

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT CONTRACTING OUT (FUNCTIONS IN
RELATION TO SPACE) ORDER 2021

DRAFT SPACE INDUSTRY REGULATIONS 2021

DRAFT SPACE INDUSTRY (APPEALS)
REGULATIONS 2021

DRAFT SPACEFLIGHT ACTIVITIES
(INVESTIGATION OF SPACEFLIGHT ACCIDENTS)
REGULATIONS 2021

Monday 28 June 2021

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Friday 2 July 2021

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The Committee consisted of the following Members:

Chair: MR LAURENCE ROBERTSON

Caulfield, Maria (<i>Lewes</i>) (Con)	Pursglove, Tom (<i>Corby</i>) (Con)
Davies, David T. C. (<i>Parliamentary Under-Secretary of State for Wales</i>)	† Rimmer, Ms Marie (<i>St Helens South and Whiston</i>) (Lab)
Duguid, David (<i>Parliamentary Under-Secretary of State for Scotland</i>)	Sharma, Mr Virendra (<i>Ealing, Southall</i>) (Lab)
† Kane, Mike (<i>Wythenshawe and Sale East</i>) (Lab)	Sheerman, Mr Barry (<i>Huddersfield</i>) (Lab/Co-op)
Keeley, Barbara (<i>Worsley and Eccles South</i>) (Lab)	Thomson, Richard (<i>Gordon</i>) (SNP)
† Maclean, Rachel (<i>Parliamentary Under-Secretary of State for Transport</i>)	† Throup, Maggie (<i>Lord Commissioner of Her Majesty's Treasury</i>)
Mak, Alan (<i>Lord Commissioner of Her Majesty's Treasury</i>)	† Tomlinson, Michael (<i>Lord Commissioner of Her Majesty's Treasury</i>)
Mann, Scott (<i>Lord Commissioner of Her Majesty's Treasury</i>)	Trickett, Jon (<i>Hemsworth</i>) (Lab)
Mohindra, Mr Gagan (<i>South West Hertfordshire</i>) (Con)	Bethan Harding, Zoe Backhouse, <i>Committee Clerks</i>
	† attended the Committee

First Delegated Legislation Committee

Monday 28 June 2021

[MR LAURENCE ROBERTSON *in the Chair*]

Draft Contracting Out (Functions in Relation to Space) Order 2021

4.30 pm

The Chair: May I remind Members to observe social distancing and sit only in places that are clearly marked? I also remind Members that Mr Speaker has stated that masks should be worn in Committee, other than when someone is speaking or exempt. *Hansard* colleagues will be most grateful if Members could send their speaking notes to hansardnotes@parliament.uk.

4.31 pm

The Parliamentary Under-Secretary of State for Transport (Rachel Maclean): I beg to move,

That the Committee has considered the draft Contracting Out (Functions in Relation to Space) Order 2021.

The Chair: With this it will be convenient to consider the draft Space Industry Regulations 2021, the draft Space Industry (Appeals) Regulations 2021 and the draft Spaceflight Activities (Investigation of Spaceflight Accidents) Regulations 2021.

Rachel Maclean: It is a pleasure to serve under your chairmanship, Mr Robertson.

The draft regulations are made under powers conferred by the Space Industry Act 2018 and create the regulatory conditions to enable commercial space launches to take place from UK spaceports for the first time. The contracting out order will allow the spaceflight regulator to carry out specified regulatory functions under the Outer Space Act 1986, and is made under powers conferred by the Deregulation and Contracting Out Act 1994. An additional measure subject to the negative procedure—an employment relations statutory instrument—will enable the transfer of staff from the UK Space Agency to the Civil Aviation Authority.

This country runs on satellite technology: from the ability to dial in virtually to parliamentary sittings, to weather forecasting, logistics and the apps on our phones. All those things rely on our ability to interact with space. This country's future will be determined in space, one way or another, so the question that we must ask is: how much control of that future do we want?

By enabling commercial space launches from UK spaceports, we will secure and develop our digital economy and communications infrastructure, maintain our national security, help to mitigate climate change, bring about the future of transport, including connected and autonomous vehicles, and create thousands of highly skilled jobs throughout the UK in the sectors of the future such as advanced manufacturing, clean energy and aerospace. The draft regulations will create the environment needed

to build and secure that future. They pave the way for a sovereign commercial licensing regime that supports safe and sustainable spaceflight activities that will drive research, innovation and entrepreneurship, supporting the unique environment of space.

