of income for the good causes?

Q332 **Clive Efford:** You could say it is not about how much profit they are making, but they are certainly looking after themselves before they are looking after the money that is valuable for good causes. We are seeing a migration of people, particularly—and this is another finding of the National Audit Office—since they increased the cost of a Lotto ticket a migration from draws towards scratch cards. Scratch cards give a lower yield to good causes than draws. It is not being run well, is it?

Jeremy Wright: Again, you have to ask Camelot about how they run their operations. What I am interested in, as the Minister with responsibility, is maximising the returns for good causes. That is what I want to see happen and that is the kind of question I should be asking when I come to consider, if I am still here, how we manage the process for the next lottery operator.

Q333 **Clive Efford:** The Charity Commission took the decision to extend their franchise¹. Was that a good decision?

Jeremy Wright: That is not a matter for me, that is a matter for the Charity Commission. I am not going to comment on that. My interest is clear in this and the next opportunity to make substantive change will be when we next consider the lottery operator.

Q334 **Clive Efford:** You say you are not going to comment on that, but who ultimately is accountable for the running of the National Lottery. Is it your Department or is it the Charity Commission?

¹ The Committee has been contacted by the Charity Commission to outline that the National Lottery is regulated by the Gambling Commission, not the Charity Commission. The Charity Commission regulates the Big Lottery Fund, which is a registered charity and the mechanism by which money from the Lottery is applied to good causes, but it is the Gambling Commission who regulate the National Lottery and will have made the decision around extending the franchise as raised during the session.



Jeremy Wright: It depends. If you are talking about policy responsibility, clearly it is my Department. If you are talking about the operation of the National Lottery as a charity, then of course the Charity Commission has responsibility for the regulation of charities. It depends on which bit of its operation you are talking about.

Q335 **Clive Efford:** They are a management organisation for a lottery and it is our National Lottery that gives money to good causes set up by government legislation. We have charged them with raising money for good causes, but what they have done in the management of it, is they have careered around from decision to decision about caps on the winnings, on the charge for Lotto tickets. It has resulted in the sales of draws dropping and people migrating to scratch cards, that the consequence of money available for good causes. Ultimately, surely, your Department is responsible for that.

Chair: Ultimately, the first person that is responsible for that is Camelot. What we need to do is make sure that we impose whatever pressure we can to ensure that good causes are looked after. It is encouraging that the revenue is stabilising, and that is what has happened in the last year. In the end, if Camelot fail to carry out their responsibilities as operator of the lottery adequately then the ultimate sanction is the next time the lottery licence is up for renewal, and Camelot bid for it, we can take that into account.

Clive Efford: Have you met with Camelot and have you questioned how they have justified increasing their share of profits so much at a time when performance is not adequate?

Jeremy Wright: I have met with Camelot specifically to discuss their view on the society lotteries consultation, because that is the issue that we had in front of us at that point. It does not seem to me that the right way to look at this is purely on a profit basis. It is to look at it as how well is the lottery being run, how well-served are the good causes. I will continue to have that conversation with Camelot, and will lead up to the renewal of the licence.

Q336 **Clive Efford:** Sorry to labour this point, because I was going to finish there, but I am going to come back at you again. At the time when the money available for good causes has increased by 2% Camelot increased what they were paying to their shareholders by 122%. Surely, you would have reason to question how they can justify that and whether that performance justifies that sort of increase in their payments to shareholders.

Jeremy Wright: The bit that I would question, and would want to test, is whether they are doing the best possible job to increase returns for good causes. Is it the case that they can do better than 2%? That is a perfectly legitimate question and a question that we will continue to ask. I do not necessarily think that the right way to look at it is to say if you have made this much profit you therefore must be doing a bad job for the good causes. It does not necessarily, in my mind, follow. That is the



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connection I dispute. But I would not disagree with you that the job here is to make sure that the good causes are properly looked after.

Q337 **Ian C. Lucas:** Do you think it is right that Camelot will not disclose its income from each individual constituency from lottery ticket sales?

Jeremy Wright: It is not a question I have considered, and I am happy to do so.

Q338 **Ian C. Lucas:** I have asked Camelot over many years to do this because I have—I will tell you why. I suspect that the more affluent part of the country benefit from the lottery more than the poorer part of the country. I think we should know. Do you agree?

