

NOTE NUMBER: LGL/2019-15

The Ministry of Foreign Affairs and Trade presents its compliments to the Secretariat of the International Seabed Authority and has the honour to refer to the Council decision ISBA/25/C/37, dated 22 July 2019, inviting written comments on the draft regulations on exploitation of mineral resources in the Area.

The Ministry has the further honour to enclose New Zealand's comments on the draft regulations.

The Ministry of Foreign Affairs and Trade takes this opportunity to renew to the Secretariat of the International Seabed Authority the assurances of its highest consideration.

NEW ZEAL AND

Ministry of Foreign Affairs and Trade

15 October 2019

Encl. 1

# New Zealand's Submission on the Draft Regulations on Exploitation of Mineral Resources in the Area

New Zealand is pleased to provide comments on the Draft Regulations on Exploitation of Mineral Resources in the Area dated March 2019. Suggested textual changes to the regulations are made in tracked change format in the left hand column of the table, with the rationale for the changes provided in the right hand column.

New Zealand has a number of outstanding concerns which do not lend themselves to a specific textual proposal. These are briefly set out below:

## **Timeframes**

It is unclear in several places in the regulations what the relevant timeframe is or what the timeframe is linked to. To assist member States consideration of the draft regulations, we recommend that the Secretariat drafts a timeline illustrating the different timeframes that are proposed for the various steps that different parties (e.g.: Council, Secretary-General, Contractor etc) must comply with in the regulations. Clarity around the steps and the associated timeframes is vital to provide certainty and transparency for those that will be involved in both applying for and assessing Plans of Work. While we have provided some suggested clarifications in our submission, further thought is required regarding how timeframes fit together as a whole.

There also does not appear to be the ability for any party to request an extension to a timeframe listed in the regulations. We recommend the Council consider a including regulation which allows the Secretary-General to grant the extension of a timeframe, subject to conditions.

## Review by the Secretary-General

There is merit in the Secretary-General undertaking an initial review of the application under regulation 10 to ensure that sufficient information has been provided before notifying members under regulation 9 or publishing the Plans under regulation 11. The current review by the Secretary-General is very administrative and does not consider whether the applicant has provided sufficient information to enable those who may be affected to effectively engage on the application.

Such a "sufficiency" review may be beyond the capabilities/capacities of the Secretary-General (and the Secretariat) to undertake, but it is appropriate that someone undertakes due diligence on the information to be published to ensure it is sufficient for consultation. New Zealand's domestic legislation deals with this issue by requiring the regulator to review the applications prior to publishing, to determine whether the information provided is in such detail as corresponds to the scale and significance of the effects of the activity; and is in sufficient detail to enable the decision maker and persons whose existing interests may be affected to understand the nature of the activity and its effects.<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> Section 39 of the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012

# Proposed textual amendments to the draft regulations:

	Regulation	Rationale
8	Area covered by an application  1. Each application for approval of a Plan of Work shall define the boundaries of the area under application, by a list of coordinates in accordance with the most recent applicable international standard used by the Authority.  2. The areas under application need not be contiguous and shall be defined in the application in the form of blocks comprising one or more cells of a grid, as provided by the Authority.  3. The areas under application must be covered by a relevant Regional Environmental	The understanding that mining shall not occur in a particular area until there is a Regional Environmental Management Plan in place is not sufficiently captured by the regulations.
9	Receipt, acknowledgement and safe custody of applications  1. The Secretary-General shall:  (a) Acknowledge in writing, within 14 Days, receipt of every application for approval of a Plan of Work submitted under this Part, specifying the date of receipt;  (b) Place the application, together with the attachments and annexes thereto, in safe custody and ensure the confidentiality of all Confidential Information contained in the application; and  (c) Within 30 Days of receipt of every application for approval of a Plan of Work submitted under this Part in accordance with regulation 10(1):  (i) Notify the members of the Authority of the receipt of such application and circulate to them information of a general nature which is not confidential regarding the application; and  (ii) Notify the members of the Commission of receipt of such application.  2. The Commission shall, subject to regulation 11 (4), consider such application at its next meeting, provided that the notifications and information under paragraph 1 (c) above have been circulated at least 30 Days prior to the commencement of that meeting of the	Regulation 9(1)(c) needs to specify that notification should occur within 30 days from the receipt of an application that contains all the information required by regulation 7, as specified in proposed change to regulation 10(1).  We suggest deletion of regulation 9(2) as it duplicates what is required in regulation 11(3).
10	Preliminary review of application by the Secretary-General  1. The Secretary-General shall review an application for approval of a Plan of Work and determine whether an application is complete contains all the information required by regulation 7 for further processing. Should there be more than one application for the	A Plan of Work should be in the correct form prescribed in the regulations. There is still a danger that applications will contain all the information required by regulation (i.e. "complete" applications) yet they may not contain sufficient information. Especially in light of regulation 12(1) whereby applications