Through close working among the Departments for Transport and for Business, Energy and Industrial Strategy, the UK Space Agency and the Civil Aviation Authority, the measures will enable launches from 2022. We want to be the first country in Europe to achieve a commercial space launch.

The measures apply to England, Scotland, Wales and Northern Ireland. They will support the Government's levelling-up agenda by creating high-skill jobs and local opportunities around spaceports such as Shetland Space Centre, Spaceport Cornwall and others throughout the UK with similar aspirations.

We are building from strong foundations, as the UK is already a world leader in small satellite technology, telecommunications, robotics and earth observation. Our industry is developing exciting technologies such as the SABRE engine and Orbex's launchers, but there is much more that we can do, both on our own and alongside international partners. I want to see our industry thrive by accessing global markets, financing and supply chains, and by attracting new and exciting companies to set up shop in the UK.

By appointing the Civil Aviation Authority as the spaceflight regulator, we will create independent rigour and oversight to match our bold ambitions in space, as well as avoiding any possible conflicts of industry for the UK Space Agency, which is responsible for encouraging and promoting the spaceflight sector through Government grants. Once stood up, the CAA can begin to accept licence applications for spaceflight applications. Such applications can take between six and 18 months to be processed, which reflects the fact that this is relatively uncharted terrain and we want to allow time for industry and the regulator to get things right. I am aware that other space-faring nations have set out shorter application times, but they do not account for a lengthy period of pre-application engagement, which can last from two to five years.

The key issues of insurance and liability were raised by hon. Members and industry stakeholders during the passage of the Bill that became the 2018 Act. Notable concerns were raised about unlimited liability, and the availability and cost of insurance. The Government have listened and taken action to limit operator liability in all operator licences. Following a call for evidence and further research, the Government's intention is that all operator licences issued under the 2018 Act will contain a limit of operator liability with respect to claims made under sections 34 and 36 of that Act. Operators therefore will not face unlimited liability for actions carried out in compliance with the Act and licensed conditions. The space industry regulations contain the necessary provisions to implement that policy.

The launch liability limits for launch operators will be calculated using the approach of the model insurance requirement. That will tailor the insurance required to the risk of the diverse range of UK launch activities that is expected. The Government believe that that approach will reduce operator costs and ensure that the UK remains competitive.

For orbital operations, insurance requirements and limits of operator liability will mirror those for licences issued under the Outer Space Act 1986, which is €60 million for standard missions. The Government noted the issues raised by the sector in last year's consultation and we are now undertaking a review to assess insurance models for small satellites proposed by industry and alternative models, operator liability for in-orbit operations and whether a maximum limit for the launch model insurance requirement is appropriate. The review will consider the competitiveness of the UK sector and how to maintain the sustainability of the orbital environment.

The measures will help to position the UK at the forefront of the global space economy and increase access to space for our diverse industry. I am sure that hon. Members share my desire that the UK secures its economic future through space, and I hope that they will join me in supporting the measures, which I commend to the Committee.

4.37 pm

Mike Kane (Wythenshawe and Sale East) (Lab): It is a pleasure to serve under your chairmanship, Mr Robertson.

When I won my tightly fought by-election in February 2014, little did I think that I would be coming to Parliament to speak about space exploration—it was not in my stump speech—but it is a great honour to do so as shadow aviation Minister. I should not start a speech with a split infinitive, but this gives the United Kingdom a chance to boldly go into the future with exciting and innovative technology.

Labour welcomes the process of strengthening the Outer Space Act 1986, which was previously deemed to be not rigorous enough to enable the licensing of launches from within the UK. The enhanced regulatory regime under the 2018 Act and the subsequent 2021 space regulations will reduce risk to businesses applying for licences and assure them of consistently fair treatment during the licensing process. Will the Minister confirm that the licensing arrangements are equal to those in countries with similar space industries? She touched on that point in her speech, but it would be great to get a little more detail.