Jeremy Wright: I would like to think about it because I do not know what they would say is the argument for not disclosing it. I assume they have given you a response on this or have they not given you any response?

Ian C. Lucas: They have not given me a valid reason for not disclosing information. Do you think that is a fair question that I am asking them?

Jeremy Wright: It is a fair question. I would like to hear the answer before I decide whether—

Ian C. Lucas: I would love to hear your answer.

Jeremy Wright: It is a reasonable question, Mr Lucas, that in fairness I ought to hear Camelot's answer to before I decide whether they are behaving reasonably or not.

Chair: There is a trend here that every new Minister is asked this question. Every new Minister agrees it is a fair question to ask it but we never get the answer.

Q339 **Ian C. Lucas:** When you ask them that question, if they will not give me the information can you ask them to give you the information?

Jeremy Wright: Then you can ask me for it.

Ian C. Lucas: Yes.

Jeremy Wright: I see where you are going with this. I will certainly—

Ian C. Lucas: By the way, you are still a lawyer.

Jeremy Wright: I will certainly ask.

Q340 **Ian C. Lucas:** Could I just switch for a second back to fibre, sorry to mess you about a little? I am very interested that there has been a strategic shift within the DCMS towards fibre. We did a very big report that seems a very long time ago on telecoms 2015-2016, and there has been a huge shift in policy since that. Do you see the development of fibre networks in more remote parts of the country as part of a policy of spreading wealth right across the UK creating an opportunity for those



parts of the country to benefit from this new infrastructure?

Jeremy Wright: Increasingly the access to good broadband is not an optional extra for people wherever they live and whatever they do. It increasingly becomes an obligation on Government to provide a good service to everybody. That will increasingly be true as Government, in their own interest, want to start delivering more services online. Perfectly sensible for us to think about the most effective way of getting the best technology to the greatest number of people.

The strategic shift is to say, "Do you want to carry on rolling out copper wire?" or do you want to say, "No, it is going to be full fibre" but I do not think it is just going to be full fibre. One of the things that we have not talked about, perhaps we should, is the interaction there may be between fibre broadband and mobile service broadband. What can you do with 5G or 4G to interact with fibre so that for the most remote parts of the UK, if we cannot get a fibre connection in the ground to their front door, what can we do, interacting with that fibre network, to do the rest of the job of getting them a decent broadband connection.

Again, it is not something on which I claim particular technical expertise, but my understanding is that a combination of 5G, and in some places 4G, will give us the opportunity to reach people either with fibre—as long as they are building it out in the right way—or through a mobile connection.

For most of our constituents they do not mind which, they just want it to work, they want it to be reliable, they do not want it to drop out, and they want it to enable them to do the things they are going to need to do now. What we as Government should also insist on is it does not just give them the capacity to do the things they want to do now, but also gives the capacity to do the things they are going to want to do in the future.

Q341 **Ian C. Lucas:** How do you think the local full fibre fund is operating that has been set up?

Jeremy Wright: It is part of a landscape. It does not do everything everywhere but it seems to me it has the capacity to do well in some locations. Whether it is the local full fibre network or whether it is the gigabit voucher scheme, which might work well in some other places, whether it is something else, I do not know what will work in each location. But it seems to me our expectations should be that by one means or another we get everybody a good broadband service.

Q342 **Brendan O'Hara:** Just a couple of questions on data transfer, data sharing post-Brexit. Last year your predecessor assured us that achieving an adequacy agreement with the European Union was one of his top priorities. He understood that it was absolutely time critical at that point. He said in answer to a question, "We hope that it will lead to a very good deal." Last week I read a report that a UK Government spokesperson had said that seeking an agreement still remains the goal on both sides and



were confident that this will be achieved. From being time critical 12 months ago to that statement of last week, would suggest that very little movement has occurred. Can you bring us up to date on exactly where the negotiations on achieving adequacy are today?

Jeremy Wright: Data transfer is absolutely vital. A very large amount of economic activity that passes between the UK and the EU depends upon the smooth transfer of data in both directions. That point is well understood both by us, by the EU, by the EU 27. My sense, from speaking to counterparts and people at the Commission about this, is that everybody understands this, everybody wants to get to a sensible end point. There are two possibilities of course. One is that we reach a settlement on this as part of a deal between the UK and the EU. That is what we fervently hope will happen and what I still expect to happen.