same area and same Resource category, the Secretary-General shall determine whether the applicant has preference and priority in accordance with article 10 of annex III to the Convention.

2. Where an application does not contain all the information required by regulation 7-is not complete, the Secretary-General shall, within 45 Days of receipt of the application, notify the applicant, specifying the information which the applicant must submit in order to complete the application, together with a justification in writing as to why the information is necessary and a date by which the application must be completed. Further processing of an application will not begin until the Secretary-General determines that the application is complete, which includes payment of the administrative fee specified in appendix II.

are assessed in the order they are received.

New Zealand legislation avoids 'complete' and prefers to use the plain meaning of what is required for the relevant authority to consider an application "complete" e.g. A Plan of Work is complete when it contains all of the information that is required by regulation 7.

# Publication and review of the Environmental Plans

- 1. The Secretary-General shall, within seven days after determining that an application for the approval of a Plan of Work is complete under regulation 10:
- (a) Place the Environmental Plans on the Authority's website for a period of 60 Days, and invite members of the Authority and Stakeholders to submit comments in writing, taking account of the relevant Guidelines; and (b) Request the Commission to provide its comments on the Environmental Plans within the comment period.
- 2. The Secretary-General shall, within seven Days following the close of the comment period, provide the comments submitted by members of the Authority, Stakeholders, the Commission and any comments by the Secretary-General to the applicant for its consideration. The applicant shall consider the comments and may revise the Environmental Plans or provide responses in reply to the comments and shall submit any revised plans or responses within a period of 30 Days following the close of the comment period.
- 3. The Commission shall, as part of its examination of an application under regulation 12 and assessment of applicants under regulation 13, examine the Environmental Plans or revised plans in the light of the comments made under paragraph 2 above, together with any responses by the applicant, and any additional information provided by the Secretary-General.
- 4. Notwithstanding the provisions of regulation

This regulation uses the terms 'revise' and 'review' inconsistently. We suggest replacing 'reviewed' in regulation 11(4) with 'revised if necessary'. This ensures that there is a sufficient link to regulation 11(2) which provides the applicant with the opportunity to revise Environmental Plans.

It is not clear whether the Commission's report under 11(4) is the same or different to the report under 12(2). One refers to Environmental Plans and the other to Plans of Work. Given reference to regulation 15, we assume only one report is expected to be submitted to the Council (under regulation 15) but should include information set out in regulation 11(5) and taking account of regulation 12. Suggest text from regulation 11(5) is moved/amalgamated with regulation 12 if this is the case or a cross-reference to the other regulations referencing the report are included in regulation 11(5)

There may be some confusion over the terms "Plan of Work" which is intended to refer to all activities proposed under these regulations, and the collective "Environmental Plan" which comprises the EIS, EMMP and CP. Care is needed to ensure there is consistent reference to these terms in the review articles.

12 (2), the Commission shall not consider an application for approval of a Plan of Work until the Environmental Plans have been published and, reviewed if necessary, revised in accordance with this regulation.

5. The Commission shall prepare a report on

the Environmental Plans. The report shall include details of the Commission's determination under regulation 13 (4) (e) as well as a summary of the comments or responses made under regulation 11 (2). The report shall also include any amendments or modifications to the Environmental Plans recommended by the Commission under regulation 14. Such report on the Environmental Plans or revised plans shall be published on the Authority's website and shall be included as part of the reports and recommendations to the Council pursuant to regulation 15.

