

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

SPACE INDUSTRY (INDEMNITIES) BILL

Wednesday 8 May 2024

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CLAUSES 1 and 2 agreed to.
Bill to be reported, without amendment.

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Sunday 12 May 2024

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The Committee consisted of the following Members:

Chair: SIR PHILIP DAVIES

- | | |
|---|---|
| † Afriyie, Adam (<i>Windsor</i>) (Con) | † Metcalfe, Stephen (<i>South Basildon and East Thurrock</i>) (Con) |
| † Baynes, Simon (<i>Chwyd South</i>) (Con) | Monaghan, Carol (<i>Glasgow North West</i>) (SNP) |
| † Browne, Anthony (<i>Parliamentary Under-Secretary of State for Transport</i>) | † Morris, Grahame (<i>Easington</i>) (Lab) |
| † Carter, Andy (<i>Warrington South</i>) (Con) | Spellar, John (<i>Warley</i>) (Lab) |
| † Cruddas, Jon (<i>Dagenham and Rainham</i>) (Lab) | † Sturdy, Julian (<i>York Outer</i>) (Con) |
| Garnier, Mark (<i>Wyre Forest</i>) (Con) | Timms, Sir Stephen (<i>East Ham</i>) (Lab) |
| † Harrison, Trudy (<i>Copeland</i>) (Con) | Wilson, Sammy (<i>East Antrim</i>) (DUP) |
| † Holloway, Adam (<i>Gravesham</i>) (Con) | Liam Laurence Smyth, Leonie Kurt, <i>Committee Clerks</i> |
| Kitchen, Gen (<i>Wellingborough</i>) (Lab) | |
| † Lord, Mr Jonathan (<i>Woking</i>) (Con) | † attended the Committee |

Public Bill Committee

Wednesday 8 May 2024

[SIR PHILIP DAVIES *in the Chair*]

Space Industry (Indemnities) Bill

3 pm

The Chair: Before we begin, I have a few preliminary reminders. Please switch electronic devices to silent. No food or drink is permitted during sittings of the Committee except for the water provided. *Hansard* colleagues will be grateful if Members email their speaking notes to hansardnotes@parliament.uk. My selection and grouping for today's meeting is available online and in the room. No amendments have been tabled. We will therefore have a single debate on both clauses of the Bill.

Clause 1

LICENCE TERMS RELATING TO INDEMNIFICATION OF
GOVERNMENT ETC

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clause 2 stand part.

Mr Jonathan Lord (Woking) (Con): It is a pleasure to serve under your chairmanship, Sir Philip. I thank colleagues for being here to scrutinise the Bill.

I am delighted to present a Bill that will help support our thriving and dynamic space sector. We all benefit from the services provided by satellites; paying for our morning coffee using a contactless payment, Google Pay or even with cash withdrawn from an ATM would not be possible without satellites. Satellites provide precise references for navigation, communications to remote places, and pictures of our changing planet—not to mention the support they provide for the defence and security of the UK. Satellite data, space technology and space applications are used to enhance our everyday lives.

The space sector is hugely valuable to the UK's economy. It is worth over £17.5 billion and directly employs more than 48,000 people; it also supports 126,000 jobs across the supply chain. The UK is already one of world's strongest centres of advanced satellite manufacturing. Thanks to this Government it is now possible to launch satellites from UK spaceports, rather than our relying solely on overseas spaceports to launch UK-built satellites into orbit. Last year the UK made an historic first launch from UK soil, by Virgin Orbit at Spaceport Cornwall. In December, SaxaVord spaceport in the Shetland Islands became the UK's first licensed vertical-launch spaceport, with more spaceports to follow. New launch companies such as Orbex and Skyrora have built factories in Scotland, creating hundreds of new jobs—ready to take advantage of the new opportunities that the Government have created.

Let me explain the purpose of the Bill, why I think it is important and how it will benefit our space industry. Before a company can operate a satellite in orbit or carry out a launch mission from the UK, it must first

obtain a spaceflight operator licence under the Space Industry Act 2018. The licensing process ensures that spaceflight activities are undertaken safely, securely and in accordance with the UK's international obligations. Under United Nations space treaties, it is the state that is ultimately liable for any damage or injury that may be caused by their space activities, even when undertaken by commercial space operators.

The Space Industry Act contains provisions to help mitigate potential costs to UK taxpayers arising from UK commercial spaceflight activities. They include requirements for operators to hold insurance, and—under section 36 of the Act—to indemnify the UK Government and other named public bodies against any claims brought against the Government or body in respect of damage or loss.

It is recognised, however, that placing unlimited liability on commercial space activities would be a barrier to operating in the UK. Other space nations, such as France and the United States, limit liabilities or provide a state guarantee for the launch activities that take place from their territory. The 2018 Act contains powers to specify in a spaceflight operator's licence a limit on the amount of an operator's liability to indemnify the Government and other public bodies. Current Government policy is that the regulator should use those powers to specify a limit on the amount of the operator's liability in the licence, so that no operator will face unlimited liability. This is essentially a form of risk sharing between the commercial operator and the Government.

