

# CORPORATE PLAN 2024/25 - 2026/27





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## Foreword by the Board Chairman

A time to reflect on both a testing past four years for Air Traffic and Navigation Services SOC Limited (ATNS/the Company) and the unveiling of a new business chapter has finally come, as we enter the final year of our Corporate Strategy 2024/25. My appointment to the helm of an organisation that was midway into an existing business strategy term and had been thrown into uncertainty by the novel coronavirus disease (COVID-19) lockdown, has not been an easy feat to manoeuvre with the weight of a national mandate to fulfil.

The demand for tactical leadership was definite from the onset to see the entity through a newly rolled out organisational design process, alongside the execution of a COVID-19 Recovery Plan. Amid this, we had to ensure delivery of the ATNS core mandate of keeping the South African airspace safe, while contributing to the National Development Plan 2030 (NDP). As the ATNS Board of Directors, we are entrusted with ensuring that the ATNS strategic focus also tackles the four pronged challenges of poverty, unemployment, inequality and Gender Based Violence (GBV). Therefore, in our plans, we need to always ensure that while we pursue economic survival, our business also stays true to its national socioeconomic responsibility of strategic growth and development. This is essential for the advancement of South Africa, particularly in the aviation sector value chain.

One strategic avenue that we continue to focus on is the use of corporate social investment and enterprise development to roll out our transformation efforts aimed at closing the inequality gap. In the past four years, 24 000 beneficiaries in previously disadvantaged schools were reached and impacted by our community empowerment initiatives. Obviously, more can and needs to be done by the aviation sector. The other avenue of ATNS corporate social investment implementation speaks to our contribution towards small, medium, and micro enterprise (SME) development in the aviation sector. Our goal is to ensure that the SMEs we develop and support become sustainable and contribute to growing our country's economy and, as a result, shape South Africa's socioeconomic landscape.

The events of the past four years gave meaning to the phrase, "if you want to go fast, go alone, but if you want to go far, go together." For us, the ATNS family, this is not just cliché. Here we are, in the final year of our challenging five-year corporate strategy term, and ATNS remains sustainable. Let me hasten to add that we are not out of the woods yet and more must be done, intentionally. The passion, commitment, and willingness experienced in collaborative efforts from both our diverse skilled staff to various external stakeholders in our bid to reposition ATNS as a globally competitive air navigation services provider and training academy has been evident. The inclusion of our staff in strategic decision-making was to demonstrate that all ATNS employees, alongside our customers and other external stakeholders, are significant in the growth and development of our business. The approach, which proved to be ideal, was pursued to embrace inclusivity, collaborative adaptability, as well as the highest standards of integrity and accountability as we accentuate our customer-centric business proposition.

Planning for the 2024/25 financial year not only involved the ATNS Board of Directors, executive committee members, and our staff, but also aviation industry players who included the International Air Transport Association (IATA), Civil Air Navigation Service Organisation (CANSO), and the South African Civil Aviation Authority (SACAA). The Board of Airline Representatives of South Africa and the Airlines Association of Southern Africa were also among our key stakeholders who contributed. At ATNS, we value partnerships as an integral part of our day-to-day business of delivering value to our customers through innovation, service excellence, and sustainability. This appreciation is apparent in our business model and extended partnerships to researchers, manufacturers, governments, and aspiring aviators who promote safe and sustainable innovation through creative future-fit solutions that encourage business growth.



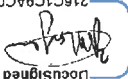
ATNS Corporate Plan (2024/25 – 2026/27)

I wish to thank all ATNS stakeholders who travelled the journey of the past four years into our final chapter of the 2020-2025 strategic planning term with us. My sincere gratitude goes to my fellow members of the ATNS Board of Directors, past and present, for the work that we have collectively delivered since our respective appointments. As the new board, we are grateful to have received the baton from our predecessors, who had to deal with the devastating blows inflicted by the COVID-19 pandemic.

My heartfelt gratitude also goes out to the ATNS Executive Committee and staff for showing commitment and passion in the work completed to date, which enabled us to meet our statutory obligations as a leading air navigation services provider and training academy.

The invaluable support ATNS received and continues to enjoy from our shareholder, the Ministry of Transport, cannot go unnoticed. We are grateful to have a ministry that listens, appreciates our efforts, and criticises us constructively. With all the support, the financial year 2024/25, which is the last stage of our Corporate Strategy 2020-2025, calls on all of us as we roll up our sleeves in building a future-fit organisation that will survive beyond the ending five-year business term, to redouble our collective efforts. May we all aim to deliver beyond our required performance in the final year of our corporate strategy as we begin to plan for the next five years.

The centre shall continue to hold.

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Mr Zola Majavu CD (SA)

ATNS Board Chairman



## Overview by the Chief Executive Officer

As we plan for the year ahead and enter the last leg of our 2020-2025 Corporate Strategy, ATNS is preparing to challenge the norm and cement on the solid foundation that we are building. We aim to find solutions to ensure the industry moves forward as we recover from the impact of COVID-19 and results of the implementation of the Disaster Management Act regulations and explore avenues to responsibly grow our financial position and deliver the results and the service we were appointed for and that which we have committed to implement. We need to embrace that this is a transitional year in stabilising our repositioning as a globally competitive air navigation services provider and training academy.

The first two years of our corporate strategy were marred by economic turmoil that came with the dawn of the COVID-19 pandemic and subsequent lockdown that destroyed scores of businesses in and outside aviation. ATNS was not an exception, as our business performance dropped to an all-time low as air traffic movements dropped significantly during this period. This reduction resulted in the Company having to revert to cash reserves to cover shortfalls and manage our ongoing operating expenses against the declining air traffic revenue.

Although conditions have improved, the global economic recession hinders recovery efforts. The lacklustre economy has created a depressed market environment with reduced consumer spending, higher unemployment rates, and slower economic growth. Despite efforts to recover, air travel demand remains below pre-pandemic levels due to cautious consumer behaviour and restricted travel budgets. Additionally, rising inflation rates caused by supply chain shortages have increased operational costs for businesses, including the aviation sector. Economic and geopolitical instability pose significant challenges to air travel, impacting costs and operations. Geopolitical instability, such as the armed conflict in Sudan, puts assets at risk, necessitating a focus on safety and security.

For ATNS, the year ended with a quantum of R1.3 billion, recovering from R1.0 billion in the prior year after losses due to the COVID-19 pandemic from 2020/21. Billable movement recovered from 206 134 in 2021/22 to 260 473 in 2022/23. This significant improvement in revenue and air traffic movements indicates industry recovery, reaching 85% of pre-COVID-19 levels, while maintaining zero air traffic accident rates.

It can be argued that the practice of our business values of customer-centricity, agility, and integrity carried the organisation during this time. It was these principles, together with our diversity of ideas, accountability, and non-compromise on safety, which saw us raise our performance to just over the 70% mark in the 2022/23 financial year. Our zero major accidents record remains intact.

The above backdrop serves as a strong foundation with which to base our 2024/25 Corporate Plan as we close-off the current strategy. Indeed, the business environment remains challenging, meaning that the ATNS community will need to do more with less, whilst providing excellent services to our customers.

This is not the time to rest on our laurels. Our proposed final tariffs currently pose a capital expenditure implementation and system reliability risk. These also have the potential to significantly affect the staffing and operations necessary for safe and efficient airspace management, which may subsequently negatively affect our staff compliance. Therefore, the 2024/25 financial year calls upon all of us to become aggressive in our respective business performance to increase our overall organisational percentage to beyond the 80% mark, while growing revenue from the non-regulated business.



ATNS Corporate Plan (2024/25 – 2026/27)

In the 2024/25 financial year, ATNS will, among other priorities, focus on the following:

- Ensuring stable and reliable communication and navigation services for our customers. This goal remains at the core of our operations.
- Continuing to establish meaningful partnerships to achieve ATNS' growth prospects.
- Prioritising existing products and developing new, innovative products and work methods. Innovations must advance safety, efficiency, and growth. Moreover, innovation is fast becoming the bedrock for business continuity, and resilience requires innovative interventions in the air traffic and navigation services industry.
- Building industry partnerships and fostering SME development to further transformation and skills development.
- Establishing an organisational culture of performance to drive service delivery and ensure financial stability

ATNS' ATA contributes to developing a highly skilled workforce across the industry in air traffic management, navigation services, and aviation technology. Our goal of becoming a leading aviation academy beyond South African borders is within reach, aiming to elevate the value status of our training programmes, already being offered in other countries across the African continent. This year will witness the drive for the accreditation of qualifications and the development and expansion of the ATA product basket.

We are also committed to creating an adaptive and innovative enterprise, positioning ATNS as an organisation that innovates and adapts to its operating business environment. The strategic period, covering the process of building a future-fit workforce, is anchored in developing the relevant skills within the business to produce an agile and resilient company. The 2024/25 Corporate Plan is the final year of the stabilise phase of our post-COVID-19 recovery. Externally, this year prioritises improving stakeholder-centric management through upgrading our customer experience and collaboration with key industry players, such as airlines, airports, and other airspace users.

ATNS has aligned the corporate plan with government priorities to achieve, among others, the NDP and Medium Term Strategic Framework (MTSF) priorities, the United Nations Sustainable Development Goals, and the Environmental, Social, and Governance Framework. To be a good corporate citizen, ATNS needs to consider the impact the business has on all its stakeholders, including employees, the environment, local communities, and everyone along the supply chain. The focus is on the economic upliftment of society through aviation skills and expertise to increase the participation of Black suppliers in the industry value chain and further job creation. The improvement of environmental stewardship has also been prioritised to promote, monitor, and adopt sustainable practices that will reduce the impact of our air traffic business on the environment for the benefit of generations to come.

The 2024/25 financial year implores all of us to finish our 2020-2025 Corporate Strategy strong, as a powerful demonstration of our collective integrity and commitment to the success of ATNS. We can finish the five-year tenure with a successful reinvention of our business for the future. As the Canadian author Robin Sharma puts it: *"Starting strong is good. Finishing strong is epic."* Let us all aim for an epic finish in our business performance in 2024/25.



ATNS Corporate Plan (2024/25 – 2026/27)

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*Ms Nozipho Mlawu*

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**Ms Nozipho Mlawu**

**Chief Executive Officer**



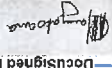
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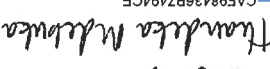



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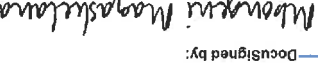
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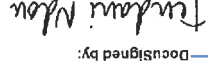
- Was developed by the management of ATNS, under the guidance of the board of directors.
- Considers all the relevant policies, legislation, and other mandates for which ATNS is responsible.
- Accurately reflects the strategic outcome-oriented goals, objectives, and performance targets that ATNS will endeavour to achieve over the 2024/25–2026/27 period.

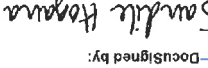
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Chief Operations Officer


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Chief Governance, Risk, and Compliance Officer

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Chief Technology and Information Officer

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Chief Business Services Officer

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Chief Aviation Training Academy

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Chief Customer Solutions Officer

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Chief Human Capital Officer

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Mr Matome Moholola

Chief Financial Officer

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Ms Nozipho Mdaawe

Chief Executive Officer

APPROVED BY:

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Mr Zola Majavu

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Mr Zola Majavu (CD) SA

Chairman of the Board

(Accounting Authority)

Ms Sindisiwe Chikunga, MP  
Minister of Transport  
(Executive Authority)

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Ms Sindisiwe Chikunga

Date

2024/04/03

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## Abbreviations

<b>ACSA</b>	Airport Company South Africa
<b>AFRAA</b>	African Airlines Association
<b>ASKS</b>	Available Seat Kilometres
<b>ATA</b>	Aviation Training Academy
<b>ATM</b>	Air Traffic Management
<b>ATNS</b>	Air Traffic and Navigation Services SOC Limited
<b>ATNS Act</b>	Air Traffic and Navigation Services Company Act (No. 45 of 1993)
<b>ATS</b>	Air Traffic Services
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>Billion</b>	1 000 Million
<b>BRICS</b>	Brazil, Russia, India, China, and South Africa
<b>CAGR</b>	Compound Annual Growth Rate
<b>CANSO</b>	Civil Air Navigation Service Organisation
<b>Capex</b>	Capital Expenditure
<b>CASP</b>	Corporate Annual Safety Plan
<b>CDF</b>	Capex Delivery Framework
<b>CNS</b>	Communications, Navigation, and Surveillance
<b>COVID-19</b>	Novel Coronavirus Disease 2019
<b>DBSA</b>	Development Bank of South Africa
<b>EMS</b>	Environmental Management System
<b>ERP</b>	Enterprise Resource Planning
<b>ESG</b>	Environmental, Social, and Governance
<b>Exco</b>	Executive Committee
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>GFCF</b>	Gross Fixed Capital Formation
<b>GRC</b>	Governance, Risk, and Compliance
<b>IATA</b>	International Air Transport Association
<b>ICAO</b>	International Civil Aviation Organisation
<b>IDS</b>	Intrusion Detection System
<b>IPS</b>	Intrusion Prevention System
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information Technology



<b>JIBAR</b>	Johannesburg Interbank Average Rate
<b>JTF</b>	Just Transition Framework of South Africa, July 2022
<b>LCAF</b>	Lower Carbon Aviation Fuel
<b>LMS</b>	Learner Management System
<b>Mancom</b>	Management Committee
<b>MMS</b>	Maintenance Management System
<b>MOR</b>	Mandatory Occurrence Report
<b>MPLS</b>	Multi-protocol Label Switching
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>N/A</b>	Not Applicable
<b>NDP</b>	National Development Plan, Vision 2030
<b>OD</b>	Origin-Destination
<b>OLA</b>	Operating Landscape Analysis
<b>PFMA</b>	Public Finance Management Act (No. 1 of 1999, as amended)
<b>PPP</b>	Public-Private Partnership
<b>PPFA</b>	Preferential Procurement Policy Framework Act (No. 5 of 2000)
<b>RDI</b>	Research, Development, and Innovation
<b>ROCE</b>	Return on Capital Employed
<b>RPK</b>	Revenue Passenger Kilometres
<b>SAATM</b>	Single African Air Transport Market
<b>SACAA</b>	South African Civil Aviation Authority
<b>SADC</b>	South African Development Community
<b>SAF</b>	Sustainable Aviation Fuel
<b>SANSA</b>	South African National Space Agency
<b>SARB</b>	South African Reserve Bank
<b>SDG</b>	Sustainable Development Goal (United Nations, 2015)
<b>SIR</b>	Serious Incident Rate
<b>SME</b>	Subject Matter Expert
<b>SMME</b>	Small, Medium, and Micro Enterprise
<b>SMS</b>	Safety Management Systems
<b>SoE</b>	Standard of Excellence
<b>St</b>	Saint
<b>Strategy 2025</b>	Air Traffic and Navigation Services SOC Limited Strategy 2025
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats
<b>T&amp;I</b>	Technical and Information
<b>The Company</b>	Air Traffic and Navigation Services SOC Limited



<b>The Constitution</b>	Constitution of the Republic of South Africa, 1996
<b>The Shareholder</b>	Government of South Africa, through the Minister of Transport
<b>UAS</b>	Unmanned Aerial Systems
<b>US</b>	United States of America
<b>US\$</b>	United States Dollar
<b>VHF</b>	Very High Frequency
<b>VSAT</b>	Very Small Aperture Terminal





## About the Corporate Plan

The Air Traffic and Navigation Services Company SOC Limited (ATNS/the Company) is classified as a Schedule 2 Public Entity in terms of the Public Finance Management Act (No. 1 of 1999, as amended) (PFMA). Section 52 of the PFMA and Treasury Regulation 29:1 provide that a Schedule 2 public entity must submit a corporate plan in the prescribed format covering the affairs of the public entity for the following three financial years and which includes revenue projection, expenditure, and borrowings.

The corporate plan for the planning period 2024/25–2026/27 has been compiled and is being submitted in compliance with the abovementioned regulations and in alignment with the ATNS Corporate Strategy for the 2020-2025 planning period, as well as the regulated permission process that outlines the respective modules serving as a basis for ATNS to apply for the next five-year tariff.

While the corporate plan carries forward the strategy and performance commitments reflected in the corporate strategy, it considers emerging strategic imperatives that the ATNS is considering for the development of a new corporate strategy for the 2025-2030 planning period. The new corporate Strategy will be finalised once the Medium Term Development Plan for 2024-2029 has been published by the Department of Planning, Monitoring and Evaluation post the National Elections in 2024.

The purpose of the corporate plan is, therefore, to reflect on progress to date in delivering on the 2020-2025 strategic priorities, to respond to emerging environmental factors affecting the future strategic direction, and to ensure that the corporate plan supports the achievement of the ATNS mandate and the Shareholder's Compact, towards the realisation of the goals and objectives of the corporate strategy.

### ATNS Approach to Responding to the Developmental Agenda

The transport sector, particularly the aviation industry, is a critical component of the economy, impacting the development and welfare of the entire population – both as an enabler of economic well-being and its beneficiary. When transport systems are efficient, they provide economic and social opportunities that benefit the economy.

In the past 10 years, the domestic macroeconomic variables have become more volatile, presenting major challenges for most industries, including the aviation sector. Over the years, ATNS has seen a decline in air traffic because of various factors, such as the domestic economic environment. The impact of the COVID-19 pandemic exacerbated the already declining air traffic movements, resulting in a significant decline in revenue. Significant uncertainty remains in the industry post the pandemic, with air traffic movements yet to reach pre-COVID-19 levels. The industry is, however, beginning to adjust to a new normal and ATNS needs to be responsive to the opportunities and threats in the operating landscape to ensure its financial sustainability and growth off a new base, and to build resilience and agility.



## PART A: OUR STRATEGIC ROLE AND PURPOSE

ATNS is the sole provider of air traffic management, communication, surveillance, navigation, training, and associated services in South Africa. The services are delivered to nine South African statutory airports operated by the Airports Company of South Africa (ACSA), 11 regional airports, and St Helena Airport (a remote island airport in the South Atlantic Ocean).

ATNS is mandated to offer air traffic services (ATS) in South Africa's airspace and the surrounding oceanic area, including the International Civil Aviation Organisation (ICAO) airspace over the Indian and Atlantic oceans. The Company's services comply with ICAO standards and recommended practices, SACAA regulations and technical standards, as well as South African legislation.

ATNS is required to perform and comply with its legislative mandate, as outlined in the Air Traffic and Navigation Services Company Act (No. 45 of 1993) (ATNS Act), as amended from time to time, in conjunction with ATNS' Memorandum of Incorporation. Concurrently, while achieving the legislative mandate, the Company needs to deliver on and adhere to the national priorities of the government. All government policies related to ATNS are expected to be integrated into the corporate plan, key performance measures and indicators, and borrowing programme, in order to effectively execute the legislative mandate.

### 1. Legislative Mandates

The legislative and regulatory environment of ATNS encompasses, but is not limited to, the following:

- 1) The Constitution of the Republic of South Africa, 1996.
- 2) The Civil Aviation Act, 2009, as amended, and Civil Aviation Regulations, 2011.
- 3) The Air Traffic and Navigation Services Act, 1993, as amended.
- 4) The South African Civil Aviation Technical Standards.
- 5) The Public Finance Management Act, 1999, as amended.
- 6) The Preferential Procurement Policy Framework Act, 2000.
- 7) The National Treasury Regulations.
- 8) The Companies Act, 2008, as amended.
- 9) Protocol on Corporate Governance for the Public Sector, 2002.
- 10) King IV™ Report on Corporate Governance in South Africa, 2016.
- 11) Control of Access to Public Premises and Vehicles, 1986.
- 12) Electronic Communications and Transactions Act, 2002.
- 13) Basic Conditions of Employment Act, 1997, as amended.
- 14) Labour Relations Act, 1995, as amended.



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15) Broad-Based Black Economic Empowerment Act, 2003; and

16) The Protection of Personal Information Act, 2013.

The apex legislative mandate that informs the work of ATNS is the Constitution of the Republic of South Africa, 1996 (the Constitution), serving as the supreme law of the Republic of South Africa. ATNS, like all government and public sector institutions, derives its mandate from the Constitution.

Within the broad context of the Constitution, the legal mandates emanate from ATNS being an entity in the civil aviation field. As such, ATNS is a state-owned company incorporated under the ATNS Act as a limited liability company in terms of the Companies Act (No. 71 of 2008). The Government of South Africa, through the Minister of Transport, is the sole shareholder of ATNS. ATNS falls under the governance umbrella of the PFMA, along with related regulations and guidelines issued by National Treasury and is listed in terms of Schedule 2 of the PFMA.

Section 4 of the ATNS Act defines the Company's objects as the acquisition, establishment, development, provision, maintenance, management, control, or operation of air navigation services, ATS, or air navigation systems. The Company should fulfil these objectives in a manner that does not unduly discriminate against any users of its infrastructure or services. Moreover, it should not jeopardise the national interest and must refrain from engaging in any restrictive practices.

The crux of the legal mandate lies in **providing safe, efficient, and cost-effective traffic management solutions and associated services** on behalf of the state. This is to be done in accordance with the standards and recommended practices set forth by the ICAO, as well as complying with civil aviation legislation summarised as follows:

- Civil Aviation Act (No. 13 of 2009): The act is a comprehensive legislation enacted to regulate and oversee various aspects of civil aviation within the country. The act serves as a framework that aligns with international aviation standards and conventions, while establishing specific mechanisms for safety, security, and efficient management within the aviation industry.
- The Civil Aviation Regulations, 2011: The regulations provide control and regulate civil aviation in South Africa and oversee the functioning and development of the civil aviation industry and, in particular, to control, regulate, and promote civil aviation safety and security with respect to the Civil Aviation Act.
- The South African Civil Aviation Technical Standards: The technical standards that must be met in respect of civil aviation of the country. The standards are aligned with the ICAO standards and recommended practices.

In this context, the Company is primarily engaged in providing air traffic and navigation services, along with maintaining the associated infrastructure. Moreover, its operations include offering aeronautical information services, technical and aerodrome services, aeronautical communication via the Very Small Aperture Terminal (VSAT) network and providing training for air traffic control and technical staff in South Africa. Additionally, the Company extends its services to the broader international market, with a focus on imprinting its presence in Africa.

To ensure compliance, ATNS conducts a regular review of the legislative and regulatory environment, and is cognisant of the following developments:



- **National State Enterprises Bill, 2023**, which seeks to establish the State Asset Management SOC Limited and consolidates the state's shareholdings in state enterprises, and to provide for the powers of the Shareholder on behalf of the state.

- **The Public Procurement Bill, 2023**, which proposes to repeal the Preferential Procurement Policy Framework Act (No. 5 of 2000) (PPFA) and aims to provide for procurement that is developmental in nature; ensures value for money in the use of public funds; aspires to expand the productive base of the economy; supports innovation and investment; and achieves economy, efficiency, and maximum competition. It further seeks to create a single regulatory framework for public procurement to eliminate fragmented procurement prescripts.

- **The Companies Amendment Bill, 2023**, which will require companies to disclose the details of the highest and lowest-paid employees, average remuneration, the median remuneration, and the gap between the top 5% of highest paid employees and the bottom 5% of lowest paid employees in their remuneration reports. The bill also requires public and state-owned companies to produce the remuneration policy for directors and prescribed officers for approval by ordinary resolution at their annual general meeting. An ordinary resolution requires support of more than 50% of the voting rights.

- **The Companies Second Amendment Bill, 2023**, which proposes that the time bar for an application for delinquency of a director be extended from the existing 24 months preceding the application, during which the person was a director of the Company. The bill extends this time bar to five years and empowers the courts on good cause to further extend that period in a specific case.

## 2. Policy Context

Where domestic legislation regulates how ATNS must operate to fulfil its mandate, there are various international and national policy and strategy frameworks directly influencing the priorities and focus areas of ATNS, notably:

- **The United Nations Agenda 2030 for Sustainable Development**, and the 17 Sustainable Development Goals (SDGs) recognise that poverty eradication initiatives should be linked to strategies for improving health and education, reducing inequality, and promoting economic growth, while addressing challenges related to climate change. ATNS plays a significant role in contributing to several of the SDGs through its operations and initiatives, including:

- a) **Goal 5: Gender Equality:** ATNS recognises that gender equality is a human right and aims to achieve gender equality and empower women and girls through a procurement strategy which targets women owned suppliers.

- b) **Goal 9: Industry, Innovation, and Infrastructure:** ATNS contributes to this goal by providing and maintaining crucial air traffic and navigation infrastructure, ensuring safe and efficient air transportation, and embracing technological innovations to enhance aviation services.

- c) **Goal 11: Sustainable Cities and Communities:** The organisation facilitates air traffic management and navigation services that connect various regions, promoting sustainable urbanisation and supporting economic activities in both urban and remote areas.

- d) **Goal 13: Climate Action:** ATNS focuses on developing and adopting green and sustainable practices within the aviation industry. It aims to minimise the environmental impact of air traffic





management by implementing fuel-efficient routes and adopting eco-friendly technologies to reduce emissions.

e) **Goal 17: Partnerships for the Goals:** ATNS collaborates with various stakeholders, including international aviation bodies, governments, and local communities, to enhance safety, efficiency, and sustainability in air transportation. These partnerships help achieve common objectives aligned with sustainable development.

f) **Other SDGs:** ATNS indirectly contributes to other SDGs, such as Goal 3 (Good Health and Well-being) by ensuring safe air travel, Goal 8 (Decent Work and Economic Growth) by providing employment opportunities, and Goal 10 (Reduced Inequalities) by promoting inclusivity within the aviation sector.

- **The African Union Agenda 2063** is aimed at harnessing the continent's comparative advantages to effect equitable and people-centred social, economic, and technological transformation and the eradication of poverty. Agenda 2063 is the African Union's strategic framework to realise the socioeconomic transformation of the African continent over the next five decades. ATNS contributes to several aspirations outlined in Agenda 2063, particularly in enhancing connectivity, infrastructure development, economic growth, and regional integration across the African continent.

Among the flagship projects of Agenda 2063 impacting air traffic movement in the continent are:

- **The African Continental Free Trade Area:** Aims to create a single market for goods and services, facilitate intra-African trade, and promote economic integration across the continent.
- **The African Passport and Free Movement of People:** Introducing a single African passport and promoting the free movement of people and goods across the continent to enhance regional integration, trade, and cultural exchange.

- **The Single African Air Transport Market (SAATM):** SAATM is a flagship initiative aimed at promoting the liberalisation of air transport services across the African continent to enhance connectivity, facilitate trade, and stimulate economic growth. SAATM aligns with the aspiration to achieve a seamless and integrated Africa with enhanced air connectivity and improved intra-African travel. The initiative focuses on removing barriers to air travel among African countries, fostering competition among airlines, and streamlining regulations to create a single unified air transport market.

By implementing SAATM, the African Union aims to unlock the potential of the aviation sector, boost tourism, facilitate business activities, and promote regional integration and cooperation among African nations. SAATM plays a significant role in advancing the African Union's broader agenda of fostering economic development, enhancing connectivity, and promoting unity and collaboration across the continent.

- Adopted in 2020, the **Southern African Development Community (SADC) Vision 2050** is a long-term ambition that sets out the aspirations of the region until 2050. The **SADC Regional Indicative Strategic Development Plan 2020-2030** operationalises Vision 2050 and provides a guiding framework for the implementation of SADC's regional integration and developmental agenda and programmes for the next 10 years. It is premised on three interrelated pillars: Industrial Development and Market Integration, Infrastructure Development in support of Regional Integration, and Social and Human Capital Development. ATNS operations and activities are encompassed within each of these pillars.





- The NDP** is the blueprint of government's vision and development route for South Africa, with business and society as collaborative partners. Seeking to eliminate poverty and sharply reduce inequality, the NDP identifies the critical trade-offs and challenges to be addressed by the country over the period to 2030. ATNS contributes to several chapters of the NDP, aligning with specific objectives and priorities:

- a) **Economic Development:** ATNS supports economic growth by providing essential air traffic management and navigation services, facilitating trade, tourism, and business activities. This contributes to the NDP's objectives of fostering economic development, enhancing competitiveness, and supporting job creation.

- b) **Infrastructure Development:** The Company's role in maintaining and improving aviation infrastructure aligns with the NDP's focus on infrastructure development. ATNS ensures the efficient operation of ATS, which is crucial for connectivity and transportation, contributing to the development of the country's infrastructure network.

- c) **Skills Development and Education:** ATNS emphasizes on training and skills development for air traffic control and technical staff corresponds with the NDP's goals of improving education and skills development. By providing training opportunities, ATNS contributes to building a skilled workforce for the aviation sector.

- d) **Safety and Security:** ATNS plays a critical role in ensuring air safety and security. This role aligns with the NDP's objectives of promoting safety and security in all spheres of society, contributing to the overall well-being and stability of the nation. ATNS has a safety strategy in place which is monitored comprehensively from a strategic initiative aspect.

- e) **Service Delivery:** Through its commitment to providing efficient and reliable ATS, ATNS contributes indirectly to improved service delivery by supporting transportation and connectivity, which are vital components of service provision across various sectors.

- Medium-Term Strategic Framework 2019-2024** is the medium-term plan of the sixth administration of democratic government. While ATNS has a role to play in contributing to all of the seven priorities, the following priorities are especially important:

- a) **Priority 1: Building a Capable, Ethical, and Developmental State:** To ensure efficient and effective state-owned enterprise management, contributing positively to South Africa's public service delivery.

- b) **Priority 2: Economic Transformation and Job Creation:** By providing essential services to the aviation sector, ATNS contributes to job creation within the industry and associated sectors, thereby supporting economic growth.

- c) **Priority 3: Education, Skills, and Health:** ATNS ATA contributes to developing a highly skilled workforce across the industry in air traffic management, navigation services, and aviation technology.

- d) **Priority 7: A Better Africa and World:** Through its presence across the continent and managing around 6% of the global airspace, ATNS is a key role-player in facilitating mobility, connectivity, and trade between African nations and the rest of the world.



- **South Africa's Economic Reconstruction and Recovery Plan**, introduced in late 2020 and updated in 2021, outlines a strategic framework comprising eight key priority interventions crucial for revitalising the nation's economy. These interventions encompass ensuring energy security, fostering growth in the productive economy, implementing mass employment initiatives, prioritising infrastructure investment, introducing green economy strategies, enhancing food security measures, supporting the recovery and growth of the tourism sector, and promoting gender equality and the inclusion of women and youth.

ATNS contributions to maintaining critical aviation infrastructure, job creation, economic growth, facilitation, skills development, and support for key sectors (such as tourism, trade, and business), align closely with the objectives outlined in South Africa's Economic Reconstruction and Recovery Plan, thus playing a significant role in the country's economic revival efforts.

- The 26th and 27th **United Nations climate change conferences of the parties** reaffirmed the Paris Agreement on Climate Change goal of limiting the increase in the global average temperature to below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. It stressed the urgency of action "in this critical decade" when carbon dioxide emissions must be reduced by 45% to reach net zero around mid-century. Leaders from South Africa, the United Kingdom, the United States of America (US), France, Germany, and the European Union announced a partnership to support South Africa – the world's most carbon-intensive electricity producer—with \$8.5 billion over the next three to five years to support a just transition away from coal to a low-carbon economy. ATNS aims to limit the environmental effects of services by increasing efficiency and effectiveness and exploring innovative ways of infusing environmental sustainability elements into operations.

- The Presidential Climate Commission published the **Just Transition Framework (JTF)** for South Africa in July 2022. The JTF aims to bring coordination and coherence to just transition planning in the country. It sets out a shared vision for the just transition, principles to guide the transition, and policies and governance arrangements to give effect to the transition. The JTF is applicable to all social partners in South Africa, across all sectors. There is, however, no one size fits all' approach to the just transition and all social partners will need to design their own policies and programmes in line with their specific conditions, responsibilities, and realms of influence, based on the vision, principles, and interventions articulated in the framework. To achieve this goal, the aviation sector, under ICAO, has embraced green initiatives, such as sustainable aviation fuel (SAF) and lower carbon aviation fuel (LCAF). These initiatives specifically target alternative fuels for civil aviation.

The ATNS response to the policy context is to make a significant and sustainable contribution to the aviation industry, South African and African continent development goals, and society as a whole, by achieving the following sustainability objectives:

- Aligning with the Minister of Transport's Statement of Strategic Intent, the Shareholder's Compact, and the Department of Transport's Green Agenda to ensure that ATNS pursues sustainable economic, social, and environmental (ESG) outcomes.
- Building an integrated and intelligent view of the synergies and trade-offs between various sustainability and value-creation performance areas, underpinned by the International Integrated Reporting Framework (Six Capitals).
- Reporting progress on performance and material issues to stakeholders.

- Demonstrating the integrated nature of the ATNS strategic model within the context of the Sustainability Framework and our sustainability outcomes: Enable, Engage, Grow, and Preserve. This demonstration is achieved by defining material outcomes and driving and supporting integrated thinking.
- Building sustainability intelligence and fostering innovations to position ATNS as a leader in the industry, while also addressing the broader socioeconomic objectives of the country and continent.
- Acknowledging the importance of the global SDGs aimed at alleviating poverty, protecting the environment, and ensuring prosperity as the leading drivers of the new sustainable development agenda.

ATNS Corporate Plan (2024/25 – 2026/27)





## PART B: OUR STRATEGIC FOCUS

### 1. Our Vision

To be the leading provider of air traffic management solutions in Africa

### 2. Our Mission

To provide safe and efficient air traffic management solutions

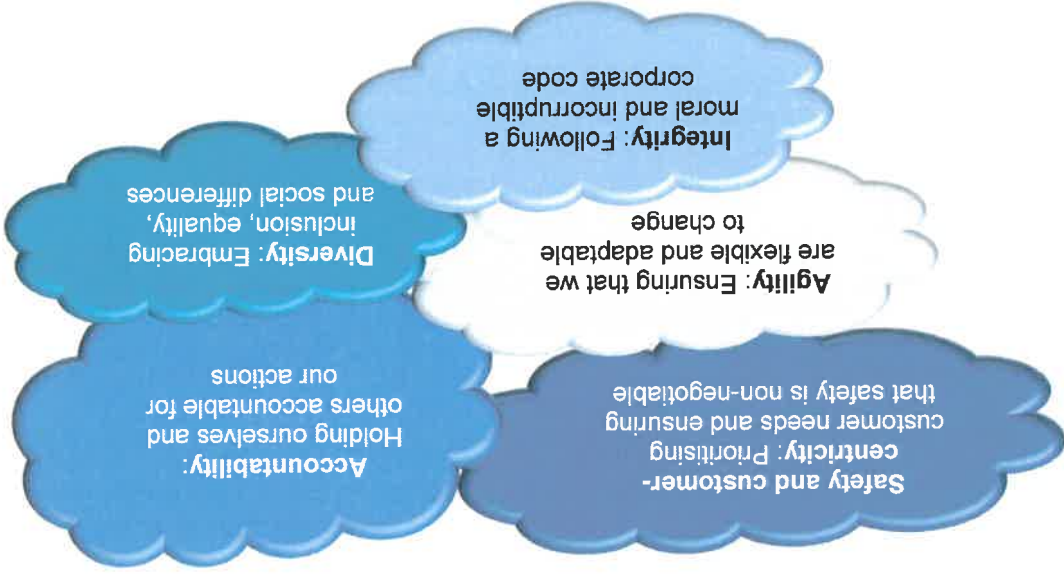
ATNS seeks to achieve its mission through talented people, technological advancements, sound governance, and operational and financial sustainability.