### 12 General

- 1. The Commission shall examine applications in the order in which they are received by the Secretary-General.
- 2. The Commission shall consider applications expeditiously and shall submit its reports and recommendations to the Council no later than 120 Days from whichever date occurs later:
  (a) The close of the comment period, in accordance with regulation 11(1)(a), or
  (b) The date of submission of a revised plan, in accordance with regulation 11(2). the date of completion of the requirements for review of the Environmental Plans, in accordance with regulation 11 (1) (a) and subject to regulation 14 (2).
- 3. The Commission shall, in considering a proposed Plan of Work, apply the Rules of the Authority in a uniform and non-discriminatory manner, and shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in Part XI of and annex III to the Convention, and in the Agreement, and in particular the manner in which the proposed Plan of Work contributes to realizing benefits for mankind as a whole.

  3bis. The Commission and the Secretary-General may seek advice and reports from independent competent persons on any matters considered to be relevant.
- 4. In considering the proposed Plan of Work, the Commission shall take into account:
- (a) Any reports from the Secretary-General;
- (b) Any advice or reports sought by the Commission or the Secretary-General from

The 120 day timeframe for the Commission to submit its reports and recommendations to the Council needs to start either after the close of comments or after the applicant has provided a revised plan (under regulation 11(2)). As not all applicants will need to provide a revised plan or response under regulation 11(2), it would be appropriate to provide for the 120 days to begin on whichever date occurs later.

There should be an ability for the Commission to extend the timeframe for providing its recommendations under regulation 12(2) if amendments are made to the Plan of Work as a result of regulation 14 (given that regulation 14 allows the applicant 90 days to respond to a request from the Commission).

independent competent persons in respect of the application to verify, clarify or substantiate the information provided, methodology used or conclusions drawn by an applicant;

- (c) The previous operating record of responsibility of the applicant; and
- (d) Any further information supplied by the applicant prior to, and during the period of, the Commission's evaluation.
- (e) Any relevant Standards and Guidelines developed in accordance with regulations 94 and 95.

## 13 Assessment of applicants

- 1. The Commission shall determine if the applicant:
- (a) Is a qualified applicant under regulation 5;
- (b) Has prepared the application in conformity with these regulations, the Standards and the applicable Guidelines;
- (c) Has given the undertakings and assurances specified in regulation 7 (2);
- (d) Has satisfactorily discharged its obligations to the Authority;
- (e) Has, or can demonstrate that it will have, the financial and technical capability to carry out the Plan of Work and to meet all obligations under an exploitation contract; and
- (f) Has demonstrated the economic viability of the mining project.
- 2. In considering the financial capability of an applicant, the Commission shall determine in accordance with the Guidelines whether:
- (a) The Financing Plan is compatible with proposed Exploitation activities; and
- (b) The applicant will be capable of committing or raising sufficient financial resources to cover the estimated costs of the proposed Exploitation activities as set out in the proposed Plan of Work, and all other associated costs of complying with the terms of any exploitation contract, including:
- (i) The payment of any applicable fees and other financial payments and charges in accordance with these regulations;
- (ii) The estimated costs of implementing the Environmental Management and Monitoring Plan and the Closure Plan;
- (iii) Sufficient financial resources for the prompt execution and implementation of the Emergency Response and Contingency Plan; and
- (iv) Necessary access to insurance products that are appropriate to the financing of exposure to risk in accordance with Good Industry Practice.
- 3. In considering the technical capability of an applicant, the Commission shall determine in

The regulations should include clear criteria for determining whether Environmental Plans provide for effective protection of the Marine Environment. It is important that there is a clear and robust framework in place, for decision-makers and applicants, that ensures a certain standard for assessment and decision-making. Without specifying the matters a decision-maker must take into account and how they must take account of information, there is room for interpretation which could lead to inconsistent and uncertain decisions. Furthermore, Commission members serve relatively short terms which could lead to inconsistent application of the regulations- and decisions over time.

We have drawn from New Zealand's national experience when proposing the amendments below, notably the detailed criteria our Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (section 59-61) requires for robust decision making.