Monitoring the earth from space is crucial as we seek to understand and tackle climate change. The expansion of the UK's space industry and its capacity will assist with that. I was pleased to read in guidance issued by the Department for Transport last week that the Government would merely make minor clarifications to guidance on the environmental objectives of air quality, noise, the marine environment and climate change. Cornwall and Shetland are special areas, and we want them to be protected.

The draft measures will reassure the wider general public that due diligence has been applied to the programme and those who seek to operate in space. The contracting out of regulatory functions to the CAA is positive, as it has gained knowledge, skills and experience from its current remit, and it can expand that remit and its capability to spaceflight. Will the Minister confirm that additional funding will be available to the CAA to undertake that governance?

The granting of licences will open up new competitive markets, and reduce costs and logistical difficulties for academics and the wider scientific community. It will

provide new opportunities for exploration, experimentation and discovery that will stimulate and accelerate future spaceflight and all allied technologies that will make this country a world leader in the field. Can the Minister assure us that the high-quality jobs created by the programme, and the resultant economic prosperity, will be shared evenly across the UK? For example, will the Government ensure that British steel is used in the development of the UK's space industry? What steps are being taken to ensure that the supply chains that will be necessary for the expansion of the UK space industry address regional inequality? Finally, what steps is the Minister taking to ensure that new, high-quality, highly paid and highly skilled jobs will go to the regions?

4.41 pm

Rachel Maclean: I thank the hon. Member for Wythenshawe and Sale East for his consideration of and support for the draft measures, and for his helpful and constructive questions.

The hon. Gentleman asked if the insurance and liability regime matches the ambition of other nations. I assure him that our review addresses the UK's competitiveness. We want to be the first country in Europe to achieve a space launch—from UK soil—and we are confident that the measures will allow us to do that. He asked about the CAA. I assure him that it will be adequately resourced to take on these new functions, and preparations have been going on for some time.

The hon. Gentleman also asked about prosperity and skilled jobs throughout the UK. Of course, that is at the forefront of the Government's levelling-up agenda, so we are determined to ensure that these jobs—this is already the case—are seen in Cornwall, Scotland, Wales and many other parts of the UK. The supply chains are dynamic and represent enormous opportunities for many businesses of all sizes. This is an exciting time for the UK.

The measures that we are considering will allow for a wide range of new commercial spaceflight technologies: from traditional vertically launched vehicles, to air-launched vehicles, and sub-orbital space planes and balloons. We have endeavoured to produce legislation that is sufficiently flexible to accommodate emerging technological advancements, market opportunities and changes to the international landscape, while keeping safety squarely at the forefront of thinking. I entirely agree with the hon. Gentleman that environmental considerations are vital.

The Department for Transport, the UK Space Agency and the CAA will continue to engage with industry through one-to-one meetings and plenary sessions to help to set out what the industry can do to prepare itself, including in anticipation of conversations with the regulator. In parallel, we are putting in place the necessary legal framework for the proposed transfer of functions and staff to the CAA to ensure that the new regulator has the tools, capability and capacity to regulate. It will be ready to start receiving licence applications once the draft measures come into force and will work closely with all potential applicants—indeed, it is already doing so.

I reiterate that the measures will stimulate a new commercial spaceflight market in the UK, bringing with it an ancillary supply chain, high-skill jobs and

[Rachel Maclean]

opportunities throughout the UK. As well as focusing strongly on safety, they showcase our commitment to our international obligations and the sustainability of the space environment. They will position the UK as Europe's leading launch destination. I am grateful to hon. Members for their consideration of the measures, and I hope that they will join me in supporting them.

Question put and agreed to.

DRAFT SPACE INDUSTRY REGULATIONS 2021

Resolved,

That the Committee has considered the draft Space Industry Regulations 2021.—(*Rachel Maclean.*)

**DRAFT SPACE INDUSTRY (APPEALS)
REGULATIONS 2021**

Resolved,

That the Committee has considered the draft Space Industry (Appeals) Regulations 2021.—(*Rachel Maclean.*)

**DRAFT SPACEFLIGHT ACTIVITIES
(INVESTIGATION OF SPACEFLIGHT
ACCIDENTS) REGULATIONS 2021**

Resolved,

That the Committee has considered the draft Spaceflight Activities (Investigation of Spaceflight Accidents) Regulations 2021.—(*Rachel Maclean.*)

4.45 pm

Committee rose