

Deep Seabed Mining Bill

Bill No. 2/2015.

Read the first time on 19 January 2015.

DEEP SEABED MINING ACT 2015

(No. of 2015)

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A BILL

intituled

An Act to make provision for deep seabed mining, and for connected purposes.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

PART 1
PRELIMINARY

Short title and commencement

1. This Act may be cited as the Deep Seabed Mining Act 2015 and
5 shall come into operation on such date as the Minister may, by
notification in the *Gazette*, appoint.

Interpretation

2. In this Act, unless the context otherwise requires —

10 “Agreement” means the Agreement relating to the
Implementation of Part XI of the United Nations
Convention on the Law of the Sea of 10 December 1982
adopted on 28 July 1994 by the General Assembly of the
United Nations;

15 “Area” means the seabed and ocean floor, and the subsoil
thereof, beyond the limits of any national jurisdiction;

“Convention” means the United Nations Convention on the Law
of the Sea adopted on 10 December 1982 by the Third United
Nations Conference on the Law of the Sea;

20 “corresponding ISA contract”, in relation to a licence granted to a
person to explore for or exploit a type of resource in a part of
the Area, means an ISA contract authorising the person to
explore for or exploit (as the case may be) that type of
resource in that part of the Area;

“Court” means the High Court;

25 “ISA” means the International Seabed Authority established
under the Convention;

30 “ISA contract” means a contract between the ISA and a person
under Article 153 and Annex III, Article 3 of the Convention
that authorises the person to explore for or exploit a type of
resource in a part of the Area;

“licence” means a licence granted under section 6;

“licensee” means a Singapore company holding a licence that is in force or suspended;

“resource” means any solid, liquid or gaseous mineral resource in situ in the Area at or beneath the seabed, including polymetallic nodules;

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“Seabed Disputes Chamber” means the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea established under the Convention;

“Singapore company” means a company incorporated in Singapore;

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“Singapore national” means —

(a) a Singapore citizen; or

(b) an entity incorporated, formed or established in Singapore under any written law.

Purposes of Act

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3. The purposes of this Act are —

(a) to regulate the exploration for and exploitation of resources in the Area by persons sponsored by Singapore under the Convention and the Agreement;

(b) to ensure the effective protection of the marine environment against any harmful effects of those activities; and

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(c) to fulfil Singapore’s obligations under the Convention and the Agreement in relation to those activities.

PART 2

REGULATION OF DEEP SEABED MINING

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General prohibition against deep seabed mining

4.—(1) Except as provided in section 5, a Singapore national must not explore for or exploit any resource in the Area.

(2) A person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction —

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- (a) in any case where the person is an individual —
- (i) to a fine not exceeding \$300,000 or to imprisonment for a term not exceeding 3 months or to both; and
 - (ii) in the case of a continuing offence, to a further fine not exceeding \$50,000 for every day or part thereof during which the offence continues after conviction, but not exceeding \$500,000 in total; or
- (b) in any other case —
- (i) to a fine not exceeding \$300,000; and
 - (ii) in the case of a continuing offence, to a further fine not exceeding \$50,000 for every day or part thereof during which the offence continues after conviction, but not exceeding \$500,000 in total.

Exceptions to section 4

5 **5.—(1)** A Singapore company may explore for or exploit a resource in a part of the Area if —

- (a) the company has been granted a licence to explore for or exploit that type of resource in that part of the Area;
- (b) that licence remains in force;
- 20 (c) the company has entered into a corresponding ISA contract; and
- (d) the corresponding ISA contract remains in force.

(2) An individual who is a Singapore citizen may explore for or exploit a resource in a part of the Area if —

- 25 (a) the individual is acting as an employee or agent of —
 - (i) a Singapore company in respect of which the requirements of subsection (1) are satisfied; or
 - (ii) a person who has entered into an ISA contract under the sponsorship of any State other than Singapore, and the ISA contract remains in force; and

- (b) the individual's exploration or exploitation activities are within the scope of —
- (i) the licence granted to the Singapore company referred to in paragraph (a)(i); or
 - (ii) the ISA contract referred to in paragraph (a)(ii),
as the case may be.