In the event, however, of no deal we would still want data to be transferable between us and the EU and vice versa, and it is of course available to the EU to reach an adequacy decision in relation to a third country, which would enable those data flows to continue.

We probably need to separate out those two possibilities. I cannot say very much about the first because it is part of the negotiation, it is still part of the negotiation. Because we are wholly compliant with the GDPR, because we have become united with the European Union in our compliance with data regulations, because we follow the same rules now, this should be a deal that is relatively straightforward to do.

Equally, if you are talking about an adequacy decision, then the question of whether or not the data protection mechanisms in the United Kingdom are adequate also ought to be quite straightforward to answer because the answer on whether they are adequate would be, "Well, they are the same as yours. If they are not adequate neither are yours." I am reasonably confident that we will get there.

The bit that is potentially more difficult is to persuade the Commission that we would want to have in place the safety net of an adequacy decision being considered and decided upon at a point at which we leave, if we were to leave with no deal. If you are detecting reservation, it is in that area, rather than on the assumption that we would not be able to get a deal or an adequacy decision, whichever was required of us.

One final thing to say, if there were to be a gap there are ways to manage that gap. They are not as good as an adequacy decision but they exist. So standard contractual terms that companies could use for the transfer of data would be available in that gap but we would certainly prefer that that gap does not occur.

Q343 **Brendan O'Hara:** With the greatest of respect, Minister, that answer could have been given at any point in the past two years. It has very similar to the answer that your predecessor gave this time last year and his predecessor gave about six months before that. We are five months



from Brexit, we are five months from a possible crashing out of the European Union but without a deal. What would you say to, particularly the City of London, where there are so many jobs and incomes dependent on this maintaining of a free, unfettered, unhindered transfer of data? What would you say to the people here given that what you have said could have been said at any time in the last two years and we are still no closer to achieving it?

Jeremy Wright: In terms of the sense of the message, it would be the same as what I have given to you, which is that I have every optimism, and I think justified optimism, supported by what I have heard across the English Channel, that this is doable either as part of a deal that we reach or as part of an adequacy decision. Two further things: first, this is a negotiation and it is impossible now to tell you whether the outcome is going to be an arrangement as part of a deal, because we have reached an arrangement with the EU, or whether we are in a no-deal situation. I know which is more likely and it is more likely that there will be a deal than there will not. But I cannot rule out the alternative. I cannot give anyone a definitive answer as to whether it would be a settlement as part of a deal or a settlement as part of an adequacy decision.

The UK is ready to go. We are in a position to settle this one way or the other. We think this should be a relatively straightforward conversation but every conversation requires two participants and we need the rest of Europe and the European Commission to be prepared to talk to us about what you might do if we were not able to reach a deal. Yet we would still need data to transfer between us. That would be an adequacy decision.

Again, I think we would get an adequacy decision. That seems to me to be the overwhelming likelihood. What I am seeking to avoid is any potential gap that requires a contemplation of a no-deal scenario now, not because we want to see it happen but because it is sensible to have as an insurance policy. It is on that we are finding more difficulty.

Q344 **Brendan O'Hara:** Given that we are only five months away, what contingency plans have your Department drawn up in the event of a no deal that goes beyond "it will be all right on the night"?

Jeremy Wright: In the event of no deal the UK is a third country and the EU has arrangements with third countries where they have an adequacy decision about the handling of data. We would expect to have such a decision. There may be a gap between the point at which we leave and the point at which we receive such a decision. If there is, then what would need to happen is a number of bridging measures, including standard contractual clauses, which are operable. You can use them. They are not as good as an adequacy decision. What we are sending as a message to business is, "Look, prepare yourself for one of those three possibilities but if you need to use standard contractual clauses we will offer whatever help we can." The ICO has been extremely helpful in setting out what template standard contractual clauses might look like so



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that businesses can go online on the ICO website and say, "Okay, I can just take that off there and make use of it."

None of this is ideal. I accept that. But it exists in a contingency situation, which I hope very much we will not be in.

Q345 Brendan O'Hara: What assessment has your Department made of the cost and the consequence to business of crashing out of the EU without a deal and without an adequacy agreement?