### 3. Strategic Pillars

- **Service Excellence:** Providing services that meet or exceed customer needs and expectations.
- **Sustainability:** Developing a resilient and responsive organisation that is able to create long-term value.
- **Innovation:** Creating an adaptive organisation at the next frontier of development.

### 4. Our Values

The values that underpin ATNS operations are:





## 5. Operating Principles

ATNS is responsible for providing air traffic management (ATM) services across South African sovereign airspace, covering approximately 6.1% of the world's airspace, including ICAO-delegated airspace over the high seas in the Indian and Atlantic Ocean regions. The Company's operations are guided by governmental priorities which, in turn, inform the Shareholder's Compact with the Department of Transport, aligning with and supporting the department's priorities.

The Department of Transport's Revised 2020-2025 Strategic Plan outlines specific outcomes for ATNS, emphasising the need for continuous safety improvement, transformation into an organisation that invests in its workforce, efficient delivery of ATM solutions meeting community needs, long-term financial sustainability, leadership in African ATM development and selected international markets, and the use of cutting-edge technologies for the benefit of the ATM community.

While air traffic control and safe skies are ATNS' primary focus, the Company plays a broader role by contributing to the aviation industry through:

- ATNS membership and active participation in ICAO stakeholder groups and contributions at the ICAO assembly through the Shareholder.
- Providing aeronautical information for flight planning purposes.
- Commissioning and maintaining world-class communications, navigation, and surveillance infrastructure.
- Attracting, developing, and retaining highly skilled personnel and air traffic controllers.
- Fostering thought leadership dedicated to service excellence, technology advancement, innovation, and sustainability.

The operating model is founded on being a customer-centric organisation, placing internal and external stakeholders at the core of the business. In this context, ATNS has identified the following operating principles to provide guidance and benchmarks for strengthening the existing business and expanding its international market presence. It further gives direction for the outcomes that ATNS seeks to achieve.

- **Safety excellence:** Safety is the cornerstone of the ATNS business. It involves upholding stringent safety standards and procedures, adhering to global aviation safety regulations, and implementing continual safety improvements. The commitment to safety excellence is deeply ingrained in every decision, action, and interaction, ensuring the utmost protection of air traffic and the well-being of all stakeholders.

- **Operational excellence:** ATNS strives for the highest standards of operational efficiency, innovation, and reliability in delivering ATS. Through optimised processes, latest technologies, and a focus on continual improvement, the Company aims to benefit customers by consistently providing safe, efficient, and reliable air navigation services to the aviation community.

- **Customer-centricity:** ATNS focuses on understanding and meeting the needs of the ATM community by delivering safe, efficient, and reliable ATM, navigation, and related solutions tailored





to their specific requirements. The Company continuously strives for excellence in service delivery by establishing and maintaining service quality benchmarks, regularly engaging with customers, and soliciting feedback to ensure ATM solutions that surpass customer expectations.

**Investment in a future-fit workforce:** ATNS commits to investing in employees through training, skills development, career advancement opportunities, and adapting to new trends in work to create a highly skilled and motivated workforce. This includes nurturing a culture of high performance, continuous learning and development, prioritising employee well-being, and consistently implementing reward and consequence management processes.

**Financial sustainability:** ATNS maintains sound financial practices by optimising operational efficiency and revenue generation strategies, ensuring long-term financial sustainability and stability through regulated and non-regulated workstreams. This incorporates ensuring transparency, accountability, and making prudent financial decisions.

**Ethical conduct and integrity:** ATNS upholds the highest standards of integrity, ethics, and professionalism in all dealings, promoting transparency and accountability across the organisation to achieve excellence in service delivery and governance.

**Leadership in ATM development:** ATNS takes a proactive leadership role in advancing ATM development across Africa and selected international markets. This involves active engagement in industry forums, collaboration with stakeholders, and driving initiatives to advance ATM development in Africa and selected international markets, establishing ATNS as a recognised leader in the field.

**Adoption of cutting-edge technologies:** ATNS embraces and leverages innovative and cutting-edge technologies in ATM services and actively explores technological advancements to enhance efficiency, safety, and service quality for the benefit of the ATM community.

**Environmental sustainability:** ATNS commits to environmental responsibility by adopting sustainable practices, reducing the carbon footprint, and implementing eco-friendly initiatives where feasible.

These operating principles align with the expectations of the Shareholder and are aimed at guiding ATNS in achieving continuous improvement, workforce investment, efficient service delivery, financial sustainability, industry leadership, and technology utilisation for the benefit of the ATM community in South Africa, the rest of Africa, and beyond.

## 6. Business Model

ATNS operating principles play a crucial role in shaping the Company's business model, placing emphasis on the recruitment and retention of highly skilled air traffic controllers, engineering technicians, and support staff. These efforts are supported by world-class communications, navigation, and surveillance (CNS) infrastructure. The organisation's primary goal is to fulfill its mandate while ensuring long-term financial sustainability. This necessitates an increase in non-regulated revenue through the Company's growth strategy, while maintaining optimisation of permission regulated revenue.

By achieving these key objectives, ATNS can significantly contribute to South Africa's development, its people, and the aviation industry. Establishing global and regional linkages positions the organisation as a significant player in the industry.



As part of the organisational design process, ATNS revised its business model to align with ATNS Strategy 2025 (Strategy 2025). The organisation is developing a new structure to ensure that the business model reflects the Company's focus on customer-centricity. Emphasising strategic partnerships will empower ATNS to excel in training, innovation, and growth endeavours. The business model is presented in Figure 1 below.

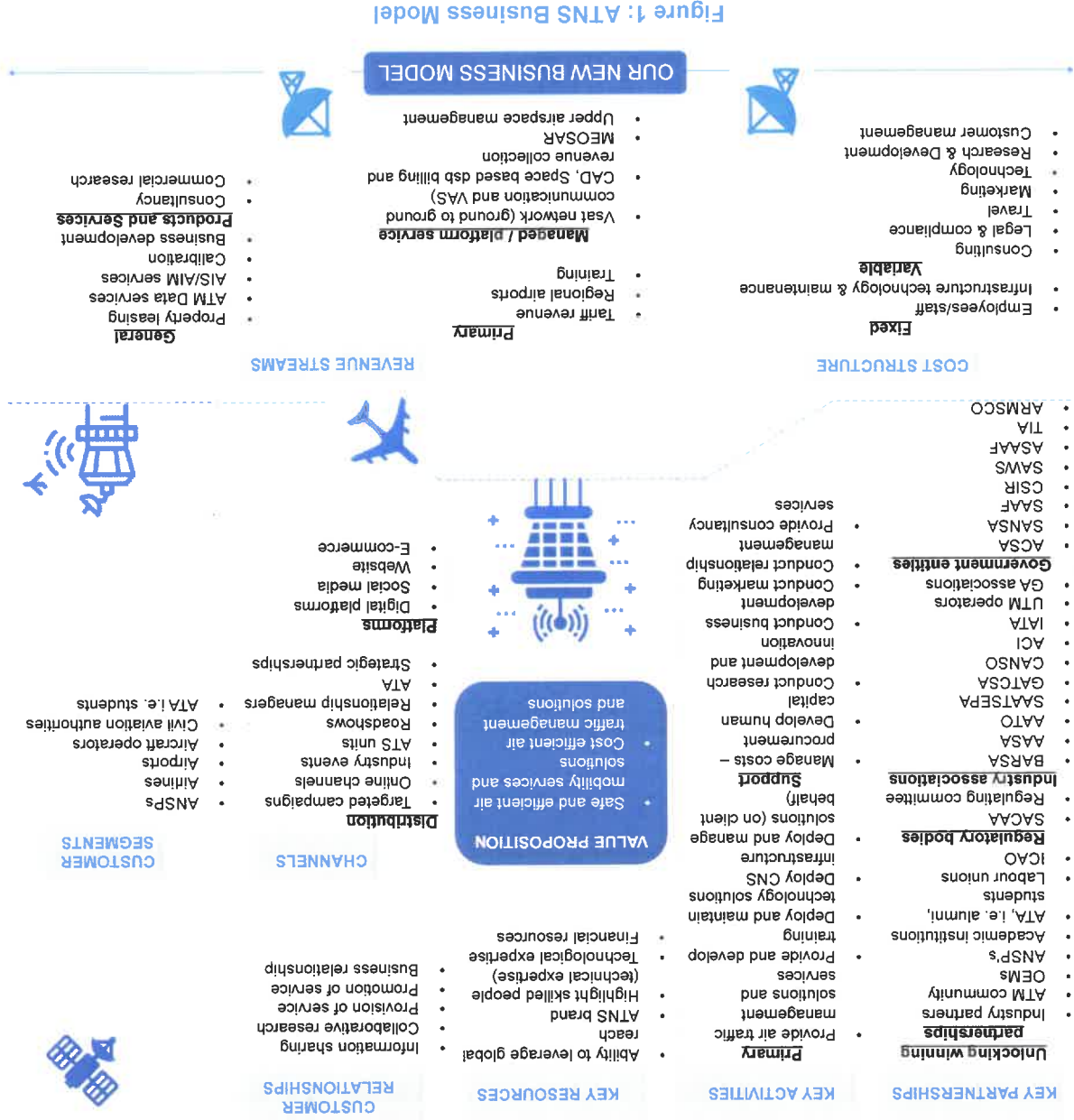


Figure 1: ATNS Business Model

6.1. Regulated Business

As a state-owned company and monopoly service provider of air traffic and navigational services in South Africa, ATNS is governed by the ATNS Act, as amended. Section 11 of the act requires the organisation to apply to the Economic Regulator (the Regulating Committee) for a permission to levy charges.



Around 84% of ATNS revenue is presently derived from its regulated business activities. In the recent reporting period, approximately 16% of the Company's total turnover was attributed to non-regulated business operations. Due to the impact of COVID-19-induced global travel restrictions, there was a notable 67% decline in revenue from non-regulated business activities during financial year (FY) 2021 compared to the previous financial year. However, there has been a reversal of this trend in the current reporting period, marked by an 86% increase in revenue compared to the figures recorded in 2021.

The regulated business continues to consist of the following main components:

- Gate-to-gate ATS within South Africa.
- Air navigation infrastructure, including CNS infrastructure.
- Training services, driven by our world-renowned ATA.
- Aeronautical information management.

Through its regulated services, ATNS is uniquely positioned to assist airline and airport customers in realising value. The Company supports seamless and efficient gate-to-gate ATM operations encompassing various phases of a flight, including taxi-out, departure, climb out, cruise, descent, arrival, landing, and taxi-in. This service component relies on an advanced ATM system deployed at the Johannesburg and Cape Town air traffic control centres, along with associated terminal control units using enabling technologies like CNS systems. The creation of value occurs through techniques ensuring fuel-efficient flight profiles, approaches, departures, and rigorous arrival and departure management to minimise delays.

Recognising the intricate interactions between airlines, airport operators, and navigation service providers during each phase, ATNS prioritises the implementation of programmes like air traffic flow management and collaborative decision-making to ensure seamless traffic management. These approaches are crucial in creating value and supporting airline stakeholders to enable safe and efficient operations.

ATNS air navigation services and infrastructure comprise:

- CNS infrastructure.
- Auxiliary aviation services, such as aeronautical information management, flight procedure design, and aeronautical surveys; and
- ATM.

In this current period, post the COVID-19 pandemic, ATNS is in the process of reviewing the business model, given the need to ensure that the organisation responds and adapts to the new dynamic operating environment.

## 6.2. Economic Regulation

The economic regulation regime of ATNS is stipulated in Section 11 of the ATNS Act, which requires the Company to apply to the Regulating Committee for ACSA and ATNS for the permission to levy air traffic charges. The permission specifies tariffs ATNS can charge aircraft operators for ATS and the use of air



navigation infrastructure, and further determines the minimum service standards for our regulated business. Each permission has a five-year cycle, with the fourth year used to prepare for the next permission application. Additionally, the issued permission sets out the minimum service standards for our regulated business.

In the 2022/23 financial year, ATNS submitted its application in respect of the 2023/24–2027/28 permission cycle. This submission followed an extensive consultation process with the aviation industry represented by the Airlines Association of Southern Africa, Board of Airline Representative of South Africa, and IATA.

### 6.3. Non-Regulated Business

The ATNS non-regulated business services, such as the VSAT communication network, technical services, consultation, and training services through the ATNS ATA, are delivered to more than 27 countries annually throughout the African continent. In FY2022/23, this business contributed approximately 16% of the Company's total revenue. The non-regulated business encompasses a long-term strategy geared towards facilitating the growth of the business into the African and Indian Ocean region through the Commercial Services Division.

The future of the business requires focused relationship building and the availability of relevant technical skills. ATNS continues to build on these key requirements by enhancing internal skills, partnering with experts who may have retired, and embarking in strategic partnerships. Our non-regulated business has become increasingly critical for our Company's growth and long-term positioning on the African continent. Through the Customer Solutions Business Unit, guided by our service excellence and innovation strategic pillars, we are seeking to further leverage strategic joint venture opportunities on the African continent, further extending our service, product offering, and geographic reach. To support this ambition, formally and legislatively extending the scope of our geographic reach and product offering outside of our regulated areas has become more crucial.

### 6.4. ATNS Services

ATNS' services support seamless gate-to-gate ATM operations. This concept encompasses the taxi-out, departure, climb-out, cruise, descent, arrival, landing, and taxi-in phases of a flight. The ATM service delivery component is enabled by an advanced ATM system deployed at the Johannesburg and Cape Town area control centres and airports where a terminal control service is provided, e.g., King Shaka (eThekweni), Bloemfontein, Kimberley, Gqeberha, George, Lanseria, and East London, using enabling technologies, such as CNS systems. Non-surveillance airports feed into the advanced ATM system, e.g., Wonderboom (Tshwane), Upington, Polokwane, Kruger (Mbombela), Pilanesburg, Umtata, Pietermaritzberg, Virginia, and Grand Central.

**Error! Reference source not found.** illustrates the ATNS value chain, scalable across the total user-demand spectrum in the South African airspace.



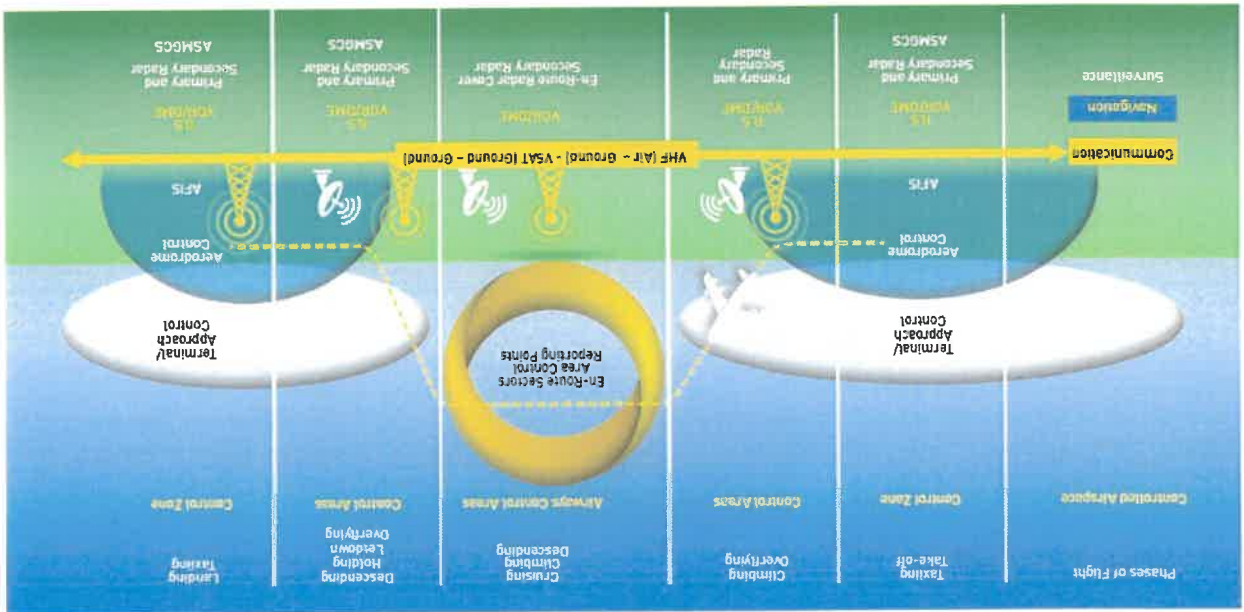
The service provision footprint comprises various services, such as ATS, aeronautical information, instrument flight procedure design, training, CNS technologies throughout the African continent and other parts of the oceanic airspace.

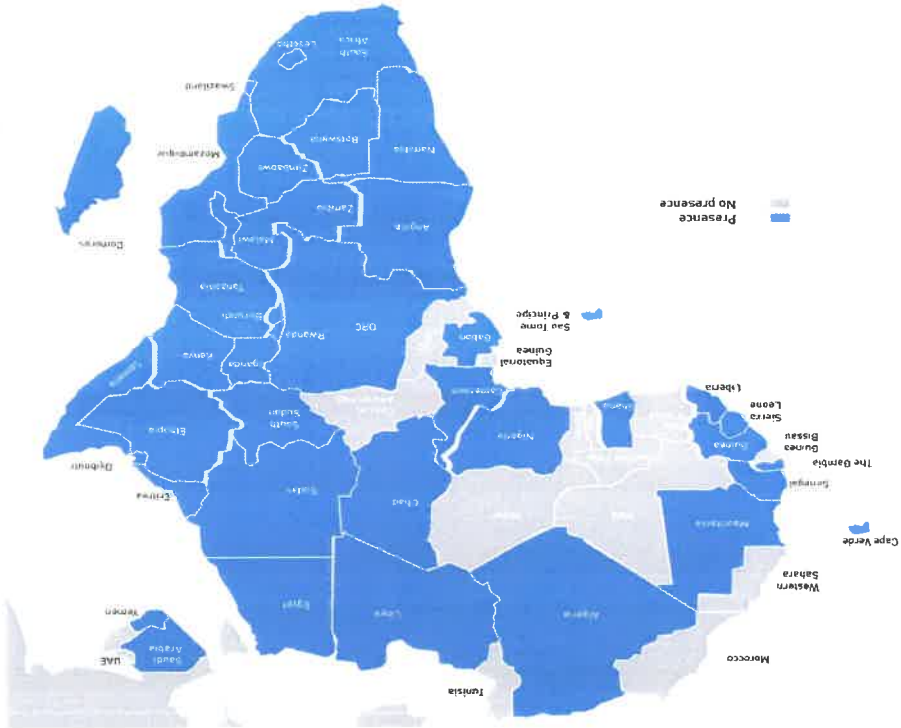
ICAO defines ATM as the safe, economic, efficient, dynamic, and integrated management of air traffic and airspace (including ATS, airspace management, and air traffic flow management) through the provision of facilities and seamless services in collaboration with all parties, including airborne and ground-based functions.

ATNS provides services to nine South African statutory, airports which are operated by ACSA and 12 regional airports, as well as St Helena on a contract basis. Apart from provision of ATS within the boundaries of South Africa's airspace, ATNS is mandated to provide these services in the oceanic area. ATNS is responsible for ATM service provision throughout South African sovereign airspace, comprising approximately 6.1% of the world's airspace. This includes ICAO-delegated airspace over high seas of the Indian and Atlantic Ocean regions.

ATNS provides services that support the regulated and non-regulated business in line with the international Standards Organization (ISO 9001:2015) standard. This is to ensure that the customer requirements are continuously being met and customer satisfaction enhanced. The organisation is committed to complying with the applicable statutory and regulatory requirements and maintaining an effective quality management system. Similarly, the organisation aims to continually improve its effectiveness, provide a consistent service that exceeds customer expectations, and regularly review the quality management system for continued suitability and adequacy. **Error! Reference source not found.** and **Error! Reference source not found.** showcase our services and products, as well as our market presence.

Figure 2: ATNS core services





**ATNS PRODUCTS AND SERVICES**

- ✈️ Air traffic Flow Management (ATFM)
- ✈️ Training:
  - ATS ab initio
  - ATS Aerodrome Control
  - Approach Procedural and Surveillance Control
  - Area Procedural and Surveillance Control
  - Human Factors and Safety Management System
  - ATSEP Initial Training (Basic and Qualification)
  - ATSEP Unit Training
- ✈️ Assist Afri region member states to set up the Centralised Aeronautical Database
- ✈️ African Centralised Aeronautical Database (A-CAD regional Solution)
- ✈️ Engineering & Technical Support
- ✈️ Aeronautical WGS-84 Survey (World Geodetic Reference System - 1984)
- ✈️ Consultancy Services
- ✈️ Airspace Management and Design
- ✈️ Flight Procedure Design
- ✈️ Dataset Management
- ✈️ Aeronautical Billing & Collection services
- ✈️ Communication, Navigation & Surveillance Turkey projects (working with international partners)

**Figure 3: ATNS market footprint**

- OUR MARKET REACH**
- 🌐 RSA – Statutory and Contractual
  - 🌐 SADC (incl. Mauritius and Seychelles) and East Africa – Prioritised
  - 🌐 West Africa – Special Focus
  - 🌐 Rest of Africa and other surrounding Islands



As an ICAO TRAINAIR Plus full member and regional training centre of excellence, the management of the academy is uncompromising in delivering quality products and services in line with global best practice,

take on the challenges of ATM and other aviation-related services. ATNS operates the ATA, a successful, world-class and accredited (ISO-9001:2015) training institution offering a full range of ATS and air traffic safety electronic personnel training, management, and a wide range of aviation-related and safety-related courses, primarily throughout the African continent. ATA is committed to world-class practices, providing our partners with the skills and knowledge to successfully

### 6.5. Aviation Training Academy

Figure 5: ATNS extended services on the African continent and beyond

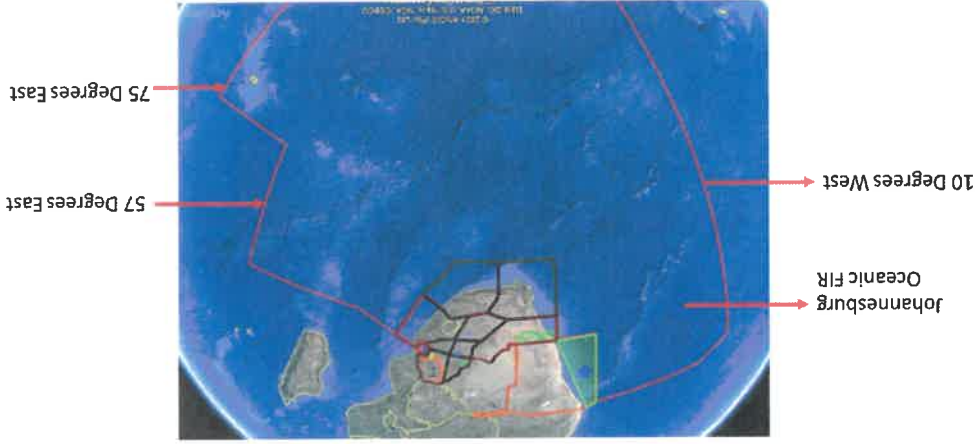


Figure 4: ATNS presence in South Africa





while adhering to the ISO 9001:2015 quality standards. A team of professional instructors and qualified personnel, coupled with state-of-the-art equipment and facilities, enhance the ATNS ATA's training value chain. As an IATA regional training partner, the ATA was awarded IATA's Worldwide Top Regional Training Partner for several years running.

The ATA has successfully served on the councils of the Association of African Aviation Training Organisations, the TRANAIR Plus Steering Committee, and the International Federation of Air Traffic Safety Electronics Association. Further to participating on such international forums, the ATA continuously pursues strategic partnerships with training partners to enhance its operations. These partnerships ensure that all training programmes are delivered in line with exemplary international training standards.

In addition to the multiyear academic accreditation project, the ATA has embarked on a product diversification project which aims to expand the ATA product portfolio and provide relevant products to an increasingly diverse market. This flagship project is designed to result in a quantum expansion of the value-add to the academy.

The ATA modernisation/digitisation project, which is designed to modernise and optimise the entire learning value chain to improve efficiency and customer experience, is currently in its implementation phase. All the activities entailed in the modernisation roadmap are being addressed through capital expenditure (capex) and in line with the permission.

The ATA will continue to leverage technology to enhance the learning experience through the expansion of the virtual delivery format and the development of e-learning content. These initiatives will enhance the ATA's capacity to be positioned as a premier aviation training institute on the continent.



## PART C: SITUATIONAL ANALYSIS

ATNS Corporate Plan (2024/25 – 2026/27)

### 1. External Environment

#### 1.1. Global Economic Outlook

The global economic recovery in 2023 is anticipated to remain subdued due to elevated global interest rates and persistent high inflation, which has recently reached its peak. Furthermore, China's post-zero-COVID-19 recovery at the outset of 2023 seems to have lost momentum, attributed to sluggish global and domestic demand, alongside ongoing weaknesses in the property sector.

As per the International Monetary Fund's July 2023 World Economic Outlook, global growth is projected to decelerate to 3% in 2023 and 2024 from an estimated 3.5% in 2022. This slowdown is attributed to the adverse impact of tighter monetary policies, slightly higher than the earlier April estimate of 2.8%, yet remaining historically weak. The deceleration in growth is chiefly driven by advanced economies, while the growth outlook for emerging market and developing economies remains relatively stable for 2023 and 2024.

Within BRICS, current members have voted to enlarge the bloc by six new members. Discussions on a BRICS reserve currency as a dollar alternative have surfaced but have not been seriously proposed by the group. The suggestion of settling trades in local currencies has been considered but poses complexities in implementation, requiring substantial time.

The Global Risks Report 2023 provides a telling picture, shown in the figure below. It leans towards ATNS, as a global citizen, embedding ESG principles in its strategy.

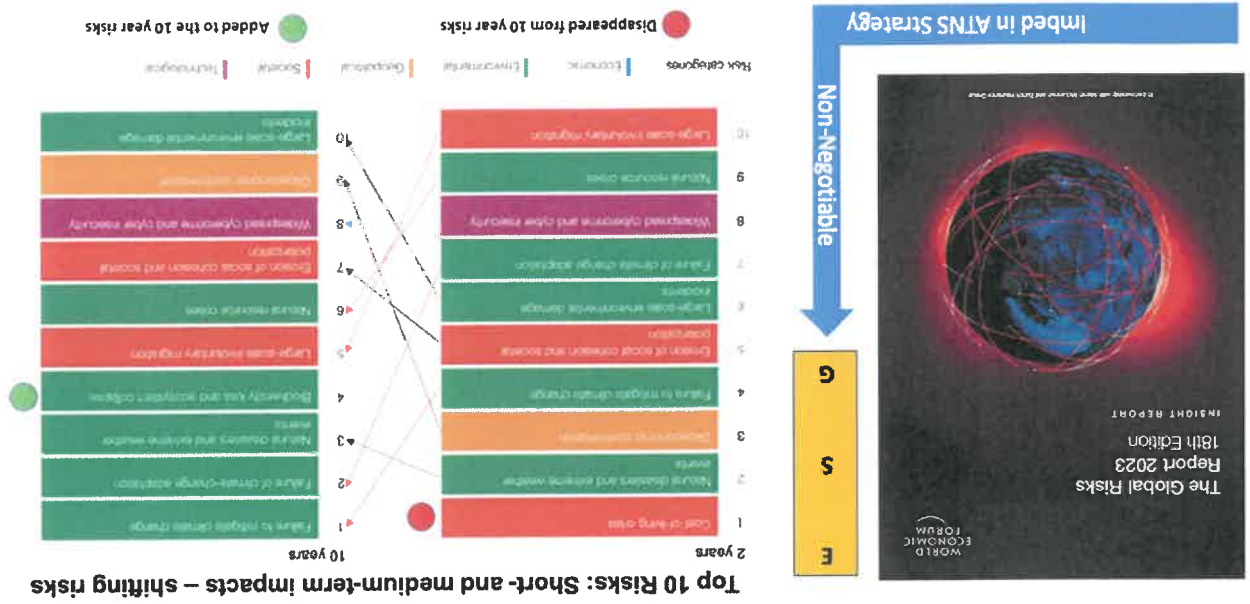


Figure 6: Global Risks Report, 2023

Understanding the global economic landscape, particularly the slower growth and changing monetary policies in various regions, becomes crucial for ATNS as it seeks to expand its ATM and navigation



services into Africa. The company's growth strategy needs to adapt and align with these evolving global economic trends, ensuring that its services cater effectively to the needs of diverse aviation markets in Africa amidst a challenging global economic environment."

## 1.2. Africa Economic Outlook

The African economy has displayed resilience amid global challenges. However, critical issues, such as food security, poverty, and escalating public debt, continue to demand urgent attention. Despite facing a pandemic, surging inflation, stringent global monetary conditions, and uncertainties due to the European conflict impacting food supply, African economies have demonstrated growth. The African Development Bank forecasts a 4% growth for 2023 and 4.3% for 2024. Notably, the World Bank projects economic growth estimates for sub-Saharan Africa surpassing the global average by 1.1% in 2023 and 1.5% in 2024.

In 2022, soaring inflation, primarily propelled by escalating food and energy costs, persisted at elevated levels across the continent. 18 African nations grappled with double-digit inflation rates, witnessing annual food price inflation exceeding 20% in large economies like Ethiopia, Ghana, and Rwanda.

The projected trajectory indicates an expected rise in Africa's average consumer price inflation from an estimated 14.2% in 2022 to 15.1% in 2023, gradually decreasing to 9.5% in 2024. The global surge in food and energy prices led to an increase in acute food shortages in sub-Saharan Africa, from 145 million in 2022 to almost 180 million in 2023. This intensified economic challenge exerted additional strain on public finances as governments endeavoured to protect vulnerable communities from soaring prices.

The strengthening of the US dollar due to the US Federal Reserve's monetary tightening posed challenges for countries with dollar-denominated debt. Higher interest rates and currency depreciation against the dollar amplified debt burdens, raising the risk of debt distress, especially for nations already near their borrowing limits.

In line with the ATNS ATM growth strategy in Africa, understanding the economic dynamics and challenges within the continent becomes pivotal. Leveraging opportunities in climate action and green growth, Africa holds significant potential in renewable energy resources, critical for the global shift towards a net-zero carbon future. Moreover, Africa's possession of essential mineral resources for the energy transition presents strategic advantages, though the continent historically underutilises these resources by primarily exporting raw materials.

In this context, understanding the economic landscape and geopolitical dynamics of Africa, particularly within the regional economic communities, becomes pivotal for ATNS in pursuing market growth on the continent. The company's strategy to expand its ATM services into Africa necessitates a keen awareness of regional economic, political, and trade intricacies to effectively align its services with the evolving needs of the aviation community across various African markets.

Embracing African Union 2063 flagship projects like the SAATM can enhance connectivity and stimulate economic growth. The SAATM aims to liberalise air transport services across the continent, facilitating smoother air traffic movement and promoting economic integration. Additionally, the AfCFTA presents an opportunity for enhanced cooperation and increased intracontinental trade, crucial for the continent's economic growth and insulation against global economic uncertainties. Most important, is the continued





building and managing of relationships with African countries, both current and new, through South Africa's bilateral trade agreements.

### 1.3. South Africa Economic Outlook

South Africa's real Gross Domestic Product (GDP) growth accelerated by 0.6% quarter-on-quarter during the second quarter of 2023, compared to 0.4% in the preceding quarter. However, the modest performance in 2023 can be attributed to persistent challenges, such as ongoing load-shedding, inefficiencies in port and rail operations, elevated living costs, higher interest rates, subdued global demand, and the ever-present elements of crime and corruption.

A growth rate of 0.7% is anticipated for 2023, projecting a slight uptick to 1.2% in 2024. There has been a gradual rise in Gross Fixed Capital Formation (GFCF) since the fourth quarter of 2022 with more infrastructure projects coming online. Nonetheless, GFCF as a percentage of GDP remained at 14.2% in 2022, significantly below the 2030 NDP target of 30%. Fiscal constraints, moderated commodity prices, an increased public sector wage bill, ongoing load-shedding, subdued confidence levels, and higher capital costs are anticipated to restrain GFCF growth in the medium term.

Headline inflation peaked at 7.8% in July 2023 before reverting within the upper threshold of the inflation target band by June 2023, further moderating to 4.8% in August 2023. This decline was predominantly driven by a slowdown in food and fuel price inflation, attributable to reduced oil prices. While inflation is poised to benefit from lower global food prices, the outlook faces upward risks from volatile fuel prices and a weakened rand. The South African Reserve Bank's (SARB's) repo rate may have reached its peak; however, should potential risks materialise, the SARB might contemplate further interest rate hikes. The rand is expected to face continued pressure due to fiscal deterioration, persistent infrastructure challenges, and prevailing global risk aversion sentiments. Nevertheless, the rand and other emerging market currencies may find support in 2024, as the US Federal Reserve and other central banks are anticipated to initiate rate reductions.

### Normalisation Post-COVID-19

The COVID-19 pandemic has profoundly affected every industry and facet of people's lives, leading to substantial economic and financial setbacks along with pervasive uncertainties. More than three years since the imposition of lockdown restrictions and the declaration of a state of disaster, the impact of the COVID-19 outbreak persists, posing ongoing challenges to the aviation sector. Air navigation service providers continue to grapple with air traffic movements that are below pre-pandemic levels.

Presently, ATNS manages approximately 85% of the air traffic volume witnessed before the onset of COVID-19. Acknowledging the considerable decline in revenues across the aviation industry, which has resulted in substantial debts for many organisations, including ATNS, the Company continues to incorporate this reality into its strategy.