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Grant of licence

6.—(1) The Minister may grant a licence to explore for or exploit any type of resource in any part of the Area.

(2) A licence must state —

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- (a) the type of resource to which the licence applies;
- (b) whether the licensee is allowed to explore for or exploit the resource; and
- (c) the part of the Area in which the licensee is allowed to explore for or exploit the resource.

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(3) A licence must relate to only one type of resource.

Criteria for grant of licence, etc.

7.—(1) Only a Singapore company may apply for and be granted a licence.

(2) A Singapore company may be granted more than one licence.

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(3) Before granting a licence to a Singapore company, the Minister must be satisfied that —

- (a) the company meets, or is likely to meet, the qualification standards under Annex III, Article 4 of the Convention;
- (b) the company will be applying to the ISA to enter into a corresponding ISA contract;
- (c) it is in Singapore's interest to grant the licence and sponsor the company's application for a corresponding ISA contract; and
- (d) such other criteria as may be prescribed are met.

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Certificate of sponsorship

8. Where the Minister has granted a licence, the Minister may —

(a) sponsor a licensee's application to the ISA for a corresponding ISA contract; and

5 (b) issue a certificate of sponsorship to the licensee.

Coming into force and duration of licence

9.—(1) A licence has effect from the date it is granted or such other date as the Minister may specify.

(2) A licence has effect for such period as the Minister may specify.

10 (3) The Minister may extend the duration of a licence on the application of the licensee.

Licence conditions

10.—(1) The Minister may specify —

(a) licence conditions applicable to all licensees;

15 (b) licence conditions applicable to a specified class of licensees; and

(c) licence conditions applicable to a specified licensee.

(2) The Minister may, in particular, specify under subsection (1) licence conditions that —

20 (a) require a licensee to comply with —

(i) the applicable provisions of the Convention, the Agreement and the rules, regulations and procedures of the ISA; and

(ii) the decisions of the ISA and its organs;

25 (b) where the licensee has entered into a corresponding ISA contract, require the licensee to comply with the terms and conditions of the ISA contract and any plan of work under the ISA contract;

30 (c) require a licensee to report on its exploration or exploitation activities, at such intervals as may be specified;

- (d) require a licensee to inform the Minister of any matter relating to its exploration or exploitation activities;
- (e) require a licensee to provide security, in such form and of such amount as are acceptable to the Minister, for the due performance of its obligations under its licence and this Act; and 5
- (f) require a licensee to execute an indemnity, in such form as is acceptable to the Minister, to indemnify the Government against any liability incurred by the Government (whether or not under the Convention or the Agreement) in relation to the licensee's exploration or exploitation activities. 10

(3) The Minister may add to the conditions of a licence, or amend or cancel any existing condition, by notice in writing to the licensee.

(4) If the Minister is satisfied that a licensee has breached any condition of its licence, the Minister may impose a financial penalty not exceeding \$40,000 on the licensee for the breach. 15

Directions to licensee

11.—(1) The Minister may give written directions to a licensee.

(2) A direction under subsection (1) may be general or specific.

(3) If the Minister is satisfied that a licensee has failed without reasonable excuse to comply with a direction under subsection (1), the Minister may impose a financial penalty not exceeding \$40,000 on the licensee for the non-compliance. 20

(4) A direction under subsection (1) need not be published in the *Gazette*. 25

Transfer of licence

12.—(1) The Minister may approve the transfer of a licence —

- (a) on the application of the licensee and the intended transferee; and

- (b) in accordance with this section. 30

(2) A licence may only be transferred to a Singapore company which —

- (a) is eligible under section 7 to be granted a licence; and
- (b) meets such other criteria as may be prescribed.

