



MEMORANDUM OF UNDERSTANDING
relating to

Pacific Aviation Security Regulatory Oversight

between

The MINISTRY OF FOREIGN AFFAIRS AND TRADE (MFAT)
and

CIVIL AVIATION AUTHORITY (CAA) and
PACIFIC AVIATION SAFETY OFFICE (PASO)

Dated: September, 2007

Preamble

The Pacific Security Fund is a pool of money drawn on by Government departments and agencies to advance and protect New Zealand's security interests by reducing risks from threats arising in or operating through Pacific Island countries. The Fund is coordinated by the Ministry of Foreign Affairs and Trade.

This memorandum records the understandings reached between the Ministry of Foreign Affairs and Trade (MFAT), acting for and on behalf of the Pacific Security Coordinating Committee and the MFAT Pacific Division (the Participants), and the *Civil Aviation Authority (CAA) and the Pacific Aviation Safety Office (PASO)* relating to the *Pacific Aviation Security Regulatory Oversight* (the Project), which is to be funded under the Pacific Security Fund.

1. General

1.1 The Project will be carried out by the *Pacific Aviation Safety Office* under the auspices of the Pacific Security Fund.

1.2 The Project will be carried out during the period *2007/08 and 2008/09 FY*.

1.3 In order for MFAT to manage the Pacific Security Fund within the annual appropriation cycle, funding for projects is approved for an agreed amount and for a specific financial period or years. There is no guarantee that new or additional funding will be available; for related/on-going projects; in the event of a cost overrun; in the event of project slippage or deferment resulting in funding being required in a financial period/year for which the original project was not approved. In the latter situation, the project will need to be re-submitted and assessed against other projects/priorities.

1.4 Any portion of the funding not required for the specific requirement, for which the approval was given, must not be used for any other purpose.

1.5 The *Civil Aviation Authority* must inform the Pacific Security Coordinator of any slippage, under spend or over-run at the earliest opportunity, so that Fund management and prioritisation can be undertaken in a timely manner.

2. Variations

2.1 Any variation to this Memorandum of Understanding will be mutually determined in writing by both participants.

2.2 In the event of a cost overrun, the Pacific Security Coordinator, referring to agreed guidelines, may approve up to 10% of the original project value to compensate the *Civil Aviation Authority* for the additional expenditure necessary to perform the project. Any payment will be at the discretion of MFAT, on the advice of the PSF Coordinator and subject to the availability of uncommitted funding within the Fund.

3. Project Proposal

3.1 The Project Proposal, including the key tasks, timeframes, budget and reporting requirements for the project, is attached as Schedule A.

4. Financing

4.1 MFAT will pay *Civil Aviation Authority* such sum as is commensurate with the work done and services performed, up to the Agreed Estimated Total. Any payment in excess of this amount (up to 10% of the Agreed Estimated Total) will be at the discretion of MFAT, on the advice of the Pacific Security Coordinator and subject to funding availability.

4.2 The Agreed Estimated Total is as follows: (exclusive GST)

Agreed Estimated Total \$198,000 in 2007/08 and \$198,000 in 2008/09 (excl) GST		
	2007/08	2008/09
Salaries	\$110,000	\$110,000
Airfares (four round trips per annum visiting up to 5 PICs per trip) plus Liaison visits to NZ	\$30,000	\$30,000
Cost of living adjustment	\$3,000	\$3,000
Medical Insurance	\$30,000	\$30,000
Accommodation	\$5,000	\$5,000
Total NZ\$	\$198,000	\$198,000

5. Payments/Reporting

5.1 Upon completion of the Project *Civil Aviation Authority* will forward to the Pacific Security Coordinator an invoice with documentation to support the expenditure incurred.

5.2 The *Pacific Aviation Safety Office* will ensure an End of Project Evaluation report is received at the completion of each project and an Interim Report at the end of each financial year for projects which are multi-year funded.