Jeremy Wright: I do not think that will happen.

Brendan O'Hara: Yes, I know but if I was a business I would want to know what your assessment has told you.

Jeremy Wright: I cannot give you a figure off the top of my head, and of course the costs for each business will depend entirely on how much business they do with the EU and how much of that is data dependent. It is difficult to give precise figures for each individual business in the country. Government's objective and Government's responsibility are to do what they can. If we cannot get a deal to get an adequacy decision, and if there is a gap between the two—and that will not be for want of our trying to avoid one—to ensure that businesses have all the practical support we can give them on bridging that gap. That is what we are engaged in doing.

Q346 Brendan O'Hara: But you do accept that there will be serious consequences and large costs involved to business if the UK crashes out without a deal in five months' time?

Jeremy Wright: I have said a number of things, none of which are those.

Brendan O'Hara: You do not think that is the case?

Jeremy Wright: I said I am not going to quantify costs and it is difficult to do that.

Brendan O'Hara: I am not asking you to quantify but do you accept the principle that there will be major costs and consequences?

Jeremy Wright: I do not think anyone thinks it is a desirable situation for the UK to leave the EU without a deal. No one is arguing about that. If it were to happen, in the field of data transfer, there are things you can do. There is an adequacy decision you can seek. I am optimistic that we would get such an adequacy decision. Objectively, you can see why I should be optimistic because our rules are obviously now identical to EU rules. We have accepted that part of our rolling over of European rules and regulations into domestic law will include the GDPR.

There is no reason for us to believe that the Commission or the EU would refuse to engage in a discussion about an adequacy decision were we to be in a position where we have left the EU without a deal. If there is a gap between getting an adequacy decision and leaving the EU then there



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are things that can be done, and the Government are making what preparations it sensibly can, with the assistance of the ICO, to make sure that that gap is managed by businesses that will need to manage it.

Q347 Julian Knight: Just following on from Brendan's questions. Outside of data sharing, what plans or discussions has your Department had with broadcasters over preparations for a no-deal Brexit?

Jeremy Wright: The position on broadcasting is slightly complicated. It depends on which country you are talking about. It is perfectly true that as Britain leaves the EU it will no longer have the right under the AVMSD to broadcast directly into European countries via that mechanism. However, that is not the end of the story because we are also signatories to the convention on transfrontier television, which is a Council of Europe instrument, and to which some, but not all, EU member states are signatories.

Those that are we will be able to have a clearer one-to-one relationship with and be able to have a broadcasting relationship with. Even that is not the end of the story because there is another element to television, and that is the making of content. When it comes to the making of content, one of the crucial questions in this space is would it count as European works. Will it count towards EU quotas for a piece of television produced in the UK to be sold into a European market?

The answer to that is under the CTT, broadly speaking, it would. The impact on broadcasters is likely to be felt most on those who wish to broadcast into an EU country that is not a signatory to the CTT. We think there are seven of those. That is where the most impact will be felt. I am not saying that is the only impact but it is there that we have to concentrate our attention.

Q348 Julian Knight: What specific plans have you made in order to put in place to help the UK retain its role as a heavy hitter in the TV and film production space, as we leave the EU.

Jeremy Wright: It is worth recognising in that context that EU membership is not the only thing that is attractive to film and television companies about the UK. There are a number of other things that they find attractive too; skills base, location, language, all of those things. Particularly when you are talking about the film industry, they find it immensely attractive that we have a consistent system of tax credits that enable them to invest here advantageously.

Those have turned out to be remarkably successful, the amount of revenue the Treasury derives from extra investment because of those tax credits, is immense. We have no intention of changing that approach. We will not obviously be changing our language. We will maintain our skills base to the best ability that we have. So many of the fundamentals that draw people here will be still true.



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We also have to do our best to appeal across the board. One of the things that is changing in television is the focus on high-end Game of Thrones style, very expensive television programmes, which are bordering on film-style production. Some of our studios are starting to think about how they adapt to that, how they offer space to that, and they are still world-class production facilities.

The message I want to send is that Government will help wherever they can but the fundamentals will remain strong and we will want still to attract very good quality film and television companies to our shores.