(3) The Minister's approval under this section may be given with or without conditions.

5 (4) The transfer of a licence takes effect on —

- (a) the date on which the conditions (if any) for the Minister's approval of the transfer are met; or
- (b) such other date as the Minister may specify.

10 (5) Where the Minister has approved the transfer of a licence, the Minister may —

- (a) sponsor the new licensee's application to the ISA for a corresponding ISA contract; and
- (b) issue a certificate of sponsorship to the new licensee.

15 (6) The transfer of a licence does not affect any criminal or civil liability incurred by the original licensee.

Lapsing of licence

13. A licence lapses when any of the following events occurs:

- 20 (a) the licensee fails to enter into a corresponding ISA contract within 12 months (or such longer period as the Minister may allow) after the licence is granted or transferred to the licensee;
- (b) the ISA and a person other than the licensee enter into an ISA contract authorising the person to explore for or exploit the same type of resource in the same part of the Area as that
25 under the licence;
- (c) the corresponding ISA contract is terminated for any reason;
- (d) the licensee is wound up or otherwise dissolved under any written law;
- (e) such other event as may be prescribed occurs.

Suspension or revocation of licence

14.—(1) The Minister may suspend or revoke a licence if —

- (a) the licensee has contravened the provisions of this Act or the conditions of the licence;
- (b) the corresponding ISA contract is suspended for any reason; 5
- (c) the Minister is satisfied that the licensee has not been carrying on, or will not be able to carry on, the licensee’s exploration or exploitation activities in a proper and satisfactory manner; or
- (d) the Minister is satisfied that it is in Singapore’s interest to suspend or revoke the licence. 10

(2) If the Minister revokes a licence, the Minister may withdraw any certificate of sponsorship issued to the licensee.

Licensee may make representations before licence is suspended or revoked

15.—(1) The Minister must give a licensee written notice of the Minister’s intention to suspend or revoke the licence. 15

(2) A licensee may make representations to the Minister within one month after receiving the notice in subsection (1) (or such longer period as the Minister may allow).

(3) The Minister must consider any representations made by the licensee under subsection (2) before making a final decision. 20

(4) The Minister must inform the licensee in writing of the Minister’s final decision within one month after the end of the period in subsection (2) for making representations.

(5) The Minister’s final decision takes effect 14 days (or such longer period as the Minister may allow) after the date on which the licensee is informed under subsection (4) of the decision. 25

Directions when licence expires, etc.

16.—(1) This section applies where —

- (a) a licence expires; 30
- (b) a licence is transferred under section 12;

- (c) a licence lapses under section 13; or
- (d) a licensee has been informed under section 15(4) of the Minister's decision to revoke the licence.

(2) The purposes of this section are —

- 5 (a) to secure the orderly cessation by a licensee of its exploration or exploitation activities; and
- (b) to effectively protect the marine environment against any harmful effects of those activities or the cessation of those activities.

10 (3) The Minister may, for any of the purposes of this section, give directions to —

- (a) the licensee;
- (b) any director or senior manager of the licensee; or
- 15 (c) if there is no director or senior manager of the licensee who is able to comply with the directions of the Minister, any person who was a director of the licensee in the period of 6 months immediately preceding the date of the relevant event in subsection (1).

20 (4) Without limiting subsection (3), the Minister may give all or any of the following directions under that subsection:

- (a) a direction that the licensee continues to comply with all or any of its obligations under this Act and the conditions of its licence;
- 25 (b) a direction that any records kept by the licensee be delivered to the Minister or any other person;
- (c) a direction that specified measures be taken to effectively prevent, contain or minimise any harmful effects to the marine environment.

30 (5) If the Minister is satisfied that a person has failed without reasonable excuse to comply with a direction given under subsection (3), the Minister may impose a financial penalty not exceeding \$40,000 on the person for the non-compliance.

(6) Subject to subsection (7), a person who complies with a direction given under subsection (3) is not liable for any loss or damage suffered by any other person as a result of the compliance.