6. Performance Standards

6.1 *Civil Aviation Authority and Pacific Aviation Safety Office* will use their:

a only suitably qualified/experienced persons are employed on the Project,

b all persons employed on the Project conduct themselves in accordance with the Code of Conduct of the *Pacific Aviation Safety Office* and with the relevant provisions of the Code of Conduct of the Ministry of Foreign Affairs and Trade applying to work carried out overseas.

c the Project is carried out with all due diligence, efficiency and economy in accordance with the timeframe specified in this Memorandum of Understanding, observing sound management and technical practices, and public service ethics and standards, including financial management standards. Where appropriate, the project will comply with professional consulting standards recognised by international professional bodies.

6.2 *Civil Aviation Authority and Pacific Aviation Safety Office* will take steps to ensure that none of its personnel involved in the Project makes any commitments on behalf of the Government of New Zealand relating to the expenditure of Pacific Security Fund monies, Official Development Assistance or any other official funds.

6.3 MFAT, except in the event of *Force Majeure*, may withhold fees payable to the *Civil Aviation Authority* or an appropriate portion of those fees, until the Project has been concluded to the agreed standard, where

- a. the performance standards set out in section 6.1, have not been complied with, or
- b. any or all of the Key Tasks specified in section 3, have not been carried out.

6.4 MFAT may withhold fees payable to *Civil Aviation Authority* or an appropriate portion of those fees, until the Project has been concluded to the agreed standard.

7. Intellectual Property

7.1 The parties acknowledge that *Civil Aviation Authority* is the owner of all intellectual property in all materials and documents produced for the purposes of delivering training under the Project.

8. Publicity

8.1 *Civil Aviation Authority* shall ensure that any publicity given to this Project indicates that it is being undertaken as part of New Zealand's Pacific Security Fund. Publicity releases should be discussed in advance with MFAT.

9. Contact with New Zealand (High Commission/Embassy)

9.1 The *Pacific Aviation Safety Office* will communicate with the New Zealand High Commission/s quarterly on the progress of the Project.

9.2 *Civil Aviation Authority and the Pacific Aviation Safety Office* will communicate with the New Zealand Pacific Division office in Wellington quarterly on the progress of the Project.

9.3 The address of the Pacific Division is:
Pacific Division
Ministry of Foreign Affairs and Trade
Private Bag 18 901
WELLINGTON
Telephone: (+64) 4 439 8364
Facsimile: (+64) 4 439 8521

10. Insurance

10.1 *Civil Aviation Authority* will maintain throughout the Project public liability insurance against all actions, claims, demands, liabilities, damages, costs and expenses brought by third parties arising from or in respect of personal injury to or the death of any person or loss of or damage to property caused by *Civil Aviation Authority* in carrying out the Project or which arises from the performance of the Project.

10.2 *Civil Aviation Authority* will arrange and maintain throughout the Project insurance cover for its employees, agents and contractors carrying out this Project against:

- a. loss of life or accident, however caused, and for general sickness; and
- b. loss or damage to, or theft of, personal effects, including tools and equipment.

11. Release of Information/Confidentiality

11.1 *Civil Aviation Authority* and MFAT will consult and seek agreement in advance on the release to any third party of any document or information produced in connection with the Project.

12. Disputes

12.1 The parties shall make reasonable efforts to resolve any disputes in connection with this agreement. If the parties cannot resolve any dispute within a reasonable time, the dispute shall be referred to an independent third party nominated by the parties or failing agreement, by the President (for the time being) of the New Zealand Law Society.

13. Termination

13.1 The Participants may terminate this Memorandum of Understanding by mutual determination in writing.

13.2 In the event of termination *Civil Aviation Authority and the Pacific Aviation Safety Office* will take immediate steps to bring its work to a close in a prompt and orderly manner and to reduce expenditure to a minimum.

13.3 MFAT will pay *Civil Aviation Authority* a pro rata proportion of the amount payable to it under this Memorandum of Understanding, up to the date of termination.

13.4 Upon termination of the Project, *Civil Aviation Authority* will deliver to MFAT all documents, equipment and materials belonging to or provided by MFAT.

14. Force Majeure

14.1 If *the Pacific Aviation Safety Office* is unable to perform the Project or is delayed in the performance of the Project due to *Force Majeure*, *Civil Aviation Authority* will, as soon as practicable, notify MFAT. The Participants may mutually determine to suspend or terminate any part or all of the Project.

