

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**GOVERNMENT OF THE MENTAWAI ISLANDS**

**AND**

**PT. INTERNUSA BAHAGIA**

**IN THE FRAMEWORK OF SUPERVISION OF IMPLEMENTATION  
AND IMPROVING TOURISM BUSINESS OPERATIONS**

**NOMOR: 556/45/Tourism.Art.Culture/IX-2007**

On this day, Monday tenth of September, year two thousand and seven, the undersigners:

1. EDISON SALELEUBAJA: Bupati of the Mentawai Islands Regency with office located at Jalan Raya KM - 4 Tuapejat, hereinafter referred to as the **FIRST PARTY**.
2. MARK JAMES LOUGHRAN: Director of PT. Internusa Bahagia with office located at Macaronis Resort, sub-district of Silabu, district of North and South Pagai Islands, hereinafter referred to as the **SECOND PARTY**.

The **FIRST PARTY** and the **SECOND PARTY** each in their individual capacities as stated Above hereby agree as follows:

- In the framework of advancing and improving tourism development in the Mentawai Islands Regency both parties agree that a safe, orderly and comfortable environment is required to satisfy local and foreign tourists visiting the Mentawai Islands Regency.
- To create such a safe, orderly and comfortable environment as stated above, this requires cooperation between the regional government and PT. Internusa Bahagia to optimize implementation and supervision of tourism operations / tourism business activities.
- In relation to the above points, the **FIRST PARTY** and the **SECOND PARTY** hereby agree to enter into this Memorandum of Understanding with the terms and conditions that follow:

**Article 1**  
**OBJECTIVE OF AGREEMENT**

The FIRST PARTY and the SECOND PARTY hereby agree to cooperate in this framework to create a safe and comfortable environment for tourists visiting the Mentawai Islands by improving Implementation and Supervision of Tourism business operations.

**Article 2**  
**RIGHTS AND RESPONSIBILITIES OF THE FIRST PARTY**

(1) RIGHTS OF THE FIRST PARTY

- a. To obtain the appropriate regional taxes and tariffs in accordance with the valid regional laws and regulations.
- b. To obtain periodical operational reports including a report of total visitors every 6 (six) months.
- c. To have power to take administrative measures toward tourism operations / businesses which are in violation of regional laws.

(2) RESPONSIBILITIES OF THE FIRST PARTY

- a. To guarantee certainty of the law regarding implementation of the operation / business of the SECOND PARTY and the licenses that have been granted to the SECOND PARTY in the framework of undertaking tourism business.
- b. To guarantee implementation of the tourism business of the SECOND PARTY in undertaking tourism operations on the condition that it does not violate the valid laws.
- c. To guarantee and assist development of the business of the SECOND PARTY in accordance with the roles and powers of the Regional Government and also assisting in solving any problems that may arise between the SECOND PARTY and the local community and / or with another Tourism Company operating in the Mentawai Islands Regency.

**Article 3**  
**RIGHTS AND RESPONSIBILITIES OF THE SECOND PARTY**

(1) RIGHTS OF THE SECOND PARTY

- a. To hold a Permanent Tourism Trading License and Resort Buffer Zone area of Radius 1000 meters starting from the boundary of the Resort facilities and additional Buffer Zone area with radius 250 meters from the boundary of any other resort facility in the sub-district of Silabu that supports the operation of the resort.

- b. To forbid any other Individual or Company from constructing buildings or undertaking tourism activities in the Resort Buffer Zone/s, except if already granted authority to do so by the SECOND PARTY.

## (2) RESPONSIBILITIES OF THE SECOND PARTY

- a. To guarantee and be responsible for the safety, security, orderliness of facilities and comfort of those who visit.
- b. To ensure clean, attractive and healthy surroundings at the location of operations with intention to increase the quality of the surrounding environment.
- c. To merge a harmonious social relationship with the local community, both cultural and economic, and to prioritize the local work force.
- d. To avoid social impacts that may negatively impact on the local community.
- e. To offer an opportunity for staff to carry out religious worship in accordance with their own beliefs guaranteeing their safety and security in doing so.
- f. To prevent pollution of the ocean from garbage or any other kind of pollution from visiting tourist boats mooring in the Resort Buffer Zone.
- g. To prevent destruction of coral from visiting tourist boats using anchors in the Resort Buffer Zone.
- h. To unite with PIHAK PERTAMA to assist in carrying out supervision of all tourism activities.
- i. To issue periodical reporting including number of visitors on a 6 (six) monthly basis.