(7) Subsection (6) does not apply to any loss or damage suffered as a result of any act or omission that purports to be in compliance with, but is not required by, a direction given under subsection (3).

(8) In this section, “licensee” includes a Singapore company which has ceased to hold a licence.

Licensee’s liability for wrongful act

17.—(1) Where a licensee is responsible or liable for any wrongful act under Annex III, Article 22 of the Convention, the Court may —

(a) order the licensee to pay to a person such compensation for the wrongful act as may be ordered to be paid to that person pursuant to that Article; and

(b) grant to a person such other remedy for the licensee’s wrongful act as may be granted to that person pursuant to that Article.

(2) In this section, “licensee” includes a Singapore company which has ceased to hold a licence.

PART 3

ENFORCEMENT OF DECISIONS AND AWARDS

Registration of Seabed Disputes Chamber decisions

18.—(1) The Court may, on the application of an interested person, order a decision of the Seabed Disputes Chamber to be registered in the Court.

(2) To avoid doubt —

(a) a decision of the Seabed Disputes Chamber involving a State may be registered under subsection (1); but

(b) nothing in this section or section 19 affects any privilege or immunity that a State may claim against the enforcement of a registered decision of the Seabed Disputes Chamber.

Effect of registration

19. A registered decision of the Seabed Disputes Chamber is to be treated, for the following purposes, as if the decision was a judgment of the Court made on the date on which the decision was registered:

- 5 (a) the force and effect of the decision in relation to the enforcement of the decision;
- (b) the exercise of the powers of the Court in relation to the enforcement of the decision;
- 10 (c) the taking of proceedings for or in relation to the enforcement of the decision;
- (d) where the decision is for the payment of a sum of money, the carrying and computation of interest on that sum.

Enforcement of arbitral awards

15 20. An arbitral award made pursuant to Article 188(2)(a) of the Convention is to be treated as a foreign award for the purposes of Part III of the International Arbitration Act (Cap. 143A).

PART 4

MISCELLANEOUS

Offences by bodies corporate, etc.

20 21.—(1) Where an offence under this Act committed by a body corporate is proved —

(a) to have been committed with the consent or connivance of an officer; or

(b) to be attributable to any neglect on the officer's part,
25 the officer as well as the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with the member's functions of management as
30 if the member were a director of the body corporate.

(3) Where an offence under this Act committed by a partnership is proved —

(a) to have been committed with the consent or connivance of a partner; or

(b) to be attributable to any neglect on the partner's part, 5
the partner as well as the partnership shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(4) Where an offence under this Act committed by an unincorporated association (other than a partnership) is proved —

(a) to have been committed with the consent or connivance of an 10
officer of the unincorporated association or a member of its governing body; or

(b) to be attributable to any neglect on the part of such an officer 15
or member,
the officer or member as well as the unincorporated association shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(5) In this section —

“body corporate” includes a limited liability partnership as 20
defined in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A);

“officer” —

(a) in relation to a body corporate, means any director, 25
partner, member of the committee of management, chief executive, manager, secretary or other similar officer of the body corporate and includes any person purporting to act in any such capacity; or

(b) in relation to an unincorporated association (other than a 30
partnership), means the president, the secretary, or any member of the committee of the unincorporated association, or any person holding a position analogous to that of president, secretary or member of

a committee, and includes any person purporting to act in any such capacity;

“partner” includes a person purporting to act as a partner.

Recovery of financial penalties

5 **22.** A financial penalty imposed under this Act may be recovered in the same manner as a fine.

Rules of Court

10 **23.** The Rules Committee constituted under section 80(3) of the Supreme Court of Judicature Act (Cap. 322) may make Rules of Court for the purposes of section 17 and Part 3, and section 80 of that Act applies to the making of such Rules.

Regulations

24.—(1) Subject to subsection (3), the Minister may make regulations for the purposes of this Act.