We note the intention given in the Report of the Chair of the LTC for the Commission to develop "Guidelines for the preparation and assessment of an application for the approval of a plan of work for exploitation" by July 2020. We agree with this recommendation (including its deadline), as currently there is no certainty about what the Commission needs to take into account when considering applications for Plans of Work.

- accordance with the Guidelines whether the applicant has or will have:
- (a) The necessary technical and operational capability to carry out the proposed Plan of Work in accordance with Good Industry Practice using appropriately qualified and adequately supervised personnel;
- (b) The technology and procedures necessary to comply with the terms of the Environmental Management and Monitoring Plan and the Closure Plan, including the technical capability to monitor key environmental parameters and to modify management and operating procedures when appropriate;
- (c) Established the necessary risk assessment and risk management systems to effectively implement the proposed Plan of Work in accordance with Good Industry Practice, Best Available Techniques and Best Environmental Practices and these regulations, including the technology and procedures to meet health, safety and environmental requirements for the activities proposed in the Plan of Work;
- (d) The capability to respond effectively to Incidents, in accordance with the Emergency Response and Contingency Plan; and
- (e) The capability to utilize and apply Best Available Techniques.
- 4. The Commission shall determine if the proposed Plan of Work:
- (a) Is technically achievable and economically viable:
- (b) Reflects the economic life of the project;
- (c) Provides for the effective protection of human health and safety of individuals engaged in Exploitation activities;
- (d) Provides for Exploitation activities to be carried out with reasonable regard for other activities in the Marine Environment, including navigation, the laying of submarine cables and pipelines, fishing and marine scientific research, as referred to in article 87 of the Convention; and
- (e) Provides, under the Environmental Plans, for the effective protection of the Marine Environment in accordance with the rules, regulations and procedures adopted by the Authority, in particular the fundamental policies and procedures under regulation 2.
- 5. For the purposes of determining effective protection of the Marine Environment under regulation 13(4)(e), the Commission must take into account:
- (a) Any Environmental Effects or impact on other activities of allowing the Exploitation

#### activity:

- (b) The effects on human health that may arise from effects on the environment;
- (c) The importance of protecting the biological diversity and integrity of marine species, ecosystems, and processes;
- (d) The importance of protecting rare and vulnerable ecosystems and the habitats of threatened species;
- (e) Traditional knowledge or cultural interests relevant to an area
- (f) The assessment framework for Mining Discharges as set out in the Guidelines;
- (g) Any relevant Standards and Guidelines developed in accordance with regulations 94 and 95.
- 6. When assessing a Plan of Work, the Commission shall apply the principles set out in regulation 44(a)-(c).

# 14 | Amendments to the proposed Plan of Work

- 1. At any reasonable time prior to making its recommendation to the Council and as part of its consideration of an application under regulation 12, the Commission may:
- (a) Request the applicant to provide additional information on any aspect of the application within 30 Days of the date when the application is first considered; and
- (b) Request the applicant to amend its Plan of Work, or propose specific amendments for consideration by the applicant where such amendments are considered necessary to bring the Plan of Work into conformity with the requirements of these regulations.
- 2. Where the Commission proposes any amendment to the Plan of Work under paragraph 1 (b) above, the Commission shall provide to the applicant a brief justification and rationale for such proposed amendment. The applicant must respond within 90 Days following receipt of such proposal from the Commission within the timeframe requested by the Commission by agreeing to the proposal, rejecting the proposal or making an alternative proposal for the Commission's consideration. The Commission shall then, in the light of the applicant's response, make its recommendations to the Council.

We suggest deletion of the 30 and 90 day timeframes and instead allow the Commission to determine when a response is required. Otherwise the Commission cannot request additional information at any time as suggested in regulation 14(1).