14.2 If the Project is in whole or in part suspended or terminated as the result of *Force Majeure*, MFAT will reimburse *Civil Aviation Authority* costs reasonably incurred for the purpose of the Project.

15. Notices

15.1 The address for notices to MFAT, for matters related to the Pacific Security Fund is:

The Pacific Security Coordinator
Pacific Division
Ministry of Foreign Affairs and Trade
Private Bag 18-901, WELLINGTON

15.2 The address for notices to Civil Aviation Authority is:

Peter Davey
Manager Policy and International Unit
PO Box 31 441
Lower Hutt, Wellington
daveyp@caa.govt.nz

16. Amendment

16.1 Amendments to the terms of this Memorandum of Understanding will not be effective unless both parties agree to that amendment in writing.

17. Legal Status

17.1 The parties intend this Memorandum of Understanding to have legal effect.

Executed as a Memorandum of Understanding

**Signed by
The Ministry of Foreign Affairs
and Trade**



**Deputy Secretary
Alan Williams**

Date: 22/10/2007

**Signed by
Civil Aviation Authority**



**Director of Civil Aviation
Steve Douglas**

Date: 7 November 2007

**Signed by
The Pacific Aviation Safety
Office**



**General Manager
Desmond L Ross**

Date: 14 NOVEMBER 2007

PACIFIC SECURITY FUND (PSF)

Funding Application Form

Return the completed form to:

Ane.Hunkin@mfat.govt.nz

Postal Address

Pacific Security Fund Coordinator
Pacific Division
Ministry of Foreign Affairs and Trade
Private Bag 18 901
Wellington
New Zealand
Phone: 04 439 8364
Fax: 04 439 8521

1 Project Name	Pacific Aviation Security Regulatory Oversight
2 Implementing Department or Agency	Civil Aviation Authority
3 Description of the Project	Provision of a Security Inspector to the Pacific Aviation Safety Office (PASO) in Vanuatu to provide security regulatory oversight advice to Pacific Island Countries who require assistance. There are 9 countries that are potentially in this position: Vanuatu, Niue, Samoa, Tonga, Kiribati, Papua New Guinea, The Cook Islands, Nauru and The Solomon Islands.
4 Project Proposal	<p>The PASO is a regional safety and security oversight organisation. It is funded through member contributions and a loan from the Asian Development Bank (ADB). PASO has the potential to provide a successful model for regional cooperation. It has employed an airworthiness inspector and is in the process of employing a flight operations inspector but is not in the position to fund a security inspector although one is needed if it is to fulfil its objectives. The project seeks to fill this gap by the provision of an inspector to be appointed and funded for two years to:</p> <ul style="list-style-type: none">• advise Directors of Civil Aviation in each of the member states of industry practice and compliance with security regulatory and international requirements, training and competency programmes;• carry out programmed security audits and other surveillance activities as requested on participants and products in the civil aviation system;• in instances of severe non compliance amounting to a direct risk to security to recommend that the member

	<p>the Pacific.</p> <ul style="list-style-type: none"> • Pacific Islands Forum Secretariat
10 Alignment with NZ's broader policy interests	<p>The Pacific Transport Security Strategy supports the ongoing development of PASO in the Pacific to improve both PIC and NZ transport security objectives.</p> <p>The inspector position will enable a Pacific regional approach to security issues, and provide a liaison point for dialogue with CAANZ and AVSEC.</p>
11 Support for the Project	<p>PASO in Vanuatu has been consulted informally and PASO partners including Australia, the ADB in Manila, and the Forum Secretariat in Suva have been formally consulted and have endorsed the need for New Zealand's proposed assistance. AVSEC has also indicated its support for the proposal.</p>
12 Other related activities	<p>We are not aware of any other overlapping or competing initiatives to this security regulatory role. However, the project does fit in with other operational service delivery level AVSEC PSF funded Pacific projects such as the Pacific/ Auckland based training project, the equipment maintenance audit project, the aviation security coordination project and the equipment and training programme in the Solomons.</p>
13 Similar Activities	<p>AVSEC projects as noted above.</p>
14 Other information	<p>PASO is about to begin work in each of the PICs under service level agreements. It is still in a fledgling state and the mechanisms for funding the office are still being developed. At this stage, while there is the need for a security inspector the costs associated with that position cannot be sustained by PASO. However, we see that in two years time PASO should be in the position to recover from member states the funding for the security position. If the position is funded it would be made clear to PASO that funding is only available for 2 years.</p>