### **Article 4 VALIDITY OF COOPERATION**

This cooperation agreement is valid from the time of signing of both parties and shall remain valid so long as the SECOND PARTY still holds a Permanent Tourism Trading License (ITUP), except if either the FIRST PARTY or SECOND PARTY violate this cooperation agreement, in which case this cooperation agreement can be terminated in accordance with this agreement.

### **Article 5 AUTHORITY AND SUPERVISION**

- (1) Authority concerning the realization of this Cooperation Agreement shall be held by the FIRST PARTY.

- (2) Supervision concerning the realization of this Cooperation Agreement shall be carried out together by the FIRST PARTY and the SECOND PARTY.

**Article 6**  
**ADMINISTRATIVE SANCTIONS**

- (1) The Regional Government shall issue a written warning to an Individual, Tourism Company or Tourism Travel Agent which does not fulfill the terms and conditions of implementation or operation of the Company as is stated in Regional Law Number 16, year 2002.
- (2) The validity of the written warning as mentioned in point (1) in this article is 1 (one) month from the time of receipt and can be extended 2 (two) times again if required.
- (3) If for what ever reason a written warning as mentioned in point (2) of this article is not obeyed, the Regional Government may freeze the license for 30 (thirty) days starting from the time the letter of decision to freeze the license is issued.
- (4) If for what ever reason the license holder still does not obey the warning and freezing of the license for a period of 30 (thirty) days as mentioned in point (3) in this article the license may be cancelled by the Regional Government.

**Article 7**  
**EVALUATION**

Both parties hereby agree to carryout an evaluation concerning the realization of this Cooperation Agreement annually or when ever required as appropriated by both parties.

**Article 8**  
**TERMINATION**

- (1) Either party may terminate this agreement unilaterally without prior warning in accordance with Article 1266 KUH regarding civil law, and if for what ever reason it comes to surface that either party has been negligent or has not carried out their responsibilities either in portion or in full then this is to be proven by either party at a future point in time.
- (2) Unilateral termination as mentioned in point (1) in this article can only be carried out after the party that intends to terminate firstly issues 3 (three) written warnings in succession with a considerate time period of 7 (seven) days between each sending, counting from acceptance of each letter of warning to allow each repetition.
- (3) Termination as intended in point (2) in this article is sufficient with a written letter from the party which intends to terminate to the other party.

**Article 9**  
**FORCE MAJUER**

- (1) If for whatever reason an unforeseeable event happens to occur outside of the capabilities of both parties (force majeure) resulting in this Cooperation Agreement not being realized in full or in part, then any resulting losses shall be settled in a meeting between both parties with an aim to settle with best intentions.
- (2) Force majeure is identified as:
  - a. A natural disaster such as a flood, fire, earthquake, cyclonic winds, war and other events that may occur which are classed as natural disasters by the Government.
  - b. Government Policy in the department of finance that may effect realization of this Cooperation Agreement.

**Article 10**  
**RESOLUTION OF DISPUTE**

- (1) If for what ever reason there is a disagreement or dispute in the realization of this Cooperation Agreement the first step shall be for both parties to call a meeting in an attempt to resolve the dispute.
- (2) If for what ever reason in a meeting as mentioned in point (1) in this article a resolution can not be made, then both parties agree to resolve any unresolved dispute in accordance with the law and in that case both parties hereby agree to choose the domicile of law at the office of the Legal Court of Padang.

**Article 11**  
**REVISION OF AGREEMENT**

If for what ever reason at a later date there is a change of law which opposes the content within this Cooperation Agreement, then this Cooperation Agreement will be revised by both parties and rewritten in accordance to comply with the valid law.

**Article 12**  
**ADDITION TO AGREEMENT**

Any other matter that may not have been included in this Cooperation Agreement can be processed at a later date in an additional agreement that shall become a part of this agreement.

-----AS SUCH THIS AGREEMENT-----

Has been made whilst both parties have been in a state of good physical and mental health, without any force or pressure from either party or in any form or way, and has been signed in Tuapejat on the above stated day in two separate copies with stamp duty and one copy for the FIRST PARTY and one copy for the SECOND PARTY with witnesses present, and for that reason both copies of this Cooperation Agreement hold the same legal strength for both parties.

**THE FIRST PARTY**  
**BUPATI OF THE MENTAWAI ISLANDS**

**THE SECOND PARTY**  
**PRESIDENT DIRECTOR**  
**PT. INTERNUSA BAHAGIA**

**(SIGNED)**

**(SIGNED)**

**EDISON SALELEUBAJA**

**MARK JAMES LOUGHRAN**