### 1.4. Global Aviation Industry Overview

The response to the COVID-19 pandemic reverberated across all industries and sectors, significantly impacting people's lives. However, the airline and tourist industries bore a particularly devastating brunt



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due to the effects of lockdowns and travel restrictions. ATNS, alongside various aviation entities, faced a substantial decline in revenues, pushing several organisations, including ATNS, to erode cash and assume significant debts. Despite nearly three years since the inception of lockdown measures, ATNS is managing approximately 85% of pre-pandemic traffic, which is forecast to reach 100% within the next two years.

However, there is a gradual resurgence evident in the global airline industry, as air passenger traffic slowly rebounds, signifying a path back to pre-pandemic performance. Key observations include:

- In 2021, Revenue Passenger Kilometres (RPKs) accounted for only 41.7% of 2019 levels. By 2022, global air passenger traffic gained traction, reaching 68.5% of 2019 performance.
- During quarter two of 2023, global origin-destination (OD) passenger traffic surged by 28.9% compared to quarter two of 2022, totalling 954 million passengers. This surge brought global passenger traffic nearly to pre-pandemic levels, trailing just 3.5% below the figures recorded in quarter two of 2019.

- Revenue is outpacing expenses, driving a boost in profitability, with industry revenues projected to reach \$803 billion in 2023 - a 9.7% increase from 2022, yet still 4.1% below 2019 levels. The anticipated inventory of 34.4 million flights in 2023 reflects a 24.4% increase from 2022 but remains 11.5% below 2019 performance.

- The IATA forecasts an upswing in the average operational profitability (earnings before interest and taxes) of the airline sector to touch 2.8% in 2023, with net profits slightly exceeding 1%. Notably, US airlines are expected to lead in profitability, capitalising on robust regional passenger volumes.

- Recent projections suggest that the demand for air transport will grow by an average annual rate of 4.3% over the next two decades. If realised, this growth trajectory could contribute 15.5 million direct jobs and \$1.5 trillion to the global economy through the air transport industry by 2036.

The graph below illustrates a progressive improvement in international seat numbers since the downturn in 2020. During the northern hemisphere summer season of 2023, international capacity stood at 5.8% below the 2019 summer season<sup>1</sup>.

<sup>1</sup> <https://www.iata.org> (Accessed 12 October 2023)





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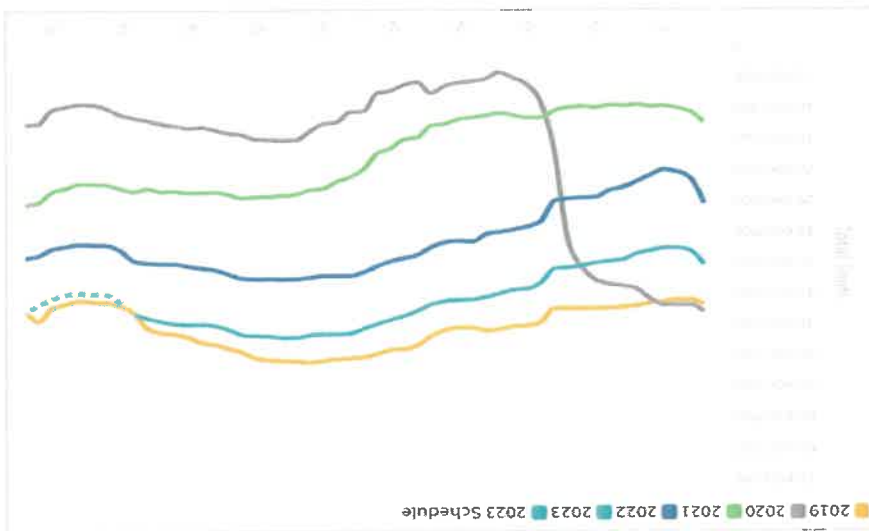


Figure 7: International seats, weekly, 2019-2023 comparison

While global travel volumes show signs of returning to pre-pandemic levels, one particular segment of international travellers may take longer to regain its previous numbers. In 2019, tourists from China recorded over 150 million departures on international flights and collectively expended more than US\$250 billion abroad – nearly double the expenditure of the next most prolific travellers, the Americans.

Although COVID-19 restrictions are no longer enforced in China, tourists from the country have been sluggish in resuming their extensive travels. By April 2023, Chinese tourism to Japan had declined by 85% compared to 2019. Similarly, trips to European destinations, such as France, Switzerland, Greece, and Spain, also witnessed substantial decreases. Overall, China's outbound travel spending is projected to be nearly 70% lower in 2023 than its peak before the pandemic. Moreover, between January and April 2022, 8 500 tourism agents and companies declared bankruptcy<sup>2</sup>.

The significant decline in Chinese travel and spending can be largely attributed to economic woes centred around the real estate sector. Approximately 70% of Chinese wealth is invested in property, and the prevailing instability has prompted consumers to adopt a more cautious approach.

### 1.5. African Industry Overview

The COVID-19 pandemic travel restrictions were devastating for all airlines around the world, and Africa was no exception, with the aviation industry's contribution to GDP estimated to have halved from 2019 to 2021. In 2020, Africa's airlines incurred losses amounting to approximately \$7.7 billion, leading to millions of job losses within the broader travel ecosystem, with eight airlines facing bankruptcy. The African Airlines Association (AFRAA) reported the aviation industry's total contribution to the continental GDP in 2019 at \$63 billion, a figure that plummeted to \$27 billion in 2021.

As of March 2023, African airlines had carried traffic equivalent to 94.8% of the 2019 level. Within this, the domestic market share accounted for 37%, intra-Africa flights at 31%, and intercontinental travel at 32%.

<sup>2</sup> [https://www.moneyweb.co.za/news/economy/why-chinas-real-estate-crisis-should-make-the-global-travel-industry-nervous/?bid=120\\_23224\\_8401658](https://www.moneyweb.co.za/news/economy/why-chinas-real-estate-crisis-should-make-the-global-travel-industry-nervous/?bid=120_23224_8401658) (Accessed 02/11/2023)



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Projections from AFRAA suggest that by the end of 2023, African airlines will have transported a total of 85 million passengers, approximately 10 million fewer than the total passengers in 2019.

Since October 2022, the total number of intercontinental routes operated by African airlines has exceeded pre-pandemic levels, while connectivity within Africa at eight airports has met or surpassed pre-COVID-19 levels since December 2022.

For the surviving airlines that weathered the unprecedented challenges of COVID-19 lockdowns, the gradual recovery presents an opportunity for resurgence. African airlines witnessed a steady recovery in traffic during the second quarter of 2022, with both Available Seat Kilometres (ASKs) and RPKs steadily reverting to their pre-pandemic standards. By the third quarter of 2022, African airlines' ASKs and RPKs had reached 80.7% and 78.5% of 2019 levels, respectively. Subsequently, by the fourth quarter, ASKs had ascended to 85% of 2019 levels, while RPKs had climbed to 86.3%.

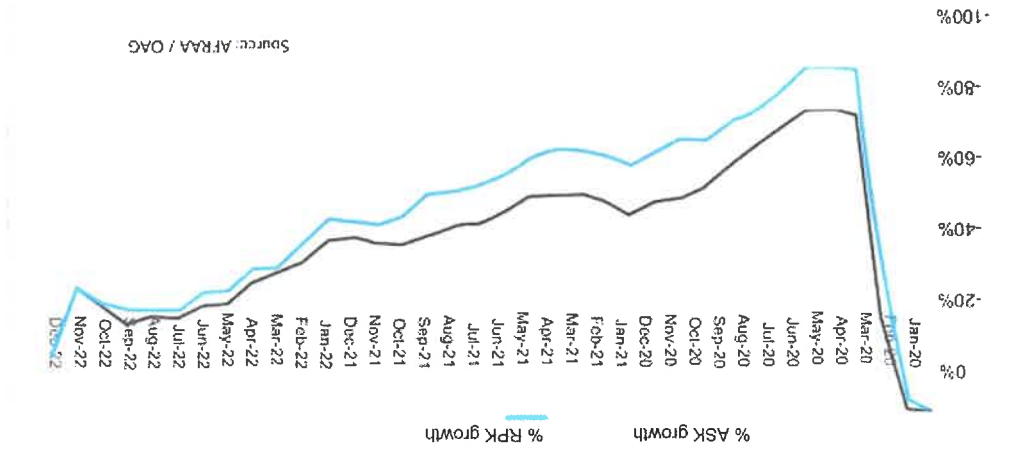


Figure 8: African airlines ASK and RPK recovery

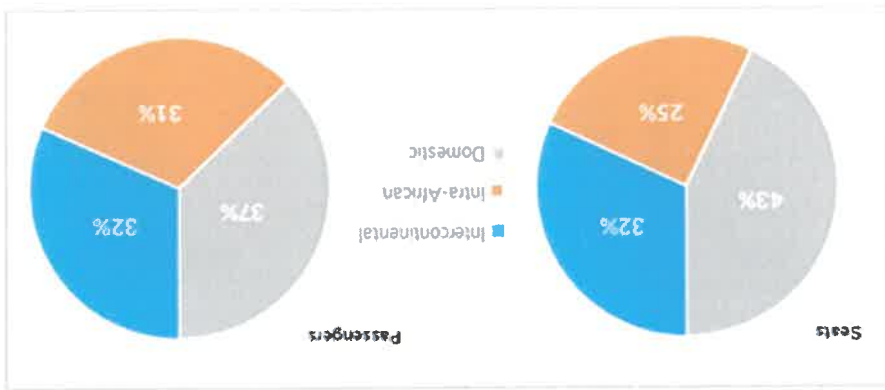
Source: AFRAA / OAG

The financial health of African airlines has been slowly recovering from the blow dealt by the pandemic restrictions. Estimated passenger revenue losses amounted to \$10.2 billion in 2020 and \$8.6 billion in 2021. Anticipated losses are set to decrease to \$3.5 billion in 2022, representing 20% of 2019 revenues. Africa's airline industry continues to be marginal.

Only 25% of available African airline seats are assigned for intracontinental travel, even though 31% of all travellers are moving within the continent. Intra-Africa flights present a potential area of growth for the continent's airlines.

Southern Africa represented 17.2% and 20% of total continental traffic during the third and fourth quarters of 2022, respectively. Domestic traffic is prominent and represents more than 60% of the South Africa market. Again, intra-African travel dominates international traffic, with a share of 48%. Traffic to Europe is also significant, with the main destinations being the United Kingdom, Germany, and Portugal. The main market pair is South Africa – Zimbabwe.

Figure 10: Continental seats and passenger distribution, 2022 (Source: AFRAA/OAG)



Domestic flights constitute the largest portion of aviation activity in African airspace, signifying a significant potential for growth for the continent's airlines. Across Africa, a majority of flights are domestic, accounting for 43% of total seats and 37% of passengers. Additionally, intercontinental travel occupies 32% of available seats and represents an equivalent percentage of passengers traveling between continents.

Figure 9: Airline financial performance, quarter one 2020 to quarter one 2023 (Source: AFRAA/OAG)





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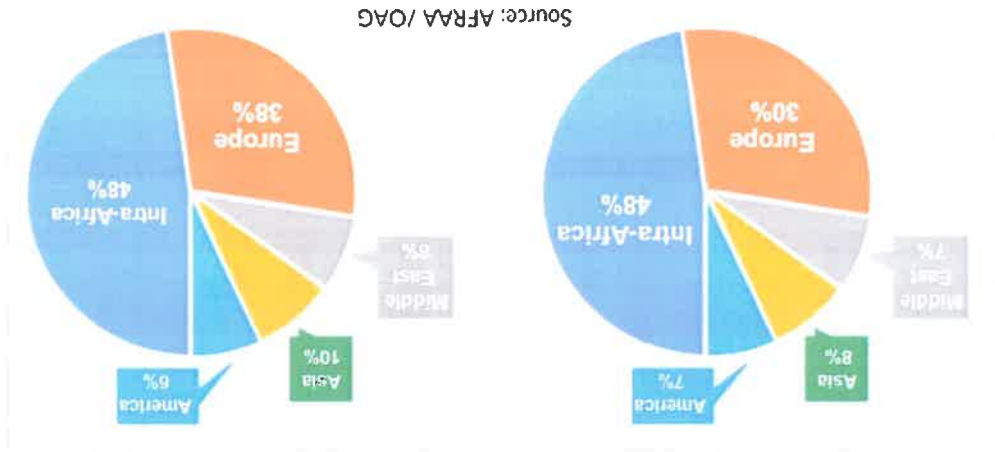


Figure 11: Southern Africa traffic repartition, Quarter 1 and Quarter 4 of 2022. Egyptian and Ethiopian Airlines are the largest carriers on the continent by traffic volumes, with the two swapping places between Quarter 3 and Quarter 4 of 2022. Both airlines realise much greater volumes of intercontinental travel during the northern hemisphere summer season (Quarter 3 and Quarter 4, annually).



Figure 12: Top 10 African airlines by traffic, Quarter 1 and Quarter 4 of 2022 (Source: AFRAA/OAG)

The statistics about the allocation of available African airline seats and the dominance of intra-Africa travel hold several implications for ATNS, including:

- Market potential:** The fact that only 25% of airline seats are designated for intercontinental travel, despite 31% of all travellers moving within the continent, indicates an untapped potential for growth in intra-Africa flights. This trend signals an opportunity for African airlines to expand their services in catering to the growing demand for regional travel.
- Regional traffic patterns:** Understanding regional traffic patterns is crucial. Southern Africa, including South Africa, constitutes a significant portion of total continental traffic. Within South Africa, domestic travel comprises over 60% of the market, emphasising the importance of efficient management and services for these flights.

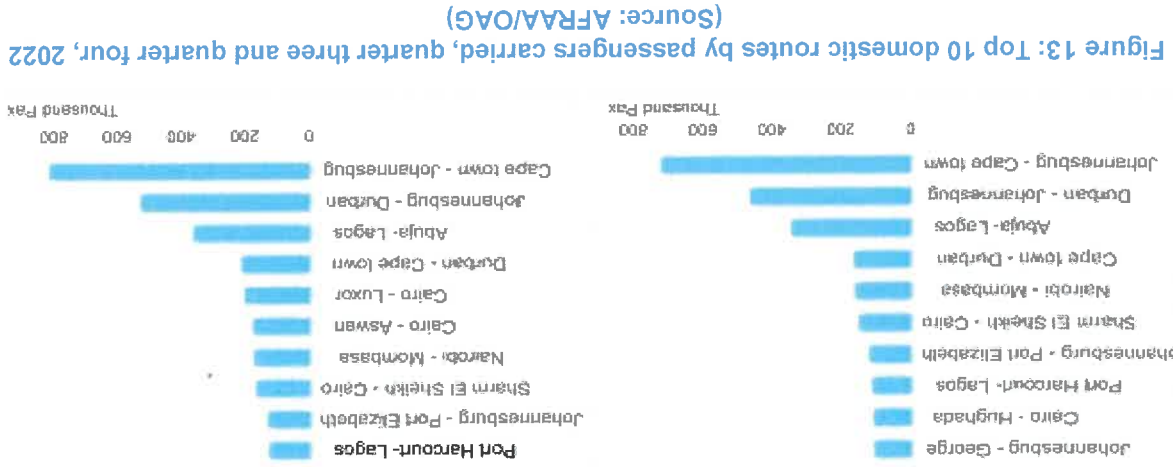


- Focus on intra-African connectivity:** Given the dominance of intra-African travel in the international traffic segment, ATNS should focus efforts on optimising ATM, enhancing navigation services, and improving airport facilities to facilitate smoother and more efficient intra-African connections.
- International routes:** While intra-Africa travel dominates international traffic, ATNS might need to consider supporting international flight routes, especially those connecting Southern Africa with prominent European destinations like the United Kingdom, Germany, and Portugal.
- Market pair understanding:** Identifying key market pairs, such as the South Africa-Zimbabwe route, is crucial for ATNS to cater to the specific needs and demands of these high-traffic connections, ensuring smooth operations and efficient air traffic control services.

In summary, the data suggests that ATNS should focus on enhancing services, optimising infrastructure, and fostering collaborations to support the growth potential in intra-Africa travel, while simultaneously ensuring efficient operations for domestic and international flights within the Southern African region.

It is testament to the size of South Africa's domestic market that Safair (which offers mainly domestic flights) appears in the top five by traffic. It is also a low-cost airline. Algeria's Air Algérie and Morocco's national carrier Royal Air Maroc round out the top five and see a similar shift in flight composition from intercontinental to intracontinental from Quarter 3 to Quarter 4.

South Africa is the continent's dominant market for domestic flights, evidenced by the fact that it had five of the top 10 routes by passengers carried in Quarter 3, and four in Quarter 4. Across both quarters, three of the top five domestic routes are in South Africa, including the top two.



The Johannesburg/Cape Town route is by far the busiest on the continent, followed by Durban/Johannesburg. The third busiest route is Abuja/Lagos in Nigeria. Low-cost carriers are essential to the development of domestic routes, which will facilitate increased connectivity within countries and link regions for business, travel, and tourism purposes.





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When examining market segments, it is evident that both the penetration and growth of the low-cost airline sector are notably low, especially in West, Central, and Eastern Africa, where over nine out of 10 seats are operated by legacy airlines.

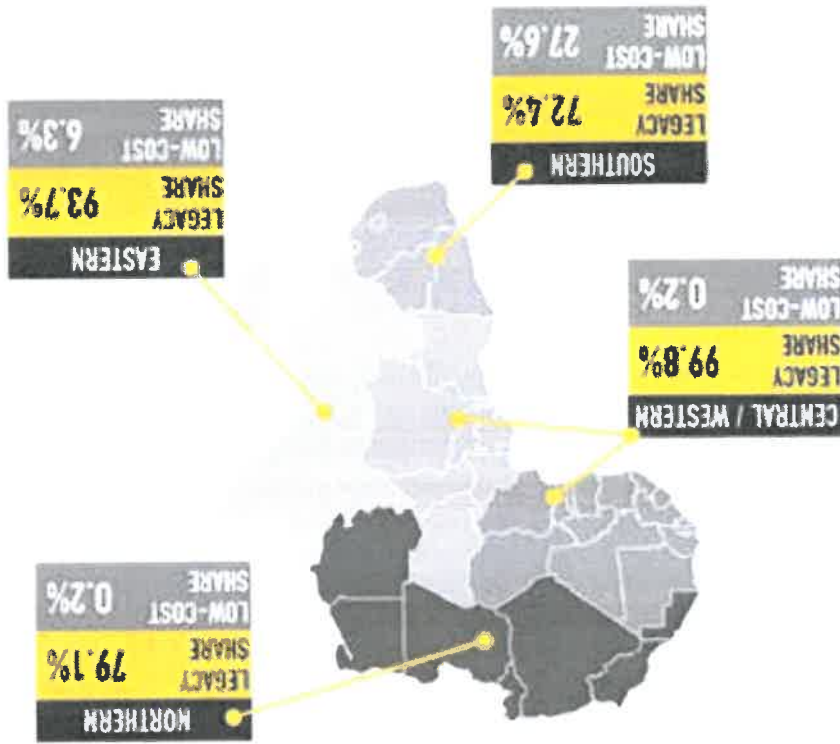


Figure 14: Legacy/low-cost airline share by regional market, 2022 (Source: OAG Travel Recovery Tracker)

In 2022, the presence of low-cost airlines in Africa remained limited, with only eight domiciled on the continent. Throughout the history of scheduled aviation in Africa, this count has never reached double digits. As of January 2023, the global average indicates that low-cost airlines contribute 35% of total aviation capacity worldwide. This starkly highlights Africa's lag in embracing a proven industry segment that not only stimulates new market demand but also augments connectivity, ultimately fostering economic growth.

Low-cost airlines in Africa face challenges stemming from highly regulated markets characterised by high taxation and a scarcity of skilled resources. Moreover, they encounter obstacles in challenging established distribution channels and establishing direct booking mechanisms. However, the pivotal concern that warrants attention revolves around consolidation and scale. The continent hosts a multitude of airlines, posing difficulties for any single airline to achieve significant scale. The success of an airline relies on maintaining a diverse network that is adaptable to market shifts.

Much like domestic flights facilitating the connection of people, cargo, and ideas across regions, fostering better cohesion and cooperation, intracontinental air travel holds the potential to build a more robust and prosperous continent.





While Ethiopia holds the largest number of flights between African countries, the connectivity at Johannesburg's hub has shown improvement, and remains a prominent intra-African connected airport. However, it still trails its pre-pandemic connectivity levels. Conversely, airports, such as Addis Ababa, Lome, and Abidjan, have surpassed pre-COVID-19 levels, benefiting from the expansion initiatives of regional airlines.

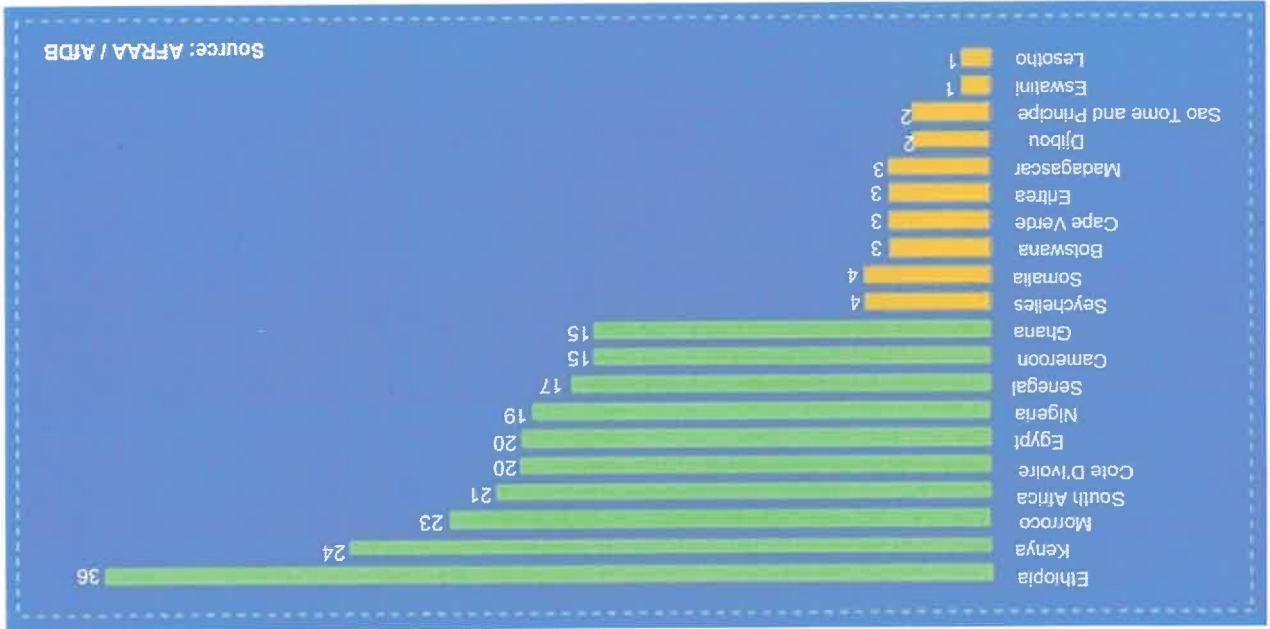


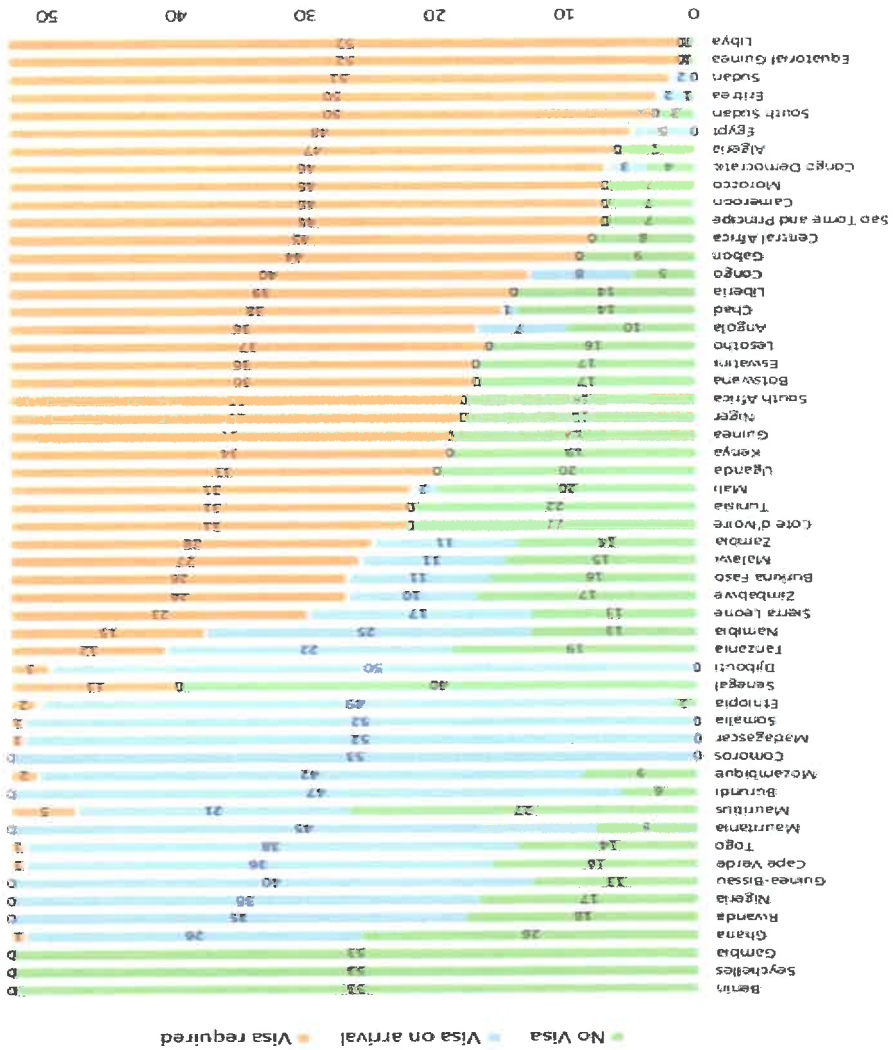
Figure 15: Number of direct flights between African countries

A more interconnected Africa will inevitably lead to a more prosperous continent. Presently, certain areas within Africa require travel via Europe to reach neighbouring countries, a situation that could potentially be alleviated in the future.

Visa requirements often serve as deterrents for visitors. For the SAATM to fully materialise, a move toward increased openness might be essential. Looking at the visa requirement chart below, it becomes evident that countries like Benin, Seychelles, and Gambia, which do not impose visa mandates for any African state, are positioned at one end of the spectrum. In contrast, countries like Equatorial Guinea, Libya, and Sudan require visas from nearly all travellers.

Zimbabwe and Burkina Faso offer visa-free or visa on arrival policies for 27 African nations, while mandating visas from 26. The scenario changes in Malawi, where the balance tilts as the requirement for a visa extends to 27 nations, compared to the 26 nations with relaxed visa policies. Remarkably, 30 out of the 53 African countries surveyed demand visas from more than half of their African counterparts.

South Africa ranks in the lower-middle tier, positioned at 34 out of 53 African nations regarding openness concerning visas. The country does not provide visas on arrival. While passport holders of 18 states can enter the country without a visa, visitors from 35 African states require a visa for entry.



### Africa Industry Potential

Despite comprising 18% of the global population, Africa contributes a mere 2% to international air transport market activities, encompassing both cargo and passenger services. Presently, numerous intracontinental flights are routed through Europe, creating an opportunity for African carriers to expand intraregional traffic and secure market share by efficiently connecting passengers and fostering commerce within the continent.

In April 2023, the IATA introduced "Focus Africa" with the objective of amplifying the aviation industry's impact on Africa's economic and social progress. This initiative aims to improve connectivity, safety, and reliability for both passengers and shippers.

The primary goal is to narrow this gap, enabling Africa to leverage the benefits of aviation in terms of enhanced connectivity, job creation, and economic advancement. The initiative seeks to align the efforts of



of public and private stakeholders, aiming for tangible advancements across six pivotal areas: **Safety, Infrastructure, Connectivity, Finance and Distribution, Sustainability, and Future Skills.**

Forecasts indicate that Africa's overall air traffic growth will surpass the global average of 6.1% in 2023, reaching 7.4%, already surpassing pre-pandemic levels. According to the recent report, Commercial Market Outlook for 2023 by the Boeing Company, **Africa's aviation industry is poised for significant expansion.** The forecast suggests a more than fourfold increase in domestic passenger air traffic over the next two decades.

Boeing projects a demand for approximately 1 025 new aeroplanes by 2042 to accommodate this growth and replace aging fleets. The report underscores the substantial role expected from single-aisle narrow-body jets, constituting over 70% of commercial deliveries and driving fleet expansion.

Meanwhile, Airbus anticipates a requirement for 1 180 aircraft with more than 100 seats in the next two decades for African airlines. Of these, 880 are expected to be single-aisle planes, while 300 will be wide-body aircraft. This expansion is poised to create substantial demand for aviation professionals, including the need for 21 000 pilots, 22 000 technicians, and 26 000 cabin crew members.

The SAATM holds immense significance in unlocking Africa's complete aviation potential, yet despite its 2018 launch, full implementation remains a work in progress. SAATM stands as a flagship project of the African Union Agenda 2063, aiming to create a unified air transport market across the continent. Its primary objective is to advance the liberalisation of civil aviation, catalysing Africa's economic integration agenda. SAATM's intended role is pivotal in connecting Africa, fostering social, economic, and political integration, and bolstering intra-African trade and tourism.

Strongly endorsed by IATA, this initiative aspires to open up Africa's airspace, elevating the significance of aviation continent-wide. Open air arrangements have the potential to stimulate increased air traffic, fuel economic growth, and generate employment opportunities. An IATA survey suggests that unlocking markets and enhancing connectivity in just 12 key African countries could result in creating an additional 155 000 jobs and an annual GDP boost of US\$1.3 billion in those nations.

However, successful implementation is critical. In November 2022, the African Civil Aviation Commission initiated its Pilot Implementation Project to drive SAATM's implementation forward. The initial phase employed a multitermed approach to enhance awareness and participation, with a specific focus on granting Fifth Freedom traffic rights.

Presently, 34 countries have signed up for SAATM, representing over 80% of the existing aviation market in Africa. Despite this support, the AFRAA reported in 2022 that 10 African states had denied Fifth Freedom traffic rights to African airlines. Bilateral agreements still prevail, often based on political affiliations.



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Figure 17: Countries that have signed up to the SAATM (Source: IATA)

### Africa Industry Challenges

Amidst the ongoing advancements in Africa, the aviation sector grapples with significant challenges impeding its full potential across the continent:

- African airlines bear substantial government-imposed costs, with fuel expenses up to 40% higher compared to global averages.

- The absence of open-skies agreements regionally and continent-wide constrains growth through route connectivity.

- Geopolitical factors, inadequate connectivity, slow adoption of global standards, skills shortages, limited infrastructure investment, regulatory barriers, and finance accessibility further compound these challenges.

- An important challenge highlighted by the airline analytics consultancy OAG pertains to the multitude of airlines operating in Africa. This crowded landscape impedes each carrier's ability to establish a robust financial and structural footing, rendering it arduous to withstand competition and new entrants.

- Airport service fees in Africa can surpass industry norms by up to 8%. Some governments justify higher fees as necessary for infrastructure development. Sierra Leone's civil aviation authority plans a staggering 1400% increase in the Airport Development Charge levied on passengers.

- Presently, African airlines confront soaring Jet A1 fuel prices. Recent data shows the global weekly average jet fuel price reached \$126.37 per barrel in late August 2023, up from \$103.64 in July 2023.





- This escalation poses a fresh challenge for airlines striving to maintain profitability. Fuel costs, exceeding 30% of operating expenses for African airlines, stand 12% higher than the global average.
- The scarcity of sustainable aviation fuel globally, particularly in Africa, underscores the necessity to establish SAF infrastructure for the industry's future. Collaborative efforts with stakeholders are imperative to boost SAF production and distribution across the continent.

- Blocked funds, a persistent issue in Africa, hinder airlines from accessing or repatriating their earnings due to governmental regulatory requirements or economic policies. Five countries account for 68% of globally blocked funds, with Nigeria leading, having blocked more than the rest of the top five combined, totalling \$812.2 million. IATA urges governments to honour international agreements, operating within these jurisdictions. IATA urges governments to honour international agreements, allowing airlines to repatriate revenues from passenger ticket sales and other activities.

- Moreover, political instability remains a perpetual challenge in Africa, manifesting in armed conflicts and insurgencies. Forecasts for 2023 anticipate security crises in regions spanning the western Sahel, Lake Chad Basin, eastern Democratic Republic of the Congo, and northern Mozambique, transcending state borders. Refer to the figure below for consideration by ATNS in its Africa market penetration and development efforts.

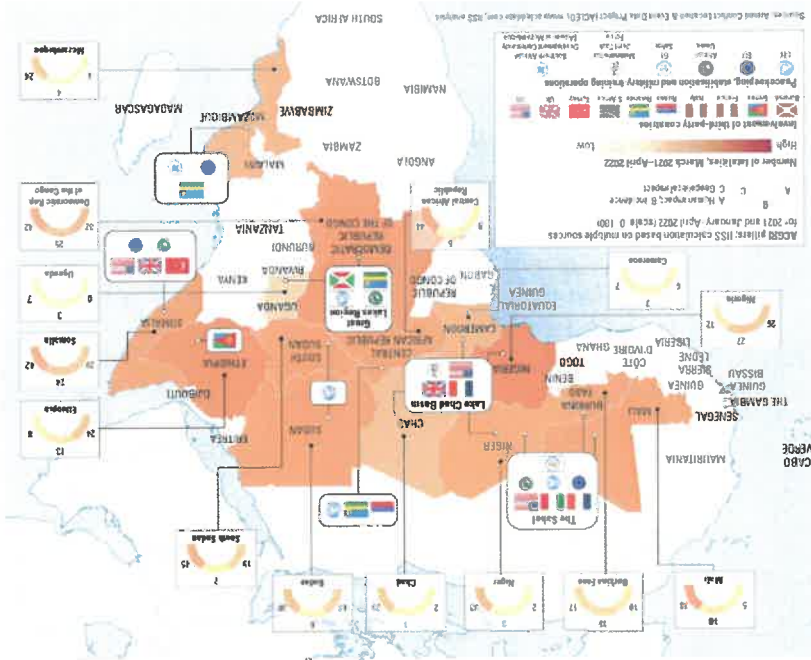


Figure 18: Map of armed conflicts in Africa, 2023

## 1.6. PESTEL Analysis

The macro and industry environment is summarised in the PESTEL analysis below, which reflects the external forces influencing business operations and strategic decision-making.



Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> <li>• Impact of geopolitical events on ATNS ability to leverage opportunities</li> <li>• Growing involuntary migration, requiring responsiveness and agility</li> <li>• Fragmentation of the globalisation project and coalescing around the two economic superpowers</li> <li>• National Election in 2024, populist politics, and policy uncertainty</li> <li>• Pockets of conflict, corruption, and political volatility across the continent</li> <li>• Backlash from African countries for xenophobia in South Africa</li> </ul>	<ul style="list-style-type: none"> <li>• Subdued global economic growth, with long-term outlook</li> <li>• Solid growth in several African regions but not necessarily in aviation</li> <li>• Stagflation in South Africa: Low economic growth, high unemployment, and rising cost of living</li> <li>• High interest rates in several African countries</li> <li>• Rising fuel prices</li> <li>• Low business/investor confidence</li> <li>• Energy crisis, persistent load-shedding (safety implications)</li> <li>• Logistics constraints</li> <li>• Fiscal constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Widespread poverty owing to mass unemployment, particularly among the youth</li> <li>• Loss of skills in aviation industry to global markets</li> <li>• Ongoing need for social relief grant, which the country cannot afford</li> <li>• Worsening social cohesion</li> <li>• Mental health deterioration owing to growing financial distress and poverty</li> <li>• Ever-present threat of new pandemics</li> <li>• Prevalence of service delivery protests, and mafia-style criminal syndicates</li> <li>• High levels of crime and corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in cybercrime and cyberattacks</li> <li>• Technological advancements, particularly in artificial intelligence, robotics, and automation</li> <li>• Limited number of technology companies in the ATM and air navigation services sector</li> <li>• Emergence of drones (UAS) in air spaces</li> <li>• Worldwide digital monopolies dominating global internet infrastructure</li> <li>• Preference of employees for hybrid work but pull back to office by employers</li> <li>• Growing opportunities for space-based decision support tools</li> <li>• Proliferation of 5G technology, which disrupts signal and poses security threats in migration to cloud</li> </ul>	<ul style="list-style-type: none"> <li>• ESG emerging as a non-negotiable for accessing finance and competing globally as a good corporate citizen</li> <li>• Requirements around decarbonisation/sustainable aviation fuels</li> <li>• Move towards green ATM</li> <li>• Climate change, adaptation, natural disasters, and biodiversity loss are the top four risks of the future</li> <li>• Embracing climate action/just transition interventions offers the continent trillion-dollar opportunities owing to its mineral wealth</li> <li>• Ever-present threat of new pandemics and epidemics</li> </ul>	<ul style="list-style-type: none"> <li>• Implication of the outcome of the Regulating Committee permission for the next cycle</li> <li>• Implication of the National State-Owned Entities Bill once enacted</li> <li>• Implication of the drive for a single economic regulator, operating on a fulltime basis</li> <li>• Protectionist policies in African countries limiting entry of new players</li> <li>• New regulations related to addressing the energy crisis (positive influence on load-shedding in the future)</li> </ul>

Figure 19: Summary PESTEL analysis





## What the Evolving Operating Landscape Means for ATNS

The evolving aviation landscape in Africa presents ATNS with a unique chance to harness potential opportunities strategically. By expanding its services, proactively tackling challenges, fostering collaborations, and advocating for policies that promote smooth air travel and connectivity within the continent, ATNS stands to capitalise on these prospects. As it extends its reach and aligns with the broader industry's growth trajectory, ATNS has the potential to assume a pivotal role in shaping Africa's aviation sphere. Such proactive involvement can contribute significantly to fostering economic advancement across the continent, considering:

- As the aviation sector steadily rebounds post-COVID-19, the African aviation sphere presents promising prospects for growth, especially in intra-Africa travel and regional connectivity. To capitalise on these opportunities, ATNS can strategically expand its presence within this landscape by addressing constraining factors and leveraging emerging trends through an **in-depth understanding of each regional economic community and the dynamics of individual countries.**

- The anticipated demand for approximately 40 000 new passenger and freighter aircraft over the next 20 years is based on assumed compound annual growth rates (CAGRs) of 3.6% and 3.8% in passengers up to 2041. The global market for air traffic control equipment is projected to reach US\$6.7 billion by 2026, growing at a CAGR of 5.2%.

- Since 2021, air cargo has enjoyed a significant relative price advantage over maritime cargo, resulting in increased low-cost market share globally. The industry foresees **narrow-body aircraft surpassing wide-bodies on many transatlantic routes**, as airlines aim for a more asset-light approach.

- Other emerging trends include **smart airports** facilitated through increased digitalisation and concerns about energy efficiency and sustainability, potentially leading to some degree of dehubbing.

- Climate action, sustainable consumption, and waste disposal are increasingly prioritised within the industry. The industry's commitment to **achieving net-zero CO<sub>2</sub> emissions by 2050** will impact the near-term profitability of airlines and aviation infrastructure, as well as global connectivity. Key strategies to reduce emissions involve fleet renewal, improvements in operational efficiency, technological innovations, and the use of SAFs.

- Affordability is a critical factor that must be considered in the implementation of reforms, especially considering the detrimental impact of COVID-19 lockdowns on the industry's financial position. In the current environment of global uncertainty and slow economic growth, ATNS needs to ensure agility and resilience in its strategic plans. The ability to adjust operational costs, while securing appropriate financial support, allows for a **flexible response to changing demands.**

- **ATNS needs to strengthen its ability to scale with traffic.** Strategic focus should be on adjusting organisational design, realigning priorities, and enhancing digitalisation. Prioritising capacity building and improving industry education and skills remains essential. Building scalability and agility into the business model has become an urgent necessity.



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- Establishing ATNS footprint in Africa requires a focus on **enhancing services, optimising infrastructure, and fostering partnerships** to support the growth potential in intra-Africa travel. **Understanding regional traffic patterns** and catering to the significant market potential for regional flights within Africa would be crucial for expansion strategies. Given the dominance of intra-African travel in international traffic, ATNS should **prioritise optimising ATM, improving navigation services, and enhancing airport facilities** to facilitate smoother intra-African connections.
- The analysis suggests that ATNS should consider supporting international flight routes, especially those connecting Southern Africa with prominent European destinations like the United Kingdom, Germany, and Portugal. **Identifying key market pairs and tailoring services to specific high-traffic connections**, such as the South Africa-Zimbabwe route, would enhance operational efficiency and air traffic control services. **Opportunities beyond Francophone countries** should also be pursued.
- Recognising the potential of low-cost carriers in developing domestic routes could significantly contribute to increased connectivity within countries and regions, promoting business, travel, and tourism. However, **challenges related to regulation, distribution channels, and market scale** must be navigated carefully to ensure successful expansion.
- ATNS needs to navigate several prevalent challenges in the African aviation sector, including **government-imposed costs on airlines, slow implementation of open-skies agreements, geopolitical factors, skills shortages, limited infrastructure investment, regulatory barriers, and financial constraints**. Collaborative efforts with stakeholders to address these challenges, possibly through advocacy, partnerships, and initiatives aimed at regulatory reforms and infrastructure development, could be beneficial.
- Additionally, factors, such as **escalating fuel prices, scarcity of sustainable aviation fuel, blocked funds, and political instability** across various regions, pose additional hurdles. Developing strategies to manage rising operational costs, exploring alternatives for sustainable aviation fuel, advocating for policies enabling fund access, and ensuring operational safety amid geopolitical challenges are critical aspects to consider for sustained growth and resilience.
- Efforts should be directed towards **supporting initiatives like the SAATM**, aimed at creating a unified air transport market across the continent. ATNS can contribute by advocating for open-air arrangements, increased connectivity, and the removal of barriers to intra-African travel. Collaboration among public and private stakeholders to improve safety, infrastructure, connectivity, finance, sustainability, and workforce development would be pivotal in achieving these objectives.

## 2. Internal Environment

### 2.1. Reflection on Financial Performance

The graph below shows ATNS financial sustainability performance based on the key performance indicators of Strategy 2025. It reflects the consolidated performance against key financial indicators, including reduction in operating costs, liquidity, cash coverage, capitalisation, non-regulated business revenue, audit outcome, amongst others. Following the dip in performance in the COVID-19 period, performance has steadily improved.



ATNS Corporate Plan (2024/25 – 2026/27)

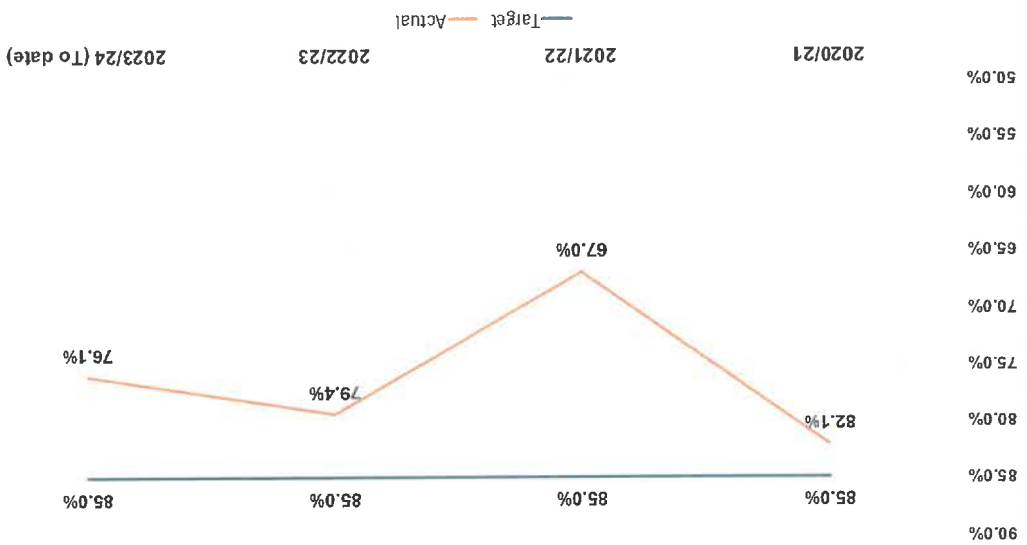


Figure 20: Financial sustainability performance 2021-2024 (to date)

### Summary of Audited Financial Performance for the FY2022/23

- The removal of lockdown travel restrictions globally and within South Africa resulted in a 36% increase in revenue to R1.388 billion in 2022/23, compared to R1.017 billion in 2022. This surge was primarily driven by a rise in billable movements, increasing from 206 134 in 2022 to 260 473 in 2023, observed both in the domestic and international markets.
- Operational costs remained steady at R1.248 billion, compared to R1.248 billion in 2022, largely due to the Company's commitment to implementing cost containment measures.
- Capex decreased to R128 million, from R187 million in 2022, primarily due to the deferral of significant capital commitments during the business's recovery phase.
- The company's liquidity ratio increased to 3.07:1, compared to 2.3:1 in 2022, owing to drawdowns on the loan facility and improved debt collections. The gearing stood at 12.62%, compared to 3.96% in 2022. This is due to increased long-term loans for financing capital expenditure projects.
- The long-term loan carries both financial and information covenants, which the Company reviewed at year-end, confirming no breaches of these covenants. It is projected that the loan covenants will be achieved in 2023/24, while there is risk of breach in 2024/25 owing to the expected permission application outcome of lower than required tariff increases. This will be proactively managed and emphasises the need to aggressively increase non-regulated revenue streams.
- As a regulated company, ATNS measures its return on capital employed (ROCE) in accordance with the approach document issued by the Regulating Committee. The ROCE stands at 7.8% (Regulated ROCE: -3.4%). ROCE indicates the efficiency of resource utilisation in generating profits, while Regulated ROCE is based on the formula set by the Regulating Committee.



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- Cash generated from operations (before interest and taxation) increased significantly by 153.5% to R121 million in 2023, compared to -R228 million in 2022. This is mainly due to increased revenue and enhanced debt collections.
- The Company's cash reserves improved to R618 million in the current year, from R408 million in 2022, largely attributable to the loan facility drawdowns and improved revenue generation.

## 2.2. Reflection on Non-Financial Performance

In accordance with ATNS mandate of delivering safe and efficient services to its customers through the implementation of efficient and cutting-edge technology, the organisation is obligated to develop metrics for measuring its service delivery capability. Key performance indicators, such as the average delay per delayed flight and system availability for CNS, hold significant importance in evaluating the effectiveness of the Company's service delivery.

### Average Delay Per Delayed Flight

A critical metric involves departure delays (for flights operating under instrument flight rules) resulting from operational disruptions attributed to airport operators, airline operators, weather conditions, and service delivery by ATNS. The Company successfully met the target for the average delay per delayed flight during the 2022/23 period, achieving a delay of 331 seconds compared to the targeted maximum of no more than 360 seconds.

### System Availability for Communication, Navigation, and Surveillance

The achieved availability serves as a measure to assess and report the operational infrastructure's performance against established service delivery targets within ATNS. Failure to meet system availability targets could potentially compromise the overall stability of the network, resulting in service disruptions under specific conditions.

The availability of CNS systems is represented as a nationally calculated average, expressed as a percentage. Three permutations of this indicator serve different reporting purposes within ATNS:

- **Average Availability:** This indicator encompasses all contributors, internal and external, to system outages, utilised for ATNS internal business processes.
- **Average Availability (excluding vandalism and theft):** Similar to the previous indicator but excludes contributors related to vandalism and/or theft, used for ATNS key performance indicator reporting processes.
- **Average Availability (ATNS only):** This indicator excludes all external and/or third-party contributors to system outages, employed to monitor and evaluate ATNS internal business processes.

Throughout the reporting period, the performance of CNS systems' availability consistently fell short of the targets. This deficiency primarily resulted from ATNS equipment failures, instances of theft and vandalism, and external factors like load-shedding:



- Challenges in communications were primarily attributed to frequent power outages and obsolescence of telecommunications links.

- Navigational aids encountered challenges due to power outages, telecommunications link obsolescence, historic incidents of vandalism and theft, and unauthorised building structures.

- Surveillance systems faced challenges owing to technical failures, utility power outages, and generator issues caused by excessive operational use.

To address excessive interruptions in the communication system, ATNS is exploring several strategies, including:

- Equipping radar with VHF radios and linking it to controller workstations via VSAT technology. This is not ideal for continued high-volume service provision but is deemed an alternative for service provision on main air routes during service disruptions.

- Replacing the current telecommunication network with a Multiprotocol Label Switching (MPLS) network. ATNS recently approved replacing the legacy MARTIS® network with a MPLS network with additional capabilities that should improve the current network technology performance.

- Engaging service providers for improved infrastructure delivery and investigating additional infrastructure deployment as a fallback system with enhanced security and autonomous service provision, especially in high-risk areas.

- For navigation system interruptions, the Company is focusing on improved battery backup infrastructure, enhanced recharging and recovery systems, and security enhancements within location constraints.

- Regarding surveillance system interruptions, the key strategies involve upgrading electrical backup systems at various locations.

All these mitigations and measures underscore ATNS commitment to ensuring the provision of safe and efficient ATM and navigation services.

### Safety Performance

Safety excellence remains a top priority within ATNS operating principles. To achieve this excellence, the Company focuses on cultivating an environment conducive to safety by ensuring the availability of all necessary resources. The corporate annual safety plans (CASPs) outline the implementation strategy for safety by delineating departmental activities aimed at achieving high levels of safety performance.

The figure below shows the FY2022/23 trend for the safety rate per 100 000 flight hours.





ATNS Corporate Plan (2024/25 – 2026/27)

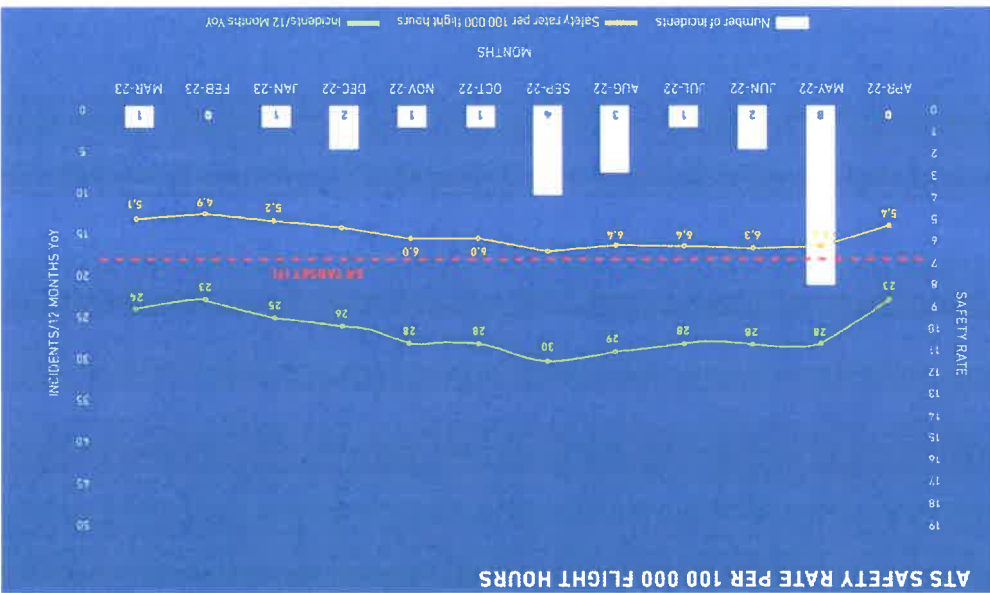


Figure 21: ATNS safety rate per 100 000 flight hours, 2022/23

The graph represents the safety performance for FY2022-2023 using the safety rate metric. The performance is indicated by the amber line graph which shows a decline (which is positive) in the safety rate over the twelve month period, achieving 5.1 against the ceiling of 7 (red dotted line). The white bars represent the safety events (incidents) reported and investigated for each month and the green line graph represents the cumulative number of safety events for the 12 months as the metric is calculated over a 12-month period. This line also shows a decline over the 12-month period.

The completion of CASP objectives by the end of 2022/23 reached 87%, surpassing the targeted 85%. This accomplishment signifies commendable performance consistent with the safety standards achieved in 2021/22. This success validates that the execution of the Safety Strategy is effectively influencing safety performance, demonstrating the desired impact.

## 2.3. People

### 2.3.1. Talent Development and Creation of a Future Skills Pipeline

ATNS builds and preserves human capital value through the individual capabilities, knowledge, skills, and competence of the organisation's employees. Investment in people through learning and development continues to be a priority. Organisational performance and sustainability require capable people; hence, it is critical to invest in people capacity development across various levels of work. Such is enabled by availing and encouraging participation in various learning and development programs that are offered from internal and external sources.

The following activities summarise the categories of learning and development initiatives that are aimed at creating internal capacity to ensure that talent is acquired and developed to support business requirements and in line with the Human Capital Plan:



- Progressive recruitment and training of bursars to create and maintain a succession pipeline for the critical and core aviation sector-specific skills within the operational environments, i.e., ATS.
- The Engineering Graduate Development Programme: A two-year programme that provides an opportunity for graduates to acquire workplace experiential training in the technical environment.
- Graduate In-Training Programme, aimed at affording young unemployed graduates across various disciplines aligned with the ATNS careers and available opportunities for experiential on-the-job learning.
- Part-time employee bursaries and short course.
- Management and leadership development programmes (in-house and external) aimed at capacitating the line managers with the competencies required to lead and effectively embed a high-performance culture.

Most of the above programmes entrench ATNS' commitment to the National Skills Development Strategy, transformation, and youth development.

### 2.3.2. A Future-Fit Workforce Programme

The Developing a Future-Fit Workforce Programme was identified as a key strategic project during the 2021/2022 financial year. The Future-Fit Workforce Programme aims to unlock one of the key drivers for Strategy 2025 implementation – the required skills, culture, and appropriate organisational design that supports intended outcomes. It entails, among other projects, a review of the organisational design, culture and values review, as well as change management.

#### Organisational Design:

The review of the organisation design followed a milestone approach, in line with global best practices when realigning an organisation. The following are the high-level milestones for the organisation redesign, which will be covered in detail hereunder:

- Develop the ATNS Organisation Design Framework.
- Conduct organisation-wide analysis using the proposed organisation design model.
- Benchmark with identified global air navigation service providers and other identified organisations.
- Develop 'to-be' organisation design in line with the analysis and findings on the 'as-is' model and desired operating model.
- Develop strategic workforce.
- Organisation design effectiveness.

The first milestone of the Organisational Design Project focused on developing a framework to redesign ATNS to align to Strategy 2025, with a focus on what ATNS should look like and what key business



capabilities the organisation would require in addressing any weaknesses and in supporting the operating vision.

Milestones two and three focused on the 'as-is analysis and benchmarking' and the departure points for the 'as-is analysts' were analysing the impact of the external environment on the ATNS business and, in particular, the impact that COVID-19 had on the organisation.

Milestones four and five focus on the development and implementation of the to-be organisation structure, as well as the development of a strategic workforce plan.

The organisational design is developed on the following principles:

- The changing context in the environment that could impact strategy execution. Core competencies critical for the execution of the ATNS Growth Strategy, including innovation and entrepreneurship.
- The operating model that is customer-centric.
- An operating model that enables collaboration.
- Design principles that address the pain points and are flexible enough to accommodate the changes in the environment.
- Value chain that puts the customer at the centre.
- The functional buckets are informed by the current strategy.

The implementation of Milestone 4 to date, led to the approval by the board of the Tier-1 Organisational Structure in September 2022. Figure 22 depicts the new ATNS corporate structure.

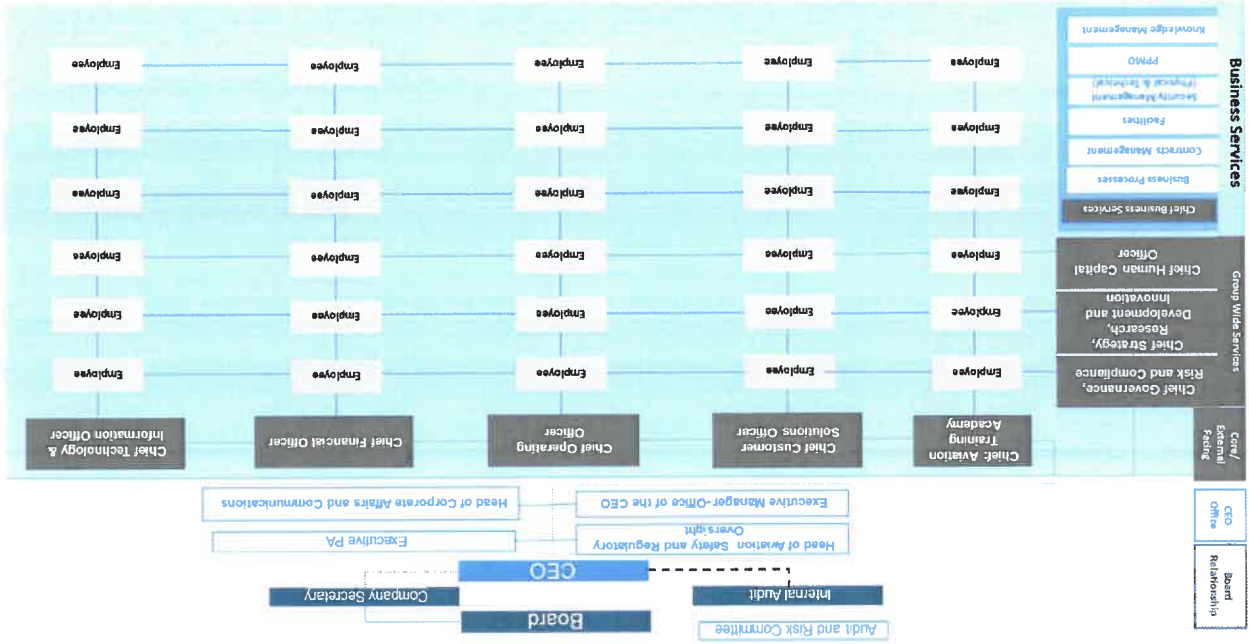


Figure 22: ATNS approved Tier 1 Structure (Customer-Centric / Hybrid / Matrix)



Tier 1 of the organisational structure has been fully resourced at the executive committee level. The focus for the 2024-25 financial year will be on implementing the activities for the remaining tiers.

The implementation approach of the organisational structure is being supported by the culture and values and Change Management Project. This is essential, as migration from a functional structure to the approved matrix structure is a significant change and is an intricate and involved exercise.

### Organisational Culture

ATNS has seen it necessary to create an environment in which employees are motivated, committed, and share the collective goals of the organisation.

The organisation aims to cultivate a culture driven by shared values, creating a conducive working environment for optimal employee performance. Similarly, ATNS aims to create an organisation that reflects the diversity of our society, and this forms the backbone of the organisations' resourcing approach. Thus, ATNS endeavours to:

- Maintain a representative workforce.
- Prioritise human capital development.
- Embed the values of safety and customer centricity, accountability, agility, diversity, and integrity.

The culture that we seek to build is a 'generative culture' (performance-oriented): The hallmarks of a generative organisation are good information flow, high cooperation and trust, collaboration ('bridging') between teams, and conscious inquiry.

The organisation's change management approach is informed by the recently adopted framework, which will enable structured and increased employee involvement and awareness.

## 2.4. Reflection on the Stakeholder Environment

Stakeholder concerns constitute a pivotal aspect in the Company's approach to delivering its strategic priorities, aligning with the service excellence pillar outlined in Strategy 2025. As part of its corporate performance indicators, the Company emphasises the measurement of customer satisfaction.

To evaluate customer experience and perceptions, a comprehensive customer survey was conducted. This survey served as a valuable tool in identifying appropriate corrective measures and recognising opportunities to meet customer needs effectively. Although the expected number of responses was not attained, ongoing engagement with customers and stakeholders persists through established forums.

The survey encompassed participation from airline operations managers, regional airport operators, airline finance departments, and pilots, gathering primary data through an electronic survey. Results from the survey highlighted a decline in customer satisfaction ratings, dropping from 7.8 in the current reporting period to 7.0 compared to the previous financial year.

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In response to this decline, detailed short-term, medium-term, and long-term response plans have been developed to address identified areas of concern. Planned interventions include expediting the acquisition of the new Central Airspace Management Unit System, assessing power needs and standby power capacity, emphasising maintenance and utilisation of CNS technology, and implementing initiatives to overcome staffing constraints.

Efforts are underway to create a customer journey map, aiding in identifying avenues to enhance communication channels and the overall customer experience. Additionally, an annual action plan will be formulated to monitor progress in enhancing customer service across the organisation, ensuring the sustainability of a favourable satisfaction rating moving forward.

Furthermore, quarterly internal engagements are conducted to enhance employee participation, fostering a culture of customer-centricity rooted in the organisation's recently reviewed values. These engagements aim to reinforce a commitment to prioritising customer needs within the organisational ethos.

## 2.5. ATNS Contribution to the Empowerment of Women, Youth, and Persons with Disabilities

ATNS procurement practices adhere to its approved Supply Chain Management Policy and Transformation Policy, aligning closely with the national regulatory framework. These policies ensure transparent management of the supply chain and the procurement of goods and services. The Company gives preference to various categories of suppliers, including 51% Black-owned suppliers, 30% Black women-owned suppliers, and suppliers owned by individuals with disabilities. This aligns to ATNS's contribution to the SDG Goal 5: Gender based equality and B-BBEE.

Furthermore, specific goals are set to target exempted micro enterprises and qualifying small enterprises that are at least 51% Black youth-owned suppliers or 51% Black-owned suppliers situated in rural, underdeveloped areas, or townships.



Through the implementation of its Supply Chain Management Policy and active engagement with suppliers and partnerships, ATNS endeavours to contribute to the advancement of previously disadvantaged individuals, while promoting sustainable development. The Company's commitment to socioeconomic objectives through public procurement is guided by the provisions outlined in the Preferential Procurement Policy Framework Act, the Broad-Based Black Economic Empowerment Act, and their associated regulations and codes of good practice.





## 2.6. SWOT Analysis

The SWOT analysis is undertaken to provide a high-level synopsis of the ATNS internal strategic positioning as shaped by key internal factors that may constrain or elevate performance, and the external forces that may elevate or limit the sustainability and growth ambitions of the Company.

Strengths to Leverage	<ul style="list-style-type: none"> <li>• <b>Proven safety track record:</b> ATNS has a well-documented and commendable safety record in its operations. This solid track record reinforces trust among stakeholders and emphasises the Company's commitment to ensuring safe ATM.</li> <li>• <b>Partnership forging capability:</b> ATNS has cultivated a solid reputation, supported by its expertise, reliability, and a genuine willingness to collaborate with various stakeholders. This positions the Company as a preferred partner in the aviation industry.</li> <li>• <b>Skilled technical workforce:</b> ATNS prides itself on its qualified technical personnel. This skilled workforce serves as a foundation for expanding ATNS and influence in international markets, with a particular emphasis on Africa's ATM and navigation sector.</li> <li>• <b>Commitment to research and innovation:</b> ATNS places a dedicated focus on research, development, and innovation. This commitment allows the Company to seize opportunities for technological advancements and benefit from the outcomes of innovation in the aviation sector.</li> <li>• <b>Reputable training academy:</b> ATNS operates a reputable training academy, equipped with high-quality facilities and resources. These facilities are tailored to provide comprehensive training for aviation professionals, covering various aspects of ATM, navigation services, and related technical fields.</li> </ul>
Weaknesses to Manage	<ul style="list-style-type: none"> <li>• <b>Future-Fit Workforce Programme:</b> <ul style="list-style-type: none"> <li>a) Organisation design</li> <li>b) Culture and values</li> </ul> </li> <li>• <b>ATA Expansion and Accreditation Strategy</b></li> <li>• <b>Products and Markets Growth Strategy</b></li> <li>• <b>Research, Development, and Innovation (RDI) Strategy</b></li> <li>• <b>Safety Strategy</b></li> </ul> <p>The strengths collectively highlight ATNS capabilities and commitments, positioning it as a reputable and capable entity in the field of ATM, navigation, and training services across the African continent and beyond. The strengths will be leveraged through implementation of the following strategies and initiatives:</p>

**Execution challenges:** ATNS has encountered difficulties in effectively executing plans or strategies, especially in areas such as implementing new procedures, technological advancements, and infrastructure implementation. If not managed, the Company's efficiency and agility may be impacted.

**Communication cascading, silo and culture issues:** Challenges exist in the effective cascading of communication across different levels of the Company. If



- not managed, inconsistent or inadequate communication practices might lead to misunderstandings, reduced clarity in objectives, and a lack of alignment.
- **Risk management and audit responsiveness:** There are weaknesses in promptly addressing risks and expeditiously responding to audit findings and identified risks (safety, internal and external audits, and reputation). If not managed, inefficiencies in managing risks and addressing audit findings could impact the Company's governance and operational reputation.
- **Ineffective funding structure:** The permission process, not maximising all revenue sources, and the inability to profit from non-regulated revenue sources continues to affect ATNS financial sustainability. If not addressed, uncertainties in funding sources can hinder the Company's ability to plan and invest in long-term initiatives, affecting strategic development and operational stability.
- **Dependency on external technology providers:** ATNS is reliant on a few dominant technology providers for delivering its services, and not deriving the full benefit if it were a manufacturer/own technology provider. If not managed, dependency on external entities could limit ATNS growth and financial sustainability aspirations.

**Addressing these weaknesses can provide opportunities for ATNS to enhance its operational efficiency, improve communication and collaboration, diversify its revenue streams, invest in skills development, strengthen internal capacity, and foster a more robust organisational structure and culture. The weaknesses will be managed through implementation of the following strategies and initiatives:**

- Future-Fit Workforce Programme:
  - a) Organisation design
  - b) Culture and values
- Products and Markets Growth Strategy
- Stakeholder Management Plan

**Opportunities to Exploit**

- **Expansion into regional economic communities in Africa:** ATNS can seize the opportunity to expand its ATM services and expertise within various regional economic communities across Africa through market intelligence and insight and establishing collaborations and partnerships within these regions.
- **Talent utilisation for consulting and maintenance services:** Leveraging the expertise within the organisation can lead to the expansion of consulting services. ATNS can offer consultancy in aviation-related fields, utilising its skilled workforce to provide specialised guidance and solutions to other aviation entities.
- **Exploring emerging technologies:** Embracing emerging technologies, such as artificial intelligence, machine learning, and automation, presents an opportunity for ATNS to modernise and optimise its ATM systems, potentially improving efficiency and safety.
- **Growth of the training academy:** Expanding the capabilities and reach of the training academy can address the increasing demand for skilled aviation professionals. Enhancing training programmes and facilities could attract a broader audience and establish the academy as a centre of excellence in aviation education, with accredited university-level qualifications.



- **ATNS international expansion:** Considering expansion into countries presents an opportunity for ATNS to establish a presence in growing aviation markets. Collaborating within these countries could lead to mutually beneficial partnerships and contribute to regional aviation development while increasing non-regulated income.

**Seizing these opportunities can position ATNS as a proactive and innovative leader in the ATM community, fostering growth, partnerships, and advancements in ATM and related services. The opportunities will be exploited through implementation of the following strategies and initiatives:**

- Products and Markets Growth Strategy
- RDI Strategy
- Information Technology (IT) Strategy
- ATA Strategy
- Strategic partnership memoranda of understanding

**Threats to Mitigate**

- **New entrants into the market:** Increased competition from new entrants in the ATM industry poses a threat to ATNS market share. Emerging companies or service providers could introduce new technologies or alternative services, challenging ATNS position.
  - **Adapting to rapidly changing technological landscape:** Keeping up with the ever-evolving technological advancements in the aviation industry presents a challenge. Failure to adapt or invest in cutting-edge technologies may impact ATNS competitiveness and operational efficiency.
  - **Cybersecurity threats:** The increasing reliance on digital systems exposes ATNS to potential cybersecurity threats. Cyberattacks targeting critical infrastructure could disrupt operations, compromise data integrity, and pose significant risks to ATM.
  - **Geopolitical instability and regulatory constraints:** Instability related to geopolitics, regional conflicts, or restrictive regulations and changes can impact ATM. Uncertainties arising from geopolitical tensions may affect airspace accessibility, regulatory compliance, and international collaborations.
  - **High cost base for private sector players:** ATNS faces the challenge of operating within a high-cost environment, especially when compared to private sector players. High operational costs could affect competitiveness and profitability in the market.
  - **Permission application rules not consistently applied:** Differences in interpretation of tariff application rules between ATNS and the regulator may place the sustainability of the organisation at risk.
- Addressing these threats involves strategic planning, investment in technological advancements, cybersecurity measures, data acquisition strategies, cost optimisation, and differentiation of services to maintain ATNS' competitive edge in the aviation industry. The threats will be mitigated through implementation of the following strategies and initiatives:**
- Operational Efficiency Programme

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- Customer Enhancement Programme
- Strategic Risk Management
- If required, to appeal the permission outcome once the regulations are in place





## PART D: OUR STRATEGY

### 1. Strategy 2025 (2024/25 Update)

ATNS strategy is an essential plan that considers the Company's mandate and long-term growth objectives. Within five-year cycles, the strategy and aligned corporate plans are updated to proactively respond to the macro environment. "Strategy 2025" was defined in December 2019. The strategy formulation process involved various engagements with industry players, such as IATA, CANSO, SACAA, Board of Airline Representatives of South Africa, Airlines Association of Southern Africa, and the ATNS Board, management, and staff.