Q349 Julian Knight: You would like to presumably see greater film production outside of London and Elstree, because Elstree, a Lucas franchise has taken residency there. There is now an issue when it comes to capacity within the UK film industry. Are you having discussions in those terms? Are you looking at ways in which the Department can help facilitate unlocking extra capacity?

Jeremy Wright: Certainly over to that, and I am pleased to say I broke the ground on some new capacity at Pinewood. We are building now new capacity on the existing site. You are also right—and I fear I know where you are going with this—that we need to think in television terms about going beyond London. It does seem to me that there is considerable merit in making sure that television is expanded beyond London. We still have too much of our production capacity in the London area and the south-east. We can do better than that. Certain television companies are showing the way forward on this.

What is your next question?

Q350 Julian Knight: Obviously, the Channel 4 decision is imminent but surely this is only one part of the process; do you agree we need to see a greater outflow of production and talent from the capital through the region so that we build that broadcasting infrastructure throughout the country?

Jeremy Wright: I do agree with that. Channel 4 is a good start, it is not the end of the process. I hope other broadcasters will follow where they lead.

This is not just about geographical diversity. The other thing we need to concern ourselves with is those people who are making television, how diverse are they? The television industry can do better than it is currently doing on the diversity of its employees. That is partly about being in different parts of the country but it is also more broadly about diversity in the greater sense.

Q351 Rebecca Pow: Very quickly, now that we have moved out to the regions. It is not directly broadcasting but theatres, I just want to ask what the Secretary of State's plans are for devolving your funding and encouraging theatres and all that they entail, because they do so much more than just theatre productions. What do we have or what are you



going to bring forward that is going to help enable that?

Jeremy Wright: To take a purely random example, the Brewhouse Theatre in Taunton is a very good example of this. What we can do is remind everyone that the cultural component of development is very important. It brings a sense of place. It adds to the capacity we have to generate economic success. The cultural development fund that we have started to develop, and is about £20 million worth of contracts and awards under that, that we will shortly be announcing, is a good way of showing that you can use culture to bring about economic development.

It is possible for theatres, in particular, to work with other people in society to demonstrate what they can add. I said at the Conservative Party conference that we would spend some money on youth theatre, effectively what we are calling youth performance partnerships, to enable young people who would not otherwise have the chance to perform on stage or engage behind the scenes to do that. They are called partnerships for a reason. They are called partnerships because I want to see local theatres and local theatre groups engage in this process too and make sure that they are doing what they can to improve prospects for young people in their area.

There is a great deal that the cultural world can do, and theatres in particular, not just to generate economic wealth, but also to generate society improvement. The cultural development fund is one way in which we can do that. Youth performance partnerships will be another.

Q352 **Jo Stevens:** Going back to the BBC, I was looking at the net expenditure for your Department last year to 2017-2018, and almost half of that, I think it was £3.2 billion was for the BBC. You will be aware obviously that we have just had a session on the annual report and earlier in the year we did a very long session on pay discrimination at the BBC. Have you, since you have been appointed, met with the director general and the chair, and any of the trade unions, for example, representing broadcasting staff at the BBC.

Jeremy Wright: I have not yet met the trade unions. Look forward to doing so. I have met the director general to talk specifically about pay disparity. First, we need to know what is going on. Transparency is vital here and transparency we now have. We can see the differences between certainly top talent pay. There are a number of issues still to work through but my view is that if you do not know what is going on at the BBC it is very much harder to hold them to account. It is good that we have that transparency. Not the end of the story.

They have a long way to go and you can see from what has already become transparent that that is true. The BBC recognise that and I shall be continuing to apply pressure to make sure that they continue to diversify the way in which they operate and to make sure that people are paid fairly, regardless of their background.



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Very happy to talk to the trade unions, and I am sure I will shortly.

Jo Stevens: That is good to hear. Obviously, we will be producing our report very shortly. We hope it will be helpful.

Jeremy Wright: I am sure it will be.

Jo Stevens: But it is a serious risk issue for confidence and trust in the BBC, not just for the people who work in it but for those of us who watch it and pay for it.

Jeremy Wright: That is absolutely right, and it goes back to what I was saying to Mr Knight's question. Diversity within broadcasting is an important part of the capacity of public service broadcasters to truly serve the nation they are designed to serve. It does matter how diverse their workforce is, and we expect them to do as much as they can to achieve that.