15 (2) The regulations made under subsection (1) may, in particular —

- (a) prescribe anything that is required or allowed to be prescribed under this Act;
- (b) prescribe any fees to be paid for the purposes of this Act;
- (c) prescribe how a document may be served for the purposes of this Act;
- (d) prescribe any criteria to be satisfied before a licence may be granted or transferred;
- (e) prescribe the procedures and forms for applications under this Act;
- 25 (f) prescribe any requirements that a licensee must comply with;
- (g) provide that either, but not both, of the following is to apply in respect of any specified provision of the regulations:
 - 30 (i) the Minister may impose a financial penalty not exceeding \$40,000 if the Minister is satisfied that the provision has been contravened;

(ii) the contravention of the provision shall be an offence punishable on conviction with a fine not exceeding \$40,000; and

(h) make different provisions for different purposes.

(3) The Minister cannot make regulations for anything for which Rules of Court are required or permitted to be made under section 23.

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Singapore companies sponsored by Government before commencement of Act

25. Despite section 7(3)(b), the Minister may grant a licence under section 6 to a Singapore company to which the Government has, before the date of commencement of this Act, issued a certificate of sponsorship sponsoring the company's application to the ISA for an ISA contract.

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EXPLANATORY STATEMENT

Part XI of the United Nations Convention on the Law of the Sea (the Convention), as modified by the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (the Agreement), creates a regime for the exploration for and exploitation of the mineral resources of the deep seabed. Among other things, the regime seeks to protect the marine environment against any harmful effects caused by such exploration and exploitation activities.

The regime covers the seabed and ocean floor, and the subsoil thereof, beyond the limits of any national jurisdiction (the Area). Under the regime, the International Seabed Authority (the ISA) may make a contract (an ISA contract) with a person sponsored by a State, authorising the person to explore for or exploit a specified type of resource (such as polymetallic nodules) at a specified part of the Area. A sponsored person who enters into a contract with the ISA (a contractor) must comply with its obligations under the ISA contract, the Convention and the Agreement. The sponsoring State must take measures under its domestic legal system to secure the contractor's compliance with the contractor's obligations. If the sponsoring State fails to take such measures, the sponsoring State will be liable for any damage caused by a failure by the contractor to comply with the contractor's obligations.

The Bill therefore seeks to —

- (a) regulate the exploration for and exploitation of resources by persons sponsored by Singapore under the Convention and the Agreement;
- (b) ensure the effective protection of the marine environment against any harmful effects of those activities; and
- (c) fulfil Singapore’s obligations under the Convention and the Agreement in relation to those activities.

PART 1

PRELIMINARY

Part 1 (consisting of clauses 1, 2 and 3) concerns preliminary matters.

Clause 1 relates to the short title and commencement.

Clause 2 defines certain terms used in the Bill. In particular, the definitions of “Area” and “resource” adopt, with technical changes, the definitions of “Area” and “resources” under the Convention.

Clause 3 states the purposes of the Bill, as mentioned above.

PART 2

REGULATION OF DEEP SEABED MINING

Part 2 (consisting of clauses 4 to 17) creates a licensing system for deep seabed mining and provides for related matters. The licensing system gives effect to Singapore’s obligations under Article 139 and Annex III, Article 4 of the Convention, i.e. to ensure that persons who are exploring for or exploiting minerals in the Area under Singapore’s sponsorship comply with their obligations under the Convention, the Agreement and their respective ISA contracts.

Clause 4 makes it an offence for a Singapore national to explore for or exploit any resource in the Area, except as provided in clause 5. A Singapore national is defined (in clause 2) as a Singapore citizen or an entity incorporated, formed or established in Singapore under any written law.

Clause 5 provides for 2 exceptions to clause 4.