As part of this process, the vision, mission, and values were revised and three strategic pillars were identified as the major areas of strategic focus for the five-year period of Strategy 2025:

- **Service excellence:** Providing services that meet or exceed our customers' needs and expectations.
- **Sustainability:** Creating a resilient and responsive organisation that is able to create long-term value.
- **Innovation:** Creating an adaptive organisation that is at the next frontier of development

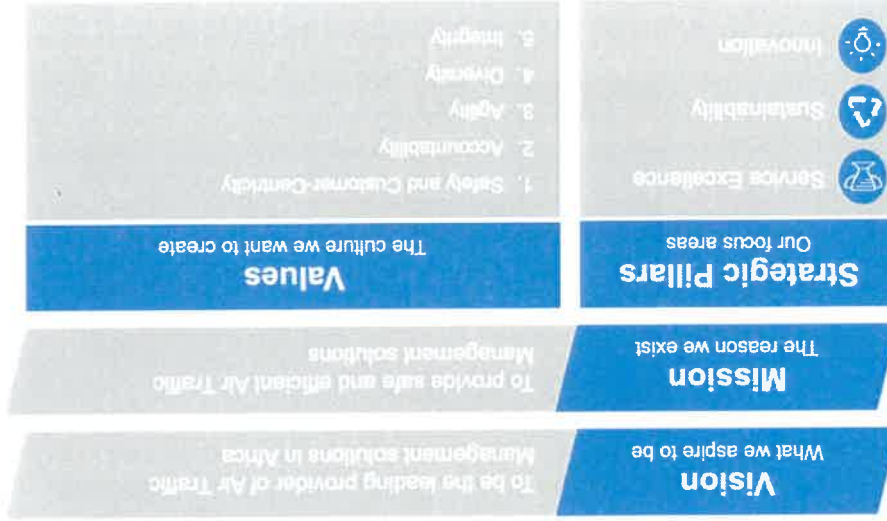


Figure 23: Vision, mission, strategic pillars, and values

Continuous Improvement is inherent in all of these strategic pillars.

Eight strategic objectives were established for the organisation:

- **Maintain financial sustainability:** Managing our profits and costs to enable a financially resilient ATNS.





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- **Ensure safety and efficiency of operations:** Ensuring a safe and efficient operational environment for the benefit of our customers.
- **Be the leading training academy on the continent:** Elevating the status and quality of our training programmes offered throughout Africa.
- **Create an adaptive and innovative enterprise:** Creating an organisation that innovates and adapts to the environment.
- **Develop a future-fit workforce:** Developing the relevant skills in the business to produce an agile and resilient ATNS, whilst embedding a desirable culture aligned to Strategy 2025.
- **Improved stakeholder-centric management:** Improving our customer experience and stakeholder collaboration with key industry players, such as airlines, other airspace users, and airports.
- **Increased business transformation:** Ensuring that ATNS plays a role in the transformation of the aviation industry.
- **Improved environmental stewardship:** Promoting, monitoring, and adopting sustainable practices so as to reduce our impact on the environment for the benefit of future generations.

These eight strategic objectives aligned to the supporting capital, are shown in Figure 24.

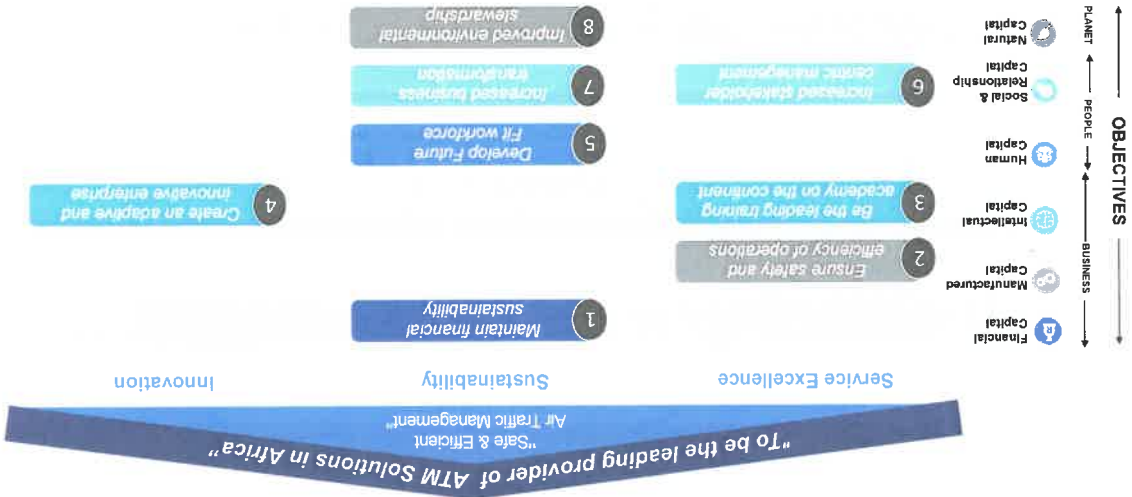


Figure 24: ATNS Strategy 2025 objectives

Post-COVID-19, ATNS followed a rigorous process and extensive engagement to stress-test Strategy 2025 against current realities. Although the strategic pillars of service excellence, sustainability, and innovation remained unchanged, the strategic focus areas that form part of each pillar were recalibrated. Given the volatile and largely uncertain outlook, a three-phased strategy execution plan was formulated, as presented in Figure 25 below.

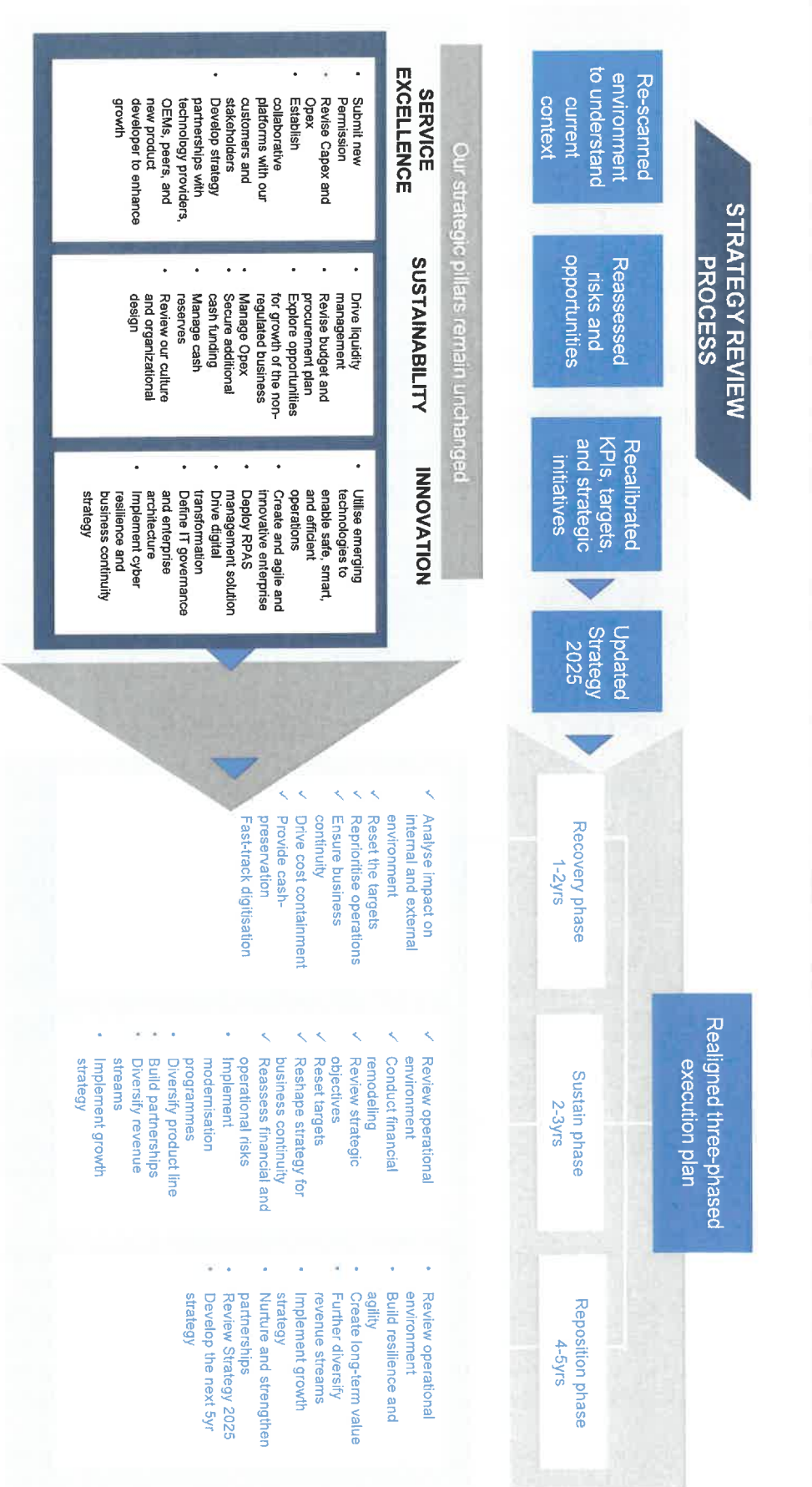


Figure 25: Strategy 2025 – ATNS review post-COVID-19



During 2022 and 2023, a number of strategy review workshops were held and Strategy 2025 was further adjusted, considering the volatile macroeconomic landscape and developments within the organisation as outlined in the situational analysis. The assessment is that the organisation is slowly moving from the recovery phase of the strategy into the sustain phase of the readjusted strategy. This progression is largely attributed to financial interventions on cost containment, cash preservation, capex and operating expenditure reprioritisation, and digital transformation measures being implemented.

## 2. Updated Strategic Initiatives

The 2024/25 Corporate Plan is the final year of implementation of Strategy 2025. It is also the transitional (baseline) year for the formulation of a new 2025-2030 Strategic Plan, Strategy 2030. A detailed analysis of the operating landscape was undertaken, which informed the comprehensive SWOT analysis shown in Part C of the corporate plan. Combined with the "sustain" stage of the three-phased execution plan reflected in Figure 25 above, and the various strategic review sessions held with the ATNS Board, Exco, and management, the strategic initiatives have been reviewed and tested by considering:

- **Future-fit workforce:** The need to improve business agility and to drive innovation in response to market threats and opportunities. It requires immediate capability building and implementation of the organisational redesign process, with a focus on capacitating the micro structure.
- Continued implementation of ATNS Change Management Strategy and plan.
- **Capex capitalisation and stable funding structure:** ATNS requires a stable funding structure to continue the execution of an infrastructure base to ensure and enhance service delivery, supported by effective project execution.
- **Digital transformation:** Development of a digital transformation strategic framework and roadmap for innovation and technological advancement – review prioritised for the past five years and considers opportunities in quantum computing, a machine learning approach.
- **Growth and financial sustainability:** Overcoming the hurdles for the establishment of a consulting services subsidiary to drive non-regulated revenue growth. A short-term intervention to gain approval from the Regulating Committee for revising the permission modules to differentiate regulated and non-regulated revenue needs to be explored.
- Cost containment and revenue growth initiatives to continue, while continuing to invest in infrastructure.
- Considering the risk of not meeting the Development Bank of South Africa (DBSA) loan covenants in 2024/25, proactive mitigation measures need to be implemented, complemented by timeous communication with key stakeholders.

- **Product and services diversification:** Enhancing the overall business to respond to technology advancement and innovation. This requires research, benchmarking, and collaboration to influence the industry with new technologies, products and services, and a products and services diversification strategy.

Fundamentally, a direct and consistent focus is needed on enhancing financial sustainability, execution of infrastructure projects, customer-centricity, business continuity, forging of strategic partnerships, and the development of a future-fit workforce. This is required to establish a sound focus for growth and expansion in line with the Company's vision to be the leading ATM provider in Africa.

- Explore meaningful partnerships with the 34 signatories to the SAATM, which is one of the 15 key African Union 2063 flagship projects to transform Africa into a future global powerhouse.
- Explore opportunities from BRICS nations to provide solutions as an alternative to the traditional monopoly providers.
- Establish and grow partnerships with original equipment manufacturers for sharing of resources and knowledge for improved cost efficiencies and revenue generation. Formalise the terms of engagement and implement quick win pilot projects in FY2024/25, while conceiving longer-term opportunities.
- ATNS to collaborate with other entities, such as the State Security Agency and National Intelligence Agency, to improve aviation safety.
- Industry partnerships on transformation and skills development.
- Partnerships to be used as vehicles for innovative solutions, e.g., Vodacom and SANSA, and formalisation of the terms of engagement.
- Partnerships with global training providers and institutions of higher learning (with Department of Higher Education and Training support). Progress the ATA Strategy to provide accredited university-level qualifications.
- Forge strategic collaborations to co-develop and drive the technology revolution.
- Analysis of the geopolitical environment to identify countries of focus.
- ATNS growth prospects might not be realised if partnerships are not capitalised as an enabler for innovation, training, and sustainability.

**Intensified focus on strategic partnerships:**

- **Technology and Information (T&I) Strategy:** The implementation of the T&I Strategy that will ensure the modernisation of the ATNS infrastructure through strategic sourcing, technology, and information governance; well-defined enterprise architecture; efficient and integrated business processes; enhanced decision-making and performance management; optimised service and maintenance platforms; cyber resilience and business continuity at both strategic and operational level.
- **Methodology for reducing customer costs:** Undertake research and assessment on airport costs versus traffic movements to determine the best methodology for cost reduction at targeted aerodromes across the continent.
- Extend the training products range, e.g., space weather impact, flight procedure design, AIM supervisory, charting, and obstacle evaluation.





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Necessarily, the Company's strategic initiatives must respond to this context and have been reviewed and updated accordingly in planning for the 2024/25-2026/27 period of this corporate plan.

**Icon Legend**

Strategic Objectives	Icon
Maintain financial sustainability	
Ensure safety and efficiency of operation	
Be the leading training academy on the continent	
Create an adaptive and innovative enterprise	
Develop a future-fit workforce	
Improved stakeholder-centric	
Increased business transformation	
Improved environmental stewardship	

Strategic Objectives	Updated Strategic Initiative	Description	Budget (2024/25)
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	<b>1. Safety Strategy</b>	<p>The Safety Strategy drives systematic and organisation-wide safety performance improvement by addressing the following themes:</p> <ul style="list-style-type: none"> <li>• Safety performance.</li> <li>• People.</li> <li>• Enabling fabric (technology, airspace, and procedures).</li> <li>• Work and business environment.</li> <li>• Safety governance and safety culture.</li> </ul>	R13.1 million
	<b>2. Technology Strategy</b>	<p>The modernisation of the ATNS enterprise through superior corporate governance, well-defined enterprise architecture, efficient and integrated business processes, enhanced decision-making and performance management, optimised service platforms, cyber resilience, and business continuity at both strategic and operational level.</p>	R368 million
	<b>3. Funding Model</b>	<p>Sourcing additional funding (and effectively managing it thereafter) to ensure that the organisation remains financially sustainability.</p> <p>Revisit the submission of the business case for establishment of the consulting services subsidiary (in the short term, consider an application to the Regulating Committee for changes to the permission modules to derive financial benefit from non-regulated revenue growth).</p>	R2.5 million
	<b>4. Growth Strategy</b>	<p>The Growth Strategy is a board approved strategy focused on identifying additional revenue streams, as well as growth opportunities on the continent. Capitalise on regional solutions to maximise annuity revenue streams (long-term contracts). Implementation of growth projects with original equipment manufacturers.</p>	R213 million





Budget (2024/25)	Description	Updated Strategic Initiative	Strategic Objectives
R4.7 million	Utilising emerging technologies to enable a safe, efficient, innovative, and smart SAATM.	<b>5. RDI Strategy</b>	
R4.7 million	<p>Execute pilot and demonstration projects to minimise deployment risks. Develop business cases for product development focussing on artificial intelligence, extended reality, quantum computing, blockchain, and green initiatives.</p> <p>Cooperate and collaborate with national and international RDI organisations to leverage investment, while maximising information and knowledge base. Publish research articles, papers, and journals to ensure appropriate media coverage.</p> <p>Improving our operational efficiency by undertaking the following key strategic programmes, amongst others:</p> <ul style="list-style-type: none"> <li>CNS Measurability Programme.</li> <li>Delay Rate Programme.</li> <li>Uninterrupted service provision.</li> </ul>	<b>6. Operational Efficiency Programme</b>	
R8.3 million	<p>Improving our customer experience by further attuning to the needs of our customers through customer journey mapping and developing focused customer actions plans.</p> <p>Develop and implement a targeted brand awareness and development programme.</p> <p>Finalise the review of the organisational structure and capacitate the structure to support strategy implementation.</p> <p>Implement the culture and values element of the Future-Fit Workforce Programme.</p>	<b>7. Customer Experience Programme</b>	
R12.4 million	<p>The modernisation and digitisation of the academy operations, together with a diverse product portfolio, will improve efficiencies and provide exceptional customer experience to retain and expand market share.</p> <p>Accreditation of ATA training programmes, towards the establishment of an Africa ATM university.</p>	<b>8. Future-Fit Workforce Programme</b>	
R94.3 million	<p>Economic upliftment of broader society through developing skills and expertise in the aviation sector to increase the broader participation of Black suppliers in the aviation value chain and support the job creation imperative of South Africa.</p> <p>The modernisation and digitisation of the academy operations, together with a diverse product portfolio, will improve efficiencies and provide exceptional customer experience to retain and expand market share.</p>	<b>9. ATA Strategy</b>	
R1.7 million	<p>Improved environmental performance through implementing processes and policies to minimise impacts on the environment and creation of collaborative platforms to collectively drive aviation environmental agenda.</p> <p>Development of an overarching framework which aims to respond to ESG aspects, which are the material to long-term sustainability of the Company. The success and growth of the business is influenced by managing and responding to ESG risks and opportunities to ensure value creation internal and externally.</p>	<b>10. Aviation Transformation Strategy</b>	
R1.7 million	<p>Improved environmental performance through implementing processes and policies to minimise impacts on the environment and creation of collaborative platforms to collectively drive aviation environmental agenda.</p> <p>Development of an overarching framework which aims to respond to ESG aspects, which are the material to long-term sustainability of the Company. The success and growth of the business is influenced by managing and responding to ESG risks and opportunities to ensure value creation internal and externally.</p>	<b>11. Environmental Sustainability Strategy</b>	



ATNS Corporate Plan (2024/25 – 2026/27)

Budget	(2024/25)	Description	Updated Strategic Initiative	Strategic Objectives
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**12. Governance**  
 To effectively deliver our strategy, ATNS will strive to maintain an impeccable governance framework. Beyond following the King Code on Governance for the country, we aim to ensure that we follow sound oversight and assurance practices in all areas of the business.

### 3. Strategic Review and Planning Towards Development of 2025-2030 Strategic Plan

ATNS has commenced with the strategic review and planning process towards developing a new strategy for the 2025-2030 planning period. The process is shown in the figure below. The strategic review process is in Phase One – Operating Landscape Analysis (OLA).

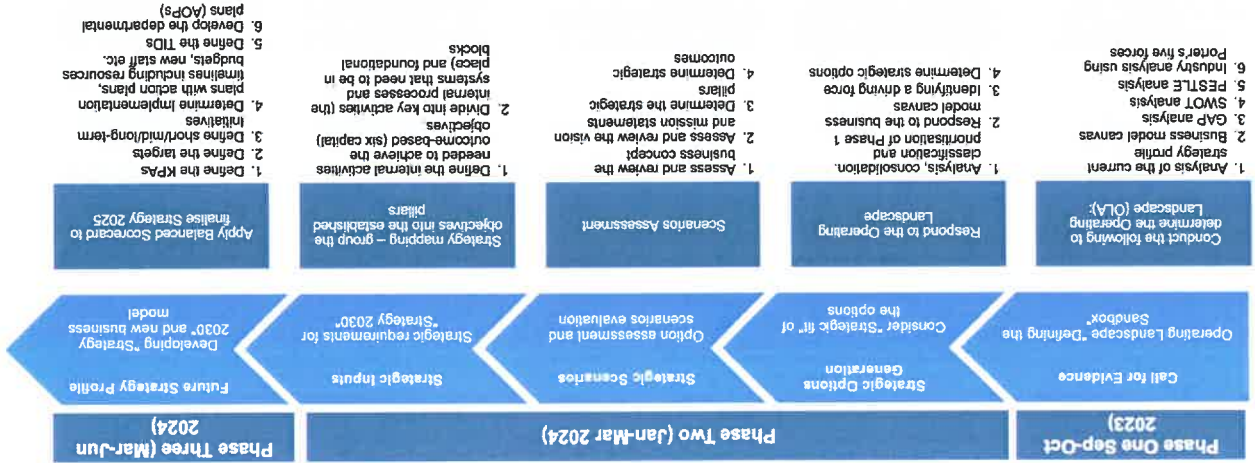


Figure 26: Formulation of ATNS Strategy 2030 – process

Phase One (OLA) progress is as follows:

- Analysis of the current strategic profile reflecting the need to adopt a results-based management approach to developing ATNS future strategic profile.
- Review of the business model canvas: Initial work has been undertaken with management; and further engagements will take place to ensure a coherent strategic response to the business model.
- SWOT analysis completed and is included in Part C of this corporate plan.
- PESTEL analysis completed and is included in Part C of this corporate plan.
- Industry analysis: The review of Porter's Five Forces is underway.



The OLA broadly validates managements initial mapping of strategic focus areas, with the following considerations:

- ATNS should not visually emphasise the 70:30 regulated: non-regulated revenue split but rather set targets for optimising regulated revenue (for sustainability) and growing non-regulated (for profit and investment). Growing both is actually ideal.
- Fundamental to the new strategy is the ability to differentiate between and derive bottom-line benefit (for reinvestment purposes) from the non-regulated revenue stream. It is, therefore, critical to give focus to the establishment of the subsidiary or gaining approval for changes to the Permission modules.
- The vision and mission are to be reviewed in Phase Two.
- Include technology and innovation as a strategic focus area.

The mapped focus areas shown in Figure 27 below will be used as the basis for developing the results-based management framework of Strategy 2030.

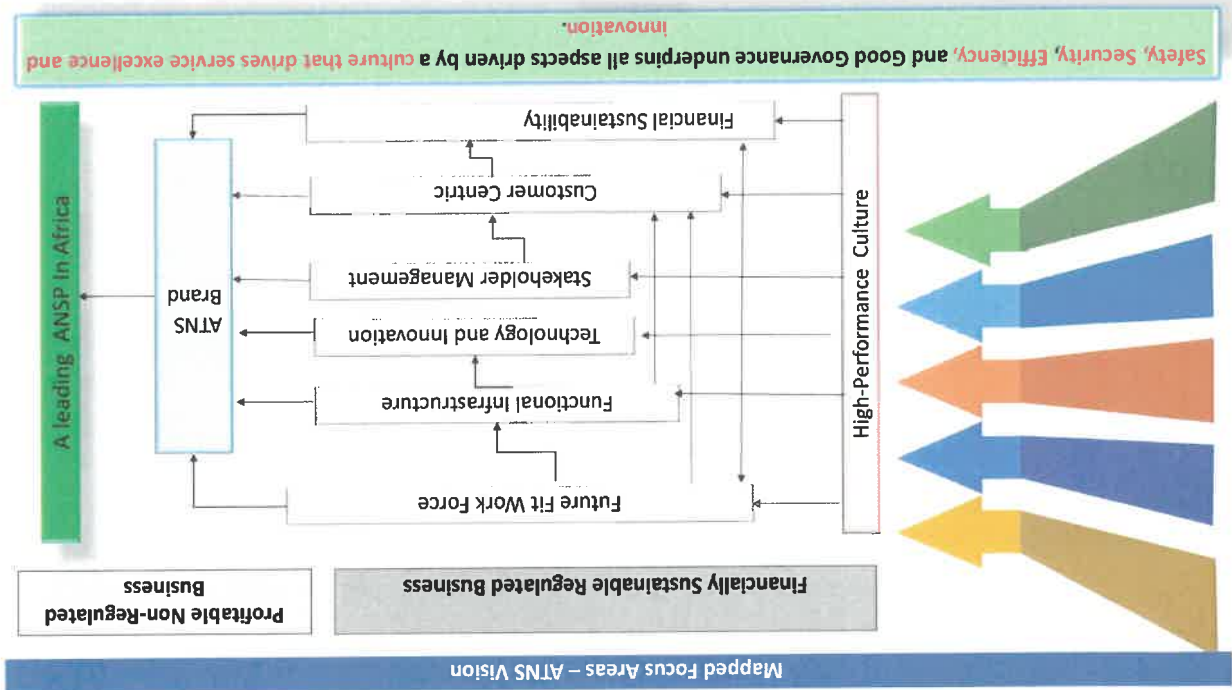


Figure 27: Mapped focus areas for the emerging Strategy 2030



## PART E: MEASURING OUR PERFORMANCE

In the continuous drive for improvement, ATNS has embarked on the transition to the outcomes approach for the new Strategy 2030. In this last year of the current strategy, this corporate plan intends to adopt the new principles, whilst remaining true to the finalisation of the strategic term. The strategic pillars have been stated as outcomes and are used to inform the outputs of the performance information as contained in the tables below.

### 1. Programme Performance Information

#### 1.1. Strategic Pillar 1: Service Excellence

**Purpose:** To ensure a safe and reliable operational environment for ATNS customers and to enhance the customer experience and stakeholder collaboration, including with key industry players, such as airlines, other airspace users, and airports.

**Outcome:** Safe and reliable airspace.

The following business units contribute to the outcome through the corporate plan outputs:

Business Unit	Purpose
---------------	---------

**Business Services** Safety of service delivery and operations

**ATA** Develop and deliver training services

**Customer Solutions** Monitoring and enhancing customer experience

The 2024/25 MTEF Performance Plan for Strategic Pillar 1: Service Excellence is reflected in the log frame tables below.



ATNS Corporate Plan (2024/25 – 2026/27)

### 1.1.1. Outcomes, Outputs, Performance Indicators, and Targets

Outcomes	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>1. Safe and reliable airspace</b>									
<b>Strategic objective: Ensure safety and efficiency of operations</b>									
	1.1. SMS maturity level	1.1.1. Annual SMS maturity level achieved	Level C with 59% above Level C	SMS Maturity Level C	SMS Maturity Level C achieved and 27% of Level D	SMS maturity Level C plus 45% Level D	Annual SMS Maturity Level C plus 20% level D achieved.	Annual SMS maturity level C, plus 35% level D achieved.	Annual SMS maturity level C, plus 45% level D achieved.
	1.2. ATNS-related fatal aircraft accidents	1.2.1. Number of ATNS-related fatal aircraft accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents/ 100 000 flight hours	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents
	1.3. Serious safety incidents	1.3.1. Number of serious safety incidents (A+B) per 100 000 flight hours	1.32 (Cat A & B) safety incidents per 100 000 flights	3 (Cat A & B) safety incidents per 100 000 flights	2.7 (Cat A & B) safety incidents per 100 000 flights	≤4 serious (Cat A & B) safety incidents/ 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours
<b>Strategic objective: Be the leading training academy on the continent</b>									
	1.4. New training products	1.4.1. Number of new training products	Product lines finalised and	80% to 89% of one new product line developed	100.0% completion of product development	One new product line developed and	One new training product line developed	One new product line delivered to customers and a	Two new product line delivered to customers and a





ATNS Corporate Plan (2024/25 – 2026/27)

Outcomes	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	offered to customers	offered to customers <sup>3</sup>	approved by Exco	and offered to customers	and one new product line offering	ready to offer to customers	and delivered to customers	second product developed.	second product developed.
		(indicator reframed for 2024/25)							
<b>Strategic objective: Increased stakeholder centric management</b>									
	1.5. Customer satisfaction managed	1.5.1. Customer Satisfaction Rating	-	7.8	7.0	7.25 – 8.25	7.5 Customer Satisfaction Rating	7.75 Customer Satisfaction Rating	8.0 Customer Satisfaction Rating

1.1.2. Indicators, Annual and Quarterly Targets

Output Indicators	Annual Targets	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.1.1. Annual SMS maturity level achieved	Annual SMS maturity Level C plus 20% level D achieved.	-	-	-	SMS maturity level achieved: Level C plus 20% level D
1.2.1. Number of ATNS-related fatal aircraft accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents	Zero ATNS-related fatal accidents

<sup>3</sup> The indicator in the prior years tracked “Diversification of training product line and offering.”



ATNS Corporate Plan (2024/25 – 2026/27)

Output Indicators	Annual Targets	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.3.1. Number of serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours	≤4 serious safety incidents (A+B) per 100 000 flight hours
1.4.1. Number of new training products offered to customers <sup>4</sup>	One new training product line developed and delivered to customers	Programme framework (TDP), and draft curriculum completed	New Signed off curriculum by SME	First iteration of learner guide completed	Training pack completed. Training product developed and delivered to customers
1.5.1. Customer Satisfaction Rating	7.5 Customer Satisfaction Rating	-	-	-	7.5 Customer Satisfaction Rating

<sup>4</sup> The indicator in the prior years tracked "Diversification of training product line and offering."



### 1.1.3. Explanation of Planned Performance Over the Medium-Term Period

ATNS supports economic growth by providing essential ATM and navigation services, facilitating trade, tourism, and business activities. This contributes to the NDP's objectives of fostering economic development, enhancing competitiveness, and supporting job creation. The organisation facilitates ATM and navigation services that connect various regions, promoting sustainable urbanisation and supporting economic activities in both urban and remote areas and thereby further contributing to Sustainability Goal 11: Sustainable Cities and Communities.

ATNS plays a critical role in ensuring air safety and security. The ATNS mission is to provide a safe, expeditious, and efficient ATM solutions and associated services. To do this, the organisation creates an environment that enables safety through ensuring that all the required resources are in place. The CASPs detail how the Safety Strategy will be implemented by breaking down the activities per department that will ensure high levels of safety performance are achieved. This ensures the NDP's objectives of promoting safety and security in all spheres of society, contributing to the overall well-being and stability of the nation.

The ATNS provides training services through the ATA, which are delivered to more than 27 countries annually across the African continent. The development of aviation skills is crucial for aviation sustainability to ensure alignment to the future relevance of the industry. The NDP Chapter Nine explains that education, training, and innovation are central to South Africa's long-term development. They are core elements in eliminating poverty and reducing inequality. The President, during the February 2024 State of the Nation Address (SONA), spoke to the continuing youth unemployment challenges and the lack of opportunity for learning and jobs. The ATA provides an avenue of opportunity and enables the ATNS to contribute to this priority.

Through its commitment to providing efficient and reliable ATS, ATNS contributes indirectly to improved service delivery by supporting transportation and connectivity, which are vital components of service provision across various sectors. The ATNS conducts formal annual customer satisfaction enquiries in order to ascertain the level of service rendered by the organisation and implements any necessary steps to ensure a high level of performance.



### 1.1.4. Updated Key Risks

Risk Mitigation	Key Risk	Outcome
<ul style="list-style-type: none"> <li>• Training and supervision (Validation and Continuation Training).</li> <li>• Implementation of ATS Quality Assurance Programme.</li> <li>• Development of a Maintenance plan and constant monitoring of infrastructure and equipment performance (CNS &amp; VSAT systems).</li> <li>• Implementation of the Corporate Annual Safety Plan.</li> <li>• Consistent monitoring of Safety audits</li> <li>• Revision of all instrument flight procedures.</li> <li>• Reviewed operating expenditure and capex projects in line with the impact assessment (project prioritised, affordability reviews).</li> <li>• Management and review of critical spares.</li> <li>• Monitoring effectiveness of Capex Development Framework</li> <li>• Maintain ATSEPs expertise</li> <li>• Extend critical SLAs with relevant service providers</li> <li>• Constant engagement with service providers to keep spares locally</li> <li>• Monitoring effectiveness of the Capex Delivery Framework (CDF).</li> <li>• Business continuity plans</li> <li>• IT security awareness and training</li> <li>• Crisis Communication Plan</li> <li>• Emergency evacuations</li> <li>• Backups and contingencies on equipment and systems.</li> <li>• System and suct redundancy by design.</li> <li>• Development and testing of alternate procedures where site replication is not possible.</li> </ul>	<p>Safety accidents and incidents, including high-risk safety incidents attributable to ATNS (categories A &amp; B) as a result of human error, non-compliance with safety standards, or CNS equipment failure.</p> <p>Failure to provide ATS as mandated due to technology systems such as CNS systems, planning, support, maintenance, inadequacies, etc., resulting in business disruptions.</p> <p>Inability to minimise the impact of disruptions and maintain business operations at predefined levels due to internal and external causes.</p>	<p>Safe and reliable airspace</p>



## 1.2. Strategic Pillar 2: Sustainability

**Purpose:** To provide effective support in accordance with regulations and governance requirements by strengthening delegation, accountability, and oversight. To enhance financial stability by implementing sound financial practices, fostering resilience in the face of economic challenges and actively creating long term value. Additionally, to promote, monitor, and adopt sustainable practices to minimise environmental impact for the benefit of future generations.

**Outcome:** Efficient and compliant air traffic and navigation authority.

The following business units contribute to the outcome through the corporate plan outputs:

Business Unit	Purpose
Finance	Management of finances and cash flow.
Internal Audit	Oversight of the implementation of internal controls, policies, and prescripts.
Human Capital	Implementation of the organisational design and human capital management.
Strategy and Research	Identification and development of SMM E in the aviation industry.
Business Services	Ensuring environmental compliance.