Q353 **Ian C. Lucas:** I asked the Prime Minister last week about free TV licences for over-75s and she essentially said that it was a matter for the BBC.

Jeremy Wright: I agree with what she said.

Ian C. Lucas: Have you discussed this with the BBC?

Jeremy Wright: The BBC know, and I shall be reinforcing it in future meetings, that our expectation is that they will continue with free TV licences for the over-75s. We have made the arrangement for that responsibility to be transferred to them but we have left them and will leave them in no doubt that we expect that to continue.

Q354 **Ian C. Lucas:** Do you know what percentage of the licence fee income comes from free TV licences for over-75s?

Jeremy Wright: I am not sure I understand the question.

Ian C. Lucas: Do you know what percentage of the BBC's licence fee income comes from free TV licences for the over-75s?

Jeremy Wright: You mean what percentage of the Government's income because obviously free TV licences up to this point have been the responsibility of the Government and therefore the income has been paid by the Government.

Ian C. Lucas: Do you know what percentage?

Jeremy Wright: No.

Ian C. Lucas: It is around 20%. You are asking the BBC to take on the cost of 20% of their budget.

Jeremy Wright: The arrangement that has been made with the BBC to do this predates me but I would have expected that the BBC would have a sense of that figure when the arrangement was made.



Ian C. Lucas: The arrangement was made very quickly in circumstances that the BBC were very unhappy about.

Jeremy Wright: That may or may not be true but I suspect if I were the director general of the BBC I would have asked that question.

Q355 **Ian C. Lucas:** Are you saying this is not your responsibility?

Jeremy Wright: No, I am not saying that. I am saying that at the time at which the decision was made I was not the Secretary of State. That is a matter of fact.

Ian C. Lucas: Do you think it is your responsibility?

Jeremy Wright: What I am saying now though is that now that the responsibility for this has transferred to the BBC it is perfectly right and proper for Government to indicate what their expectations are. The expectation is very clear, that the free TV licences for the over-75s will continue while the BBC have responsibility, up until the end of this Parliament, which is our commitment.

Ian C. Lucas: Your commitment is still 2020, it was not beyond that.

Jeremy Wright: The commitment in our manifesto was for the Parliament.

Ian C. Lucas: Yes, it was to 2020. It was in the 2015 manifesto. That was the Government's commitment. But you are saying now—

Jeremy Wright: We have responsibility until 2020.

Ian C. Lucas: You are saying now that it is your expectation that free TV licences for the over-75s will continue and it will be funded by the BBC?

Jeremy Wright: That is my expectation.

Q356 **Ian C. Lucas:** That is clear.

We have had a very interesting inquiry on the impact of sport, music, the arts, on communities and wellbeing generally. We have had lots of positive evidence supporting investment in those very strands, which are now your responsibility. We have also had slightly pressing evidence that mainstreaming support, in terms of funding for these activities, is extremely difficult. Can we have your assurance that you will be as passionate about those subjects and the good that they can create and bring, as we are, in your role?

Jeremy Wright: I certainly hope so. I would not want to gauge anyone else's passion but there is a huge amount that all the sectors you have mentioned can and do at, and not just to our economic wellbeing, although that is important because the sectors you are talking about are part of the UK's export product, but they are also about marginal calls, as increasingly there will be made, on inward investment decisions.



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In my constituency the largest employer is Jaguar Land Rover. If you ask Jaguar Land Rover the reasons that it is in Warwickshire—and I certainly hope they will stay—“Our people like to live here.” They like to live there, not just because of the countryside but because of the cultural offering that is available to them. We should remind ourselves consistently not just that arts, culture, sport, all of these areas, add hugely to our existence as a community, but they do have a real economic value too. Trying to join those two concepts together is at the root of succeeding here. But I am absolutely clear that all of those things are an important part of what our society does, what our country does, what makes us unique in the world. A large component of that is our cultural identity. At this point, if not more than any other, this is a good moment for us to remind ourselves what we are good at and what helps us to project around the world.

Chair: We will have to draw it to a close there, we could carry on, I am sure, for much longer all afternoon, but thank you very much for your time.

Jeremy Wright: Thank you for having me.