Commission's recommendation for the approval of a Plan of Work

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Regulations 12(4) and 13 do not set out *criteria* that need to be met. They should,

- 1. <u>Taking into account regulations 12(4) and 13, lif</u> the Commission determines that the applicant meets the relevant requirements meets the criteria set out in regulations 12 (4)
- meets the criteria set out in regulations 12 (4) and 13, it shall recommend approval of the Plan of Work to the Council.
- 1bis. The Commission's recommendation shall include any conditions it considers appropriate to deal with adverse effects of the activity.
- 2. The Commission shall not recommend approval of a proposed Plan of Work if part or all of the area covered by the proposed Plan of Work is included in:
- (a) A Plan of Work for Exploration approved by the Council for the same Resource category for a different qualified applicant;
- (b) A Plan of Work approved by the Council for Exploration or Exploitation of other Resources if the proposed Plan of Work would be likely to cause undue interference with activities under such approved Plan of Work for other Resources;
- (c) An area disapproved for Exploitation by the Council pursuant to article 162 (2) (x) of the Convention; or
- (d) A Reserved Area or an area designated by the Council to be a Reserved Area, except in the case of eligible applications under these regulations made in respect of a Reserved Area.
- 3. The Commission shall not recommend the approval of a proposed Plan of Work if it determines that:
- (a) Such approval would permit a State party or entities sponsored by it to monopolize the conduct of activities in the Area with regard to the Resource category in the proposed Plan of Work; or
- (b) The total area allocated to a Contractor under any approved Plan of Work would exceed:
- (i) 75,000 square kilometres in the case of polymetallic nodules:
- (ii) 2,500 square kilometres in the case of polymetallic sulphides; or
- (iii) 1,000 square kilometres in the case of cobalt-rich ferromanganese crusts.
- 4. If the Commission determines that the applicant does not meet the criteria requirements set out in regulations 12 (4) and 13, the Commission shall so inform the applicant in writing by providing the reasons why any criterion has requirements have not been met by the applicant, and provide the applicant with a further opportunity to make representations within 90 Days of the date of
- 5. At its next available meeting, the

notification to the applicant.

however, be taken into account.

If an application is not approved, it should start again as a new application and go to the back of the queue. The last sentence of regulation 15(5) should be deleted to remove the never ending loop to request further information and 'appeal'.

We suggest adding regulation 15(5bis) to provide an end point for applications that should not be approved even after changes have been made.

Commission shall consider any such representations made by the applicant when preparing its reports and recommendations to the Council, provided that the representations have been circulated at least 30 Days in advance of that meeting. The Commission shall then consider the application afresh, in the light of the representations, in accordance with this Section 3.

5 bis. The Commission may refuse an application and return it to the applicant. The Commission must provide reasons for refusing an application.

#### 44 General obligations

The Authority, sponsoring States and Contractors shall each, as appropriate, plan, implement and modify measures necessary for ensuring effective protection for the Marine Environment from harmful effects in accordance with the rules, regulations and procedures adopted by the Authority in respect of activities in the Area. To this end, they shall: (a) Apply the precautionary approach, as reflected in principle 15 of the Rio Declaration on Environment and Development, specifically when assessing and managing to the assessment and management of risk of harm to the Marine Environment from Exploitation to the Area, and where information is uncertain or inadequate, the Authority shall favour caution and environmental protection;

- (b) Apply the Best Available Techniques and Best Environmental Practices in carrying out such measures:
- (c) Integrate Best Available Scientific Evidence in environmental decision-making, including all risk assessments and management undertaken in connection with environmental assessments, and the management and response measures taken under or in accordance with Best Environmental Practices; and
- (d) Promote accountability and transparency in the assessment, evaluation and management of Environmental Effects from Exploitation in the Area, including through the timely release of and access to relevant environmental data and information and opportunities for stakeholder participation.

Review of activities under a Plan of Work

1. At intervals not exceeding five years from the date of signature of the exploitation contract, or where, in the opinion of the Secretary-General, there have occurred any of the following events or changes of

The proposed changes aim to clarify what the application of the precautionary approach should look like in practice.

There should be an ability to review activities under a Plan of Work where new information has come to light that was not available or is of a scale that was not anticipated when the Plan of Work was considered.