The 2024/25 MTEF Performance Plan for Strategic Pillar 2: Sustainability is reflected in the log frame tables below.





ATNS Corporate Plan (2024/25 – 2026/27)

### 1.2.1. Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance	Estimated Performance	MTEF Period				
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>2. Efficient and compliant air traffic and navigation authority</b>	<b>Strategic objective: Maintain financial sustainability</b>								
	2.1. Governance and regulatory compliance managed	2.1.1. External audit opinion received	Unqualified audit opinion received from the Auditor-General	Unqualified audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	Clean external audit opinion received	Clean external audit opinion received	Clean external audit opinion received
	2.2. Liquidity managed	2.2.1. Current ratio result	3.67	2.3	3.1	2.0	2.0 current ratio result	2.0 current ratio result	2.0 current ratio result
	2.3. Capex capitalised	2.3.1. Rand value of capex capitalised	R226.81 million	R177.3 million	R123.91 million	R156 million	R67.9 million capex capitalised	R225.6 million capex capitalised	R 374.7 million capex capitalised
<b>Strategic objective: Develop a Future Fit Workforce</b>									
2.4. Organisation design implemented	2.4.1. Percentage of the organisation design project	Development of the Organisational Design Framework	63% implementation of the Organisational Design Framework	91% implementation of the Organisation Design Framework	50% to 60% implementation of the Organisation Design Migration and Transition Plan	≥85.0% implementation of the organisation design project	100% implementation of the organisation design project	N/A	
2.5. Organisational	2.5.1. Percentage	Formulation of the Culture	65% implementation	75% implementation	60% to 80% implementation	≥95% implementation	Continued implementation	≥60% implementation	



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Outcome	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance	Estimated Performance	MTEF Period				
culture plan implemented	implementation of the culture action plan	Review Programme	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
			of the Culture Review Programme	of programme and action plan	of the action plan	of the culture action plan	of the culture action plan	of the culture action plan	
<b>Strategic objective: Increased business transformation</b>									
2.6. SMMEs developed	2.6.1. Number of SMMEs developed in line with the approved supplier development programme	B-BBEE Level 2	B-BBEE Level 4	B-BBEE Level 4	B-BBEE Level 2	Level 2 BBEE and 2 SMMEs developed in line with the approved programme	One SMME developed in line with the approved SMME framework.	One SMME developed in line with the approved SMME framework.	One SMME developed in line with the approved SMME framework.
			with 100% points on ED	Level 2 BBEE and 2 SMMEs developed in line with the approved programme	One SMME developed in line with the approved SMME framework.	One SMME developed in line with the approved SMME framework.	One SMME developed in line with the approved SMME framework.		
<i>(Indicator reframed for 2024/25)</i>									
<b>Strategic objective: Improved environmental stewardship</b>									
2.7. Environmental compliance accredited	2.7.1. Level of CANSO Green ATM accreditation achieved <sup>5</sup>	Implemented EMS at 8 stations	EMS	EMS procurement process initiated	Stage 2 audit for ATA and Head Office completed	EMS implementation and certificate maintenance - surveillance audits	Level 1 CANSO Green ATM accreditation achieved	Level 2 CANSO Green ATM accreditation achieved	Demonstrated progress towards achieving level 3 CANSO Green ATM accreditation
			– service provider appointed	• Wonder boom					

<sup>5</sup> The indicator in prior years tracked "Environmental Management System (EMS) implementation and certificate maintenance."



ATNS Corporate Plan (2024/25 – 2026/27)

Outcome	Outputs	Output Indicators  (Indicator reframed for 2024/25)	Annual Targets							
			Audited/Actual Performance			Estimated Performance	MTEF Period			
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
		<ul style="list-style-type: none"> <li>Rand Airport</li> <li>Lanseria</li> <li>Umtata</li> <li>East London</li> <li>Bisho</li> </ul>								



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## 1.2.2. Indicators, Annual and Quarterly Targets

Output Indicators	Annual Targets	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2.1.1. External audit opinion received	Clean external audit opinion received	-	Clean external audit opinion received	-	-
2.2.1. Current ratio result	2.0 current ratio result	2.0 current ratio result	2.0 current ratio result	2.0 current ratio result	2.0 current ratio result
2.3.1. Rand value of capex capitalised	R67.9 million capex capitalised	R16.9 million capex capitalised	R20.4 million capex capitalised	R30.6 million capex capitalised	R67.9 million capex capitalised
2.4.1. Percentage implementation of the organisation design project	≥85.0% implementation of the organisation design project	40% implementation of the organisation design project	70% implementation of the organisation design project	80% implementation of the organisation design project	≥85.0% implementation of the organisation design project
2.5.1. Percentage implementation of the culture action plan	≥85% implementation of the culture action plan	60% implementation of the culture action plan	70% implementation of the culture action plan	80% implementation of the culture action plan	≥85% implementation of the culture action plan
2.6.1. Number of SMMEs developed in line with the approved supplier development programme <i>(Indicator reframed for 2024/25)</i>	One SMME developed in line with the approved SMME development framework	-	SMME identified for development	-	One SMME developed in line with the approved SMME development framework
2.7.1. Level of CANSO Green ATM accreditation achieved <sup>6</sup> <i>(Indicator reframed for 2024/25)</i>	Level 1 CANSO Green ATM accreditation achieved	-	-	-	Level 1 CANSO Green ATM accreditation achieved

<sup>6</sup> The indicator in prior years tracked "Environmental Management System (EMS) implementation and certificate maintenance."

The aviation industry's impact on the environment is evident globally and appropriate legislative frameworks are being adopted by the ATM sector worldwide. ATNS remains a committed stakeholder

communities and develop local community capabilities (e.g., SMMEs).  
 contractor level. These efforts culminate in the achievement of the sustainability objective to invest in term aim of acquiring skills to either open businesses or deliver services and capex projects at main equipment. Selected SMMEs partner with multinational companies on the learning journey, with the long- locally. Assistance is provided to comply with quality standards and to analyse where demand lies for local understand aviation equipment and its maintenance and to identify components that can be manufactured to identify skills gaps and training is provided to close these gaps. Technical acumen is provided to participation of Black suppliers in the industry value chain and further job creation. Suppliers are assessed chain. The focus here is on economic upliftment of society through aviation skills and expertise to increase stakeholders, including employees, the environment, local communities, and everyone along the supply To be a good corporate citizen, the ATNS needs to consider the impact the business has on all its

ultimately capex capitalisation as part of ensuring reliable and stable service to clients.  
 existing assets. In the year ahead, ATNS plans to ramp up capex commitments to enable cash flow and continues to plan and implement critical infrastructure investment projects and ensure the maintenance of traffic control services to meet efficiency, safety, and quality of service for customers. As a result, ATNS job creating sectors. The ATNS is mandated to provide adequate, reliable infrastructure to support air greater productivity and competitiveness, reducing spatial inequality and supporting the emergence of new South Africa's long-term economic and social goals. Public infrastructure investment is central to achieving The National Infrastructure Plan 2050 emphasises infrastructure development as being critical to attaining

on a single revenue stream.  
 By diversifying its business portfolio, ATNS will strengthen its financial position and reduce dependency resilience. ATNS continues to explore new revenue streams and implement cost containment measures. significantly impacted air travel demand, necessitating the industry to adapt and prioritise financial the need to address power outages. To overcome these obstacles, it is crucial for the industry to focus on The aviation industry is currently facing numerous challenges, such as rising costs, operational risks, and

equitable, and efficient.  
 standing oversight function to ensure that the affairs of the organisation remain transparent, ethical, continuously reviewed with a view to improve and ensure effective implementation. This process has a The ATNS has governance structures and a policy framework in place. This functioning system is

and entities for three consecutive years.  
 will then address the government priority that speaks to achieving unqualified audits for all departments organisations business affairs. The intention of ATNS is to focus on achieving a clean audit status, which unqualified report, which ATNS has achieved, the stakeholders of ATNS can gain assurance on the the industry, so too does the ATNS implement such practices within the organisation. By obtaining an integrity culminates in the promotion of ethical conduct. This means that, in promoting ethical practices in 2024 priority of "Building a capable, ethical, and developmental state". ATNS values of accountability and 14: Promoting Accountability and Fighting Corruption of the NDP and further achieves the MTSF 2019- The target set on achieving a clean audit opinion from the Auditor-General contributes towards Chapter

### 1.2.3. Explanation of Planned Performance Over the Medium-Term Period







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within the aviation value chain in addressing the environmental impacts of ATM and continues to support the industry's goal of net-zero carbon emissions by 2050 through participation in stakeholder platforms at both national and international platforms, such as CANSO and ICAO. ATNS focuses on developing and adopting green and sustainable practices within the aviation industry. It aims to minimise the environmental impact of ATM by implementing fuel-efficient routes and adopting eco-friendly technologies to reduce emissions. This focus addresses the SDG 13 on Climate Action.

### 1.2.4. Updated Key Risks

Outcome	Key Risk	Risk Mitigation
<p><b>Efficient and compliant air traffic and navigation authority</b></p>	<ul style="list-style-type: none"> <li>• Inability to remain financially sustainable and maintain profitable growth in the short- to long-term.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost containment measures.</li> <li>• Cash and working capital management.</li> <li>• Constant engagements to obtain funding to fund capex requirements.</li> <li>• Budget Monitoring through Management accounts review</li> <li>• Constantly reviewing and considering other funding methods.</li> <li>• Renegotiation of the covenants</li> <li>• Deferral of non-critical initiatives.</li> </ul>
<p>Inability to consistently perform in line with permission obligations relating to capex (potential clawbacks and unfavourable permission tariffs).</p>	<p>Inability to attract and retain critical skills to deliver ATNS strategy.</p>	<ul style="list-style-type: none"> <li>• Strategy development task team appointed to assist with coordinated activities.</li> <li>• Use of change management expertise.</li> <li>• Approved Capex Delivery Framework (CDF).</li> <li>• Capex Key Performance Indicator Task Team.</li> <li>• Capex capacity in line with capex delivery value chain</li> </ul>
<p>Inability to consistently perform in line with permission obligations relating to capex (potential clawbacks and unfavourable permission tariffs).</p>	<p>Inability to attract and retain critical skills to deliver ATNS strategy.</p>	<ul style="list-style-type: none"> <li>• ATS training pipeline (bursars) to assist with filling the gaps.</li> <li>• The implementation of reward-related policies, i.e., Remuneration Policy, Short-Term Incentive Policy, Reward and Recognition Policy</li> <li>• Leadership visibility (station visits, as well as assisting employees with resolving issues outside their control).</li> <li>• Revised Recruitment Policy.</li> <li>• Talent Management Policy.</li> <li>• ATSEPS have been trained to do maintenance work, interim, contract extensions have been put in place for some maintenance contract.</li> </ul>



Risk Mitigation	Key Risk	Outcome
<ul style="list-style-type: none"> <li>• Redundancies and backups on identified CNS software systems.</li> <li>• Expansion of capacity by sending ATSEPS to OEMS to get specialist skills to be able to provide high level support</li> <li>• Development of some of the systems and supporting internally such as Learner Management Systems.</li> <li>• Back-up power infrastructure on identified critical site</li> <li>• Collaborations with SMEs and academic institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• for most of ATNS' critical equipment and services.</li> </ul>	
<ul style="list-style-type: none"> <li>• Automated notification and callout.</li> <li>• Armed response.</li> <li>• Integrated security initiatives and plans into project lifecycles.</li> <li>• Deploy physical security at critical and most vulnerable sites, where practical.</li> <li>• Security measures in place at sites.</li> <li>• Annual awareness training for employees and executives to assist in embedding environmental matters in the organisation</li> <li>• Appointed aviators to deal with environmental matters on an ad hoc basis</li> <li>• Implementation of the 5-year environmental strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Threats to and/or vandalism on ATNS physical infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing environmental regulations, climate change impacts, and public pressure for sustainable aviation, affecting operations and requiring costly mitigation measures.</li> </ul>



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### 1.3. Strategic Pillar 3: Innovation

**Purpose:** Creating an organisation that continually innovates and adapts to the environment.

**Outcome:** Innovative and leading air traffic and navigation provider.

The following business units contribute to the outcome through the corporate plan outputs:

Business Unit	Purpose
---------------	---------

Technology and Information	Management of technological infrastructure and digital landscape.
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Strategy and Research	Conducting research and development projects to drive opportunities for technological advancements and innovations in the aviation sector.
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The 2024/25 MTEF Performance Plan for Strategic Pillar 3: Innovation is reflected in the log frame tables below.



ATNS Corporate Plan (2024/25 – 2026/27)

1.3.1. Outcomes, Outputs, Performance Indicators, and Targets

Outcomes	Outputs	Output Indicators	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
3. Innovative and leading air traffic and navigation provider	<b>Strategic objective: Create an adaptive and innovative enterprise</b>								
	3.1. Digital transformation plan implemented	3.1.1. Percentage of the digital transformation annual plan implemented	91% digital transformation annual plan implemented	84% digital transformation annual plan implemented	81.4% digital transformation annual plan implemented	Implementation of the Digital Transformation Annual Plan 80.0% - Infrastructure modernisation	≥80% of the digital transformation annual plan implemented	≥80% of the digital transformation annual plan implemented	N/A
	3.2. Annual approved research and development projects completed	3.2.1. Percentage completion of the annual approved research and development plan <i>(Indicator reframed for 2024/25)</i>	92% implementation as per approved Research Plan	92% achieved against the approved RD Plan	92% achieved against the approved RD Plan	80% completion of research and development projects as per approved plan	≥90% completion of the annual approved research and development plan	≥90% completion of the annual approved research and development plan	≥90% completion of the annual approved research and development plan



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### 1.3.2. Indicators, Annual and Quarterly Targets

Output Indicators	Annual Targets	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3.1.1. Percentage of the digital transformation annual plan implemented	≥80% of the digital transformation annual plan implemented	25% of the digital transformation annual plan implemented	50% of the digital transformation annual plan implemented	75% of the digital transformation annual plan implemented	≥80% of the digital transformation annual plan implemented
3.2.1. Percentage completion of the annual approved research and development plan  <i>(Indicator reframed for 2024/25)</i>	≥90% completion of the annual approved research and development plan	≥20% completion of the annual approved research and development plan	≥40% completion of the annual approved research and development plan	≥80% completion of the annual approved research and development plan	≥90% completion of the annual approved research and development plan



The industry is fundamentally different to five years ago and policy has adapted to focus on the emerging technologies and changes in consumer behaviour. The strategic pillar on innovation is cross-cutting and, therefore, ATNS is implementing trends and best practices that enable safety and efficiency through innovation and technology. Through digital and artificial intelligence advancement, ATNS strives to balance a people-intensive business with increased technology use.

SDG 9 relates to industry, innovation, and infrastructure. ATNS contributes to this goal by providing and maintaining crucial air traffic and navigation infrastructure, ensuring safe and efficient air transportation, and embracing technological innovations to enhance aviation services through, amongst others, the implementation of research and development projects. This is achieved by the implementation of the T&I Strategy, which ensures the modernisation of the ATNS infrastructure through strategic sourcing, technology, and information governance; well-defined enterprise architecture; efficient and integrated business processes; enhanced decision-making and performance management; optimised service and maintenance platforms; and cyber resilience and business continuity at both strategic and operational level.

### 1.3.3. Explanation of Planned Performance Over the Medium-Term Period





### 1.3.4. Updated Key Risks

Outcome	Key Risk	Risk Mitigation
<p><b>Innovative and leading air traffic and navigation provider</b></p>	<p>Disruption of IT and business services due to internal and external cyberattacks, insider threats – whether malicious or accidental – could lead to service interruption and/or the breach of confidential data.</p>	<ul style="list-style-type: none"> <li>• Implemented an advanced threat detection and response capability that uses machine learning and artificial intelligence technologies to help detect and protect against complex technologies. Information Security Roadmap approved and implementation is in progress.</li> <li>• Awareness and Training Plan has been defined and approved and implementation through training capabilities is ongoing.</li> <li>• Information Security Policy Framework approved and implementation in progress.</li> <li>• New generation firewall and IPS/IDS implemented.</li> <li>• End point protection for supported end points is in place.</li> <li>• Mobile device management and multifactor authentication implemented.</li> <li>• Email security gateway hardening for improved filtering.</li> <li>• Future-fit IT training plans ongoing.</li> </ul>



## PART F: TECHNICAL INDICATOR DESCRIPTIONS

### Strategic Pillar 1: Service Excellence

Outcome 1 : Safe and reliable airspace

Indicator title	Definition	Source of data	Method of calculation or assessment	Means of verification	Assumptions	Disaggregation of beneficiaries (where applicable)	Spatial transformation (where applicable)	Calculation type	Reporting cycle	Desired performance	Indicator responsibility
1.1.1. Annual SMS Maturity Level Achieved	The safety management system (SMS) maturity level aims to measure ATNS maturity in implementing the SMS elements, assessed against the CANSO Standard of Excellence (SoE) in SMS	The main documents that are used in the assessment are the: <ul style="list-style-type: none"> <li>CANSO SoE (elements), and</li> <li>ATNS submission content</li> <li>CANSO Final Report</li> </ul>	The CANSO report details the overall level achieved for each of the study areas, in addition it gives a break down for each element of the study area to show what each objective has achieved. <ul style="list-style-type: none"> <li>Level C: CANSO Final Report assessment.</li> <li>Level D: <math>\frac{\text{Number of level D objectives}}{\text{Total number of objectives (C objectives + D objectives)}} \times 100</math></li> </ul>	CANSO Assessment Report tabled at Exco	Availability of CANSO-accredited assessors and stability in the assessment period	N/A	N/A	Non-cumulative	Annual	Higher than target performance is desired	Chief: Business Services



Indicator title	Definition	Source of data	Method of calculation or assessment	Means of verification	Assumptions	Disaggregation of beneficiaries (where applicable)	Spatial transformation (where applicable)	Calculation type	Reporting cycle	Desired performance	Indicator responsibility
<b>1.2.1. Number of ATNS-related fatal aircraft accidents</b>	This indicator measures the number of fatal accidents (as per Safety Management Manual) that occur and are attributable to ATNS	Safety Management Manual	Accident Investigation Report (if applicable) Simple count	<ul style="list-style-type: none"> <li>Mandatory occurrence reports (MORs) – All accidents are reported through MOR on the Tokai platform</li> <li>Accident Investigation Report (if applicable)</li> </ul>	Accident reports are complete, accurate, and valid	N/A	N/A	Cumulative (year-to-date)	Quarterly	Target performance is desired	Chief: Business Services
<b>1.3.1. Number of serious safety incidents (A+B) per 100 000 flight hours</b>	The SIR measures the number of serious incidents (categories A & B as per the Risk Analysis Tool) that are attributable to ATNS per 100 000 flight hours over a rolling 12-month period	Risk Analysis Tool									



$$\text{Serious Incident Rate} = \frac{\text{No of Serious Incidents/12 Months} \times 100\,000}{\text{No of Flight Hours/12 Months}}$$

<b>Method of calculation or assessment</b>	<p>Safety performance statistics (S&amp;R)</p> <ul style="list-style-type: none"> <li>Flight hours from the billing system</li> </ul> <p>The safety investigators have classified the incidents correctly and the data in the billing system is accurate and complete</p>
<b>Means of verification</b>	
<b>Assumptions</b>	
<b>Disaggregation of beneficiaries (where applicable)</b>	N/A
<b>Spatial transformation (where applicable)</b>	N/A
<b>Calculation type</b>	Cumulative (year-to-date)
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	Lower than target performance is desired
<b>Indicator responsibility</b>	Chief: Business Services

<b>Indicator title</b>	1.4.1. Number of new training products offered to customers (indicator reformed for 2024/25)		
<b>Definition</b>	The development of diversified training products (beyond the core ATM scope) to be offered by the ATA		
<b>Source of data</b>	Training pack (training development plan, approved curriculum by subject matter expert (SME), learner guide).		
<b>Method of calculation or assessment</b>	<p>Quarterly targets are determined as below:</p> <ul style="list-style-type: none"> <li>Q1: Target: 1. Programme Framework (TDP), 2. Draft curriculum</li> <li>Q2: Target: signed off curriculum by SME</li> <li>Q3: Target: development of programme contents (first iteration of learner guide)</li> <li>Q4: Target: signed off training pack by SME. One new training product delivered to customers.</li> </ul>		





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Indicator title	1.5.1. Customer Satisfaction Rating
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>• Training Development Plan signed off</li> <li>• Curriculum sign-off memo</li> <li>• Final product sign-off memo</li> <li>• Training curriculum and learner guide</li> <li>• Attendance register</li> </ul>
<b>Assumptions</b>	Availability of SME
<b>Disaggregation of beneficiaries (where applicable)</b>	N/A
<b>Spatial transformation (where applicable)</b>	N/A
<b>Calculation type</b>	Cumulative (year-end)
<b>Reporting cycle</b>	Quarterly reporting of progress on annual target
<b>Desired performance</b>	Target performance is desired
<b>Indicator responsibility</b>	Chief: Aviation Training Academy
<b>Definition</b>	<p>The customer satisfaction is defined as how well your customers experience your brand in terms of the products and services you offer. The customer satisfaction rating is measured by conducting an annual customer satisfaction survey using approved methodology, consistently applied annually for year-on-year comparison purposes.</p> <p>Annual customer satisfaction survey report</p>
<b>Source of data</b>	Annual customer satisfaction survey report
<b>Method of calculation or assessment</b>	<p>Method of calculation will be as per survey report, as follows:</p> <p>An annual comprehensive customer survey is conducted in which various stakeholders are requested to indicate the satisfaction with ATNS' services on a scale on 1 to 10. These scores are added and averaged to obtain an overall customer satisfaction rating out of a maximum 10.</p>
<b>Means of verification</b>	<p>The final rating, analytical report (inclusive of recommendations)</p>



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<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Operational excellence</li> <li>Adequate capacity</li> </ul>
<b>Disaggregation of beneficiaries (where applicable)</b>	N/A
<b>Spatial transformation (where applicable)</b>	N/A
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	Higher than target performance is desired
<b>Indicator responsibility</b>	Chief, Customer Solutions Officer

### Strategic Pillar 2: Sustainability

Outcome 2: Efficient and compliant air traffic and navigation authority.

<b>Indicator title</b>	2.1.1. External audit outcome				
<b>Definition</b>	The indicator measures the audit opinion of the independent external auditors on the annual external audit of financial statements, performance objectives and compliance with legislation (for the previous financial year).				
<b>Source of data</b>	Quarter 2 of each financial year: final signed External Auditor's Report, reflecting the audit opinion on the affairs of ATNS				
<b>Method of calculation or assessment</b>	Audit opinion for the previous financial year stated in the signed External Audit Report – Rank of audit opinion: 1. Clean (unqualified, with no material findings) 2. Unqualified 3. Qualified 4. Disclaimer				
<b>Means of verification</b>	Final External Audit Report on the ATNS issued by the External Auditors and published in the ATNS annual report				
<b>Assumptions</b>	Financial statements and Annual Performance Report are complete, accurate, and valid in Compliance with legislation.				



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**Indicator title** 2.2.1. Current ratio result

Indicator	responsibility	Desired performance	Reporting cycle	Calculation type	Spatial transformation (where applicable)	Disaggregation of beneficiaries (where applicable)	Assumptions	Means of verification	Method of calculation or assessment	Source of data	Definition
	CFO / All programme managers	Target performance is desired (clean audit)	Annual	Non-cumulative	Not applicable	Not applicable	Management accounts are complete, accurate, and valid	The monthly finance report tabled at Exco	Current ratio = current assets/current liabilities	Management accounts	The current ratio is a liquidity ratio that measures the organisation's ability to pay its short-term obligations with its current assets which, typically, can easily be converted into cash in the short term.
				Cumulative (year-to-date)	N/A	Not Applicable					
			Quarterly								
											Equal to or higher than target performance is desired
											Desired performance



	<b>Indicator responsibility</b>
Chief Financial Officer	

	<b>Indicator title</b>
<b>2.3.1. Rand value of capex capitalised</b>	
<b>Definition</b>	The indicator measures the Rand value of actual expenditure on capex projects.
<b>Source of data</b>	Invoices and purchase orders
<b>Method of calculation or assessment</b>	Count of the actual rand value spent on capital projects
<b>Means of verification</b>	Operations certificate signed by the end user
<b>Assumptions</b>	<p>The target assumes the availability of the following:</p> <ul style="list-style-type: none"> <li>• Resource capacity</li> <li>• Budget</li> <li>• Timely approval of projects and any related contracts</li> </ul>
<b>Disaggregation of beneficiaries (where applicable)</b>	N/A
<b>Spatial transformation (where applicable)</b>	N/A
<b>Calculation type</b>	Cumulative (year-to-date)
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	Equal to or higher than target performance is desired
<b>Indicator responsibility</b>	Chief: Technology Information Officer

	<b>Indicator title</b>
<b>2.4.1. Percentage implementation of the organisation design project</b>	
<b>Definition</b>	Organisational design is a strategic initiative that focuses on improving the Company's capability through the alignment of strategy, organisational structure,



business processes, people practices, etc., to support the achievement of the strategic objectives.

- Finalised organisational structures.
- Finalised job descriptions.
- Job Evaluation and Ratification Report.
- Finalised people and role impact analysis and progress report on placements.

**Source of data**

Calculate the progress against the project plan X 100

**Method of calculation or assessment**

- Finalised organisational structures 40% of the project plan Q1
- Finalised job descriptions 70% of the project plan Q2
- Job Evaluation and Ratification Report 80% of the project plan Q3
- Finalised people and role impact analysis and progress report on placements ≥85% of the project plan Q4

**Means of verification**

**Assumptions**

- Appropriate resourcing of the Organisation Design Project
- Organisation Design Project activities prioritised.
- Budget, e.g., travel, accommodation, and refreshments, is in place
- Leadership support, participation, and availability
- Stakeholders' buy-in, cooperation, participation, and commitment, e.g., line management, employees, labour, etc.

**Disaggregation of beneficiaries (where applicable)**

N/A

**Spatial transformation (where applicable)**

N/A

**Calculation type**

Cumulative (year-to-date)

**Reporting cycle**

Quarterly

**Desired performance**

Equal to or higher than target performance is desired

**Indicator responsibility**

Chief: Human Capital Officer





Indicator title		2.5.1. Percentage implementation of the culture action plan
<b>Definition</b>	Culture is the way we do things in the organisation and relate to the type of environment that support the achievement of goals, as set by the organisation in line with the ATNS values (Safety and Customer Centricity, Accountability, Agility, Diversity and Integrity). A culture action plan has been developed to track the achievement of set culture improvement milestones.	
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• Culture Survey</li> <li>• Values quarterly report tabled at Mancom</li> <li>• Attendance registers</li> </ul>	
<b>Method of calculation or assessment</b>	The number of completed culture action plan milestones divided by the total number of planned culture action plan milestones, multiplied by 100.	
<b>Means of verification</b>	Organisational Culture Report, including culture action plan, tabled at Exco	
<b>Assumptions</b>	Full participation by ATNS management and staff	
<b>Disaggregation of beneficiaries (where applicable)</b>	N/A	
<b>Spatial transformation (where applicable)</b>	N/A	
<b>Calculation type</b>	Quarterly (Year-to-date)	
<b>Reporting cycle</b>	Annual	
<b>Desired performance</b>	Equal to or higher than the target performance is desired	
<b>Indicator responsibility</b>	Chief: Strategy, Research, Development and Innovation	



Indicator title	Indicator title
<p><b>2.6.1. Number of SMMEs developed in line with the approved supplier development programme (Indicator reframed for 2024/25)</b></p>	<p><b>2.7.1. Level of CANSO Green ATM accreditation achieved (Indicator reframed for 2024/25)</b></p>
<p><b>Definition</b> The indicator measures the SMME developed through the approved SMME development framework</p>	<p><b>Indicator responsibility</b> Chief: Strategy, Research, Development and Innovation</p>
<p><b>Source of data</b></p> <ul style="list-style-type: none"> <li>Quarterly reports tabled at SEC</li> <li>Approved SMME development framework</li> </ul>	<p><b>Desired performance</b> Equal to or higher than the target performance is desired</p>
<p><b>Method of calculation or assessment</b> Simple count of interventions in terms of the SMME development framework</p>	<p><b>Reporting cycle</b> Semi-annual</p>
<p><b>Means of verification</b></p> <ul style="list-style-type: none"> <li>Number of SMMEs on the ESD Programme</li> <li>Training Programme</li> <li>Attendance registers</li> <li>Contracts</li> </ul>	<p><b>Calculation type</b> Non-cumulative</p>
<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>Availability of interested SMMEs</li> <li>Availability of resources</li> </ul>	<p><b>Spatial transformation (where applicable)</b> N/A</p>
<p><b>Disaggregation of beneficiaries (where applicable)</b> Preference will be given to women, youth, and Black-owned SMMEs, including those living with disabilities</p>	<p><b>Disaggregation of beneficiaries (where applicable)</b> N/A</p>



<b>Definition</b>	Green ATM accreditation aims to measure ATNS maturity in the environmental sustainability journey – this is assessed against the CANSO Green ATM Accreditation Framework. The main documents that are used in the assessment are the: <ul style="list-style-type: none"> <li>• CANSO Green ATM guidelines</li> <li>• Project plan</li> <li>• CANSO Award Report</li> <li>• Submission of evidence to CANSO as per the accreditation process</li> </ul>
<b>Source of data</b>	Method of calculation or assessment Means of verification CANSO Green ATM Accreditation Award/Report Availability of CANSO-accredited assessors/panel members and internal dependencies, i.e., resources, organisational changes Disaggregation of beneficiaries (where applicable) Spatial transformation (where applicable) Calculation type Non-Cumulative Reporting cycle Annual, and quarterly progress reports Desired performance Target performance is desired Indicator responsibility Chief: Business Services

### Strategic Pillar 3: Innovation

Outcome 3: Innovative and leading air traffic and navigation provider.

<b>Indicator title</b>	3.1.1. Percentage of the digital transformation annual plan implemented
<b>Definition</b>	Digital transformation is the evolution of an enterprise to acquire critical capabilities that will enable it to perform and compete in the digital economy. Modernisation objectives, driven by the business context, dictate that future technologies, communication infrastructure solutions leverage data-driven modern architectures such as cloud and microservices.



Five Pillars for Information Technology and Operational Technology (ITOT) are: (1) Integrated Communications, (2) Modernisation, (3) Secure Enterprise Architecture (SEA), (4) Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP), and (5) Organisational Development/Future-fit-workforce including SecDevOps.

**Source of data**

- Project Schedule
- Approved documents and/ plans.

**Method of calculation or assessment**

% Implementation against the annual Digital Transformation Plan:

**Strategic initiatives as per the digital transformation plan** X 100  
**Total strategic initiatives in the digital transformation plan**

**Means of verification**

**TI: Documented evidence of the % average completion of the Five Pillars of**

**Integrated Communication**

- Data links as per project schedule
- Private Automatic Branch Exchange (PABX) as per project schedule
- Very High Frequency (VHF) Coastal as per project schedule
- Wide Area Network (WAN) Upgrade as per project schedule
- Voice Communication Control System (VCCS) as project schedule

**Technology Modernisation**

- Hosted replicated Virtual Machines (VMs) as per project schedule
- LAN Upgrade as per project schedule
- Update of End User equipment as per project schedule

**Disaster Recovery and Business Continuity**

- Technology Information (TITOT) DR plan
- One (1) DR simulation performed as per plan

**Secure Enterprise Architecture (SEA)**

- SEA document (Approved Charter, As\_Is Architecture report, To\_Be Architecture report, Gap\_Analysis report and Project Closure report) as project schedule
- Vulnerability Management implementation as per schedule
- Network Access Control (NAC) implementation as per schedule
- Identity and Access Management (IAM) implementation as per schedule

**Organisational Development/Future-fit-workforce**

- Future-Fit ITOT Plan

**Assumptions**

- The target assumes the availability of the following:
- All critical skills
  - Budget
  - Depends on timely approval
  - Recruitment of required capacity



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Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	Target performance is desired
Indicator responsibility	Chief: Technology and Information Officer

Indicator title	3.2.1. Percentage completion of the annual approved research and development plan (Indicator reframed for 2024/25)	
Definition	To conduct critical research, development, and innovation (RDI) projects with a quest to develop and deploy innovative aviation technologies and concepts addressing security, efficiency (Quality of Service, Cost effectiveness, safety, productivity). It includes environmental compatibility and security that are embodied in ATM Roadmaps and the ATNS RDI Strategy.	
Source of data	Approved RDI Implementation Plan	
Method of calculation or assessment	<p><b>Quantitative</b></p> <p>Q1 = 20%, Q2 = 40%, Q3 = ≥80%, and Q4 = ≥90%</p> <p><b>Numerator</b> . Completed annual research activities/plan (quarterly)</p> <p><b>Denominator</b> Total annual research activities/plan</p> <p>Multipled by 100</p> <p>Quarterly report as per approved plan</p>	Means of verification
Assumptions	Availability of funds and resources	
Disaggregation of beneficiaries (where applicable)	N/A	
Spatial transformation (where applicable)	N/A	

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<b>Calculation type</b>	Cumulative (year-to-date)
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	Equal to or higher than target performance is desired
<b>Indicator responsibility</b>	Chief: Strategy, Research, Development and Innovation





## PART G: FINANCIAL PLAN

Abridged Statement of Financial Position			
	BUDGET 2024/25	PROJECTIONS 2025/26	PROJECTIONS 2026/27

Assets			
Non-current assets	1 630 313	1 909 308	1 923 983
Current assets - Cash	1 116 172	1 062 626	1 081 244
Current assets - Other	233 567	228 782	246 999
<b>Total assets</b>	<b>2 980 051</b>	<b>3 200 716</b>	<b>3 252 226</b>
Equity and Liabilities			
Total equity	2 172 057	2 437 373	2 546 248
Non-current liabilities	398 557	314 543	231 345
Current liabilities	409 437	448 800	474 632
<b>Total equity and Liabilities</b>	<b>2 980 051</b>	<b>3 200 716</b>	<b>3 252 226</b>

Statement of Financial Performance			
	BUDGET 2024/25	PROJECTIONS 2025/26	PROJECTIONS 2026/27

Tariff Revenue	1 673 742	1 862 223	2 065 705	7.3%
Other Revenue	260 675	275 012	290 138	3.6%
<b>Total Revenue</b>	<b>1 934 418</b>	<b>2 137 235</b>	<b>2 355 843</b>	<b>6.8%</b>
Salaries and Related Costs	1 191 695	1 287 030	1 389 993	5.3%
Traveling Expenses	63 350	66 834	70 510	3.6%
Telecommunication Expenses	66 318	69 965	73 813	3.6%
Administration Fees	140 563	148 441	154 639	3.2%
Electronic Maintenance	54 790	74 287	74 670	10.9%
Professional Fees	42 859	38 365	40 221	-2.1%
Other Operational Expenditure	171 000	180 350	190 220	3.6%
<b>Total Operating Expenses</b>	<b>1 730 575</b>	<b>1 865 273</b>	<b>1 994 068</b>	<b>4.8%</b>
EBITDA	203 843	271 963	361 775	21.1%
Overhead Expenditure	190 016	200 467	211 493	3.6%
Net Funding	4 284	7 503	1 139	-35.7%
<b>Profit Before Tax</b>	<b>9 542</b>	<b>63 992</b>	<b>149 143</b>	<b>150.0%</b>
Tax	2 576	17 278	40 269	150.0%
<b>Net Profit After Tax</b>	<b>6 966</b>	<b>46 714</b>	<b>108 875</b>	<b>150.0%</b>

Abridged Statement of Cash Flow			
	BUDGET 2024/25	PROJECTIONS 2025/26	PROJECTIONS 2026/27

Net cash flows from operating activities	167 402	305 151	360 198
Net cash flows from investing activities	(198 243)	(493 285)	(258 383)
Net cash flows from financing activities	243 849	134 588	(83 197)
<b>Total cash movement for the year</b>	<b>213 008</b>	<b>(53 546)</b>	<b>18 618</b>



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## ANNEXURES

### Annexure A: Compliance Checklist

Nº	Description	Reference	Status
1	Strategy		✓
3	Compliance Checklist	Annexure A	✓
4	Capital Expenditure Plan (covering the next three years)	Annexure B	✓
5	Financial Plan (covering the next three years) including: <ul style="list-style-type: none"> <li>Projected income statement</li> <li>Projected balance sheet</li> <li>Projected cash flow statement</li> </ul>	Annexure B	✓
7	Procurement Policy	Annexure B	✓
8	Materiality and Significance Framework	Annexure B	✓
9	Borrowing Plan 2024/25 to 2026/27	Annexure C	✓
9	Governance Structures		
	<ul style="list-style-type: none"> <li>Governance structures and roles/responsibilities</li> <li>Structure of board of directors committees</li> <li>Structure of Executive Management</li> </ul>	Annexure D	✓
10	Employment Equity Plan (recommended)	Annexure E	✓
11	Fraud Prevention Plan	Annexure F	✓
13	Risk Management Plan <ul style="list-style-type: none"> <li>Description of risk management process</li> </ul>	Annexure G	✓
	Key operational risks		
14	Business Continuity and Organisational Resilience	Annexure H	✓
15	Environmental Sustainability Framework	Annexure I	✓
16	Shareholder's Compact	Annexure J	✓



## Annexure B: Capital Expenditure and Financial Plan

ATNS seeks to remain financially sustainable and thereby create long-term value for the Shareholder. Financial sustainability will be achieved mainly through planned revenue growth and cost containment. This will ensure seamless execution of the Capital Expenditure Programme to enable ATNS to be the leading provider of safe, expeditious, and efficient ATM solutions and associated services.