The policy is set out in guidance, and I understand that all spaceflight operator licences issued under the Space Industry Act to date contain a limit on the amount of an operator's liability. However, the industry has made clear, in response to consultation and in other forums, that it would welcome the legal certainty that they will not face unlimited liability when launching or operating a satellite from the UK. I believe that setting such a clear requirement in law would provide UK industry, and those looking to invest in the UK, greater certainty and would carry more force than reliance on policy statements and guidance. The Bill will provide that legal certainty, by amending section 12(2) of the Space Industry Act so that spaceflight operator licences must specify a limit on the amount of the operator's liability under section 36 of the Act.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): My hon. Friend makes the case for his Bill very eloquently, and I fully support it. Has he had any indication of how much the space industry might grow, once we have put these measures in place? He has already mentioned the large figures involved in the space industry's operations across the whole country, regardless of where the launch capacity is, but it would be interesting to know how much more the sector could grow if his Bill is enacted.

Mr Lord: I am grateful to my hon. Friend for his intervention and firm support for the Bill, which has cross-party support. The relevant Departments of Government and the space industry itself are still working on the figure, but it is thought to be to the tune of £10 billion or more over the coming years. This Bill is a small but important measure to ensure that our thriving space sector grows and flourishes further into the future. With that, I commend it to the Committee.

Adam Afriyie (Windsor) (Con): I cannot tell you how excited I am about the Bill, Sir Philip, although it seems to make only a very minor change to the Space Industry Act 2018—to one word in one section and then a specification in another. Does it win the record for being the shortest Bill? Is it close? Possibly.

The reason why I am so excited is that way back in 2007, when I was shadow Science Minister, I had a dream—and such small changes, which would enable horizontal take-off spacecraft, were part of it. We have now got there, and this Bill is the last little bit of the jigsaw. It ensures that when a company makes a commercial decision about whether to launch satellites, spacecraft or intercontinental travel in the upper atmosphere, it will be able to do a calculation on a spreadsheet to work out whether that makes financial sense. Having written the first draft in 2007, I am so relieved that, in what is possibly my parting year in Parliament, the provision has come to pass.

I very much welcome the measures. I have a couple of questions that I hope will not be too taxing. The Bill states that the licences issued must specify a maximum liability to the Government—to the people, if you like. Has there been any indication from my hon. Friend's research about what the levels may be? Secondly, who actually decides what the figure should be? Those are my only questions. I have my own ideas about how this should be done. I suspect that the idea is to enable the regulating authorities, hand in hand with other bodies, to determine what the level should be to make things commercially viable. Does my hon. Friend have any thoughts on that?

Above all, I want to say that I very much welcome the Bill. I imagine the Government will, too. For me, it builds on the work done around transport. Liabilities for autonomous vehicles are now clearly laid out in legislation: the manufacturer of the vehicle is liable, so the insurance industry can come in. I hope that the Government will also welcome this legislation, which will also specify where and to what extent liability lies so that the market, the entrepreneurs, the innovators, the technical people and the scientists can produce the economic growth that we want.

The Parliamentary Under-Secretary of State for Transport (Anthony Browne): It is an honour to serve under you, Sir Philip. I congratulate my hon. Friend the Member for Woking for promoting this short but incredibly important Bill. I also commend the eloquence of his

speech. He made all the points that I would have made. I have a speech here, but I will not go through it all; not only has he made all the points but on Second Reading we had a prolonged debate in which the issues were covered extensively. I covered all the points that the Government want to make and can declare that we fully support the Bill.

Before I conclude, I want to answer a couple of points. It was lovely to hear the excitement of my hon. Friend the Member for Windsor; I loved his description of the Bill being the last piece of the jigsaw being put in place. It very much is that. We now have a comprehensive set of legislation and regulation for the space industry, which I am sure will grow fast. I was looking for the information about how much it is going to grow; we do have a forecast somewhere. I will get back to my hon. Friend. At the moment, we know that 48,000 people are employed in the UK space industry, but that number will grow rapidly. There is a huge opportunity.

On my hon. Friend's question about liability, I should say that that is set by the regulator, the Civil Aviation Authority, under something called the modelled insurance requirement process; if he wants more detail on that, he can write to me and I will give him it. Basically, this is done on a case-by-case basis, depending on the type of spaceflight being undertaken. In the case of insurance for satellite orbital operators, for standard orbital missions there is a flat-rate liability limit of £51 million. I think that answers all the questions, but as I set out on Second Reading, there are no amendments and the Government fully support the Bill.

Mr Lord: The Minister's answer to my hon. Friend the Member for Windsor was absolutely correct, and I have further details in front of me that I am very happy to share with my hon. Friend. I am extremely grateful to all colleagues for attending and for the cross-party support that I have received. As the Minister said, we had a full Second Reading debate; it was wonderful to have you participating in that as well, Sir Philip. Without further ado, I commend the Bill to the Committee.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2 ordered to stand part of the Bill.

Bill to be reported, without amendment.

3.13 pm

Committee rose.

