



Pacific Region Infrastructure Facility

# Pacific Aviation Hub & Harmonized Regional Procurement Consultation Brief



# Regional Hub Services Under Consideration

## Initial needs/opportunities raised by stakeholders

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**Some PRIF donor members and some PICs have raised the prospect of establishing a Pacific Aviation Hub/Body to obtain better access to resources and enhanced economies of scale in the following areas:**

- **Airline Support**

- Procurement of operations related services – MRO, spare parts and consumables, catering, ground handling,
- Procurement of training services (pilots, cabin crew, maintenance personnel, management disciplines)
- Aircraft procurement/leasing/management
- Clearing house for donor funding on a regional basis, e.g. air route network development, route subsidies
- Technical Assistance (airworthiness, flight operations, IT, commercial, regulatory compliance etc etc)

- **Airport Support**

- Harmonized regional procurement & management of maintenance/logistic support/asset management services (Noting World Bank model for Tonga, Samoa, Solomon Islands)
- Harmonized/pooled procurement of training – Technical maintenance, AVSEC, ARFFS, ATSM Airport operations, airport management
- Technical Assistance – airport planning, engineering, management, regulatory compliance

- **Sectoral Support**

- Procurement of training – for policy makers, regulators
- Technical assistance – for policy and regulatory reform
- Economic regulation e.g management of air services agreements, air route subsidies etc.

# Regional Hub Services Under Consideration – DFAT Concept 2021

DFAT have suggested a model, focusing on:

- Technical Support Hub
- Operation/maintenance/resilience of infrastructure
- Vocational and professional training – regulators, airport and airline management and operations

## PACIFIC AVIATION/AIRCRAFT FACILITY/SUPPORT HUB

- Opt-in basis
- Coordination, asset management and training capability
- Physical base(s) and virtual outputs



## KEY FEATURES OF SUPPORT HUB

- Enable a small PIC or airline to achieve scale by operating common aircraft types
- Assist in purchasing/financing/leasing for PICs airlines of aircraft, including scoping of a fit-for-purpose model that represents value of money
- Assist in retiring older or unreliable and expensive-to-maintain aircraft
- Manage the asset (e.g. maintenance schedule)
- Establish a forum for operators to share experience and good/best practice policies and procedures
- Support technical and regulatory training for PIC governments and aircraft operators
- Support collective maintenance of the aircraft (if no local capacity)
- Support collective purchase and storage of spare parts

Source: DFAT Presentation to PRIF

## Some Options (not exhaustive, nor in any particular order):

- Expanded PASO mandate:
  - Include technical assistance, procurement, training, project management of donor funded projects - as part of the enhancement an Enhanced Regional Safety and Security Oversight Organisation or ERSSOO
- New Pacific Regional Body (e.g., a new CROP Agency or other treaty- based service organization)
  - Noting examples of regional aviation infrastructure service delivery agencies such as ASECNA (W Africa) COCESNA (Central America)
- Regionally owned incorporated management services entity (not for profit, shares held by airlines, airports, governments)
  - Services either provided by the entity itself, or engagement of an external agent, e.g Crown Agents or Charles Kendall model
- Major Airline as Hub host (for airline technical hub where a larger airline partner takes on the hub function)
- Donor-established Project Management Unit
  - Case study: World Bank PAIP TFSU, DFAT Australia Pacific Training Coalition
- Multiple hubs based on specialisation

# Possible Models under Harmonized Procurement Framework– Initial ideas

01

## Centralized

- Procurement is centralized at Hub level.
- Contract are under Hub's responsibility
- Model suitable for equipment & goods

02

## Procurement Agency

- Hub serves as a procurement agent for other entities
- Provides opportunity to have centrally managed by framework agreements (specific contracts under the country agencies)
- Model would be suitable for services

03

## Decentralized

- Country entities (CE) will carry out their own procurement under a harmonized framework
- CEs can benefit from hub's support

## **Need for a Hub and Possible Hub Institutional Options:**

- What does ASPA see as the needs and opportunities for a regional hub and the services it might offer?
- What institutional arrangements for an aviation hub does ASPA see as worthy of consideration?

## **Harmonized Procurement Framework:**

- What has been ASPA's experience in working with other PIC airlines in the joint procurement of goods and services (challenges/benefits)?
- Where does ASPA see opportunities for such a harmonized procurement model in terms of value for money?

## **Alliances:**

- Do the PIC's each have a similar Part129 AOC regulatory process that Australia and NZ have?
- Australia have the ACCC, New Zealand Commerce Commission, will there be a similar requirement for PIC's alliances for governmental approvals through a similar type of regulator?

## **Network Co-ordination:**

- Has thought or consideration been given to depth of network coordination, if any, for instance, at the domestic/regional/longhaul international level?