### Three-Year Financial Planning Assumptions

Year	2024/25	2025/26	2026/27
CPI	5.5%	4.5%	4.4%
Rand/US\$	18.1	17.9	18.1
R/Euro	19.9	21.0	21.5
R/Pound Sterling	22.8	23.4	23.8
Tariff increase	10.33%	10.88%	9.87%
Prime interest rate	11.75%	10.5%	10.5%
Tax rate	27%	27%	27%

The financial projections in this plan are premised on the following assumptions:

- Tariff increases as proposed by the Regulating Committee (awaiting ministers approval)
- Other operational expenses increase on average in line with inflation
- Interest expenses are expected to grow in line with the expected loan balances
- The financial projections in this plan are premised on the following assumptions:

Approved Headcount	2023/24	2024/25	2025/26
Total approved	1 226	1 226	1 275

Current Vacancies	2023/24	Total vacancies
		156

### Capital Expenditure Plan

The Capital Expenditure Plan as per attached.



ATNS Corporate Plan (2024/25 – 2026/27)

### Loan Book Summary

The Company raised R500 million in 2022/23 as part of funding for the Capital Expenditure Programme. It's ability to meet all the financial obligations continue to improve given a general positive outlook within the aviation sector.

The three-year Borrowing Plan is based on the following key assumptions:

- Capital Expenditure Programme amounting to R719 million (excluding capitalised interest);
- Debt redemptions totalling R214 million.
- Interest payments of R83 million.

The table below reflects the budgeted gross loan book and impairment provision over the medium term.

Loan Book Summary	March 2024 Forecast	2025	2026	2027
Long-term borrowings	286 761 107	341 199 413	272 309 539	203 419 665
Short-term borrowings	69 438 285	68 889 874	68 889 874	68 889 874
<b>Total ATNS</b>	<b>356 199 392</b>	<b>410 089 288</b>	<b>341 199 413</b>	<b>272 309 539</b>

### Procurement Policy

ATNS has an approved Supply Chain Management Policy, which is reviewed regularly to align with the applicable legislation, instruction notes, and guidelines. The policy aims to ensure that procurement is done in a manner that is fair, equitable, transparent, logical, competitive, and cost-effective.

According to the policy, procurement plans are submitted to National Treasury by 31st March every year. Furthermore, a report on the actual procurement against the Procurement Plan is submitted quarterly to National Treasury.

Bids are evaluated in accordance with the specifications and points are awarded based on specific goals and price.

### Materiality and Significance framework

As per the National Treasury Section 54 Practice Note, the parameters for significance and materiality levels are derived from certain elements of the annual financial statements

In arriving at the significance and materiality level, the following factors were considered:

- Guidelines issued by the National Treasury.

ATNS Corporate Plan (2024/25 – 2026/27)



- The nature of the ATNS business.
- Statutory requirements affecting ATNS.
- The inherent and control risks associated with ATNS.
- Quantitative and qualitative issues; and
- Benchmarked within the transport sector.

From a company perspective, significance level is set at four hundred million (R400 million). The limit of R400 million has considered the process embarked upon by the Company during the permission application process which includes consultation with the industry, as well as approval by the Regulating Committee.

From a company perspective, materiality is set at thirteen point nine million rand (R13.9 million) based on the upper level of revenue to ensure prudence and efficiencies within the decision-making processes.

Materiality	Proposed Framework	Resulting Figures for 2023/24
Based on latest available annual financial statements	1%-2% of total assets	R24 529 311 - R49 058 623
Based on latest available annual financial statements	0.5%-1% of total revenue	R6 939 504 - R13 879 009
Based on latest available annual financial statements	2%-5% of profit(loss) after tax	R (836 331) - R (2 090 827)



## Annexure C: Borrowing Plan 2024/25 to 2026/27

### Introduction

ATNS is a schedule 2 entity in terms of the Public Finance Management Act (PFMA). The accounting authority (the Board) of ATNS has the authority to borrow in terms of the act. Treasury Regulation (TR) 29.1.3 requires Public entities listed in Schedule 2 or 3B to submit a three-year borrowing programme (beginning with the first financial year of the corporate plan) with their corporate plan to the National Treasury.

The borrowing plan is developed considering the Capital expenditure on infrastructure, property, plant or equipment, Operational expenditure, Re-financing existing long-term debt as permitted, cost of debt over the three-year period. The company has struggled to fully recover from the impact of the pandemic as airline movements have not gotten back to pre-covid levels and the Permission is not finalised. The reduced revenue generated during the pandemic meant that ATNS had to fund both its operational and capital expenditures from the cash reserves on hand. Due to the continued impact of this, the cash reserves depleted to a point where it was no longer going to be feasible to pay for the full expenditures of the company from the reserves, management therefore embarked on a bid to obtain a funding facility for the capital expenditure (Capex) to provide relief on the cash reserves depletion.

As of October 2022, ATNS had secured and fulfilled all requirements for the loan facility with Development Bank of South Africa (DBSA) and has started with the drawdowns on the facility. The facility amounts to R500m. In line with the ATNS borrowing policy, the facility is envisaged to fund Capex requirements of the company for a period of two (2) years. Prior to this, ATNS had not had any loans on its books since 2013. In addition to the DBSA loan, ATNS requested the shareholder, the Department of Transport (DoT), to inject R422m into the business to assist with Capex funding requirements.

The company's ability to meet its funding requirement is largely affected by economic conditions impacting on traffic movements and the Permission that allows ATNS to charge reasonable rates affecting the returns the company makes.

TR 29.1.6 requires that the borrowing programme referred to in paragraphs 29.1.3 must include:

- the terms and conditions on which the money is borrowed;
- information on proposed domestic borrowing;
- short and long-term borrowing;
- the maturity profile of the debt; and
- the confirmation of compliance with existing loan covenants;





**1. The terms and conditions on which the money is borrowed;**  
 The company's Borrowing Plan has been prepared in line with the principles outlined in the Borrowing policy.

The key objectives of the Borrowings Programme are as follows:

- To ensure that the funds are obtained at the lowest possible interest rates, at minimum risk, and within the parameters of authorized borrowings;
- To maintain debt within the approved limits and ensure adequate provision for the repayment of debt;
- To ensure debt repayment is sustainable; and
- To ensure that all borrowings are in accordance with legislative requirements.

**2. Information on proposed domestic borrowing;**  
 The current debt that is in place at ATNS is domestic borrowing and denominated in ZAR. The ATNS policy does not allow for borrowing money in foreign currency. However, foreign Borrowing may only be permitted if the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

There are currently no plans in place to obtain additional domestic or foreign borrowings

**3. Short and long-term borrowing;**  
 The table below reflects the budgeted gross loan book and impairment provision over the medium term. The figures are based on the loan facility with DBSA.

**Table 1: Capital repayments**

Loan Book Summary		• 2024/25	• 2025/26	• 2026/27
Long term borrowings	341 199 413	272 309 539	203 419 665	
Short term borrowings	68 889 874	68 889 874	68 889 874	
<b>Total ATNS</b>	<b>410 089 288</b>	<b>341 199 413</b>	<b>272 309 539</b>	<b>272 309 539</b>

**a. Capital structure**  
 ATNS shall maintain a Gearing Ratio of below 50% as per the company policy.  
 The debt-to-equity ratio is expected to reduce over the three-year period as the company continues to recover and starts with the capital repayment of the loan.



ATNS Corporate Plan (2024/25 – 2026/27)

**Table 2: Estimated Gearing Ratio**

Description	2024/25	2025/26	2026/27
Debt to Equity ratio	23%	17%	12%

**b. Funding requirements**

The three-year borrowing plan is based on the financial assumptions as per the corporate plan. Additional funding will be received through the secured facility with DBSA to fund the required Capex spend during the period under review. The remaining facility of R217m is forecasted to be utilised in 2023/24 (R76m) and 2024/25 (R141m).

Additional funding, totalling R422m have been granted by the shareholder for the first two (2) years of the plan.

**Table 3: Gross Funding Requirements**

Description	2024/25	2025/26	2026/27
Cash and cash equivalents at beginning of year	903 163 929	1 116 171 594	1 062 625 893
EBITDA	203 842 713	271 962 562	361 775 039
Capital Expenditure	(198 243 129)	(493 284 921)	(258 382 604)
Loan Redemptions	(86 660 754)	(68 889 874)	(68 889 874)
Net Interest Payout	(4 284 371)	(7 503 195)	(1 138 819)
WC Changes	(44 987 056)	29 023 313	(6 692 191)
Tax Payout/Refund	(1 210 388)	(3 455 586)	(8 053 749)
Cumulative Gross Funding Requirement	771 620 945	844 023 893	1 081 243 694
New Gross Borrowings	140 550 650	-	-



Description	2024/25	2025/26	2026/27
Shareholder Injection	204 000 000	218 602 000	
Net Cash position	1 116 171 594	1 062 625 893	1 081 243 694
	(R)	(R)	(R)

The three-year Borrowing Plan is based on the following key assumptions:

- Capital Expenditure Programme amounting to R950 million (excluding capitalised interest);
- Debt redemptions totalling R224 million;
- Interest payments of R162 million;

**c. Interest rate profile**

The debt of the company is comprised of debt instruments, which bear interest at either fixed and variable interest rate. The ratio of floating rate instruments in the loan portfolio is monitored and managed. Interest rates on borrowings compare favourably with those rates available in the market. Interest rate per annum being the aggregate of the applicable base rate (Variable 3 month JIBAR) and margin (4.15%)

**d. Liquidity management**

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due. The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.



The company assessed the liquidity risk using latest forecast and projections of future cash flows. The company has enough cash reserves to fund its obligations as they become due although meeting the loan covenants remain at risk.

**e. Available facilities**

The company, on 31 December 2023, had an outstanding undrawn commitment on the loan facility of R217 million, which is expiring by 12 October 2024, the end of the availability period. The facility carries with it commitment fee costs, the fee is calculated at 0.5% per annum on the undrawn Facility amount.

**Table 4: Available facility**

Financial Institution	Facility Amount (Rm)	Utilised (Rm)	Available (Rm)	Type	Utilisation Interest
DBSA	500	283	217	Committed	Based on: <ul style="list-style-type: none"> <li>• 3 Month Jibar Margin of 4.15%</li> </ul>

**4. The maturity profile of the debt:**

The company strives for an optimal maturity profile that shall reflect the mix of assets and liabilities that minimize interest rate risk on the balance sheet. The favourable position would be to enhance net interest income.

The loan commenced in December 2023 and accumulates interest on any capital amount owed and this interest is paid on a quarterly basis. The facility allowed for a capital grace period of 24 months wherein ATNS will commence with the capital repayments 31 December 2024. The repayments will be made in equal instalments on a quarterly basis for seven (7) years with a Redemption Date: 31.03.2031. The Company will repay R224 million worth of the borrowed and forecasted additional borrowings over the three-years.

**Table 5: Capital repayments**

Description	• 2024/25	• 2025/26	• 2026/27
Capital repayments	86 660 754	68 889 874	68 889 874



ATNS Corporate Plan (2024/25 – 2026/27)

<b>Total</b>	<b>86 660 754</b>	<b>68 889 874</b>	<b>68 889 874</b>
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**5. The confirmation of compliance with existing loan covenants;**

As part of the conditions for the funding deal between ATNS and DBSA, ATNS is required to maintain certain financial covenants. With the expected capital injection from DOT, ATNS will meet all its financial covenants in the period under review.

**Table 6: Financial Covenants**

Description	Per Loan Agreement	2024/25	2025/26	2026/27
Current Assets to Current Liabilities	3.3	2.9	2.8	
Cash to Current Liabilities	2.7	2.4	2.3	
Cumulative Debt Service Cover 3 Ratio (DSCR)	15.8	14.9	21.8	

**6. Investment plan**

ATNS seeks to maintain adequate cash levels to cover for:

- Capital expenditure;
- 3x monthly operational expenditure; and
- Loan repayments (both principal and interest payments)

Excess cash from operational activities is invested for a maximum period of twelve months providing that such funds, or part thereof, may be unwound with one month's notice. The investments will be made with the current bankers (RMB). Should the returns from the current bankers be not competitive, approval to invest with any other financial institutions will be sought from the Board accordingly.

While returns from cash investments may be moderate, ATNS considers this portfolio to be the most appropriate investment vehicle for the cash held considering the following:

- economic regulatory climate; and
- funding approval process



## 7. Conclusion

The borrowing programme is in line with the requirements of the PFMA and has been approved by the Board. This Borrowing Plan will ensure that the company meets its short-term liquidity requirements and achieves long-term financial sustainability. ATNS will continue to ensure that the implementation of the programme is in line with all applicable legislation.





ATNS Corporate Plan (2024/25 – 2026/27)

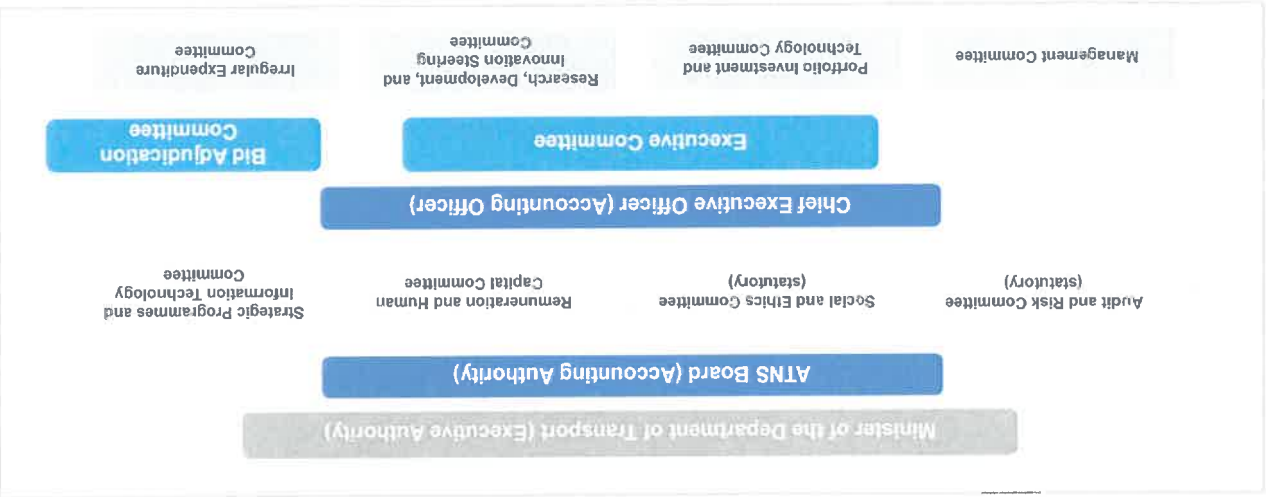
## Annexure D: Corporate Governance Framework

### Governance Structure

The directors of the ATNS are committed to full compliance with the principles embodied in appropriate international corporate governance codes and strive to align the Company's corporate governance with national and international best practices. The figure below illustrates its governance framework.

The ATNS has embraced King IV Code on Corporate Governance and has completed an assessment of its practices against the 16 applicable principles. The application of King IV Principles 2021 included in the 2023 ATNS Annual Integrated Report provides details of the measures that were taken to meet the prescribed governance outcomes.

The Board has adopted a compliance framework that is underpinned by the Generally Accepted Compliance Principles, as issued by the Compliance Institute of South Africa. The ATNS Compliance Framework (inclusive of a Compliance Policy, Compliance Charter and Compliance Manual) has been approved by the ATNS Board of Directors and is a demonstration of our commitment to complying with applicable regulatory requirements.



### ATNS Board

ATNS is led by a board of directors made up of executive and non-executive directors appointed for a three-year term by the Shareholder, starting from 13 January 2023. ATNS Board is made up of 12 directors comprised of the following:

- 10 non-executive directors
- Two executive directors

The board is constituted in terms of the Company's Memorandum of Incorporation, the Companies Act, and King IVTM. The board has delegated some of its duties to formally constitute board committees but



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without abdicating its responsibilities on matters delegated to these committees. Delegation of authority to board committees is done formally by way of approved terms of reference and delegation of authority.

The Board Committees are as follows:

- Remuneration and Human Capital Committee
- Social and Ethics Committee
- Strategic Programmes and Information Technology Committee
- Audit and Risk Committee

The board's primary focus points are oversight and direction, provision of strategic direction, and defining the levels of authority to ensure we that our statutory, commercial, and developmental objectives are fulfilled in harmony with our responsibilities as a corporate citizen committed to meeting the legitimate needs and expectations of stakeholders.

The board is governed by a board charter, which outlines the principal provisions of the ATNS Act, the fiduciary responsibilities of directors, the relationship with Exco, and the policies that the Shareholder and board should follow to ensure good corporate governance. The charter is updated periodically to align with legislative changes.

The board composition is as follows.

Board member	Role	Expertise	Qualifications	Committees
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<b>Zola Majavu CD (SA) Chairman</b> (age 54)	Independent non-executive	Aviation law Alternative dispute resolution	BA (Law) LLB H.dip. in Company Law Cert. in Sports Management Notary Senior Legal Practitioner Helicopter pilot Chartered Director	The Chairman does not serve on board committees
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<b>Ameen Amod CD (SA)</b> (age 59)	Independent non-executive	Governance Finance Internal audit	MBA B.COMM Chartered Director CD (SA)	Audit and Risk Social and Ethics
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		Strategic planning Performance information management Enterprise risk management Compliance	CRMA (Certified Risk Management Assuror) CIA (Certified Internal Auditor)	
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Board member	Role	Expertise	Qualifications	Committees
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<b>Khulile Boqwana</b> (age 51)	Independent non-executive	<ul style="list-style-type: none"> <li>Investment and regulation, including airport infrastructure and policy regulation</li> <li>Broadcasting and telecommunications</li> <li>Energy regulation</li> <li>Corporate strategy and governance</li> <li>Project management</li> </ul>	<ul style="list-style-type: none"> <li>BCompt</li> <li>MBL</li> <li>National Diploma in Education</li> <li>Certificate in Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Remuneration and Human Capital</li> <li>Audit and Risk</li> <li>Governance</li> <li>Transformation, Investment and Projects</li> </ul>
<b>Princess Mangoma</b> (age 45)	Independent non-executive	<ul style="list-style-type: none"> <li>External, internal and information technology auditing</li> <li>Risk and compliance management</li> <li>Performance management and finance</li> </ul>	<ul style="list-style-type: none"> <li>BCompt</li> <li>Bcom Honours</li> <li>MPhil Accounting Sciences (in progress)</li> <li>Certified internal auditor (in progress)</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Business research, Operations and Development</li> <li>Audit and Risk</li> </ul>
<b>Nomathemba Khubeka</b> (age 56)	Independent non-executive	<ul style="list-style-type: none"> <li>Talent management and skills development</li> <li>Corporate negotiations</li> <li>Project management</li> <li>Research and development planning</li> <li>Logistics</li> <li>Property development and facilities management</li> </ul>	<ul style="list-style-type: none"> <li>BA in Education</li> <li>MSC in Building</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and Human Capital</li> <li>Social and Ethics</li> <li>Transformation, Investment and Projects</li> </ul>
<b>Siyabonga Gcina Kudumela</b> (age 30)	Independent non-executive	<ul style="list-style-type: none"> <li>Construction and project management</li> <li>Civil engineering</li> <li>ESG</li> <li>Building Infrastructure Analytics</li> <li>Facilities management</li> </ul>	<ul style="list-style-type: none"> <li>Nat. Dip Surveying</li> <li>Nat. Dip Civil Engineering</li> <li>Adv. Dip Civil Engineering (in progress)</li> <li>Project Management Professional (PMP)</li> </ul>	<ul style="list-style-type: none"> <li>Social and Ethics</li> <li>Business research, Operations and Development</li> </ul>
<b>Dr Malindi Neluhni</b> (age 60)	Independent non-executive	<ul style="list-style-type: none"> <li>Infrastructure</li> <li>Transportation</li> <li>Aviation</li> </ul>	<ul style="list-style-type: none"> <li>PhD in Architecture (Engineering Minor)</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Transformation, Investment and Projects</li> </ul>



Board member	Role	Expertise	Qualifications	Committees
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<b>Precious Sibiya</b> CA (SA)	Independent non-executive	<ul style="list-style-type: none"> <li>Finance and financial management</li> </ul>	<ul style="list-style-type: none"> <li>CA (SA)</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Audi and Risk</li> <li>Remuneration and Human Capital</li> <li>Transformation, Investment and Projects</li> </ul>
				<ul style="list-style-type: none"> <li>Risk management</li> <li>Supply chain management</li> <li>Compliance</li> </ul>

<b>Chris R. Burger</b> (age 58)	Independent non-executive	<ul style="list-style-type: none"> <li>Information and communication systems engineering</li> </ul>	<ul style="list-style-type: none"> <li>MEng in Electronic Engineering</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and Human Capital</li> <li>Business research, Operations and Development Committee</li> <li>Transformation, Investment and Projects</li> </ul>
				<ul style="list-style-type: none"> <li>Manned and unmanned aircraft operations</li> <li>Technology innovation and development</li> <li>Regulatory policy formulation</li> <li>Aviation and technology training</li> </ul>

<b>Major-General (ret.) Nhlania Ngema</b> (age 73)	Independent non-executive	<ul style="list-style-type: none"> <li>Strategic planning</li> <li>Policy formulation</li> <li>Strategy formulation</li> <li>Resource management</li> <li>Driving transformation</li> <li>Aviation aerospace</li> </ul>	<ul style="list-style-type: none"> <li>Private pilot's licence (Civil Aviation Authority Nigeria)</li> <li>Commercial pilot's licence (Civil Aviation Authority United Kingdom)</li> <li>Aviation transport pilots licence (Federal Aviation Administration, United States)</li> </ul>	<ul style="list-style-type: none"> <li>Chairman: Social and Ethics</li> <li>Transformation, Investment and Projects</li> <li>Governance</li> <li>Remuneration and Human Capital</li> </ul>
				<ul style="list-style-type: none"> <li>Senior management, defence resource and defence management programmes</li> <li>Advanced air operations law certificate</li> <li>Aviation leaders programme in public policy</li> </ul>



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The ATNS Board approved a hybrid organisational structure, resulting in the finalisation and appointment of executive management, accompanied by changes in the executive structures. Executive members form part of Exco, supporting the CEO in implementing the corporate strategy and leading both business and functional areas.

The Exco composition is as follows.

Executive member	Position	Expertise	Qualifications
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<b>Nozipho Mdawe</b> (age 50)	Executive (Chief Executive Officer)	<ul style="list-style-type: none"> <li>Global Partnerships Development</li> <li>Strategic leadership and execution</li> <li>Value driven infrastructure development and execution</li> <li>Organisational development and transformation</li> <li>Strategic risk management</li> <li>P&amp;L Leadership and Revenue Growth</li> <li>Operations Management and Execution</li> </ul>	<ul style="list-style-type: none"> <li>Doctoral Degree (in progress)</li> <li>MBA</li> <li>Global Executive Development Programme</li> <li>Advanced Strategic Management Programme</li> </ul>
<b>Motome Moholola</b> (age 45)	Chief Financial Officer	<ul style="list-style-type: none"> <li>Financial, risk and supply chain management</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>MBA</li> <li>MCom Tax</li> <li>Bcom</li> <li>Bacc</li> </ul>
<b>Josia Manyakwana</b> (age 53)	Chief Operating Officer	<ul style="list-style-type: none"> <li>Aircraft Traffic Management</li> <li>Aviation Management, Research and Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Master of Aviation</li> <li>Honours Industrial Psychology</li> </ul>
<b>Thadeka Mdebuka</b> (age 42)	Legal Counsel	<ul style="list-style-type: none"> <li>Legal advisory and advocacy</li> <li>Legal compliance</li> <li>Corporate governance</li> <li>Contract negotiation and contracts management</li> <li>Litigation</li> </ul>	<ul style="list-style-type: none"> <li>Admitted attorney</li> <li>Postgraduate – GRC</li> <li>LLM mercantile Law</li> <li>LLB</li> </ul>



Executive member	Position	Expertise	Qualifications
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<b>Nhlanhla Mabaso</b> (age 54)	Chief Technology and Information Officer (Appointed July 2023)	<ul style="list-style-type: none"> <li>Strategic management of technology</li> <li>Innovation</li> <li>Knowledge commons</li> <li>Cybersecurity</li> <li>Leadership development</li> <li>Programme management</li> </ul>	<ul style="list-style-type: none"> <li>MBA</li> <li>BSc (Computer Science, Computational and Applied Mathematics)</li> <li>Various courses, including information management and cyber security</li> </ul>
<b>Mbongeni Mashelana</b> (age 47)	Chief Business Services (Appointed November 2014)	<ul style="list-style-type: none"> <li>Safety management system</li> <li>Enterprise risk management</li> <li>Quality management systems</li> <li>Corporate governance</li> <li>Management accounting</li> <li>Business continuity management</li> <li>Risk insurance</li> </ul>	<ul style="list-style-type: none"> <li>MBA</li> <li>Postgraduate Diploma in Business Management and Administration</li> <li>BCompt</li> <li>National Diploma in Cost and Management Accounting</li> </ul>
<b>Tendani Ndou</b> (age 53)	Chief Aviation Training Academy (Appointed June 2011)	<ul style="list-style-type: none"> <li>Risk, audit and compliance</li> <li>Corporate governance</li> <li>Accounting, finance and management</li> <li>Supply chain management</li> <li>Aviation training management</li> <li>Strategy and planning</li> </ul>	<ul style="list-style-type: none"> <li>MBA</li> <li>Bcom (Honours) Cost Management Accounting</li> <li>Higher Diploma in Education</li> </ul>
<b>Khanyisile Cele</b> (age 41)	Chief Strategy, Research, Development, and Innovation (Appointed July 2023)	<ul style="list-style-type: none"> <li>Chief Strategy, Research, Development, and Innovation</li> <li>Policy</li> <li>Budgeting and Evaluation</li> <li>Monitoring and Evaluation</li> <li>Leadership</li> <li>Marketing</li> </ul>	<ul style="list-style-type: none"> <li>MBA</li> <li>MPhil (Personal and Professional Leadership)</li> <li>Public Finance and Accounting Degree</li> <li>Public Finance and Accounting Diploma</li> </ul>
<b>Sandile Hogana</b> (age 40)	Chief Customer Solutions Officer (Appointed July 2023)	<ul style="list-style-type: none"> <li>Chief Customer Solutions Officer</li> <li>Marketing</li> <li>Sales</li> <li>Product management</li> <li>Data analytics</li> </ul>	<ul style="list-style-type: none"> <li>MBA</li> <li>Post Graduate Diploma in Finance, Banking and Investment Management</li> <li>BSc in Computer Science and Applied</li> <li>BSc in Computer Science Applied Mathematics</li> </ul>





Executive member	Position	Expertise	Qualifications
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<b>Gayle Serema</b> (age 51)	Chief Human Capital Officer (Appointed on a fixed-term contract in January 2023)	General Human Resources Management	<ul style="list-style-type: none"> <li>Master of Business Administration</li> <li>Bcom Honours, Industrial and Organisational Psychology</li> <li>Bachelor of Arts Industrial Psychology</li> </ul>
<b>Lesego Mahamba</b> (age 38)	Chief Audit Executive and Acting Chief Risk Executive (Appointed January 2018)	<ul style="list-style-type: none"> <li>External audit</li> <li>Internal audit</li> <li>Internal financial controls</li> <li>Corporate governance</li> <li>Enterprise risk management</li> <li>Combined assurance</li> <li>Performance information</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>MBA</li> <li>CIA</li> <li>Bcom Accounting Science</li> <li>Bcom Economics</li> </ul>
<b>Millicent Fatlane</b> (age 44)	Appointed on a fixed-term contract in September 2022 and as Acting Company Secretary in March 2023	<ul style="list-style-type: none"> <li>Company secretarial practice</li> <li>Corporate governance</li> <li>Corporate law</li> <li>Strategy and business planning</li> </ul>	<ul style="list-style-type: none"> <li>MBL</li> <li>Postgraduate CIS Board Exam</li> <li>Postgraduate Diploma in Management: Specialising in Corporate Governance</li> <li>Senior Leaders Development Programme</li> </ul>



ATNS Corporate Plan (2024/25 – 2026/27)

## Annexure E: Employment Equity Plan

In support of the ATNS business and transformation objectives, the employment equity targets have been set with a focus on people from designated groups, i.e., Black people, women, and persons with disabilities. The affirmative action measures are progressively being implemented to enable the achievement of the targets as set out in the employment equity plan. A concerted effort is being made to improve the representation of persons with disabilities.

	FY 1999	FY 2022	FY 2023	FY 2024	FY 2023	FY 2022	Base 1999	FY 2022	FY 2023	FY 2024	EE Targets
Black								21%	48%	48%	81.4%
Women								48%	48%	48%	81.4%
Persons with Disabilities								0%	3.5%	1.92%	1.92%



## Annexure F: Fraud Prevention Plan

Prevention and detection of any financial crime, fraud, and corruption in particular, is about understanding risks, both internal and external, as well as recognising that the environment created by an organisation is the most significant factor in determining how much of a target the organisation will be viewed as by any criminal.

Given the requirement for an organisation to protect its assets and to prevent fruitless, wasteful, and irregular expenditure, there is a requirement for measures to prevent losses due to fraud and corruption.

### ATNS Response to Fraud and Corruption

ATNS is committed to 'zero tolerance' of any fraudulent behaviour. A fraud policy and prevention plan are in place, our Fraud Prevention Plan is in accordance with Paragraph 14 of the National Treasury Practice Note 4 of 2009/2010 issued in terms of Section 52 of the Public Finance Management Act, as well as the King IVTM principles.

### ATNS Business Processes Supporting the Prevention of Fraud and Corruption

Fraud, corruption and ethics procedures are in place and communicated annually through employee awareness sessions. A fraud risk register is also maintained to ensure that identified risks relating to fraud and corruption are mitigated and monitored specifically in identified high-risk areas, such as finance, human capital, and IT controls.

### Governance, Monitoring, and Review

The ATNS continually monitors and reviews the implementation of the fraud prevention plan and reports to the relevant governance structures - Audit & Risk and Social & Ethics Committees.



ATNS Corporate Plan (2024/25 – 2026/27)

## Annexure G: Risk Register

Attached as a separate document.

## Annexure H: Business Continuity

Available as a separate document.

## Annexure I: Environmental Sustainability Framework

### Environmental Stewardship

While our direct impact on society and the environment is relatively low, our indirect positive impact is potentially significant for our stakeholders. Equally important is the integration of our sustainability practices into our operations and services to enhance our ability to achieve our purpose, as well as contribute towards the achievement of our strategic objectives.

The impacts of climate change are apparent in the aviation sector; this is evident in the severe storms which disrupt normal take-off and landing operations and ultimately result in delays and damage to infrastructure due to unpredictable weather variation. In response, the below aims to respond to the global aspirational goal of achieving net-zero carbon emissions by 2050 in collaboration with other stakeholders.