- (a) Clause 5(1) enables a company incorporated in Singapore (a Singapore company) to explore for or exploit any resource in any part of the Area if authorised to do so under a licence and a corresponding ISA contract, both of which must be in force.
- (b) Clause 5(2) enables an individual who is a Singapore citizen to explore for or exploit any resource in any part of the Area if 2 conditions are met. First, the individual is acting as an employee or agent of (i) a Singapore

company in respect of which the requirements in clause 5(1) are satisfied; or (ii) a person who has entered into an ISA contract under the sponsorship of a foreign State, and the ISA contract remains in force. Second, the individual is acting within the scope of the licence granted to the Singapore company, or the ISA contract entered into by the person, as the case may be.

Clause 6 empowers the Minister to grant a licence to explore for or exploit any type of resource in any part of the Area. A licence must state the type of resource to which the licence applies (such as polymetallic nodules), whether the licensee is allowed to explore for or exploit the resource, and the part of the Area in which the licensee is allowed to explore for or exploit the resource.

Clause 7 provides for the criteria for granting a licence. Among other things, a licence can only be granted to a Singapore company, and the Minister must be satisfied that it is in Singapore's interest to grant the licence.

Clause 8 empowers the Minister to issue a certificate of sponsorship to a licensee, so that the licensee can apply to the ISA for a corresponding ISA contract.

Clause 9 provides for the coming into force and the duration of a licence.

Clause 10 empowers the Minister to impose licence conditions. The Minister may impose a financial penalty for a breach of a licence condition.

Clause 11 empowers the Minister to give written directions to a licensee. The Minister may impose a financial penalty if a licensee fails to comply with a direction without reasonable excuse.

Clause 12 provides for the transfer of a licence with the Minister's approval.

Clause 13 provides that a licence lapses when certain events occur.

Clause 14 empowers the Minister to suspend or revoke a licence in certain circumstances. If the Minister revokes a licence, the Minister may also withdraw any certificate of sponsorship issued to the licensee.

Clause 15 allows a licensee to make representations to the Minister before its licence is suspended or revoked.

Clause 16 empowers the Minister to give directions when a licence comes to an end or is transferred. A person who complies with a direction of the Minister will not be liable for any loss or damage suffered by any person as a result. The Minister may impose a financial penalty on a person who fails to comply with a direction without reasonable excuse.

Clause 17 provides that where a licensee is responsible or liable for any wrongful act under Annex III, Article 22 of the Convention, the High Court may grant such compensation or other remedy to a person for the licensee's wrongful act as may be granted to that person pursuant to that Article. This gives effect to

Singapore's obligation (under Article 235 of the Convention) to provide recourse against such wrongful acts.

PART 3

ENFORCEMENT OF DECISIONS AND AWARDS

Part 3 (consisting of clauses 18, 19 and 20) provides for the enforcement of certain decisions and awards made under or pursuant to the Convention.

Clause 18 empowers the High Court to order the registration of a decision of the Seabed Disputes Chamber. This gives effect to Singapore's obligation (under Annex VI, Article 39 of the Convention) to enforce such decisions.

Clause 19 provides for the effect of registering a decision of the Seabed Disputes Chamber.

Clause 20 enables arbitral awards made pursuant to Article 188(2)(a) of the Convention to be enforced under Part III of the International Arbitration Act (Cap. 143A). This gives effect to Singapore's obligation (under Annex III, Article 21 of the Convention) to enforce such awards.

PART 4

MISCELLANEOUS

Part 4 (consisting of clauses 21 to 25) contains miscellaneous provisions.

Clause 21 provides for the criminal liability of the officers of an entity when the entity commits an offence under the Bill.

Clause 22 provides for the recovery of financial penalties under the Bill.

Clause 23 empowers the Rules Committee constituted under section 80(3) of the Supreme Court of Judicature Act (Cap. 322) to make Rules of Court for the purposes of clause 17 and Part 3.

Clause 24 empowers the Minister to make regulations.

Clause 25 provides for Singapore companies which, before the date of commencement of the Bill, have been sponsored by the Government in their applications to the ISA to be contractors.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