#### circumstance:

- (a) A proposed Material Change in the implementation of the Plan of Work;
- (b) Any Incident;
- (c) Recommendations for improvement in procedures or practices following an inspection report under regulation 100;
- (d) A performance assessment which requires action under regulation 52 (8);
- (e) Changes in ownership or financing which may adversely affect the financial capability of the Contractor:
- (f) Changes in Best Available Techniques;
- (g) Changes in Best Available Scientific Evidence: or
- (h) Operational management changes, including changes to subcontractors, the Secretary-General may review with the Contractor the Contractor's activities under the Plan of Work, and shall discuss whether any modifications to the Plan of Work are necessary or desirable;
- (i) Information has come to light that was not available when the Plan of Work was approved and shows that more appropriate conditions are necessary to deal with the effects of the activity;
- (j) Adverse effects on the environment or other activities have arisen that were not anticipated, or are of a scale or intensity that was not anticipated, when the Plan of Work was approved.
- 2. A review of activities shall be undertaken in accordance with the relevant regulations, Standards and Guidelines. The Secretary-General or the Contractor may invite the sponsoring State or States to participate in the review of activities.
- 3. The Secretary-General shall report on each review to the Commission and Council, and the sponsoring State or States. Where, as a result of a review, the Contractor wishes to make any changes to a Plan of Work and such changes are Material Changes requiring the approval of the Council, based on the recommendation of the Commission, the Contractor shall seek that approval in accordance with regulation 57 (2) and, where applicable, regulation 57 (3).
- 4. For the purpose of the review, the Contractor shall provide all information required by the Secretary-General in the manner and at the times the Secretary-General requests.
- 5. Nothing in this regulation shall preclude the Secretary-General or the Contractor from making a request to initiate discussions regarding any matter connected with the Plan of Work, exploitation contract or the activities under the exploitation contract in cases other

than those listed in paragraph 1 above.
6. The Secretary-General shall make publicly available the findings and recommendations resulting from a review of activities under this regulation.

#### Definition of "Environmental Effect"

"Environmental Effect" means any consequences in the Marine Environment arising from the conduct of Exploitation activities, whether positive, negative, direct, indirect, temporary or permanent, or cumulative effect arising over time or in combination with other stressors and activities in the same area, including those not regulated by the Authority. mining impacts.

The definition of Environmental Effect should adequately provide for cumulative effects to be considered, including the combined impact of mining activity, natural stressors and other activities not managed under the regulations.

# Definition of "Material Change"

"Material Change" means a change to the basis on which the original report, document or plan, including a Plan of Work, was accepted or approved by the Authority, and includes changes such as physical modifications, changes to environmental effects or effects on stakeholders, the availability of new knowledge or technology and changes to operational management that are to be considered in the light of the Guidelines.

The definition of Material Change should take into account changes related to environmental effects or effects on other interests likely to be affected.

# Annex IV – Environmental Impact Statement 1. Preparation of an Environmental Impact Statement

The Environmental Impact Statement prepared under these regulations and the present annex shall:

- (a) Be prepared in plain language and in an official language of the Authority together with an official English-language version, where applicable;
- (b) Provide information, in accordance with the relevant regulations, Standards and Guidelines, corresponding to the scale and potential magnitude of the activities, to assess the likely Environmental Effects of the proposed activities. Such effects shall be discussed in proportion to their significance. Where an applicant considers an effect to be of no significance, there should be sufficient information to substantiate such conclusion, or a brief discussion as to why further research is not warranted; and
- (c) Include a non-technical summary of the main conclusions and information provided to facilitate understanding of the nature of the

Regulation 47(3) provides that: "The EIS shall be in the form prescribed by the Authority in annex IV to these Regulations" (emphasis added) whereas annex IV itself states that the template for the EIS is recommendatory only. To ensure consistency with regulation 47(3), the language of annex IV should be strengthened to reflect that an EIS must be prepared in accordance with the template.

activity by Stakeholders.

# 2. Template for Environmental Impact Statement

The recommended format for an Environmental Impact Statement is outlined below. Environmental Impact Statements must be prepared in accordance with this template. It is intended to provide the International Seabed Authority, its member States and other stakeholders with unambiguous documentation of the potential Environmental Effects on which the Authority can base its assessment, and any subsequent approval that may be granted. Further detail for each section is provided following the overview.

The document is a template only, and is not intended to be prescriptive but rather to guide the format and general content of an Environmental Impact Statement. It does not provide details of methodology or thresholds that may be resource- and site-specific. These mMethodologies and thresholds which may be resource-specific and site-specific will may be developed as Standards and Guidelines to support the regulations.