The organisation's commitment to demonstrating leadership in environmental stewardship is focused on developing and implementing environmental policies and sustainability guidelines to integrate sustainability into the organisation's value chain. The focus is mainly on the regulated business which includes creating enterprise-wide awareness on environmental matters.

The short- to medium-term objective is to improve the maturity of the environmental sustainability performance in the organisation. In the next three years, the focus will be on fully implementing the objectives set out in the sustainability strategy by integrating environmental issues at both strategic and operational levels of the business. The previous financial year focused on implementing Environmental Management System (EMS - ISO 14001) which included certification-related processes and procedures at the Aviation Training Academy and Head Office, and implementation at several operational sites.

Key Environmental focus areas in the medium-term include:

Implementing more sustainable and efficient processes in air traffic services. The Civil Air Navigation Services Organisation (CANSO) Green ATM is one of several programmes being pursued in the 2023/24 financial year, coupled with the ongoing rollout of ISO 14001 implementation and maintenance. This will be supported by established sustainability governance structures. CANSO Green ATM will see ATNS acquiring accredited accreditation level.

Low-carbon renewable energy project supporting the climate change agenda and securing sustainable energy.



ATNS Corporate Plan (2024/25 – 2026/27)

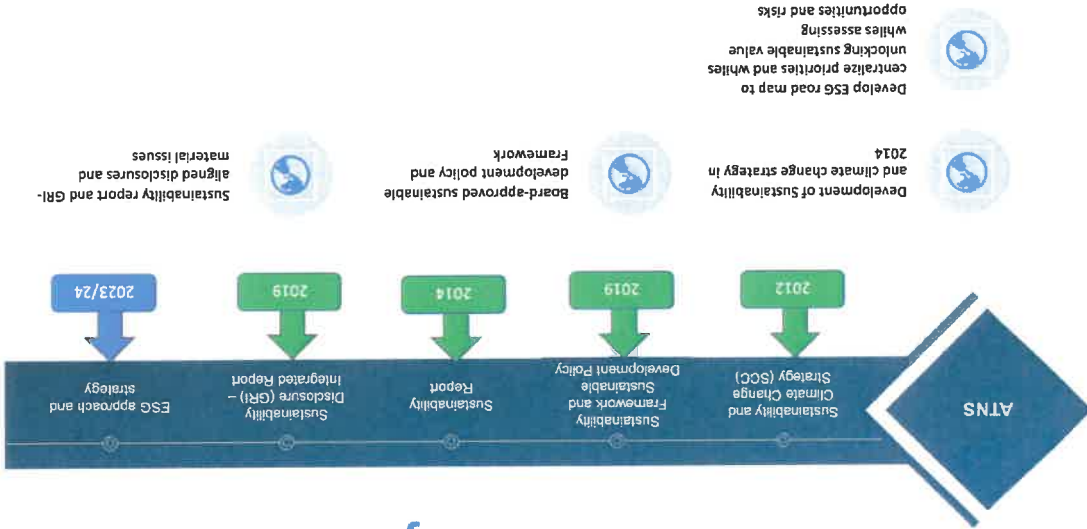
Acceleration of renewable energy based on the phase 1 pilot and source funding for roll out as well as pilot other technologies to improve energy security and reduce the organisation's carbon footprint.

Enhancing data management systems and improving adherence to leading practice sustainability reporting frameworks to measure more accurately our direct and indirect positive and negative impacts.

Providing thought leadership to CANSO environmental committee, ICAO's Committee on Aviation Environmental Protection and other technical working groups on alleviating aviation's environmental impact, specifically reducing airspace noise and improving airspace air quality.

Managing scarce and vulnerable resources, reducing negative impacts in sensitive biodiversity areas, reducing our waste and conserving natural water resources across our business value chain

## Journey



## Current Sustainability Framework

- ATNS sustainability framework enable sustainable economic, social and environmental outcomes which:
- build an integrated and intelligent view of the synergies and trade-offs between the various sustainability performance areas,
- stakeholder, demonstrate the integrated nature of our Strategic Model and on our sustainability focus: Enable, Engage, Grow and Preserve; support integrated thinking, and by defining our material outcomes and drive and
- Building sustainability intelligence and innovators which will enable ATNS to become a leader in the industry while responding to the broader socio-economic objectives of the country and continent;
- Acknowledge the importance of global sustainable Development Goals (SDGs) which aim to alleviate poverty, protect the environment and ensure prosperity as the leading drivers of the new sustainable development agenda.



2024/25  
ATNS  
THE BOARD OF  
and

GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA  
HEREIN REPRESENTED BY THE MINISTER OF TRANSPORT

Entered into by and between

SHAREHOLDER'S COMPACT



## Annexure J: Shareholder's Compact

ATNS Corporate Plan (2024/25 – 2026/27)







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<b>1.</b>	<b>Introduction</b>
1.1.	The Entity has been established in terms of the Act and is listed in Schedule 2 of the PFMA. The objectives and the functions of the Entity are governed by the Act.
1.2.	In terms of Regulation 29.2 of the Regulations –
1.2.1.	The Accounting Authority for a public entity listed in Schedule 2, 3B, and 3D must, in consultation with its Executive Authority, annually conclude a Shareholder's Compact; and
1.2.2.	The Shareholder's Compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the Accounting Authority and the Executive Authority.
1.3.	The Accounting Authority must, in terms of the PFMA, comply with its fiduciary duties and manage all revenue, expenditure, assets and liabilities of the Entity effectively and efficiently.
1.4.	The Executive Authority and the Accounting Authority wish to:
1.4.1.	Establish a transparent and accountable working relationship on matters relating the implementation of the provisions of the PFMA, the Companies Act and the Act; and the Memorandum of Incorporation.
1.4.2.	Enter into this Shareholder's Compact, to assist the Parties to measure the Accounting Authority and the Entity's performance, and to support and manage the working relationship between them; and
1.4.3.	Enter into this Shareholder's Compact to execute their obligations in terms of Regulation 29.2 of the Regulations for the financial year 2024/25
<b>2.</b>	<b>Definitions and Interpretation</b>
2.1.	Definitions:
2.1.1.	"Accounting Authority" means the Board of directors as appointed in accordance with the Act.
2.1.2.	"Act" means the Air Traffic and Navigation Company Act 1993 (Act No. 45 of 1993).
2.1.3.	"NDP 2030" means National Development Plan 2030.
2.1.4.	"MoI" means the Memorandum of Incorporation of the Entity in terms of the Companies Act.
2.1.5.	"Chairperson" means the Chairperson of the Accounting Authority.
2.1.6.	"Committee" means a Committee of the Accounting Authority required in terms of the PFMA and the Regulations.

The Shareholder's Compact represents the agreement between the Executive Authority and the Accounting Authority. It is a reflection of the expectations of each Party, expressed in terms of outcomes and outputs that need to be achieved. In this Shareholder's Compact, the following expressions and words have the meaning assigned to them below and derivative expressions and words will have a corresponding meaning, unless inconsistent with or otherwise indicated by the context –



- 2.1.7. "Companies Act" means the Companies Act, 2008 (Act No. 71 of 2008), as amended.
- 2.1.8. "Company Secretary" means the person appointed as the secretary of the Accounting Authority as defined in the Companies Act.
- 2.1.9. "Corporate Plan" means the corporate plan as stated in section 52(b) of the PFMA.
- 2.1.10. "Department" means the National Department of Transport.
- 2.1.11. "Director" means a member of the Accounting Authority as referred to in the Act and Companies Act.
- 2.1.12. "Entity" means Air Traffic and Navigation Services Company SOC Limited.
- 2.1.13. "Effective Date" means date of signature of this Agreement by the last Party signing in time.
- 2.1.14. "Executive Authority" means the Minister of Transport or his delegate.
- 2.1.15. "Financial Year" means the Financial Year beginning on 1 April of a specific year and ending on 31 March of the following year.
- 2.1.16. "King IV™" means the King IV Report on Corporate Governance in South Africa, 2016™.
- 2.1.17. "Member" means a member of a committee.
- 2.1.18. "Month" means a calendar month.
- 2.1.19. "Parties" means the Executive Authority and the Accounting Authority or any one of them as the context may indicate.
- 2.1.20. "PFMA" means the Public Finance Management Act, Act No. 1 of 1999, as amended.
- 2.1.21. "Regulations" means the Treasury Regulations to the PFMA initially published under GNR 345 of 9 April 2001, as amended.
- 2.1.22. "Representative" means a person appointed by the Parties in terms of this Shareholder's Compact to fulfil and administer the functions set out herein on behalf of the Party which appointed such person.
- 2.1.23. "Shareholder's Compact" means this document, as required in terms of Regulation 29.2 of the Regulations, including all annexures hereto.
- 2.1.24. "Statute" means any act of Parliament or regulation thereto or any other enactment having the force of law.
- 2.1.25. "Strategic Plan" means the Strategic Plan of the Entity, under Regulations 5 and 30.1.3 of the Regulations; and
- 2.1.26. "Writing" means handwritten, type-written or printed communication, including telegram, facsimile transmission, electronic transmission, or any like communication and "in Writing" and "Written" shall have corresponding meanings.
- 2.2. Interpretation in this Shareholder's Compact –



- 2.2.1. unless the context indicates a contrary intention, an expression which denotes -
- 2.2.1.1. any reference to the singular includes the plural and *vice versa*.
- 2.2.1.2. any reference to the natural person includes legal persons and *vice versa*; and
- 2.2.1.3. any reference to a gender includes the other genders.
- 2.2.2. when any number of days is prescribed same shall, unless otherwise specifically stated, be reckoned exclusively of the first and inclusively of the last day.
- 2.2.3. where words have been defined in the body of this Shareholder's Compact, such words shall, unless otherwise required by the context, have the meanings so assigned to them throughout this Shareholder's Compact.
- 2.2.4. where any provision contemplates a notice to be given or agreement to be reached between the Parties, such notice or agreement shall be in writing, unless expressly provided otherwise.
- 2.2.5. if any provision of this Shareholder's Compact is in any way inconsistent with the provisions of the PFMMA, the Companies Act, or the Act, the relevant provision of the PFMMA, the Companies Act, or the Act shall prevail, and this Shareholder's Compact shall be read in all respects subject thereto; and
- 2.2.6. if any provision of this Shareholder's Compact is in any way inconsistent with the Mol of the Entity, the provision of the Mol shall prevail. In the event of such a conflict, the Entity agrees to take all such necessary actions, and such actions as are conducive, to amend the Mol as necessary under this clause 2.2.6.
- 3. **Purpose of Shareholder's Compact**
  - 3.1. The purpose of this Shareholder's Compact is to –
    - 3.1.1. formalise and regulate the working relationship **between** the Executive Authority and the Accounting Authority.
    - 3.1.2. give effect to the mandate of the Entity; and
    - 3.1.3. give effect to the obligations of the Parties to conclude a Shareholder's Compact as stated in Regulation 29.2 of the Regulations.
- 4. **Legislative Mandate of the Entity**
  - 4.1. The legislative mandate of the Entity is set out in the Act and the Entity is required to perform and comply with such legislative mandate as contained in the Act in conjunction with the Mol.
  - 4.2. Concurrent with achieving the legislative mandate, the Entity shall deliver on and adhere to the national priorities of Government.



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- 4.3. The Accounting Authority shall integrate any governmental policy, relating to the Entity, into its Corporate Plan, key performance measures and indicators and borrowing programme in order to execute its legislative mandate.
- 5. Critical Assumptions**
  - 5.1. The Parties have assumed that the timely submission of the documentation under this Shareholder's Compact being provided to the Accounting Authority is critical to:
    - 5.1. the Department making informed decisions; and
    - 5.2. providing the National Treasury and the Executive Authority with information which enables the efficient execution of the Executive Authority's mandate.
  - 5.3. Accordingly, the following documentation is required by the date allocated next to the document name annually—
    - 5.3.1. Draft Corporate Plan – End of January.
    - 5.3.2. Draft Shareholder's Compact – End of February.
    - 5.3.3. Revised Corporate Plan – end of September.
    - 5.3.4. Shareholder's Compact, including performance indicators – End of February.
    - 5.3.5. Budget Inputs – End of February.
    - 5.3.6. MTEC Inputs - where applicable End of July.
    - 5.3.7. ENE Inputs – End of November.
    - 5.3.8. Annual Reports – End of August.
    - 5.3.9. AGM Notices – End of September.
- 6. Roles and Responsibilities of the Executive Authority**
  - 6.1. As stated in section 63 of the PFMA, the role and responsibility of the Executive Authority is to exercise the Executive Authority's ownership powers to ensure that the Entity complies with the Act, the PFMA and the financial policies of the Executive Authority.
  - 6.2. The Executive Authority may, in writing or other means desirable, instruct the Accounting Authority to discontinue any activity of the Accounting Authority within a specified period, where such activity is contrary to the strategic or economic interest of the Republic of South Africa.
  - 6.3. The Executive Authority may, intervene in the following as the Executive Authority sees fit:



6.3.1.	the overall assessment of the Accounting Authority's performance on the basis of the Entity's actual performance in delivering the desired outcomes and objectives of the Entity and pre-agreed objectives of Government; and
6.3.2.	the overall monitoring and reporting to Parliament of the financial, commercial, and socio-economic strategic performance of the Entity. For this purpose, the Accounting Authority shall report to the Executive Authority on the matters and at the intervals stipulated in the PFMA and the Shareholder's Compact.
6.4.	The Executive Authority has the right to solicit independent advice and audit support in the discharge of the Executive Authority role and functions in terms of the Shareholder's Compact and <b>Appendix B</b> .
<b>7.</b>	<b>Undertakings by the Executive Authority</b>
7.1.	The Executive Authority undertakes to –
7.1.1.	provide an environment that encourages the discretion of the Accounting Authority regarding matters falling within its authority, as provided for in the Act, the MoI and this Shareholder's Compact.
7.1.2.	expedite the implementation of critical decisions.
7.1.3.	facilitate the proper constitution of the Accounting Authority and to fill vacancies that arise promptly.
7.1.4.	promote the Entity's programmes in Cabinet where such programmes have been approved by the Executive Authority.
7.1.5.	engage with the Accounting Authority, before exercising any of his or her powers in terms of the Act, if the exercise of such power will –
7.1.5.1.	affect the performance of the Entity's functions.
7.1.5.2.	commit the Entity to implement or give effect to a decision made by the Executive Authority; or
7.1.5.3.	have a substantial financial impact on the Entity; and
7.1.6.	facilitate the adjustment of agreed measures and indicators and/or provide the resources to enable the Entity to meet any such issued directives or any agreed plans.
<b>8.</b>	<b>The Entity</b>
8.1.	<u>Role of the Accounting Authority</u>
8.2.	<u>Responsibilities of Accounting Authority</u>

The Accounting Authority collectively represents the Entity and all acts of or under the Entity.





- 8.2.1. The Accounting Authority is responsible for the performance of the Entity and is fully accountable to the Executive Authority for such performance.
- 8.2.2. The Accounting Authority is bound by and shall abide by its statutory and fiduciary duties and will exercise the fiduciary duties of due diligence care and skill.
- 8.2.3. The Directors of the Accounting Authority will disclose any personal interest in decisions taken by the Accounting Authority in the conflict register referred to in clause 8.2.8.27 below.
- 8.2.4. The Directors of the Accounting Authority agree to be individually and severally liable pursuant to the PFMA and the Companies Act, for fraud, reckless trading, failure to disclose interest in contracts, falsifying books and records, or making false statements.
- 8.2.5. The Directors agree that, with respect to negligence by a director, the level of such liability referred to in 8.2.4 above, will vary according to the degree of a director's obligation to be involved in the day-to-day activities of the Entity.
- 8.2.6. The Accounting Authority is responsible for timely and prudently undertaking all key activities required for the efficient and effective running of the Entity, including but not limited to appointment of senior executives to the Entity and capital decisions within the ordinary course of business.
- 8.2.7. The Accounting Authority shall provide a quarterly reporting package, the first of which is due on 31 July 2024 and is to cover the period of 1 April 2023 to 30 June 2023, to the Executive Authority on the matters and in the approved format. Each subsequent quarterly reporting package will be provided to the Executive Authority for each Financial Year by the date indicated opposite the period stated below-
- 8.2.7.1. 31 October 2024 for the period 1 July 2024 to 30 September 2024.
- 8.2.7.2. 31 January 2025 for the period 1 October 2024 to 31 December 2024; and
- 8.2.7.3. 30 April 2025 for the period 1 January 2025 to 31 March 2025.
- 8.2.8. The Accounting Authority shall ensure that:
  - 8.2.8.1. each member of the Accounting Authority is fully aware of, and complies with all applicable States, government policies and codes of business practices.
  - 8.2.8.2. it includes a Shareholder's Compact with the Executive Authority on or before the start of the new financial year.
  - 8.2.8.3. the Directors of the Accounting Authority have unrestricted access to accurate, relevant information of the Entity.
  - 8.2.8.4. there is appropriate and effective induction, education and training offered to new and existing Directors of the Accounting Authority.



- 8.2.8.5. the Directors of the Accounting Authority act on a fully informed basis, in good faith, with diligence, skill and care and in the best interest of the Entity, whilst taking account the interests of all stakeholders, including employees, creditors, customers, suppliers and local communities.
- 8.2.8.6. the Entity acts in accordance with and achieves the key performance measures and indicators set in **terms of Part E of the corporate plan**; hereto.
- 8.2.8.7. the key performance measures and indicators the Executive Authority requires, as set out in this Shareholder's Compact and in **terms of Part E of the corporate plan**, are achieved and can be measured in terms of **Part E of the corporate plan**.
- 8.2.8.8. the Entity maintains adequate accounting records and the Entity prepares financial statements for each Financial Year, which fairly presents the affairs of the Entity.
- 8.2.8.9. the Entity consistently applies suitable accounting policies, supported by reasonable and prudent judgments and estimates, in the preparation of the financial statements.
- 8.2.8.10. the Entity maximises the benefits from the resources allocated to it and undertake rigorous auditing processes and proactive financial management.
- 8.2.8.11. the Entity pursues efficiency through developing enhanced administrative, evaluation, information, and technical processes.
- 8.2.8.12. the Entity holds that number of annual general meetings and in the manner prescribed in the Companies Act.
- 8.2.8.13. it develops a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensures that it reserves specific powers and authority to itself.
- 8.2.8.14. all delegations of authority are reduced to writing and kept under review; and
- 8.2.8.15. the Entity –
  - 8.2.8.15.1. investigates, and where appropriate, research or employs methodologies that will be to the national benefit or could contribute to alleviating the financial burden of those to whom the Entity provides services.
  - 8.2.8.15.2. diligently adheres to the corporate objectives statement, Corporate Plan, reporting requirements and borrowing programme for the relevant Financial Year.
  - 8.2.8.15.3. diligently carries out all necessary actions of the Entity in accordance with PFMA, the Companies Act, the Regulations, and this Shareholder's Compact.
  - 8.2.8.15.4. only engages in transactions within its ordinary course of business; and
  - 8.2.8.15.5. only disposes of assets in accordance with the PFMA and the Act, within the normal course of business.



- 8.2.8.16. it gives strategic direction to and controls the Entity.
- 8.2.8.17. it monitors the Entity's management closely by implementing the Accounting Authority's plans and strategies.
- 8.2.8.18. it complies with States, government policies and codes of business practice.
- 8.2.8.19. it develops and implements an effective succession plan for Executive Directors and adhere thereto.
- 8.2.8.20. it develops and implements effective internal control procedures in accordance with the PFMA, the Regulations, the King IV Report™ and best practice governance.
- 8.2.8.21. it communicates with the Executive Authority and relevant stakeholders openly and promptly.
- 8.2.8.22. it formulates, monitors and reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans of the Entity.
- 8.2.8.23. it maintains adequate accounting records on an annual or such more frequent basis as the Accounting Authority may determine.
- 8.2.8.24. at least annually, appraises the performance of the Directors, and Chairperson.
- 8.2.8.25. it reviews and evaluates its required mix of skills and experience and other qualities in order to assess the effectiveness of the entire Accounting Authority, its committees and the contribution of each individual Director during his/her entire term of office.
- 8.2.8.26. it establishes an appropriate mechanism for reporting the results of the Accounting Authority assessment to the Executive Authority.
- 8.2.8.27. it monitors and manages potential conflicts of interest of the Directors and management promptly and keeps a register of the conflicts of interests of all its employees.
- 8.2.8.28. it always maintains the highest standard of integrity, responsibility and accountability and ensure that it finds a fair balance between conforming to corporate governance principles and the performance of the Entity.
- 8.2.8.29. it closely monitors the process of disclosure and communication and exercises objective judgment on the affairs of the Entity and its independent of management.
- 8.2.8.30. it deals expeditiously with the directions given by the Executive Authority and promote and support the policies of Government; and
- 8.2.8.31. it supports the Executive Authority and the Department with the development and implementation of the national strategic objectives such as NDP 2030
- 8.2.9. The Accounting Authority warrants that it is fully conversant with all relevant statutory and fiduciary requirements having a direct or indirect bearing on –



- 8.2.9.1. the Shareholder's Compact; and
- 8.2.9.2. the Accounting Authority's fiduciary duties.
- 8.2.10. Should the Accounting Authority become aware of any circumstances or problems, which has prevented it, is preventing it or will prevent it from performing its duties or functions that will have a significant effect on such duties and functions, it shall, as soon as is reasonably possible after becoming aware thereof, advise the Executive Authority in writing of such circumstances or problems.
- 8.2.11. The Accounting Authority undertakes not to delegate responsibility under the PFMA requirements stated below –
  - 8.2.11.1. development of the annual corporate plan, annual budget and Shareholder's Compact for the Entity and submission in terms of Section 52 of the PFMA.
  - 8.2.11.2. carrying out the quarterly reporting.
  - 8.2.11.3. preparation of the annual report and financial statements.
  - 8.2.11.4. submissions in terms of Section54 (2) of the PFMA.
  - 8.2.11.5. development of the Materiality Framework; and
  - 8.2.11.6. applications for variation or renegotiation of the Shareholder's Compact.
- 8.3. Services by the Entity to the Executive Authority and Department
  - 8.3.1. The Entity will provide those services as are required in terms of its legislative mandate, the Act and the Executive Authority's objectives.
  - 8.3.2. The Entity will make itself aware of any changes to its service obligations but subject to, the provisions of clause 7.1 above, take all necessary steps to efficiently begin providing such services.
  - 8.3.3. The Entity will provide technical support as required by the Department when the latter is negotiating and concluding international agreements with other states.
  - 8.3.4. The Entity will remain abreast with international and national affairs in the Aviation industry and make recommendations to the Executive Authority and the Department with regard to matters connected with Aviation policy.
  - 8.3.5. The Entity shall, upon request of the Executive Authority –
    - 8.3.5.1. assist the Executive Authority, or any other person whom the Executive Authority may designate, in any investigation, prosecution or any other steps resulting from occurrence of any industry matter; or



- 8.3.5.2. furnish the Executive Authority, or such other person, with information, documents, written declarations or any other evidence which it has in its possession, and which is related to such incident.
- 8.3.6. The Entity undertakes to co-operate and liaise with relevant law enforcement agencies regarding information in their possession that may be required by a court of law.
- 8.3.7. The Accounting Authority will keep the Executive Authority informed on matters of concern between the Entity and other state departments and authorities within the Republic of South Africa.
- 8.3.8. The Accounting Authority shall notify the Executive Authority of any agreements, which the Entity may enter into with other state department.
- 8.3.9. The Entity will provide the information necessary to execute departmental functions & responsibilities as and when requested.
- 8.3.10. The Entity will provide Board resolutions under signature of the Company Secretary or Chairperson to accompany documentation and submissions where approval by the Minister is necessary.
- 8.4. National Strategic Objectives
- 8.4.1. The Accounting Authority shall support and undertake to assist the Executive Authority and the Department with the development and implementation of National Strategic Objectives.
- 8.4.2. The Executive Authority shall formally document and communicate to the Accounting Authority any national strategic objectives to ensure that the strategic objectives of the Entity coincide with the national policy.
- 8.4.3. The Accounting Authority shall ensure that the Entity shall implement such policies, to promote and support certain specified key objectives of Government and shall report through its Chairperson to the Executive Authority.
- 8.4.4. The Accounting Authority shall implement at least the following policies –
  - 8.4.4.1. those which the Executive Authority requires.
  - 8.4.4.2. those which are legislated.
  - 8.4.4.3. employment equity policy.
  - 8.4.4.4. procurement policy, which takes into, account Broad-Based Black Economic Empowerment (B-BBEE) and a fair and objective procurement process in terms of the B-BBEE guidelines set by the Department of Trade and Industry.
  - 8.4.4.5. position the Entity to deal with the global and economic challenges facing the aviation industry by delivering a predictable safe, efficient, and reliable service to all the Entity users.



- 8.4.4.6. publish, and revise as or when required, review, a code of ethics and accountability of the Accounting Authority and the Entity; and
- 8.4.4.7. to align the Entity's overall operations with the global aviation matters and trends as well as aligning the operations cluster with the Entity's strategies and all relevant stakeholders like the Department and those who use its services.

**9. Corporate Governance**

- 9.1. Subject to the provisions of the MoI, the Entity will comply with the PFMA and the Regulations and shall comply, as far as is reasonably possible, with the King IV™. The Accounting Authority must establish Committees to improve its effectiveness. Committees shall be formed as required by the business, provided that no less Committees shall be formed than the minimum set out by the PFMA and the Regulations.

- 9.2. The Parties shall, where applicable, implement good governance practice guidelines as recommended in the King IV™ and the Protocol on Governance in the Public Sector, 2002.

**10. Treatment of Developmental Objectives**

The Parties agree that the Entity's corporate objectives shall include developmental and socio-economic objectives and that the achievement of all such objectives shall be measured through quarterly and annual reports in the encompassing reports on:

- 10.1. Key performance measures and indicators.

- 10.2. PFMA reports; and

- 10.3. Governance reports (Audit and Risk report).

**11. Duration and process of concluding Shareholder's Compact**

- 11.1. The content of the Shareholder's Compact shall remain the same but will be reviewed annually by the Parties, in accordance with Regulation 29.2 of the Regulations.

- 11.2. The following minimum supporting documentation relating to this Shareholder's Compact is to be maintained by the Accounting Authority and access thereto is to be provided to the Executive and/or the Department on any reasonable request therefore –

- 11.2.1. Corporate Plan covering a three-year period.

- 11.2.2. fraud prevention plan.

- 11.2.3. any approved amendments to the documents stated in 11.2.1 above.

- 11.2.4. code ethics.

- 11.2.5. corporate governance schedules.

- 11.2.6. management's register of conflicts of interest.





- 11.2.7. risk management plan; and
  - 11.2.8. the signed statement of responsibility and delegations.
- 12. Quarterly Evaluation**
- If the Executive Authority establishes that, after any quarterly assessment of the measures and indicators, the Entity fails—
- 12.1. to meet any one or more of the agreed measures and indicators.
  - 12.2. to meet the projected income or net cash; or
  - 12.3. to adhere to the corporate objectives statement; or
  - 12.4. to comply with the PFMA; or
  - 12.5. to comply with any Legislation, or Mof; or
  - 12.6. Comply with quarterly performance indicators and measures indicated in terms of Part E of the Corporate plan; or
  - 12.7. Comply with Governance matters.
- then the Executive Authority may, execute his executive authority in a manner that is consistent with his mandate.

**13. Budgeting and Financing Cycle**

- 13.1. The Parties recognise that the Executive Authority before the commencement of the new Financial Year must approve the Entity's annual budget and Corporate Plan.
- 13.2. The Entity shall deal with any allocations or transfer from the national government, as listed in the schedules to the Division of Revenue Act for the applicable Financial Year, in accordance with the provisions of the PFMA and the Regulations.
- 13.3. Payments to the Entity shall take account of –
  - 13.3.1. actual outputs to be delivered.
  - 13.3.2. capital expenditure incurred in terms of the business plan for the year.
  - 13.3.3. the agreed minimum funds that will be at the Entity's disposal; and
  - 13.3.4. other relevant factors mentioned in the Act, the PFMA and the Regulations.
- 13.4. The Executive Authority undertakes to pay all amounts due to the Entity provided that the Department has received the legislated PFMA clearance certificate relating to such amounts.



- 13.5. Parties agree that the annual budget of the Entity shall include a projection of revenue and expenditure for that year.
- 13.6. The Accounting Authority shall before incurring any additional funding not provided for in the annual budget or Corporate Plan request approval in writing from the Executive Authority for onwards transmission and approval by the National Treasury.
- 13.7. An institution to which this Act applies may not borrow money or issue a guarantee, indemnity, or security, or enter into any other transaction that binds or may bind that institution to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction is authorised by the Accounting Authority.
- 14. Communication between Executive Authority and Accounting Authority**
- 14.1. The Executive Authority may interact with the Accounting Authority and/or the Chairperson as the Executive Authority sees fit.
- 14.2. Communication between the Executive Authority and the Chairperson, with respect to the national agenda and the matters relating to the Executive Authority's role in respect of the Entity, is anticipated to be enhanced through interactions in the Executive Authority/Chairperson Forum and the Department's strategic planning sessions.
- 15. General obligations and undertakings by the Parties to one another**
- 15.1. Liaison with the Media
- 15.1.1. The Parties agree to advise each other in advance of any intention to liaise with the media, particularly if the subject matter to be addressed may have an adverse effect on the powers, rights, and privileges of the other Party.
- 15.1.2. However, the above does not in any way deprive a Party of its right to freely communicate with the public on matters that relate to its core-function.
- 15.1.3. The Parties shall maintain an open and transparent relationship and appraise each other of decisions or planned decisions timely, to avoid the occurrence of embarrassment and surprise, this applies especially to dealings with the media and other third parties.
- 15.2. Interaction with Foreign States and International Organisations
- Before any agreements representing South Africa's, interests are negotiated or entered into, Permission from the Executive Authority must be sought, clearly outlining the Entity's intentions and the implications for the Executive Authority and South Africa.
- 15.3. Access to Information
- With reference to section 8.3.9, and in addition to information referred to in the Act and this Shareholder's Compact relating to the annexures hereto, the Accounting Authority undertakes to, on reasonable request –

- 15.3.1. furnish the Executive Authority and/or the Department, with any such information as may be required from time to time.
- 15.3.2. provide the Executive Authority and/or the Department with copies of agendas, reports and confirmed minutes of every Accounting Authority meeting as and when required by the Executive Authority; and
- 15.3.3. provide the Executive Authority and/or the Department with an updated report or information on the Entity's activities and financial position.
- 16. General**
- 16.1. No Variation
- 16.1.1. Except for as provided for previously in this Shareholder's Compact relating to the annexures hereto, no variation or consensual cancellation of this Shareholder's Compact, and no addition to this Shareholder's Compact, including this clause, shall be of any force or effect unless reduced to writing and signed by the Parties.
- 16.1.2. The Parties shall follow a process to be determined by the Department to affect any variations to this Shareholder's Compact.
- 16.2. Conflict Resolution
- 16.2.1. In the event of either Party fails to comply with any provision of this Shareholder's Compact, or if any dispute arises between the Parties as to the interpretation, application or performance of any provision of this Shareholder's Compact (including, but not limited to, whether or not the Entity has met its measures and indicators, proposed or new regulations and/or a decision by the Executive Authority affecting the agreed measures and indicators), the matter shall first be referred to the Representatives of the Parties who will use their best endeavours to resolve the dispute within 14 (fourteen) days of the dispute having been referred to them.
- 16.2.2. Should the Parties' Representatives fail to resolve the dispute within 14 (fourteen) days, the Parties' Representatives shall refer the dispute to the Executive Authority and the Chairperson, who shall use their best endeavours to resolve the dispute.
- 16.2.3. Should the Executive Authority and the Chairperson fail to reach an agreement regarding the resolution of the dispute, the Executive Authority may refer the matter to an independent third party appointed by the Executive Authority or his delegate (where allowed).
- 16.2.4. The matter shall be resolved by the decision of the Executive Authority, or where applicable, the person appointed in terms of clause 16.2.3 above.
- 16.2.5. The matter shall be resolved at the Executive Authority's discretion and any decision by the Executive Authority, or such person shall be final and binding on the Parties.
- 16.3. Whole Agreement





- 16.3.1. This Shareholder's Compact, together with the annexures hereto (and any amendments or later annexures as approved by the Entity's relevant Executive Authority) constitutes the whole of the agreement between the Parties. No instructions, agreements, representations, or warranties between the Parties other than those set out herein, are binding on the Parties.
- 16.3.2. All undertakings and annexures to this Shareholder's Compact are declared active when this document is signed.
- 16.4. Domicilia and Notices
- 16.4.1. The Parties choose as their domicilia citandi et executandi their respective addresses set out in this clause for all purposes arising out of or in connection with this Shareholder's Compact at which addresses all processes and notices arising out of or in connection with this Shareholder's Compact, may validly be served upon or delivered to the Parties.
- 16.4.2. For purposes of this Shareholder's Compact the Parties' respective addresses shall be
- 16.4.2.1. Executive Authority:
- Department of Transport  
Corner Struben & Bosman  
Pretoria  
0001  
Fax Number: 012 309 3779**
- Marked for the attention of: Ms Meija Maloba**
- 16.4.2.2. The Entity:
- Air Traffic and Navigation Service Company  
Eastgate Office Park  
Block C, South Boulevard Road,  
Bruma  
2198**
- Marked for the attention of Adv. Ditebogo Khumalo, Company Secretary**
- or at such other address in the Republic of South Africa of which the Party concerned may notify the other in writing provided that no street address mentioned in this sub clause shall be changed to a post office box or poste restante.
- 16.4.3. Any notice given in terms of this Shareholder's Compact shall be in writing and shall -
- 16.4.3.1. if delivered by hand, be deemed to have been duly received by the addressee on the date of delivery; and
- 16.4.3.2. if transmitted by facsimile, be deemed to have been received by the addressee on the 1st (first) business day following the date of dispatch, unless the contrary is proved.



16.4.4. Notwithstanding anything to the contrary contained or implied in this Shareholder's Compact, a written notice or communication received by one of the Parties from another, including by way of facsimile transmission, shall be adequate written notice or communication to such Party.

Free State on this 29th day of February 2024

CHAIRMAN OF THE BOARD

Zola Majavu

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AS WITNESSES:

DocuSigned by: [Signature]

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DocuSigned by: [Signature]

DD439F22F6364F9...

Priva Zulu

THUS DONE AND SIGNED at PRETORIA on this 03 day of APRIL

MINISTER OF TRANSPORT

[Signature]

AS WITNESSES:

[Signature]

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