Budget Summary NZ\$
(exclusive GST)

	2007/08	2008/09
Salaries	110,000	110,000
Airfares (4 round trips per annum visiting Up to 5 PICs per trip) plus liaison visits to NZ	30,000	30,000
	3,000	3,000
Per diems per country		
Accommodation per country		
Materials & Equipment (including freight)		

Ian Sliper
Level 8, Wakefield House, 90 the Terrace, P O Box 10-760, Wellington
Telephone 64 4 472-1345 Mob 021 103 3878
Email sliper.co@paradise.net.nz

Tuesday 28 August, 2007

Pacific Security Fund

Report of Evaluator

Project: Pacific Aviation Security Oversight

Proposal

The note comments on the proposal from the Civil Aviation Authority that the Security Fund finance the appointment of a security inspector on regulation oversight to the Pacific Aviation Safety Office for a period of two years at an annual cost of \$198,000 or a total cost of \$396,000.

Background

The role involves the provision of a person to provide regulatory aviation security advice to 9 Pacific countries who are members of PASO.

PASO is the regional organization in the Pacific that provides aviation safety and security advice and training for Pacific member states. It has been going for about three years with establishment funding being provided by the Asian Development Bank and subscriptions from member countries. Recently it received a boost when member countries approved additional positions being created including an airworthiness inspector and it is in the process of recruiting a flight operation inspector.

Comment

The New Zealand CAA has been a prime supporter of PASO since its establishment. At the time of the review of the Pacific Security Fund in late 2005, CAA was keen to look at ways of building capacity of this regional organization.

One of the key recommendations of the 2005 Review of the PSF was that the Fund should focus where it could in supporting regional security organizations. This project is very much in accord with this recommendation.

The responsibility for recruiting the regulatory security advisor will rest with the general manager of PASO who will in turn consult with CAA. It is likely that the appointee will come from NZ or Australia. At this stage PASO does not have a specific person in mind to appoint to the position. Given the time involved in recruiting a person to be located in Vanuatu it could be several months before an appointment is made. This is likely to mean that the expenditure of \$396,000 could be spread over three financial years rather than the two years specified in the submission.

Felicity Steel

From: HUNKIN, Ane (PAC) [Ane.Hunkin@nzaid.govt.nz]
Sent: Monday, 5 November 2007 9:42 a.m.
To: Felicity Steel
Cc: Peter Davey; Duncan Ferrier

Classification: [UNCLASSIFIED]

Hi Felicity, thanks for the email. I have made comments within the email.

Kind regards

Ane

From: Felicity Steel [mailto:SteelF@caa.govt.nz]
Sent: Thursday, 1 November 2007 5:09 p.m.
To: HUNKIN, Ane (PAC)
Cc: Peter Davey; Duncan Ferrier
Subject: PSF - funding for PASO Security Inspector -MOU

Hello Ane

Our Director of Civil Aviation, Steve Douglas has just returned back from a conference in China. He has some points on the MOU which he would like clarified before he signs it. The first relates to the reference to participants in the preamble. Presumably MFAT, CAA and PASO are all participants not just MFAT. Also the document later refers to parties, is this the same as participants?

(Yes, MFAT, CAA and PASO are all participants, however, the MOU document is between MFAT and CAA/PASO)

(parties (eg CAA/PASO) responsible for the project)

Second, in para 5.2 it would seem appropriate for PASO to be required to provide an End of Project Evaluation report on the completion of each trip around the PIC's. (The budget provided for 4 of these a year) and an interim report at the end of each financial year to CAANZ. This reports would then form the basis for reports to the PSF.

(That is fine for PASO to provide reports as mentioned)

To avoid the need for the documents to be returned and new documents signed by Alan Williams an email commenting on the points made would be sufficient to clarify the understanding of the documents, and the email could be retained with the MOU.

(Will do)

Kind regards

Felicity Steel

Senior Adviser
International Relations

